

# IGC Resources Inc. and Westleaf Cannabis Inc. Announce \$15 Million Subscription Receipt Financing

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CALGARY, Oct. 17, 2018 - [IGC Resources Inc.](#) ("IGC" or the "Company") (TSXV: IGC.H) is pleased to announce that it has entered into an engagement agreement with Westleaf Cannabis Inc. ("Westleaf") and Canaccord Genuity Corp. ("Canaccord"), as lead agent, on behalf of a syndicate of agents (collectively, the "Agents") in connection with a brokered private placement for a minimum of 17,648,000 subscription receipts of IGC (the "Subscription Receipts") at a price of \$0.85 per Subscription Receipt to raise, on a commercially reasonable efforts basis, gross proceeds of a minimum \$15,000,800 (the "Offering"). IGC has also granted the Agents an option (the "Over-Allotment Option"), to place up to an additional 15% of the number of Subscription Receipts issuable under the Offering at a price of \$0.85 per security, exercisable at any time, for a period expiring on the earlier of: (a) 30 days after and including the closing date of the Offering; or (b) the closing date of the Proposed Transaction (as defined below). The Over-Allotment Option is exercisable to acquire Subscription Receipts for Units (as such term is defined herein) or Units, as applicable.

IGC and Westleaf entered into an amalgamation agreement with 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 cornered 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"). For more information, please refer to the press release dated October 5, 2018 filed on [www.SEDAR.com](#) under IGC's profile. In connection with the Proposed Transaction, it is expected that the Company will consolidate its issued and outstanding common shares on the basis of 2.9233 post-consolidation shares for each pre-consolidation share (the "Consolidation") prior to closing of the Proposed Transaction.

Each Subscription Receipt will be automatically exchanged, upon satisfaction of certain escrow release conditions, into one unit of IGC (a "Unit"). Each Unit shall consist of one post-Consolidation common share of the Resulting Issuer ("Resulting Issuer Share") and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant shall be exercisable to acquire one Resulting Issuer Share (a "Warrant Share") for a period of 24 months from closing at an exercise price of \$1.30 per Warrant, subject to adjustment in certain events. If the escrow release conditions are not met on or before December 31, 2018, all funds will be returned to the subscribers without deduction. The Offering is expected to close in November 2018.

If at any time commencing on the later (a) the date that is 4 months from the closing of the Offering; and (b) the date of expiry or waiver of the Hold Period (as defined below), the ten (10) trading day volume weighted average trading price of the Resulting Issuer Shares on any public stock exchange exceeds \$1.80, then the Resulting Issuer may give notice within five (5) trading days immediately following such ten (10) trading day period (the "Acceleration Notice") to the holder: (i) setting forth the calculation of the volume weighted average trading price of the Resulting Issuer Shares for the purposes of such notice; and (ii) stating that if the Warrants are not exercised by 4:00 pm (Calgary time) on the date specified by the Resulting Issuer in such notice as the "Accelerated Expiry Date", which Accelerated Expiry Date shall be not less than ten (10) days after the date of the Acceleration Notice, then the Warrants shall expire and be of no

further force and effect.

The Resulting Issuer Shares issued in exchange for the Subscription Receipts, the Warrants, the Warrant Shares, the Broker Warrants (as defined below) and the Resulting Issuer Shares issuable on the exercise of the Broker Warrants shall have a four-month hold period from the closing of the Proposed Transaction. (the "Hold Period").

The Agents will receive a cash commission equal to 6% of the gross proceeds from the Offering and such number of Agent's compensation warrants ("Broker Warrants") equal to 6% of the number of Subscription Receipts issued under the Offering. Each Broker Warrant shall entitle the holder thereof to acquire one Resulting Issuer Share at an exercise price of \$0.85 for a period of 24 months following the closing of the Offering.

The net proceeds from the Offering are intended to be used by the Resulting Issuer for expansion of its operations and general corporate purposes.

#### Trading Halt

The common share of IGC 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.

#### About 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. Since incorporation Westleaf has used its funds to execute its vertically integrated business plan, which includes applying for prospective cannabis retail locations 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

#### Additional Information

For further information, please contact:

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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 Offering, the timing thereof, and the use of proceeds thereunder, the terms and conditions of the Proposed Transaction, the Consolidation and the business and operations of Westleaf and the Resulting Issuer. 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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