

Entheos to Enters into Binding Letter Agreement to acquire The BC Bud Co. in Reverse Takeover Transaction

Trading symbol: TSX-V-NEX: ENTH.H

VANCOUVER, BC, Feb. 11, 2021 /CNW/ - Entheos Capital Corp. (the "Company"), announces that it has entered into a binding letter agreement dated February 7, 2021 with The BC Bud Co. ("BCBC") whereby the Company will acquire all of the issued and outstanding securities of BCBC by way of a share exchange.

Upon the successful completion the proposed acquisition of the securities of BCBC (the "Transaction"), it is anticipated that the Company will carry on the business of BCBC (the "Resulting Issuer") and will seek to delist its common shares from the TSX Venture Exchange ("TSXV") and list its common shares on the Canadian Securities Exchange ("CSE") such that on the date of closing, the common shares of the Resulting Issuer would be listed on the CSE as a life science issuer in the cannabis industry. The Transaction constitutes a 'reverse takeover' of the Company.

Related Party Transaction

As two directors of the Company, being CEO Brayden Sutton and Director Josh Taylor are each the holders of 40% of the issued and outstanding shares of BCBC, the Transaction constitutes a 'related party transaction' as defined in Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). As a result, the completion of the Transaction will be subject to the valuation and majority of the minority shareholder approval requirements of MI 61-101.

Brayden Sutton is a Director, President and CEO of the Company and currently holds, directly or indirectly 1,713,333 ENTH Shares, representing approximately 12.55% of the issued and outstanding ENTH Shares. Josh Taylor is a Director of the Company and currently holds, directly or indirectly, 127,309 ENTH Shares, representing less than 1% of the issued and outstanding ENTH Shares.

Following completion of the Transaction, but prior to completion of any concurrent financing, Mr. Sutton will hold 12,213,333 ENTH Shares representing approximately 32.86% of the issued and outstanding ENTH Shares, prior to the exercise of any options or warrants held by him, and Josh Taylor will hold 10,627,309 ENTH Shares, representing approximately 28.56% of the issued and outstanding ENTH Shares, prior to the exercise of any warrants held by him.

The Transaction will be reviewed and considered by the Company's independent director. Malahat Valuation Group has prepared an initial valuation report dated December 21, 2020 in respect of BCBC which concludes that the fair market value of BCBC is in the range of \$7.9-\$8.7 million.

Transaction Summary

Pursuant to the Transaction, the Company will issue common shares in its capital ("ENTH Shares") to the holders of common shares in the capital of BCBC ("BCBC Shares") on the basis of approximately 2.1 ENTH Shares for each BCBC Share. It is anticipated that approximately 26,250,000 ENTH Shares will be issued pursuant to the Transaction based on the current capital structure of BCBC. The Company currently has 13,651,815 ENTH Shares issued and outstanding.

No advances to be made by the Company to BCBC are contemplated by the letter agreement and no finder's fees are payable in connection with the Transaction.

The Transaction is subject to a number of terms and conditions, including, but not limited to, the parties entering into a definitive agreement with respect to the Transaction on or before March 15, 2021 (such agreement to include representations, warranties, conditions and covenants typical for a transaction of this nature), the completion of a private placement by ENTH to raise gross proceeds of at least \$1,000,000 as further described below, the approval of a majority of the minority shareholders in the Company, and the approval of the CSE and other applicable regulatory authorities. Additionally, the delisting of the ENTH Shares in advance of the listing on the CSE will also require the approval of a majority of the minority shareholders in the Company.

All dollar figures referenced herein, unless otherwise specified, refer to Canadian dollars.

Trading Halt

Trading in the ENTH Shares has been halted and is expected to remain halted pending the satisfaction of the listing requirements of the CSE. There can be no assurance that trading of ENTH shares will resume prior to the completion of the Transaction and it is not anticipated that trading will resume on the TSXV prior to delisting. Further details concerning the Transaction (including additional financial information) and other matters will be announced if and when a definitive agreement is reached.

