

## NEWMAC RESOURCES INC.

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### NEWMAC RESOURCES ENTERS AGREEMENT FOR REVERSE TAKEOVER OF SIGNALCHEM LIFESCIENCES CORPORATION

February 17, 2022 – Newmac Resources Inc. (“**Newmac**” or the “**Company**”) (TSXV:NER) is pleased to announce that it entered into an arm’s length agreement dated February 16, 2022 (the “**Agreement**”) with SignalChem Lifesciences Corporation (“**SignalChem**”) setting out the terms of the reverse takeover acquisition (the “**Transaction**”) of SignalChem by the Company. Pursuant to the terms of the Transaction, the Company will acquire 100% of the issued and outstanding common shares of SignalChem by way of a triangular amalgamation. The Transaction will constitute both a reverse takeover and a change of business for the Company under the policies of the TSX Venture Exchange (the “**Exchange**”).

#### **SignalChem**

SignalChem is a biotech and drug research and development company located in Richmond, British Columbia. It is a private company with no control person. SignalChem began its business in British Columbia in 2004 with its initial focus on producing kinase-related products to facilitate biomedical research and drug discovery efforts. This division currently focuses on the research, development and production of innovative and high-quality human recombinant cell signaling products. Throughout the years, SignalChem has capitalized on its core expertise in cellular signaling, molecular biology and protein biochemistry to generate more than 2,000 functional protein products covering over 90% kinase targets of the entire human kinome and disease-related mutant kinases, epigenetic enzymes, ubiquitinating enzymes and other signaling proteins.

SignalChem now has four wholly-owned subsidiary corporations: (1) SignalChem Pharmaceutical Corp., which is involved in drug discovery, including the AXL inhibitor drug program which soon will enter phase 2 clinical trial in US/Canada; (2) SignalChem Biotech Inc., which is involved in bio-reagents business; (3) SignalChem Diagtech Corp., which is involved in in vitro diagnostic (IVD) products; and (4) SignalChem Plantech Corp., which is involved in plant biosynthesis.

SignalChem initiated its drug discovery business in 2012 (currently part of SignalChem Pharmaceutical Corp.). It is a multi-platform and clinical-stage drug discovery and development company focusing on development of next generation of novel, small molecule kinase inhibitors as targeted therapy for the treatment of cancer. Its experiences and expertise in the kinase biology and drug discovery and development allow it to deliver novel therapies against new and untapped kinase targets with a greater likelihood of success and better outcomes for patients. Currently, SLC-391, an inhibitor of the receptor tyrosine kinase AXL, is under phase 1 clinical trials to evaluate its safety and tolerability in subjects with solid tumours in multi-cancer centres in Canada and the dose expansion phase is anticipated to be completed by first quarter of 2022.

Collaboration partnerships have been formed on AXL phase 2 clinical trials with Merck & Co. and Sihuan Pharmaceutical Holdings Group.

SignalChem Biotech Inc. was established in 2004 and focuses on the development, production and marketing of cell signaling reagents through five protein expression systems (bacteria, yeast, plants, insects and eukaryotic cells). SignalChem Biotech Inc. offers over 3,000 cell signaling protein products encompassing wild type and mutant kinases, epigenetic enzymes, ubiquitinating and deubiquitinating enzymes which are closely related to human disease research, drug development and clinical diagnosis. The bio-reagents business has more than 40 partners/distributors in 54 countries serving over 4,000 clients worldwide, including world known large pharmaceutical companies.

SignalChem Diagatech Corp. and SignalChem Plantech Corp. were established in the past three years to capture rapid growth opportunities and fully utilize SignalChem's deep knowledge and expertise in signaling enzymes, functional proteins and understanding of metabolic pathways in plants to produce the medicinally important secondary metabolites.

According to SignalChem's 2020 year-end audited financial statements, as at December 31, 2020, it had total assets of \$5.6 million, total liabilities of \$4.4 million and shareholders' equity of \$1.2 million. It generated total revenues of \$8.3 million in 2020 with a gross profit of \$6.2 million and net loss of \$0.3 million after all expenses including drug discovery R&D expenditures.

On completion of the Transaction, the Company expects to be a Tier 2 life sciences issuer listed on the Exchange (the "**Resulting Issuer**"). It is also expected that the Resulting Issuer will change its name under the *Business Corporations Act* (British Columbia) to "SignalChem Inc".

