



NOVEMBER 22, 2018

LINEAGE ANNOUNCES DEFINITIVE AGREEMENT TO ACQUIRE CALIFORNIA LICENSED PRODUCER AGRIS FARMS

Toronto, Ontario – Lineage Grow Company Ltd. (the "**Company**" or "**Lineage**") (CSE:BUDD) is pleased to announce the signing of a definitive agreement (the "**Agris Agreement**") to acquire California-based Walnut Oaks, LLC d/b/a Agris Farms ("**Agris Farms**") (the "**Agris Farms Acquisition**").

Transaction Overview

Agris Farms operates a fully-licensed and fully-operational 40,500 sq. ft. low-cost greenhouse facility and a 3,000 sq. ft. craft-style indoor facility in Yolo County, California. The Yolo facility is in commercial production with annual production capacity of 6,000 lbs. of premium quality craft cannabis.

Pursuant to the Agris Agreement, Lineage would acquire a 100% ownership interest in Agris Farms based on an implied enterprise value of US\$6,600,000. Consideration would be in the form of stock and the assumption of liabilities.

Management Commentary

"The acquisition of Agris Farms and the signing of this definitive agreement, are directly aligned with the strategic framework we have outlined to our shareholders," said Peter Bilodeau, CEO of Lineage. "As one of California's premium quality low-cost producers, Agris Farms serves as a tremendous building block to launch our California growth initiative."

"We are very excited to be joining the Lineage team as we believe there are meaningful ways in which we can grow faster together." said Menna Tesfatsion, CEO of Agris Farms. "We are focused on delivering top quality cannabis products to California's discerning consumer base and we are confident that Lineage's platform will provide access to a best-in-class distribution and manufacturing network enabling us to scale more aggressively and more efficiently."

Transaction Details

Pursuant to the Agris Agreement, the purchase price for the Agris Farms Acquisition is US\$6,600,000, payable on closing, comprised of: (i) US\$2,148,880 payable by the issuance of Lineage common shares at a price of C\$0.165 per share; (ii) the assumption of liabilities in the aggregate amount of US\$2,951,120; and (iii) the provision of a put option by Lineage in favor of the holder of a US\$1,500,000 subordinated note where the note holder can choose to convert the subordinate note into a Lineage convertible note convertible into a unit of one Lineage common

share and one half of a warrant with a conversion price of C\$0.19 per share and a warrant exercise price of C\$0.25 per share. The sellers may also be entitled to receive an earn-out payment equal to six times (6x) of any EBITDA in excess of US\$1.1 million during the period of May 1, 2018 to April 30, 2019. In case of consolidation or reclassification of Lineage common shares, the issue price, number of shares issuable and type of shares to be issued in the Agris Farms Acquisition will be adjusted accordingly.

Closing of the Agris Farms Acquisition is subject to various conditions, including the approval of Yolo county for the transfer of Agris Farms membership units to Lineage, closing of the proposed reverse takeover transaction between Lineage and FLRish, Inc. d/b/a Harborside ("**Harborside**"). There is no assurance that the Agris Farms Acquisition will be completed as proposed or at all.

Bridge Loan from Harborside

On November 13, 2018, Lineage issued a promissory note in favour of Harborside in the principal amount of C\$2,000,000 as a bridge loan. The note is unsecured, and bears in interest at 12% per annum, or 18% per annum while the loan is in default. The bridge loan will mature after one year, which may be extended for another year unless Lineage receives a written notice from Harborside prior to 90th day before the expiry of the then current term that Harborside does not wish to extend the term of the loan. However, if the proposed reverse takeover transaction between Lineage and Harborside is terminated, the bridge loan will mature on the date that is six months after the date of termination.

The proceeds of the bridge loan are expected to be used by Lineage to subscribe for Agris Farms membership units as set out below.

Subscription of Agris Farms Membership Units

In connection with the Agris Farms Acquisition, as part of the assumption of liabilities of Agris Farms, Lineage is to subscribe for 698.17 membership units in Agris Farms at US\$2,149.47 per unit with a total subscription price of US\$1,500,000. Agris Farms will use the subscription proceeds from Lineage to repay and retire a senior secured note in the principal amount of US\$1,500,000. Lineage's subscription of membership units and Agris Farms' repayment of the senior note are expected to occur on November 23, 2018.

Lux Acquisition Update

The Company also wishes to report that the previously announced acquisition of Lucrum Enterprises Inc., d/b/a LUX Cannabis Dispensary and the proposed reverse takeover transaction with Harborside are advancing with execution of a definitive agreements anticipated in short order.

About Lineage Grow Company Ltd.

Lineage Grow Company Ltd. is a reporting issuer that is listed on the Canadian Securities Exchange ("**CSE**"). Lineage is currently focused on operating two retail licensed stores located in two prominent cities in Oregon (Portland and Eugene), and on assembling licensed operators with good growth potential and superior management, either through direct acquisition or through joint ventures, with an aim towards building a dominant vertically-integrated cannabis business that leverages best-in-class cultivation, brands, distribution, and retail assets. Lineage has

entered into the Agris Agreement with respect to the Agris Farms Acquisition and a binding letter of intent to acquire a dispensary in San Jose, California. In addition, Lineage and Harborside have entered into a binding letter agreement pursuant to which Lineage will acquiring all the issued and outstanding securities of Harborside in a reverse takeover transaction.

For updates on the Company's activities and highlights of the Company's press releases, investor deck and other media coverage, please visit Lineage's web site (under construction) at www.lineagegrow.com

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This news release may contain "forward-looking" statements and information based on current expectations. These "forward looking" statements may use such words as "may", "will", "expect", "believe", "plan" and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this press release. These statements should not be read as guarantees of future performance or results. Forward looking statements in this transaction include: management's expectation that Agris Farms Acquisition will be a tremendous building block to launch Lineage's California growth initiative; Agris Farms' management's belief that there are meaningful ways in which Lineage and Agris Farms can grow faster together and that Lineage's platform will provide access to a best-in-class distribution and manufacturing network enabling Agris Farms to scale more aggressively and more efficiently; terms of the Agris Farms Acquisition; terms of the bridge loan from Lineage; expected use of proceeds of the bridge loan; expected timing for Lineage's subscription of Agris Farms membership units and repayment of Agris Farms senior note; and management's expectation on execution of definitive agreements for the proposed acquisition of Lucrum Enterprises Inc. and proposed reverse takeover with Harborside. 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 and the Company's revised management's discussion and analysis dated October 22, 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.

Company's securities have not been registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or applicable state securities laws, and may not be offered or sold to, or for the account or benefit of, persons in the United States or "U.S. Persons", as such term is defined in Regulation S under the U.S. Securities Act, absent registration or an applicable exemption from such registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in the United States or any jurisdiction in which such offer, solicitation or sale would be unlawful.