



February 20, 2019

TSX-V: SEW:H

## **Seaway Energy Services Inc. Announces Letter Of Intent to Acquire Sweet Earth Holdings Corporation**

Vancouver, British Columbia - Seaway Energy Services Inc. ("**Seaway**" or the "**Company**") (TSX-V: **SEW:H**) – Seaway is pleased to announce that the Company has entered into a letter of intent dated February 14, 2019 (the "**LOI**") with Sweet Earth Holdings Corporation ("**Sweet Earth**"), pursuant to which the Company will acquire all of the issued and outstanding shares of Sweet Earth pursuant to a reverse-takeover transaction (the "**RTO**").

Sweet Earth is a British Columbia company, having a wholly owned subsidiary TSN Agricorp Ltd. which in turn owns all of the membership interests of Sweet Earth LLC, an Oregon limited liability company ("**Sweet Earth LLC**"). Sweet Earth LLC is an integrated hemp farming and CBD extraction company operating from 22 acres in Oregon, USA pursuant to licensing under the Oregon Department of Agriculture. Sweet Earth's assets include hemp cultivation and CBD extraction equipment that is state of the art industry equipment.

### **Proposed Transaction**

Under the terms of the LOI, Seaway will acquire from the shareholders of Sweet Earth all of the common shares of Sweet Earth which are issued and outstanding as of the date of closing and Seaway will apply to voluntarily delist from the TSXV and apply for a listing on the CSE.

As of the date of this press release, Seaway has 27,842,583 common shares (the "**Seaway Shares**"), 15,000,000 share purchase warrants exercisable at \$0.40 per share, and 1,250,000 stock options outstanding. In connection with the completion of the proposed RTO transaction, Seaway will consolidate its issued and outstanding Seaway Shares on the basis of one new Seaway Share for each 2.5 Seaway Shares outstanding resulting in 11,137,033 Seaway Shares (the "**Post-Consolidation Shares**").

The RTO is expected to be completed by way of a share exchange (or such other form of transaction determined by the legal and tax advisors to each of Seaway and Sweet Earth, acting reasonably) pursuant to which the shareholders of Sweet Earth (the "**Sweet Earth Shareholders**") will exchange all of their common shares of Sweet Earth (the "**Sweet Earth Shares**") for 56,510,736 Post-Consolidation Shares of Seaway on the basis of one Post-Consolidation Share for each Sweet Earth Share, resulting in Sweet Earth becoming a wholly-owned subsidiary of Seaway. The deemed exchange price for the Post-Consolidation Shares to be issued shall be \$0.20 per Post-Consolidation Share, or such other price as permitted by governing regulatory bodies, including without limitation, the CSE.

The Company is not contemplating any concurrent financing in connection with the Proposed Transaction. The Company anticipates having not less than \$4.5 million in cash on hand of in excess of \$2 million together with cash available in Sweet Earth of approximately \$2.5 million. The Company has agreed to pay a finders fee in connection with the transaction in the amount of 4,000,000 shares of the Company on closing.

## **Board of Directors and Management**

Upon completion of the proposed RTO, the Company's board of directors will be reconstituted to comprise of a minimum of five (5) directors, including at least three directors nominated by Sweet Earth, subject to the policies of the CSE and applicable corporate and securities laws. It is anticipated that the board of directors on closing will be Peter Espig, Travis Luther, Fairnaz Wadia, Leon Ho, and Chris Cooper. Management will be comprised of Travis Luther as Chief Executive Officer and Chris Cooper as Chief Financial Officer. A brief synopsis of the directors and officers is below:

### **Peter Espig:**

Mr. Espig currently serves as the CEO of Nicola Mining Inc. (TSX.V: NIM) where he was brought on to save the company from imminent insolvency. The company's market capitalization has increased 15x under his four years at its helm. He is a founding partner of Phosplatin Therapeutics and TriAsia Partners.

He is a global pioneer in special acquisition companies (SPACs) and is an experienced turnaround expert in multiple business sectors on an international scale by leveraging expertise in the analysis of investment opportunities, raising capital, deal sourcing, financial restructuring, and growing businesses. The former Goldman Sachs and Olympus Capital Asia executive has structured and raised capital for over US\$2.5 billion in private equity and pre-IPO investment transactions and has been involved in corporate recapitalizations and turnarounds of over \$5.0 billion.

He was a Chazen International Scholar at Columbia University (MBA), a member of the 1986 UBC National Championship football team and is an active philanthropist.

### **Travis Luther:**

Mr. Travis Luther has over 30 years of hands-on experience in cannabis-specific horticulture both in India and in the Pacific Northwest with an expertise in agronomy and crop production to create systems for efficient farming. He combines this with his background in custom construction to design optimized environments for indoor and field-grown cannabis cultivation.

Travis has been directly involved with the genetics division of Sweet Earth in their development of a high yielding CBD rich strain and is continually exploring agricultural technics and equipment that help cultivate and process biomass in the most efficient manner. His expertise in growing, harvesting and extraction methods makes him a valuable member of the Sweet Earth team.

### **Fairnaz Wadia:**

Farinaz is a co-founder of Forcefield Greenhouse based in Ashland, Oregon. Forcefield is a leader in the design and build of technologically advanced greenhouses. Forcefield offers high-quality greenhouse packages, ventilation, lighting and lighting deprivation systems and acts as the exclusive agent for Danish based DACS A/S and the MagFan line of exhaust fans.

Farinaz's managerial expertise and history of working in companies with sophisticated operations and nationwide sales will help launch the expansion plans for Sweet Earth.

