



## Target Capital Inc. Announces Recapitalization Financing and New Management Team and Board of Directors

**November 21, 2017 - Calgary, Alberta** – Target Capital Inc. (“**Target**” or the “**Corporation**”) (TSX Venture and CSE: TCI) is pleased to announce that it has entered into a definitive reorganization and investment agreement (the “**Agreement**”) with Sonny Mottahed, Bill Macdonald and David Cheadle (the “**Initial Investor Group**”) which provides for: (i) a non-brokered private placement of up to an aggregate of \$5.0 million (the “**Private Placement**”); (ii) the appointment of a new management team (the “**New Management Team**”) and board of directors; and (iii) a rights offering (the “**Rights Offering**”) to holders of common shares (“**Common Shares**”) of Target (collectively, the “**Transaction**”). Completion of the Transaction is subject to customary closing conditions, including the approval of the TSX Venture Exchange (the “**TSXV**”) and the Canadian Securities Exchange (the “**CSE**”). Upon completion of the Transaction, it is anticipated that the shareholders of Target will be asked to approve, at a special meeting called for such purpose, a change of the Corporation’s name to “CBI<sup>2</sup> Capital Corp.”.

The New Management Team will be led by Sonny Mottahed as President & Chief Executive Officer, Bill Macdonald as Executive Vice President – Corporate Development and David Cheadle as Chief Financial Officer.

Upon closing of the Transaction, the new board of directors will be comprised of Sonny Mottahed, Bill Macdonald, Gregory Turnbull, Matteo Volpi and Chad Oakes. Sony Gill, a partner in the Business Law Group in the Calgary office of the national law firm McCarthy Tétrault LLP, will act as Corporate Secretary.

### **New Management Team**

The New Management Team are founding shareholders, senior officers and board members of two late stage licensed applicants under Health Canada’s *Access to Cannabis for Medical Purposes Regulations* (“**ACMPR**”) and they have developed a deep network of contacts within the legal cannabis sector in Canada, Europe, and all other legal international jurisdictions. The New Management Team has significant investment banking, direct investing, and legal advisory experience and are skilled at identifying, evaluating and adding value to start-up companies.

Sonny Mottahed,  
Chairman, President and Chief Executive Officer

Mr. Mottahed has been the Chairman, CEO and co-founder of Fifty First Parallel Life Sciences Ltd. (“**51st Parallel**”), an Alberta-based late stage license applicant under ACMPR since October 2016 and the CEO and a Managing Partner of Black Spruce Merchant Capital (“**Black Spruce**”), a boutique energy-focused investment bank, since April 2012. Prior thereto, Mr. Mottahed was the Managing Director, Investment Banking at Raymond James Ltd.

Bill Macdonald,  
Executive Vice President – Corporate Development and a Director

Bill Macdonald has deployed capital in over 60 private start-ups since 2001. Mr. Macdonald is currently a director of Grunewahl Organics Inc., an Alberta-based late stage licensed applicant under ACMPR. Mr. Macdonald is also a Director of Inner Spirit Holdings

Ltd., the only cannabis-related company to become a member of the Canadian Franchise Association.

David Cheadle,  
Chief Financial Officer

David Cheadle has over 11 years of investment banking experience and is currently a Managing Partner of Black Spruce and CFO of 51st Parallel.

### **New Board of Directors**

The directors have strong track records, distinguished careers and have held prominent lead positions within a range of successful companies, including in the cannabis sector. Their combined experience and expertise will provide the New Management Team with invaluable advice, guidance and mentorship.

Gregory Turnbull

Greg Turnbull is a partner with the McCarthy Tétrault LLP law firm in the Calgary office. He has worked as a lawyer since 1980, having held a variety of roles with firms such as Gowling WLG (Canada) LLP, Donahue LLP and MacKimmie Matthews. Mr. Turnbull is currently a director of Crescent Point Energy Corp., Storm Resources Ltd. and Oyster Oil and Gas Ltd. and a number of private companies, including 420 Investments Ltd., which operates medical marijuana resource clinics.

Matteo Volpi

Matteo Volpi has over 20 years of leadership experience directing operations management, strategies, negotiations, supply chain optimization, business development and public/government relations with focus on the Europe & Africa. Mr. Volpi is the CEO of Interoil Materials Services Ltd.

Chad Oakes

Chad Oakes is a television and movie producer and writer, best known for "Hell on Wheels", "Fargo" and "Broken Trail". Mr. Oakes is the co-chair of Nomadic Pictures Corp., a Calgary based production company that develops, finances and produces movies and TV series and has garnered 58 Emmy nominations.

### **Corporate Strategy**

The New Management Team, together with the proposed new members of the board of directors, have extensive experience in creating shareholder value through a focused full-cycle business plan and believe the current market environment provides an excellent opportunity to reposition Target as a high growth cannabis investment vehicle. The New Management Team believes that Target will be well positioned to take advantage of investment opportunities in the current market.

