

Benchmark Botanics Reports Q2 2019 Results

Vancouver, British Columbia--(Newsfile Corp. - August 30, 2019) - **Benchmark Botanics, Inc. (CSE: BBT) (FSE: BBW) (OTC Pink: BHHKF) ("Benchmark" or the "Company")** a cannabis producer, today released its financial and operational results for the second quarter ended June 30, 2019.

2019 Q2 Highlights:

- **Definitive Investment Cooperation Agreement with China-based Zhejiang Yatai Pharmaceutical**
- **\$11,300,000 Private Placement Financing**
- **Canada Sales License Received from Health Canada**

"Benchmark continued to grow during Q2 2019. With the approvals for the joint venture with Zhejiang Yatai Pharmaceutical in place and receiving the sales license from Health Canada, Benchmark is moving forward with its business plan with the goal of increasing revenues." said William Ying, Benchmark Botanics President and CEO.

2019 Q2 RECENT DEVELOPMENTS AND SUBSEQUENT EVENTS

Developments occurring during the three months ended June 30, 2019:

Definitive Investment Cooperation Agreement with China-based Zhejiang Yatai Pharmaceutical:

On May 27, 2019, the companies signed the definitive investment cooperation agreement, whereby the parties agreed to set up the new joint venture company in Canada. The new company will have a share capital of \$14 million CAD, of which Zhejiang Yatai will invest \$7 million CAD cash, accounting for 50% of the new company's share capital; BBT will cause its wholly-owned subsidiary Potanicals Green Growers Inc. ("PGG") to use its existing Health Canada issued license to apply for a license for property to be acquired by the new company (the "Facility") for cannabis cultivation, processing, and sale thereon and in exchange BBT will receive 25% of the new company's share capital (with a cash equivalent of \$3.5 million CAD); and Rippington Investment ("RI") will invest \$3.5 million CAD, accounting for the remaining 25% of the new company's share capital. RI is a private company incorporated under the Business Corporations Act (British Columbia).

The objective of the Investment Cooperation Agreement is to explore business opportunities in the Cannabis industry, subject to compliance with Canadian Cannabis and Hemp Regulations and Act, to become involved in cultivation, manufacture, processing, and marketing of high CBD (cannabidiol) cannabis products; the cultivation and R&D of medical cannabis; and the extraction, isolation, and purification of high-CBD cannabis oil for commercial; and any other activities as approved by the Board of Directors. Future products from the joint venture company may also be marketed, sold and distributed in countries and jurisdictions where cannabis products are legal.

Private Placement

On June 6, 2019, the Company has closed its non-brokered private placement financing (the "Private Placement") of 28,250,000 units (each, a "Unit") at a price of \$0.40 per Unit for total gross proceeds of \$11,300,000. Each Unit is comprised of one common share of the Company (each, a "Share") and one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant shall be exercisable into one Share at a price of \$1.00 for a period of 24 months from the closing date of the Private Placement.

Cannabis Sales License Received from Health Canada

The Company, through its 100% owned subsidiary, Potanicals Green Growers, Inc. ("**Potanicals**") has received a sales license from Health Canada, effective July 26, 2019.

The license allows Benchmark to supply and sell finished cannabis products to provincial governments throughout Canada and through Canada's approved distribution and retail supply chain. Benchmark will be providing recreational and medical dried cannabis, capsules and other forms of cannabis products, as the Government of Canada makes more forms of the product legal for sale and consumption later this year.

Subsequent to June 30, 2019:

Subsequent to the period end, Zhejiang Yatai has received approval and acceptance of filing from the Administrative Office of Keqiao District of Shaoxing City in China for Overseas Investment Projects to establish a joint venture company to build an industrial cannabis facility in Canada with Benchmark as planned under the Investment Cooperation Agreement.

Subsequent to the period end, Zhejiang Yatai has also received an Enterprise Overseas Investment Certificate issued by the Zhejiang Provincial Department of Commerce, allowing Zhejiang Yatai to invest and transfer funds from China in order to make their CAD\$7 million investment into the new joint venture company with Benchmark.

Summary of Quarterly Results

The following table presents selected financial information from continuing operations for the most recent eight quarters:

	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
	Jun-30	Mar-31	Dec-31	Sep-30	Jun-30	Mar-31	Dec-31	Sep-30
Revenue	134,844	-	-	-	-	-	-	-
Gross profit before fair value adjustments	85,363	127,862	33,992	124,430	265,837	-	-	-
Gross profit	71,525	127,862	33,992	124,430	265,837	-	-	-
Operating expenses	1,420,243	1,503,637	1,867,845	1,620,438	1,428,320	962,715	1,560,923	194,138
Loss from operations	(1,358,718)	(1,375,775)	(1,833,853)	(1,496,008)	(1,162,483)	(962,715)	(1,560,923)	(194,138)
Other (income) expenses	(19,255)	(3,474)	122,450	-	500,000	-	2,179,852	-
Net loss	(1,339,463)	(1,372,301)	(1,956,303)	(1,496,008)	(1,662,483)	(962,715)	(3,740,775)	(194,138)
Loss per share - basic	(0.009)	(0.010)	(0.014)	(0.011)	(0.012)	(0.007)	(0.094)	(0.009)
Weighted average number of shares - Basic	146,569,351	142,576,705	140,784,569	139,627,322	138,747,974	137,234,080	39,938,045	21,127,152

