

# Blackhawk Resource Corp. Announces Change of Business into the Cannabis and CBD Industries

Calgary, Alberta--(Newsfile Corp. - April 11, 2019) - Blackhawk Resource Corp. (CSE: BLR) (the "**Corporation**" or "**Blackhawk**"), is pleased to announce that it is making a strategic shift into the cannabis and CBD industry through two acquisitions. Blackhawk views the acquisitions of CFPM Management Services Ltd., which operates under the name, The Green Room ("**The Green Room**"), and Noble Line Inc. ("**Noble**"), which operates in the on-line CBD industry, as an opportunity for its shareholders to be part of an integrated company that offers both the Canadian store front cannabis operation of The Green Room and the US based on-line e-commerce CBD business of Noble. The combination of these two complimentary companies will immediately make the Corporation a strong entity in a quickly emerging industry.

Blackhawk and The Green Room have entered into a letter of intent dated April 10, 2019 with respect to a business combination ("**The Green Room Transaction**") pursuant to a share purchase, take-over bid, share exchange, amalgamation, arrangement or other comparable form of transaction whereby Blackhawk will acquire all of the issued and outstanding common shares of The Green Room. The Green Room shareholders will receive 200,000,000 Blackhawk Shares ("**Blackhawk Shares**") or aggregate deemed consideration of \$10,000,000 (\$0.05 / Blackhawk Share). The Green Room Transaction is an arm's length transaction.

Blackhawk and Noble have entered into a letter of intent dated April 10, 2019 with respect to a business combination (the "**Noble Transaction**") pursuant to a share purchase, take-over bid, share exchange, amalgamation, arrangement or other comparable form of transaction whereby Blackhawk will acquire all of the issued and outstanding common shares of Noble. Blackhawk currently owns 13.5% of the outstanding Noble common shares acquired through a previously completed transaction. The purchase price will be paid through the issuance of 40,000,000 Blackhawk Shares based upon a value of \$0.05 per Blackhawk Share. This purchase price includes common shares of Noble which are currently owned by Blackhawk. Noble shareholders, other than Blackhawk, will receive 34,680,000 Blackhawk Shares. In addition the current shareholders of Noble will be able to acquire an additional 43,000,000 Blackhawk Shares at a price of \$0.05 per share if certain revenue targets for Noble are met.

Scott Seguin, a director of Blackhawk, is also a director and shareholder of Noble. Accordingly, the Noble Transaction will be subject to the requirements of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Corporation has determined that there are exemptions available from the formal valuation and minority approval requirements of MI 61-101.

Upon completion of The Green Room Transaction and the Noble Transaction (collectively, the "**Transactions**"), but prior to the proposed financing described below, the current shareholders of The Green Room would hold approximately 72.5% of the then outstanding Blackhawk Shares and the current shareholders of Noble would hold approximately 12.6% of the then outstanding Blackhawk Shares.

It is expected that prior to the closing of the Transactions, Blackhawk will complete a private placement on a best efforts basis of up to 80,000,000 subscription receipts at a price of \$0.05 per subscription receipt for gross proceeds of approximately \$4,000,000, with each subscription receipt being automatically converted into one Blackhawk Share in connection with the closing of the Transactions. The proceeds of the financing are expected to be used for strategic growth initiatives, working capital and general corporate purposes. Assuming the financing is fully subscribed and the subscription receipts are converted, an additional 80,000,000 Blackhawk Shares will be issued.

Assuming that the Transactions are completed and an aggregate of 240,000,000 Blackhawk Shares are issued pursuant to the Transactions, and the financing is fully subscribed, there will be 361,196,374 Blackhawk Shares outstanding. Upon completion of the Transactions, it is expected the Corporation will be renamed The Green Room Ltd. or a similar name. The Board of Directors of the resulting issuer reserve the right to potentially consolidate the share capital of the company in the future in an effort to create the most value for shareholders.

## **Information Regarding Green Room**

CFPM Management Services Ltd. is the umbrella company, which owns The Green Room.

The Green Room has seven existing locations, four in British Columbia and three in Alberta with new opportunities in other communities. All locations are currently in various stages of the licensing process, awaiting approval from the provincial and/or municipal legislators before opening for business.

The Green Room has built its infrastructure from the ground up to provide safe access to quality cannabis products in accordance with all applicable legislation. This infrastructure includes relationships with Licensed Producers, the medical community, indigenous communities and local governments. The Green Room, through its experience in the industry has also developed a body of best practices, employee training guidelines and internal management systems specifically designed for the cannabis industry.

