

# Samco Gold Ltd. Enters Into Letter of Intent With Echo Pharmaceuticals for Reverse Takeover and Change of Business Transaction

24.07.2019 | [GlobeNewswire](#)

TORONTO, July 24, 2019 - [Samco Gold Ltd.](#) (TSXV: SGA) (“Samco” or the “Company”) is pleased to announce that the Company has made an offer to acquire all of the outstanding shares of Echo Pharmaceuticals B.V. (“Echo”) pursuant to a letter of intent (the “LOI”) dated April 17, 2019, and has received sufficient acceptances to the offer from shareholders of Echo (representing 91.34% of the outstanding common shares in the capital of Echo (“Echo Shares”)) in order to proceed with the transaction contemplated in the LOI.

## Proposed Transaction

Under the terms of the LOI, the transaction is expected to be completed by way of a share exchange (or such other acceptable form of transaction as may be determined by the legal and tax advisors of each of Samco and Echo, acting reasonably), whereby a subsidiary of Samco incorporated in the United Kingdom will acquire the maximum number of Echo Shares tendered to Samco under the offer from the shareholders of Echo in exchange for common shares in the capital of the Company (“Samco Shares”) at an indicative ratio valuing 100% of the outstanding Echo Shares at US\$45 million, and as a result of which Echo will become an indirect subsidiary of the Company (the “RTO”). The exchange ratio in share terms is not yet determined and will depend on the number of Samco Shares outstanding after the concurrent financing and consideration of whether any consolidation might be required, but will be determined with reference to an expected indicative valuation of Echo at US\$45m and US\$7.5m for Samco. Upon completion of the RTO, Samco is expected to change its name to Echo Pharma Limited, or a similarly suitable name, and its trading ticker symbol to ECHO (Samco after completion of the RTO, the “Resulting Issuer”). The Resulting Issuer will carry on the business of Echo upon completion of the RTO.

The LOI also contemplates that in conjunction with the RTO, Samco shall complete a private placement of equity or equity-linked securities, which may include subscription receipts or convertible debt securities, the terms of which will be determined in the context of the market, for gross proceeds of up to US\$7.5 million (the “Concurrent Financing”). Samco expects the Resulting Issuer to use the proceeds of the Concurrent Financing as follows: (i) for the ongoing development and extension of its current product and patent portfolio, (ii) to extend current intellectual property protection of Echo’s tablet product range to various combinations of cannabinoids including full spectrum product, (iii) to further progress clinical development of key products, (iv) for the purchase of additional equipment to scale up production capacity, (v) to expand the company’s sales channels and geographic reach, (vi) to advance and commercialize Echo’s dermatological and cosmetic product lines and advance current intellectual property protection, (vii) to progress Echo’s Namisol product through advanced stage clinical trials for target indications, and (viii) the expansion of existing active pharmaceutical ingredient (“API”) production facility to enhance revenue with existing clients and new partners.

Upon completion of the RTO and the Concurrent Financing, and assuming gross proceeds from the Concurrent Financing of US\$7.5 million, it is anticipated that the shareholders of Echo will hold approximately 75% of the outstanding common shares of the Resulting Issuer and shareholders of Samco prior to completion of the RTO and the Concurrent Financing will own approximately 25% of the outstanding shares of the Resulting Issuer.

The LOI includes standstill provisions, under which Samco and Echo have agreed not to solicit or engage in any inquiries regarding any merger, amalgamation, share exchange, business combination, takeover, sale or other material disposition or similar transaction until such time as the LOI or any definitive agreement is terminated in accordance with its terms.

In addition to any applicable shareholder approvals, the RTO is subject to the receipt of certain regulatory and TSXV approvals and the satisfaction of other conditions customary for transactions of this nature.

If completed, the RTO will constitute a reverse takeover and a change of business of the Company (as such

terms are defined in the TSXV's Corporate Finance Manual).

Trading in the Samco Shares has been halted in accordance with the policies of the TSXV and will remain halted until such time as all required documentation in connection with the RTO has been filed with and accepted by, and permission to resume trading has been obtained from, the TSXV.

### **Significant Conditions to Completion of the Transaction**

The completion of the RTO is subject to a number of conditions, which include, but are not limited to:

- satisfactory results of legal, financial and technical due diligence procedures;
- execution of a definitive agreement and any other ancillary agreements required to complete the RTO;
- preparation and filing of a Filing Statement;
- receipt of all requisite regulatory, corporate and third party approvals, including the approval and acceptance of the TSXV and Samco shareholders (unless Samco is granted an exemption from shareholder approval by the TSXV);
- completion of the Concurrent Financing;
- absence of any material adverse change of Samco or Echo; and
- the Resulting Issuer being in compliance with the initial listing requirements of the TSXV.

