



# The Green Organic Dutchman Provides Update on Spin-off Transaction and Announces Intention of TGOD Acquisition to Complete Private Placement Offering of Subscription Receipts

TORONTO, Sept. 25, 2018 /CNW/ - The Green Organic Dutchman Holdings Ltd. (the "**Company**" or "**TGOD**") (TSX:TGOD) (US:TGODF) is pleased to provide an update on the previously announced spin-off transaction (the "**Spin-off**") involving the Company's wholly-owned subsidiary, TGOD Acquisition Corporation ("**SpinCo**"), and to announce that, in connection with the Spin-Off, SpinCo intends to complete a non-brokered private placement offering (the "**SpinCo Offering**" or the "**Offering**") of up to 20,000,000 subscription receipts (the "**Subscription Receipts**") at a price of \$0.50 per Subscription Receipt for gross proceeds of up to \$10,000,000.

## Updated Distribution Record Date

Subject to execution of an arrangement agreement to be entered into by the Company and SpinCo (the "**Arrangement Agreement**") and receipt of requisite corporate, regulatory and court approvals, the Distribution Record Date (as defined below) is now expected to be on or about November 16, 2018. The Company will provide further updates on the Distribution in due course.

## Spin-Off Transaction

As previously announced, the Spin-Off is expected to be effected through the distribution (the "**Distribution**") of unit purchase warrants of SpinCo (the "**SpinCo Unit Warrants**") to TGOD shareholders by way of a court-approved plan of arrangement (the "**Arrangement**") under the terms and conditions of the Arrangement Agreement. Pursuant to the Arrangement, TGOD shareholders of record as of the distribution date for the Distribution (the "**Distribution Record Date**") will receive 0.15 of one SpinCo Unit Warrant for each TGOD share held. Each SpinCo Unit Warrant will entitle the holder to purchase one unit of SpinCo (a "**SpinCo Unit**") at a price of \$0.50 per SpinCo Unit for a period of 30 days from completion of the Distribution. Each SpinCo Unit will consist of one common share of SpinCo ("**SpinCo Share**") and one-half of one common share purchase warrant of SpinCo (a "**SpinCo Warrant**"). Each SpinCo Warrant is exercisable into one SpinCo Share (a "**SpinCo Warrant Share**") at the exercise price of \$1.25 per SpinCo Warrant Share and has an expiry date that is 24 months from the date the SpinCo Shares commence trading on a recognized stock exchange (the "**Listing Date**"). The SpinCo Shares comprising part of the SpinCo Units will be subject to a six month contractual escrow period from the Listing Date. The SpinCo Shares issuable upon the exercise of the SpinCo Warrants will be subject to a twelve month contractual escrow period from the Listing Date. Management of the Company will have the opportunity to participate by purchasing SpinCo Units to the extent that SpinCo Unit Warrants are not exercised by TGOD shareholders .

The aggregate SpinCo Unit Warrants to be distributed to TGOD shareholders will be issued by SpinCo to TGOD pursuant to a transaction expense agreement to be entered into between the parties concurrently with the Arrangement Agreement, pursuant to which TGOD will fund SpinCo's transaction costs in connection with the Arrangement in the amount of \$200,000. A repayable loan from TGOD to SpinCo is no longer contemplated by the parties. Similarly, the previously disclosed 25 year warrants to be issued to TGOD are also no longer being contemplated. TGOD will have no ownership rights in SpinCo after the Spin-off.

The Arrangement remains subject to the approval of at least two-thirds of the votes cast by TGOD shareholders at the TGOD Meeting (as defined below). Terms of the Arrangement are subject to finalization based on ongoing tax and legal structuring advice. Completion of the Arrangement is also subject to other closing conditions customary for a transaction of this nature, including requisite corporate, regulatory and court approvals.

As the Company is due to hold an annual general meeting of its shareholders by the end of 2018 and in order to avoid an additional shareholders meeting, the resolutions to approve the Arrangement and the SpinCo Offering will be presented to TGOD shareholders together with annual meeting matters at an annual general and special meeting of TGOD shareholders expected to be held on or about November 7, 2018 (the "**TGOD Meeting**"). Further details of the Arrangement, the SpinCo Offering and annual meeting matters will be included in a management information circular of TGOD (the "**Circular**") to be prepared in respect of the TGOD Meeting. TGOD intends to mail the Circular in October, a copy of which will be concurrently filed under TGOD's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## **SpinCo Offering**

SpinCo intends to complete the SpinCo Offering of up to 20,000,000 Subscription Receipts at a price of \$0.50 per Subscription Receipt for gross proceeds of up to \$10,000,000. Each Subscription Receipt will automatically entitle the holder to receive, without payment of additional consideration, one SpinCo Unit upon receipt of the necessary shareholder and TSX approvals of the SpinCo Offering (the "**Escrow Release Conditions**"). The SpinCo Units underlying the Subscription Receipts have the same terms (including contractual escrow periods) as the SpinCo Units underlying the SpinCo Unit Warrants to be distributed to TGOD shareholders under the Distribution, which are comprised of one SpinCo Share and one SpinCo Warrant.

SpinCo intends to use the net proceeds of the SpinCo Offering to execute on SpinCo's investment strategy and for general working capital purposes. SpinCo has not engaged any agents in connection with the SpinCo Offering.

The Offering is subject to TGOD shareholder, regulatory and court approvals. A resolution to approve the Offering will be presented to TGOD shareholders at the TGOD Meeting. TGOD shares held by all insiders of TGOD intending to participate in the Offering will be excluded from such vote.

