



News Release

Gunpowder Capital Corp., Enters Letter of Intent to Acquire The Manufacture of The World's First Tobacco-and-Hemp Cigarette, Koch & Gsell AG of Switzerland

FOR IMMEDIATE RELEASE

January 2nd, 2019

Toronto, Ontario, January 2nd, 2019 – Gunpowder Capital Corp., (CSE: GPC), (CSE: GPC.PR.A), (OTCQB: GNPWF), (Frankfurt: YS6N), (“Gunpowder” or the “Corporation”) is pleased to announce that it has acquired a Letter of Intent (“LOI”) from Therapeutic Solutions Group TCI Ltd. (“TCI Ltd.”) to acquire up to a 100% ownership stake in Koch & Gsell AG of Switzerland (“Koch”).

Koch both manufactures and sells under the Heimat brand, the world's first tobacco-and-hemp cigarette. The Heimat brand cigarettes are currently manufactured in Lake Constance Switzerland. In 2018, Koch generated approximately Three Million Francs (“F3,000,000.00”) CHF in operating profit (defined as revenue less production costs and taxes) which is the equivalent to \$3,000,000.00 USD based on the US Dollar / Swiss Franc exchange rate as of the date of this press release. Koch had negative EBITDA of approximately Five Hundred Thousand Francs (“F500,000.00”) CHF for the same period. All figures are unaudited.

Under the terms of the LOI, TCI Ltd., has paid \$US50,000 upon signing and will pay a further \$US200,000 on January 25, 2019. Both TCI Ltd., and Gunpowder shall be conducting their due diligence and have agreed to pay further Ten Million, Four Hundred and Sixty Thousand Dollars (“\$10,460,000.00”) USD comprised of cash and stock on or before March 15, 2019 for a 51% interest in Koch. Gunpowder will then have the right to acquire the other 49% by paying Twelve Million, Two Hundred and Fifty Thousand Dollars (“\$12,250,000.00”) USD comprised of cash and stock during the first 12 months following closing.

This deal is subject to completion of satisfactory due diligence as well as the completion of a capital raise by Gunpowder. Gunpowder has begun discussing the financing with several investment banks however at this time there can be no assurance that Gunpowder will be able to complete a capital raise to fund this transaction. The transaction is also subject to regulatory and Exchange approvals as required.

Under the terms of the assignment agreement between Gunpowder and TCI Ltd., Gunpowder has agreed to issue 2,500,000 Units immediately as consideration for the payment made by TCI Ltd. as well as consideration for their costs and time incurred to date. Gunpowder shall issue a further Seven Million, Five Hundred Thousand Units (“7,500,000”) of Gunpowder to TCI Ltd., as soon as TCI Ltd., makes a deposit of Two Hundred Thousand Dollars (“\$200,000.00”) USD to Koch. Gunpowder has also agreed to pay a finder's fee of Forty Million Units should the transaction with Koch close.

Mr. Paul Haber stated: “We are extremely pleased to have the opportunity to participate in this acquisition as we see huge potential in this market space. We easily envision this product being offered in Canada and in the USA. Currently tobacco-and-hemp or pure hemp cigarette cannot be protected by a patent however Koch has applied for a process patent and is in the process of acquiring patents internationally for the process involved in the mixing of hemp (and other herbs) with tobacco. We see this patent as a value added bonus, as manufactures of hemp cigarettes will need to develop techniques and methods to manufacture product which we can license out to other manufactures.”

About Koch & Gsell AG

Based in Lake Constance Switzerland, Koch & Gsell AG is an independent tobacco manufacturer and the manufacturer of the world's first tobacco-and-hemp cigarette. Marketed under the Heimat brand, Koch's Heimat brand cigarettes contain no additives, no fragrances and the Heimat brand makes exclusive use of Swiss whole-leaf tobaccos (no homogenised tobaccos, no imported tobaccos) and hemp. The company supplies the following retailers with normal and hemp cigarettes: Coop, Valora, Lekkerland, Webstar, Naville, fenaco, Hemag Nova and Margot, plus a large number of private customers (via online shop – products worth approx. CHF 100,000 per month are sold through this channel).

For more information please visit <https://heimatkult.ch/de>

About Gunpowder Capital Corp.

Gunpowder Capital Corp., is a merchant bank and advisory services firm based in Toronto, Ontario, Canada. Gunpowder invests in both publicly traded and private businesses that have successful management teams and attractive economic models. Gunpowder partners with these businesses to support their growth initiatives with its proven methodology of appropriate financing and structured exits. Gunpowder offers debt financing, including mezzanine and bridge loans, equity financing and advisory services. Gunpowder is also building a portfolio of companies in which it takes a long term position and view. For more information please visit www.gunpowdercapitalcorp.com

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Forward-Looking Statements

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