

# Cardinal Capital and MindHealth Biomed Announce Letter of Intent for Reverse Takeover Transaction, and Closing of MindHealth's Oversubscribed Private Placement

Toronto, Ontario--(Newsfile Corp. - August 11, 2020) - Cardinal Capital Partners Inc. (the "**Company**" or "**Cardinal**") and MindHealth Biomed Corp. ("**MindHealth**", and together with Cardinal, the "**Parties**") are pleased to announce that the Parties have entered into a letter of intent dated August 11, 2020 (the "**Letter of Intent**") to complete a business combination by way of a transaction which, subject to certain conditions and applicable shareholder and regulatory approvals, will constitute a reverse takeover of the Company by the shareholders of MindHealth (the "**Proposed Transaction**").

The Parties are delighted to announce the closing of MindHealth's oversubscribed private placement in the amount of CAD\$4,791,721.

The combined company following the Proposed Transaction (the "**Resulting Issuer**") is expected to continue to conduct MindHealth's business of producing and selling psilocybin mushroom products, and other related psychedelic businesses (for example, the establishment of clinics and conducting clinical research within international legal markets), subject to all applicable laws.

The final structure of the Proposed Transaction will be determined by the Parties following receipt of tax, corporate and securities law advice. However, upon the closing of the Proposed Transaction (the "**Closing**"), and assuming completion of the MindHealth Private Placements (as defined below) for gross proceeds of CDN\$4,791,720, it is expected that the former shareholders of MindHealth will hold approximately 92.613% of the common shares of the Resulting Issuer (the "**Resulting Issuer Shares**") and the current holders of the common shares of the Company (the "**Common Shares**") will hold approximately 7.387% of the Resulting Issuer Shares (on a non-diluted basis). The Proposed Transaction is an arm's length transaction.

Jody Aufrichtig, Founder, Chairman and CEO of MindHealth commented, "*We are excited to finally present our psychedelic company to the North American capital markets. We have been granted one of the only federally issued Psilocybin medical grade cultivation, processing and export licenses, globally, in one of the most cost effective growing and processing environments on the planet. Our management team has a track record of executing on businesses based in Africa while servicing international markets. We are appreciative of the trust and support of our investors who substantially oversubscribed our offering. We would like to thank Cardinal for partnering with MindHealth towards completing an RTO intended to give our company access to the Canadian public market.*"

## Description of MindHealth Biomed and its Business

MindHealth is a private, British Columbia company, with a mission to become the leading supplier of branded medicinal-grade psilocybin mushroom products to the global legal psychedelic research, medical and nutraceutical industries. MindHealth intends to capitalize on significantly lower cost production in Africa to distribute and supply internationally certified psilocybin mushroom products to legal export markets, to differentiate itself through best of class cultivation, processing, distribution, brand and retail services. MindHealth currently possesses a cultivation, processing and export license for psilocybin mushrooms in Lesotho, in Southern Africa (which is one of the first commercial medical grade psilocybin mushroom cultivation licenses globally), and has commenced the build-out of a fully integrated cultivation, processing and product manufacturing facility to international standards at its

licensed facility.

MindHealth is led by a team of executives who previously lead Canopy Growth Africa, with a proven track record of execution and creation of shareholder value in Southern Africa and internationally.

### Share Consolidation and Exchange of Securities

Pursuant to the terms of the Letter of Intent, the Company is expected to effect a consolidation (the "**Consolidation**") of its issued and outstanding Common Shares prior to Closing on the basis of a ratio to be determined by the Parties and to be set forth in the definitive agreement (the "**Definitive Agreement**") to be negotiated and entered into by the Parties in due course.

In accordance with the terms of the Letter of Intent, it is anticipated that the holders of the issued and outstanding common shares in the capital of MindHealth (the "**MindHealth Shares**") will be issued 20.4904 Common Shares (as constituted prior to the completion of the Consolidation) in exchange for every one (1) MindHealth Share held immediately prior to the completion of the Proposed Transaction (the "**Exchange Ratio**").

Outstanding convertible securities of MindHealth (the "**MindHealth Convertible Securities**") will either (i) automatically adjust in accordance with their terms such that, following the completion of the Proposed Transaction, the holders of MindHealth Convertible Securities will acquire Resulting Issuer Shares, or (ii) be replaced with equivalent convertible securities of the Resulting Issuer entitling such holders to acquire Resulting Issuer Shares on equivalent terms as the MindHealth Convertible Securities that they will replace and, in each case, adjusted to reflect the Exchange Ratio and exchange price.

### Company Shareholder Meeting

Prior to the completion of the Proposed Transaction, the Company intends to call a meeting of its shareholders for the purpose of approving, among other matters, (i) a change in the name of the Company, (ii) the Share Consolidation, (iii) the reconstitution of the Company's board of directors (as described below), and (iv) if required by applicable stock exchange rules, the approval of the Transaction.

### MindHealth Private Placement

MindHealth has recently completed an oversubscribed, non-brokered private placement (the "**Current MindHealth Private Placement**"), consisting of the sale of an aggregate of 19,166,880 MindHealth Shares at a price of CDN\$0.25 per MindHealth Share, for aggregate gross proceeds of CAD\$4,791,720.

