

# Everton Resources Inc. Signs Letter of Intent to Acquire Molecule Inc.

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[Everton Resources Inc.](#) (TSXV:EVR) ("Everton" or the "Company") is pleased to announce that it has entered into a non-binding letter of intent dated as of July 9, 2019 (the "LOI") pursuant to which the Company will acquire (the "Proposed Transaction") all of the issued and outstanding securities of Molecule Inc. ("Molecule"). Molecule has applied to Health Canada for a Standard Processing Licence to engage in the production and co-packing of cannabis-infused beverages by providing the infrastructure, knowhow, technology and licence for craft beverage producers to create cannabis beverages.

The Proposed Transaction, which is subject to receipt of required regulatory approvals and other conditions, will represent Everton's first foray into the cannabis sector and result in a change of business (the "Change of Business") under the policies of the TSX Venture Exchange ("TSXV").

In addition, the Proposed Transaction may be considered a "related party transaction" as such term is defined by Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions and Policy 5.9 of the TSXV since Mr. Andre Audet, the CEO and a director of Everton, is also the CEO and a director of Molecule. As a result, the Company will need to obtain the approval of the majority of the minority shareholders in respect of the Proposed Transaction. The Proposed Transaction is exempt from the formal valuation requirements set out in the foregoing regulatory instruments due to the fact that the shares of Everton are listed on the TSXV; however, a valuation or fairness opinion may be obtained depending on the final structure of the Proposed Transaction and any additional stock exchange requirements.

The board of directors of Everton constituted an independent committee comprised of Messrs. Michel Fontaine, Chair of the Independent Committee, Steven Mintz and Keith Stein to analyze the Proposed Transaction. The Independent Committee believes that the Proposed Transaction is in the best interests of the Company and will provide a recommendation to shareholders in the circular that would be prepared assuming the successful negotiation of a definitive agreement.

It is currently anticipated that the Company will acquire Molecule by way of a share exchange, merger, amalgamation, arrangement or other similar form of transaction as agreed by the parties, which will result in the shareholders of Molecule holding the majority of outstanding shares of the Company upon closing of the Proposed Transaction (the "Resulting Issuer"). The Company is currently analyzing whether the Resulting Issuer will meet the listing requirements of the TSXV in order to retain its listing or whether the Resulting Issuer will need to seek minority shareholder approval to delist its common shares and apply for a new listing on the Canadian Securities Exchange (the "CSE").

## The Proposed Transaction

Everton is incorporated under the Canada Business Corporations Act and, as of the date hereof, currently has (a) 93,143,470 common shares of Everton issued and outstanding, and (b) 19,567,500 securities exercisable or exchangeable for, or convertible into, or other rights to acquire, common shares of Everton. As a condition to the Proposed Transaction, Everton will effect a consolidation (the "Consolidation") of its issued and outstanding common shares on the basis of one new common share (each a "Everton Share") for every ten (10) common shares of Everton issued and outstanding on the effective date of the Consolidation. In addition, prior to the closing, it is expected that Everton will change its corporate name to "Molecule Holdings Inc." or such other name as may be determined by the board of directors (the "Name Change").

Molecule is incorporated under the Business Corporations Act (Ontario) and currently has 72,609,600 common shares issued and outstanding. Pursuant to the Proposed Transaction, that number of Everton Shares, at a deemed value of \$0.30 per Everton Share, will be issued to the Molecule Shareholders in exchange for all of the issued and outstanding common shares of all classes as at the effective date of the Proposed Transaction (the "Molecule Shares").

Concurrently with, and as a condition of, the closing of the Proposed Transaction, creditors of Everton will convert \$267,200 of indebtedness (inclusive of interest) into an aggregate of 890,667 Everton Shares at a deemed issue price of \$0.30 per Everton Share. All of the foregoing indebtedness is due to Mr. Andre Audet, CEO of Everton, for advances and loans that he has made to Everton in order to satisfy Everton's minimum working capital needs in the absence of any reasonable third party funding alternatives.

