

Quinto Resources and Emerald Health Therapeutics Enter into Share Purchase Agreement for Sale of Québec Cannabis Business

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MONTREAL, Aug. 11, 2020 - [Quinto Resources Inc.](#) ("Quinto") (TSXV: QIT) and Emerald Health Therapeutics, Inc. ("Emerald") (TSXV: EMH; OTCQX: EMHTF) have entered into a share purchase agreement dated July 30, 2020 (the "Agreement") in respect of the sale of Emerald's wholly-owned subsidiaries, Verd?lite Sciences, Inc. ("Verd?lite Sciences") and Verd?lite Property Holdings, Inc. ("Verd?lite Property") and, together with Verd?lite Sciences, the "Subsidiaries". The Subsidiaries together own and operate a premium 88,000 square foot craft cannabis production indoor facility (the "Facility") in St. Eustache, Quebec.

Pursuant to the Agreement, Quinto will purchase all of the issued and outstanding shares of the Subsidiaries in consideration for a cash purchase price of \$21,000,000 (the "Purchase Price"), plus the aggregate amount of cash of each of the Subsidiaries at the closing date less the amount of long-term debts of each of the Subsidiaries as at the closing date, subject to a post-closing working capital adjustment (the "Transaction"). The Agreement was negotiated at arm's-length. Closing of the Transaction is anticipated to occur on or before August 31, 2020, subject to the TSX Venture Exchange's (the "TSXV") approval.

As a result of the Transaction, the Subsidiaries will become wholly-owned subsidiaries of Quinto and Quinto will continue the business of the Subsidiaries. Following closing of the Transaction, Emerald will continue to sell its own products into the Québec market, subject to certain limited restrictions, and retains exclusive rights to its recently launched Souvenir™ brand.

Since Quinto is a Canadian public company with its common shares listed for trading on the TSXV, the Transaction will constitute a change of business for Quinto under the rules of the TSXV; please see "The Transaction", below. As a result, Quinto will require the approval of its shareholders to complete the Transaction and will call a shareholder meeting, subject to the TSXV approval.

The Subsidiaries

Verd?lite Sciences is a company incorporated under the *Canada Business Corporations Act*. Verd?lite Sciences became a licensed producer on January 12, 2018. Verd?lite Property is a company incorporated under the Québec *Business Corporations Act*, which acquired the Facility on February 9, 2017. On May 1, 2018, Emerald acquired 100% of the issued and outstanding shares of the Subsidiaries from the founding group.

Verd?lite Sciences holds a standard processing licence from Health Canada with respect to the complete growing and processing area at the Facility permitting it to sell and distribute packaged, branded dried cannabis products directly to provincial/territorial wholesalers and authorized private retailers. Cultivation commenced at the Facility in late 2019 and the Facility is now in full production.

According to the combined unaudited financial statements of the Subsidiaries for the financial year ended December 31, 2019, the total assets were \$26,324,162, the total liabilities were \$37,848,924, the revenues were \$4,131,533 and the net loss was \$11,000,110.

The Agreement

Pursuant to the Agreement, Quinto will purchase all of the issued and outstanding shares of the Subsidiaries at closing in consideration for a cash purchase price of \$21,000,000. The Purchase Price will be adjusted at closing for cash and long-term debt of the Subsidiaries and post-closing for working capital of the Subsidiaries as at closing above or below a target amount. The Purchase Price will be subject to a \$750,000 holdback for the working capital adjustment and as an indemnity for certain pre-existing litigation. The Agreement contains representations and warranties, covenants, conditions and indemnities for the benefit of each of the parties as are customary for transactions of this nature. A copy of the Agreement will be posted on the parties' respective profiles at www.sedar.com.

The Transaction

The Transaction, if completed, will constitute a "Change of Business" of Quinto pursuant to Policy 5.2 "Changes of Business and Reverse Takeovers" of the TSXV. Trading in the common shares of Quinto is halted as a result of this announcement and will remain halted until the resumption of trading is approved by the TSXV.

Quinto expects to finance the acquisition through a combination of private placements and bridge financing, including two debt bridge financings of approximately five million dollars each, a brokered private placement of approximately twelve million dollars, (subject to market conditions and due diligence being completed by the financiers) and a five million dollar financing from the original founders group of the Subsidiaries, who sold the Subsidiaries to Emerald in 2018. The founder group financing is expected to be satisfied by the assignment of an equivalent amount of debt owed by Emerald to such persons. The parties intend to offset such assigned debt against a portion of the Purchase Price.

Quinto will use the net proceeds from such financings to pay the Purchase Price (including the assignment of debt referred to above) and, as applicable, the adjustments, if any, and for general working capital purposes.

Quinto will pay commissions and finders fees in connection with such financings. The percentage of such commissions and fees are not known at this time, but they will be determined in accordance with limits prescribed by TSXV's policies.

Quinto expects to retain the services of Haywood Securities Inc. to act as sponsor in connection with the Transaction, but the terms and conditions of the sponsorship have not yet been determined. An agreement to sponsor should not be construed as any assurance with respect to the merits of the Transaction or the likelihood of completion.

Principals and Insiders

Pursuant to the closing of the Transaction the following persons will constitute the principals and insiders of Quinto: Philippe Frère, Marcel Bergeron and Michael Curtis. Management of Quinto will propose the election of two additional directors who will both be independent in order to create a five-person Board of Directors. Mr. Frère is the current Chairman of the Board of Directors of Quinto and has been director of Quinto since 2010. He is a partner and Chairman of the Board of Directors of Lavery, de Billy, L.L.P., a Quebec based law firm. Mr. Bergeron has been Chief Financial Officer and director of Quinto since 2010. He is a member of the

Ordre des comptables professionnels agrégés du Québec and he has an extensive experience in the Canadian financial industry. Mr. Curtis has been President, Chief Executive Officer and director of Quinto until 2019. He has 35 years of experience in the Canadian financial industry in the areas of trading, research, corporate finance and the management of public companies.

A further press release will be disseminated upon closing of the Transaction in accordance with the policies of the TSXV.

About Quinto Resources Inc.

[Quinto Resources Inc.](#) (TSX-V: QIT) is a Canadian gold exploration Corporation. It owns a 2.5% interest in the Monster Lake property (IAMGOLD: 75%/TomaGold: 22.5%) in Québec, Canada.

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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. 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.

Cautionary Note Regarding Forward-Looking Statements: Certain statements made in this press release that are not historical facts are forward-looking statements and are subject to important risks, uncertainties and assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking statements. Such statements include: the completion of the Transaction and the timing thereof. Completion of the Transaction is subject to a number of conditions, including but not limited to, TSXV acceptance and if applicable, disinterested shareholder approval. Where 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 management information circular 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 Quinto should be considered highly speculative.

We cannot guarantee that any forward-looking statement herein will materialize, and readers are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements involve risks and uncertainties related to, among other things, changes of law and regulations; changes of government; failure to obtain regulatory approvals or Quinto shareholder approval; failure of Quinto to obtain necessary financing; failure to obtain third party consents; results of production and sale activities; regulatory changes; changes in prices and costs of inputs; demand for products; failure of counter-parties to perform contractual obligations; as well as the risk factors described in Emerald's annual information form and other regulatory filings. The forward-looking statements contained in this press release represent our expectations as of the date hereof. Forward-looking statements are presented for the purpose of providing information about management's current expectations and plans and allowing investors and others to obtain a better understanding of our anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

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