The Green Room has secured its position as a leader of both supply and information within the growing medical marijuana sector. The Green Room provides wide, well-regulated access to safe, high-quality marijuana as a valid and effective treatment for clients with various chronic medical conditions.

The Company consistently strives in all jurisdictions where it operates or seeks to operate, to bring professionalism and socially responsible distribution of cannabis and cannabis products. It has built its stores on a foundation structured to support the needs of its clients as they navigate the medicinal and recreational cannabis industry.

With more than five years of experience in the medical marijuana industry, The Green Room's management team has established a variety of best practices and methods for the safe distribution of quality cannabis products. Their approach is founded upon education and information for whether they are an existing user or new to the cannabis industry.

#### Selected The Green Room Financial Information

The following table contains selected annual financial and operating information with respect to The Green Room and has been derived from The Green Room's unaudited financial statements for the fiscal periods ended December 31, 2018 and 2017:

	Dec. 31, 2018 (CDN\$)	Dec. 31, 2017 (CDN\$)
Total Revenue	\$3,571,084	\$ 1,092,407
Net Comprehensive Income (Loss)	\$ (89,243)	\$ (233,866)
Total assets	\$190,398	\$65,207
Long term financial liabilities	\$513,407	\$299,073
Total Shareholders' Equity	\$(323,009)	\$(233,866)

#### Information Regarding Noble

Noble was formed in 2017 with a direct interest in the CBD/Hemp industry in the United States to promote and sell products in the health and wellness sector.

Noble has developed an on-line store [www.noblehemp.com](http://www.noblehemp.com) with an array of CBD/Hemp consumable and topical products. All products have no THC.

Manufacturing and fulfilment operations are based in Colorado and Noble currently sells product in all 50 US states. All current Noble products are certified organic, are gluten free and contain no GMOs.

Noble has recently launched both a direct mail campaign in the US as well as a significant on-line marketing campaign involving a well-established on-line pharmaceutical reseller. In addition Noble has a dedicated store and third-party stores on Amazon.

#### Selected Noble Financial Information

The following table contains selected annual financial and operating information with respect to Noble and has been derived from Noble's unaudited financial statements for the fiscal periods ended December 31, 2018 and 2017:

	Dec. 31, 2018 (CDN\$)	Dec. 31, 2017 (CDN\$)
Total Revenue	\$3,390	\$ -
Net Comprehensive Income (Loss)	\$ (201,610)	\$ (6,863)
Total assets	\$49,200	\$ 6,751
Long term financial liabilities	\$ -	\$ -
Total Shareholders' Equity	\$49,918	\$ (6,520)

#### Information Regarding the Combined Company

With The Green Room's vast retail experience and exposure, and Noble's high quality products, the arrangement will create a unique and exciting vertically integrated model, rapidly positioning the company as a leader in the emerging global cannabis market. With unrivaled expansion plans, The Green Room (opening several locations in Canada and the U.S.), and Noble expanding their product lines across multiple online and retail channels, these acquisitions will create substantial shareholder value.

#### **Management and Directors**

Following the closing of the Transactions, management of the Corporation will be comprised of Fred Pels, Chief Executive Officer, Zula Kropivnitski, Chief Financial Officer, and Trevor Wong-Chor, Corporate Secretary.

The Board of Directors is contemplated to be comprised Fred Pels, Marc Lowenstein, Scott Seguin, David Antony, Dale Owen and Ray Antony. The management team and Board of Directors have extensive experience in the retail and cannabis industries, along with significant experience in both the Canadian and American public markets. Background information for each of the key members are set out below.

### ***Fred Pels - CEO and Director***

Trilingual in English, Hebrew and Russian, Fred has honed his keen entrepreneurial skills, vast background in finance, contacts throughout the business community and experience within the industry since 2013. Prior to overseeing the establishment and expansion of The Green Room as a leader in medical cannabis supply, industry best practices and education about the cannabis industry itself, Fred stake-horsed the seed investment in GAIA Grow Corp. Leading by example, Fred plans to continue to prioritize public safety and work with all levels of government as they navigate how to regulate the growing and sale of cannabis both domestically and internationally. Often referred to as one of the leaders in the cannabis space, Fred has been featured in numerous news articles and publications in Canada including CTV News, Global News, Avenue Magazine and CBC.

### ***Zula Kropivnitski - CFO***

Zula has over seven years of experience as a CFO of public companies. She has served as CFO, Corporate Secretary and director of Planet Mining Exploration Inc. from November 2012 to present. Zula also served as CFO and Corporate Secretary of Lexagene Holdings Inc. from October 2016 to February 2018 and as CFO of Nexus Gold Corp. from June 1, 2018 to present. Zula nitski has also served as CFO of Healthspace Data Systems from November 2016 to present and CFO and director of Spirit Bear Capital Corp. from September 2017 to present.

