

# Mezzotin Minerals Inc. and Indus Holding Company Announce Completion of US\$40,000,000 Offering and Execution of Definitive Agreement

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TORONTO and SALINAS, Calif., April 02, 2019 -- Mezzotin Minerals Inc. [NEX: MEZ.H] ("**Mezzotin**" or the "**Company**") and Indus Holding Company ("**Indus**") are pleased to announce that in connection with their previously announced business combination that will result in a reverse takeover of Mezzotin by the security holders of Indus (the "**Proposed Transaction**"), Indus has completed a brokered private placement (the "**Concurrent Financing**") through a special purpose finance company ("**FinanceCo**") of 3,435,762 subscription receipts ("**Subscription Receipts**") raising aggregate gross proceeds of approximately US\$40,000,000, all as further described below. Beacon Securities Limited ("**Beacon**") acted as lead agent and sole bookrunner in connection with the Concurrent Financing, on behalf of a syndicate of agents, including Canaccord Genuity Corp., Cormark Securities Inc., Eight Capital and INFOR Financial Inc. (together with Beacon, the "**Agents**"). In addition, Mezzotin and Indus announce that they have entered into a definitive agreement dated as of March 29, 2019 (the "**Agreement**") outlining the terms and conditions of the Proposed Transaction.

Indus is a Salinas, California-based vertically integrated cannabis company with world-class production capabilities, including cultivation, extraction, manufacturing, brand sales and marketing, and distribution. Founded in 2014, Indus offers services supporting every step of the supply chain and an extensive portfolio of products, including Altai Brands, Dixie, Moon, Beboe, Acme Elixirs, and Legal. Indus Distribution, a division of Indus, is a leading distributor of cannabis products, servicing brands and licensed retailers throughout California.

"We could not be more thrilled to embark upon this next journey with our employees and investors," says Indus co-founder and Chief Executive Officer Robert Weakley. "We look forward to our next chapter and we strive to remain at the forefront of this incredible – and still growing – industry."

## Terms of the Transaction

Pursuant to the Proposed Transaction, the existing common shares of Mezzotin ("**Existing Mezzotin Shares**") shall be redesignated as a new class of subordinate voting shares to be created ("**Pubco Subordinate Voting Shares**") on a basis that results in the holders of Existing Mezzotin Shares at the closing of the Proposed Transaction holding, in the aggregate, Pubco Subordinate Voting Shares having a value of C\$2.25 million less the amount of Mezzotin's working capital deficiency (exclusive of certain transaction costs and liabilities), such valuation to be determined on the basis of an effective price of C\$15.65 per share. In addition, Indus will create a new class of voting common shares and a new class of non-voting redeemable common shares ("**Convertible Shares**") and the outstanding shares of Indus ("**Indus Shares**") will be reclassified, directly or indirectly, as Convertible Shares at a rate of one (1) Convertible Share for every one (1) Indus Share held.

Under the Proposed Transaction: (i) non-U.S. shareholders of Indus (and such U.S. shareholders of Indus as may elect to participate) will contribute their Convertible Shares to Mezzotin in exchange for Pubco Subordinate Voting Shares at a rate of one (1) Pubco Subordinate Voting Share for every one (1) Convertible Share contributed, and thereafter U.S. shareholders of Indus who do not elect to participate may from time to time elect to redeem their Convertible Shares in exchange for Pubco Subordinate Voting Shares at the same rate (or under certain circumstances for the cash value of such shares as provided in the share terms for the Convertible Shares); (ii) a designated founder of Indus shall subscribe for non-participating, super-voting shares of Mezzotin ("**Super Voting Shares**") carrying voting rights that would represent approximately 85% of the voting rights of Mezzotin upon completion of the Proposed Transaction (the "**Resulting Issuer**") on a fully diluted basis; (iii) all warrants of Indus shall remain outstanding and thereafter entitle the holders thereof to acquire Convertible Shares on the same terms and conditions and on an economically equivalent basis; and (iv) all stock options of Indus outstanding under Indus' existing equity incentive plan and all compensation options shall be assumed by the Resulting Issuer and thereafter entitle the holders thereof to acquire Pubco Subordinate Voting Shares on the same terms and conditions and on an economically equivalent basis in lieu of securities of Indus.

