

# Lateral Gold Announces Filing of Preliminary Prospectus and Update on Transaction with CANHaul International Corp.

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VANCOUVER, September 16, 2016 - [Lateral Gold Corp.](#) (TSXV: LTG) (the "Company" or "Lateral") is pleased to announce that it has filed a preliminary short form prospectus dated September 15, 2016 in the provinces of British Columbia, Alberta and Ontario in connection with a proposed offering of subscription receipts of the Company (each, a "Subscription Receipt") to raise gross proceeds of up to \$5,000,000 (the "Offering"). Lateral is also pleased to provide an update with respect to its proposed acquisition (the "RTO") of CANHaul International Corp. ("CANHaul"), as previously announced on May 3, 2016 and June 14, 2016.

## Subscription Receipt Offering

Lateral and CANHAUL have entered into an engagement letter with Canaccord Genuity Corp. ("Canaccord") and Echelon Wealth Partners Inc. (together with Canaccord, the "Agents") in respect of the Offering, which will be superseded by an agency agreement with respect to the Offering. The number of Subscription Receipts to be offered and the price per Subscription Receipt (the "Offering Price") will be determined by Lateral, CANHaul and the Agents prior to the filing of the final prospectus.

The Company has granted the Agents an option (the "Over-Allotment Option"), exercisable in whole or in part, at any time and from time to time commencing on the date of closing of the Offering (the "Closing Date") and ending on the earlier of: (i) 5:00 p.m. (Vancouver time) on the date that is 30 days following the Closing Date, and (ii) the Termination Time (as defined herein), to offer up to an additional 15% of the number of Subscription Receipts sold under the Offering, having the same terms as the Subscription Receipts, including the Offering Price, to cover over-allotments, if any, and for market stabilization purposes. It is expected that the closing of the Offering will take place on September 30, 2016, or such other date as may be agreed to by Lateral, CANHaul and the Agents.

Each Subscription Receipt will entitle the holder thereof to receive, without payment of additional consideration or further action on the part of the holder, one common share in the capital of the Company (each, a "Lateral Share"), after giving effect to a proposed four for one consolidation of the Lateral Shares (the "Consolidation"), upon closing of the RTO. The gross proceeds of the Offering (the "Escrowed Funds"), less 50% of the Agents' Fee and the Agents' Expenses (each as defined herein), will be held by Computershare Trust Company of Canada, as escrow agent (the "Escrow Agent"), and invested in short-term obligations of, or guaranteed by, the Government of Canada (and other approved investments), pending the satisfaction of all conditions to the completion of the RTO, pursuant to the terms of a subscription receipt agreement to be entered into on the Closing Date. Upon satisfaction of all conditions to the closing of the RTO on or before 5:00 p.m. (Vancouver time) on October 31, 2016 (the "Deadline"), the Escrowed Funds and the interest thereon (less the remaining 50% of the Agents' Fee, Agents' Expenses and the interest thereon) will be released to Lateral, and each holder of Subscription Receipts will receive one Lateral Share for each Subscription Receipt held, without payment of additional consideration or further action on the part of the holder.

If: (i) the closing of the RTO does not occur by the Deadline, (ii) the RTO is terminated at any earlier time, or (iii) Lateral advises the Agents or announces to the public that it does not intend to complete the RTO (in any such case, the "Termination Time"), then holders of Subscription Receipts will be entitled to receive an amount per Subscription Receipt equal to the Offering Price and a *pro rata* entitlement to the interest earned thereon.

The Company has agreed to: (i) pay the Agents a cash commission equal to 7% of the gross proceeds of the Offering (the "Agents' Fee"), (ii) issue to the Agents such number of share purchase warrants (each, an "Agents' Warrant") as is equal to 7% of the number of Subscription Receipts sold under the Offering, with each Agents' Warrant entitling the holder to acquire one post-Consolidation Lateral Share at the Offering Price until the date that is 24 months from the Closing Date, (iii) pay the Agents a corporate finance fee in the amount of \$100,000 (which has been paid in full by CANHaul to the Agents), (iv) reimburse the Agents for their reasonable expenses in connection with the Offering (the "Agents' Expenses"), and (v) if the Offering is fully subscribed for gross proceeds of \$5,000,000 and the Over-Allotment Option is exercised in full, pay

Canaccord an additional corporate finance fee comprised of a cash payment of \$50,000 and the issuance of such number of post-Consolidation Lateral Shares, based on the Offering Price, as have an aggregate value of \$75,000 (the "Success Fee").

A preliminary short form prospectus containing important information relating to the securities being offered under the public offering has been filed with securities commissions or similar authorities in British Columbia, Alberta and Ontario. The preliminary short form prospectus is still subject to completion or amendment. There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final short form prospectus has been issued.

