

# Lateral Gold Corp. Announces Proposed RTO Transaction with CANHaul International Corp.

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VANCOUVER, May 3, 2016 - [Lateral Gold Corp.](#) (TSXV: LTG) (the "Company" or "Lateral") is pleased to announce that it has entered into a non-binding letter of intent (the "LOI") dated April 29, 2016, which sets out the basic terms and conditions for the acquisition by Lateral of all of the issued and outstanding securities of CANHaul International Corp. ("CANHaul"), as further described below (the "RTO"). Pursuant to the terms of the LOI, upon closing of the RTO (the "Closing"), Lateral's management and directors will be replaced with nominees of CANHaul. The RTO will constitute a Reverse Takeover of Lateral, as defined in the policies of the TSX Venture Exchange (the "Exchange"). Lateral and CANHaul are parties dealing at arm's length to one another and, therefore, the RTO will not be a non-arm's length transaction for the purposes of the policies of the Exchange.

Upon successful completion of the RTO, Lateral will cease all operations as a mineral exploration company, and will begin operating in the location-based connectivity and visibility space, as further detailed below.

## Information concerning CANHaul

CANHaul is a company existing under the laws of Alberta, which aims to be a leading company in location-based connectivity and visibility space. The officers of CANHaul are currently comprised of Brent Moore, Chief Executive Officer and President, Richard Clarke, Chief Financial Officer and Secretary, Laine Hotte, Chief Technology Officer, and Ted Duffield, Chief Revenue Officer. The CANHaul board of directors is currently comprised of Paul Cataford, Brent Moore, Cameron Olson, Frank Turner and Gil Sonnenberg. CANHaul's Trakopolis platform is enterprise-centric and provides configurable functionality and location based connectivity to companies with remote and mobile assets like vehicles, equipment and people across a number of industries including oil and gas, construction, service, transportation, rental, mining, forestry and insurance. Trakopolis enables crucial visibility of corporate assets combined with cloud-based analytics to significantly enhance business intelligence. Companies in search of greater efficiency, control, planning and safety use Trakopolis to change the way they do business. The Trakopolis platform is further leveraged by complimentary products that capitalize on the Internet of Things (IoT) revolution.

During its last audited fiscal period for the twelve-months ended June 30, 2015, CANHaul had revenues of \$6,167,602, an operating loss of \$1,983,398, total assets of \$1,298,192 and liabilities of \$3,165,855. Financial information for CANHaul will be provided in the disclosure document of Lateral to be prepared in connection with the transaction.

## Information concerning Lateral

Lateral is a company existing under the laws of British Columbia, the common shares of which are listed on the Exchange, and is a reporting issuer in British Columbia, Alberta and Ontario. Lateral was previously involved in the identification, exploration and development of viable mineral properties in the United States. If the RTO is completed, the resulting issuer (the "Resulting Issuer") is expected to be a Tier 1 Technology issuer on the Exchange.

Lateral currently has the following securities issued and outstanding: (i) 10,190,964 common shares (each, a "Lateral Share"); (ii) 47,770 options, each of which is exercisable into one Lateral Share at a price of \$2.50 per Lateral Share until June 17, 2017; and (iii) 306,108 share purchase warrants, each of which is exercisable into one Lateral Share at an exercise price of \$2.50 per Lateral Share until June 15, 2017. There are no other options, warrants or other convertible securities to acquire securities of Lateral outstanding. Immediately prior to Closing, Lateral will consolidate the Lateral Shares on the basis of one post-consolidation Lateral Share for every four pre-consolidation Lateral Shares (the "Consolidation").

Further information concerning Lateral can be found under Lateral's profile on SEDAR.

## Information concerning the Proposed Transaction

Lateral and CANHaul have entered into the LOI setting out certain terms and conditions pursuant to which

they expect to complete the RTO. Except as set out below, the terms set out in the LOI are non-binding, and the RTO is subject to the parties successfully negotiating and entering into a definitive business combination agreement (the "Definitive Agreement") in respect of the RTO on or before May 30, 2016, or such other date as may be agreed to by Lateral and CANHaul.

