

Dixie Brands and Khiron Life Sciences to bring more than 100 market-proven products to the Latin American cannabis market

- Dixie Khiron JV Corp. formally established to bring Dixie Brands portfolio of cannabis-infused products to Latin America
- Dixie and Khiron are 50/50 JV co-owners
- JV introduces Khiron's Kuida® brand to the U.S. market, with special focus on the Hispanic population of almost 60 million
- JV has full access to Dixie's portfolio of more than 100 SKUs sold over the past 9 years in world's most mature cannabis markets
- Dixie-Khiron to enjoy first-mover advantage in Latin American market of 620 million people
- LatAm cannabis market estimated to reach \$12 billion by 2028 (source: Prohibition Partners)

DENVER and TORONTO, March 14, 2019 /CNW/ - Dixie Brands Inc. ("**Dixie**") (CSE: DIXI.U), (Frankfurt: 0QV), (OTC: DXBRF), one of the cannabis industry's leading consumer packaged goods ("**CPG**") companies, and Khiron Life Sciences Corp. ("**Khiron**") (TSXV: KHRN), (OTCQB: KHRNF), (Frankfurt: A2JMZC), a vertically integrated cannabis leader with core operations in Latin America, have signed a definitive agreement (the "**Agreement**") relating to the joint venture (the "**JV**") the companies announced on January 30, 2019. With the execution of the Agreement, a new company called Dixie Khiron JV Corp. ("**Dixie-Khiron**") has been established, 50% owned by each of Dixie and Khiron.



The Kuida® line of CBD-based products will be broadly distributed in the United States and is expected to have particular appeal to the Hispanic population. (CNW Group/Khiron Life Sciences Corp.)

Dixie-Khiron will take advantage of the complementary strengths of both companies to manufacture and distribute cannabis-infused products to the Latin American market. By combining Dixie's portfolio of more than 100 cannabis-infused products with Khiron's established footprint throughout Latin America, the companies aim to capture first-mover advantage and establish leadership in the region of 620 million people.

In accordance with the Agreement, Dixie will also manufacture and distribute Khiron's Kuida® brand of cannabidiol (CBD)-based cosmeceuticals in the United States. Kuida is expected to be broadly distributed and is expected to have particular appeal to the growing U.S. Hispanic population, estimated at nearly 60 million.

Chuck Smith, President and CEO of Dixie Brands, stated, "In the weeks since we announced this

partnership it has become even more clear that the strengths of our two companies are perfectly aligned to lead in Latin America. Our marketing and regulatory teams have analyzed the opportunities and requirements across the region, and we are completing detailed business plans to secure 'first mover' advantage. By leveraging our existing infrastructure, intellectual property, expertise and distribution channels, we are moving quickly to introduce products to selected markets."

Latin American Market

Latin America is among the world's fastest-growing cannabis markets. According to Prohibition Partners, cannabis spending in the region is expected to reach US\$12 billion by 2028, and Quintiles IMS estimates that there are approximately 68 million potential patients in Latin America that could benefit from medical cannabis. With six megacities of 10 million or more located in Latin America (UN Data Booklet: The World's Cities in 2018), the market offers an attractive, super-urban and informed consumer base for cannabis-infused consumer products, with an awareness of recognized global brands and access to a vast retail network that has seen five-year retail revenue growth averaging 10.6% per year (Deloitte Touche Tohmatsu: Global Powers of Retailing 2018).

Alvaro Torres, Co-founder and CEO of Khiron Life Sciences, stated, "Our timing for launching this joint venture is ideal. Latin America is poised to become one of the world's largest cannabis markets, due to continuing legalization across the region and the increasing affluence of the population, particularly in urban areas. Despite these attractive dynamics, there are relatively few significant competitors, as many companies have targeted other global regions. We believe we have an opportunity to establish ourselves as a dominant player in this market."

Khiron operates in the Colombian market and has incorporated entities and obtained certain licenses with an objective to enter the Peru, Chile and Mexico markets. The Company has announced plans to enter Brazil and Uruguay through its proposed acquisition of NettaGrowth International Inc. ("**NettaGro**"). Upon completion of the NettaGro transaction, Khiron will be positioned in markets which collectively represent more than 430 million of the total Latin American population of 620 million people.

Country	Population (millions)
Brazil ¹	208
Mexico	124
Colombia	48
Peru	32
Chile	18
Uruguay ¹	3

1. Subject to completion of proposed acquisition of NettaGrowth International Inc.

Cannabis-Infused Product Portfolio

Dixie's extensive portfolio of intellectual property, developed and successfully commercialized over the past nine years, includes SKUs in each of the major categories of cannabis-infused products. Dixie and Khiron anticipate that the majority of these products can be introduced to the Latin American market in their current formulations or with minor adaptations to reflect local preferences. The following table lists a sample of Dixie's existing products corresponding to several mainstream consumer categories, along with Euromonitor International estimates of the total Latin American market size in 2018.

