

CALGARY, Oct. 27, 2015 /CNW/ - [Petroamerica Oil Corp.](#) (TSX-V:PTA) ("Petroamerica" or the "Company"), an oil and gas company operating in Colombia is pleased to announce that it has entered into an agreement with AV Securities Inc. ("AV Securities") to sell on a reasonable commercial efforts basis, by way of private placement, units ("Units") of the Company at a price of US\$10,000 per Unit to raise aggregate gross proceeds of up to US\$20 million (the "Offering"). The Units will be sold in two tranches, with the first tranche of 10,000 Units, or US\$10 million, expected to close on or about November 16, 2015, extendable to December 16, 2015 at the discretion of the Company, and the second tranche of 10,000 Units to close six months thereafter. AV Securities has indicated that the funding for the first US\$10 million is fully subscribed. The Company may request that the second tranche be advanced at an earlier date, subject to the approval of AV Securities. The Company has received conditional approval with respect to the securities to be issued under the Offering by the TSX Venture Exchange.

Ralph Gillcrist, President and CEO of Petroamerica commented, "The Company plans to use the proceeds raised to appraise and develop the Cumplidor field on the PUT-7 block and to reactivate development activity in the Surorienté fields in the Putumayo basin. This will allow the Company to utilize its cash-on-hand, of which we currently hold approximately \$21 million (before the receipt of the debenture funding), and cash flow from operations to fund the drilling of a number of high impact exploration and appraisal wells on the Company's acreage."

Each Unit shall consist of a senior secured debenture of the Company with a par value of US\$10,000 and bearing interest at a rate of 13.5% per annum, payable quarterly with interest in arrears, with the first payment expected to be due on December 31, 2015, (the "Debentures") and 2,500 common share purchase warrants (the "Warrants"). Each Warrant will entitle the holder to acquire one common share of the Company ("Common Share"), and will be exercisable at a price to be determined by the greater of (i) the closing price of Common Shares on the TSX Venture Exchange on the last trading day prior to the issuance of the respective debenture tranche or (ii) the thirty day volume weighted average trading price of Common Shares prior to the issuance of the respective debenture tranche; plus a 20% premium to the applicable price. Pricing and issuance of the Warrants are subject to the approval of the TSX Venture Exchange. The Debentures will mature 24 months from their respective issuance dates, however the Company has the option to redeem the Debentures, in whole or in part, at any time at par value. The Debentures will be secured by the Company's property and will be senior to all other indebtedness and liabilities of the Company.

The Units will be offered by way of private placement to accredited investors in various foreign jurisdictions under applicable securities laws as AV Securities and the Company may agree. AV Securities may also engage an appropriately registered sub-agent to offer Units by way of private placement to accredited investors in the Province of Alberta and such other jurisdictions as AV Securities and the Company may agree.

The First Tranche of the Offering is expected to be completed by no later than December 16, 2015 and is subject to certain customary conditions and regulatory approvals, including the final approval of the TSX Venture Exchange, and the entering into by the Company and AV Securities of an agency agreement.

AV Securities, acting as the Sole Agent working with Petroamerica to conduct the offering of the Units, will receive two and a half percent (2.5%) of the gross proceeds raised, less any proceeds raised for Units sold to individuals and entities introduced to AV Securities by the Company. AV Securities would also be entitled to receive warrants exercisable into up to one million Common Shares at the same prices as the Warrants, with up to 500,000 warrants issued on each of the first and second tranche closing dates, based on the gross proceeds raised.

About Petroamerica:

[Petroamerica Oil Corp.](#) is a Canadian oil and gas exploration and production company with interests in fifteen blocks, located in Colombia's Llanos and Putumayo Basins. Petroamerica's shares are listed on the TSX Venture Exchange under the symbol "PTA".

Forward-Looking Statement:

This news release includes information that constitutes "forward-looking information" or "forward-looking statements". The forward looking statements contained in this document, including expectations and assumptions concerning the obtaining of the necessary approvals for the Offering, the anticipated closing date of the Offering, the expected date of the first payment of interest pursuant to the Debentures, and the expected use of proceeds from the Offering are solely opinions and forecasts which are uncertain and subject to risks. A multitude of factors can cause actual events to differ significantly from any anticipated developments and although the Company believes that the expectations represented by such forward-looking statements are reasonable, undue reliance should not be placed on the forward-looking statements because there can be no assurance that such expectations will be realized. Material risk factors include, but are not limited to: the risks of the oil and gas industry in general, such as operational risks in exploring for, developing and producing crude oil and natural gas, market demand and unpredictable shortages of equipment and/or labour; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; fluctuations in oil and gas prices, foreign currency exchange rates and interest rates, reliance on industry partners and the failure to obtain the necessary approvals for the Offering or possible delays in closing the Offering.

Neither the Company nor any of its subsidiaries nor any of its officers, directors or employees guarantees that the assumptions

underlying such forward-looking statements are free from errors nor does any of the foregoing accept any responsibility for the future accuracy of the opinions expressed in this document or the actual occurrence of the forecasted developments.

The forward-looking statements contained in this document are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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

This press release shall not constitute an offer to sell or the solicitation of an offer to buy the securities in any jurisdiction. The securities have not and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold in the United States except in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

SOURCE [Petroamerica Oil Corp.](#)

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