

# IGC Resources and Westleaf Announce \$7.5 Million Investment and Option to Purchase Cannabis Retailer Canndara Canada

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CALGARY, Dec. 20, 2018 - [IGC Resources Inc.](#) (TSXV:IGC.H) (the "Corporation" or "IGC") and Westleaf Cannabis Inc. ("Westleaf"), who propose to combine their business operations (the "RTO Transaction") are pleased to announce that they have entered into a definitive agreement to acquire a 21.4% interest in Canndara Canada Inc. ("Canndara"), a premium cannabis retail company with over fifty (50) prospective retail locations across Canada, through the purchase of \$7.5 million of the existing Canndara shares for cash (the "Investment"). In addition to the Investment, IGC has been granted an option by the Canndara shareholders to purchase the remaining shares of Canndara at a pre-determined value of \$48.4 million in an all-share transaction (the "Option").

As part of the transaction, Canndara will build out Westleaf's Prairie Records retail concept in several of its locations in advance of Westleaf exercising the Option. Canndara locations are at varying stages of development with seventeen (17) development permits awarded.

"We continue to be extremely impressed with both the quality and quantity of retail locations that the Canndara team has amassed and look forward to continuing to grow the portfolio with the goal of developing the largest cannabis retail company in Canada," said Scott Hurd, President and CEO of Westleaf. "Our combined retail expertise and market relationships are expected to enable the continued addition of premium locations, greater market share, and acceleration of our retail development."

"The synergy that exists between Canndara and Westleaf is rooted in our collective vision to build a leading cannabis brand in Canada," said John Radostits, CEO of Canndara. "Our team's hard work to build a robust portfolio of strategic locations along with Westleaf's strong team, the Prairie Records brand and unique retail strategy, have established a formula for success. Together, we are carving out our position as a trailblazer in the cannabis industry with a truly revolutionary cannabis purchasing experience for Canadians."

## Transaction Highlights

- Increased Retail Footprint – The Corporation will have one of the largest premium retail footprints in Canada.
- Premium Retail Portfolio – Premium locations in Western Canada and Ontario located in tier-1 real estate with attractive demographics.
- Accelerated Build Out – Under a licensing agreement, Canndara will begin building Prairie Records retail stores to accelerate the rollout of the brand and the portfolio.

## Transaction and Option to Purchase Summary

Westleaf will purchase \$7.5 million of the existing Canndara shares for cash, resulting in ownership of 21.4% of the company, and IGC has been granted the Option to purchase the remaining shares of Canndara for \$48.4 million. Subject to completion of the RTO Transaction, IGC may exercise the Option at any time following the Investment, on any day that is on or before the Option termination date, which is 75-days from the closing of the Investment. Consideration under the Option will be in the form of IGC common shares, and the number of IGC common shares will be determined by a volume weighted average price for the five (5) trading days immediately prior to the exercise of the Option.

#### Prairie Records

Focusing exclusively on densely populated neighborhoods, high traffic areas, and tourist destinations, Prairie Records retail stores will be situated in some of the most premium retail locations across the country. The foundation of the retail concept is ingrained with a desire to create an unparalleled cannabis purchasing experience through tactile in-store features and product offerings that celebrate and promote the inherent relationship between music and cannabis.

Featuring a rollout of upwards of thirty (30) retail locations by 2020 in markets across Western Canada, including its first Alberta location in Calgary's iconic Palace Theatre. Westleaf continues to be committed to becoming a leader in the cannabis retail market in Canada.

Westleaf is also proud to service the Saskatchewan community by launching a Prairie Records store in Warman, just north of Saskatoon, with an extended product offering through its e-commerce platform which will serve the entire province of Saskatchewan. Additional retail plans include evaluating and securing numerous cannabis retail options throughout Alberta, Saskatchewan, British Columbia and potentially Ontario (subject to provincial regulations), all of which is in addition to Westleaf being added to the pre-qualified list for the Manitoba lottery for cannabis retail licenses.

#### Legal Advisor

Burnet, Duckworth & Palmer LLP is acting as legal advisor to Westleaf. McLennan Ross LLP is acting as legal advisor to Canndara.

#### Westleaf Trading Date

Westleaf further announces that it anticipates closing the reverse takeover transaction with IGC on December 28, 2018, with the resumption of trading to occur in early January 2019.

#### About Westleaf Cannabis Inc.

Westleaf is a cannabis company focused on innovative retail experiences and engaging cannabis brands. Westleaf is rolling out a national retail footprint for its retail concept "Prairie Records", with stores planned for British Columbia, Alberta, Saskatchewan and potentially Ontario. The retail concept leverages the instinctual tie between recreational cannabis and music and redefines the cannabis purchasing experience. For more information, please visit [www.westleaf.com](http://www.westleaf.com) or [www.prairierecords.ca](http://www.prairierecords.ca).

#### About Canndara Canada Inc.

Canndara Canada is a national cannabis retailer keen on elevating the retail experience for customers. Canndara has been focused on sourcing and negotiating leases in key strategic locations across the country. The Canndara team has invested significant time, resources and effort to build a portfolio of great locations which have been selected to ensure maximum success. Canndara continues to make progress in identifying new real estate opportunities in a highly competitive market.

With over 50 years of experience in real estate, controlled substance, retail, hospitality, medical and pharmacy, the founders of Canndara, John Radostits and Ray Yue are entrepreneurs with successful track records in business launch and scale up. Together they lead a passionate and knowledgeable team who want to leave a mark on this new exciting cannabis industry.

Sourcing and securing a portfolio of strategic corporate and franchise locations has been the primary focus of Canndara which now moves to its next phase which is to build out and store openings. Canndara also offers limited opportunities to franchisees and is a member of the CFA (Canadian Franchise Association).

#### Additional Information

#### More Information:

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## Cautionary Statements

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