

Existing 30 TPD Mill to be upgraded to 350 TPD

VANCOUVER, BRITISH COLUMBIA--(Marketwired - Jan. 26, 2017) - [Para Resources Inc.](#) (the "Company" or "Para") (TSX VENTURE:PBR)(WKN:A14YF1)(OTC:PRSRF) announces that it has entered into a Memorandum of Understanding with Mining and Solutions Construction Group S.A. ("MISCON") whereby the parties have outlined their mutual intentions to enter into a proposed strategic alliance and earn-in agreement concerning MISCON's Finaris Mine and associated concessions as well as the Las Lomas de Casma processing plant, both located in the District of Coris, Province of Aija, Peru (the "Assets"). The properties are located approximately 345 km from Lima, Peru.

Para has agreed, subject to due diligence to invest an amount of capital and expertise, expected to be between USD \$5 - 7 million, consistent with a plan to be developed and mutually agreed to by the parties, in improvements and expansion of the Assets to increase production of the Assets. Para will provide know-how, technology and related administration to achieve the mutually agreed to project goals (the "Project"). Upon the completion of the Project, Para will earn up to a 50.1 percent ownership interest in the Assets and the Project. Prior to the signing of the Definitive Agreement, the parties will agree on the pre-money valuation of MISCON and the relative value of the capital, equipment and expertise to be applied by PARA to the Project ("PARA's CONTRIBUTION"). If the value of PARA's CONTRIBUTION does not meet the agreed to Project budget, the difference will be paid to MISCON in the form of either a cash payment or an equivalent value of PARA shares, or any combination of the two at the discretion of MISCON and subject to TSXV approval in the case of any Para share issuances.

PARA may earn an additional 25% interest in the Assets upon the achievement of mutually agreed production goals and other milestones that increase the value of the Assets, to be set at the conclusion of the due diligence period.

When and if PARA earns a 75% interest in the Assets, MISCON will have the option, at its sole discretion, to sell the remaining 25% ownership in the Assets to PARA at fair market value, in cash or in common shares of PARA, or any combination thereof.

The Finaris underground (gold, silver, copper and zinc) mine is located in the District of Coris, Province of Aija, Peru and is approximately 345 kilometres north of Lima, Peru. The initial mine plan by MISCON outlined a target resource of 300,000 ounces of gold at 10.1 gpt and 500,000 ounces of silver, based on 591m of development mining in galleries in only the Milagros-1 vein. The Final del Arcoiris (Finaris) mining concession includes a permit for the construction of an additional 200 TPD of gold processing plant which could be upgraded to 350 TPD with an additional permit.

In addition to the operations at Finaris, the Las Lomas de Casma Plant is located in MISCON's Casma property and has a current capacity of approximately 50 TPD output but is permitted for 150 TPD. This plant will process the oxides from the Finaris Mine or from third parties under toll milling agreements. Company will evaluate options to upgrade this facility and to maximize investment returns.

Geoff Hampson, Para's CEO states, "The earn-in of up to a 75% interest in the Finaris Mine and Las Lomas de Casma processing plant is consistent with Para's strategy to invest capital directly into production equipment and mine development to create near term production and cash flow. Para's plan will include the development and expansion of the existing underground mine as well as establishing relationships with local artisanal miners. There is no other contract milling operation in the district, however, there are many high-grade small mines that are currently trucking their ore over 1,000 km, suggesting that a contract milling operation in Las Lomas de Casma will be commercially viable. The processing of third party material gives the Company operational flexibility and increased short term production. In addition to the existing underground operation, MISCON has mapped over 21 mineralized veins at surface, indicating that there is a possibility for an additional mineralized zone locations on the property"

Mr. Paulo J. Andrade, a Member of the Australian Institute of Geoscientists (MAIG #6136), Senior Geologist, VP and Country Manager for [Para Resources Inc.](#), a CP/QP under NI-43-101, has reviewed and approved the scientific and technical information in this press release.

ABOUT PARA RESOURCES:

Para Resources is an exploration stage gold mining and toll milling company. Para owns approximately 75% of the El Limon project, in Colombia, which in addition to its current underground operation has toll milling opportunities, and exploration and development upside. In addition, the Company has applied for the necessary permits to commence trial mining operations at its Angelim prospect on the Tucuma Project in Para State, Brazil. Para Resources will continue to take advantage of current market conditions to acquire and develop additional highly economic, near-term production assets that have strong exploration and development upside.

Management's production decisions for the El Limon Gold Project are not based on a feasibility study of mineral reserves demonstrating economic and technical viability. As a result, the project has a much higher risk of economic or technical failure and may adversely impact the Company's projected profits, if any. The risks associated with this decision are set forth in the Company's latest annual management's discussion and analysis available on the Company's website and under Para's SEDAR

ON BEHALF OF THE BOARD OF DIRECTORS

C. Geoffrey Hampson, Chief Executive Officer and Director

Neither TSX Venture Exchange nor its regulation service provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

All statements, analysis and other information contained in this press release about anticipated future events or results constitute forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. Forward-looking statements are subject to business and economic risks and uncertainties and other factors that could cause actual results of operations to differ materially from those contained in the forward-looking statements. Forward-looking statements are based on estimates and opinions of management at the date the statements are made. Management believes that its estimates regarding its production plan and recovery from the El Limon mine are reasonable; however there are no assurances that the production estimates will be met for factors beyond the control of management, including the impact of proposed improvements at the mine, the impact of general business and economic conditions, fluctuating metal prices, currency exchange rates, possible variations in grade or recovery rates, changes in project parameters as plans continue to be refined, the possibility of project cost overruns or unanticipated costs and expenses, higher prices for fuel, power, labour and other consumables contributing to higher costs and general risks of the mining industry, failure of plant, equipment or processes to operate as anticipated, government regulation, environmental risks and title disputes or claims. There are no assurances that the MISCON MOU will close on the terms disclosed or at all. The Company does not undertake any obligation to update forward-looking statements even if circumstances or management's estimates or opinions should change except as required by applicable laws. Investors should not place undue reliance on forward-looking statements.

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