In consideration for the all of the issued and outstanding securities of CANHaul, Lateral has agreed to:

- issue one post-Consolidation Lateral Share for each common share of CANHaul issued and outstanding at Closing;
- grant Lateral Shares to the current holders of restricted share units of CANHaul in accordance with the terms of CANHaul's RSU Plan;
- grant stock options of Lateral to the current holders of stock options of CANHaul;
- take all necessary action to ensure that the share purchase warrants of CANHaul are exercisable into Lateral Shares;
- take all necessary action to ensure that the convertible debt of CANHaul is convertible into Lateral Shares;
- issue to the shareholders of CANHaul immediately prior to Closing, on a pro rata basis, a further 950,000 Lateral Shares if CANHaul succeeds in meeting certain performance milestones prior to Closing; and
- issue, upon Closing, an aggregate of 1,800,000 convertible securities to certain current officers and employees of CANHaul as follows:
  - 750,000 convertible securities, with each security being convertible into one Lateral Share if the Resulting Issuer achieves a minimum of \$20 million in cumulative revenue after Closing;
  - 750,000 convertible securities, with each security being convertible into one Lateral Share if the Resulting Issuer achieves a minimum of \$50 million in cumulative revenue after Closing; and
  - 300,000 convertible securities, with each security being convertible into one Lateral Share if the Resulting Issuer achieves a minimum of \$25 million in revenue in any one fiscal year for fiscal years beginning on or after July 1, 2017.

The LOI also contemplates other material conditions precedent to be fulfilled prior to the closing of the RTO, including the completion of a concurrent financing to raise gross proceeds of \$5,000,000 or such other amount as is agreed to by Lateral and CANHaul (the "Concurrent Financing"), customary due diligence, and receipt of all requisite board, shareholder and third party approvals being obtained, including the approval of the Exchange.

It is anticipated that the completion of the RTO will involve, among other things, the following steps, but the parties may agree to pursue different steps if such steps would better satisfy the objectives of the parties:

- completion of a \$1,575,000 offering of Class L Series A preferred shares of CANHaul (the "Preferred Shares") prior to May 13, 2016 (the "Bridge Financing");
- restructuring of a minimum of \$1,500,000 and a maximum of \$2,100,000 of CANHaul indebtedness prior to Closing;
- preparation and filing of a prospectus, filing statement or other disclosure document outlining the definitive terms of the RTO in accordance with the policies of the Exchange;
- execution of satisfactory employment or consulting agreements with the principals of CANHaul;
- completion of the Concurrent Financing;
- completion of the Consolidation; and
- issuance of the consideration set out above for all of the outstanding securities of CANHaul.

Until the earlier of the date that the LOI is terminated or May 30, 2016, each of Lateral and CANHaul have agreed to not solicit, initiate, encourage or otherwise facilitate any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an alternate transaction, other than in certain

specified circumstances. If either party terminates the LOI to accept another transaction proposal, the terminating party must pay a termination fee of \$250,000. In addition, where CANHaul terminates the LOI to accept another transaction proposal, CANHaul will be required to repurchase the Preferred Shares issued pursuant to the Bridge Financing.

The final legal structure for the RTO will be determined after the parties have considered applicable tax, securities and accounting matters. It is expected that, upon Closing, Lateral will change its name to "Trakopolis IoT Corp." (or such other name as the parties may agree to).

Certain Lateral securities issued in connection with the RTO will be subject to the escrow requirements of the Exchange, mutually agreed upon performance escrow conditions and hold periods as required by applicable securities laws.

## **Management and Board of Directors of Resulting Issuer**

Upon completion of the RTO, it is anticipated that the board of directors and management of the Resulting Issuer will be comprised of the individuals set out below. In addition, Lateral will retain the right to appoint a 7th director who qualifies as an independent director.

### **Paul Cataford - Chairman**

Paul is a well-known and respected business executive specializing in emerging technology company creation and growth. He is a creative visionary in identifying and understanding how to apply new technology in a commercial setting to drive shareholder value. His specific skill sets include strategy formulation and execution, mergers and acquisitions, corporate finance (public & private, equity & debt), corporate governance (public, private, not-for-profit and crown corp. boards) and operational management. Paul is currently CEO of Zephyr Sleep Technologies, a private company focused on revolutionizing the sleep health market. Paul currently sits on the boards of Sierra Wireless Inc., AGJunction Inc., and Defense Construction Canada (Crown Corp). Paul holds a BSc (Mech. Engineering) from Queen's University, an MBA (Finance & Strategy) from the Schulich School of Business, and an ICD.D (Corp. Director) designation from Rotman School of Business.

### **Brent Moore - Chief Executive Officer, President and Director**

Brent founded CANHaul in 2007 and, since inception, has been its President and CEO. He is a successful serial entrepreneur, who has assembled an innovative and aggressive team of professionals to execute CANHaul's growth. He fully understands the value of the recurring revenue business model, the ability to rapidly scale technology companies and create shareholder value. Always a self-starter, Brent was exclusively self-employed for the 14 years prior to CANHaul. Brent naturally instills an aggressive attitude of innovation and integrity and builds this into corporate culture. As a constant promoter of CANHaul, he has been interviewed by business publications and has appeared in video case studies produced by Google and Microsoft. Brent was recently a guest speaker at Google's headquarters, promoting Trakopolis for the Geo Spatial Awareness Conference.

