

Primary Energy Metals Inc.

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Primary Energy Metals to acquire NNZ Consulting as it shifts focus to cannabis

Primary Energy Metals Inc (CSE:PRIM) (OTCMKTS:PEMTF) says it has decided to acquire NNZ Consulting Corp as the group moves towards shifting its focus to cannabis.

As previously reported, NNZ, via its subsidiary, Ihuana SAS, is licensed to cultivate, produce and distribute cannabidiol (CBD) based medical grade cannabis in Colombia.

The company has now entered into a comprehensive letter of intent with NNZ with an effective date of July 8, Primary Energy said Thursday in a regulatory statement.

READ: Primary Energy Metals to evaluate acquisition of Colombian licensed producer

Ihuana wants to become a large scale producer of naturally grown non-psychoactive cannabis, with its main operations centralized in the Bogota savannah in central Colombia.

Colombia has recently adopted progressive laws on the cultivation and sale of medical cannabis, and is expected to pass new legislation on the taxation of CBD, opening the door for international exportation, noted the firm.

When the deal is complete, the firm will focus its efforts on the existing business of NNZ, and will change its name to reflect its activities in the South American cannabis sector. No changes to the board of directors or management are anticipated.

It is anticipated that trading will remain halted until the transaction has been completed.

As consideration of the deal, Primary Energy plans to issue 40 million shares to existing shareholders of NNZ, a portion of which may be subject to escrow.

The firm will also issue 4 million shares to third-parties who assisted in introducing the transaction to the company, as well as 800,000 shares to a contractor, as consideration for certain finance advisory services.

Private placement

As part of the deal, the firm will carry out a non-brokered private placement through the offering of around 11.6 million subscription receipts at \$0.30 each for gross proceeds of \$3.5 million. Prior to completion, Primary Energy also intends to offer a credit facility to NNZ to finance the operating capital requirements of NNZ prior to completing the acquisition.

The transaction is a "Fundamental Change" for Primary Energy and trading in its shares has been halted at the company's request. It is anticipated that trading will remain halted until the acquisition has been completed.

Contact Giles at giles@proactiveinvestors.com

Price: C\$0.345

Market Cap: C\$3264860M

1 Year Share Price Graph



August 2018 January 2019 July 2019

Share Information

Code: PRIM

Listing: CSE

52 week High Low
C\$1.10 C\$0.08

Sector: General Mining [T3]

Website: primaryenergymetals.com

Company Synopsis:

Primary Energy Metals is engaged in the business of the acquisition, exploration and development of Cobalt focussed mineral resource properties. The Issuer's sole property is the RD Cobalt Property, located in west central British Columbia, Canada, in the Hazelton area of British Columbia.

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