

19 December 2018

**Imperial Minerals Plc**

("Imperial" or the "Company")

**Notice of GM, New Investment Strategy in the Medical Cannabis Sector, and Name Change**

**General Meeting**

The Company is pleased to announce that it is posting a circular and Notice of General Meeting ("GM") to shareholders of the Company ("Circular"). The GM will be held at 11.00 am on 7 January 2019, on the 6th Floor of 60 Gracechurch Street, London, EC3V 0HR.

**Proposed Name Change and Strategy**

The GM will consider, inter alia, amendment to the Investment Strategy and a name change of the Company to Imperial X Plc.

The proposed Investment Strategy is in the medical cannabis sector. The Directors believe that the market for products which are based on, or contain, cannabis derived cannabinoids is growing strongly due to the increased awareness of the benefits of cannabinoids to various aspects of health and because of the accelerating trend towards legalising the use of medicinal cannabis products not only in the UK but also in other countries around the world.

A copy of the Chairman's letter, the expected timetable of principal events and definitions sections contained in the Circular are set out in full below of this announcement without material amendment or adjustment.

A copy of the Circular will shortly be available at:

<https://www.nexexchange.com/member?securityid=1024283>

Terms defined in the Circular have the same meaning in this announcement.

The Directors of the Company accept responsibility for the content of this announcement.

**For further information please contact:**

Imperial Minerals plc  
Michael Langoulant  
+44 7899 249990

Peterhouse Capital Limited  
Guy Miller and Mark Anwyl  
+44 (0)20 7220 9796

# LETTER FROM THE EXECUTIVE CHAIRMAN

## IMPERIAL MINERALS PLC

(Registered in England and Wales under the Companies Act 2006 with registered number 06275976)

*Directors:*

Michael Langoulant, Executive Chairman  
Fezile Mzazi, Non-executive Director  
Melissa Sturgess, Non-executive Director

*Registered Office:*

c/o 6th Floor  
60 Gracechurch Street  
London  
EC3V 0HR

19 December 2018

*To all Shareholders*

### **Notice of Shareholder General Meeting**

#### **Approval of New Investment Strategy, change of company name to Imperial X plc and to approve a proposed warrant issue**

#### **1 Introduction and Background**

- 1.1 I am writing to invite you to a Shareholders' General Meeting of the Company to be held at 6<sup>th</sup> Floor, 60 Gracechurch Street, London EC3V 0HR on 7 January 2019 at 11.00 a.m. The notice of the General Meeting is set out at Appendix II of this Document.
- 1.2 The Company has agreed, subject to Shareholders' approval, to amend the Company's current Investment Strategy to focus on opportunities in the Medicinal Cannabis sector. Further details of the revised Investment Strategy are set out in paragraph 2 below.
- 1.3 The Board believes that it has sufficient experience and expertise in the sectors and regions in which the Company's new Investment Strategy will be focused to source attractive investment opportunities with the potential to achieve shareholder value. The purpose of this Document is to provide you with the background to and to explain why the Directors consider these proposals to be in the best interests of the Company and Shareholders as a whole and why they recommend that Shareholders should vote in favour of the Resolutions to be proposed at the General Meeting.

#### **2 New Investment Strategy**

- 2.1 Resolution 1, to be proposed as an ordinary resolution (requiring 50 per cent. approval of shareholders voting at the General Meeting), proposes the adoption of a new Investment Strategy by the Company. The proposed new Investment Strategy is set out below:
- 2.2 The Investment Strategy of the Company is to provide Shareholders with an attractive total return achieved primarily through capital appreciation. To achieve this end the Directors wish to change its investment focus of seeking investment in natural resource projects to that of seeking investment in the developing market for producing and/or distributing Medicinal Cannabis, derivatives of it and/or related products. These products could include but would not be limited to nutraceuticals, dietary supplements and cosmetic products which contain cannabis or hemp (cannabis which contains less than 0.2% tetrahydrocannabinol ("THC")) and THC derived cannabinoids. Cannabinoids have been shown to activate pathways in the

central nervous system which work to block pain signals, and have shown potential to assist patients such health issues as post-traumatic stress disorder or to stimulate appetite in patients following chemotherapy.

The Directors believe that the market for products which are based on, or contain, cannabis derived cannabinoids is growing strongly due to the increased awareness of the benefits of cannabinoids to various aspects of health and because they are now legal in an increasing number of states in the USA, as well as other countries around the world. Indeed, the UK government has recently legalised prescribed medicinal cannabis for certain indications following a number of high-profile cases involving the use of cannabis products.