### ***Marc Lowenstein - Director***

Marc joined Fric Lowenstein in 2015 after completing his law degree at Bond University in Australia. Before law school, Marc spent more than 10 years in the construction industry in various positions ranging from a labourer, foreman, superintendent up to a Project Engineer for a large heavy civil construction company. Marc has also worked as a National Construction Safety Officer and consultant where he built, implemented and supervised health and safety programs for companies in the construction industry. Marc is focusing his practice on real estate and matters relating to construction including contracts, litigation and dispute resolution. Marc also recently joined the ADR Institute of Alberta and is working towards becoming a Qualified Arbitrator (Q. Arb.).

### ***Scott Seguin - Director***

Scott has over 25 years of experience as a start-up entrepreneur, successful business owner, and consultant; focused on finance, streamlining operations, and business strategy. Scott has held the position of an officer and director for several private and public companies in the past. Scott's related experience includes online payment processing and retail product distribution.

### ***Dave Antony - Director***

Dave has over 25 years of experience assisting companies in structuring transactions, accessing capital, and corporate governance. Dave has been involved as an officer and director of many private and public companies. Dave has been involved in various industries including daily fantasy sports, digital media contests, and consulting services companies.

### ***Dale Owen - Director***

Dale is a Chartered Accountant with over 25 years of experience with both private and public companies.

### ***Ray Antony -Director***

Ray has over 30 years of experience with both private and public companies. He has provided financial and corporate governance services as both an officer and director in numerous industries.

### ***Trevor Wong-Chor - Corporate Secretary***

Trevor is a partner at DLA Piper (Canada) LLP. and has over 30 years of experience with both private and public companies.

The board of directors of each of Blackhawk and Green Room unanimously support the Transaction, and have determined that the Transaction is in the best interest of shareholders of Blackhawk and Green Room, respectively.

This is an initial press release. The Corporation plans to issue a further press release once it has entered into the transaction agreement and to provide additional information related to the concurrent financing.

For further information on please contact:

**Dave Antony**  
**Blackhawk -Chief Executive Officer**  
**(403) 531-1710**  
[dantony@blackhawkcorp.com](mailto:dantony@blackhawkcorp.com)

**Fred Pels**  
**The Green Room**  
**(780) 901-3733**  
[fred@greenroommed.ca](mailto:fred@greenroommed.ca)

Scott Seguin  
Noble Line Inc  
(403)-510-2461  
[scott@noblehemp.com](mailto:scott@noblehemp.com)

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**Reader Advisory**

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*Certain information set forth in this news release contains forward-looking statements or information ("**forward-looking statements**"), including details about the Transactions. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Corporation's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, environmental risks, operational risks, competition from other industry participants, stock market volatility, the risks that the parties will not proceed with the Transactions, that the ultimate terms of the Transactions will differ from those that currently are contemplated and the ability to access sufficient capital from internal and external sources. Although the Corporation believes that the expectations in its forward-looking statements are reasonable, its forward-looking statements have been based on factors and assumptions concerning future events which may prove to be inaccurate. Those factors and assumptions are based upon currently available information. Such statements are subject to known and unknown risks, uncertainties and other factors that could influence actual results or events and cause actual results or events to differ materially from those stated, anticipated or implied in the forward-looking statements. Accordingly, readers are cautioned not to place undue reliance on the forward-looking statements, as no assurance can be provided as to future results, levels of activity or achievements. Risks, uncertainties, material assumptions and other factors that could affect actual results are discussed in our public disclosure documents available at [www.sedar.com](http://www.sedar.com). Furthermore, the forward-looking statements contained in this document are made as of the date of this document and, except as required by applicable law, the Corporation does not undertake any obligation to publicly update or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.*

***Completion of each Transaction is subject to a number of conditions, including but not limited to, CSE acceptance and if applicable, 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 to be prepared in connection with each Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied on. Trading in the securities of Blackhawk should be considered highly speculative.***

***The CSE has in no way passed upon the merits of the proposed Transaction and has neither approved or disapproved the contents of this press release.***

***All information contained in this press release with respect to the Corporation and Green Room was supplied by the Corporation and Green Room, respectively, for inclusion herein.***

***This news release is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States or to or for the account or benefit of U.S. persons (as such terms are defined in Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act")), absent registration or an exemption from registration. The securities offered have not been and will not be registered under the U.S. Securities Act or any state securities laws and, therefore, may not be offered for sale in the United States, except in transactions exempt from registration under the U.S. Securities Act and applicable state securities laws.***

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