### Management of the Resulting Issuer

Upon closing of the Proposed Transaction, all of the Company's current directors and executive officers are expected to resign and be replaced with nominees of MindHealth.

### Closing Conditions

The completion of the Proposed Transaction is subject to a number of conditions, including but not limited to (i) the execution of the Definitive Agreement, (ii) the completion of mutually satisfactory due diligence, (iii) the completion of the Consolidation, and (iv) receipt of all required regulatory, corporate and third party approvals, including approval of the listing of the Resulting Issuer Shares on the Canadian Securities Exchange, the shareholders of the Company, and the fulfilment of all applicable regulatory requirements and conditions necessary to complete the Proposed Transaction.

There can be no assurance that the Proposed Transaction will be completed as proposed or at all. Investors are cautioned that any information released or received with respect to the Proposed

Transaction in this press release may not be complete and should not be relied upon. Trading in the Common Shares should be considered highly speculative.

Bayline Capital Partners has been appointed as capital market advisors to MindHealth.

### Further information

Further details about the Proposed Transaction and the Resulting Issuer (including, details of insiders and proposed directors and officers of the Resulting Issuer, and the Consolidation) will be provided in a comprehensive press release at such time as the Parties enter into the Definitive Agreement.

### **About Cardinal Capital Partners Inc.**

Cardinal is an Ontario corporation and a reporting issuer in the Provinces of British Columbia, Alberta, Ontario, Nova Scotia, with no current activities or operations.

### **For additional information on Cardinal Capital Partners Inc.**

Chris Carmichael  
Director  
Telephone: 647 225-4337  
Email: [ccarmichael@crisinc.ca](mailto:ccarmichael@crisinc.ca)

### **For additional information on MindHealth Biomed Corp.**

Jody Aufrichtig  
Chief Executive Officer  
Email: [jody@mindhealthbiomed.com](mailto:jody@mindhealthbiomed.com)

### **Cautionary Statements**

*This press release contains statements which constitute "forward-looking information" within the meaning of applicable securities laws, including statements regarding the plans, intentions, beliefs and current expectations of the Company and MindHealth with respect to future business activities and operating performance. Forward-looking information is often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions and includes information regarding: (i) expectations regarding whether the Proposed Transaction will be consummated, including whether conditions to the consummation of the Proposed Transaction will be satisfied including, but not limited to, the necessary board, shareholder and regulatory approvals and the timing associated with obtaining such approvals, if at all, (ii) the timing for completing the Proposed Transaction, (iii) whether and on what basis the Consolidation will occur (iv) whether the Consolidation will be approved by shareholders and the timing associated therewith, (v) the timing associated with entering into the Definitive Agreement and the terms and conditions therein, (vi) the Financing including the size and timing associated with completing such Financing; (vii) the preparation and delivery to shareholders of a management information circular, the timing associated with its preparation and delivery to shareholders and the convening of the necessary shareholder meetings, (viii) the business plans and expectations of the Company, including its proposed application for listing on the CSE, (ix) the issuance of and timing associated with issuing a further comprehensive press release or press releases, and (x) expectations for other economic, business, and/or competitive factors.*

*Investors are cautioned that forward-looking information is not based on historical facts but instead reflect the Company and MindHealth's respective management's expectations, estimates or projections concerning future results or events based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made. Although the Company*

*and MindHealth believe that the expectations reflected in such forward-looking information are reasonable, such information involves risks and uncertainties, and undue reliance should not be placed on such information, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements of the Resulting Issuer. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information are the following: (i) the ability to consummate the Proposed Transaction, (ii) the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other conditions to the consummation of the Proposed Transaction on the proposed terms and schedule, (iii) the potential impact of the announcement or consummation of the Proposed Transaction on relationships, including with regulatory bodies, employees, suppliers, customers and competitors, (iv) changes in general economic, business and political conditions, including changes in the financial markets, changes in applicable laws and regulations both locally and in foreign jurisdictions, (v) compliance with extensive government regulation and the costs associated with compliance, (vi) the risks and uncertainties associated with foreign markets, (vii) risks associated with the COVID-19 pandemic and (viii) the diversion of management time on the Proposed Transaction. This forward-looking information may be affected by risks and uncertainties in the business of the Company and MindHealth and market conditions.*

*Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although the Company and MindHealth have attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended and such changes could be material. Neither the Company nor MindHealth intend, nor assume any obligation, to update this forward-looking information except as otherwise required by applicable law.*

*All information contained in this press release relating to MindHealth, including information on MindHealth's business, has been provided to the Company by MindHealth. The Company has relied upon this information without having made independent inquiries as to its accuracy or completeness, and as such, assumes no responsibility for the inaccuracy or incompleteness of any information provided by MindHealth, or for any failure of MindHealth to disclose events that may have occurred or that may affect the significance or accuracy of any such information or for any failure of MindHealth to update or amend such information, whether as a result of new information, future events or otherwise.*

*No stock exchange nor IIROC accepts responsibility for the adequacy or accuracy of this release.*

**NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES  
OR FOR DISSEMINATION IN THE UNITED STATES**

To view the source version of this press release, please visit  
<https://www.newsfilecorp.com/release/61527>