



RED STAR CAPITAL VENTURES INC. ANNOUNCES REVERSE TAKEOVER TRANSACTION WITH SHORT WAVE PHARMA INC.

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TORONTO, ONTARIO, CANADA, January 26, 2022 /EINPresswire.com/ -- Red Star Capital Ventures Inc. (the "Company" or "Red Star"), a private company incorporated under the laws of Canada, is pleased to announce that it has entered into a letter of intent (the "LOI") dated January 25, 2022 with Short Wave Pharma Inc. ("SWP", and together with "Red Star" referred to as the "Parties")), a private company incorporated under the laws of the Province of Ontario, to complete a business combination and subsequent going-public transaction in Canada (the "Proposed Transaction").

About SWP

SWP is a bio-technology company focused on the development of IP-protected psychedelics-based medicine to treat mental illness, chronic pain and neuro degenerative diseases. SWP's initial program targets treatment-resistant anorexia nervosa, an underserved area with high mortality and morbidity rates where early clinical data suggests psychedelics may play a beneficial role. SWP is finalizing preparations for pre-clinical studies of its IP-protected formulation and innovative drug administration method designed to augment treatment control and adherence and improve patient experience. SWP's leadership team combines years of experience in drug development, accelerated regulatory pathways and clinical research, as well as psychedelics-assisted psychotherapy, pharmaceutical and cannabis-industry business expertise. SWP's pipeline programs address neuro degenerative diseases and chronic pain.

Private Placements

Prior to the completion of the Proposed Transaction, SWP intends to complete a private placement offering of convertible debentures ("SWP Debentures") to raise aggregate gross proceeds of \$450,000 (the "Debenture Financing"). Each SWP Debenture will automatically convert immediately prior to the closing of the Proposed Transaction into SWP Shares (as defined below) at a conversion price equal to 0.6 multiplied by the issue price of the Subscription Receipts (as defined below), which, based on the anticipated pricing of the Subscription Receipts, is anticipated to be \$0.24 per SWP Share.

Following the completion of the Debenture Financing but prior to the completion of the

Proposed Transaction, Red Star will complete a private placement offering of subscription receipts ("Subscription Receipts") at a price of \$0.40 per Subscription Receipt to raise aggregate gross proceeds of a minimum of \$2,000,000 (the "Subscription Receipt Financing"; together with the Debenture Financing, the "Financings"). Each Subscription Receipt will be automatically be exchanged for one Red Star Share (as defined below) upon the satisfaction of specified escrow release conditions, which will include, among other things, the completion or waiver of all conditions precedent to the Proposed Transaction and the conditional approval for listing of the common shares of the resulting issuer (the "Resulting Issuer") on the Canadian Securities Exchange (the "CSE").

Transaction Details

Pursuant to the Proposed Transaction, it is currently intended that: (i) the outstanding common shares of Red Star will be consolidated (the "Red Star Consolidation") on the basis of one post-Red Star Consolidation common share (each, a "Red Star Share") for each 10 pre-Red Star Consolidation common shares; (ii) the outstanding common shares of SWP will be consolidated (the "SWP Consolidation") on the basis of 0.983219 of a post-SWP Consolidation common share (each whole post-SWP Consolidation common shares, a "SWP Share") for each one pre-SWP Consolidation common shares; and (iii) the holders of SWP Shares will each receive one Red Star Share in exchange for each SWP Share held. Following the completion of the Proposed Transaction, the securityholders of SWP (including those investors under the Financings) will hold a significant majority of the outstanding common shares of the Resulting Issuer.

Red Star intends to pay finder's fees of 750,000 Red Star Shares to certain finders in consideration for their assistance in arranging the Proposed Transaction.

Completion of the Proposed Transaction is subject to a number of conditions including, but not limited to: (a) completion of satisfactory due diligence; (b) execution of a definitive agreement; (c) receipt of regulatory approvals; (e) receipt of conditional approval for the listing of the common shares of the Resulting Issuer by the CSE; (f) shareholders of Red Star approving certain matters ancillary to the Proposed Transaction, including the Red Star Consolidation, the appointment of four (4) new director nominees of SWP and one (1) director nominee of Red Star (the "Board and Management Rotation") and a change in name of Red Star to "Short Wave Pharma Inc." (the "Name Change"), all subject to the completion of the Proposed Transaction; (g) the completion of the Financings; and (h) shareholders of SWP approving, if deemed required, the Proposed Transaction. There can, however, be no assurance that the Proposed Transaction will be completed as proposed or at all.

Non-Offering Prospectus

In connection with the Proposed Transaction and pursuant to the requirements of the CSE, SWP intends to file a non-offering prospectus, which will contain details regarding the Proposed Transaction and the Resulting Issuer. Investors are cautioned that, except as disclosed in the non-offering prospectus, any information released or received with respect to the Proposed Transaction may not be accurate or complete and should not be relied upon.

This press release is not an offer of securities for sale in the United States. The securities described in this press release have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act of 1933, as amended) absent registration or an exemption from registration. This press release shall not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction where such offer, solicitation, or sale would be unlawful.

The CSE has in no way passed upon the merits of the Proposed Transaction and has neither approved nor disapproved the contents of this press release.

FORWARD-LOOKING STATEMENTS

This press release contains "forward-looking statements" within the meaning of applicable securities laws. All statements contained herein that are not clearly historical in nature may constitute forward-looking statements.

Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved". The forward-looking information and forward-looking statements contained herein include, but are not limited to, statements regarding: the Company's ability to complete the Proposed Transaction; the ability of SWP to provide the enumerated services; the ability of the Parties to complete their respective Financings; the ability of the Company to complete the Board and Management Rotation and Name Change; the ability of the Parties to receive the requisite approvals of all regulatory bodies having jurisdiction in connection with the Proposed Transaction; and the ability of the Resulting Issuer to fulfill the listing requirements of the CSE.

Forward-looking information in this press release are based on certain assumptions and expected future events, namely: SWP's ability to continue as a going concern; SWP's ability to continue to develop revenue-generating applications; continued approval of SWP's activities by the relevant governmental and/or regulatory authorities; the continued growth of SWP; the Parties' abilities to complete their respective Financings and fund the completion of the Proposed Transaction; and the ability of the Resulting Issuer to fulfil the listing requirements of the CSE.

These statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to differ materially from those expressed or implied by such statements, including but not limited to: the potential inability of SWP to continue as a going concern; risks associated with potential governmental and/or regulatory

action with respect to the Company's and/or SWP's operations; the Company's inability to complete the Proposed Transaction; the inability of SWP to provide the enumerated services; the inability of the Parties complete their respective Financings to fund the completion of the Proposed Transaction; the inability of the Company to complete the Board and Management Rotation and Name Change; the inability of the Parties to receive the requisite approvals of all regulatory bodies having jurisdiction in connection with the Proposed Transaction; and the risks associated with the Resulting Issuer's ability to meet the CSE's listing requirements.

Readers are cautioned that the foregoing list is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated.

Forward-looking statements contained in this press release are expressly qualified by this cautionary statement and reflect the Company's expectations as of the date hereof and are subject to change thereafter. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise or to explain any material difference between subsequent actual events and such forward-looking information, except as required by applicable law.

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