The capital structure of the Resulting Issuer, on a post-Consolidation and post-Proposed Transaction basis, would be as follows (subject to increase as a result of those transactions contemplated in the "Notes" set out below):

	RESULTING ISSUER SHARES	OPTIONS/		VALUATION %
		WARRANTS		
EVERTON	9,313,447	1,956,750	\$2,794,034	11.25%
EVERTON CREDITORS	890,667	NIL	\$267,200	1.07%
MOLECULE	72,509,600 (1)(2)	2,500,000	\$21,752,880	87.68%
TOTAL	82,713,714	4,456,750	\$24,814,114	100%

Note:

(1) Molecule may arrange a private placement ("Private Placement") of a minimum of \$2 million and a maximum of \$10 million of Molecule Shares concurrently with the closing of the Proposed Transaction, or such higher maximum as Molecule may determine in its sole reasonable discretion. The issue price will be greater than or equal to \$0.30, depending on market conditions and subject to the approval of the TSXV or the CSE, as applicable. Assuming an issue price of \$0.30, Molecule could issue a minimum of 6,666,666 and a maximum of 33,333,333 additional Molecule Shares. The parties have agreed that the closing of a minimum Private Placement of proceeds of \$2 million will be a condition to the closing of the Proposed Transaction. A finders' fee or commission may be payable to eligible registrants in connection with the Private Placement, the final terms of which will be disclosed in a subsequent news release.

(2) Molecule has entered into a Purchase for Cancellation Agreement with a Molecule Shareholder for the cancellation of 100,000 Molecule Shares, to be completed prior to the closing of the Proposed Transaction.

(3) Everton reserves the right to grant up to an additional 750,000 stock options, at an exercise price of \$0.30, to the independent directors as compensation for their service to the Company.

The Independent Committee has also negotiated, and Molecule has agreed, that in connection with, and immediately prior to, the closing of the Proposed Transaction, Everton intends to create and issue preferred shares ("Preferred Shares"), on the basis of one Preferred Share for every issued and outstanding Everton Share on the record date to be established by the Board of Directors of Everton, to shareholders of Everton. The record date for the issuance of the Preferred Shares is expected to be the same as the record date for the special meeting to be called in connection with the Proposed Transaction. The purpose of the Preferred Shares is to provide the current Everton shareholders with a right to receive, on a pro rata basis, an economic benefit, subject to an aggregate maximum of up to \$500,000, in the event that any of the Everton mining royalties are triggered and generate revenue within a maximum period of five (5) years from the date of the issuance of the Preferred Shares. The Preferred Shares would provide that, if triggered, the Preferred Shares would be redeemable, on a pro rata basis, for cash up to an aggregate maximum of \$500,000. The Preferred Shares would otherwise not have any rights or recourses.

Completion of the Proposed Transaction will be subject to the satisfaction of various conditions, including (i) the completion of the Private Placement in the minimum amount of \$2 million, (ii) the filing of articles of amendment to give effect to the Name Change, the Consolidation and the creation of the Preferred Shares, (iii) the receipt of the approval of the majority of the minority of Everton's shareholders, as well as Molecule's shareholders as may be required, for the Proposed Transaction, (iv) the satisfaction or waiver of all

applicable conditions precedent, and (v) the receipt of conditional approval from the TSXV or the CSE for the proposed listing of the shares of the Resulting Issuer on the TSXV or the CSE, as applicable.

Neither party has made any deposit, advance or loan to the other party in connection with the Proposed Transaction.

#### Board and Management Changes

In connection with the closing of the Proposed Transaction, it is contemplated that the board of directors of the Resulting Issuer will be reconstituted to be comprised of a minimum of three and a maximum of seven members, to be nominated by Molecule, and that have requisite industry, financing, accounting and public company experience. The composition of the board and the executive management will be provided in a future news release, however it is expected that Mr. Andre Audet will continue in an executive capacity with the Resulting Issuer and will remain an insider thereof.