Following the completion of the Transaction, Target expects to execute on a cannabis-focused investment strategy, developing and managing a diversified portfolio of predominantly early stage cannabis investment opportunities. The recapitalized corporate structure will allow Target to explore and invest in a number of strategic investment opportunities in the medical and recreational cannabis industry and in businesses offering ancillary products and services. Target's existing revenue base (annualized rate of \$476,000 based on 1Q18 actuals) is expected to fund a significant portion of Target's near-term operating costs.

Immediately prior to the completion of the Transaction, the recapitalized Target is expected to have a net cash position of approximately \$5.0 million, assuming the Private Placement is fully

subscribed, providing the New Management Team a platform to aggressively grow the business through strategic investments in the cannabis market.

Upon completion of the Transaction and subject to all regulatory and shareholder approvals, it is anticipated that the New Management Team will change the name of the Corporation from "Target Capital Inc." to "CBI<sup>2</sup> Capital Corp."

### **Private Placement**

Pursuant to the Private Placement, the Initial Investor Group, together with additional subscribers identified by the Initial Investor Group, will subscribe for up to a maximum of 83,333,333 units (the "**Units**") of Target at a price of \$0.06 per Unit for maximum total proceeds of \$5.0 million. Each Unit shall be comprised of one Common Share and, in the case of subscriptions by the New Management Team, one Common Share purchase warrant (a "**Warrant**") and, in the case of all other subscribers, one half of one Warrant. Each Warrant will entitle the holder to purchase one Common Share at a price of \$0.10 for a period of five years. The Warrants will vest and become exercisable as to one-third upon the 20-day weighted average trading price of the Common Shares (the "**Market Price**") equaling or exceeding \$0.12, an additional one-third upon the Market Price equaling or exceeding \$0.16 and a final one-third upon the Market Price equaling or exceeding \$0.20.

The completion of the Private Placement is expected to occur on or about December 15, 2017, and may be completed in one or more tranches (the "**Closing**"). The resignation of the current board of directors and management team of Target and the appointment of the New Management Team will occur contemporaneous with the Closing. The closing of subscriptions for any remaining Units will occur on such dates as determined by the Initial Investor Group.

Proceeds from the Private Placement will be used: (i) to make investments and deposits in connection with letters of intent signed with strategic cannabis investment opportunities; (ii) for working capital and general corporate purposes; and (iii) to pay all amounts owing with respect to all of Target's long-term bonds issued and outstanding (the "**Bonds**").

### **Rights Offering**

Upon completion of the Private Placement, and subject to Target receiving the Written Consent (as defined below) on or before November 30, 2017 or the approval of the resolutions put forward at the Target Meeting (as defined below) on or before January 26, 2018, if applicable, Target shareholders will be entitled to participate in the Rights Offering, which is expected to be conducted by way of a Rights Offering Circular. Pursuant to the Rights Offering, each shareholder as of the record date for such offering (the "**Record Date**") will be issued one right ("**Right**") for each Common Share held on the Record Date, entitling that holder to purchase one Common Share for every four Rights held at a price of \$0.06 per Common Share at or before the expiry time of the Rights Offering, following which all outstanding Rights shall terminate and expire. Subscribers of Common Shares under the Private Placement will waive their right to participate in the Rights Offering with respect to any securities acquired pursuant to the Private Placement. The Rights Offering is subject to applicable regulatory approval, including the TSXV and the CSE.

### **Shareholder and Stock Exchange Approvals**

Completion of the Transaction is subject to a number of conditions and approvals including, but not limited to, the approval of the TSXV, the CSE and the shareholders of Target. Under the policies of the TSXV and the CSE, the completion of the Private Placement is subject to the approval of the shareholders of Target as the completion of the Private Placement will result in the creation of a new "control person" (as defined under the policies of the TSXV). In addition thereto, the appointment of the New Management Team is subject to shareholder approval under the policies of the TSXV and the CSE. The required disinterested shareholder approval may be obtained by Target either by receipt of written consents by holders of more than 50% of the issued and outstanding voting shares of Target (the "**Written Consent**") effective as of the close of business on December 15, 2017 or by approval of a resolution at a special meeting of shareholders (the "**Target Meeting**"). Pursuant to the Agreement, Target has agreed to obtain the Written Consent on or before November 30, 2017, failing which the Initial Investor Group has the right to terminate the

Agreement. In the event that the Written Consent is not obtained on or before November 30, 2017 and the Initial Investor Group waives its termination right, Target has agreed to convene and hold the Target Meeting on or before January 26, 2018.

Target will apply to the TSXV for an exemption from the sponsorship requirements in connection with the appointment of the New Management Team. There is no assurance that such exemption will be granted.

