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## **CANADA COAL ANNOUNCES EXECUTION OF BUSINESS COMBINATION AGREEMENT WITH AYURCANN**

**Toronto, ON – November 25, 2020** – Canada Coal Inc. (“**Canada Coal**” or the “**Company**”) (TSXV: CCK.H) is pleased to announce that it has entered into a definitive business combination agreement (the “**Combination Agreement**”) dated November 24, 2020 with Ayurcann Inc. (“**Ayurcann**”) which, subject to certain conditions and applicable shareholder and regulatory approvals, will result in a reverse takeover of Canada Coal (the “**Proposed Transaction**”).

It is currently anticipated that the Proposed Transaction will be effected by way of a three-cornered amalgamation involving Ayurcann and a wholly-owned subsidiary of Canada Coal (“**Subco**”). The resulting issuer that will exist upon completion of the Proposed Transaction (the “**Resulting Issuer**”) intends to apply to the Canadian Securities Exchange (“**CSE**”) for approval for listing its common shares on the CSE. The final structure of the Proposed Transaction will be determined by the parties following receipt of tax, corporate and securities law advice. The Proposed Transaction is an arm’s length transaction.

### **Description of Ayurcann and its Business**

Ayurcann’s is a leading provider of customized post-harvest outsourcing solutions to licensed cannabis producers. Ayurcann concentrates on the post-harvest requirements of licensed cannabis producers and other brands looking to enter the cannabis market. Ayurcann offers end-to-end full outsourcing solutions including extraction, refinement, formulation, packaging, fulfillment and distribution.

### **The Combination Agreement**

Under the terms of the Combination Agreement, the Proposed Transaction will be completed by way of a “three-cornered amalgamation” under the provisions of the *Canada Business Corporations Act* (“**CBCA**”), whereby 12487772 Canada Inc., a wholly-owned subsidiary of Canada Coal, will amalgamate with Ayurcann and continue as one amalgamated corporation (“**Amalco**”) as a wholly-owned subsidiary of Canada Coal. In connection with the Proposed Transaction, Canada Coal will reconstitute its board of directors and change its name to “Ayurcann Inc.” or such other similar name as determined by Ayurcann and acceptable to the relevant regulatory authorities (the “**Name Change**”) and the Resulting Issuer will carry on the business of Ayurcann under the new name.

Pursuant to the Proposed Transaction, Canada Coal will consolidate all of its common shares (“**CCK Shares**”) on the basis of two (2) CCK Shares for each one (1) CCK post-consolidation share (“**CCK Post-Consolidation Share**”). Holders of outstanding Class “A” Common Shares in the capital of Ayurcann (“**Ayurcann Shares**”) shall receive a number of CCK Post-Consolidation Shares for each one (1) Ayurcann Share held in accordance with the Exchange Ratio (as defined below) and the Ayurcann Shares will be cancelled. If Ayurcann has received a sale for medical purposes licence from Health Canada (“**First Earn-Out Trigger**”) prior to closing, then the Exchange Ratio will be equal to 1.4695 CCK Post-Consolidation Shares for each one (1) Ayurcann Share, and if the First Earn-Out Trigger has not been met, then the

Exchange Ratio will be 1.2858 CCK Post-Consolidation Shares for each one (1) Ayurcann Share (the “**Exchange Ratio**”).

In addition to the CCK Post-Consolidation Shares that the holders of Ayurcann Shares are eligible to receive on closing of the Proposed Transaction, CCK will also be required to pay an earn-out to the holders of Ayurcann Shares if certain events occur within a five year period following the closing date (the “**Sunset Date**”). If the First-Earn Out Trigger occurs after the closing date but before the Sunset Date, then the Resulting Issuer will issue a number of CCK Post-Consolidation Shares equal to \$2,000,000 divided by the greater of (i) \$0.05 and (ii) the ten (10) day volume weighted average trading price of the CCK Post-Consolidation Shares on the CSE prior to the date of the First Earn-Out Trigger. If Ayurcann makes certain upgrades to its licensed facility (“**Second Earn-Out Trigger**”) prior to the Sunset Date, then the Resulting Issuer will issue a number of CCK Post-Consolidation Shares equal to \$1,000,000 divided by the greater of (i) \$0.05 and (ii) the ten (10) day volume weighted average trading price of the CCK Post-Consolidation Shares on the CSE prior to the date of the Second Earn-Out Trigger.

The Combination Agreement includes a number of conditions, including but not limited to, requisite shareholder approvals, conditional approval for delisting Canada Coal’s shares from the TSX Venture Exchange (the “**TSXV**”) and approval for listing on the CSE, approvals of all regulatory bodies having jurisdiction in connection with the Proposed Transaction, and other closing conditions customary to transactions of the nature of the Proposed Transaction.

Canada Coal is a reporting issuer under the securities laws of the Provinces of Alberta, British Columbia and Ontario. Upon completion of the Proposed Transaction, Canada Coal will delist its shares from the NEX board of the TSXV and list the CCK Post-Consolidation Shares on the CSE.

Investors are cautioned that, except as disclosed in the listing statement to be prepared in connection with the Proposed Transaction, any information released or received with respect to the Proposed Transaction may not be accurate or complete and should not be relied upon. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.

