

Philippine Metals Announces Proposed Acquisition of US Cannabis Extraction Business

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Vancouver, June 25, 2019 - Philippine Metals Inc. (TSXV: PHI) ("PMI" or the "Company") is pleased to announce that it has entered into a letter of intent dated June 24, 2019, with an Arizona company doing business under the name Venom Extracts ("Venom"), whereby PHI will acquire all of the outstanding shares of Venom in exchange for shares of the Company (the "Acquisition"). The Acquisition will constitute a reverse takeover ("RTO") of the Company. All currency figures quoted herein are in Canadian dollars.

Information concerning Venom

Operating since 2017, Venom (www.venomextracts.com) manufactures and markets a range of cannabis extracts and related products to licensed retailers in the State of Arizona under the name "Venom Extracts". In addition to growing its operations in Arizona, Venom intends to pursue a growth strategy in additional US states, including near term plans for Ohio and Oklahoma. In the year ended December 31, 2018, Venom generated revenues of approximately \$6.25 million and net income of approximately \$0.25 million (all results are unaudited and subject to adjustment). Subsequent to year end, revenues have continued to grow and in the month of May 2019 Venom generated record sales of approximately \$1.25 million.

Transaction summary

Pursuant to the Transaction, it is anticipated that PHI will consolidate its outstanding common shares on the basis of one new share for every three old shares. PHI will issue 46 million new PHI shares in exchange for 100% of the issued and outstanding shares of Venom. The final structure of the Transaction is subject to receipt of tax, corporate and securities law advice for both PHI and Venom. The Company intends to de-list from the TSX Venture Exchange and obtain a listing of its shares on a post-Transaction basis on the Canadian Securities Exchange. De-listing from the TSX Venture Exchange will be subject to receipt of PHI shareholder approval (on a majority of the minority basis).

The Transaction will be an arm's-length transaction and will not be a related party transaction, under applicable securities rules. No deposit or advance has been made, or is anticipated to be made, by PHI to Venom in connection with the Transaction. The Company currently has 16,446,691 common shares issued and outstanding, as well as 1,300,000 stock options exercisable at \$.07 per share and 2,428,688 warrants to acquire PHI shares exercisable at \$.10 per share. Venom has 100 shares currently issued and outstanding.

The Transaction is subject to a number of terms and conditions, including, but not limited to: the parties entering into a definitive agreement with respect to the Transaction (such agreement to include representations, warranties, conditions and covenants typical for a transaction of this nature); the completion of satisfactory due diligence investigations by the parties on or before June 30, 2019; receipt of all necessary board and shareholder approvals; completion of the financings described below; and receipt of the approval of the CSE to list the Company's shares following the completion of the Transaction. Additionally, PHI, as a condition of closing, plans to convert its ownership in its Philippine subsidiary to a 1% royalty interest in the underlying mining projects located in the Philippines. There can be no assurance that the Transaction will be completed as proposed or at all.

Trading in the shares of PHI is expected to remain halted throughout the duration of the Transaction and until the shares are listed on the CSE. Further details concerning the Transaction (including additional financial information) and other matters will be announced if and when a definitive agreement is reached.

Financings

It is anticipated that in connection with the Transaction the Company and Venom complete up to three financings. Firstly, to fund Transaction expenses, the Company intends to immediately complete a private placement of up to \$250,000 at terms to be agreed. Secondly, Venom may complete an interim financing of up to \$1,300,000 at terms to be agreed. It is expressly understood that this second financing is not a condition of closing the Transaction, but may be effected to provide immediate working capital to Venom. Should this second proposed financing be completed, additional new PHI shares will be issued upon the closing of the Transaction. Finally, pursuant to the letter of intent, it is a condition of closing that the Company will have completed a financing of a minimum of \$5,500,000 and up to a maximum of \$10,000,000, with the structure and pricing to be in the context of market conditions prevailing at the time of closing.

Management and board of directors of Resulting Issuer

Upon completion of the Transaction, it is expected that the board of directors of the Company (the "Resulting Issuer") will be comprised of Mason Cave, Jacob Cohen, Tracy Cairns, Tyler Henson and Craig Lindsay. Mr. Cave will be the chief executive officer and Jacob Cohen its Chief Operating Officer. The Resulting Issuer has not yet selected its chief financial officer. Brief biographies of the individuals named above are provided below.

