

Everton Resources Inc. Announces Arrangement Agreement with 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 definitive arrangement agreement dated November 27, 2019 (the "Arrangement Agreement") with Molecule Inc. ("Molecule"), pursuant to which the Company will acquire (the "Proposed Transaction") all of the issued and outstanding securities of Molecule, by way of plan of arrangement (the "Plan of Arrangement") under the Business Corporations Act (Ontario), which will result in the shareholders of Molecule holding the majority of the outstanding shares of the Company upon closing of the Proposed Transaction (the "Resulting Issuer").

Molecule, a private Ontario corporation, is a beverage formulation, manufacturing, and distribution company in the late stages of the application review process to obtain a Cannabis Processing Licence (the "Licence") under the Cannabis Act and Regulations. Molecule will provide the capacity, knowledge and licencing required to produce and co-package craft, cannabis-infused, beverages.

Molecule has built a filtration, dosing and canning line capable of producing 6M cans (expandable to 20M cans), has established relationships with provincial regulatory bodies enabling sale of cannabis beverages to the controlled retail market, and has been working closely with brand companies to determine production and delivery schedules enabling essentially full capacity production shortly after receipt of the Licence. Concurrently with or prior to the completion of the Proposed Transaction, Molecule intends to complete a private placement offering ("Private Placement") of units (the "Molecule Units"), for a minimum gross proceeds of \$2 million, each Molecule Unit consisting of one common share of Molecule and a minimum of one-half of one share purchase warrant, with final terms to be determined by the parties in the context of the market, which the parties have agreed will be a condition to the closing of the Proposed Transaction.

Prior to the closing of the Proposed Transaction, it is anticipated that the Company will apply to list its common shares for trading on the Canadian Securities Exchange (the "CSE") and voluntarily delist its common shares from the TSX Venture Exchange (the "TSXV"). It is expected that the Company will delist from the TSXV concurrently with the listing on the CSE immediately following the completion of the Proposed Transaction.

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, a director and shareholder of Molecule, and Mr. Brendan Stutt, the CFO of Everton, is also the CFO 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.

Everton and Molecule will each hold a special meeting of their respective shareholders to seek approval of the Proposed Transaction, each currently anticipated to occur in late January or February 2020.

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 to be mailed to Everton's shareholders in connection with the approval of the Proposed Transaction.

Molecule has engaged M Partners Inc. to provide a fairness opinion to the effect that, subject to the assumptions, qualifications and limitations provided in such opinion, the consideration to be received by the shareholders of Molecule pursuant to the Proposed Transaction is fair, from a financial point of view, to such shareholders. The fairness opinion will be included in the management information circular to be mailed to

Molecule's shareholders in connection with the approval of the Proposed Transaction.

The Arrangement Agreement will be available on www.SEDAR.com under the Company's profile.

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 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 72,800,100 common shares issued and outstanding. Pursuant to the Proposed Transaction, one Everton Share will be issued for each one common shares of Molecule (the "Molecule Share(s)") issued and outstanding immediately prior to the completion of the Proposed Transaction at a deemed value of \$0.30 per Everton Share.

Concurrently with, and as a condition of, the closing of the Proposed Transaction, creditors of Everton will convert \$323,100 of indebtedness (inclusive of interest) into an aggregate of 1,077,000 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.

Post-Consolidation and following the completion of the Proposed Transaction, the Resulting Issuer is anticipated to have a total of 83,190,547 common shares issued and outstanding, subject to increase in accordance with the terms of the Arrangement Agreement, including in particular with respect to the Private Placement. The Resulting Issuer is also anticipated to have 4,457,750 options or warrants (post-Consolidation) exercisable into common shares of the Resulting Issuer issued and outstanding upon completion of the Proposed Transaction.

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 the approval of a special majority of Molecule's shareholders of the Proposed Transaction, (iv) the satisfaction or waiver of all applicable conditions precedent, and (v) the receipt of conditional approval from the CSE for the proposed listing of the shares of the Resulting Issuer on the CSE.

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. It is expected that upon completion of the Proposed Transaction, the Resulting Issuer will have a board of five individuals, of which two have been identified as of the date of this press release, being Andre Audet and Philip Waddington. Discussions are ongoing with other potential directors and the additional nominees will be announced at a future date. As of the date hereof, and subject to regulatory approval, it is anticipated that the Resulting Issuer will have the following officers and directors:

Andre Audet

Andre is a proven cannabis industry player as a Co-Founder of Tetra Bio-Pharma (TSXV:TBP, OTCQB:TBP MF). With over 25 years of experience in the financing of public companies, he provides strategic direction and oversight to guide company execution. Since 2003, he has served as Chairman & CEO of Everton. From 1989 to 1999, he was a Vice-President at BMO Nesbitt Burns, where he specialized in private portfolios. He is also the founder of BUSL cider, and is passionate about genuine, locally sourced, craft beverage production.

Philip Waddington

Philip is one of Canada's regulatory experts in the cannabis field. He led a team of over 200 people to create Health Canada's Natural Health Products Regulations. Before joining Molecule, he served on the board of Aphria Inc. (TSX:APH) from 2014-2018. He also has extensive operational experience, as the past President of Canadian Plastics Group.

The common shares of Everton were halted effective July 9, 2019 and are not expected to recommence trading on the TSXV prior to the closing of the Proposed Transaction.

About Molecule Inc.

Molecule, a private Ontario corporation, is a beverage formulation, manufacturing, and distribution company in the late stages of the application review process to obtain a Cannabis Processing Licence under the Cannabis Act and Regulations. Molecule will provide the capacity, knowledge and licencing required to produce and co-package craft, cannabis-infused, beverages.

About Everton Resources Inc.

Everton is currently 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 approval of the Company's shareholders for the transfer of listing of the Shares to the CSE; failure to obtain regulatory approval of the CSE 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. 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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