



# PROGRESSIVE PLANET REACHES DEFINITIVE SHARE PURCHASE AGREEMENT TO ACQUIRE ABSORBENT PRODUCTS LTD.

*Combined Entities Create Huge Pozzolan Player and International Supplier of Mineral Based Product Lines*

VANCOUVER, BC, Dec. 24, 2021 /CNW/ - [Progressive Planet Solutions Inc.](#) (TSXV: PLAN) ("**PLAN**", "**Progressive Planet**" or the "**Company**") is pleased to announce that it has signed a binding Share Purchase Agreement ("**SPA**") to acquire full ownership of [Absorbent Products Ltd.](#) ("**Absorbent Products**" or "**APL**")

## **Absorbent Products Ltd.**

With revenue of over \$20 million in its latest fiscal year and operating since 1989, Absorbent Products is a dominant manufacturer of mineral-based products derived from diatomaceous earth, zeolite, and bentonite. Absorbent Products operates its own diatomaceous earth and bentonite mines in BC and is also the operator of the Bromley Creek Zeolite Mine.

Under the deal terms, PLAN would continue to maintain and support Absorbent Products' existing business operations, while also gaining access to supplies of natural pozzolans to develop incremental lines of business in sustainable cement and additional agricultural powders. Business assets and interests purchased from APL or related companies, including mineral and mining operations, owned and long-lease industrial properties, manufacturing / sales / distribution infrastructure and portfolio of eco-conscious product lines, patents and intellectual property will be retained by Progressive Planet.

Absorbent Products and its shareholders are each at arm's length to Progressive Planet.

The proposed acquisition would bring two complementary companies together, each known for sustainable innovation and mineral-based product development. Deal synergies and highlights include:

- Access to 3 additional sources of natural pozzolans from permitted mines in BC for use in the PozGlass group of SCMs (supplementary cementing materials) while maintaining legacy operations of APL's existing, long standing business;
- Ownership of APL's extensive product line and intellectual property portfolio including APL's top selling US patented, OMRI listed, Activated Barn Fresh Natural Ammonia Control;
- Cross-selling complimentary products to each company's clients;
- Four long term industrial leases in the Mount Paul Industrial Park owned by the Tk'emlúps te Secwepemc (Kamloops Indian Band);
- Industrial space to grow PLAN's previously seasonal comminution business and build a new PozGlass Manufacturing Plant; and
- A new head office close to the Z1 Natural Pozzolan Quarry, the Z2 Natural Pozzolan Mineral Property, the Heffley Creek Metals and Natural Pozzolan Property and APL's flagship Red Lake Diatomaceous Earth Mine.

Progressive Planet would like to publicly acknowledge the Tk'emlúps te Secwepemc First Nation for approving the proposed change of control of APL with respect to its leases in advance of the Share Purchase Agreement.

"The cross-selling opportunities to build on solid customer relationships are significant, as PLAN is already selling zeolite processed by APL and sourced from the Bromley Mine to our largest customer," stated Ian Grant, VP of Business Development of Progressive Planet. "The potential to unify great teams and talent with a shared vision to strengthen and supply customers with innovative and sustainable products is exciting, on trend, and economically advantageous."

APL's diatomaceous earth passed all mortar and concrete ASTM and CSA test protocols conducted by PLAN, showing tremendous promise for use in PozGlass SCM. Most notably, PozGlass SCM containing DE and ground glass pozzolan meets CSA A23.1 requirements for both C-1 and C-XL at 25% replacement, achieving a resist chloride ion penetration (RCP) value of 710 Coulombs compared to the control of 3017 Coulombs at 91 days. Simply put, concrete's ability to resist salt penetration (which corrodes rebar) is a key factor in concrete's longevity.