Mason Cave, Chief Executive Officer and Director - Mason will be responsible for the overall direction and management of the Resulting Issuer and is the current CEO of Venom. Prior to working with Venom, Mason consulted with many companies in the marijuana industry including dispensaries, growers and extraction companies where he served in executive roles overseeing audits and streamlining, expanding or standardizing operations. Before becoming a specialized consultant, he was CEO of a 50,000 square foot grow operation in Arizona. In addition to his career in the marijuana industry, Mason served in many executive and senior management finance positions with multi billion dollar real estate companies. On a volunteer basis, Mason assisted in successfully lobbying Bills SB1286 (access to medical marijuana in rural areas) and SB1494 (marijuana testing) through the Arizona State Legislature.

Jacob Cohen, Chief Operating Officer and Director - Jacob (Jake) is responsible for the creation and vision of Venom Extracts. Jacob over-see's all daily operations of the Company including: production (extraction), packaging, financial, marketing and sales. He maintains the Company's relationships in the Medical Marijuana industry to both procure and wholesale product. Under Jacob's leadership, Venom Extracts grew from its first sale in 2017 to over \$6 million in 2018. Prior to starting Venom, Jacob was the operational manager of an extraction company based out of Oregon. While there he was responsible for managing all aspects of the business and grew sales by over 1,000% and improved EBITDA margin from a loss to net 25%.

Tracy Cairns, Director - Tracy is a seasoned consumer products and sales executive and most recently worked with Aurora Cannabis as the Director of Retail Sales where she was responsible for engineering their Adult Use Cannabis Go-to-Market strategy. She is fully versed in the complex government regulations that define the recreational market in Canada as well as certain United States. Prior to joining the cannabis industry, Tracy worked as a Director in the beverage alcohol industry for 20 years where she earned the reputation as an ambitious leader who worked to engage teams through building a culture that collaborated to achieve mutual success.

Tyler Henson, Director - Tyler Henson brings an extensive background in the cannabis marketplace. Mr. Henson is currently the VP of Regional Government affairs for Axiom politics, overseeing thirteen states. Axiom is a political consultancy firm based in Colorado where he specializes in cannabis, tobacco, liquor, gaming and business policy. Prior to his current role, Mr. Henson was the President of the Colorado Cannabis Chamber of Commerce (C4), a 501c6 non-profit dedicated to the economic advancement of the regulated cannabis industry in Colorado. Under his leadership, Colorado adopted standards for cannabis testing, edible production and the allowance of out of state investment for the licensed and regulated cannabis industry. Mr. Henson speaks regularly at many conferences about the regulated cannabis industry in the United States and Canada. Mr. Henson also took an active role in founding the Canadian Cannabis Chamber of Commerce, a non-profit organization to promote the regulated business interests in the Province of Alberta

Craig Lindsay, Director - Mr. Lindsay has in excess of 20 years' experience in corporate finance, investment

banking and business development in both North America and Asia. Mr. Lindsay is the current President and CEO of the Company.

All information contained in this news release relating to Venom was provided by Venom to the Company for inclusion herein. The Company has not independently verified such information and shall bear no liability for any misrepresentation contained therein. Completion of the transaction is subject to a number of conditions, including, but not limited to, CSE acceptance to list the Company's common shares and, if applicable, pursuant to CSE requirements, majority of the minority 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 or 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 PHI should be considered highly speculative.

Forward Looking Information

This news release contains forward-looking statements and other statements that are not historical facts. Forward-looking statements are often identified by terms such as "will", "may", "should", "anticipate", "expects" and similar expressions. All statements other than statements of historical fact included in this release, including, without limitation, statements regarding the transactions, concurrent financings or any contemplated change to the Company, are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations are risks detailed from time to time in the filings made by the Company with securities regulations.

The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. As a result, the Company cannot guarantee that any forward-looking statement will materialize and the reader is cautioned not to place undue reliance on any forward-looking information. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as of the date of this news release and the Company will only update or revise publicly any of the included forward-looking statements as expressly required by Canadian securities law.

ON BEHALF OF THE BOARD

"Craig T. Lindsay"

Chief Executive Officer

For additional information, please contact:

Craig Lindsay

Tel: (604) 218-0550

Completion of the transaction is subject to a number of conditions, including, but not limited to, Exchange 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 or filing statement

to be prepared in connection with the transaction, any information release or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of [Philippine Metals Inc.](#) 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.

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

This News Release does not constitute an offer to sell or a solicitation of an offer to sell any 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 "US Securities Act") or any State securities laws, and may not be offered or sold within the United States or to US Persons unless registered under the US Securities Act and applicable State securities laws, or an exemption from such registration is available.

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