

Apogee Opportunities Inc. and Halo Labs Enter Into Binding Letter of Intent for a Business Combination

09.05.2018 | [GlobeNewswire](#)

TORONTO, May 09, 2018 - [Apogee Opportunities Inc.](#) ("Apogee" or the "Company") (TSXV:APE) and ANM, Inc. ("Halo") (doing business as Halo Labs) are pleased to announce that they have entered into a binding letter of intent ("LOI") to complete a business combination transaction (the "Transaction"). Upon completion of the Transaction, the combined entity (the "Resulting Issuer") will continue to carry on the business of Halo. The closing of the Transaction is subject to the receipt of all necessary regulatory and third-party consents and approvals, including without limitation, the listing of the common shares of the Resulting Issuer (the "Resulting Issuer Shares") on a recognized Canadian stock exchange (an "Exchange") and the concurrent delisting of the common shares of Apogee (the "Apogee Shares") from the TSX Venture Exchange (the "TSXV"). The Transaction is expected to close on or before August 30, 2018.

About Halo

Halo is a leading manufacturer of cannabis oil and concentrates incorporated in the state of Oregon. Halo is a science driven, integrated business that cultivates cannabis plants and utilizes its proprietary technology to process cannabis to extract oils and manufacture concentrates. Halo is well-positioned to benefit from the rapidly growing concentrates market and is seeking to actively expand its footprint in the United States and Canada having already acquired the use of licenses and rented facilities in California and Nevada. Halo intends to actively evaluate and pursue acquisition opportunities in the cannabis sector.

As of December 31, 2017, Halo had total assets of approximately US\$9.4 million (unaudited) and liabilities of approximately US\$5.4 million (unaudited). For the 12-month period ending December 31, 2017, Halo had net sales of approximately US\$10.3 million (unaudited).

Terms of the Transaction

As of the date hereof, the following Apogee securities are issued and outstanding: (i) 8,975,632 Apogee Shares; (ii) nil stock options; and 1,123,077 warrants subject to issuance, for a total of 10,098,709 Apogee Shares on a fully diluted basis. As of the date hereof, the following Halo securities are issued and outstanding: (i) 20,347,484 common shares of Halo ("Halo Shares"); (ii) 1,805,000 stock options ("Halo Options"); and (iii) 6,435,000 warrants ("Halo Warrants") for a total of 28,587,484 Halo Shares on a fully diluted basis, not including (x) 32,684,314 shares and 13,625,136 warrants anticipated to be issued upon conversion of certain outstanding convertible debt obligations¹; (y) 6,643,895 restricted shares and 775,000 warrants which have been committed but not yet issued²; and (z) 4,726,027 shares and 9,452,054 warrants planned to be issued in connection with the Pre-RTO Oregon Regulated Offering described below (assuming completion of the Transaction and excluding Broker Units or Finder Units).

The Transaction is expected to be completed by way of a triangular merger between Halo, Apogee and a wholly-owned subsidiary of Apogee to be incorporated under the laws of Delaware, pursuant to which all of the issued and outstanding Halo Shares will be converted into Resulting Issuer Shares on the basis of 1.35 Resulting Issuer Shares for each Halo Share.

Upon completing the Transaction, each Halo Share will be exchanged for 1.35 Apogee Shares (the "Halo Exchange").

The terms of the Transaction will also provide that each issued and outstanding Halo Warrant, Halo Option and Halo Restricted Share will be exchanged for a warrant, option or restricted share, as applicable, of the Resulting Issuer on equivalent terms after having given effect to the Transaction.

It has been agreed by both Halo and Apogee that the proposed structure may be revised to accommodate

tax considerations, accounting treatments and applicable legal and regulatory requirements.

Apogee and Halo are also pleased to announce the signing of an engagement letter with Canaccord Genuity Corp. ("Canaccord") and Clarus Securities ("Clarus") pursuant to which, prior to the completion of the Transaction, Apogee and/or a subsidiary thereof will complete a private placement financing (the "Apogee Private Placement"). Apogee will offer subscription receipts (the "Subscription Receipts") and special units (the "Special Units"), the latter of which will be eligible for registered accounts, concurrently at a price of C\$0.40 per Subscription Receipt and per Special Unit for aggregate gross proceeds of approximately C\$8,000,000 (as further described below). A portion of the Apogee Private Placement may be non-brokered.