There is no minimum amount of funds that must be raised under the Offering. This means that the Company could complete the Offering after raising only a small portion of the amount set out above.

## Use of Proceeds

The following table sets out information respecting the Company's intended use of proceeds for the Offering, assuming completion of the Offering for gross proceeds of \$5 million and not including any exercise of the Over-Allotment Option.

Intended Use of Proceeds	(\$)
Sales and marketing expenses	1,600,000
Research and development expenses	350,000
G&A, inventory and accounts payable	1,100,000
Deal-related fees, commissions and expenses	745,000
Unallocated funds	1,205,000
Total use of proceeds	5,000,000

There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. For additional information regarding the funds available to the Company following closing of the RTO and the proposed use of those funds, refer to the disclosure in Appendix E of the Information Circular (as defined herein) entitled "*Information Concerning the Resulting Issuer - Available Funds and Principal Purposes*".

## Transaction Update

Further to the Company's news release of July 6, 2016, Lateral is pleased to announce that CANHaul has completed its preferred share private placement financing, raising aggregate gross proceeds of \$2,227,541. Lateral is also pleased to announce that it has received the conditional approval of the TSX Venture Exchange (the "TSXV") with respect to the RTO, which includes an exemption from the TSXV's sponsorship requirement. It also announces that an annual general and special meeting of the Lateral shareholders will be held on Tuesday, October 11, 2016 for the purposes of approving the RTO and other matters. Holders of Lateral Shares will be entitled to one vote for each Lateral Share held as at August 25, 2016. An annual general and special meeting of CANHaul shareholders will also be held on that date for the purposes of approving the RTO and other matters. Holders of CANHaul shares will be entitled to one vote for each CANHaul share held as at August 25, 2016. For further information with respect to the meetings and the RTO, see the joint management information circular dated effective August 31, 2016 (the "Information Circular") of Lateral and CANHaul, which was filed under Lateral's SEDAR profile on September 14, 2016.

Lateral and CANHaul have entered into an amendment to the amalgamation agreement dated June 13, 2016 (as amended, the "Amalgamation Agreement"), which was previously announced by news release dated June 14, 2016, pursuant to which the parties agreed to, among other things, extend the outside date for closing of the RTO to October 31, 2016 and to issue 950,000 post-Consolidation Lateral Shares (the "Bonus Shares") to certain CANHaul shareholders at closing of the RTO, to be deposited into escrow at closing and to be released in the event that CANHaul, on or before December 31, 2016, converts a large enterprise opportunity into a customer with a binding contract evidencing revenue of not less than (a) \$1,500,000 for the first year after the execution of such contract and (b) an aggregate of \$1,500,000 for the second and third years after the execution of such contract (the "Bonus Condition"). In the event that the Bonus Condition is not satisfied by December 31, 2016, the Bonus Shares will be cancelled pursuant to the terms of the Amalgamation Agreement.

## Pro Forma Financial Information

The following table summarizes selected pro-forma consolidated financial information for the Company as at

June 30, 2016, assuming completion of the RTO and the Offering (assuming gross proceeds therefrom of \$5 million and without including any exercise of the Over-Allotment Option). The information should be read in conjunction with the Company's pro forma consolidated statement of financial position and related notes and other financial information included as Appendix J to the Information Circular.

	Lateral (audited) as at June 30, 2016 (\$)	CANHaul (audited) as at June 30, 2016 (\$)	Pro Forma Adjustments (\$)	Pro Forma (unaudited) as at June 30, 2016 (\$)
Current assets	361,387	2,096,294	4,740,525	7,198,206
Total assets	361,387	2,180,270	-	7,282,182
Current liabilities	32,156	3,439,636	-	3,471,792
Total liabilities	32,156	6,209,701	2,314,020	3,927,837
Shareholders' equity (deficit)	329,231	(4,037,902)	7,054,545	3,345,874

### Proposed Officers and Directors

As previously announced, on completion of the RTO, the current directors and officers of Lateral will resign. In addition to the previously announced proposed new directors and officers, it is expected that Tracy Graf, a director of CANHaul, will also join the Company's board, such that, assuming the approval of the Company's shareholders, the directors and officers of the Company following closing of the RTO will be as follows:

Brent Moore - Chief Executive Officer, President and Director  
 Richard Clarke - Chief Financial Officer and Corporate Secretary  
 Laine Hotte - Chief Technology Officer  
 Ted Duffield - Chief Revenue Officer  
 Paul Cataford - Director  
 Cameron Olson - Director  
 Frank Turner - Director  
 Gilbert Sonnenberg - Director  
 Anthony Dutton - Director  
 Chris Burchell - Director  
 Tracy Graf - Director

Mr. Graf is currently the President and Chief Executive Officer of Carfinco Financial Group Inc. ("Carfinco"), a company he co-founded in 1996. From 2005 until its acquisition by Banco Santander, S.A. in March 2015, Carfinco was listed on the Toronto Stock Exchange (and prior thereto the TSXV). Mr. Graf currently sits on the board of directors of hydrovac service provider Lone Star West Inc. (TSXV:LSI) and Aurora Spine Corporation (TSXV:ASG), a technology company operating in the medical industry. In 2010 Mr. Graf was recognized as the Ernst & Young Entrepreneur of the Year (Professional/Financial Services Division) for the Canadian Prairies Region.

