

Navasota and IMC Announce Signing of Amended and Restated Definitive Agreement and Private Placement of Approximately \$20,000,000

Toronto, Ontario--(Newsfile Corp. - September 3, 2019) - Navasota Resources Inc. ("**Navasota**") and I.M.C. Holdings Ltd. ("**IMC**") are pleased to announce the execution of an amended and restated definitive business combination agreement (the "**Amended Combination Agreement**") which, subject to certain conditions and applicable shareholder and regulatory approvals, will result in a reverse takeover of Navasota by IMC (the "**Proposed Transaction**"). The resulting issuer from the Proposed Transaction (the "**Resulting Issuer**") will change its business from mining to the medical cannabis industry.

About IMC

IMC is an international medical cannabis company, and a well-known Israeli brand of medical cannabis products. In Europe, IMC is establishing a fully operational, vertically integrated medical cannabis business spearheaded by its distribution arm in Germany and augmented by strategic agreements with certified EU-GMP Standard suppliers, making it one of the only medical cannabis companies with fully integrated operations in Europe. IMC intends to leverage IMC's brand to establish a foothold in emerging medical cannabis markets including Germany, Portugal and Greece.

IMC's core Israeli business includes offering branding, know-how and other intellectual property-related services to the Israeli medical cannabis market. Its key assets in Israel include commercial agreements with licensed producers and an option to purchase licensed entities.

The Amended Combination Agreement

Under the terms of the Amended Combination Agreement, the Proposed Transaction will be completed by way of a triangular statutory merger under the laws of Israel, whereby Navasota Acquisition Ltd., a wholly owned Israeli subsidiary of Navasota, will merge with and into IMC, with IMC surviving as a wholly owned subsidiary of Navasota. In connection with the Proposed Transaction, Navasota will reconstitute its board of directors and change its name to "IM Cannabis Corp." or such other similar name as may be accepted by the relevant regulatory authorities (the "**Name Change**") and the Resulting Issuer will conduct its business under the new name.

The Amended Combination Agreement includes a number of conditions, including but not limited to, requisite shareholder approvals including the approval of the shareholders of IMC, the completion of the Financing (as defined below), the consolidation of Navasota's common shares on a 1:2.83 basis (the "**Consolidation**"), the issuance of post-Consolidation Navasota common shares to holders of IMC ordinary shares (the "**IMC Shares**") on a 10:1 basis, approvals of all regulatory bodies having jurisdiction in connection with the Proposed Transaction including, without limitation, the approval of the Israeli Registrar of Companies, and other closing conditions customary to transactions of the nature of the Proposed Transaction. The reconstitution of Navasota's board of directors, the Name Change and the Consolidation were previously approved by shareholders of Navasota at a special meeting of Navasota shareholders on November 12, 2018.

Navasota is a reporting issuer under the laws of the Provinces of British Columbia and Alberta whose common shares were voluntarily de-listed from the NEX board of the TSX Venture Exchange on June 18, 2018. Consequently, Navasota's common shares are currently not posted for trading on any marketplace. The Resulting Issuer will apply to list its common shares on the Canadian Securities Exchange (the "**CSE**") and if, and upon the satisfaction of the CSE's initial listing requirements, the common shares of the Resulting Issuer are expected to begin trading on the CSE following the closing of the Proposed Transaction.

Investors are cautioned that, except as disclosed in the management information circular or listing statement to be prepared in connection with the Proposed Transaction, any information released or received with respect to the Proposed Transaction may not be accurate or complete and should not be relied upon. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.

Pursuant to the terms of the Amended Combination Agreement, and in connection with the Proposed Transaction:

- a. holders of IMC Shares will receive ten (10) fully paid and non-assessable post-Consolidation Resulting Issuer shares for each IMC Share held; and
- b. all outstanding warrants, broker warrants and options to purchase IMC Shares will be exchanged on an equivalent basis for options, warrants and broker warrants to purchase common shares of the Resulting Issuer.

Subscription Receipt Financing

In connection with the Proposed Transaction, Navasota and IMC announce today the completion of a private placement offering of 19,048,326 subscription receipts (each a "**Subscription Receipt**") of a wholly owned subsidiary of Navasota ("**Finco**") at a price of \$1.05 per Subscription Receipt for aggregate gross proceeds of \$20,000,742.30 (the "**Financing**"). Upon the satisfaction or waiver of, among other things, all of the condition precedents to the completion of the Proposed Transaction, each Subscription Receipt will be exchanged for one unit of Finco (a "**Finco Unit**") with each Finco Unit being comprised of one

(1) common share of Finco (a "**Finco Share**") and one-half (1/2) of one (1) common share purchase warrant of Finco (a "**Finco Warrant**"). Each whole Finco Warrant will be exercisable for one Finco Share at an exercise price of \$1.30 for a period of 24 months following the closing of the Proposed Transaction. Upon closing of the Proposed Transaction, the Finco Shares and Finco Warrants will be exchanged for post-Consolidation Resulting Issuer shares and Resulting Issuer warrants on economically equivalent terms on a 1:1 basis.