In connection with the Proposed Transaction, FinanceCo completed the Concurrent Financing on April 2, 2019 pursuant to which it issued an aggregate of 3,435,762 Subscription Receipts at a price of C\$15.65 per Subscription Receipt to raise aggregate gross proceeds of approximately US\$40,000,000. The gross proceeds of the Concurrent Financing, less certain associated expenses, were deposited into escrow (the "**Escrowed Proceeds**") with Shorecrest Group Ltd. (the "**Escrow Agent**") pending satisfaction of certain specified release conditions (the "**Escrow Release Conditions**"), all pursuant to an escrow agreement dated April 2, 2019 between FinanceCo, Beacon, Indus and the Escrow Agent (the "**Escrow Agreement**"). Upon satisfaction of the Escrow Release Conditions on or prior to the date which is the earlier of (i) July 1, 2019; and (ii) the date on which the Proposed Transaction is terminated, the Escrowed Proceeds shall be released to FinanceCo and each Subscription Receipt shall be converted, for no additional consideration, into one common share of FinanceCo ("**FinanceCo Share**"), all as further detailed in the Escrow Agreement and the subscription receipt agreement governing the Subscription Receipts. Also in connection with the Concurrent Financing, FinanceCo issued an aggregate of 197,533 broker warrants ("**Broker Warrants**") to the Agents as partial consideration for their services in connection with the Concurrent Financing, each of which is exercisable to acquire one FinanceCo Share at an exercise price of C\$15.65 for a period of 2 years from the

satisfaction of the Escrow Release Conditions.

Following satisfaction of the Escrow Release Conditions, in connection with the Proposed Transaction, Mezzotin shall acquire all of the issued and outstanding FinanceCo Shares pursuant to a three-cornered amalgamation, and the former holders thereof (including the former holders of FinanceCo Shares acquired upon conversion of the Subscription Receipts) shall each receive one Pubco Subordinate Voting Share in exchange for each FinanceCo Share held. In addition, the Broker Warrants shall become exercisable for Pubco Subordinate Voting Shares in lieu of FinanceCo Shares, otherwise upon the same terms and conditions.

Completion of the Proposed Transaction is subject to a number of conditions, including, without limitation, receipt of all necessary third party and regulatory approvals, the delisting of the common shares of Mezzotin from the NEX Board of the TSX Venture Exchange and conditional approval to list the Pubco Subordinate Voting Shares on the Canadian Securities Exchange (the "CSE").

In connection with the Proposed Transaction, the Company is also required to, among other things: (i) change its name to "Indus Holdings, Inc." or such other name as is acceptable to the directors of Mezzotin and applicable regulatory authorities; (ii) replace all directors and officers of the Company on closing of the Proposed Transaction with nominees of Indus; (iii) effect a continuance from the Province of Ontario to the Province of British Columbia; and (iv) adopt a new equity incentive plan to replace its existing stock option plan. Requisite approvals for these and other corporate changes necessary to implement the Proposed Transaction were received by Mezzotin at a special shareholders' meeting held on January 16, 2019 (the "Meeting").

Upon successful completion of the Proposed Transaction, Mezzotin will be required to pay a finder's fee to an arm's length party in Existing Mezzotin Shares equal to 9.99% of the number of Existing Mezzotin Shares to be outstanding immediately prior to the completion of the Proposed Transaction (after giving effect to the issuance of the finder's fee shares).

Further details of the Proposed Transaction are set out in the management information circular dated December 17, 2018 (the "Circular") in respect of the Meeting, available on SEDAR at [www.sedar.com](http://www.sedar.com). Additional details will also be included in a CSE listing statement to be filed by the Resulting Issuer in connection with the Proposed Transaction, which will include business and financial information in respect of Indus. Closing of the Proposed Transaction is currently expected to occur later this month.

It is currently expected that upon completion of the Proposed Transaction, the board of directors of the Resulting Issuer will consist of the following seven directors: Robert Weakley (CEO of Indus); Mark Ainsworth (Executive VP and Co-Founder of Indus); Tina Maloney (CFO and Corporate Secretary of Indus); Stephanie Harkness (Independent Director); Bill Anton (Independent Director), Arthur Maxwell (Independent Director); and Sam Tramiel (Independent Director) and the officers of the Resulting Issuer will consist of: Robert Weakley, CEO; Mark Ainsworth, Executive Vice President; and Tina Maloney, CFO & Corporate Secretary. Additional biographical information on each of the proposed directors and officers of the Resulting Issuer is contained in the Circular.