### Finder's Fee

It is expected that 536,749 post-Consolidation Lateral Shares will be issued as a finder's fee to Equity One Capital Corp. in connection with the RTO.

### Trading in Lateral Shares

Trading in the Lateral Shares is expected to remain halted pending the satisfaction of conditions of the TSXV for resumption of trading. It is unlikely that trading in the Lateral Shares will resume prior to the completion of the RTO.

### Information concerning CANHaul

CANHaul provides business intelligence to organizations that require current information concerning the location and status of, and relevant data with respect to, corporate assets such as equipment, devices, vehicles and people. CANHaul does not manufacture hardware, instead it focuses on software, integrating

products from sophisticated vendors that satisfy the evolving needs of customers. CANHaul provides real-time connectivity and visibility, which increases control, optimization and safety and enhances decision making, customer service and daily management of business operations. As an early adopter of the mobile-first/cloud-first approach with a long-held focus on an open collaborative technology strategy, CANHaul customers benefit from industry-leading data security through Microsoft Azure, powerful analytics and mobile access to their solution across leading mobile operating systems. CANHaul's innovation strategy is built on the pillars of integration and collaboration. CANHaul's open architecture system enables the extension of functionality by connecting to complementary software solutions and legacy systems vital to its customers' ever evolving needs. This collaborative approach has positioned CANHaul to capitalize on the rapid evolution of IoT, as evidenced by new partnerships and products such as ConnectX Lone Worker with Honeywell and Time Based Insurance with InsureMy. CANHaul's technology strategy seeks to open a larger addressable market. CANHaul management believes that CANHaul's solutions strongly respond to the needs of companies that require connectivity and visibility, while delivering a customizable and configurable solution to provide deep and sophisticated business intelligence to enterprises from all sectors.

### **Information concerning Lateral**

Lateral was previously involved in the identification, exploration and development of viable mineral properties in the United States. If the RTO is completed, the resulting issuer is expected to be a Tier 1 Technology issuer on the TSXV. Further information concerning Lateral can be found under Lateral's SEDAR profile at [www.sedar.com](http://www.sedar.com).

For additional information, please contact John Veltheer at (604) 562-6915.

### **ON BEHALF OF THE BOARD OF DIRECTORS**

"John Veltheer"  
President, CEO and Director

### **Cautionary Statements**

*No securities regulatory authority has expressed an opinion about the securities described herein. No Lateral securities have been or will be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state, district or commonwealth of the United States (as defined in Regulation S under the U.S. Securities Act). Accordingly, these securities may not be offered or sold, directly or indirectly, within the United States or to or for the account or benefit of any "U.S. Person" (as defined in Regulation S under the U.S. Securities Act), absent an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities described in this news release in the United States or any jurisdiction where such offer or sale would be unlawful, or for the account or benefit of any U.S. Person or person within the United States.*

*Completion of the RTO is subject to a number of conditions, including Exchange acceptance and disinterested shareholder approval. The RTO cannot close until the required shareholder approval is obtained. There can be no assurance that the RTO will be completed as proposed or at all.*

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

*The TSXV has in no way passed upon the merits of the proposed RTO and has neither approved nor disapproved the contents of this press release.*

### **Disclaimer for Forward-Looking Information**

*This news release includes certain "forward-looking statements" under applicable Canadian securities legislation that are not historical facts. Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results, performance, prospects, and opportunities to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements in this news release include, but are not limited to, statements regarding: the completion of the proposed RTO; the*

*Offering and the use of proceeds thereof; the business and operations of CANHaul; the pro forma financial information of the Company following completion of the RTO and the Offering; and information regarding the management, business and operations of the Company upon completion of the RTO and the Offering. Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic and social uncertainties; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; delay or failure to receive board, shareholder or regulatory approvals for the RTO; an inability to complete the Offering; those additional risks set out in the Company's public documents filed on SEDAR at [www.sedar.com](http://www.sedar.com), including the Information Circular; and other matters discussed in this news release. Although the Company believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. Except where required by law, the Company disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.*

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