



PRESS RELEASE

FOR IMMEDIATE RELEASE

NEX SYMBOL: AXQ

JULY 25, 2018

**RE: ACQUISITION OF TERRANUEVA PHARMA CORPORATION FOR \$10,930,000
- CHANGE OF NAME - CONSOLIDATION - ANNOUNCEMENT OF A
CONCURRENT PRIVATE PLACEMENT**

MONTREAL – QUÉBEC – AXE EXPLORATION INC (the “Corporation” or “AXE”) is pleased to announce the signature of a letter of intent dated July 24, 2018 with the shareholders of Terranueva Pharma Corporation (« Terranueva Corporation » or « Terranueva ») for the acquisition of all of Terranueva’s outstanding shares (the “Terranueva Shares”). AXE will then change its name to Terranueva Corporation. The transaction will constitute a Change of Business within the meaning of the policies of the TSX Venture Exchange (the “Exchange”).

Terranueva is a corporation that intends to become a major producer of cannabis in Quebec in 3 distinct phases of development and in accordance with the *Access to Cannabis for Medical Purposes Regulations* and, subsequently, for recreational purposes when this use is legalized. According to the business plan, the Corporation intends to obtain its final permit for the production and sale of cannabis subject to the applicable regulations before the end of the first quarter of 2019.

In parallel with the purchase of Terranueva, AXE intends to make a Private Placement of a minimum gross proceed of \$2,250,000 and a maximum of \$4,000,000 (the “Private Placement”) with several investors, subject to the exchange’s and regulatory authorities approval (the acquisition of the shares and the Private Placement collectively referred to as the “Transaction”).

These stages of the Transaction will follow a prior name change and a consolidation of the Common Shares of AXE (the “Common Shares”) for a ratio of 16 old shares for each new Common Shares (the “Consolidation”). The whole is subject to the exchange’s and regulatory authorities approval.

Mr. David Mc Donald, President of AXE, says, “This is a win-win transaction for our shareholders and with a superb management team. AXE knew it had to be patient and our board has been reviewing the cannabis market for a long time. Terranueva's development plan is perfect for the geopolitical environment of Québec and will generate excellent added value for AXE’s shareholders equity”.

Mr. Pierre Ayotte, President of Terranueva, adds, “Our research and development strategy will be at the heart of our operations. The implementation of a smart factory that relies on technology, automation and digitized management of our business processes (Business Intelligence) is an undeniable asset. Terranueva will raise the industry standard and become a true leader”.

Transaction

The Transaction will constitute an arm’s length transaction within the meaning of applicable regulations and will be subject to a number of conditions precedent including due diligence, completion of the Minimum Private Placement and receipt of necessary regulatory and corporate approvals. All AXE parties are transacting at arm’s length with respect to the assets and business of Terranueva Corporation, that is otherwise an insider of Terranueva Corporation.

According to the purchase agreement to be executed, the Corporation has agreed to acquire the Terranueva Shares for consideration in shares of \$10,930,000 by the issuance of 21,860,000 Common Shares post-Consolidation at a deemed price of \$0.50 per Common Share. (“Purchase Price”).

A finder’s fee which will consist in the issuance of 1,250,000 Common Shares post-Consolidation will be payable to an arm’s length party, subject to applicable securities regulations.

Information on the Target Terranueva Corporation

Terranueva Corporation (*Canada Business Corporations Act*) is a Quebec-based company operating in L'Assomption that is at the forefront of research and development focused on therapeutic cannabis drugs. The principle mission of Terranueva Corporation is to enhance the lives of those who experience chronic pain, migraines, sleeping disorders or anxiety, through innovative approaches to cannabis-related drugs. Terranueva's business vision is to produce medicinal and recreational cannabis to the highest standards in terms of effectiveness, quality and stability.

Mr. Francisco Junior Perez, founder and COO, emphasizes “Terranueva will become a real showcase in Quebec of cannabis for high quality products via the medical community”.

The company's management is currently focusing its efforts on developing Terranueva in three (3) distinct phases:

PHASE 1: Build the Certification, Research and Development unit and progress on two interrelated fronts: (i) set up the infrastructure and equipment which are necessary to develop best operational practices and establish quality standards and controls; and (ii) commence production of a hybrid strain that targets pain.

PHASE 2: Following the Closing of the Transaction, develop the first modular production unit to boost earnings and support phase 1 investments. Terranueva will be able to start making the phase 1 investments profitable and generate the first revenues with profit margin.

PHASE 3: Following completion of phase 2, large-scale deployment. Terranueva will be in a position to run at full available capacity on its site. The site can accommodate as many as fifteen additional production units.

The principal shareholders of Terranueva Corporation are: Francisco Junior Perez, his family Trust and the Terranueva's management team.

The highlights of Terranueva are:

- A dynamic and sophisticated team, dedicated to growth (internal and external) with a consolidation strategy;
- Intelligent and automated plant with an initial positioning of 5,000 square feet of blooming rea, located in Quebec with significant revenues 12 months after the receipt of the sales permit; and
- State-of-the-art equipment that can support sustained growth and Health Canada's medical production requirements.