Category	Latin American Market Size in 2018 (US\$ billions) ²	Existing Dixie Products
Health & Wellness Beverages and Soft Drinks	\$105.01	Carbonated and still flavored drinks including: Lemonade, Fruit Punch, and Root Beer
Health & Wellness Packaged Food	\$39.74	Gummies, Soft Taffy Chews, Chocolate Bars, Fruit Tarts
Skin Care	\$9.63	Mild pain-relieving lotions, balms and bath soaks
Human Supplements	\$4.36	Effervescent drink mixes, dissolvable tablets, nutrient-enriched aqueous wellness sprays

Pet Food and Products	\$14.96	Canine and feline food toppers and soft chews
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2. Source: Euromonitor International

Hillcrest Merchant Partners Inc. acted as advisor on the JV and, upon completion of the JV, will receive an advisory fee payable equally by the parties in shares of Dixie and Khiron.

Completion of the JV and the commencement of operations is subject to the receipt of all required regulatory approvals, including final acceptance of the TSXV.

About Dixie Brands, Inc.

Dixie Brands Inc., through its licensed partners, has been formulating award-winning THC and CBD-infused products since 2009. Currently operating in five U.S. states, it is expecting to double its manufacturing and distribution capabilities in 2019 in the U.S. as well as expand internationally, including Canada and Latin America. Dixie leads the global industry in the development, packaging design, product innovation and quality control for the commercial production of cannabis infused products. While Dixie started with a single flagship product, the Dixie Elixir (a THC-infused soda), it is now one of the industry's most recognized consumer brands, expanding to over 100 products across more than 15 different product categories representing the industry's finest edibles, tinctures, topicals and connoisseur grade extractions, as well as world-class CBD-infused wellness products and pet dietary supplements. Dixie's executive team has been instrumental in the formation of the cannabis industry for recreational and medicinal use, serving as founding members on several national regulatory and business-oriented industry organizations. To find out more about Dixie's innovative products, or about how Dixie is building the future of cannabis, visit www.dixiebrands.com.

About Khiron

Khiron Life Sciences Corp. is positioned to be the dominant integrated cannabis company in Latin America. Khiron has core operations in Colombia and is fully licensed in the country for the cultivation, production, domestic distribution, and international export of both THC (tetrahydrocannabinol) and CBD (cannabidiol) medical cannabis. In May 2018, Khiron listed on the TSX Venture Exchange, becoming one of the first Colombian-based medical cannabis companies to trade on any exchange globally. Khiron is led by Co-founder and Chief Executive Officer, Alvaro Torres, together with an experienced executive team, and a knowledgeable Board of Directors that includes former President of Mexico, Vicente Fox.

Further information on Khiron can be found at <https://investors.khiron.ca/>

CAUTIONARY NOTES

Market and Industry Data

This news release contains market and industry data and forecasts that were obtained from third-party sources, industry publications and publicly available information. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Although management of Dixie and Khiron believes it to be reliable, neither independently verified any of the data from third-party sources referred to in this news release, or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying economic assumptions relied upon by such sources.

Forward-Looking Information

Certain statements in this news release may constitute "forward-looking information" and "forward-

looking statements" within the meaning of applicable securities laws. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Khiron or Dixie and its subsidiary entities or the industry in which they operate, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this news release, such statements use words such as "may", "will", "expect", "believe", "plan" and other similar terminology. These statements reflect the current expectations of Dixie and Khiron management regarding future events and operating performance and speak only as of the date of this news release. These forward-looking statements involve a number of risks and uncertainties. Forward-looking statements herein include, but are not limited to, statements regarding the receipt of required regulatory approvals, including from the TSXV, the proposed production, distribution and sale of cannabis-infused products in Latin America, and the proposed manufacture and sale by Dixie of Kuida® products in the U.S. Neither Dixie nor Khiron undertake any obligation to comment on analyses, expectations or statements made by third-parties in respect of Dixie or Khiron, their respective securities, or financial or operating results (as applicable). Although each of Dixie and Khiron believe that the expectations reflected in forward-looking statements in this news release are reasonable, such forward-looking statements are based on expectations, factors and assumptions concerning future events which may prove to be inaccurate and are subject to numerous risks and uncertainties, certain of which are beyond both Dixie's and Khiron's control. These risk factors are discussed in detail under the heading "Risk Factors" in Dixie's listing statement and Khiron's Annual Information Form, both filed on SEDAR. New risk factors may arise from time to time and it is not possible for the management of Dixie or Khiron to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of Dixie or Khiron to be materially different from those contained in forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results, as actual results may differ materially from those contemplated by these statements.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including that: (i) there will be no material adverse competitive or technological change in condition of either Dixie's or Khiron's business; (ii) there will be a demand for Dixie's and Khiron's products that both Dixie and Khiron have accurately forecast; (iii) there will be no material adverse change in Dixie's or Khiron's operations, business or in any governmental regulation affecting Dixie, Khiron or their suppliers; and (iv) entering into certain agreements contemplated by the Agreement, including a license agreement for Dixie-Khiron's use of Dixie intellectual property in Latin America and a manufacturing and distribution agreement for Dixie's sale of Kuida® products in the U.S.

These forward-looking statements are made as of the date of this news release. Neither Dixie nor Khiron undertake any obligation, except as required by law, to update or revise any forward-looking statements contained in this news release, whether as a result of new information, future events or otherwise, other than as required under applicable securities legislation.

The CSE has neither approved nor disapproved the contents of this news release.

Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this press release.



The Dixie Brands portfolio includes more than 100 commercially available cannabis-based products. (CNW Group/Khiron Life Sciences Corp.)

SOURCE Khiron Life Sciences Corp.

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