

IGC Resources Inc. Announces Proposed Reverse Takeover Transaction with Westleaf Cannabis Inc.

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CALGARY, Oct. 05, 2018 - [IGC Resources Inc.](#) ("IGC" or the "Company") (TSXV: IGC.H) is pleased to announce that it has entered into an amalgamation agreement with Westleaf Cannabis Inc. ("Westleaf") and 2147378 Alberta Ltd., a wholly owned subsidiary of IGC ("IGC Subco") dated October 4, 2018 (the "Amalgamation Agreement"), whereby the business and assets of Westleaf and IGC will be combined by way of a three corned amalgamation between Westleaf, IGC and IGC Subco in accordance with the *Business Corporations Act* (Alberta) (the "Proposed Transaction"). Upon completion of the Proposed Transaction, the issuer resulting from the Proposed Transaction (the "Resulting Issuer") will carry on the business previously carried on by Westleaf. It is anticipated that upon completion of the Proposed Transaction the Resulting Issuer will be listed as Tier 2 Life Sciences Issuer under the policies of the TSX Venture Exchange (the "TSXV" or the "Exchange").

General Information About Westleaf, IGC and IGC Subco

Westleaf Cannabis Inc. ("Westleaf") is a private vertically integrated cannabis company focused on innovative retail experiences, engaging cannabis brands, and premium cannabis production. Westleaf is headquartered in Calgary, Alberta and was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) ("ABCA") on August 22, 2017. Since incorporation Westleaf has used its funds to execute its vertically integrated business plan, which includes applying for prospective cannabis retail stores in privatized markets across Canada, developing an extraction and processing facility in Calgary, Alberta and developing a large scale indoor cannabis cultivation facility located in Battleford Saskatchewan. Westleaf is developing a national retail footprint for its retail concept "Prairie Records", which leverages the instinctual tie of recreational cannabis and music and redefines the cannabis purchasing experience.

IGC was incorporated in 1992 under the laws of British Columbia, and its registered office located in Vancouver, British Columbia. Originally named International Green Ice Inc., on July 21, 2004, the Company changed its name from International Green Ice Inc. to [IGC Resources Inc.](#) IGC's previous principal business activities included the exploration and evaluation of natural resource properties in Canada. IGC does not currently have an active business and was moved from the TSXV to the NEX board of the TSXV on July 10, 2014 due to its inability to meet the TSXV Tier 2 listing requirements.

IGC Subco was incorporated pursuant to the provisions of the ABCA on October 4, 2018 and its head office and registered and records office is located in Calgary, Alberta. IGC Subco is a wholly-owned subsidiary of IGC, incorporated by IGC for the purpose of completing the Proposed Transaction.

As of the date of this press release, IGC, IGC Subco and Westleaf do not anticipate there being any person that will beneficially own or control, directly or indirectly, more than 10% of the voting rights attached to the common shares of the Resulting Issuer (the "Resulting Issuer Shares"), other than Thunderchild Developments Inc., a corporation existing in the Province of Saskatchewan, which is anticipated to hold 16,000,000 Resulting Issuer Shares, representing 18.61% of the Resulting Issuer Shares (excluding Resulting Issuer Shares issued in exchange for Westleaf Shares issued under the Private Placement (as defined below)). Chief Delbert Wapass, a current director of Westleaf, is the current chief of the Thunderchild First Nation and is a proposed director of the Resulting Issuer. No other person, either directly or indirectly, holds a controlling interest in or otherwise controls or directs Westleaf

Shareholder Meetings

In connection with the Proposed Transaction, it is expected that the Company will hold an annual general and special meeting of its shareholders (the "IGC Shareholder Meeting") to, among other items of business, approve resolutions to: (i) consolidate the issued and outstanding common shares of IGC ("IGC Shares") on the basis of 2.9233 post-share consolidation IGC Shares for each one

pre-share consolidation IGC Share (the "IGC Share Consolidation") prior to closing of the Proposed Transaction (the "Closing"); (ii) approve a 20% fixed restricted share unit plan and 20% fixed stock option plan for IGC; (iii) continue the Company from under the *Business Corporations Act* (British Columbia) to under the ABCA (the "IGC Continuance"); (iv) fix the number of directors at 5; and (v) elect the directors of IGC for the ensuing year.

It is not anticipated that the Proposed Transaction will be subject to approval of the IGC shareholders at this time. The shareholders of Westleaf will be required to approve the Proposed Transaction in accordance with the provisions of the ABCA.