**Leon Ho:**

Mr. Ho is a chartered professional accountant working at Cross Davis & Company LLP, a chartered professional accountant firm providing accounting services to publicly listed entities, primarily in the mining sector. Mr. Ho works directly with mining chief executive officers and directors, assisting with their regulatory and accounting needs.

**Chris Cooper:**

Mr. Cooper has over 20 years of extensive business experience in all facets of corporate development, senior management, finance and operations, in both the private and public sectors. His experience includes spearheading growth strategies, financial reporting, quarterly and annual budgets, overseeing corporate administration, while achieving company objectives and maintaining internal cost controls. Mr. Cooper has been a director of several private and public Company's over the last 20 years.

Mr. Cooper received his Bachelor of Business Administration from Hofstra University and his Master's in Business Administration from Dowling College, both in New York State.

The LOI contemplates that Seaway and Sweet Earth will promptly negotiate and enter into a definitive agreement (the "**Definitive Agreement**") on substantially the terms and conditions set out in the LOI, together with such other documents that may be required to affect such filings and applications as are required in order to more fully execute the terms of the RTO.

The LOI includes standstill provisions, under which Seaway and Sweet Earth have agreed not to solicit or engage in any inquiries regarding any merger, amalgamation, share exchange, business combination, takeover, sale or other material disposition or similar transaction until such time as the LOI or any definitive agreement is terminated in accordance with its terms.

In addition to shareholder approvals, the RTO is subject to the receipt of certain regulatory and stock exchange approvals and the satisfaction of other conditions customary for transactions of this nature. Further, the RTO will be subject to the completion of all legal, business and technical due diligence to the satisfaction of both parties.

**About Sweet Earth Holdings Corporation**

Since 2017 Sweet Earth has been establishing itself as major hemp CBD grower in Applegate Oregon. The company presently has 22 acres of outdoor growing and access to 30,000 sq. ft. of indoor greenhouse space. Expansion plans are in place to add a further 20 acres of outdoor growing for the 2019 growing season. Sweet Earth has been focused on being self reliant and vertically integrated in its operations.

For the past year Sweet Earth's in house genetics team has been working on Sweet Earths' own proprietary strain. This strain has been grown in their indoor greenhouse resulting in high yielding CBD rich flower. They are excited to begin growing this strain outdoor for the 2019 season.

Equipment for extraction has been purchased and licenses are being applied to allow Sweet Earth to extract its own CBD, CBG and CBN cannabinoids. This next phase in their CBG and CBN research will help Sweet Earth keep pace with the expanding medical discoveries and natural healing properties of this plant. From seed development, growing, harvesting, drying, extracting and packaging Sweet Earth has vertical integration to everything in place to make it a significant company in the hemp segment.

## ***Current Projects***

Applegate Oregon: Sweet Earth presently has 22 acres of outdoor growing and access to 30,000 sq. ft. of indoor greenhouse space. There is a further 20 acres that the company has secured for 2019. Sweet Earth has their own genetics division constantly breeding and developing new strains for specific applications. It is this quality and attention to detail that will help Sweet Earth produce a better end product.

Medford Oregon: Sweet Earth is in the process of building out its production facility which will allow it to produce and package consumer based products such as tinctures, capsules, vape cartridges and beverage line.

## ***Financials***

Sweet Earth has sales from operations of USD\$140,000.00 to December 2018. The assets of the Company are comprised of 22 acres of farm land and several pieces of heavy farm equipment including an excavator, tractor and other general farming and extraction equipment. Capital equipment currently in place is approximately USD \$360,000.00 and has been field proven to efficiently sow and harvest the hemp biomass. Sweet Earth also has two state of the art extraction units that are USD\$400,000.00. These units are capable of processing 400 lbs of material per day. The Company currently has a cash reserve of approximately USD\$2,100,000.

As part of the Company's obligation for continuous disclosure, the complete terms of the proposed transaction will be publicly available as filed with the System for Electronic Document Analysis and Retrieval ([www.sedar.com](http://www.sedar.com)).

## **ON BEHALF OF THE BOARD**

***"Dylan Sidoo"***

Dylan Sidoo  
Director

## **Cautionary Statement**

Completion of the Proposed Transaction is subject to a number of conditions, including TSX Venture Exchange acceptance and listing approval, and any shareholder approvals. The Proposed Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Proposed Transaction will be completed as proposed or at all. Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the Proposed Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Seaway should be considered highly speculative. The TSX Venture Exchange has not reviewed or approved the terms to the Proposed Transaction.

*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.*

## **Forward-Looking Statements**

This news release may contain forward-looking statements that are based on the Company's current expectations and estimates. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "suggest", "indicate" and other similar words or statements that certain events or conditions "may" or "will" occur, and include, without

limitation, statements regarding the Company's current plans. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. Such forward-looking statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations, including that the Proposed Transaction contemplated herein is completed. Forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to: the ability of Seaway and Sweet Earth to obtain necessary shareholder approval to complete the Proposed Transaction or to satisfy the requirements of the regulatory agencies with respect to the Proposed Transaction. The cautionary statements qualify all forward-looking statements attributable to Seaway and Sweet Earth including persons acting on their behalves. Any forward-looking statement speaks only as of the date on which it is made 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. Forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

The securities referred to in this news release have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or any state securities laws, and may not be offered or sold in the United States unless pursuant to an exemption therefrom. This press release is for information purposes only and does not constitute an offer to sell or a solicitation of an offer to buy any securities of Seaway Energy Services or of Sweet Earth Holdings Corporation in any jurisdiction.