Concurrent, with the Apogee Private Placement described above, Halo will be undertaking a pre-RTO private placement, subject to Oregon Cannabis regulatory approval, of convertible promissory notes and warrants for approximately C\$2,500,000 (as further described below) (the "Pre-RTO Oregon Regulated Offering"). The Pre-RTO Oregon Regulatory Offering will be completed in accordance with Oregon State laws and in compliance with Halo's cannabis licenses in the State of Oregon which require pre-approval by the OLCC, including background checks, in connection with certain equity and debt investments. It is contemplated to the extent that this offering is successful such proceeds will reduce the gross proceeds of the Apogee Private Placement.

The following table sets forth the pro forma capitalization of the Resulting Issuer after giving effect to the Halo Exchange, the Transaction, the Apogee Private Placement (assuming fully subscribed) and the Pre-RTO Oregon Regulatory Offering (assuming fully subscribed):

Equity	Number of Resulting Issuer Shares
Resulting Issuer Shares held by current Halo securityholders ^(b)	80,562,182
Resulting Issuer Shares held by current Apogee securityholders	8,975,632
Resulting Issuer Shares to be issued in the Apogee Private Placement ^(c)	13,750,000
Resulting Issuer Shares to be issued in the Pre-RTO Oregon Regulated Offering ^(c)	6,380,136
Total ^(d)	109,667,950

(a) Expressed on a non-diluted basis.

(b) Including Halo Shares and Halo Warrants anticipated to be issued upon conversion of existing debt obligations of Halo, as well as shares of restricted stock and warrants anticipated to be issued by Halo prior to closing of the Transaction, as described in footnotes 1 and 2 above.

(c) Assumes the Apogee Private Placement is completed for C\$5,500,000 and Pre-RTO Oregon Regulated Offering is completed for C\$2,500,000 for aggregate gross proceeds of C\$8,000,000 and excludes any common shares of the Resulting Issuer issuable in connection with the exercise of Broker Units or Finder Units (each as defined below). Assumes an August 15, 2018 closing date.

(d) The Resulting Issuer, after giving effect to the Halo Exchange and the Transaction will also have approximately 2,457,829 stock options outstanding and approximately 55,760,781 common share purchase warrants outstanding (assuming the issuance by Halo of an additional 775,000 warrants as described in footnote 2 above, and excluding warrants issued as part of the Broker Units or Finder Units).

A meeting of Apogee shareholders will be held prior to the closing of the Transaction to obtain shareholder approval for the Transaction.

Apogee will also seek approval for a minimum of six board members of Apogee ("New Board Members") who will replace the existing board members (other than Mr. G. Scott Paterson who will remain on the board) and be the directors of the Resulting Issuer upon the closing of the Transaction. The proposed New Board Members are expected to be:

G. Scott Paterson, Chairman: G. Scott Paterson is a technology entrepreneur focused on fintech and media. He serves as a Director of Santa Monica-based Lions Gate Entertainment (NYSE:LGF) and Chair of their Audit & Risk Committee. Mr. Paterson has previously served as Chairman and CEO of Yorkton Securities, Chairman of the Canadian Venture Stock Exchange and Vice Chairman of the Toronto Stock Exchange. Mr. Paterson is currently a Director and Chairman of the Company.

Kiran Sidhu, Chief Executive Officer and Director: Kiran Sidhu is the Chief Executive Officer of Halo. Mr. Sidhu graduated with honors in computer science from Brown University and an MBA in Finance from the

Wharton School of Business. Mr. Sidhu was a manager with Price Waterhouse’s strategic consulting group in Los Angeles and a senior associate with Merrill Lynch Capital Markets in mergers and acquisitions in New York. Mr. Sidhu served as CFO of On Stage Entertainment and oversaw its initial public offering on NASDAQ. Mr. Sidhu is currently a director and audit committee chairman of Namaste Technologies Inc. (“Namaste”) (CSE:N), a technology company that provides cannabis-related products and services in 20 countries. Upon completion of the Transaction, Mr. Sidhu will be appointed Chief Executive Officer of the Resulting Issuer.

