

# Lotus Announces Construction Start, Private Placement and Terms of Cannabis Wheaton Streaming Deal

VANCOUVER, British Columbia, July 20, 2017 (GLOBE NEWSWIRE) -- Lotus Ventures Inc. ("**Lotus**" or the "**Company**") (CSE:J) is pleased to announce a non-brokered private placement offering (the "**Offering**"), the start of facility construction, provide details on its streaming agreement with Cannabis Wheaton Income Corp. ("**CBW**") and an update on the regulatory licensing process.

## Licensing Update

As of May 2017, Health Canada has introduced several improvements that aim to streamline the licensing of medical cannabis producers. These measures include increasing the department's capacity to review and process applications, undertaking certain stages of the application review concurrently, permitting licensed producers to manage production on the basis of their vault capacity and issuance of "cultivation licenses" upon completion of the "Detailed Review and Security Clearance" stage. These announcements are significant milestones on the Company's path to becoming an important participant in the rapidly developing Canadian regulated cannabis market. Lotus has received normal course communications, as many applicants have, from Health Canada and responded to those communications. Based on the status of the application Lotus is preparing to commence construction of the facility in the month of July.

## Private Placement

The Offering will consist of up to 6,666,666 units ("**Units**") at a purchase price of \$0.30 per Unit, for aggregate gross proceeds of up to \$2,000,000. Each Unit will consist of one common share in the capital of the Company ("**Common Share**") and one half of one common share purchase warrant ("**Warrant**"). Each full Warrant will entitle the holder to purchase one Common Share for a period of three years from the date of issuance, at a purchase price of \$0.35. The company may pay a 5% cash finders fee. The Offering is expected to close on or before September 1, 2017. Lotus has received a lead order of \$1,000,000 from the principal of a strategic partner of the Company. The proceeds from the Offering will be used for working capital and fund the construction of the first production facility.

## Cannabis Wheaton Income Corp.

Under the terms of Lotus' binding interim agreement with CBW, CBW has agreed to subscribe for \$5 million worth of Common Shares in the capital of Lotus (the "**Initial Subscription**") at price per Common Share equal to three times (3x) the closing price of Lotus stock at the date immediately prior to the Initial Subscription. The Initial Subscription is conditional upon, among other things, (i) completion of CBW's satisfactory due diligence review of Lotus; (ii) the parties mutually agreeing to Lotus' construction budget, design and timeline to build the facility; and (iii) Lotus receiving an "Affirmation E-mail" from Health Canada. Upon completion of the Initial Subscription, CBW shall receive 50% of the proceeds (net of certain costs) of future wholesale or retail sales completed by Lotus with respect to cannabis produced in Lotus' facility (the "**Facility**") for a period of 10 years.

Additionally, CBW has a right of first refusal to finance any proposed expansion of the Facility, within certain pre-determined parameters, in an amount up to \$7 million by way of a subscription for additional Common Shares in the capital of Lotus (the "**Expansion Subscription**"). Such Expansion Subscription to be completed at a price per Common Share equal to three times (3x) the closing price of Lotus stock at the

date immediately prior to the Second Subscription. Should CBW exercise its right of first refusal and complete the Expansion Subscription, CBW shall receive 50% of the proceeds (net of certain costs) of future wholesale or retail sales completed by Lotus with respect to cannabis produced in the expansion area of the Facility for a period of 10 years.

Chuck Rifici, chief executive officer of Cannabis Wheaton, commented: "We are delighted to be partnering with Lotus and its first-class management team in the buildout of its facility and expansion near Armstrong, British Columbia. Lotus is an important strategic partner for Cannabis Wheaton and enhances the overall strength of our platform."

Dale McClanaghan, chief executive officer of Lotus, remarked: "We are pleased to move forward with this strategic relationship with Cannabis Wheaton for the buildout of our first facility and subsequent expansion. We look forward to this mutually beneficial relationship as we advance both of our respective companies."

### **About Lotus Ventures**

Lotus is a late stage applicant for a license under the *Access to Cannabis for Medical Purposes Regulations*. Lotus has designed its facility for the unique requirements of growing cannabis. It is a combination of a complete and flexible computer controlled air flow and relative humidity to provide the best growing environment and design elements providing a pharmaceutical grade environment to avoid contamination. Lotus believes that this will result in it having a low production cost per gram and quality product. This approach to the cannabis industry has made Cannabis Wheaton a natural strategic partner.

### **About Cannabis Wheaton**

Backed by a team of industry experts, Cannabis Wheaton is the first cannabis streaming company in the world. Its streams will include production from across Canada coming from its partners composed of licensed producers of cannabis (LP) and LP applicants. Cannabis Wheaton's mandate is to facilitate real growth for the company's streaming partners by providing them with financial support and sharing the company's collective industry experience.

### **ON BEHALF OF THE BOARD**

#### **Lotus Ventures Inc.**

*"Dale McClanaghan"*

Dale McClanaghan, President and CEO

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### **Forward-Looking Information**

This news release contains certain "forward-looking information" within the meaning of applicable Canadian securities law. Forward-looking information is frequently characterized by words such as "plan", "continue", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or information that certain events or conditions "may" or "will" occur. This information is only a prediction. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking information throughout this news release. Forward-looking information includes, but is not limited to: receipt of regulatory approvals of the Offering, inability to complete the Offering on the proposed terms or at all, delays in obtaining or inability to obtain required government or other regulatory approvals, including licenses to cultivate cannabis, regulatory or political change,

competition and other risks affecting the Company in particular and the medical cannabis industry generally. Forward-looking information is based on the opinions and estimates of management at the date the information is made, and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. The Company is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.

**The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from the registration requirements. This news release will not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.**

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