The Proposed Transaction

Under the terms of the Amalgamation Agreement: (i) Westleaf and IGC Subco will amalgamate under the ABCA (the corporation continuing from such amalgamation, referred to as "Amalco"); (ii) all outstanding Westleaf stock options will become exercisable for an equivalent number of Resulting Issuer Shares in accordance with their terms; (iii) all outstanding Westleaf restricted share units issuable pursuant to Westleaf's restricted share unit award plan, if any, will be cancelled and replaced with an equivalent number of restricted share units of IGC; (iv) all outstanding Westleaf common share purchase warrants will become exercisable for an equivalent number of Resulting Issuer Shares in accordance with their terms; (v) all outstanding Westleaf performance warrants, if any, will become exercisable for an equivalent number of Resulting Issuer Shares in accordance with their terms; (vi) each common share of Westleaf (each, a "Westleaf Share") will be cancelled and replaced by one fully paid and non-assessable Resulting Issuer Share; (vii) each issued and outstanding common share of IGC Subco will be cancelled and replaced by a common share of Amalco; and (viii) as consideration for the issuance of the IGC Shares to effect the Proposed Transaction, Amalco will issue to IGC one common share of Amalco for each IGC Share issued to the previous holders of Westleaf Shares.

Upon completion of the Proposed Transaction, the Resulting Issuer will change its name to "Westleaf Inc.", or such other name as the directors of the Resulting Issuer may determine.

It is estimated that there will be an aggregate of approximately 85,975,741 Resulting Issuer Shares issued and outstanding immediately following completion of the Proposed Transaction (excluding Resulting Issuer Shares issued in exchange for Westleaf Shares issued under the Private Placement (as defined below)), resulting in: (i) current holders of IGC Shares holding approximately 3,645,388 (4.24%) Resulting Issuer Shares; and (ii) current holders of Westleaf Shares holding approximately 82,330,353 (95.76%) Resulting Issuer Shares. Each Resulting Issuer Share issued to the holders of Westleaf Shares shall be issued at a deemed price of \$0.54 per Resulting Issuer Share for aggregate consideration of \$46,426,900.

Westleaf Private Placement

In conjunction with the Proposed Transaction, Westleaf is planning to complete a concurrent private placement financing (the "Private Placement"). Details on the Private Placement, including the amount of proceeds to be raised, the type and number of securities offered for issuance and the agent or agents engaged to broker the Private Placement, if any, will be provided in due course once available by way of press release. The closing of the Private Placement is conditional upon, among other things, the receipt of all necessary corporate and regulatory approvals.

Management Team, Board of Directors and Other Insiders

Upon completion of the Proposed Transaction, it is anticipated that all of the directors and officers of IGC will resign and be replaced by nominees of Westleaf. Details regarding the anticipated directors and officers of the Resulting Issuer are set forth below. Additional directors may be added to the board of directors of the Resulting Issuer in the normal course and once identified, information with respect to the proposed additional directors will be included in a subsequent news release.

Scott Hurd – Calgary, Alberta – President & Chief Executive Officer and Director

Mr. Hurd is a co-founder of Westleaf and brings significant leadership, business development, and principal investing/capital markets expertise. Prior to Westleaf, Mr. Hurd served as the Vice President of Business Development at Grafton Asset Management, a leading Canadian asset management firm where he was involved in raising, investing and managing over \$1 billion of capital focused on real-asset investments in North America. Previously, Mr. Hurd worked for Macquarie Energy Capital's principal investing group where he focused on the origination and execution of investments in domestic and international structured

and mezzanine debt, public and private equities, and joint venture transactions. Mr. Hurd has also worked for CIBC World Markets in the global energy investment banking group, is a CFA Charterholder and holds a Bachelor of Commerce with a major in Finance from the University of Calgary.

Stephen Mason – Calgary, Alberta – Executive Chairman and Director

Mr. Mason is a co-founder of Westleaf and brings over 38 years of success in developing domestic and international business opportunities. Mr. Mason has led the start-up of five companies with the most significant being Artumas Group Inc., which reached an enterprise value of approximately \$1 billion with over 200 employees in Canada, Tanzania, and Mozambique. Mr. Mason brings extensive experience in interfacing with high-level government policy makers, First Nations communities and non-government agencies.

Robb McNaughton – Calgary, Alberta – Director

Mr. McNaughton is a partner at Border Ladner Gervais LLP in the Securities and Capital Markets Group. Mr. McNaughton is a national leader in public listings, including *via* capital pool companies and is a member of the TSX Venture Exchange Local Advisory Committee (Alberta). Mr. McNaughton has sat on multiple public and private boards of directors that include industrial, mining and oil and gas issuers.