Fred Leigh, Director: Fred Leigh has over 35 years of experience in the junior resource sector including founding Siwash Holdings Ltd. Mr. Leigh is currently the CEO of the Company.

Andreas Met, Chief Marketing Officer and Director: Andreas Met is the Chief Marketing Officer of Halo. Mr. Met graduated with an MBA in Product and Price Marketing from the University of Wisconsin. Mr. Met was a Senior Merchant at Walmart where he managed the Household Chemicals desk. Prior to joining Halo, Mr. Met was the head of sales and marketing at Golden Leaf Holdings Ltd. (CSE:GLH).

Peter McRae, Director: Peter McRae is a Chartered Accountant and Chartered Professional Accountant. He attended the University of Toronto’s Rotman School of Management in 2008 and graduated from the Directors Education Program of the Institute of Corporate Directors with an ICD.D designation. Peter is currently Chairman and a Director of Freedom International Brokerage Company. He was Freedom’s President and CEO from 1994 to 2015. Peter has over 30 years of experience in the financial services industry. His earlier career involved four years in Abu Dhabi as a Financial Administrator for an engineering firm before joining the investment dealer Wood Gundy, first in Toronto, and subsequently in New York. Peter has been a Director of several public companies and currently sits on the Board of CanPx Corporation, an investment industry consortium that provides transparency in the Canadian fixed income markets. He is also a Director and the Chair of the audit committee of Merry Go Round Children’s Foundation and has been involved in supporting and fundraising for Gilda’s Club of Greater Toronto since its inception.

Philip van den Berg, Director: Philip van den Berg graduated cum laude in economics from the University of Amsterdam. After graduating, Mr. van den Berg joined Pierson, Heldring & Pierson in the Netherlands as an investment analyst and subsequently became a director in Goldman Sachs’ European equities division. Mr. van den Berg was co-founder of Olympus Capital Management, one of the first European hedge funds (long short equity) and Taler Asset Management, a wealth management company based in Gibraltar. Mr. van den Berg is currently the Chief Financial Officer of Namaste.

The Transaction and certain related matters require the approval of the Halo Shareholders prior to the closing of the Transaction.

The transaction terms outlined in the LOI are binding on the parties and the LOI is expected to be superseded by a definitive agreement (the “Definitive Agreement”) to be signed between the parties on or before June 30, 2018.

The Transaction is subject to regulatory approval, and the satisfaction of customary closing conditions, including:

- the approval of the Definitive Agreement and the Transaction by the board of directors and shareholders of each of Apogee and Halo;
- the completion of due diligence investigations to the satisfaction of each of Apogee and Halo;
- the receipt of all required regulatory and stock exchange approvals;
- the completion of the Apogee Private Placement and Pre-RTO Oregon Regulatory Offering, for minimum gross proceeds of an aggregate of C\$5,000,000; and
- the Resulting Issuer being in compliance with the initial listing requirements of an Exchange.

The Apogee Private Placement

Halo and Apogee have entered into an engagement agreement with Canaccord and Clarus to act as the Agents in connection with the Apogee Private Placement on a commercially reasonable efforts basis. The Apogee Private Placement will be comprised of the issuance of Subscription Receipts by a wholly-owned subsidiary of Apogee and the issuance of Special Units by Apogee for aggregate proceeds of approximately C\$8,000,000 (less the gross proceeds of the Pre-RTO Oregon Regulated Offering). The Apogee Private Placement is expected to close by May 31, 2018.

Immediately prior to closing of the Transaction and the satisfaction of other customary conditions, each

Subscription Receipt issued pursuant to the Apogee Private Placement will be exchanged for a unit (an "Apogee Unit") comprised of one (1) common share of Apogee (or its subsidiary, as applicable) ("Apogee Underlying Share") and one (1) common share purchase warrant of Apogee (or its subsidiary, as applicable) ("Apogee Underlying Warrant") for no additional consideration. The Apogee Underlying Warrants will expire on December 31, 2020 and will have an exercise price of C\$0.80. If at any time after four months and one day from the closing of the Transaction, the Resulting Issuer Shares trade at C\$2.50 per Resulting Issuer Share or higher (on a volume weighted adjusted basis) for a period of 20 consecutive trading days, the Resulting Issuer will have the right to accelerate the expiry date of the Apogee Underlying Warrants to the date that is 30 days after the Resulting Issuer issues a news release announcing that it has elected to exercise this acceleration right.