Financial Results - Highlights for the three months ended June 30, 2019

- Total revenue for the three months ended June 30, 2019 was \$134,844 (2018 - \$nil) from sales of dried cannabis to another license producer. The total quantity of cannabis sold during the three months ended June 30, 2019 was 24,517 grams (2018 - nil) at a sale price of \$5.50
- Net loss for the three months ended June 30, 2019 was \$1,339,463, compared to a net loss of \$1,662,483 for the three months ended June 30, 2018. The decrease in net loss for the three months ended June 30, 2019 was mainly due to the decrease in other expenses of \$480,745. During the quarter ended June 30, 2018, a loss on write-off of deposit was recorded with respect to the forfeiture of the \$500,000 non-refundable deposit related to a purchase and sale contract for the purchase of a greenhouse production centre.
- EBITDA before share-based compensation expenses, Fair value changes in biological assets included in inventory sold and other inventory charges and unrealized gain on changes in fair value of biological assets ("Adjusted EBITDA") for the three months ended June 30, 2019 decreased to a negative \$1,015,339 from a negative \$1,143,365 for the same time period of last year.
- During the three months ended June 30, 2019, the Company has closed its non-brokered private placement financing (the "Private Placement") of 28,250,000 units (each, a "Unit") at a price of \$0.40 per Unit for total gross proceeds of \$11,300,000.
- At June 30, 2019, the Company had working capital of \$10,029,080 (December 31, 2018 - \$793,516).

About Benchmark Botanics Inc.

Benchmark Botanics is a diversified multi-licensed cannabis producer focused on a three-way vertical business model targeting the medical, pharmaceutical, and recreational markets in Canada and the EU. The Company's business plan also includes a strategy to become a Canadian licensed producer to pioneer selling medical cannabis and hemp in China and throughout Asia.

Benchmark Botanics is focused on producing the highest-quality, indoor-grown cannabis for patients and adult recreational consumers, as well as developing international business partnerships to extend the Company's global footprint.

Benchmark Botanics' 100% owned subsidiary, Potanicals Green Growers Inc. is a Health Canada licensed producer under the Cannabis Act and its regulations (formerly ACMPR). The Company is producing at its indoor Peachland Cannabis Complex and is in the design stage for a Phase II expansion of an additional 10,000 square foot facility there. Along with cultivation and production, the company's Peachland BC facility also provides propagation, cultivation, cloning, storage, research and development, genetics and is progressing towards CBD oil extraction and an EU-GMP certification.

As part of its expansion strategy the company is working with a partner to build a second facility, a 4-acre Pitt Meadows Greenhouse Operations in BC.

For further information, please visit the Company's website at www.benchmarkbotanics.com or the Company's profile at www.sedar.com.

If you would like to be added to Benchmark Botanics' news distribution list, please sign up at this link <https://benchmarkbotanics.com/signup/> Investor Relations info@bbtinc.ca

ON BEHALF OF THE BOARD OF
BENCHMARK BOTANICS INC.

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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 INFORMATION

This news release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. These statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements or information. More particularly and without limitation, the news release contains forward-looking statements and information relating to Company's corporate strategy. The forward-looking statements and information are based on certain key expectations and assumptions made by management of the Company, including, without limitation, the Company's ability to carry out its business plan. Although management of the Company believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information since no assurance can be given that they will prove to be correct.

Forward-looking statements and information are provided for the purpose of providing information about the current expectations and plans of management of the Company relating to the future. Readers are cautioned that reliance on such statements and information may not be appropriate for other purposes, such as making investment decisions. Since forward-looking statements and information address future events and conditions, by their very nature they involve risks and uncertainties. Actual results could differ materially from those currently anticipated due to several factors and risks. These include, but are not limited to, the Company's ability to identify and complete additional suitable acquisitions to further the Company's growth as well as risks associated with the medical marijuana industry in general, such as operational risks in development and production delays or changes in plans with respect to development projects or capital expenditures; the uncertainty of the capital markets; the uncertainty of receiving the required licenses, production, costs and expenses; health, safety and environmental risks; marketing and transportation; loss of markets; environmental risks; competition; incorrect assessment of the value of the potential market; ability to access sufficient capital from internal and external sources; failure to obtain required regulatory and other approvals and changes in legislation, including but not limited to tax laws and regulated regulations. Accordingly, readers should not place undue reliance on the forward-looking statements, timelines and information contained in this news release. Readers are cautioned that the foregoing list of factors is not exhaustive.

The forward-looking statements and information contained in this news release are made as of the date hereof and no undertaking is given to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws or the Canadian Securities Exchange. The forward-looking statements or information contained in this news release are expressly qualified by this cautionary statement.

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