Trading in the Existing Mezzotin Shares has been halted and will remain halted until all necessary filings have been accepted by applicable regulatory authorities.

For more information please contact:

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### **About Indus Holding Company**

INDUS Holding Company is a vertically integrated cannabis company with world-class production capabilities, including cultivation, extraction, manufacturing, brand sales & marketing, and distribution. Founded in 2014 by hospitality veteran Robert Weakley and based in Salinas, California, INDUS offers services supporting every step of the supply chain and an extensive portfolio of award-winning brands, including Altai Brands, Dixie, Moon, Beboe, Acme Elixirs, and Legal. INDUS Distribution, a division of INDUS Holding Company, is a leading distributor of cannabis products, servicing an extensive portfolio of brands and licensed retailers throughout California.

### **About Mezzotin Minerals, Inc.**

Mezzotin Minerals Inc. is a junior company listed on the NEX Board of the TSX Venture Exchange in Canada. The Company recently sold its mineral properties in Zimbabwe, comprising substantially all of its assets, and has subsequently been actively seeking merger and acquisition opportunities.

*All information contained in this news release with respect to Indus was supplied by Indus for inclusion herein and the Company has relied on the accuracy of such information without independent verification.*

*As noted above, completion of the Proposed Transaction is subject to a number of conditions, including receiving approval to list the Pubco Subordinate Voting Shares on the CSE. There can be no assurance that the Proposed Transaction will be*

*completed as proposed or at all.*

*Investors are cautioned that, except as disclosed in the 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. Trading in the securities of Mezzotin, Indus or FinanceCo should be considered highly speculative.*

*Indus is directly and indirectly engaged in the manufacture, possession, use, sale or distribution of cannabis in the recreational and medicinal cannabis marketplaces in the State of California, which activities will be undertaken by the Resulting Issuer, indirectly through Indus, upon completion of the Proposed Transaction. The cannabis industry is currently illegal under U.S. federal law and enforcement of relevant laws is a significant risk. Additional information on this and other risks factors that the Resulting Issuer will face will be contained in the listing statement.*

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) has in any way passed upon the merits of the Proposed Transaction nor accepts responsibility for the adequacy or accuracy of this news release.*

*This news release does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States, and shall not constitute an offer, solicitation or sale in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful. 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 U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.*

### **Forward-Looking Information and Statements**

This press release contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the Company's and Indus' beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's and Indus' control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved". The forward-looking information and forward-looking statements contained herein may include, but are not limited to, information concerning the Proposed Transaction, the Concurrent Financing, expectations regarding whether the Proposed Transaction will be consummated, including whether conditions to the consummation of the Proposed Transaction will be satisfied, the timing for completing the Proposed Transaction, expectations for the effects of the Proposed Transaction or the ability of the combined company to successfully achieve business objectives, and expectations for other economic, business, and/or competitive factors.

By identifying such information and statements in this manner, the Company and Indus are alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company and Indus to be materially different from those expressed or implied by such information and statements. In addition, in connection with the forward-looking information and forward-looking statements contained in this press release, the Company and Indus have made certain assumptions. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information and statements are the following: the ability to consummate the Proposed Transaction; the ability to obtain requisite regulatory, third party and security holder approvals and the satisfaction of other conditions to the consummation of the Proposed Transaction on the proposed terms and schedule; the conversion of the Subscription Receipts; the potential impact of the announcement or consummation of the Proposed Transaction on relationships, including with regulatory bodies, employees, suppliers, customers and competitors; changes in general economic, business and political conditions, including changes in the financial markets; changes in applicable laws; compliance with extensive government regulation; and the diversion of management time on the Proposed Transaction and the Concurrent Financing. Should one or more of these risks, uncertainties or other factors materialize, or should assumptions underlying the forward-looking information or statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected.

Although the Company believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements. The forward-looking information and forward-looking statements contained in this press release are made as of the date of this press release, and neither the Company nor Indus undertakes to update any forward-looking information and/or forward-looking statements that are contained or referenced herein, except in accordance with applicable securities laws. All subsequent written and oral forward-looking information and statements attributable to the Company, Indus or persons acting on their behalf are expressly qualified in its entirety by this notice.