Apogee will also be issuing Special Units with each Special Unit being exchangeable for an Apogee Unit comprised of one (1) Apogee Underlying Share and one (1) Apogee Underlying Warrant for no additional consideration. These Special Units will be eligible for registered accounts. All proceeds from the sale of Subscription Receipts and Special Units, less 50% of commissions payable to Agents (as described below), will be held in escrow (the "Escrowed Funds") pending satisfaction of certain escrow release conditions (the "Escrow Release Conditions").

If the Escrow Release Conditions have not been satisfied by September 30, 2018, each Subscription Receipt and each Special Unit will be exchangeable for 1.1 Apogee Units. If the Escrow Release Conditions have not been satisfied by October 31, 2018, each Subscription Receipt and each Special Unit will be exchangeable for 1.2 Apogee Units.

If the RTO Closing Conditions have not been satisfied by December 20, 2018 or, if prior to such time, the definitive agreements in respect of the Transaction are terminated, the Escrowed Funds plus accrued interest shall be used by Apogee (or its subsidiary, as applicable) to repurchase the Subscription Receipts and the Special Units at a redemption price equal to the issue price plus a pro rata amount of any interest accrued in respect of the Escrowed Funds to the date of redemption.

Pursuant to the terms of the engagement letter with Canaccord and Clarus, Apogee has agreed to pay to Canaccord, Clarus and any other agents, a cash commission equal to 7.5% of the gross proceeds raised in the Apogee Private Placement. In addition, the agents will receive broker compensation units (the "Broker Units") equal to 7.5% of the number of securities sold pursuant to the Apogee Private Placement.

The Pre-RTO Oregon Regulated Offering

Halo will be undertaking the Pre-RTO Oregon Regulated Offering of convertible promissory notes and warrants for approximately C\$2,500,000. It is contemplated to the extent that the Pre-RTO Oregon Regulated Offering is successful such proceeds will reduce the amount to be raised pursuant to the Private Placement. The Pre-RTO Oregon Regulated Offering is expected to close by June 30, 2018. The monies raised from the Pre-RTO Oregon Regulated Offering will be directly funded to Halo.

The Pre-RTO Oregon Regulated Offering will consist of convertible promissory notes ("Halo Pre-RTO Notes") bearing 10% simple interest that, upon satisfaction of the Escrow Release Conditions, will automatically convert into units (the "Halo Pre-RTO Units") consisting of 0.7407 Halo Shares ("Halo Underlying Shares") and 0.7407 Halo Warrants ("Halo Underlying Warrants") at a conversion price per of C\$0.40 per Halo Pre-RTO Unit. Upon closing of the Transaction, the Halo Underlying Shares and Halo Underlying Warrants included in each Halo Pre-RTO Unit will be exchanged into one Resulting Issuer Share and one Resulting Issuer warrant. The Halo Underlying Warrants will have substantially the same terms as the Apogee Underlying Warrants, including the acceleration right.

If the Halo Pre-RTO Notes have not yet converted as described above, the principal and accrued interest on the notes will be due and payable on the earlier of (a) December 28, 2018, or (b) a change of control of the Company

In addition the Pre-RTO Oregon Regulated Offering will include a warrant (the "Additional Warrant") entitling the holder to acquire one additional common share of the Resulting Issuer for each C\$0.40 of principal under the Halo Pre-RTO Notes purchased by holders in the Pre-RTO Oregon Regulatory Offering. Upon the closing of the Transaction, each Additional Warrant will entitle the holder thereof to purchase one Resulting Issuer Share at a price of C\$0.50³ with each such warrant exercisable until December 31, 2020. If at any time after four months and one day from the closing of the Transaction, the Resulting Issuer Shares trade at C\$2.00 per Resulting Issuer Share or higher (on a volume weighted

adjusted basis) for a period of 20 consecutive trading days, the Resulting Issuer will have the right to accelerate the expiry date of the Additional Warrant to the date that is 30 days after the Resulting Issuer issues a news release announcing that it has elected to exercise this acceleration right.

