



## **Tinley Completes Expansion of Phase 2 Facility and Produces its Next-Generation Cannabis Beverages**

***FOR IMMEDIATE RELEASE***

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March 21, 2019: Toronto, Ontario and Los Angeles, California - The Tinley Beverage Company Inc. (the "Company" or "Tinley") is pleased to announce that it has completed its planned expansion of the bottling facility in the Coachella Valley, California (the "Phase 2 Facility") to produce Tinley's great-tasting cannabis infused beverages. This facility can now produce up to 3 million bottles per year, and the Company projects an average wholesale price of US\$3-US\$4/bottle for its single-serve beverages and US\$15-US\$17/bottle for its multi-serve beverages. The next-generation versions of Tinley's acclaimed cocktail-inspired, non-alcoholic cannabis beverages are intended to go into production at this expanded facility for delivery to stores in April. These next-generation products contain updated cannabis solubilization technology, clean label claims and packaging that complies with new California regulations.

The Company is also pleased to announce that it remains on schedule to complete the build-out and installation of a state-of-the-art bottling line at its flagship bottling plant (the "Phase 3 Facility") in Long Beach, California by the end of the second quarter of 2019. Tinley's flagship Phase 3 Facility will have bottling capacity of approximately 12 million bottles per year, with a space plan for up to two additional bottling lines to accommodate additional beverage formats and capacity as required. The Phase 3 Facility will also be home to Tinley's purpose-built beverage distribution facility, which will allow Tinley to execute a controlled DSD distribution model and capture additional economics from this downstream phase of the value chain. Upon licensing of the Phase 3 Facility, Tinley intends to move the bottling line in the Phase 2 Facility to one of its priority expansion jurisdictions elsewhere in North America. The Company continues to caution, however, that the timing of full licensing of the Phase 3 facility remains uncertain, and that, like any consumer products company, anticipated revenue is a function of consumer demand, not of the Company's production capacity.

The Company expects to commence production of \$200,000 worth of the next-generation Margarita and Moscow Mule-inspired, non-alcoholic cannabis-infused beverages. This quantity reflects backordered and indicated demand from distributors to date in 2019. All beverages produced in this run are expected to be shipped to stores during the month of April. The Company will then immediately focus on the production of its non-alcoholic Tinley '27 products, which are inspired by Cinnamon Whisky, Amaretto and Rum.

As previously disclosed, California's cannabis regulators began making requests in late 2018 for modifications to the Company's packaging to reflect anticipated 2019 regulations. As a result, Tinley elected to pause production to accommodate the upgrade and expansion of the Phase 2 Facility, while

making the required packaging modifications. During this time, Tinley also implemented newer beverage technology that allows for faster onset and offset times, visual clarity and a greater full-flower Sativa effect. Tinley selected this technology out of 13 candidate technology suppliers, and integrated it with the Company's own technologies, methods and flavor systems. The updated products are vegan, gluten free, and contain as little as 1g of sugar per serving. These products were designed based on the significant amount of intellectual property that Tinley accumulated via the initial versions of these products. This IP includes learnings on consumer purchase and consumption habits for various types of cannabis beverages, as well as SOPs for scaled cannabis beverage production.

"We're excited to be launching our next-generation products, with a significant amount of dispensary demand already in hand as a result of the positive consumer response we received for our initial products. We believe that Tinley is the first-mover with liquor-inspired, non-alcoholic beverages that contain cannabis 2.0 solubilization technology," said Rick Gillis, President, Tinley Western USA.

### ***About The Tinley Beverage Company***

The Tinley Beverage Company (Santa Monica, California) created the Tinley™ Tonics, Tinley™ '27 and Hemplify® line of cannabis and hemp CBD beverages. The Hemplify® CBD beverages are available in mainstream stores in California, while the Tinley™ Tonics and Tinley™ '27 line of liquor-inspired, non-alcoholic, cannabis-infused beverages are available in dispensaries throughout the State. The Company is also building a 20,000 square foot cannabis beverage manufacturing and distribution facility in Long Beach, California.

### ***Forward-Looking Statements***

*NEITHER THE CANADIAN SECURITIES EXCHANGE NOR ITS REGULATIONS SERVICES PROVIDER HAVE REVIEWED OR ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.*

This press release contains or refers to forward-looking information and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, political risks, uncertainties relating to the availability and costs of financing needed in the future, changes in equity markets, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and the other risks involved in the mineral exploration and development industry. Forward-looking statements are subject to significant risks and uncertainties, and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Company assumes no responsibility to update them or revise them to reflect new events or circumstances other than as required by law.

Products, formulations and timelines outlined herein are subject to change at any time. All figures CAD unless otherwise indicated.

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