

# Platinex Announces Intention to Complete a Change of Business to Become a Cannabis Issuer

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TORONTO, June 04, 2019 - [Platinex Inc.](#) (CSE: PTX) (the "Company" or "Platinex") wishes to advise that pursuant to a bulletin dated June 3, 2019, the Company has been halt traded pending completion of the Change of Business ("COB") as deemed by the Canadian Securities Exchange (the "CSE" or the "Exchange").

## *Change of Business Plan*

The development of the Company's primary business from mineral resource exploration to investing and operating cannabis businesses was deemed a 'change of business'<sup>1</sup> and as a result, the Company will require approval of the Exchange and approval of the Company's security holders prior to the resumption of trading. As a cannabis issuer, Platinex will be seeking investment opportunities in the cannabis sector, primarily in the United States. It is the Company's intention to be directly involved in the manufacturing, developing, and/or distributing of cannabis related products, by making strategic investments in companies that would be actively engaged in such businesses where the Company can add value through other ancillary arrangements.

Becoming a cannabis operating company will require the Company to complete the following, among other things:

1. Obtain shareholders' approval. The Company anticipates obtaining such approval by way of a consent resolution of existing shareholders holding at least 50% plus 1 of the Company's currently outstanding common shares, or by holding a special meeting of shareholders in accordance with applicable regulations;
2. Prepare and file a new listing statement with respect to its new proposed business;
3. Meet the criteria for a new listing as a cannabis company on the CSE and make a complete initial application to qualify for listing by filing all necessary documents; and
4. Obtain the consent of the CSE to the Company's proposed COB and listing as a cannabis operating company.

The Company's shares will be halted from trading on the CSE until the Company has made adequate filings with the CSE in regard to its COB. The halt is considered a 'Regulatory Halt' as defined in *National Instrument 23-101-Trading Rules*.

## *About Proposed Cannabis Business After Completion of the COB*

As further set out in the Company's MD&A and past press releases, the Company acquired a 51% interest in Intergalactic Foods LLC ("IGF") and a royalty interest in Dave's Space Cakes LLC ("DSC"). These acquisitions were made to test the business model that the Company wishes to undertake. The Company's focus after completing the COB will be on making debt and equity investments in private cannabis companies (primarily in the United States), with a view of being able to add value through ancillary arrangements, developing strategic alliances between various investee companies and making synergistic acquisitions in fragmented markets.

The Company also wishes to note that it does not intend to make a 'major acquisition'<sup>2</sup> concurrently with the COB or undertake a transaction that that may constitute a 'change of control'<sup>2</sup>, as such the proposed COB will not constitute a 'fundamental change'<sup>2</sup>. The Company continues to evaluate various acquisition opportunities and will provide updates by way of press release as they occur. The details of the current

project pipeline and details of the business model will be set out in a Form 2A listing statement that will be filed with the CSE upon receiving requisite approvals.

Further to the Company's press on May 23, 2018, the Company is in the process of completing a private placement to fund the roll-out of the new business plan, the costs associated with the COB and for general working capital purposes. Completion of the COB remains subject to meeting a number of Exchange requirements, including securing sufficient capital to achieve the objectives that will be set out in the listing statement. There is no assurance that the Company will be able to secure the capital on favorable terms or secure the requisite approvals to complete the COB as described in this press release.

While the Company is looking to augment its management team, it does not expect that there will be significant changes to the Company's board and management teams prior to or concurrent with completion of the COB, if approved by the CSE. The current board of directors comprises of James Trusler, Gary Galitsky, Robert Schwartz, Graham Warren and Lorne Burden.

The Company also does not expect that any shares will be subject to any escrow restrictions as a result of the COB.

The Company will seek to change its name to more accurately reflect its new cannabis company business, but no new name has been selected at this time.

Until the COB is completed, the Company will remain a mineral exploration issuer and the Shining Tree Property will remain the Company's principal asset. If the COB is approved, the Company will evaluate various ways of maximizing the value of the Shining Tree Property through a sale, spin-off or a farm-out to a third party.

#### *Update on holdings in IGF and DSC*

As announced in the Company's press release dated January 31, 2018, Platinex acquired a 51% interest in IGF for a total consideration of US\$75,000 (in cash). The holder of the 49% interest, David McNicoll, is the managing operator of IGF's business. Also for a total consideration of US\$75,000 (in cash), the Company acquired a 5% gross royalty interest in the business of DSC as it relates to the sale of cannabis-infused brownie cakes. The Company also has the option to fund additional expenditures of DSC in increments of US\$10,000 for an additional 1% gross royalty interest for each USD\$10,000 invested (the "Expenditure Option"). Once the total royalty amount paid to Platinex equals US\$450,000, the amount of royalty is reduced to 2.5% (the "Royalty Cap"). This Royalty Cap will continue in perpetuity and includes any amended royalty rate following exercise by the Company of the Expenditure Option. IGF was leasing an edibles manufacturing facility in Eugene, Oregon from the third party. IGF was not able to come to terms with the landlord of the facility and the landlord terminated the lease in February 2019. As a result, the IGF was forced to move out of the facility and no longer met the standards to continue operating the business. IGF ceased operations following the termination of the lease and was no longer licensed by the OLCC.

Following the COB (if approved by the CSE and the shareholders) Platinex intends to find another facility to operate in and apply for reinstatement of IGF's OLCC processors license.

#### *Cannabis-related Practices or Activities are Illegal Under U.S. Federal Laws*

The Company wishes to inform shareholders that there are significant legal restrictions and regulations that govern the cannabis industry in both Canada and the United States. The concepts of "medical cannabis" and "recreational cannabis" do not exist under U.S. federal law. The Federal Controlled Substances Act classifies "marihuana" as a Schedule I drug. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. As such, cannabis related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under U.S. federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under U.S. federal law, nor will it provide a defense to any federal proceeding which may be brought against the Company. Enforcement of U.S. federal laws will be a significant risk to the business of the Company following the completion of the acquisitions, and any such proceedings brought against the Company may



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