

"From Seed to Sale": Fully Integrated Production Chain can Provide Unique Advantages to Christina Lake Cannabis in Commercializing Distillate Oils

VANCOUVER, British Columbia, JANUARY 29, 2021 Christina Lake Cannabis Corp. (the "Company" or "CLC" or "Christina Lake Cannabis") (CSE:CLC) (FRANKFURT: CLB) is pleased to announce that one of its cannabis distillate oils has been certified to have a tetrahydrocannabinol ("THC") concentration of 90.3% based on a certificate of analysis dated January 15, 2021 from a testing laboratory accredited by Health Canada. The Company recently announced its intent to primarily focus on producing cannabis distillate oils by extracting from its 2020 harvest of 32,500 kg / 71,650 lb of biomass grown under natural sunlight. Based on market demand for distillate oils, which typically contain THC concentrations in excess of 90%, the Company believes it is uniquely positioned in the cannabis marketplace to be a competitive supplier of distillate oils. Additionally, the Company is planning to blend cannabis-derived terpenes with its distillate oils, a combination which has only recently been requested in the Canadian cannabis industry despite being relatively common in other markets.

As a fully integrated producer of cannabis oils, the Company is favourably situated in the Canadian cannabis industry on account of its control over and visibility into the production chain. CLC has a genetic databank consisting of over 100 proprietary cannabis strains and a total inventory of over 600,000 seeds, which it began cultivating outdoors last spring at its facility in Christina Lake, British Columbia with over 950,000 square feet / 88,258 square metres of outdoor grow space. After harvesting and processing the crop, the Company then extracts oils from its dried biomass using its Vitalis R-200 CO2 extraction machine. This year, the Company has been successful in producing commercial quantities of market-ready winterized cannabis oil with distinct terpene profiles, which are sought-after for use in recreational products under Cannabis 2.0 for adult consumers (e.g., vapes, edibles, topicals) as well as in medicinal products.



Two members of CLC's extraction team hold dried biomass (left) and crude oil (right) in front of the Company's Vitalis R-200 CO2 extraction machine

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In CLC's January 13, 2021 press release, it was announced that the Company was beginning to produce ultra-high potency cannabis distillate oils, samples of which are presently undergoing independent third-party assessment of THC levels and other metrics. Distillate oils are not commonly used as a standalone product, but rather as an ingredient in products which could be enhanced through the addition of concentrated THC (e.g., food and beverage, personal care, cosmetics). Although the ability to produce cannabis distillate oils is not unique in and of itself, the Company benefits from several advantages it has as a fully integrated producer which can allow for lower risk, above-average profit margins, and greater supervision.

Cost of Raw Materials: Cultivating cannabis outdoors naturally using sunlight allows for substantially lower costs compared to growing in greenhouses or indoors. Given the ratio of dried biomass needed for each millilitre of cannabis oil, even small differences in the cost of biomass can have a significant effect on the profitability of a producer of cannabis extracts.

Robust Supply: Because the exact yield rate of distillate oil from dried biomass is not always known, producers of cannabis extracts often risk depleting their supply in the event that yields are lower than expected. As the Company's inaugural harvest garnered 32,500 kg / 71,650 lb of biomass, CLC possesses a sufficient supply of raw material to handle this risk without a significant effect on profitability.

Extraction Costs: Extraction is a function that is typically outsourced by cannabis producers, which tends to be more costly than extracting in-house. The Company owns its Vitalis R-200 CO2 extraction machine and all ancillary equipment, and has extraction personnel on staff. As such, the Company's relatively low costs of extraction could prove advantageous in reducing CLC's net cost of producing cannabis distillate oils.

In-House Visibility: Another disadvantage of outsourcing cannabis extraction to a third party is a lack of ongoing visibility into the processes. Observations made during each step of the way from initial extraction to final distillation are crucial to ensuring a consistent and high-quality finished product, especially when controlling for operational variables and unique properties of specific strains. CLC's extraction workflows are designed to gather insights in great depth, which can be analyzed collaboratively to make cultivation and business decisions based on observations from empirical data collected during extraction.

Joel Dumaresq, Chief Executive Officer and a director of the Company commented, "Part of our vision with Christina Lake Cannabis was not just to maximize the advantages that come from growing outdoors, but also integrating as much as we can into our in-house operations so that we can do things other licensed producers cannot necessarily do. There are many moving parts to any agricultural product ranging from the seed, to the setting in which it is grown, to techniques for cultivation, to harvesting, to post-harvest activities such as extraction. We have sought to bring all of this in house which can enable us not only to reduce costs, but also to oversee each and every step to ensure consistent quality. As we work towards making our first sales of cannabis extracts, it is becoming clear that we have done many things right, and we are confident that market reception could reflect this and give us the opportunity to further optimize our strategies for our second year of growing and beyond."

About Christina Lake Cannabis Corp.

Christina Lake Cannabis Corp. is a licensed producer of cannabis under the *Cannabis Act*. It has secured a standard cultivation licence and corresponding processing/sales amendment from Health Canada (March 2020 and August 2020, respectively) as well as a research and development licence (early 2020). CLC's facility consists of a 32-acre property, which includes over 950,000 square feet of outdoor grow space, offices, propagation and drying rooms, research facilities, and a facility dedicated to processing and extraction. CLC also owns a 99-acre plot of land adjoining its principal 32-acre site, which enables the Company to grow at a much larger scale. CLC cultivates cannabis using strains specifically developed for outdoor

cultivation and in its inaugural harvest year produced 32,500 kg (71,650 lb) on its existing facility before developing an adjacent 99-acre expansion property. Such an expansion will ultimately bring CLC's annual cultivation footprint to over 4.35 million square feet, which could enable at least 150,000 kg (330,693 lb) of low-cost, high-quality, sun-grown cannabis to be produced annually by the Company.

On behalf of Christina Lake Cannabis Corp.:

"Joel Dumaresq"

Joel Dumaresq, CEO and Director

For more information about CLC, please visit: www.christinalakecannabis.com

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