Information Concerning BCBC

BCBC is incorporated under the laws of Canada and is an early-stage company pursuing premium recreational cannabis products in the cannabis industry through licensing, manufacturing and joint venture agreements with licensed producers under the *Cannabis Act*. BCBC is not a licensed producer. Its expected branded products will include The BC Bud Co. flower products, edibles under the brand 'Canna Beans', concentrates sold as Solventless Solutions, 'Buds' beverages line and select lifestyle apparel.

As of December 31, 2020 (unaudited information), BCBC had approximately \$1,000,000 in assets comprised of \$640,000 in intangible properties and \$360,000 in cash and cash equivalents, as well as liabilities of approximately \$100,000.

Each of Brayden Sutton, the Chief Executive Officer of BCBC, and Josh Taylor, the President of BCBC, both directors of the Company, holds 5,000,000 BCBC Shares, representing 40.00% of the outstanding BCBC Shares. L5 Capital Corp, owned and controlled by Marc Lustig, holds 2,500,000 BCBC Shares, representing 20.00% of the outstanding BCBC Shares.

Management and Board of Directors of Resulting Issuer

Upon completion of the Transaction, Corey Larricq will resign as a Director of the Company and Samantha Shorter will resign as Chief Financial Officer of the Company. Brayden Sutton will remain as CEO and a Director and Josh Taylor will remain as a Director and be appointed as President. BCBC will appoint two new Directors of the Company to be determined and a new Chief Financial Officer and Corporate Secretary.

Brayden Sutton

Mr. Sutton has over 17 years of medical cannabis experience in Canada. He is the co-founder of Supreme Cannabis, 1933 Industries, CannabisHealth.com and has a rich history of activism, investment, and valuable product creation and offerings in both Canada and the United States.

Josh Taylor

Mr. Taylor has over a decade of experience in the cannabis industry, including CPG and pharmaceutical roles. Josh co-founded The Rosin Factory, which was awarded two High Times

Cannabis Cups in 2017 for Solventless flower rosin products. Prior to founding The BC Bud Co, Josh was the Director of Business Development at 1933 Industries.

Private Placement

Pursuant to the letter agreement, it is a condition of the Transaction that the Company complete a private placement for aggregate gross proceeds to BCBC of at least \$1,000,000 on terms to be determined. Additional details concerning the terms of the private placement will be provided in a subsequent press release.

BCBC intends to use the net proceeds of the private placement to fund the Transaction, to develop its business and for working capital.

This news release does not constitute an offer to sell and is not a solicitation of an offer to buy any securities in the United States. The securities of the Company and BCBC have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws unless pursuant to an exemption from such registration.

Shareholder Meeting

Approval for the Transaction will be sought from the Company's shareholders on a date to be determined.

Name Change

Upon completion of the Transaction, the Company intends to change its name to "The BC Bud Co" and the parties expect that the CSE will assign a new trading symbol for the Resulting Issuer.

Forward-Looking Statements

This news release contains certain "forward looking statements" including, for example, statements relating to the completion of the Transaction and Private Placement and the Resulting Issuer's anticipated share capital. Such forward-looking statements involve risks and uncertainties, both known and unknown. The results or events depicted in these forward-looking statements may differ materially from actual results or events. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding and are implicit in, among other things: receipt of regulatory approvals, the Company's ability to complete the Transaction and Private Placement, the state of the capital markets, the impact of the COVID-19 pandemic, the ability of the Resulting Issuer to successfully manage the risks inherent in pursuing business opportunities in the cannabis industry, and the ability of the Resulting Issuer to obtain qualified staff, equipment and services in a timely and cost efficient manner to develop its business. Any forward-looking statement reflects information available to the Company as of the date of this news release and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise.

Entheos Capital Corp.

"Brayden R. Sutton"

Brayden R. Sutton, Chief Executive Officer

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.

Completion of the Transaction is subject to a number of conditions, including stock exchange acceptance and majority of the minority Shareholder approval. 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 Information Circular and Listing 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 the Company should be considered highly speculative. The TSX Venture Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

SOURCE Entheos Capital Corp.

View original content: <http://www.newswire.ca/en/releases/archive/February2021/11/c8817.html>

%SEDAR: 00003975E

For further information: contact Brayden Sutton at (778) 656-0377

CO: Entheos Capital Corp.

CNW 19:37e 11-FEB-21