



PRESS RELEASE

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MAJOR TRANSACTION WITH THE PHARMACEUTICAL LSL LABORATORY INC. FOR 23.7 MILLION DOLLARS

L'ASSOMPTION, QUÉBEC – CORPORATION TERRANUEVA (CSE : TEQ) (the “**Corporation**” or “**Terranueva**”) announces that it has reached a preliminary agreement, which became effective on March 26, 2020 following the consent of the two main creditors of Terranueva, with the owners of the pharmaceutical company LSL Laboratory Inc. (“**LSL Laboratory**”) for the acquisition of all of LSL Laboratory’s outstanding securities issued by the company (the “**Shares**”). This acquisition of \$23.7 million will be completed by way of an exchange of shares (the “**Transaction**”). The Transaction will constitute a Fundamental Change within the meaning of the policies of the Canadian Securities Exchange.

LSL Laboratory is a company with over 65 employees that develops, manufactures, and distributes sterile ophthalmic and injectable pharmaceutical products as well as natural health products. LSL Laboratory distinguishes itself from other companies in its industry by its solid network of partners and collaborators providing it with extensive expertise in the manufacturing and development of generic products as well as their commercialisation.

“Having a branch with an expertise in pharmaceuticals, Terranueva is achieving a giant step in its growth momentum”, underscores Francisco Jr Perez, Chief Operating Officer of the Corporation. “This operation creates a complementarity of methods, expertise, and experiences that will allow Terranueva and LSL Laboratory to accelerate their game plan which is beneficial to all. It is not a secret that those who are profitable, well-funded, and have a proven expertise in pharmaceuticals are the leading players in what constitutes an emerging and constantly growing industry”, declares Pierre Ayotte, President and Chief Executive Officer of the Corporation.

Transaction

The Transaction will constitute an arm’s length transaction within the meaning of applicable regulations and will be subject to a number of usual market conditions precedent, including due diligence conditions, the approval of Terranueva’s shareholders and the receipt of necessary regulatory approvals.

Pursuant to the current terms of the preliminary purchase agreement and subject to the satisfaction of all other conditions, Terranueva's Management as well as its principal founding shareholders (53.32 % of issued and outstanding shares) have agreed to favorably support the exchange of shares Transaction and will submit special resolutions to the shareholders of the Corporation for the approval of the Transaction and the consolidation of Terranueva's common shares for a ratio of TWO for ONE common share upon the completion of the Transaction (the "**Consolidation**"). In summary, upon completion of the Transaction, there will be a Consolidation of the common shares of the Corporation, on a basis of two (2) old shares for each new common share, prior to the share exchange transaction.

Should the Transaction and Consolidation move forward, the Corporation accepted to acquire LSL Laboratory's Shares in consideration of \$23.7 million payable by the issuance of 43,089,000 post-Consolidation common shares at a deemed price of fifty-five cents (\$0.55) per common share.

Information on the Target Corporation LSL Laboratory

LSL Laboratory's factories are located in La Pocatière and Upton where it develops and manufactures food supplements and vitamins (in the form of tablets and capsules) and sterile injectable ophthalmic pharmaceutical products. LSL Laboratory's vision is to continue developing and manufacturing products in accordance with the highest quality standards for the benefit of its clients in Canada and abroad.

Highlights:

- A dynamic team of professionals, dedicated to growth (internal and external) with an innovative strategy in the development and commercialisation of generic and sterile pharmaceutical products;
- Premises located in an industrial complex in Sainte-Anne-de-la-Pocatière with an area of 7,500 square feet for the manufacture of its generic natural health products;
- Commercial property located in Upton for the manufacture of its sterile, ophthalmic, and injectable product line. The factory, having an area of over 26,000 square feet, is erected on 60,000 square feet of land; and
- Modern equipment proven to sustain the business's growth and the manufacturing, bottling and labeling processes of natural products, including tablets and capsules as well as the manufacturing and packaging and bottling of ointments, ophthalmic drops, and injectable products.

"This transaction by way of a reverse takeover represents an excellent opportunity for our shareholders and integrates itself perfectly within our growth strategy. LSL Laboratory's expertise in the development and manufacturing of tablets and sterile and injectable ophthalmic products will allow the addition of new cannabis-based methods of production and revenue in order to meet a growing demand in this market", adds François Roberge, President and Chief Executive Officer of LSL Laboratory.

The proposed Transaction and Consolidation must be completed for the 3rd quarter ending June 30, 2020 of the Corporation's financial year or in the first half of the 4th quarter, subject to usual contractual conditions. Additional financial information will be provided in an upcoming press

release.

Completion of the Transaction and Consolidation are conditional to, namely, the Exchange's acceptance and the shareholders' approval. There can be no assurance that the Transaction or Consolidation 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 Terranueva securities should be considered highly speculative.

The Canadian Securities Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

Neither the Canadian Securities Exchange nor its Regulation Services Provider (as that term is defined in its policies) accepts responsibility for the adequacy or accuracy of this press release.

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