## **Transaction**

The Transaction will be effected by a triangular amalgamation (the "**Amalgamation**"). Newmac will incorporate a new subsidiary ("**Newmac Subco**") and Newmac Subco will amalgamate with SignalChem to form an amalgamated company ("**Amalco**"). As a result, Amalco will be a wholly-owned subsidiary of Resulting Issuer at the time of the completion of the Transaction. At the effective time of the Amalgamation: (1) each SignalChem common share issued and outstanding immediately before the effective time of the Amalgamation will be cancelled and, in exchange, each holder thereof will receive 3.5639 Resulting Issuer common shares for each SignalChem common share previously held; (2) each Newmac Subco common share issued and outstanding immediately before the effective time of the Amalgamation will be exchanged for one Amalco common share; (3) as consideration for the issuance of the Resulting Issuer common shares in connection with the Amalgamation, Amalco will issue to Resulting Issuer one Amalco common share for each Resulting Issuer common share issued; and (4) Amalco will be a wholly-owned subsidiary of Resulting Issuer. No fractional Resulting Issuer common shares will be issued, the number of Resulting Issuer common shares to be issued will be rounded down to the next whole share, and no cash amount will be payable in lieu thereof.

The exchange ratio is expected to be 3.5639 (the "**Share Exchange Ratio**") based on valuations mutually agreed to by the parties with SignalChem at \$100 million and Newmac at \$7 million.

SignalChem has granted options to acquire an aggregate of 3,306,100 SignalChem common shares and such options will roll-over into options to acquire 11,782,610 Resulting Issuer common shares based on the Share Exchange Ratio. SignalChem has also issued warrants to acquire an aggregate of 171,428 SignalChem common shares and such warrants will roll-over into warrants to acquire 610,952 Resulting Issuer common shares based on the Share Exchange Ratio. Also, it is expected that the Resulting Issuer will issue share options to eligible persons in accordance with the Resulting Issuer's share option plan and applicable Exchange policies.

SignalChem currently has 37,810,152 common shares issued and outstanding. Newmac currently has 9,716,042 common shares issued and outstanding.

Upon completion of the Transaction, including the Concurrent Financing and the Debt Settlement, both of which as described below, (1) based on the minimum of \$10 million in gross proceeds from the Concurrent Financing, the current Newmac shareholders are expected to own approximately 6.46% of the Resulting Issuer common shares, the current SignalChem shareholders are expected to own approximately 82.56% of the Resulting Issuer common shares, and the Concurrent Financing shareholders are expected to own approximately 8.50% of the Resulting Issuer common shares, all on a non-diluted basis; and (2) based on the maximum of \$20 million in gross proceeds from the Concurrent Financing, the current Newmac shareholders are expected to own approximately 5.96% of the Resulting Issuer common shares, the current SignalChem shareholders are expected to own approximately 76.09% of the Resulting Issuer common shares, and the Concurrent Financing shareholders are expected to own approximately 15.67% of the Resulting Issuer common shares, all on a non-diluted basis.

If an agent is engaged in connection with all or a portion of the Concurrent Financing, it is expected that the agent would receive agent's warrants as is customarily paid for such a transaction. The Concurrent Financing may also involve the payment of finder's fees as permitted by Exchange policies.

### **Arm's Length Transaction**

The Transaction constitutes an arm's length transaction and the Transaction will be subject to shareholder approval, such approval is expected to be obtained at a shareholders' meeting or by written consent, subject to Exchange acceptance. As the Transaction will be arm's length, minority shareholder approval by way of a shareholders' meeting is not expected to be required under Exchange Policy 5.9 and Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. SignalChem shareholder approval will also be required for approving the Transaction. SignalChem is unrelated and "arm's length" to Newmac and the Transaction was negotiated at arm's length. One of the current directors of SignalChem, Gong (Michael) Chen, was formerly a director of Newmac. Mr. Chen was a director of Newmac from January 2012 until March 2021. Mr. Chen has been a director of SignalChem since January 2016. Mr. Chen was not a director and was not involved with Newmac when the Transaction was negotiated and therefore the Transaction is considered to have been negotiated at arm's length.

Newmac is currently controlled by Real Flourish Holding Limited ("**Real Flourish**") and 0979595 BC Ltd. ("**595BC**"). Real Flourish is a corporation wholly-owned by Hanxin

(Harrison) Wu, who is a director and an officer of Newmac. Real Flourish owns 4,500,000 common shares of Newmac, representing 46.3% of the issued and outstanding common shares of Newmac. 595BC is a corporation owned by Tao Peng, the brother-in-law of Hanxin (Harrison) Wu. 595BC owns 2,950,000 common shares of Newmac, representing 30.4% of the issued and outstanding common shares of Newmac.

As part of the Transaction, Newmac will settle all amounts due and owing to Hanxin (Harrison) Wu, who is currently a director and officer, as well as a control person of Newmac, and other related parties to Newmac, of a total of \$601,386 through the issuance of 834,679 Newmac common shares at a price of \$0.7205 per share (the “**Debt Settlement**”).

