

# Benchmark Botanics Announces Joint Venture

Vancouver, British Columbia--(Newsfile Corp. - April 10, 2018) - **Benchmark Botanics, Inc. (CSE: BBT) (OTC Pink: BHHKF) (FSE: BBW) ("Benchmark" or the "Company")** is pleased to announce that it has, together with Benchmark's wholly-owned subsidiary, Potanicals Green Growers Inc. ("**Potanicals**"), entered into a binding letter agreement (the "**Agreement**") with 1139000 B.C. Ltd. ("**1139**") for the acquisition, ownership, and development of licensed cultivation of cannabis for medical purposes in up to approximately 4 acres of greenhouse operations to be located in Pitt Meadows, British Columbia (the "**Property**").

Pursuant to the Agreement, Benchmark will have the right to acquire from 1139 and existing shareholders of 1139, 51% or more of the Property through a joint venture with 1139 (the "**Joint Venture**"). Under the Joint Venture, for its initial 75% interest, 1139 shall purchase the Property for a purchase price of approximately CDN\$6.2 million, and the Property will be held in trust by 1139 (the "**Bare Trustee**") as bare trustee for the Joint Venture; and Property includes climate controlled glass greenhouses with automated greenhouse operating systems to be used under the Joint Venture for licensed medical cannabis cultivation for sale through Potanicals' distribution channels. 1139 will also, at its own cost and expense under the Joint Venture, develop, renovate and upgrade the land and buildings of the Property (the "**Upgrades**") as necessary in order for Potanicals to extend its license from Health Canada for cultivation and production of medical cannabis under the Access to Cannabis for Medical Purposes Regulations ("**ACMPR**"). As consideration for its initial 25% interest in the Joint Venture, Potanicals will apply to Health Canada to extend its license (the "**License Extension**") from Health Canada under the ACMPR. Potanicals will be solely responsible for overseeing and coordinating all activities needed to obtain Health Canada's approval of the License Extension. Potanicals intends to supply tissue culture grown cannabis clone plants and will oversee and coordinate sales and distribution of medical cannabis product produced at the Property to strive for maximum sales and product prices to achieve the greatest net profits for the Joint Venture.

The initial Joint Venture interests will be owned 75% by 1139 and 25% by Potanicals, which 75% by 1139 shall vest upon acquisition of the Property held in the name of the Bare Trustee and 25% by Potanicals shall vest upon Health Canada's approval of the License Extension. Upon acquisition of the Property registered in the name of the Bare Trustee, 1139 will issue such number of common shares as is equal to 25% of its issued and outstanding common shares to Benchmark or its nominee Potanicals, which shares shall vest upon Health Canada's approval of the License Extension.

Once at least 80% of the approximate 4 acres of greenhouse growing facilities are operational, utilized for licensed growing of cannabis, Benchmark and/or its nominee will have the option to acquire an additional 26% of the issued and outstanding common shares of 1139 (to increase Benchmark's Joint Venture ownership to 51%) for a purchase price (the "**Purchase Price**") equal to 26% of the valuation of the Joint Venture as determined by a chartered valuator. The payment of the Purchase Price will be satisfied by exchange of common shares of Benchmark at the then applicable market price in exchange for the transfer of 26% of the issued and outstanding common shares of 1139 from existing shareholders of 1139 subject to compliance with the requirements of the Canadian Securities Exchange (the "**Exchange**") and applicable securities laws.

Following Benchmark's or its nominees' acquisition of 51% of the issued and outstanding common shares of 1139, existing shareholders of 1139 will be entitled to sell and transfer up to 49% of their shareholdings in 1139 (the "**Offered Interest**") to an unrelated arm's length third party (the "**Third Party Purchaser**"), subject to a 90 day right of first refusal ("**ROFR**") in favour of Benchmark and the completion by the Third Party Purchaser of the purchase of the portion of the Offered interest not sold to Potanicals under the ROFR, within 60 days of the ROFR.

The Joint Venture is an arm's-length transaction. The principal and sole shareholder of 1139 is Mr. Min Wei of Richmond, British Columbia. Accordingly, the principal of the Bare Trustee will be Mr. Wei. The Joint Venture is subject to, among other things, acquisition of the Property registered in the name of the Bare Trustee by May 31, 2018. The terms of the agreement are intended to be superseded by a more comprehensive definitive joint venture agreement (the "**Definitive Agreement**"), which will contain the terms and conditions set out in the letter agreement and such other terms and conditions as are customary for transactions of the nature and magnitude contemplated therein.

In the event Potanicals is unable to obtain approval of Health Canada for the License Extension, Potanicals will be required to transfer its 25% interest in the Joint Venture together with all common shares of the 1139 to existing shareholders of 1139. In addition, within 60 days following notice of the sale of the Property to an arm's length third party (which sale shall be commenced within 30 days after the date of termination of the Agreement), Potanicals will be required to compensate 1139 for its costs and expenses incurred for the upgrades and the net losses of 1139 incurred from the sale of the Property relative to the cost paid by 1139 to acquire the Property (such costs and expenses and net losses are in aggregate, the "**Losses**"). 1139 has a duty to mitigate such losses, and the losses are subject to independent verification from Potanicals' auditors. Compensation for the losses may be satisfied by issuance to 1139 of common shares of Benchmark at the then applicable market price in accordance with the requirements of the Exchange and applicable securities laws.

## About Benchmark

Benchmark is a publicly traded company based out of Vancouver, British Columbia positioned to provide financing, partnership opportunities and acquisition offers to licensed producers and ancillary businesses within the global cannabis industry. With the support of our global partners, we acquired our first subsidiary, Potanicals Green Growers Inc. in November 2017. Potanicals is an approved licensed producer of cannabis under the ACMPR that is currently cultivating within a 12,700 square foot production facility.

For more information about Benchmark, refer to the Form 2A Listing Statement available to the public under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and the CSE website.

ON BEHALF OF THE BOARD OF

**BENCHMARK BOTANICS INC.**

/s/ "Ping (Johnson) Zhang"

Ping (Johnson) Zhang  
Chief Executive Officer

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***The CSE has not reviewed and does not accept responsibility for the adequacy or accuracy of the content of this release.***

**Forward-Looking Statements**

This news release contains forward-looking statements pertaining to various risks and uncertainties regarding future events. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. Such forward-looking information can include without limitation statements based on current expectations involving a number of risks and uncertainties and are not guarantees of future performance of the Company. Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct. This news release includes forward-looking statements with respect to the business and future objectives of the Company. There are numerous risks and uncertainties that could cause actual results and the Company's plans and objectives to differ materially from those expressed in the forward-looking information, including risks related to: (i) the facility and Potanicals' operations; (ii) adverse market conditions; (iii) the ability of the Company to complete financings in the future; (iv) dependence on suppliers and skilled labour; (v) government regulation and compliance with the ACMPR; (vi) managing and maintaining growth; (vii) unfavourable publicity or consumer perception litigation; (viii) competition; and (ix) the completion of the transactions contemplated in the Agreement and acquisition of the Property by Benchmark or its nominees. The Company is not currently producing medical marijuana. There is a risk that Potanicals' Producer's License will not be amended to permit the Company to sell medical marijuana produced at its facility and that the transactions contemplated in the Agreement may not be completed as planned or at all. Actual results could differ materially from those currently anticipated due to a number of factors and risks including the risk factors discussed in this news release and in the Company's disclosure documents, which can be found under the Company's profile on [www.sedar.com](http://www.sedar.com) and on the CSE website. These statements speak only as of the date of this news release. Except as required by law, the Company does not intend to update these forward-looking statements.