

# Christina Lake Cannabis to Become Exclusive Developer and Distributor of TAAT™ and Beyond Tobacco™ in Canada

VANCOUVER, British Columbia, FEBRUARY 26, 2021 Christina Lake Cannabis Corp. (the “Company” or “CLC” or “Christina Lake Cannabis”) (CSE:CLC) (OTCQB: CLCFF) (FRANKFURT: CLB) is pleased to announce that it has entered into a memorandum of understanding (“MOU”) with TAAT™ Lifestyle & Wellness Ltd. (“TAAT™”) (CSE: TAAT) dated February 24, 2021 in which CLC is to develop and distribute the TAAT™ nicotine-free and tobacco-free alternative to tobacco cigarettes for the Canadian market. The MOU grants CLC exclusive rights to develop and distribute TAAT™ in Canada for a two-year renewable term, and provides for budgets, schedules, and contributions of both parties for each stage of product development to be agreed upon by way of written agreements to set out specific stipulations for each stage. After TAAT™ was first announced in mid-2020, considerable interest was received from legal-aged Canadian smokers who appear to be drawn to the unique properties of TAAT™ as a tobacco-free and nicotine-free product, as well as its low price point compared to tobacco cigarettes (e.g., USD \$3.99 for TAAT™ in Ohio vs approx. USD \$7.00 for Marlboro). The base material of TAAT™ is known as *Beyond Tobacco™*, a proprietary hemp formulation which undergoes a 14-step process to taste, smell, and smoke similarly to actual tobacco. As Canadian law generally requires hemp products and derivatives to be produced, distributed, and sold through entities licensed by Health Canada, CLC’s status as a Licensed Producer under the *Cannabis Act* could enable TAAT™ to be produced and sold in the Canadian market, where the tobacco industry is valued at CAD \$19.1 billion<sup>1</sup>.

Carried by tobacco retailers in Ohio as of December 2020, TAAT™ has seen considerable success to date in the tobacco category in the United States. In a press release dated January 29, 2021 TAAT™ announced that 60% of retailers who carried its products for three or more weeks had already placed reorders, a velocity regarded by the firm’s Chief Revenue Officer Tim Corkum as an “outlier” in comparison to the dozens of tobacco brands he has launched in Canada and the Caribbean<sup>2</sup>. After launching the TAAT™ online store on February 17, 2021, availing the product to the majority of smokers aged 21+ in the United States, TAAT™ sold more than CAD \$50,000 worth of product in 48 hours<sup>3</sup>. Although TAAT™ ran digital advertising campaigns for its online store targeted towards smokers aged 21+ in the United States, more than 16% of all users visiting the TAAT™ online store to date were from Canada. Based on this level of interest, TAAT™ began to explore potential supplier relationships with a Licensed Producer in Canada, ultimately leading to its memorandum of understanding with the Company.

Offered in *Original*, *Smooth*, and *Menthol* varieties, TAAT™ is engineered to mimic the experiential attributes of smoking a tobacco cigarette. Elements of TAAT™ which contribute to this similarity include a cigarette-style combustible “stick” format, an enhanced volume of smoke, and a tobacco-like taste and smell.

More information about TAAT™ can be found on its website: <http://taatglobal.com>



*CLC has entered into a memorandum of understanding with TAAT™ Lifestyle & Wellness Ltd. to develop and distribute TAAT™ for the Canadian market. Pictured above is a 20-stick pack of TAAT™ Original, which is engineered to have a similar appearance to incumbent cigarette products in the tobacco category, as well as to taste, smell, and smoke similarly to a tobacco cigarette from an experiential perspective, despite containing no tobacco or nicotine.*

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CLC's inaugural harvest in 2020 yielded 32,500 kg / 71,650 lb of sun-grown cannabis, which is primarily being extracted to produce winterized cannabis oils and distillates for the Canadian market. Although CLC does not presently cultivate hemp, which would be used to produce Beyond Tobacco™ for the manufacture of TAAT™, CLC has sourced multiple local growers who can supply high quality, toxin-free hemp biomass which is suited to the ideal composition of Beyond Tobacco™, the base material of TAAT™ products. As TAAT™ continues its rollout in the United States, CLC believes that it could capitalize upon this momentum to strategically place TAAT™ in authorized online retail and sales channels across Canada to capture the interest of legal-aged smokers who might desire a nicotine-free and tobacco-free alternative to tobacco cigarettes.

Nicco Dehaan, Chief Operating Officer, Master Grower, and a director of the Company commented, "Working with TAAT™ is a wonderful opportunity for us to branch out into the

commercialization side of the cannabis and hemp industry, as a partner of a third-party firm. The Canadian environment for cannabis and hemp can be tricky to navigate, which creates barriers for players from outside of Canada when it comes to entering the market here. We believe TAAT™ has created a novel product formulation which has clearly resonated well with smokers aged 21+ in the United States. Between our ability to develop and produce TAAT™ and its Beyond Tobacco™ base material for the Canadian market, as well as to distribute TAAT™ through authorized sales channels, I believe that we can unlock a lot of value for both CLC and TAAT™ as they work towards expanding into a new country for the first time.”

Setti Coscarella, Chief Executive Officer of TAAT™ commented, “Legal-aged smokers in Canada have shown a persisting interest in TAAT™, despite the fact that we have not conducted any product advertising whatsoever here. In the consumer packaged goods (‘CPG’) industry it is relatively common for firms to partner with local manufacturers in international markets for a variety of reasons (e.g., Hershey makes Cadbury chocolate in the United States), and I believe that working with CLC could help to expedite our planned entry into the Canadian market.”

#### Sources

1 - <https://www.statista.com/statistics/488752/forecasted-market-value-of-the-tobacco-industry-canada/>

2 - <https://www.globenewswire.com/news-release/2021/01/29/2166840/0/en/60-of-Tobacco-Retailers-who-Have-Carried-TAAT-for-Three-or-More-Weeks-Have-Placed-Reorders.html>

3 - <https://www.globenewswire.com/news-release/2021/02/19/2179100/0/en/Following-E-Commerce-Launch-TAAT-Sells-More-than-CAD-50-000-of-Product-in-48-Hours.html>

#### **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](http://www.christinalakecannabis.com)

Jamie Frawley  
Investor Relations and Media Inquiries  
[jamie@clcannabis.com](mailto:jamie@clcannabis.com)  
416-268-9432

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