Kareen Stangherlin – Calgary, Alberta – Director

Ms. Stangherlin has 20 years of senior financial and operational experience with 16 years of direct investment experience. Ms. Stangherlin has played key roles in launching and growing two successful Calgary-based investment firms from initial fund to firms with more than \$1 billion in assets under management. Ms. Stangherlin is a Board Member of the Alberta Teachers Retirement Fund (ATRF) pension and Chairs the Finance and Planning Committee for ATRF. She is also a Council Member of the Canadian Advocacy Council for CFA Societies Canada. Ms. Stangherlin is a Chartered Professional Accountant, a Chartered Financial Analyst, and a Certified Financial Planner, with an undergraduate degree in Accounting from the Haskayne School of Business at the University of Calgary. Ms. Stangherlin has earned the ICD.D designation from the Institute of Corporate Directors.

Chief Delbert Wapass – Turtleford, Saskatchewan – Director

Chief Delbert Wapass has been the Chief of Thunderchild First Nation for two terms and was previously an executive member with the Federation of Saskatchewan Indian Nations (FSIN) for two terms. Prior roles include teaching, school administration, researching, governance negotiating, public relations, human resources and finance. Chief Wapass holds a Bachelor of Arts degree from the University of Regina, a Bachelor of Education degree from the University of Saskatchewan, and a Master's degree in Educational Administration from the University of Saskatchewan.

Taylor Ethans – Calgary, Alberta – Chief Financial Officer, Head of Mergers and Acquisitions and Corporate Secretary

Mr. Ethans is a co-founder of Westleaf and brings significant capital markets and private equity investment expertise. Prior to joining Westleaf, Taylor was a Vice President for TriWest Capital Partners where he executed eleven acquisitions and divestitures in manufacturing and retail focused businesses, totaling over \$1 billion in valuation. In addition, Mr. Ethans served as a Director on the boards of Landmark Cinemas and Trimlite Manufacturing. Prior to TriWest Capital Partners, Mr. Ethans worked at RBC Capital Markets where he was involved in numerous public equity and debt financings. Mr. Ethans holds a Bachelor of Commerce (honours with Distinction) with a major in Finance from the University of Manitoba.

Pat Whelan – Calgary, Alberta – Executive Vice President

Mr. Whelan is a co-founder of Westleaf and brings over 30 years of executive leadership and entrepreneurial experience. Mr. Whelan previously served as the Founder and CEO of Atlantic Directional Inc. which he sold to Ensign Energy Services in 2011. Mr. Whelan recently served on the board of a high growth cannabis retail product company and negotiated the sale of the Canadian distribution rights for the company's products to Canopy Growth Corporation in 2017.

The following persons will be employed by a wholly-owned subsidiary of the Resulting Issuer and in connection therewith will be providing services integral to the business of the Resulting Issuer:

Shon Williams – Denver, Colorado – Chief Development Officer of Westleaf International Inc.

Mr. Williams has twenty-four plus years of experience in organizational leadership, strategic planning,

program management (PM), R&D, ops, and business development (BD). He previously served as Director of BD, PM & Design for MJardin, one of the world's largest cannabis companies, where he drove multi-national/multi-state expansion and brought project and design discipline to the industry. After earning a BS in Mech/Aero Engineering from West Point, Mr. Williams served 20 years in the Air Force in roles such as space systems development, flight test, international cooperation and F-22/F-15 fighter programs including leading the largest (US\$30 billion) international sale in U.S. history. Mr. Williams also deployed to Afghanistan with NATO. After retirement as a Lt Col Mr. Williams became BD Director for Calspan Aerospace. Mr. Williams has an MS in Astronautical Engineering and is a USAF Test Pilot School graduate.

Ben Kaanta – Denver, Colorado – Chief Operating Officer of Westleaf International Inc.

Mr. Kaanta was the former Director of Operations for MJardin, one of North America's largest cannabis cultivation businesses. While there, Mr. Kaanta oversaw all aspects of day-to-day operations in over a dozen commercial cultivation facilities, the start-up of another dozen facilities, and the development of training and analytics programs. Previously, Mr. Kaanta oversaw the start-up and early stage operations of multiple particle accelerator based cancer therapy centers, managed product development for biomedical instrumentation, and performed research & development on ion thrusters for NASA. Mr. Kaanta holds a BSC in Mechanical Engineering with a Minor in Mathematics, is a certified Project Management Professional (PMP), and holds two patents.