## **The Acquisition**

The total consideration payable by the Company is \$16.3 million, and consists of (A) \$13.3 million in cash and assumption of debt, and (B) \$3 million in equity. The cash component of the consideration will be funded by way of bank financing (the details of which will be announced separately) and from proceeds of a concurrent private placement financing, described further below. The equity portion will be paid via issuing \$1.2 million in common shares of the Company at the time of closing, at a price of \$0.35 per share, with \$900,000 in equity being issued one year from the date of closing and \$900,000 in equity being issued one year later. The number of common shares to be issued post-closing will be determined using the per-share price of the Company's common shares which is the greater of (a) \$0.35 per share, or (b) the 50-day volume weighted average trading price of such shares in the days immediately preceding each issuance of such shares. Completion of the acquisition is subject to numerous conditions, including the receipt of all necessary prior TSX Venture Exchange approvals and is also subject to the Company obtaining financing, including completion of aforementioned private placement. There is no assurance or guarantee that the Company will be able to complete the acquisition as described or at all.

"The deal synergies are strong. We look forward to increased opportunities to provide earth-conscious pathways and products that radically decarbonize concrete production, naturally enhance industry, and re-mineralize agricultural operations," stated Steve Harpur, CEO of PLAN. "Our shared portfolio of natural pozzolans represents a new era of environmental science where natural raw materials are introduced to minimize carbon footprints, sequester greenhouse gases and provide a safer and superior alternative to synthetic products."

"After starting this business from scratch in 1989, I am proud to see this deal come together. APL has created over 55 full time jobs in Kamloops while manufacturing world class products that are sold throughout North America and beyond," stated Peter Ayles, founder and President of APL. "I leave knowing that it remains business as usual, and that our current management team will stay on to continue to develop additional classes of products using our foundational base of natural pozzolans."

"We wish Peter a well-earned retirement after building APL for over three decades," Harpur continued. "His vision, dedication to his community, and the numerous business awards he earned as the leader of APL created a legacy that we intend to honour and continue."

## **Concurrent Financing**

The Company also announces a non-brokered private placement (the "Offering") to be completed

concurrent with the Acquisition. Under the Offering, PLAN will offer a minimum of 9,000,000 units and a maximum of 13,500,000 units ("Units") at a price of \$0.35 per Unit, for gross proceeds of \$3,150,000. Each Unit will be comprised of one common share and one share purchase warrant (a "Warrant"), with each Warrant exercisable at \$0.60 per share for a period of 2 year, subject to acceleration if PLAN's common shares trade at over \$0.75 per share for a period of ten trading days or more after the first year. Agents of the Company will have an option to increase the size of the Offering by up to 50% at any time prior to the closing of the Offering. The Company anticipates that Peter Lacey, director of the Company, will subscribe for \$525,000 in the Offering, as well as other insiders may participate in the Offering. Additionally, APL shareholders may participate for at least \$450,000 in the Offering.

Agents of the Company with respect to the Offering will receive as compensation: (a) a cash commission of up to 5% of the gross proceeds raised under the Offering from investors introduced by such agents, and (b) broker warrants entitling the agents to acquire in aggregate up to that number of common shares that is equal to 5% of the Units sold under the Offering to investors introduced by such agents. The broker warrants are exercisable at \$0.35 per share for a period of 1 year.

The Company intends to primarily rely on the "accredited investor" prospectus exemption available under National Instrument 45-106 Prospectus Exemptions for the Offering. Depending on demand and regulatory requirements, a portion of the Offering may be made to British Columbia and Alberta residents who have obtained suitability advice from a registered investment dealer in accordance with the provisions of the prospectus exemptions available under British Columbia Securities Commission Instrument 45-536 and Alberta Securities Commission Rule 45-516 (the "Investment Dealer Exemptions"). As required under the Investment Dealer Exemptions, the Company confirms that there are no material facts or material changes that have not been disclosed.

If the Company completes the minimum Offering, all proceeds will be used towards payment of the cash consideration payable under the Acquisition and for Acquisition costs. The Company intends to allocate any additional proceeds received under the Offering, including any proceeds received upon exercise of the over-allotment option, as follows: approximately \$250,000 towards the recommended work programs with respect to APL's mineral properties; and any remaining proceeds towards retiring the APL debt assumed by the Company under the Acquisition or for integrating the Company's comminution business into APL's premises as part of its head office relocation.