Additional information concerning the Proposed Transaction, including as regards financial information relating to Molecule and the Resulting Issuer, will be disclosed in a subsequent news release, including information in respect of the definitive agreement to be entered into among the parties.

The common shares of Everton have been halted effective immediately and are not expected to recommence trading on the TSXV prior to the closing of the Proposed Transaction.

#### About Molecule Inc.

Molecule is a privately held cannabis infused beverage company in Ontario's Thousand Islands region. Molecule's cannabis production licence application is in queue with Health Canada, which it anticipates receiving by the end of this year. Upon receipt, the company will be providing formulation, infusion, production, and distribution services for craft beverage producers.

#### About Everton Resources Inc.

Everton is an exploration company with an interest in the Opinaca region of James Bay, Quebec where the Company has partnered with [Hecla Mining Company](#) which is advancing Everton's interest in the Opinaca B project by funding 100% of all exploration work on one of the largest land packages adjacent to Goldcorp's Eleonore gold deposit.

#### ON BEHALF OF THE BOARD

##### [Everton Resources Inc.](#)

Per: "Michel Fontaine"

Michel Fontaine, Chair of the Independent Committee of the Board of Directors

For further information, please contact:

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#### Other Information

Completion of the transactions described herein is subject to a number of conditions, including exchange

acceptance and majority of the minority shareholder approval. The transactions cannot close until the required shareholder approvals are obtained. There can be no assurance that these transactions will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the circular to be prepared in connection with the transactions, any information released or received with respect to the Change of Business may not be accurate or complete and should not be relied upon. Trading in the securities of the Company should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this news release.

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This news release does not constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction.

#### Cautionary Statement Regarding Forward-Looking Information

This press release contains "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws, including: statements regarding the future strategy of the Company; the proposed terms of the Proposed Transaction; the reconstitution of the Board of the Resulting Issuer; the proposed terms of the Private Placement; the proposed Name Change and Consolidation; the sectors in which the Company is considering operating; the potential transfer of listing of the Shares to the CSE; the possible approval of matters by shareholders of the Company. These forward-looking statements address future activities, events, plans, developments and projections. The information concerning Molecule in this news release was provided to the Company by Molecule and has not been audited, reviewed or independently verified. Readers are cautioned not to place undue reliance on such statements. All statements, other than statements of historical fact, constitute forward-looking statements and are frequently identified by words such as "may", "will", "should", "anticipate", "plan", "expect", "believe", "estimate", "intend" and similar terminology, and reflect assumptions, estimates, opinions and analysis made by management in light of its experience, current conditions, expectations of future developments and other factors which management believes to be reasonable and relevant. Forward-looking information and statements involve known and unknown risks and uncertainties that may cause actual results, performance and achievements to differ materially from those expressed or implied by the forward-looking information and statements and, accordingly, undue reliance should not be placed thereon. Risks and uncertainties that may cause actual results to vary include, but are not limited to, failure by the Company to obtain shareholder approval for the proposed Change of Business, if required; failure to obtain approval of the Company's shareholders for the transfer of listing of the Shares to the CSE; failure to obtain regulatory approval of the TSXV or the CSE, as applicable, for the Proposed Transaction, the transfer of the Shares, the Private Placement and/or the Name Change and Consolidation; risks related to the acquisition of Molecule and the Company's investment and operation in the cannabis sector; and other factors beyond the Company's control, as well as the risks and uncertainties which are more fully described in our annual and quarterly management's discussion and analysis and in other filings made by the Company with Canadian securities regulatory authorities under the Company's profile at [www.sedar.com](http://www.sedar.com). The Company disclaims any obligation to update or revise any forward-looking information or statements except as may be required by applicable laws.

The securities referred to in this news release have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent U.S. registration or an applicable exemption from the U.S. registration requirements. This news release does not constitute an offer for sale of securities, nor a solicitation for offers to buy any securities. Any public offering of securities in the United States must be made by means of a prospectus containing detailed information about the company and management, as well as financial statements.

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