LGC Capital Ltd. enters into US $2.34 million convertible loan agreement to fund 2018 expansion

MONTREAL, Jan. 2, 2018 /CNW Telbec/ - **LGC Capital Ltd. (TSXV: LG) ("LGC")** is pleased to announce that it has entered into an Investment Agreement with international investors YA II PN, Ltd and Cuart Investments PCC Limited pursuant to which they will loan LGC an aggregate amount of US $2.34 million (approximately CAD $2.94 million). LGC intends to use the net proceeds from the loan to further advance its core business divisions on its global platform.

John McMullen, CEO of LGC stated: ***"We thank London institutional group RiverFort Global Capital for its involvement and financial support of LGC's global initiatives at this exciting time for the Company, as we rapidly expand our cannabis investment businesses. This funding will further secure LGC's rapidly-developing platforms within the cannabis space. For a Canadian company to attract additional funding from an international group such as RiverFort speaks volumes for the work accomplished by LGC and our objectives for 2018."***

The loan will have a term of twelve months and bear interest at an annual rate of 12%. LGC will pay the interest on the date on which funds are advanced to it through the issuance of shares to the lenders at a price per share equal to the market price of LGC's shares on the TSX Venture Exchange at the time of the advance.

The principal amount of the loan will be convertible into LGC common shares at the option of the lenders at a price per share equal to the lesser of (i) US $0.538 (CAD $0.675), representing the US dollar equivalent of 135% of the closing price of LGC's shares on the TSX Venture Exchange on December 29, 2017 (CAD $0.50), and (ii) 90% percent of the lowest daily volume weighted average trading price of LGC's shares during the five trading days immediately preceding the date of a conversion notice from the lenders, subject to a minimum conversion price of CAD $0.50.

Upon each advance of funds under the Investment Agreement, LGC will issue common share purchase warrants to the lenders in an amount equal to 25% of the dollar amount of the advance divided by CAD $0.4465, being the volume weighted average trading price of LGC's shares during the five trading days ended December 29, 2017. Each warrant will entitle its holder to acquire one common share of LGC at a price of CAD $0.70, representing 140% of LGC's closing price on December 29, 2017, for a period of one year from the date of issuance.

In connection with the Investment Agreement, LGC will pay a structuring fee to RiverFort Global Capital Ltd. of London, England by issuing shares to it in an amount equal to 10% of the dollar amount of any advance divided by CAD $0.675, representing 135% of the closing price of LGC's shares on the TSX Venture Exchange on December 29, 2017 (CAD $0.50). Fifty percent of the shares will be issued on the date of the advance while fifty percent will be issued on the repayment date of the loan, subject to the condition that if the lenders convert more than half of the amount advanced to LGC on an aggregate basis at a price per share equal to or greater than US $0.538, representing the US dollar equivalent of 135% of the closing price of LGC shares on December 29, 2017 (CAD $0.50), LGC will not be required to issue the second fifty percent of the shares. LGC will also pay a cash due diligence fee to RiverFort Global Capital Ltd.

The Investment Agreement contains standard representations, warranties and covenants of the parties. Closing of the transaction and the advance of funds to LGC is expected to take place on or before January 31, 2018, subject to standard closing conditions. The Investment Agreement, including all issuances of shares by LGC pursuant thereto, is subject to the approval of the TSX Venture Exchange. Any securities issued by LGC at the closing of the transaction, as well as any shares issued upon conversion of the loan or upon the exercise of warrants, will be subject to restrictions on resale for a period of four months from the closing date of the transaction. LGC is at arm's length from the lenders and RiverFort Global Capital Ltd.

About LGC (http://www.lgc-capital.com):

LGC Capital Ltd. is a Canadian incorporated public company listed on the TSX Venture Exchange (TSXV: LG). LGC's objective is to become a diversified business group with core business divisions that provide shareholders with exposure to a diverse range of businesses, products and services.

FORWARD LOOKING STATEMENTS:

This press release may contain forward-looking statements with respect to LGC Capital Ltd. ("LGC"), its operations, strategy, investments, financial performance and condition, and the Investment Agreement referred to above. These statements generally can be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue" or the negative thereof or similar variations. The actual results and performance of LGC could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Some important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition, government regulation and the factors described under "Risk Factors and Risk Management" in LGC's Management's Discussion and Analysis for the fiscal year ended September 30, 2016, as filed on SEDAR (www.sedar.com). The cautionary statements qualify all forward-looking statements attributable to LGC and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this press release and LGC has no obligation to update such statements, except to the extent required by applicable securities laws.

Caution Regarding Press Releases:

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CNW 11:15e 02-JAN-18