### **Management of the Resulting Issuer**

Upon closing of the Proposed Transaction, all of Canada Coal’s current directors and executive officers will resign and the board of directors and executive officers of the Resulting Issuer will, subject to the approval of governing regulatory bodies and applicable securities and corporate laws, be comprised of the nominees of Ayurcann. Details of the proposed directors and executive officers of the Resulting Issuer will be disclosed in a further news release.

### **About Canada Coal Inc.**

Canada Coal Inc. was a coal mining company however when its coal licenses lapsed, management focused on finding other opportunities to increase shareholder value.

### **Cautionary Statements and Forward Looking Information**

All information contained in this press release with respect to Ayurcann and Canada Coal was supplied by the parties respectively, for inclusion herein, and each party and its directors and officers have relied on the other party for any information concerning the other party.

The CCK Shares have not been and will not be registered under the United States Securities Act of 1933, as amended and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirement. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

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

Please note that while the TSXV does not object to the dissemination of the proposed press release, the issuer is entirely responsible for determining its compliance with all applicable corporate and securities laws requirements including the requirements to provide timely disclosure of all new material information and with NI 51-102. For further clarity; the issuer is entirely responsible to ensure that any undisclosed material information related to the terms of a proposed RTO, any concurrent financing or financial information related to the target, is fully and promptly disclosed via a press release. Our no objection to the dissemination of the attached press release should not be relied upon as compliance by the issuer with any applicable securities or corporate law requirements. Our comments, including conclusions relate only to our policies, forms, instructions and should not be relied upon as legal advice or legal findings. We are not responsible with respect to such laws for the adequacy or accuracy of any document or oral statement made, respectively by the issuer or by any person or entity associated with the issuer.

Investors are cautioned that, except as disclosed in the management information circular or listing statement to be prepared in connection with the Proposed Transaction, any information released or received with respect to the Proposed Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Canada Coal should be considered highly speculative.

The CSE has in no way passed upon the merits of the Proposed Transaction and has neither approved nor disapproved the contents of this news release.

*This news release contains "forward-looking information" within the meaning of applicable securities laws and such statements, including, but not limited to, statements regarding the terms and conditions of the Proposed Transaction, the listing of the Resulting Issuer shares on the CSE, as well as information relating to Ayurcann. These forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the Company's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's control. Generally, such forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved." Readers are cautioned to not place undue reliance on forward-looking information.*

*By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The following represents forward-looking information and users are cautioned that actual results may vary. The Proposed*

*Transaction proceeds on the basis that the closing conditions will be satisfied. There is a risk that a closing condition may not be satisfied or not satisfied on a timely basis, including, without limitation, Canada Coal and Ayurcann not being able to obtain the requisite shareholder approvals and all requisite regulatory approvals, Canada Coal being unable to successfully complete the CCK Post-Consolidation Share exchange, and Canada Coal failing to obtain CSE listing approval. It is anticipated that the costs to complete the Proposed Transaction will not exceed current expectations, however, there exists a risk that costs may exceed expectations as the Proposed Transaction proceeds. The Proposed Transaction operates on the assumption that Ayurcann is able to successfully execute its business strategy; there is a risk that Ayurcann's (and therefore, the Resulting Issuer's) future growth, performance and business prospects and opportunities may not be as currently anticipated. Moreover, new laws or regulations could adversely affect the Resulting Issuer's business and results of operations. There are numerous other factors, many of which are out of Ayurcann's and Canada Coal's control, that could cause Ayurcann's and Canada Coal's actual results to differ materially from those indicated or implied by forward-looking statements and information. Such factors include, among others, limited business history of the parties; disruptions or changes in the credit or security markets or the economy generally; unanticipated costs and expenses; and general market and industry conditions. These factors and fluctuations may adversely affect the price of the Resulting Issuer's securities, regardless of its operating performance. Canada Coal and Ayurcann undertake no obligation to comment on analyses, expectations or statements made by third parties in respect of Ayurcann, Canada Coal, their securities or their respective financial or operating results (as applicable). The information about Ayurcann contained in the press release has not been independently verified by Canada Coal. Although Canada Coal believes in light of the experience of its officers and directors, current conditions and expected future developments and other factors that have been considered appropriate, that the expectations reflected in this forward-looking information are reasonable, undue reliance should not be placed on them because Canada Coal can give no assurance that they will prove to be correct.*

*Canada Coal and Ayurcann caution that the foregoing list of material factors is not exhaustive. When relying on these forward- looking statements and information to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The parties have assumed that the material factors referred to in the previous paragraph will not cause such forward-looking statements and information to differ materially from actual results or events. However, the list of factors is not exhaustive and subject to change. There can be no assurance that such assumptions will reflect the actual outcome of such items or factors. The forward-looking statements contained in this press release represent Canada Coal's and Ayurcann's expectations as of the date of this press release and are subject to change after such date. Canada Coal and Ayurcann have no intention, and undertake no obligation to update or revise any forward- looking statements, whether as a result of new information, future events or otherwise, except as required by law.*

**For more information, please contact:**

**CANADA COAL INC.**

Olga Nikitovic, Interim CEO  
Telephone: 905-813-8952

Email: [olga.nikitovic@sympatico.ca](mailto:olga.nikitovic@sympatico.ca)

**AYURCANN INC.**

Igal Sudman, CEO  
Telephone: 905-492-3322 x 301

Email: [igal@xtrx.ca](mailto:igal@xtrx.ca)

