

IM Cannabis Corp. (formerly Navasota Resources) Announces Closing of Reverse Takeover Transaction

Toronto, Ontario--(Newsfile Corp. - October 11, 2019) - IM Cannabis Corp. (formerly Navasota Resources Inc.) (the "**Company**") is pleased to announce the closing of its previously announced reverse takeover transaction (the "**RTO Transaction**") with I.M.C. Holdings Ltd. ("**IMC**"). The RTO Transaction was effected by way of a "triangular merger" between the Company, IMC and a wholly-owned subsidiary of the Company pursuant to Israeli statutory law.

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 Company is a reporting issuer under the laws of the Provinces of British Columbia and Alberta whose common shares ("**Common Shares**") were voluntarily de-listed from the NEX board of the TSX Venture Exchange on June 18, 2018. Consequently, the Common Shares are currently not posted for trading on any marketplace. The Company received conditional approval to list the Common Shares on the Canadian Securities Exchange (the "**CSE**") on October 8, 2019 and is in the process of filing the final documents with the CSE. Subject to final approval, the Common Shares will commence trading on the CSE under the ticker symbol "IMCC".

As part of the RTO Transaction, the board of directors of the Company was reconstituted to consist of Messrs. Oren Shuster, Steven Mintz, Marc Lustig and Jesse Kaplan, with Mr. Shuster also acting as Chief Executive Officer, and Mr. Lustig acting as Chairman. Mr. Shai Shemesh has been appointed Chief Financial Officer and Mr. Amir Goldstein has been appointed Chief Operating Officer. Ms. Yael Harrosh will serve as Corporate Secretary. Additional information regarding the business of the Company and the biographical details of management and the board of directors can be found in the Company's CSE Form 2A Listing Statement, which will be filed on SEDAR prior to the commencement of trading of the Common Shares on the CSE.

In connection with the RTO Transaction, the net proceeds from the Company's previously announced private placement offering of subscription receipts of a wholly-owned subsidiary (the "**Financing**") were released from escrow and the subscription receipts were converted into 19,460,527 Common Shares and 9,730,258 Common Share purchase warrants ("**Warrants**"). As a result of the completion of the RTO Transaction, former holders of IMC ordinary shares now hold approximately 84.28% of the issued and outstanding Common Shares, former holders of subscription receipts from the Financing now hold approximately 13.35% of the Common Shares and pre-RTO Transaction shareholders now hold 2.37% of the Common Shares, in each case, on a non-diluted basis.

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

Early Warning Disclosure

In connection with the closing of the RTO Transaction, Mr. Oren Shuster was issued 36,534,409 Common Shares, 23,809 Warrants, and 2,000,000 share options. As a result, Mr. Shuster holds 25.07% of the issued and outstanding Common Shares on non a-diluted basis and 26.09% of the Common Shares on a partially diluted basis.

In connection with the closing of the RTO Transaction, Mr. Rafael Gabay, a promoter and significant shareholder of IMC, was issued 32,558,139 Common Shares and 23,809 Warrants. As a result, Rafael Gabay holds 22.34% of the issued and outstanding Common Shares on a non-diluted basis and 22.35% of the Common Shares on a partially diluted basis.

As the result of the increase in the number of issued and outstanding Common Shares following the closing of the RTO Transaction, Messrs. Steven Mintz, Marc Lustig and Greg Wilson, and Jason I. Goldman Professional Corporation ("**JIGP Corp.**") announce that their respective ownership of Common Shares decreased to below 10% on an undiluted and partially-diluted basis (each a "**Below 10% Filer**", and collectively, the "**Below 10% Filers**").

Prior to the closing of the RTO Transaction, each Below 10% Filer held the following securities:

- a. JIGP Corp., together with Ms. Jennifer Goldman, a joint actor, held (i) 541,348 Common Shares, being 15.66% of the then issued and outstanding Common Shares and assuming full exercise of Warrants held by Ms. Goldman, 718,026 Common Shares, being 19.77% of the then issued and outstanding Common Shares on a partially diluted basis, and (ii) 48,750 ordinary shares in the capital of IMC ("**IMC Shares**"), being 0.39% of the then issued and outstanding IMC Shares, and 9,375 IMC Share purchase warrants ("**IMC Warrants**"), with each IMC Warrant entitling the holder thereof to purchase one (1) IMC Share at an exercise price of \$5.00;
- b. Mr. Mintz, together with Ms. Heather Mintz, a joint actor, held (i) 541,348 Common Shares, being 15.67% of the then

issued and outstanding Common Shares, and assuming full exercise of Warrants held by Mr. Mintz, 718,026 Common Shares, being 19.77% of the then issued and outstanding Common Shares on a partially diluted basis, and (ii) 25,000 IMC Shares, being 0.20% of the then issued and outstanding IMC Shares, and 12,500 IMC Warrants, with each IMC Warrant entitling the holder thereof to purchase one (1) IMC Share at an exercise price of \$5.00;

