

Tinley's Acquires 100% of Lakewood Libations, Inc.

Toronto, Ontario and Los Angeles, California--(Newsfile Corp. - May 2, 2022) - The Tinley Beverage Company Inc. (CSE: TNY) (OTCQX: TNYBF) ("Tinley's" or the "Company") is pleased to announce that it has completed its previously announced acquisition ("the Lakewood Acquisition") of 100% of the shares of Lakewood Libations Inc. ("Lakewood") from Richard Gillis, President and Chief Operating Officer of Tinley's USA, and member of Tinley's Office of the CEO.

The Previously Announced Acquisition

As previously disclosed, the Company has built one of the largest cannabis beverage facilities in the State of California (the "State"). Situated on approximately 45,000 square feet ("sq. ft.") of property in the City of Long Beach, California, (the "City"). The 20,000 sq. ft. facility is engineered to infuse a variety of beverage types and to run multiple production-lines capable of packing product in glass bottles, aluminum cans and mini-bottles of various sizes and shapes, for both Company-owned brands and contract manufacturing and distribution clients (the "Long Beach Facility" or "the Facility").

On or around December 19, 2018, Richard Gillis, an officer of the Company, formed Lakewood Libations Inc., a California corporation to conduct commercial cannabis manufacturing and distribution operations at the Long Beach Facility. At this time, as previously announced, Lakewood has acquired its local and state commercial cannabis licences for manufacturing and distribution.

The Company and Richard Gillis ("the Parties") executed agreements including a Stock Purchase Agreement ("SPA" or "Share Purchase Agreement") for Tinley's to acquire one hundred percent (100%) of the shares of Lakewood from Richard Gillis for a nominal fee, with the closing of the Lakewood Acquisition to take place at a time of the Company's choosing following the satisfaction of certain conditions set out in the SPA, as amended, including, (i) the issuance of the distribution licence to Lakewood by the State, (ii) the City's activation of the Lakewood's distribution licence; and, (iii) and the receipt of regulatory approvals of the change of control of Lakewood from Richard Gillis to the Company.



(PHOTO CAPTION) *Tinley's has acquired 100% of Lakewood Libations, Inc., the entity holding the*

manufacturing and distribution licences operating at Tinley's Long Beach Facility.

To view an enhanced version of this graphic, please visit:

https://orders.newsfilecorp.com/files/8257/122361_9c55ac09649458da_001full.jpg

Previously Announced Cooperation between the Parties and Restrictions Prior to Closing

Pursuant to the terms of the Lakewood Acquisition, Richard Gillis agreed to detailed "use of proceeds" restrictions that included but were not limited to the requirement that the directors and officers of Lakewood only utilize proceeds from Lakewood's operations to fund ongoing operations and not issue any dividends or otherwise expend profits. In connection with the foregoing, Tinley had certain audit rights to ensure that Richard Gillis and Lakewood remained in compliance with the Lakewood Acquisition agreement. Lakewood has continued its commercial cannabis manufacturing and distribution activities throughout interim period from SPA execution to the closing of the Lakewood Acquisition. During this period, the Company agreed and provided Lakewood with the Long Beach Facility, certain intellectual property for production, equipment, and other resources for Lakewood's operations.

Acquisition Transaction Execution

At the time of the SPA's execution the Company was advised by counsel that both State and City approval would be required prior to executing the SPA to conclude the Acquisition Transaction. The Company previously released this information on the sequence of steps precedent to the Acquisition Transaction including the requirement for both City and State regulatory approvals to authorize the closing.

In March 2022, application was submitted by the Parties to the City for approval of the change in control of Lakewood. As previously announced, the City approved the change in control in April 2022.

With respect to the requirement for prior approval by the State, California counsel advised the Company that the State regulator, the Department of Cannabis Control ("DCC) had recently clarified and now stipulates that prior approval by the State is no longer required to complete change of control transactions by State cannabis licensees, and therefore the change of control transaction should be completed after receiving local municipality approval only. The DCC further clarified that following the closing of an Acquisition Transaction, application to the DCC may be made to register the change of control on State cannabis licences.

In conformance with this revised process, and with the City's approval of the change in control now on file, the Acquisition Transaction was concluded on April 29, 2022, and Lakewood became a wholly owned subsidiary of the Company on that date. The Company expects operation of the two licences and the Long Beach facility to continue as usual and without interruption due to the completion of the Lakewood Acquisition.

The submission of application documents to the DCC to register the change of ownership on Lakewood's two licences is expected on May 2, 2022. Barring unforeseen delays, the State review and registration of the Company as beneficial owner of Lakewood on its two licences is expected to conclude on or about June 30, 2022. For clarity, all operating licences for The Long Beach Facility will remain in Lakewood's name, and the Company now owns 100% of Lakewood irrespective of the timeframe for the State to change the name of the owners on the licences. The Company intends to register "Tinley's Beverages" as a "dba" designation for Lakewood in May 2022.

Reporting, Compliance and Risk

The Company has worked closely with California counsel, the City and the State, Canadian counsel, and the Company's auditors and tax advisors to help ensure that the reporting of events and results leading up to the Acquisition Transaction and its closing have remained and continue to be in compliance with

best reporting practices, and applicable laws and regulations.

Previously disclosed risks arising from the arrangements between Lakewood, Richard Gillis and the Company prior to the closing of the Lakewood Acquisition are now substantially reduced following the closing of the transaction. Additionally, California counsel have advised that based on their historical and recent experience of transactions of a similar nature involving a single owner party who remains on licence and is listed with Company officers and directors as the new owner, there is low-to-negligible risk that the State will refuse to register the new ownership on the licences.

About The Tinley Beverage Company and Beckett's Tonics

The Tinley Beverage Company Inc. (CSE: TNY) (OTCQX: TNYBF) develops and has licensed the production through its Long Beach, CA state-licensed manufacturing facility of terpene and cannabis-infused non-alcoholic Tinley's™ '27 and Tinley's™ Tonics products which are distributed to licensed dispensaries and home delivery channels in California. Expansion of these products, adapted for manufacturing and sale in Canada, is currently underway under the Tinleys '27™ and Tinleys Classics™ brands. The Beckett's Classics™ and Beckett's '27™ lines of non-alcoholic, terpene-infused non-cannabis versions of these formulations are available in select mainstream food, beverage, and specialty retailers, as well as online, in the United States as well as in select grocery and specialty stores in Canada. Tinley's facility in Long Beach California contains some of the state's most versatile and technologically advanced cannabis-licensed beverage manufacturing equipment and provides manufacturing and first-mile distribution services under one roof for third-party brands in addition to Company-owned brands. Please visit www.drinktinley.com, and www.drinkbecketts.com Twitter and Instagram (@drinktinleys and @drinkbecketts) for recipes, product information and home delivery options.

Forward-Looking Statements

This news release contains forward-looking statements and information (collectively, "forward-looking statements") within the meaning of applicable Canadian securities laws. Forward-looking statements are statements and information that are not historical facts but instead include financial projections and estimates, statements regarding plans, goals, objectives and intentions, statements regarding the Company's expectations with respect to its future business and operations, expected benefits of the Lakewood Acquisition, the timing of final regulatory approval by the State to complete registration of the Lakewood Acquisition, and phrases containing words such as "ongoing", "estimates", "expects", or the negative thereof or any other variations thereon or comparable terminology referring to future events or results, or that events or conditions "will", "may", "could", or "should" occur or be achieved, or comparable terminology referring to future events or results. 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 and delays in the development of projects. 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.

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