Pursuant to the terms of the Pre-RTO Oregon Regulated Offering, Halo has agreed to pay to eligible finders a cash commission of up to 9% of the gross proceeds raised in the Pre-RTO Oregon Regulatory Offering or a combination of 6% cash compensation and agent compensation units equal to 6% of the Halo Units and Additional Warrants issued through the Pre-RTO Oregon Regulated Offering (with such compensation units to be issued upon conversion of the Halo Pre-RTO Notes) (the "Finder Units").

Further Information

Apogee and Halo will provide further details in respect of the Transaction including a summary of financial information in due course once available by way of press release. Trading in Apogee Shares has been halted pursuant to the policies of the TSXV. There can be no assurance that the Transaction will be completed as proposed or at all.

Unless the TSXV is satisfied that a satisfactory alternative market exists for the Apogee Shares, the TSXV will require majority of the minority shareholder approval of Apogee for the delisting application.

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

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

Apogee also announces that Mr. Harald Batista has resigned from the board of directors of the Company. The board of directors of Apogee thanks Mr. Batista for his contributions and wish him well in his future endeavors.

For more information, please contact:

[Apogee Opportunities Inc.](#)

G. Scott Paterson, Chairman of Apogee
Tel: +1 (416) 917-1964
spaterson@patersonpartners.com

Kiran Sidhu, Chief Executive Officer of Halo
Tel: +1 (941) 840-4495
kiran@halocanna.com

Forward-Looking Information: This news release contains certain forward-looking statements that reflect the current views and/or expectations of management of Apogee and Halo with respect to performance, business and future events, including but not limited to express or implied statements and assumptions regarding the intention of Apogee and Halo to negotiate for or complete the Transaction, the Private Placement and the Pre-RTO Oregon Regulated Offering. Forward-looking statements are based on the then-current expectations, beliefs, assumptions, estimates and forecasts about the business and the industry and markets in which the Company and Halo operate. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions which are difficult to predict. In particular, there is no guarantee that the parties will successfully negotiate and enter into the Definitive Agreement or complete the Transaction contemplated herein, that the Company's due diligence will be satisfactory or that the Company will obtain any required shareholder or regulatory approvals, including the listing of the Resulting Issuer Shares on an Exchange and the concurrent delisting of the Apogee Shares from the TSXV. Accordingly, readers should not place undue reliance on forward-looking statements and information, which are qualified in their entirety by this cautionary statement. Neither of the Company nor Halo undertakes any obligation to release publicly any revisions for updating any voluntary forward-looking statements, except as required by applicable securities law.

This press release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities

in the United States. The securities have not been 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 within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. Not for distribution to U.S. newswire services or for dissemination in the United States. Any failure to comply with this restriction may constitute a violation of U.S. securities laws.

All information contained in this press release with respect to Halo, its business and proposed corporate reorganization and financing was supplied by Halo for inclusion herein. Apogee has not conducted due diligence on the information provided and does not assume any responsibility for the accuracy or completeness of such information.

Trading in the securities of Apogee should be considered highly speculative. The TSXV has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

¹ Halo is currently in negotiations with holders of outstanding debt instruments regarding the extension of maturity dates and amendments to conversion terms. Halo anticipates reaching agreement which would result in outstanding convertible notes and certain shareholder loans being converted into 32,684,314 Halo Shares and 13,625,136 Halo Warrants prior to the closing of the Transaction.

² This includes restricted shares approved by Halo's board of directors to be issued (but which have not yet been issued) to individuals who have assisted Halo in connection with the transactions described herein, as well as Halo's pending debt restructuring, and warrants offered to individuals in connection with Halo's pending debt restructuring.

³ Prior to closing of the Transaction, the Additional Warrants issued to each note purchaser will entitle the holder to purchase 0.7407 Halo Shares at an exercise price of C\$0.3704.

NOT FOR DISTRIBUTION TO U.S. NEWswire SERVICES OR FOR DISSEMINATION IN THE UNITED STATES.

Dieser Artikel stammt von [Rohstoff-Welt.de](https://www.rohstoff-welt.de)

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/298321--Apogee-Opportunities-Inc.-and-Halo-Labs-Enter-Into-Binding-Letter-of-Intent-for-a-Business-Combination.html>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer!](#)

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2026. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).