All securities issued under the Offering will be subject to a four-month statutory hold period from the date of issuance under applicable securities laws. Completion of the Offering is subject to PLAN receiving all necessary prior approvals from the TSX Venture Exchange.

## **ABOUT ABSORBENT PRODUCTS LTD.**

APL produces industrial minerals from two mines in British Columbia, creating mineral-based products seen on store shelves that range from industrial absorbents, fillers, and sealants; to agricultural feed additives and soil conditioners; to cat litter, natural insecticides and pet-friendly ice melters among other applications -- all derived from diatomaceous earth, bentonite, leonardite, and zeolite mining operations. APL has a high 'value added ratio' since it takes the material from its raw state, processes it and packages it for retail sale. APL continues to demonstrate a commitment to advancing and promoting sustainable development in the mining sector.

APL continues to be recognized for its efforts in reclaiming land. In doing so, the company seeks to minimize the amount of disturbed land and to promote environmental stewardship. APL's 1,000-acre ranch adjacent to its Red Lake Mine property north of Kamloops has been used for agricultural operations and utilizes APL's natural fertilizer, leonardite. The reclaimed land at the Red Lake Mine has demonstrated higher yields after reclamation versus pre-reclamation.

APL takes immense pride in the environmental integrity of its operations and products with many of its products being listed for use in organic production by the Organic Material Review Institute (OMRI). APL has a strong focus on sustainable use of resources including mined materials, electricity, natural gas, or other resources. APL has reduced its use of natural gas and electricity per tonne over the past five years and uses approximately 98% of the material that is transported from the mines to the processing facility in Kamloops.

## **ABOUT PROGRESSIVE PLANET**

Progressive Planet is an emerging company providing innovative circular solutions and earth-friendly micronized minerals that naturally unlock sustainability benefits across the construction and agriculture industries. Tapping into the earth's inherent binding powers and properties, PLAN is developing and scaling a portfolio of proprietary solutions to help our customers build, grow, and operate more responsibly.

PLAN continues work on creating supplementary cementing materials (SCMs) with a focus on minimizing the carbon footprint of the SCMs we create; utilizing waste materials where possible to create the most sustainable SCMs; and sequestering CO<sub>2</sub> in SCMs to address climate change. PLAN's research team has begun exploring the opportunity to utilize the legacy CO<sub>2</sub> stream generated by APL's natural gas rotary kiln drier in operation in Kamloops.

PLAN's operations currently include:

- A comminution facility in Spallumcheen, BC which is currently producing micronized minerals used by farmers in lieu of chemical fertilizers to promote healthy soils without the addition of chemicals,
- A research lab in Calgary, AB focused on creating SCMs and associated technologies to sequester CO<sub>2</sub> in concrete; and,
- Three natural pozzolan properties in BC including our flagship Z1 Natural Pozzolan Quarry in Cache Creek, BC and our two pozzolan properties under development, the Z2 Natural Pozzolan Property near Falkland and the Heffley Creek Metals and Natural Pozzolan Property.

*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 release.*

### **Forward-Looking Statements:**

This news release contains forward-looking information within the meaning of Canadian securities laws. Such information includes, without limitation, information regarding the completion of the proposed acquisition of APL, the anticipated business plan of the Company subsequent to completion of such acquisition, and the proposed private placement financing offered by the Company. Although the Company believes that such information is reasonable, it can give no assurance that such expectations will prove to be correct.

Forward looking information is typically identified by such words as "believe," "expect," "anticipate," "intend," and similar expressions, or are those that, by their nature, refer to future events. The Company cautions investors that any forward-looking information provided by the Company are not guarantees of future results or performance, and that actual results may differ materially from those in forward looking information as a result of various factors, including but not limited to: the Company's ability to complete the acquisition as described; the Company's ability to complete the proposed private placement; the general state of the industry in which the Company operates; the state of financial markets generally; and other risks and factors that the Company is not aware of at this time.

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