The Directors believe that there are numerous investment opportunities within both private and public businesses in the Medicinal Cannabis sector in countries that are internationally recognised as having well-developed and reputable laws and regulations for the research and production of Medicinal Cannabis and that comply with the United Nation's conventions on narcotics.

The Board is aware of its legal duty to ensure that such activities are lawful and as such, will carefully consider each proposed investment to be made and its compliance with UK legislation and seek appropriate legal advice in the UK and any additional jurisdiction prior to completing any investment.

The Company is likely to be an active investor and acquire control of certain target companies although it may also consider acquiring non-controlling shareholdings. The proposed investments to be made by the Company may be in either quoted or unquoted securities and made by direct acquisition of an interest in companies, partnerships or joint ventures, or direct interests in projects and can be at any stage of development. Accordingly, the Company's equity interest in a proposed investment may range from a minority position to 100 per cent. ownership and a controlling interest. The Directors primary objective is to achieve the best possible value over time for Shareholders, primarily through capital growth but potentially, in the future and only when felt prudent, dividend income.

If the Company takes a controlling stake in a target company, such acquisition could trigger a Reverse Takeover under Rule 57 of the NEX Exchange Rules.

The Directors intend to acquire one or more investments in quoted or unquoted businesses or companies (in whole or in part) thereby creating a platform for further investments. The Company may need to raise additional funds for these purposes and may use both debt and/or equity.

The Directors believe that their broad, collective experience, together with their extensive network of contacts, will assist them in identifying, evaluating and funding suitable investment opportunities. External advisers and investment professionals, in addition to the sub-board managerial advisory committee member (referred to below), will be engaged as necessary to assist with sourcing and due diligence of prospective opportunities. The Directors will also consider appointing additional directors with relevant experience if the need arises.

- 2.3 The Board has established an Investment Committee to promote and maintain a prudent and effective allocation of capital across the Company's investment portfolio. It will be responsible for investment monitoring and will report to the Board on a regular basis. The Investment Committee will be chaired by Michael Langoulant with the other member being Fezile Mzazi.

Investment identification will be the responsibility of the Investment Committee, in conjunction with the Medicinal Cannabis Advisory Board. The Company also intends to work with local partners and in-country experts, as required, to assist in identifying investment opportunities.

To advise and assist the Board in considering investments in this sector the Directors have appointed Dr Inbar Pomeranchik as a Medicinal Cannabis advisor to the Board. The Board will consider appointing additional Medicinal Cannabis advisors in due course.

## **Dr. Maymon Pomeranchik, PhD**

Dr. Pomeranchik holds a PhD in plant sciences molecular biology from the Hebrew University of Jerusalem and a multi-disciplinary post-doctorate from Weizmann Institute, combining drug biochemistry with plant science. After 15 years of molecular & genetic research and development Inbar has a hands-on experience in all aspects of the Biotech industry: from academic research to commercial project lead, from small start-ups to large corporations.

More recently, Dr Pomeranchik founded Biodiligence Limited, a private company, which provides consultancy services in the field of biotechnology, agricultural technology within the Medicinal Cannabis space for venture capitalists, private equity investors and family offices.

Within the Company, it is expected that Michael Langoulant will be responsible for commissioning appropriate financial due diligence and managing legal due diligence on prospective investments. As part of each investment analysis, the Investment Committee will liaise with and instruct Foreign Counsel to produce a legal opinion relating to the terms and lawfulness of the structuring of the Company's proposed investment. The Investment Committee will review the Foreign Counsel's opinion to identify whether the investment is in line with a legal opinion to be given by UK Counsel in relation to the same matter. The Investment Committee will heed the advice provided by Foreign and UK Counsel, and where the advice given reflects any negative, regulatory risks, or otherwise advised, will decline the proposed investment. In particular, the Investment Committee will seek to ensure that there is as little risk as possible of breaching POCA 2002, MDA 1971, MDDO 2001 and MDR 2001. The Investment Committee will also seek to avoid any risk of breaching Money Laundering Legislation and will seek to ensure that any prospective future dividends will not contravene any laws, having particular regard to whether there may be any breach of POCA 2002.

Once the Investment Committee, with the assistance of the Medicinal Cannabis Advisory Board, has completed due diligence on a prospective investment, it will present its findings in a comprehensive report to the Board for review and as to whether the Company should pursue the prospective investment. Investments must be approved by the Board. In considering whether to pursue investments, the Board will take into account the comments of the Medicinal Cannabis Advisory Board, as well as the Company's NEX Exchange Corporate Adviser, who will assess any NEX Exchange Rules implications.

