

Pele Mountain Resources Enters into Letter of Intent with Bhang Corporation Relating to a Proposed Reverse Take-Over

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TORONTO, June 19, 2018 - [Pele Mountain Resources Inc.](#) (TSXV:GEM) (“Pele” or the “Company”) today announced that it has entered into a non-binding letter of intent (the “LOI”) with Bhang Corporation (“Bhang”), a privately-held Nevada corporation, to acquire a 100% interest in Bhang via a business combination transaction that would constitute a reverse take-over and change of control of Pele (the “Transaction”). The final structure of the Transaction will be determined by Bhang and Pele to accommodate tax considerations, accounting treatment and applicable legal and regulatory requirements.

Bhang is a California-based intellectual property company which licenses rights to a full range of cannabis and hemp products, including chocolates, gums and oral sprays, isolates, vapes and vape cartridges and accessories. Upon completion of the Transaction, the combined entity will continue to carry on the business of Bhang. The closing of the Transaction is subject to negotiating and executing definitive documentation, the satisfactory completion of due diligence, and the receipt of all necessary regulatory, shareholder and third party consents and approvals. If it proceeds, the Transaction is expected to close sometime this fall.

Scott J. Van Rixel, Chief Executive Officer of Bhang Corporation states, “I look forward to the completion of this milestone transaction so that Bhang can further expand its business operations and grow its brand worldwide.”

The LOI includes a typical mutual non-solicitation and exclusivity provision expiring on the earlier of August 15, 2018; the date on which the partners enter into a definitive agreement; and the date of termination of the LOI. In partial consideration of this exclusivity with Pele, Bhang has made an initial payment of \$25,000 to Pele and has committed to pay an additional \$10,000 per month to meet Pele’s working capital needs during the exclusivity period, as well as agreeing to be responsible for all of Pele’s reasonable costs and expenses associated with the LOI and Transaction pending its completion.

“We believe that the proposed RTO with Bhang Corporation represents an excellent opportunity for Pele to enhance value for our shareholders today. Bhang is an innovative company with an internationally recognized and leading premium brand, a very well defined strategic business plan, in an emerging but rapidly expanding domestic and global market. Pele looks forward to playing a role in unlocking future value for its shareholders through this unique and timely opportunity,” stated Martin Cooper, President & CEO of Pele Mountain Resources.

About Bhang Corporation

Founded by professional chef and master chocolatier, Scott Van Rixel, Bhang Corporation, headquartered in Miami, Florida, has been formulating and producing award-winning THC and CBD-infused products since 2010. What began as a cannabis-infused dark chocolate bar has now expanded to a widely-recognized and awarded cannabis brand. Bhang’s chocolate products expanded to include a premium collection of vapes, gums, mouth sprays and Bhang-branded merchandise. Through its licensees across the US & around the globe, from public companies to platinum recording artists and organic food companies, Bhang has mastered the art of harnessing mutually beneficial partnerships to put its products in consumers’ hands. The winner of 9 Cannabis Cups for best edible, Bhang continues to develop and enhance its IP. From its first win in 2010 to its win for best edible in the world in Jamaica in 2014 to its “Best of Burque” win in 2018, Bhang continues to expand its industry dominance by bringing consistent, safe, and delicious products to the world. Find out more about Bhang, by visiting www.bhangchocolate.com.

Further Information and Trading Halt

Although the definitive terms have yet to be fully negotiated and agreed upon, the LOI contemplates:

- Bhang completing a financing to raise between \$7,000,000 - \$10,000,000 to close concurrently with the Transaction, resulting in an enterprise value of Bhang of between \$35,000,000 and \$45,000,000;
- the existing shareholders of Pele retaining approximately 4.75% of the shares of the resulting issuer on a fully diluted basis, the balance to be held by the new subscribers participating in the concurrent financing of Bhang, together with the existing shareholders of Bhang;
- Pele migrating from the TSXV to the Canadian Securities Exchange;
- Pele completing a share consolidation on a ratio and basis to be agreed upon to achieve the foregoing ownership proportions in the shares of the resulting issuer;
- Pele completing a reorganization prior to completion of the Transaction to, among other things, transfer any remaining non-core mining and energy assets and to reduce its working capital deficiency to below \$10,000, which may include completing additional shares-for-debt conversions;