There can be no assurance that either the RTO or the Concurrent Financing will be completed on the proposed terms, or at all.

### **About the Parties**

#### *Samco*

Samco's legacy business was the acquisition, exploration and development of precious metals properties in Argentina. Since approximately the fall of 2017, the Company has undertaken a process of divesting itself of all of its legacy business interests, and it currently has no significant assets. The Company's principal business activity has been the identification and evaluation of opportunities to acquire interests in other assets or businesses. Additional details with respect to the Company are available on SEDAR ([www.sedar.com](http://www.sedar.com)).

#### *Echo*

Echo is a privately owned specialty pharmaceutical company, incorporated under the laws of The Netherlands in 2006, with full pharma, opiate and GMP licenses. Echo's principal office and its core operations are based in The Netherlands. Echo is a leader in the innovation and development of advanced cannabinoid-based medicines and products. Among others, Echo developed a patented drug delivery technology (Alitra) for oral solid dosage forms.

Among its other products, Namisol® is a patented natural pure THC (tetrahydrocannabinol) tablet in clinical development among others for chronic pain, pain and spasticity in multiple sclerosis. Arvisol® is a patented natural pure CBD (cannabidiol) tablet in development as medicine and food supplement. Other product lines, such as dermatological products, are in various stages of development including patent protection.

Echo also sells API (cannabinoids) and laboratory standards. Additionally, it offers drug delivery technology development, cannabinoid identification and isolation/purification services.

Samco is at arm's length to Echo, and no director, officer or insider of Samco beneficially owns, or controls or directs, directly or indirectly, any common shares of Echo.

### **Sponsorship**

The RTO may require sponsorship under the policies of the TSXV unless an exemption from sponsorship is granted. Echo intends to apply for an exemption from sponsorship requirements of the TSXV in connection with the RTO. There can be no assurance that such exemption will ultimately be granted.

### **Disposition of Subsidiary Samco Gold S.A. and Legacy Mineral Property Assets**

The Company also announces that it has completed the disposition of all of the common shares in the capital of its remaining Argentinean subsidiary, Samco Gold S.A. ("SGSA") to certain

individuals in Argentina at arm's-length to the Company on an "as is, where is" basis. SGSA holds the rights to the Company's remaining mineral exploration properties, being the Judite, Judite I, Judite II, Ginette, Giancarla, Maribel I and Maribel IV concessions in Santa Cruz, Argentina (the "SGSA Properties"). The disposition of the SGSA shares, along with the RTO, is the culmination of the Company's strategic plan to dispose of legacy assets and conduct business outside of Argentina. Consideration for the sale of the SGSA shares consists of the granting of a 2% net smelter return royalty from production on the SGSA Properties, and a 10% participation interest on the gross sale price of either SGSA or any of the concessions constituting the SGSA Properties to a third party. The closing of the disposition was not conditional upon the completion of the RTO and occurred in June, 2019, with certain formal legal processes being completed in July, 2019.

### Further Information

Further information regarding the RTO and Concurrent Financing will be included in subsequent press releases in accordance with the policies of the TSXV, and in Echo's filing statement to be filed in connection with the RTO. Any material agreements will be filed on Samco's SEDAR profile at [www.sedar.com](http://www.sedar.com).

Samco intends that trading in the Samco Shares shall remain halted until the conditions applied for the resumption of trading after the announcement of a change of business agreement described in Policy 5.2 of the TSXV Corporate Finance Manual have been satisfied.

Completion of the RTO is subject to a number of conditions, including but not limited to, TSXV acceptance and if applicable, disinterested shareholder approval. If applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

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

TSXV has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this news release.

For further information please contact:

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**CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS:** *This press release contains forward-looking statements, including statements with respect to the completion of the RTO, completion of the disposition of SGSA and the timing thereof, the expected structure and use of proceeds of a Concurrent Financing, TSXV acceptance of the RTO, and the business of the Resulting Issuer. Forward-looking statements involve known and unknown risks, assumptions, future events, conditions, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, prediction, projection, forecast, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, the ability to obtain or delays in securing necessary stock exchange approvals; as well as those factors disclosed in the Company's disclosure documents publicly available under its profile on the SEDAR website at [www.sedar.com](http://www.sedar.com). Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking 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 forward-looking statements. The Company does not intend, and does not assume any obligation, to update forward-looking statements, whether as a result of new information, future events or otherwise, unless otherwise required by applicable securities laws.*

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<https://www.rohstoff-welt.de/news/330876--Samco-Gold-Ltd.-Enters-Into-Letter-of-Intent-With-Echo-Pharmaceuticals-for-Reverse-Takeover-and-Change-of-B>

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