- 2.4 It is anticipated that returns to Shareholders will be delivered primarily through an appreciation in the price of the Ordinary Shares rather than capital distribution via regular dividends. In addition, there may be opportunities to spin out businesses in the form of distributions to Shareholders or make trade sales of business divisions and therefore contemplate returns through special dividends. It is anticipated that the Company will hold investments for the medium to long term, although where opportunities exist for shorter term investments, the Company may undertake such investments.

The Directors intend to review the Company's Investment Strategy on an annual basis and, subject to their review and in the absence of unforeseen circumstances; the Directors intend to adhere to the Investment Strategy. Changes to the Company's Investment Strategy may be prompted, inter alia, by changes in government policies or economic conditions which alter or introduce additional investment opportunities. It is the intention of the Directors to invest the Company's cash resources, from time to time and as far as practicable, in accordance with the New Investment Strategy. However, due to market and other investment considerations, it may take some time before the cash resources of the Company at any given time are fully invested.

It is intended that the funds initially available to the Company will be used to meet general working capital requirements, to undertake due diligence on potential target acquisitions and to make investments in accordance with the investment guidelines described above.

Certain risks to and uncertainties for the Company are specifically described in Appendix I of this Document, titled "Risk Factors".

### **3 Change of Name**

- 3.1 Subject to Shareholders' approval by way of special resolution (requiring 75 per cent. approval of shareholders voting at the General Meeting), it is proposed that the name of the Company be changed to Imperial X plc. Resolution 3 is proposed for the purposes of obtaining Shareholders' approval for the proposed name change.
- 3.2 If the special resolution to approve the change of name of the Company is passed at the General Meeting, the Company's website address will be changed following the General Meeting to [www.imperialx.co.uk](http://www.imperialx.co.uk).
- 3.3 The Ordinary Shares will continue to trade under the same ISIN number GB00844LQR57.

### **4 Certificates**

Shareholders holding Ordinary Shares in certificated form will not be issued with new share certificates as a result of the Company's name change and existing share certificates will remain valid.

### **5 Warrants**

- 5.1 The Company proposes issuing to Peterhouse Capital Limited (the Company's Corporate Adviser) warrants to subscribe for 636,325 Ordinary Shares, at an exercise price of 1 pence per share and may be exercised at any time up to the third anniversary from the date of this Document. The Peterhouse Warrants are proposed to be issued as part of the remuneration arrangements entered into with Peterhouse Capital in connection with the Company, conditional on passing of all Resolutions at the General Meeting.
- 5.2 The Company also proposes issuing to the Directors (or their nominees) warrants to subscribe for up to such number of Ordinary Shares as is equal to 15 per cent. of the Fully Enlarged Issued Capital, from time to time until the first anniversary of the date of this Document. These Director Warrants shall be exercisable at 1 pence for a period of 5 years from the date of their issue.

### **6 General Meeting**

The Notice convening the General Meeting at which the Resolutions will be proposed is set out at Appendix II of this Document. A summary of the Resolutions is set out below.

#### **As Ordinary Resolutions**

##### **Resolution 1 – Approval of New Investment Strategy**

This Resolution proposes that the Company adopt the New Investment Strategy, on the terms set out at paragraph 2 of Part I of this Document.

##### **Resolution 2 – Approval to issue warrants**

This Resolution proposes that the Company approve the proposed Warrant issues on the terms set out at paragraph 5 of Part I of this Document.

#### **As Special Resolutions**

##### **Resolution 3 – Approval of Change of Name**

This Resolution requests Shareholders approve the change of the Company's name to Imperial X plc.

##### **Resolution 4 – Approval of the issue of warrants**

This Resolution is to authorise the Directors to allot the Ordinary Shares referred to in Resolution 2 on a non-pre-emptive basis.

## **7 Action to be taken**

Shareholders will find a Form of Proxy enclosed at Appendix III of this Document for use at the General Meeting. The Form of Proxy should be completed and signed in accordance with the instructions thereon and returned to the Company's Secretary, Michael Langoulant, at the Company's registered office by not later than 11.00 a.m. on 3 January 2019. The completion and return of a Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person should they so wish.

## **8 Recommendation**

The Directors recommend that Shareholders vote in favour of all Resolutions proposed at the General Meeting, as they intend to do so in respect of their own holdings of Ordinary Shares which amount, in aggregate, to 9,230,000 Ordinary Shares representing 29.00 per cent. of the issued Ordinary Shares.