### **Cameron Olson - Director**

Cameron is Chief Financial Officer of Calgary Sports and Entertainment Corporation, which owns and operates six professional sports teams, including the Calgary Flames of the National Hockey League and the Calgary Stampeders of the Canadian Football League. Prior to this, he was Senior Vice-President and Chief Financial Officer of Hemisphere GPS Inc. (now AgJunction Inc.), a TSX listed technology company (2000 - 2013), Director of Treasury for PanCanadian Petroleum (1995 - 2000), and Senior Tax Manager at Price Waterhouse (1986 - 1995). Cameron is an experienced financial and business executive and corporate director with experience in public and private company settings. Specific skillsets include strategic planning, corporate finance, financial and management reporting, income tax, treasury management, corporate secretary, investor relations, human resources, corporate governance, mergers and acquisitions, legal, negotiation and leadership. Cameron has also served on a number of boards for private companies and non-profit organizations. Cameron holds a Bachelor of Commerce from the University of Calgary and a Chartered Accountant designation from the Institute of Chartered Accountants of Alberta.

### **Frank Turner - Director**

Frank is partner of Osler, Hoskin & Harcourt LLP and currently practices from the firm's Calgary Office. Frank is co-head of Osler's Asia Pacific initiative and formerly served as the National Co-Chair of the firm's Corporate Group. Frank currently practices in the areas of mergers and acquisitions and corporate finance. He routinely advises companies and other enterprises in the resource, financial services and technology sectors on matters involving acquisitions, dispositions, strategic alliances, governance and corporate finance. Frank has previously worked in the firm's New York and Toronto offices and has served on secondment with investment banks in both those cities (Morgan Stanley and BMO Nesbitt Burns). Frank serves as a director on the boards of a number of public and private entities, including TSX-listed Jura Energy Corporation, an

independent upstream oil and gas company. Frank holds a BA from the University of Toronto and an LLB from the University of Victoria.

#### **Gilbert Sonnenberg - Director**

Gilbert is an experienced and respected leader within the Financial Services Industry for 22 years, 17 in leadership roles with a focus on team building and mentorship with RBC and ATB. He received the coveted Leo Award for integrity and being a passionate advocate of staff and customers alike. He was instrumental in guiding development of, testing and implementing a CMM system that was used ATB wide for several years pre SAP implementation. Gil is a co-founder and Chief Financial Officer of I Wantwireless.ca Ltd., which provides rural and remote internet services to residential and corporate clients. Before starting I Want Wireless, Gil excelled in the banking industry for 22 years. He was with RBC for 11 years and became the District General Manager of the Northern Region with ATB. Gil holds a Business Administration Diploma from Grande Prairie Regional College.

#### **Richard Clarke - Chief Financial Officer**

Richard has been CANHaul's Chief Financial Officer since March 2011. He implements and manages CANHaul's ever evolving financial strategy with a particular focus on financial performance, and cash and capital management as it relates to CANHaul's corporate vision and strategic plan. Richard plays a key role in raising capital from various structures including venture debt, equity, and SRED finance. He is at the center of strategic partnerships, pricing, business development and spearheads financial audits and corporate due diligence. Richard was previously a Financial Accountant with Tranzit Group Ltd. and has held several key positions with non-profit organizations. Richard holds a Bachelor of Business Studies (BBS) in Finance and a Graduate Diploma Business in Accounting from Massey University and was a former member of the New Zealand Institute of Chartered Accountants prior to moving to Canada.

#### **Laine Hotte - Chief Technology Officer**

Laine is a respected technology expert responsible for leading CANHaul's research and development team. As Chief Technology Officer, Laine examines the short and long-term needs of the organization, utilizing his teams to help CANHaul reach its objectives, as well as driving cross-company engineering initiatives and collaboration. Prior to CANHaul, Laine worked as a Software Architecture Consultant for the American Heart Association technology department where he provided enterprise level architectural design, team leadership and development. Laine has a history of successful project leadership roles across many different software solutions and enterprise infrastructures. Laine holds a Bachelor's Degree in Computing Science from the University of Alberta.

#### **Ted Duffield - Chief Revenue Officer**

Ted recently joined CANHaul to drive revenue. Ted is a results oriented business executive that is directly responsible for overseeing sales, accounts, corporate business development, marketing and revenue management. Prior to CANHaul, Ted owned his own leadership company focused on sales consulting, specializing in sustainable sales processes and sales training. Ted's company also held two national licenses to represent two bestselling author's Corporate Workshops in the Canadian Marketplace. In addition to consulting, Ted managed 26 contract facilitators across Canada. Ted holds a BA and a BBA from Acadia University.

