

Catalina Gold Corp. Announces Letter of Intent with Thrive Cannabis

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[Catalina Gold Corp.](#) (the "Company") (NEX: CA.H) announces it has entered into a non-binding letter of intent dated October 25, 2018 (the "LOI") with Thrive Cannabis Inc. ("Thrive"), a licensed producer of medical cannabis, with respect to the construction and operation of medical cannabis facilities in Canada (the "Transaction").

Pursuant to the LOI, the Company and Thrive intend to form a joint venture entity ("JVCo") to be owned 75% by the Company and 25% by Thrive and enter into a joint venture (the "Joint Venture"). Under the Joint Venture, JVCo will enter into a lease agreement with the Thrive for the purpose of leasing the property located at 41 Townline Rd, Simcoe, ON (the "Property") for the proposed construction of an up to 100,000 square foot facility (the "Facility") for the production of medical cannabis for 21 years less a day to comply with the *Planning Act* requirements and a post-closing covenant to use reasonable efforts to obtain *Planning Act* consent to grant a longer lease term of 99 years.

Thrive is expected to design, build and manage construction of the Facility and the Company will arrange for funding of the construction of the Facility. Once the Facility is constructed by the JVCo, the parties will share in the payment of all expenses relating to equipment acquisition and installation and set-up of the production facilities on a pro-rata basis. Thrive will act as operator for JVCo and set up the quality assurance program to comply with the requirements of Health Canada under the Access to Cannabis for Medical Purposes Regulations.

As consideration for Thrive's entry into the Joint Venture, the Company will issue 25,000,000 common shares (each a "Share" and together the "Shares") to nominees of Thrive at the per share closing price on the date of closing of the Transaction. In addition, Thrive will receive 25% of the net revenue generated by the Facility for so long as Thrive continues to manage and operate the Facility and 25% of the net revenue in any other facility constructed or obtained by the JVCo that is operated and/or managed by Thrive.

As contemplated by the LOI, Thrive will purchase 100% of the total product produced by the Facility pursuant to an offtake agreement to be negotiated between JVCo and Thrive, and Thrive will provide clones from the micropropagation program for the Facility and any other facilities operated by JVCo or Thrive on behalf of JVCo.

Prior to or concurrently with closing of the Transaction, the Company will complete a debt and/or equity bridge financing of up to \$500,000 for costs associated with completing the Transaction (the "Bridge Financing") and a debt and/or equity financing to raise gross proceeds of up to \$30,000,000 for construction of the Facility, or such other amount as may be determined by the Company in its sole discretion (the "Concurrent Financing"), on terms to be determined in the context of the market and the policies of the TSX Venture Exchange (the "Exchange"), and subject to approval by the parties.

The Company has entered into an engagement letter with Dominick Capital Corporation ("Dominick") pursuant to which Dominick will act as an advisor to the Transaction and as lead agent in connection with the Bridge Financing and Concurrent Financing. In consideration of its services, Dominick will receive such number of Shares as is equal to 3% of the issued and outstanding Shares following completion of the Transaction and a cash fee in the amount of \$75,000.

On or before closing of the Transaction, the Company will increase its board of directors to five (5) and will appoint two (2) nominees of Thrive as directors. Further details regarding the new directors will be disclosed in a subsequent news release.

The Transaction constitutes a "Change of Business" and the Company will be making a filing in accordance

with Exchange Policy 5.2. The Company will be seeking a waiver from the sponsorship requirement under Exchange Policy 2.2. In addition, the Company intends to file materials with the Exchange requesting reactivation as a Tier 2 Issuer on the Exchange upon completion of the Transaction (the "Reactivation").

The Transaction is an arm's-length transaction and the Company expects to obtain shareholder approval.

The completion of the Transaction, Bridge Financing and Concurrent Financing is subject to, among other things, the Company obtaining all consents, waivers and approvals necessary in connection with the Transaction, the Bridge Financing and the Concurrent Financing, including the conditional approval of the Exchange for the Reactivation or a principal listing of the Shares on any other recognized stock exchange in Canada.

Further announcements will be made once the terms of the Bridge Financing and Concurrent Financing for the Transaction are established, and upon execution of the definitive agreement.

FOR FURTHER INFORMATION PLEASE CONTACT:

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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 contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, without limitation, statements regarding the timing of the Transaction, and the future plans or prospects of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of [Catalina Gold Corp.](#), as the case may be, to be materially different from those expressed or implied by such forward-looking information. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information 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 forward-looking information. Other factors which could materially affect such forward-looking information are described in the risk factors in the Company's most recent annual management's discussion and analysis that is available on the Company's profile on SEDAR at www.sedar.com. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

This news 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.

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