Yours faithfully,

**Michael Langoulant**  
**Executive Chairman**

### **EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

Publication of this Document	19 December 2018
Posting to Shareholders of this Document	20 December 2018
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 3 January 2019
General Meeting	11.00 a.m. on 7 January 2019
Trading expected to commence under new name	8.00 a.m. on 9 January 2019
New name of Company after General Meeting	Imperial X plc
New website if change of name is approved	imperialx.co.uk

#### Notes

1. References to time in this Document are to London time unless otherwise stated.
2. Unless expressly stated otherwise, all future times and dates in this Document are indicative only and may be subject to change.

## DEFINITIONS

The following definitions apply throughout this Document, unless the context requires otherwise:

<b>“Act”</b>	the Companies Act 2006 (as amended);
<b>“Articles”</b>	the articles of association of the Company as at the date of this Document;
<b>“Board” or “Directors”</b>	the directors of the Company as at the date of this Document, whose names are set out on page 5 of this Document;
<b>“Certificated” or in “Certificated Form”</b>	a share or security which is not in uncertificated form (that is, not in CREST);
<b>“Company” or “Imperial”</b>	Imperial Minerals Plc, a public limited company incorporated in England and Wales under registered number 06275976 and having its registered office at 60 Gracechurch Street, London, EC3V 0HR;
<b>“CREST”</b>	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear UK & Ireland Limited which facilitates the transfer of title to shares in uncertificated form;
<b>“Director Warrants”</b>	warrants proposed to be issued to Directors to subscribe for up to such number of Ordinary Shares as is equal to 15 per cent. of the Fully Enlarged Issued Capital as at the first anniversary of the date of this Document, further details in paragraph 5.2 of the Executive-Chairman’s letter;
<b>“Document”</b>	this document and its contents;
<b>“FCA”</b>	the Financial Conduct Authority;
<b>“Form of Proxy”</b>	the form of proxy enclosed with this Document for use by Shareholders in connection with the General Meeting;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000;
<b>“Fully Enlarged Issued Capital”</b>	the total issued Ordinary Shares assuming full conversion of all existing convertible note instruments (but excluding conversion of the Warrants)
<b>“General Meeting” or “GM”</b>	the general meeting of the Shareholders of the Company convened for 11.00 a.m. on 7 January 2019, notice of which is set out at the end of this Document;
<b>“Investment Strategy”</b>	the proposed new investment strategy, further details of which are set out on page 5 of this Document;
<b>“Medicinal Cannabis”</b>	the use of cannabis and its constituent cannabinoids to treat disease or improve symptoms such as pain, muscle spasticity, nausea and other indications;
<b>“Medicinal Cannabis Advisory Board”</b>	the board of individuals who review and analyse the Company’s proposed investments from time to time and being Dr. Inbar Maymon Pomeranchik, PhD;
<b>“NEX Exchange”</b>	NEX Exchange Limited, a recognised investment exchange under section 290 of FSMA;

<b>“NEX Exchange Growth Market” or “NEX”</b>	the primary market for unlisted securities operated by NEX Exchange;
<b>“NEX Exchange Rules” or “NEX Rules”</b>	the NEX Exchange Growth Market Rules for issuers, which set out the admission requirements and continuing obligations of companies seeking admission to and whose shares are admitted to trading on the NEX Exchange Growth Market;
<b>“Notice of GM”</b>	the notice convening the GM, which is set out at Appendix II of this Document;
<b>“Ordinary Shares”</b>	the ordinary shares of 0.1 pence each in the capital of the Company from time to time;
<b>“Peterhouse Capital”</b>	Peterhouse Capital Limited, a company registered in England and Wales under company number 02075091 which is authorised by the FCA with firm reference number 184761;
<b>“Peterhouse Warrants”</b>	warrants proposed to be issued to Peterhouse Capital to subscribe for 636,625 Ordinary Shares, at an exercise price of 1 pence per share and may be exercised at any time up to the third anniversary from the date of this Document;
<b>“POCA 2002”</b>	the Proceeds of Crime Act 2002;
<b>“Recognised Investment Exchange”</b>	a recognised investment exchange under section 290 of FSMA;
<b>“Resolutions”</b>	the resolutions set out in the Notice of GM to approve both the change of Investment Strategy and the change of name of the Company;
<b>“Shareholders”</b>	holders of Ordinary Shares from time to time and the term “Shareholder” shall be construed accordingly;
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“Warrants”</b>	together, the Director Warrants and the Peterhouse Warrants; and
<b>“£”</b>	pounds sterling, the lawful currency of the United Kingdom.