#### **Anthony Dutton - Director**

Anthony is a seasoned business executive and entrepreneur with a successful track record as an early stage investor and business founder. Anthony is a principal at Delu Corp., a strategic and financial advisory company where he focuses on corporate finance, business development and strategic management. He is a co-founder and the President and CEO of IBC Advanced Alloys (TSX.V:IB) which has over \$20 million in annual revenues. Anthony holds a BA in Economics from the University of British Columbia, an M.Arch from Dalhousie University and an MBA from the Cranfield School of Management in the United Kingdom.

#### **Sponsor**

The proposed RTO will be subject to the sponsorship requirements of the Exchange, unless a waiver or exemption from the sponsorship requirement is available. An agreement to sponsor should not be construed as an assurance with respect to the merits of the RTO or the likelihood of completion of the proposed RTO.

#### **Concurrent Financing**

Lateral has engaged Canaccord Genuity Corp. and Echelon Wealth Partners Inc. to act as co-lead agents to assist with the Concurrent Financing.

#### **About Canaccord Genuity Corp.:**

Through its principal subsidiaries, Canaccord Genuity Group Inc. is a leading independent, full-service financial services firm, with operations in two principal segments of the securities industry: wealth management and capital markets. Since its establishment in 1950, Canaccord Genuity Group Inc. has been driven by an unwavering commitment to building lasting client relationships. This is achieved by generating value for individual, institutional and corporate clients through comprehensive investment solutions, brokerage services and investment banking services. Canaccord Genuity Group Inc. has offices in 10 countries worldwide, including Wealth Management offices located in Canada, Australia, the UK, Guernsey, Jersey, and the Isle of Man. Canaccord Genuity, the international capital markets division, operates in Canada, the US, the UK, France, Ireland, Hong Kong, China, Singapore, Australia and Dubai.

#### **About Echelon Wealth Partners Inc.:**

Echelon Wealth Partners is a leading independent, Canadian-owned and operated wealth management and capital markets firm, known for its client-centered approach and entrepreneurial spirit. Echelon Wealth Partners Inc. has approximately 100 investment advisors and portfolio managers and more than \$4 billion in assets under administration and management. Echelon Wealth Partners Inc. offers a wide range of services for individuals, households, institutions and corporate clients from its offices in Toronto, Ottawa, Montreal, Calgary, Vancouver, Victoria and Tokyo.

#### **Finders' Fees**

It is expected that finders' fees will be paid in connection with the RTO, the Bridge Financing and the Concurrent Financing, on terms to be determined in accordance with the policies of the Exchange and applicable securities laws prior to the completion of the RTO.

#### **Trading in Lateral Shares**

Trading in Lateral Shares on the Exchange has been halted in connection with this announcement. Trading in Lateral Shares will remain halted pending the review of the proposed RTO by the Exchange and satisfaction of conditions of the Exchange for resumption of trading. It is possible that trading in Lateral Shares will not resume prior to the completion of the RTO.

Completion of the RTO is subject to a number of conditions, including Exchange acceptance and disinterested shareholder approval. The RTO cannot close until the required shareholder approval is obtained. There can be no assurance that the RTO will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in any filing statement or other disclosure document to be prepared in connection with the RTO, any information released or received with respect to the RTO may not be accurate or complete and should not be relied upon. Trading in the securities of Lateral should be considered highly speculative.

The Exchange has in no way passed upon the merits of the proposed RTO and has neither approved nor disapproved the contents of this press release.

As at the date of this press release, the Company has not entered into a binding agreement with CANHaul and readers are cautioned that there can be no assurances that a binding agreement will be completed.

#### **For additional information, please contact:**

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*Neither 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.*

#### **Disclaimer for Forward-Looking Information**

*This news release includes certain "forward-looking statements" under applicable Canadian securities legislation that are not historical facts. Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results, performance, prospects, and opportunities to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements in this news release include, but are not limited to, statements regarding the proposed RTO, the Concurrent Financing and the business and operations of CANHaul, and information regarding the management, business and operations of the resulting issuer. Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic and social uncertainties; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; delay or failure to receive board, shareholder or regulatory approvals for the RTO; an inability to complete the Concurrent Financing; those additional risks set out in the Company's public documents filed on SEDAR at [www.sedar.com](http://www.sedar.com); and other matters discussed in this news release. Although the Company believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. Except where required by law, the Company disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.*

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