- c. Mr. Wilson held (i) 466,723 Common Shares, being 13.51% of the then issued and outstanding Common Shares, and assuming full exercise of Warrants held by Mr. Wilson, 643,401 Common Shares, being 17.71% of the then issued and outstanding Common Shares on a partially diluted basis, and (ii) 30,000 IMC Shares, being 0.24% of the issued and outstanding IMC Shares; and
- d. Mr. Lustig held (i) 466,723 Common Shares, being 13.51% of the then issued and outstanding Common Shares, and assuming full exercise of Warrants held by Mr. Lustig, 643,401 Common Shares, being 17.71% of the then issued and outstanding Common Shares on a partially diluted basis, and (ii) 78,349 IMC Shares, being 0.64% of the then issued and outstanding IMC Shares.

Following the closing of the RTO Transaction, each Below 10% Filer now has ownership or control over the following securities of the Company:

- a. JIGP Corp., together with Ms. Jennifer Goldman, a joint actor, has ownership or control over 1,028,848 Common Shares, being 0.71% of the issued and outstanding Common Shares, and assuming full exercise of the Warrants held by Ms. Goldman, 1,299,276 Common Shares, being 0.89% of the issued and outstanding shares on a partially diluted basis;
- b. Mr. Mintz, together with Ms. Heather Mintz, a joint actor, has ownership or control over 791,348 Common Shares, being 0.54% of the issued and outstanding Common Shares, and assuming full exercise of the Warrants held by Mr. Mintz, 1,093,026 Common Shares, being 0.75% of the issued and outstanding shares on a partially diluted basis;
- c. Mr. Wilson has ownership or control over 766,723 Common Shares, being 0.53% of the issued and outstanding Common Shares, and assuming full exercise of the Warrants held by Mr. Wilson, 943,401 Common Shares, being 0.65% of the issued and outstanding Common Shares on a partially diluted basis; and
- d. Mr. Lustig has ownership or control over 1,250,213 Common Shares, being 0.86% of the issued and outstanding Common Shares, and assuming full exercise of the Warrants held by Mr. Lustig, holds 1,426,891 Common Shares, being 0.98% of the issued and outstanding Common Shares on a partially diluted basis.

An early warning report prepared pursuant to the requirements of National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* by each of the foregoing parties will be filed on SEDAR at www.sedar.com under the Company's profile. Copies of the early warning reports filed by Messrs. Shuster and Gabay may be obtained by contacting Yael Harrosh at 972-54-6687515, and those filed by the Below 10% Filers may be obtained by contacting Mr. Steven Mintz at 647-497-7225.

Additional Information

The Common Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold in the United States or to a U.S. Person (as defined in in Rule 902(k) of Regulation S under the U.S. Securities Act) 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 the Company:

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Forward-Looking Statements

This news release contains "forward-looking information" within the meaning of applicable securities laws including the listing of the Common Shares on the CSE, the use of proceeds from the Financing as well as information relating to IMC and the Company. Although the Company 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 the Company 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 costs of compliance with and the risk of liability imposed under the laws in which the Company is operating or will operate under including environmental and health product regulations; negative changes in the political environment or in the regulation of medical cannabis and the Company's business in the state of Israel; risks relating to cannabis being illegal under US federal law and risks of US federal enforcement actions related to cannabis; negative shifts in public opinion and perception of the cannabis industry and cannabis consumption; increasing competition in the industry; risks relating to rising energy costs; risks of product liability and other safety-related liability as a result of usage of the Company's cannabis products; negative future

research regarding safety and efficacy of cannabis and cannabis derived products; risk of shortages of or price increases in key inputs, suppliers and skilled labor; a lack of reliable data on the medical and adult-use cannabis industry; loss of intellectual property rights or protections; cybersecurity risks; constraints on marketing products; fraudulent activity by employees, contractors and consultants; tax and insurance related risks and risk of litigation.

The statements in this press release are made as of the date of this release. The Company undertakes no obligation to comment on analyses, expectations or statements made by third parties in respect of the Company or IMC 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 or to a U.S. Person (as defined in Rule 902(k) of Regulation S under the U.S. Securities Act) 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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