



**THE FUTURE OF GENETICS | CSE: PACR**

For Immediate Release

June 1, 2020

## **PACROOTS ANNOUNCES INDUSTRIAL CBD HEMP JOINT VENTURE**

**Vancouver, B.C., June 1, 2020 – Pac Roots Cannabis Corp. (“PacRoots” or the “Company”) (CSE: PACR),** is pleased to announce the execution of a binding letter of intent to form Rock Creek Farms, a proposed 100 acre commercial hemp operation, slated for production this spring in Rock Creek, British Columbia.

On May 29, 2020, PacRoots entered into a binding letter of intent with a private British Columbia company (“**BC Co.**”) for the formation of the Rock Creek Farms joint venture, which will be owned 60% by Pac Roots and 40% by BC Co. PacRoots contribution to the joint venture will be an aggregate of \$450,000 in capital, of which \$100,000 was funded upon the execution of the letter of intent. BC Co. will contribute two commercial leases for over 100 acres of growing space, consulting services, cultivation equipment, agricultural infrastructure and intellectual property relating to commercial scale hemp operations and proprietary biomass storage techniques. Profits generated from the joint venture will be distributed first to PacRoots until its capital contributions have been repaid and thereafter in accordance with the interests in the joint venture held by the parties.

It is anticipated that the letter of intent will be replaced with a formal joint venture agreement governing the operations of Rock Creek Farms on or before June 30, 2020. BC Co. is controlled by Marc Geen, Alexander Kaulins and M&J Orchards, a Geen family company and has provided a commercial lease to BC Co. for 50 acres of M&J owned land, with the remaining 50 acres under commercial lease through Speakeasy Cannabis Club. Rock Creek is a well establish agricultural mecca situated in British Columbia’s ‘Golden Mile’ in the South Okanagan Valley. It is celebrated for its ideal climate conditions, honouring this region’s tradition of excellence and a family legacy that has grown here for more than 120 years. PacRoots is delighted to be involved with such a rich heritage and years of agriculture expertise to apply to this 100 - acre CBD Hemp Project. In accordance with the Industrial Hemp Regulations of the *Cannabis Act* (Canada), an industrial hemp license from Health Canada was issued on May 22<sup>nd</sup>, 2020 for the addresses relating to the acreages noted above. The license allows the collective to cultivate, sell, import, export, possess and process industrial hemp until March 15<sup>th</sup>, 2021.

***“This a major entrance for PacRoots to be positioned to generate cash flow from the 2020 summer growing season; representing the Company’s first production cycle. The Company is thrilled to offer this opportunity to its shareholders to be exposed to such a substantial outdoor project accompanied by industry leading expertise in one of Canada’s preeminent growing regions.”***  
**President and CEO, Patrick Elliott**

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*Figure 1 Commercial hemp operation, upper 50 acres in Rock Creek, British Columbia*

Industrial hemp follows a different set of regulations than those related to the production of cannabis and is subject to a simpler licensing regime, providing for the production of hemp with less than 0.3% THC. Rock Creek Farms intends to grow a premium grade CBD Hemp variety through traditional and customized farming techniques while utilizing the rich native soil.

As Marc Geen is a controlling shareholder of BC Co. and a director of the Company, the joint venture transaction constitutes a "related party transaction" as such term is defined under Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company is relying on exemptions from the formal valuation and minority approval requirements under MI 61-101. The Company relied on Section 5.5(a) of MI 61-101 for an exemption from the formal valuation requirement and Section 5.7(1)(a) of MI 61-101 for an exemption from the minority shareholder approval requirement of MI 61-101 as the fair market value of the consideration to be contributed by the Company represented less

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than 25% of the Company's market capitalization. Mr. Geen abstained from voting on the resolutions approving the joint venture transaction and declared his interests in BC Co to the board.



*Figure 2 Aerial photo of commercial hemp operation lower 50 acres in Rock Creek, British Columbia*

In other news, the Company announces the resignation of William Fleming as a director, Chief Financial Officer and Corporate Secretary. The Company thanks Mr. Fleming for his contributions to the Company during its transitional stages.

In order to fill the vacancy left by Mr. Fleming, the Company is pleased to appoint Jim Henning as its Chief Financial Officer and Corporate Secretary.

Mr. Henning is a Chartered Accountant and the founder and president of Corpfinance Advisors Inc. since 1984. Mr. Henning has solid expertise and practical experience in valuating businesses in a broad range of industries. He has assisted companies in financing, public offerings and restructuring. Areas of expertise include retail cannabis, manufacturing, telecommunications, software, biomedical, oil and gas services, and

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renewable energy industries. Mr. Henning has served as a Chief Financial Officer and director for a number of TSX Venture Exchange- and Canadian Securities Exchange-listed companies for several years.

**ON BEHALF OF PAC ROOTS CANNABIS CORP.**

(signed) "Patrick Elliott"  
Chief Executive Officer

**For further information, please contact:**

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*Certain statements included in this press release constitute forward-looking information or statements (collectively, "forward-looking statements"), including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend", "may", "should" and similar expressions to the extent they relate to the Company or its management. The forward-looking statements are not historical facts but reflect current expectations regarding future results or events. This press release contains forward looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors.*

*Statements about the Company's joint venture plans with BC Co and its intended industrial hemp license application are all forward-looking information.*

*Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions which are difficult to predict. Factors that could cause the actual results to differ materially from those in forward-looking statements include failure to obtain an industrial hemp in a timely manner or at all, the continued availability of capital and financing, and general economic, market or business conditions, including the effects of COVID-19. Forward-looking statements contained in this press release are expressly qualified by this cautionary statement. These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements. Although such statements are based on management's reasonable assumptions, there can be no assurance that the statements will prove to be accurate or that management's expectations or estimates of future developments, circumstances or results will materialize. The Company assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by law. Readers should not place undue reliance on the Company's forward-looking statements.*

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