A portion of the Financing was brokered by a syndicate of agents led by Cormark Securities Inc. and comprised of Canaccord Genuity Corp., First Republic Capital Corp., Haywood Securities Inc. and Mackie Research Capital Corporation (collectively, the "**Agents**"). As compensation, the Agents were paid a cash commission equal to 7% of the aggregate gross proceeds of the Financing (except for the President's List for which they were paid a cash commission equal to 3.5% of the aggregate gross proceeds raised from President's List subscribers) and compensation options (each a "**Compensation Option**") equal to 7% of the number of Subscription Receipts issued under the Financing (except for the President's List for which this was reduced to 3.5% of the aggregate number of Subscription Receipts sold to President's List subscribers). Each Compensation Option entitles the holder to acquire a unit of Finco (a "**Finco Compensation Unit**") at an exercise price of \$1.05 for a period of 36 months following the closing date of the Financing with each Finco Compensation Unit being comprised of one (1) Finco Share and one-half (1/2) of one (1) common share purchase warrant of Finco (a "**Finco Compensation Warrant**"). Each Finco Compensation Warrant will be exercisable into one Finco Share at an exercise price of \$1.30 for a period of 36 months following the closing date of the Financing. Upon closing of the Proposed Transaction, the Compensation Options will be exchanged for Resulting Issuer compensation options on economically equivalent terms on a 1:1 basis.

The net proceeds from the Financing will be used by the Resulting Issuer for operational expansion, business development and working capital purposes.

Immediately following the completion of the Proposed Transaction, holders of IMC Shares are expected to hold approximately 84.52% of the issued and outstanding Resulting Issuer shares, holders of Subscription Receipts will hold approximately 13.11% of the Resulting Issuer shares and current Navasota shareholders will hold 2.38% of the Resulting Issuer shares, in each case, on a non-diluted basis.

Board and Management of the Resulting Issuer

Detailed information on the proposed new board of directors and management of the Resulting Issuer will be available in the Resulting Issuer's CSE Listing Statement, which will be filed by the Resulting Issuer and available on SEDAR prior to the commencement of the trading of its common shares on the CSE.

Additional Information

All information contained in this press release with respect to Navasota and IMC was supplied by the parties respectively, for inclusion herein, and each party and its directors and officers have relied on the other party for any information concerning the other party.

The common shares of Navasota have not been and will not be registered under the United States Securities Act of 1933, as amended and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirement. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

For additional information on Navasota Resources Inc:

Steven Mintz
Chief Financial Officer & Director
Telephone: 416-864-0578
Email: smintz66@gmail.com

For additional information on I.M.C. Holdings Ltd:

Oren Shuster
Chief Executive Officer
Telephone: +972 54-433-1111

Email: info@imcannabis.com

About Navasota

Navasota Resources Inc. is a mineral exploration company with no current activities or operations and is not currently listed on a stock exchange.

Forward-Looking Statements

This news release contains "forward-looking information" within the meaning of applicable securities laws including statements regarding the terms and conditions of the Proposed Transaction, the listing of the Resulting Issuer shares on the CSE, the use of proceeds from the Financing as well as information relating to IMC and the Resulting Issuer. The information about IMC

contained in the press release has not been independently verified by Navasota. Although Navasota believes in light of the experience of its officers and directors, current conditions and expected future developments and other factors that have been considered appropriate, that the expectations reflected in this forward-looking information are reasonable, undue reliance should not be placed on them because Navasota can give no assurance that they will prove to be correct. Readers are cautioned to not place undue reliance on forward-looking information. Actual results and developments may differ materially from those contemplated by these statements depending on, among other things, the risk that a closing condition to the Proposed Transaction is not satisfied or is not satisfied on a timely basis including, without limitation, the failure to obtain the requisite shareholder approvals, Navasota being unable to complete the Consolidation or Name Change, the failure to obtain CSE listing approval or the failure to obtain all requisite Israeli regulatory approvals. The statements in this press release are made as of the date of this release. Navasota undertakes no obligation to comment on analyses, expectations or statements made by third-parties in respect of Navasota, IMC, their securities, or their respective financial or operating results (as applicable).

Not for distribution to United States newswire services or for dissemination in the United States.

This news 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 unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

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