### **The Corporation**

Target is a Calgary, Alberta based company engaged in making strategic investments in private companies, including small start-up operations and land development corporations. Target's principal revenue stream is from acquiring controlling interests in private companies. The nature of the Corporation's investment in the controlled private companies enables the debt securities of the companies to be eligible for registered retirement savings plans, registered education savings plans, registered retirement income funds, locked-in retirement accounts and tax-free savings accounts (each, a "**Deferred Plan**"). The promoters managing these companies use the capital raised at their own discretion, without reliance on the management or resources of Target. Target's management and capital are not committed to these controlled private companies. Target earns fees from each company for enabling these companies to raise funds from Deferred Plans. The annual fee is generally the greater of \$2,500 or 0.5% of the total capital raised by each private company from Deferred Plans. The controlled private companies have raised capital via investments from Deferred Plans varying in size from nil to several million dollars.

Upon the completion of the Transaction, the Corporation is expected to continue its existing business, in addition to executing on a cannabis-focused investment strategy.

The Corporation has 3,851,863 Common Shares and no dilutive securities outstanding. The Corporation currently has a working capital balance of approximately \$450,000, including approximately \$200,000 of cash, and a current net debt position of approximately \$1.3 million including the Bonds but excluding the costs of the Transaction. Upon completion of the Private Placement and assuming the exercise of all Rights issued in connection with the Rights Offering, Target will have approximately 88.1 million Common Shares, and assuming the exercise of all Warrants issued in connection with the Private Placement, there will be up to approximately 142.3 million Common Shares outstanding on a fully diluted basis.

### **Board of Directors' Recommendation**

The board of directors of Target has determined that the transactions contemplated by the Agreement are in the best interests of its shareholders, has unanimously approved such transactions and recommends that Target's shareholders approve the Agreement and the Transaction and execute the Written Consent. Any shareholder of Target wishing to obtain and execute the Written Consent should contact Target as set forth below.

Directors, officers and other shareholders of Target who, in aggregate, own, directly or indirectly or exercise control or direction over approximately 75% of the Common Shares, have entered into support agreements or agreed to enter into support agreements pursuant to which they have agreed or will agree, among other things, to execute a Written Consent.

### **The Agreement**

The Agreement contains a number of customary representations, warranties and conditions. The complete Agreement will be accessible on Target's SEDAR profile at [www.sedar.com](http://www.sedar.com).

For additional information please contact:

Rick Skauge, President and  
Chief Executive Officer

Sonny Mottahed  
c/o Target Capital Inc.

Target Capital Inc.  
Suite 1020, 140 - 10<sup>th</sup> Avenue S.E.  
Calgary, Alberta T2G 0R1

Phone: (403) 476-0280  
Fax: (403) 264-9740  
www.targetcapitalinc.com

Suite 300, 407 - 3<sup>rd</sup> Street S.W.  
Calgary, Alberta T2P 4Z2

Phone: (403) 351-1779  
www.cbi2.com

### **Reader Advisory**

*Completion of the Transaction is subject to a number of conditions, including but not limited to, TSXV and CSE acceptance. 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.*

*Trading in the securities of Target should be considered highly speculative.*

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) 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 of the securities described herein. 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 United States Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.*

**NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES. ANY FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF U.S. SECURITIES LAWS.**

### **Forward-Looking Statements**

*This news release may include forward-looking statements including opinions, assumptions, estimates, the New Management Team's assessment of future plans and operations, and, more particularly, statements concerning the completion of the Transaction contemplated by the Agreement, the number of securities issued by way of the Private Placement, the business plan of the New Management Team, the change of name of the Corporation, use of proceeds and debt levels following completion of the Transaction.*

*When used in this document, the words "will," "anticipate," "believe," "estimate," "expect," "intent," "may," "project," "should," and similar expressions are intended to be among the statements that identify forward-looking statements.*

*The forward-looking statements are founded on the basis of expectations and assumptions made by Target which include, but are not limited to, the timing of the receipt of the required shareholder, regulatory and third party approvals, the future operations of, and transactions completed by Target as well as the satisfaction of other conditions pertaining to the completion of the Transaction.*

*Forward-looking statements are subject to a wide range of risks and uncertainties, and although Target believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will be realized.*

*Any number of important factors could cause actual results to differ materially from those in the forward-looking statements including, but not limited to, shareholder, regulatory and third party approvals not being obtained in the manner or timing set forth in the Agreement, the ability to implement corporate strategies, the state of domestic capital markets, the ability to obtain financing, changes in general market conditions and other factors more fully described from time to time in the reports and filings made by Target with securities regulatory authorities.*

*Except as required by applicable laws, neither Target nor the Initial Investor Group undertake any obligation to publicly update or revise any forward-looking statements.*