



Lineage to Buy One of San Jose's Big 16

Entering California Market With Big Acquisition

TORONTO, March 06, 2018 -- Lineage Grow Company Ltd. (the "**Company**" or "**Lineage**") (CSE:BUDD) is pleased to announce that it has entered into a binding letter of intent ("**LOI**") to acquire a 100% interest in Altai Partners LLC ("**Altai**"), a limited liability company operating out of California (the "**Acquisition**"). Altai is to acquire a minimum of 45% ownership interest in Lucrum Enterprises Inc., d/b/a LUX Cannabis Dispensary ("**LUX**"). LUX is one of only 16 licensed dispensaries operating in San Jose, California, one of the most influential cannabis markets in the world.

Altai currently has an agreement in place for a 45% interest in LUX. Altai continues to negotiate with LUX to increase its ownership stake in LUX to a controlling interest of 51% or greater and Lineage can terminate the transaction if a minimum of 51% interest in LUX is not achieved.

The Company and Altai are proceeding to expedite due diligence and move to close the transaction as soon as possible.

Transaction Highlights:

- Experienced Altai management team giving Lineage ready room for further expansion in the California cannabis market.
- Structured as a share purchase transaction.
- Provides strong foothold in the influential and growing California retail dispensary market.
- Retail platform to support future assets to be acquired.
- Existing base of revenue-generating assets positioned in the adult-use market.
- LUX license also includes Cultivation, Extraction, and Delivery.
- Opportunity to improve performance by deploying best-in-class operating procedures and branding strategies.

Transaction Terms:

Lineage will purchase all of the membership units of Altai in exchange for issuing 5,125,000 common shares of Lineage at an issue price of US\$0.20 per common share (for total share consideration of US\$1,025,000). Lineage will also be required to advance to LUX funding in the amount of US\$1,450,000 over the next ten months to fund operations. The total share and cash consideration to be paid for Altai and a corresponding 45% interest in LUX will be \$2,475,000.

If Altai is successful in negotiating with Lux shareholders to acquire the remaining 55%, or part thereof, Lineage will issue to Altai and Lux stakeholders up to an additional 15,125,000 shares, or a pro rata portion thereof.

"Pursuing acquisitions and strategic partnerships to establish our footprint in the California retail markets is the direct consequence of our aggressive growth strategy," said David Drutz, CEO of Lineage. "Our team saw this Acquisition as an excellent opportunity for continued growth in the most exciting retail cannabis markets in the U.S."

Completion of the Acquisition will be subject to satisfactory completion of due diligence, execution of a definitive agreement, all required approvals and consents, as well as the completion of the Altai acquisition of a minimum of 51% ownership interest in LUX. There can be no assurance that the Acquisition will be completed as proposed or at all.

For further information, please contact:

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This news release may contain forward-looking statements and information based on current expectations. Any such forward-looking statements may be identified by words such as "expects", "anticipates", "believes", "projects", "plans" and similar expressions. Forward looking information in this news release includes the following statements: (i) expected terms of the Acquisition; (ii) expected Altai acquisition of a minimum of 45% of LUX; (iii) expected negotiation to increase Altai's ownership interest to 51% and more; (iv) expectation that the Company to complete Acquisition as soon as possible; (v) expectation for Lineage to expand further in California; (vi) expectation for terms for Altai acquiring additional interest in LUX; (vii) expected loan advances to Altai (viii) management's belief that the Acquisition will provide strong foothold in the influential and growing California retail dispensary market, LUX's retail platform will support future assets to be acquired, and LUX offers an opportunity to improve performance by deploying best-in-class operating procedures and branding strategies; (ix) management's plan to deployment advanced cultivation techniques and best-of-breed genetics, and (x) Lineage's intention to optimize the variable costs associates with cannabis cultivation and successfully produce craft cannabis at a commercially viable industrial scale.

These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements. Such risks include operational risks; U.S. federal regulation risks; variation in state regulations; change of cannabis laws; security risks; risks related to operational permits and authorizations; risks on liability, enforcement complaints etc.; banking risks; risk that the Company's limited operating history makes evaluating its business and prospects difficult; need for funds; risk that the Company may be exposed to infringement or misappropriation claims by third parties, which, if determined adversely to the Company, could subject the Company to significant liabilities and other costs; risk that the Company may need to incur significant expenses to enforce its proprietary rights, and if the Company is unable to protect such rights, its competitive position could be harmed; risks related to trade secrets; risk that Company is dependent upon its existing management, its key research and development personnel and its growing and extraction personnel, and its business may be severely disrupted if it loses their services; risk of potential for conflict of interest; risk related to inability to innovate and find efficiencies; competition risks; risk that a drop in the retail price of medical marijuana products may negatively impact the business; consumer acceptance of marijuana; potential future acquisitions and/or strategic alliances may fail to materialize and may have an adverse effect on the Company's ability to manage its business; risk on management of growth; risk related to general economic trends; tax risk and currency fluctuation risks. For details of the risks faced by the Company, please see the Company's listing statement dated February 26, 2018 available at www.sedar.com under the Company's profile. There is no certainty that any of these events will occur. Although such statements are based on management's reasonable assumptions, there can be no assurance that such assumptions will prove to be correct.

All forward-looking information herein is qualified in its entirety by this cautionary statement, and the Company disclaims any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events or developments, except as required by applicable securities laws.