There can be no assurance as to whether or when the Offering will be completed or whether the Escrow Release Conditions will ever be met and the SpinCo Units underlying the Subscription Receipts released to the subscribers. If the Escrow Release Conditions are not satisfied in accordance with the terms of the Offering on or before November 16, 2018 (or such other date as the Company may determine), holders of the Subscription Receipts will be entitled to the return of their subscription amount without interest.

## **U.S. Securities and Tax Matters**

The Offering will be made on a private placement basis, exempt from the prospectus and registration requirements of applicable securities laws. The Subscription Receipts, SpinCo Units, SpinCo Shares, SpinCo Warrants and SpinCo Warrant Shares 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 accordingly, may not be offered or sold within the United States except in compliance with an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This press release does not constitute an offer to sell or a solicitation of an offer to buy any of the Company's or SpinCo's securities in the United States, nor shall there be any sale of these securities in any state or jurisdiction in which the offer, solicitation or sale would be unlawful.

The SpinCo Unit Warrants to be distributed pursuant to the Distribution will not be registered under the laws of any foreign jurisdiction, including the U.S. Securities Act. Consequently, no SpinCo Unit Warrants will be delivered to any registered or beneficial holder of TGOD shares who is, or who appears to TGOD or Computershare Trust Company of Canada, as custodian (the "**Custodian**") to be, a non-resident of Canada ("**Non-Residents**") within the meaning of the *Income Tax Act* (Canada) (the "**Tax Act**"). Such SpinCo Unit Warrants will be delivered by TGOD to the Custodian for sale by the Custodian on behalf of all Non-Residents. Such SpinCo Unit Warrants will be sold by the Custodian through a registered securities broker or dealer (the "**Selling Agent**") retained for the purpose of effecting a sale of such SpinCo Unit Warrants on behalf of Non-Residents. Such Non-Residents will receive from the Custodian their pro rata share of the cash proceeds from the sales of such Warrants, less any commissions, expenses and any applicable withholding taxes.

The SpinCo Unit Warrants, the SpinCo Units underlying the SpinCo Unit Warrants, and the Subscription Receipts are not expected to be qualified investments under the Tax Act for RRSPs, TFSA's or other registered plans as at the time of issuance and could therefore subject the plan or its annuitant or holder to adverse tax results. While TGOD expects to reference additional detail in the Circular once the exact mechanics under the Arrangement have been determined, affected TGOD shareholders, and potential subscribers of Subscription Receipts, are strongly encouraged to consult their tax advisors to determine the implications specific to their situation.

## **Further Information**

To learn more about the foregoing including SpinCo Offering and the Distribution, please contact the investor relations team at: [invest@tgod.ca](mailto:invest@tgod.ca) or (416) 900-7621.

## **ABOUT TGOD ACQUISITION CORPORATION**

SpinCo is an investment company guided by an investment policy primarily focused on investments in the cannabis industry in Canada and internationally. SpinCo's investments may include the acquisition of equity, debt or other securities of publicly traded or private companies or other entities, financing in exchange for pre-determined royalties or distributions and the acquisition of all or part of one or more businesses, portfolios or other assets, in each case as SpinCo believes will enhance value for the shareholders of SpinCo in the long term. SpinCo's board of directors and management team have considerable financial, mergers and acquisitions and cannabis industry experience and will consist of David Doherty, Chief Executive Officer and Director who has transitioned from TGOD, Nick Demare, Chief Financial Officer, and Jeff Scott, Director.

## **ABOUT THE GREEN ORGANIC DUTCHMAN HOLDINGS LTD**

The Green Organic Dutchman Holdings Ltd. is a research & development company licensed under the Access to Cannabis for Medical Purposes Regulations ("ACMPR") to cultivate medical cannabis. The Company carries out its principal activities producing cannabis from its facilities in Ancaster, Ont., pursuant to the provisions of the ACMPR and the Controlled Drugs and Substances Act (Canada) and its regulations.

The Company grows high quality, organic cannabis with sustainable, all-natural principles. TGOD's products are laboratory tested to ensure patients have access to a standardized, safe and

consistent product. TGOD has a funded capacity of 170,000 kg and is building 1,382,000 sq. ft. of cultivation facilities in Ontario, Quebec and Jamaica.

The Company has developed a strategic partnership with Aurora Cannabis Inc. ([ACB.TO](http://ACB.TO)) whereby Aurora has invested approximately C\$78.1 million for a 20% off-take agreement on Canadian production. The Company has raised approximately C\$350 million dollars and has over 20,000 shareholders.

TGOD's Common Shares and warrants issued under the indenture dated November 1, 2017 trade on the TSX under the symbol "TGOD" and "TGOD.WT", respectively.

### **Forward-Looking Information Cautionary Statement**

*This news release includes statements containing certain "forward-looking information" within the meaning of applicable securities law ("forward-looking statements"). Forward looking statements in this release includes, but is not limited to, statements regarding the execution of the Arrangement Agreement, statements regarding the timing, closing and approval of the Arrangement, the Distribution and the SpinCo Offering, about the future legalization of recreational cannabis and cannabis-infused products in Canada, statements about future research, development and innovation by the Company, statements about the offering of any particular products by the Company in any particular territory and statements regarding the future performance of the Company. Forward-looking statements are frequently characterized by words such as "plan", "continue", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur. These statements are only predictions. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this news release. Forward- looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. The Company is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.*

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