No deposit, advance or loan has been made or is required to be made under the Agreement.

### **Principals and Insiders of the Resulting Issuer**

The board of directors of Newmac currently consists of three members: Hanxin (Harrison) Wu, Ze Yong (Allan) Wu, and Karmen Wu.

Upon completion of the Transaction, the board of directors of the Resulting Issuer is expected to consist of six members as follows: Jun Yan, Antonius (Toni) Schuh, Yu (Dennis) Xia, Ariel Lowrier, Brian Causey and Hanxin (Harrison) Wu. Of these six directors, four are expected to be independent directors: Mr. Schuh, Mr. Xia, Mr. Lowrier and Mr. Causey. As the current size of the board of directors of Newmac is three members, Newmac expects to enlarge the board size to six members at its shareholders’ meeting expected to be held in the first half of 2022.

The management of Newmac currently consists of the following: Hanxin (Harrison) Wu as Chief Executive Officer, President and Secretary and Valent Chan as Chief Financial Officer.

Upon completion of the Transaction, the management of the Resulting Issuer will consist of the following: Jun Yan as Chief Executive Officer, Gong (Michael) Chen as Chief Financial Officer, and Zaihui Zhang as Chief Scientific Officer and Vice-President, Research Development.

The Resulting Issuer is not expected to have any control persons.

The proposed Resulting Issuer board and management will have a strong mix of biotech industry expertise and public company experience. The backgrounds for the proposed board and management members are as follows:

#### ***Jun Yan – Director and Chief Executive Officer***

Mr. Yan is founder, Chairman and President of SignalChem. He has over 20 years of experience specializing in cell signal transduction and cancer biology. He has expertise in high throughput screening against validated enzyme targets including protein kinases. Prior to co-founding SignalChem Pharmaceuticals Inc. in 2004, Mr. Yan held senior research positions at Kinetek Pharmaceuticals Inc. and QLT Inc., where he was playing leading roles in novel drug target validation and pipeline development of kinase inhibitors. With his leadership, Mr. Yan has built

SignalChem's bio-reagents business into a profitable enterprise with higher than 20% annual increase in revenue, which has been a leading supplier of cell signaling bio-reagents for drug discovery and biomedical research. In 2010, Mr. Yan co-founded MetaSignal Therapeutics Inc., a company focusing on developing and commercializing anti-cancer drugs targeting CAIX, a well-known cancer related enzyme, and was merged into SignalChem in 2012. Mr. Yan brings to SignalChem expertise in kinase biology and has been the driving force of the SignalChem's kinase-focused drug discovery platform.

***Antonius (Toni) Schuh – Independent Director***

Dr. Schuh is a founder of Global Source Ventures. He has over 20 years of executive leadership experience in the biotechnology, healthcare and life sciences industries and has served as CEO of five life sciences companies, including Arcturus Bioscience, AviraDx (now bioTheranostics), Sequenom (NASDAQ: SQNM), Sorrento Therapeutics (NASDAQ: SRNE) and Cardiff Oncology (NASDAQ: CRDF, formerly Trovogene). In each case, Dr. Schuh developed company strategy based on a focused value proposition, oversaw the execution of such strategy, and secured funding to achieve transforming milestones, including multiple product launches. Based in San Diego, California, Dr. Schuh is a certified pharmacist and earned his Ph.D. in pharmaceutical chemistry from the University of Bonn, Germany.

***Yu (Dennis) Xia – Independent Director***

Dr. Dennis Xia is a board director and Senior Vice President of Akeso, a biopharmaceutical company listed on Hong Kong Stock Exchange (9926.HK). Dr. Xia has over 20 years of management experience in international pharmaceutical companies. He excels in pharmaceutical product development, cGMP regulations and quality management system, and regulatory affairs. Prior to joining Akeso Biopharma, Dr. Xia served as associate director, product development at Apotex, Inc., the largest pharmaceutical company in Canada, and as the global quality director at Albany Molecular Research Inc. He led or participated in FDA approval for more than 30 drugs in the U.S. and has also led the development of the first generic Lipitor drug to be approved in a number of countries. Dr. Xia obtained his bachelor's degree in applied chemistry from Peking University and later obtained his Ph.D. in chemistry from the University of Wales in the U.K.