Private Placement

Prior to the Transaction's closing, the Corporation shall have completed the Private Placement for a total minimum subscription of \$2,250,000. Within the framework of the Private Placement, the Corporation will issue a minimum of 4,500,000 units and a maximum of 8,000,000 units at a price of fifty cents (\$ 0.50) per unit post-consolidation ("Unit"). Each Unit will consist of one (1) Common Share post-Consolidation and one half (1/2) of a Common Share purchase warrant ("Private Placement Warrant"). Each Private Placement Warrant will entitle the holder thereof to acquire one additional Common Share post-Consolidation of the Corporation at a price of \$0.65 per Common Share for a period of 18 months from the Private Placement closing date. The use of the Private Placement is essential to ensure the deployment of the Phase 2 previously discussed and ensure the development of the first efficient unit of production.

Pro Forma Capitalization

Upon completion of the Transaction (including Consolidation), approximately 31,543,290 Common Share post-Consolidation of the resulting issuer will be issued and outstanding. It is expected that 21,005,758 Common Share post-Consolidation of the resulting issuer, representing 66.59% of Common Shares, will be held by the founders, insiders and promoters and 10,537,532 Common Share post-Consolidation representing approximately 33.41% of the Common Shares will be held by public shareholders.

Members of the Board of Directors of the resulting issuer

AXE is proud to announce the appointment of the following officers and directors, effective upon closing of the Transaction for the resulting issuer:

Pierre Ayotte is the President of Terranueva (CEO). Mr. Ayotte is a graduate in mechanical engineering and flight test engineer. Pierre Ayotte has more than 40 years of experience in the business world with a strong component for aeronautics. He has worked internationally and developed extensive expertise ranging from engineering and operations management to business development and business management. He relaunched several companies, such as a GE plant in Mirabel, Mecachrome Canada and the DCM Group. He is recognized as a strong promoter of the smart factory as a result of his reflections on the future of the industry.

Francisco Junior Perez is the Chief Operations Officer and founder of Terranueva (COO). Mr. Perez has 15 years of experience as a Director of Specialized Operations in policy integration, new accreditation and new technologies in an ever-changing environment from an international perspective. His proactive expertise in preventive measures has allowed him to provide permanent solutions to recurring problems and improve the fluidity of the company's operations.

Pierre Monet is the Chief Financial Officer of Terranueva (CFO). Mr. Monet holds a Bachelor in Business Administration from the HEC Business School in Montréal and is a member of the Order of Chartered Professional Accountants (CPA). With over 20 years of experience with public companies, he is known to play a key role in financing, acquiring and restructuring projects. He has held several executive positions including Chief Executive Officer of Malaga Inc., Vice President of Finance and Treasurer for Iron Ore Company (IOC) and Vice President, Finance and Chief Financial Officer of the public corporations Pershimco Resources Inc. and Dynacor Gold Mines Inc. He holds the ASC certification (certified administrator) from Université Laval.

Rafael Percopo is the Chief Scientific Office, Quality Assurance of Terranueva (CSO). Mr. Percopo holds a BSc in Chemistry from Concordia University. He has worked for more than 24 years in the generic pharmaceutical industry. He has held several key positions, including 16 years as Chief pilot plant manager at Pharmascience Scientific Business Division, Production Manager at Odan Lab and Pangeo Pharma, as well as quality assurance, validation and engineering for various companies. He has developed skills to manage the training and development of a highly skilled workforce to meet the requirements of good manufacturing practices at the commercial level as well as the development of new products in the clinical studies phase.

Louis Doyle is the Chief Compliance Officer of Terranueva (CCO). Mr. Doyle has over 30 years of experience in the capital markets with expertise in operations management, stock market listing and governance problem resolution. Louis Doyle is actively engaged as a director of Québec Bourse, the association that groups Quebec listed corporations and other market participants. From 2001 to 2015, Mr. Doyle was Vice President, Montreal, of the TSX Venture Exchange. In this capacity, he was responsible for all business development and listing activities for Quebec and the Maritime Provinces. Until his departure from the TSX Venture Exchange, he was Chair of the Registration Committee, a member of the Policy Committee and also responsible for the TSX Venture Exchange mentorship program at a national level. Louis Doyle is also a director of Abitibi Royalties Inc., a corporation listed on the TSX Venture Exchange.

Pierre-Hubert Séguin will be Secretary of the resulting issuer. Mr. Séguin has been a director and the Corporate Secretary of Garda World Security Corporation and an appointed Director for most of its subsidiaries since July 2003. He obtained a bachelor of Civil Law from the University of Montréal in 1993 and, the same year, obtained an attestation of studies from the Université de Poitiers, France. Mr. Séguin also completed a Master of Law degree (non-thesis option) from the University of Montréal and has been a member of the Québec Bar Association since 1995. Mr. Séguin is the principal partner of a law firm specializing in mergers and acquisitions and securities law. His practice has led him to act as corporate secretary and advisor to numerous public companies and venture capital firms, namely in the scope of more than fifty reverse take-over bids, stock market listings or initial public offerings.

The Board of Directors of the resulting issuer will consist of seven (7) members.

Main Closing Conditions

The main closing conditions that must be met at the closing of the Transaction are: (i) the approval of the Transaction, including the Consolidation and the change of name by the Corporation's special shareholder's meeting; and (ii) the approval of the Transaction, including the Consolidation and the change of name, by the exchange and any other applicable regulatory authorities; and (iii) the completion of the Private Placement.

Additional information will be provided in a next press release.

Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange Requirements, majority of the minority shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the 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 transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

Neither the TSX Venture Exchange Inc. nor NEX has passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

Neither the TSX Venture Exchange/NEX nor its regulation services provider (as that term is defined in the policies of the TSX Venture Exchange/NEX) accepts responsibility for the adequacy or accuracy of this news release.

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