Pele and Bhang will provide further details in respect of the Transaction including a summary of final agreed upon material terms and conditions thereof once a definitive agreement has been fully negotiated and entered into. As the resulting issuer would not qualify for listing on the TSXV, Pele will apply for a voluntary delisting of its shares from the TSXV and will seek minority shareholder approval for this delisting prior to completion of the Transaction. Trading in the common shares of Pele has been halted pursuant to the policies of the TSXV and the Company expects that trading will remain halted pending the earlier of the delisting of Pele's shares from the TSXV and termination of the LOI. There can be no assurance that the definitive documentation will be successfully negotiated and signed or that the Transaction will be completed as proposed or at all.

Cautionary Notes

Investors are cautioned that, except as disclosed in the management information circular or listing statement to be prepared in connection with the Transaction, any information released or received with respect to the LOI or Transaction may not be accurate or complete and should not be relied upon.

No stock exchange, securities commission or other regulatory authority has in any way passed upon the merits of the Transaction or approved or disapproved the contents of this press release.

About Pele Mountain Resources Inc.

The shares of [Pele Mountain Resources Inc.](#) are listed on the TSXV under the symbol "GEM". Pele is focused on the development of renewable energy projects in Northern Ontario and also holds mineral resource interests in Northern Ontario. Management continues to seek new strategic opportunities to enhance shareholder value.

For further information about Pele Mountain Resources Inc., please contact Martin Cooper, Interim CEO and President, at 1-800-315-7353, or visit the Pele website at www.pelemountain.com.

About Bhang Corporation

For more information on Bhang Corporation, please contact Scott Van Rixel, CEO, Bhang Corporation, Email: info@bhangchocolate.com.

Forward Looking Information, Disclaimer and Reader Advisory

This news release contains certain forward-looking information and statements that reflect the current view and/or expectations of management of each of the parties based on information currently available to the parties with respect to performance, business and future events, including, but not limited to, express or implied statements and assumptions regarding the parties' mutual intention to negotiate a definitive agreement or complete the Transaction and regarding the terms and conditions relating thereto. The use of any of the words "may", "could", "would", "might", "intend", "plan", "expect", "believe", "contemplate", "anticipate", "will", "projected", "estimated" and similar expressions and statements and variations thereof relating to matters that are not historical facts are intended to identify forward-looking information and statements and are based on the then-current expectations, beliefs, assumptions, estimates and forecasts about the business and the industry and markets in which each party operates and as to the outcome and timing of any such future events. Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which are difficult to predict and actual future results and

outcomes may differ materially. In particular, there is no guarantee that the parties will successfully negotiate and enter into a definitive agreement on mutually acceptable terms or complete the Transaction contemplated herein, or that the due diligence of either party will be satisfactory, or the availability of financing to either party, or that the parties will obtain any required corporate, board, member, shareholder, third-party and/or regulatory or other governmental approvals, if any. Accordingly, the reader should not place undue reliance on forward-looking statements and information, which are qualified in their entirety by this cautionary statement. The Company does not undertake any obligations to release publicly any revisions for updating any voluntary forward-looking information or statements, except as required by applicable securities law.

This press release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. Not for distribution to U.S. Newswire Services or for dissemination in the United States. Any failure to comply with this restriction may constitute a violation of U.S. Securities laws.

All information contained in this press release with respect to Bhang, its business and operations was supplied by Bhang for inclusion herein. Pele has not conducted due diligence on the information provided and does not assume any responsibility for the accuracy or completeness of such information.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) has in any way passed on the merits of the Transaction and neither of the forgoing entities accepts responsibility for the adequacy or accuracy of this release or has in any way approved or disapproved of the contents of this release.

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