***Ariel Louwrier – Independent Director***

Dr. Louwrier started his scientific career at ABgene Ltd (U.K.) in 1995 and oversaw the production of novel PCR-related products and their manufacture until late 2002, highlighted by patent US6479264B1 that allowed the company to enter the real-time PCT market effectively. In 2003, he was appointed President of Stressgen Bioreagents, based in Victoria, Canada, where he grew the company until its sale to Ampersand Ventures (USA) and subsequently Assay Designs Inc (USA). Preferring to stay in Victoria, he founded StressMarq Biosciences in 2006 while consulting for a variety of research reagent and service-based companies. In subsequent years, he oversaw the development and manufacture of new fibrillar prion-like protein preparations for neurodegenerative research as well as numerous other product lines. As a result of this work, he founded Synapss Therapeutics Inc., a therapeutic company aimed at providing solutions to Parkinson's disease, and based on an antibody capable of inhibiting alpha synuclein aggregation. He is the author of 16 peer-reviewed publications, and holder of several patents.

He was made a Corporate Fellow of the Cell Stress Society International in 2018 as well as owning and teaching at the non-profit martial arts organization, Jindokai Karate, for the last six years. Dr. Louwrier received his Ph.D in Biochemistry from the University of Kent in the U.K. in 1992. He also completed the postdoctoral fellowship at Massachusetts Institute of Technology (MIT) in 1994.

***Brian Causey – Independent Director***

Mr. Causey is a financial executive with over 30 years' experience in finance, accounting, operations and management with an extensive background in public accounting. Mr. Causey was previously a partner of KPMG LLP and, after leaving public practice, he became the Vice President of Finance for the public international fishing company, BC Packers. He has also owned and operated an international transportation (trucking) company, operating in Canada and the USA. Mr. Causey then joined Hunter Dickinson Inc. and became Vice President of Project Finance where he was involved with 10 public companies and raised over \$200 million in financings for these companies. Mr. Causey has acted as a board director of a number of public companies, the most recent of which was Nanotech Security Corp., a company specializing in anti-counterfeiting technologies for world currencies. Mr. Causey is a Chartered Accountant (CPA/CA) and earned a Bachelor of Commerce degree from the University of British Columbia, with a specialty in finance and accounting.

***Hanxin (Harrison) Wu – Director***

Mr. Wu is currently the Chairman and CEO of Newmac and has more than 20 years of experience managing medium to large size businesses. Mr. Wu is a successful entrepreneur and investor demonstrating a track record of investing, developing and managing businesses in areas of healthcare, EV battery, industrial, real estate and finance. Mr. Wu is experienced with business development, strategy planning, corporate management and financial investment.

***Gong (Michael) Chen – Chief Financial Officer***

Mr. Chen has more than 25 years of experience in finance management, mergers & acquisitions, financing and business development in a cross-culture environment. He is currently the managing director of DoubleOcean Financial Group, a financial advisory firm that facilitates the cross-border investments between North America and China. Mr. Chen has extensive experiences with public companies listed on the TSX and the Hong Kong Stock Exchange in the capacity of director of board and/or CFO, including two biotech companies and several mining companies. He served as VP Finance of a mining company with investments of \$700 million in Yukon between 2012 and 2014. He currently sits on the boards of a financial services company, G-Resources Group Ltd., listed on the Hong Kong stock exchange, and a non-profit long-term care organization. Prior to moving to Canada, Mr. Chen worked in various management positions for eight years at Honeywell International and United Technologies in the United States, two Fortune 500 companies. Mr. Chen received his Bachelor's degree in International Finance from Peking University and his Master's in Business Administration from the University of Arizona, USA. He is a Certified Public Accountant in the United States.

### ***Zaihui Zhang – Chief Scientific Officer and Vice-President, Research Development***

Dr. Zhang is a co-founder of SignalChem. He has over 25 years of experience in the development of novel targeted therapies. He has led a wide range of therapeutic programs across different disease areas and has experience working with different classes of biological targets including protein kinases, metallo-enzymes, sodium channels, and transporters. Dr. Zhang has led several therapeutic programs that have been successfully acquired by or partnered with top tier multinational pharmaceutical companies and biotech companies during his tenures at Xenon Pharmaceuticals Inc. and Kinetek Pharmaceuticals Inc. He had important roles in advancing four small molecules from the discovery stage to the clinical stage. He is a co-author of more than 30 scientific publications and is an inventor/co-inventor of more than 80 patents and patent applications. He brings to SignalChem expertise in all stages of drug discovery including hit-to-lead, lead optimization, preclinical development, project management and leadership, and intellectual property. Dr. Zhang received his Ph.D. in chemistry from the University of British Columbia.

The Resulting Issuer is expected to appoint a new corporate secretary and possibly other officers upon completion of the Transaction and further details of such appointments will be announced in a subsequent news release.