Christian Monson – Denver, Colorado – Chief Legal Officer & VP of Strategy of Westleaf International Inc.

Mr. Monson was the former General Counsel for MJardin, one of North America's largest cannabis cultivation businesses, which operates in multiple jurisdictions. In this position, Mr. Monson oversaw all legal affairs while working closely with the executive team in the long-term development of the business, including co-leading the business with two other executives and returning record month-over-month revenue and profit gains. Mr. Monson has project managed successful merit-based cannabis license application writing efforts for clients in several states and was in charge of ensuring licensing compliance for over 70 state and local cannabis licenses.

Selected Consolidated Financial Information of Westleaf

The following selected consolidated financial information of Westleaf has been supplied to IGC by Westleaf for purposes of inclusion herein in accordance with TSXV requirements:

	Six Months Ended June 30, 2018 (C\$ 000) (Unaudited)	Year Ended December 31, 2017 (C\$ 000) (Audited)
Total Assets	19,218	555
Total Long-Term Liabilities	3,802	-
Current Liabilities	1,830	761
Revenues	-	-
General and Administrative Expenses	1,249	216
Net Loss	(1,373) (216

Restrictions on Securities

The Amalgamation Agreement provides that in addition to any resale restrictions applicable to the Resulting Issuer Shares pursuant to the policies of the TSXV or applicable laws, all of the Resulting Issuer Shares issued to the holders of Westleaf Shares in exchange for their Westleaf Shares will be subject to a four month restricted period from the date of the Closing, during which time the holders of such Resulting Issuer Shares shall not be permitted to trade or otherwise sell or dispose of such Resulting Issuer Shares without the express written consent of the Resulting Issuer.

Certain Principal securities (as defined in TSXV policies) will be subject to escrow, in accordance with TSXV Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*.

Sponsorship

Sponsorship of the Proposed Transaction may be required by the TSXV unless an exemption or waiver from

this requirement can be obtained in accordance with the policies of the TSXV. IGC intends to apply for a waiver of the sponsorship requirement. There is no assurance that a waiver from this requirement can or will be obtained.

Trading Halt

The IGC Shares are currently halted from trading and are not expected to resume trading until completion of the Proposed Transaction.

Conditions to Completion of the Proposed Transaction and Regulatory Matters

The parties to the Proposed Transaction are at arm's length and therefore it is anticipated that the Proposed Transaction will not be a "Non-Arm's Length Transaction" for the purposes of TSXV Policy 5.2 – *Changes of Business and Reverse Takeovers* as none of the directors, officers or insiders of IGC, or any of their respective associates or affiliates, own any securities of Westleaf.

Completion of the Proposed Transaction is subject to a number of conditions including, but not limited to, completion of the Private Placement, closing conditions customary to transactions of the nature of the Proposed Transaction, approvals of all regulatory bodies having jurisdiction in connection with the Proposed Transaction, TSXV acceptance of the Proposed Transaction and, if applicable pursuant to Exchange requirements, majority of the minority shareholder approval. Where applicable, the Proposed Transaction cannot close until the required shareholder approvals are obtained and there can be no assurance that the Proposed Transaction will be completed as proposed or at all.

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

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

Additional Information

For further information, please contact:

[IGC Resources Inc.](#)

Jacqueline M. Tucker, Interim CEO & CFO

Phone: (403) 262-331

Westleaf Cannabis Inc.

Scott Hurd, President & CEO

Phone: (403) 870-4798

Cautionary Statements:

This news release contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. In this news release, forward-looking statements relate, among other things, to: the terms and conditions of the Proposed Transaction, the pro forma capitalization of the Resulting Issuer, the Private Placement and the anticipated type and number of securities to be issued

thereunder, the IGC Shareholder Meeting, the IGC Name Change, the IGC Share Consolidation, the IGC Continuance; the Westleaf shareholder meeting, the business and operations of Westleaf and the Resulting Issuer, the go-forward management of the Resulting Issuer and the trading of the Resulting Issuer Shares and the development of Westleaf's facilities. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the 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, competitive, political and social uncertainties; and the delay or failure to receive board, shareholder, court or regulatory approvals. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release. Except as required by law, IGC and Westleaf assume no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change, except as required by law.

This press release is not an offer of the securities for sale in the United States. The securities have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an exemption from registration. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful.

Neither the TSX Venture Exchange, Inc. nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) has in any way passed upon the merits of the Proposed Transaction and associated transactions and neither of the foregoing entities has in any way approved or disapproved of the contents of this press release.

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