### **Concurrent Financing**

As part of the Transaction, prior to the Amalgamation, SignalChem expects to complete a private placement of common shares (or subscription receipts convertible into common shares upon satisfaction of certain escrow release conditions) at a price of approximately \$2.5678 per SignalChem share (resulting in an effective price of \$0.7205 per Newmac common share based on the Share Exchange Ratio and the valuations mutually agreed to by the parties) for gross proceeds of a minimum of \$10 million to a maximum of \$20 million (the “**Concurrent Financing**”).

Under the Amalgamation, the SignalChem common shares issued under the Concurrent Financing will be exchanged for Resulting Issuer common shares. The prospectus exemption for the issuance of Resulting Issuer common shares in exchange for SignalChem common shares under the Amalgamation is expected to not subject the Resulting Issuer common shares to a four-month hold period.

If an agent is engaged in connection with all or a portion of the Concurrent Financing, it is expected that the agent would be paid a cash commission, agent’s warrants, and other fees that are customarily paid for such a transaction. The Concurrent Financing may also involve the payment of finder’s fees as permitted by Exchange policies.

The net proceeds of the Concurrent Financing will primarily be used by the Resulting Issuer to conduct planned Phase 2 clinical trials in Canada and in the United States with non-small cell lung cancer patients in combination with Keytruda, Merck’s anti-PD-1 antibody; to develop new targeted therapies with other cancer related biological targets; to expand the bio-reagent business and the in vitro diagnostic business; to enhance intellectual property position; and general corporate and working capital purposes.

## **Transaction Conditions**

Pursuant to the Agreement, the material mutual conditions precedent include: (1) shareholders of Newmac and SignalChem approving the Transaction; (2) the Exchange conditionally accepting the Transaction; (3) obtaining all other requisite consents and approvals to complete the Agreement and the Amalgamation; (4) not having dissent rights with respect to the Amalgamation exercised by SignalChem shareholders representing 5% or more of the SignalChem shares; (5) SignalChem completing the Concurrent Financing; and (6) Newmac entering into the Debt Settlement. Each of Newmac and SignalChem have respective condition precedents that are customary for a transaction of this type such as performance of covenants, delivery of completion documents, and no material adverse changes having occurred in respect of each of the parties.

Prior to the Amalgamation, a finder's fee of 1,134,305 SignalChem common shares will be issued to DoubleOcean Financial Group Ltd., a company controlled by Gong (Michael) Chen, an independent director of SignalChem (the "**Finder's Fee**"). The Finder's Fee is expected to be within the finder's fee limitations set out in Exchange Policy 5.1.

Newmac's non-material Chinese subsidiaries, Newmac (Shenzhen) Co. Ltd. and Newma (Guangzhou) Technology Co. Ltd., were involved in exploring the skin care business in China, but have ceased operations. Newmac is in the process of dissolving these two Chinese subsidiaries and their dissolution is expected prior to completion of the Transaction.

After completion of the Transaction, the Resulting Issuer intends to use commercially reasonable best efforts to dispose all of its mining assets that Newmac currently holds.

## **Sponsorship**

Sponsorship for the Transaction may be required. Unless the Concurrent Financing is brokered, or a certain portion of it is brokered, and a due diligence letter to provided by the agent, sponsorship would be required unless a waiver from the sponsorship requirement is available. Newmac intends to apply to the Exchange for waiver from the sponsorship requirement. No sponsor has been retained in connection with the Transaction at this time.

## **Trading Halt**

Trading of Newmac's listed shares on the Exchange was halted at the request of Newmac on May 11, 2021 in advance of the announcement relating to the letter of intent for the Transaction. The closing price for Newmac's common shares was \$0.285 per share when trading was halted. It is expected that the trading halt will continue until completion of the Transaction.

## **Further Information**

For further information, please contact Valent Chan, CFO, at telephone 778.288.3252.



*Neither the TSX Venture Exchange nor its Regulations 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.*

*Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable, disinterested shareholder approval. Where applicable, 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.*

*Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Newmac should be considered highly speculative.*

*The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this news release.*

### **Forward-Looking Information**

Information set forth in this news release may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation; statements about the terms and completion of the Transaction including, without limitation, the Amalgamation and Concurrent Financing, are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: failure to satisfy all conditions precedent to the Transaction, including shareholder approval, acceptance of the TSX Venture Exchange and completion of the Concurrent Financing and the additional risks identified in the management discussion and analysis section of Newmac's interim and most recent annual financial statement or other reports and filings with the TSX Venture Exchange and applicable Canadian securities regulators. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and the respective companies undertake no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. Investors are cautioned against attributing undue certainty to forward-looking statements.