



**Christina Lake Cannabis Corp. Provides
Operational Update and Announces Fourth
Consecutive Quarter of Sales Growth,
Ending Fiscal 2021**

VANCOUVER, British Columbia, JANUARY 11, 2022 Christina Lake Cannabis Corp. (the "Company" or "CLC" or "Christina Lake Cannabis") (CSE: CLC) (OTCQB: CLCFF) (FRANKFURT: CLB) released the following open letter to shareholders today:

I am pleased to provide a summary of the operational progress made by Christina Lake over the past 12 months as we go into 2022, which is poised to be an exciting year for us. We will be growing our third crop of sun-grown cannabis, with a primary focus on strains with cannabinoid profiles that are ideal for producing distillates and other cannabis extracts with high levels of tetrahydrocannabinol ("THC") and terpenes, a specialty we have embraced in accordance with trends in the cannabis market.

In Q1 of fiscal 2021, we closed our first commercial purchase orders, generating sales of approximately \$62,421 with direct costs of approximately \$19,711 excluding changes in fair value of inventory sold. In the subsequent two fiscal quarters, we generated sequential sales growth by approximately 247% to \$216,738 in Q2 and 496% to \$1,290,722 in Q3, with \$71,794 and \$532,428 in direct costs, respectively. Anticipated sales in Q4 increased approximately 60% from the prior quarter to approximately \$2,063,569* with direct costs of approximately \$745,428 excluding changes in fair value of inventory. The growth throughout fiscal 2021 was attributed to additional investment in processing equipment and continuously refined production methods, resulting in higher quality/in-demand inventory. The sales team was able to form supplier relationships with licensed producer accounts across Canada, establishing repeat demand from several key industry players.

It is becoming clear to us that our reputation as a reliable and efficient grower/processor/supplier of high-quality cannabis products has developed and continues to grow. Although our primary offering is high-potency distillate oil, we have also added new product categories to downstream licensed producers of cannabis in Canada. As we kick off 2022, our business plan will be anchored by a principal focus on further establishing a dominant position in the cannabis oil market as we continue to improve our efficiencies and refine our production methods.

Below, are some more detailed updates:

Yield Numbers from Second Growing Season in 2021

In a press release dated July 14, 2021, the Company announced that several of its experimental proprietary strains of cannabis were performing especially well during the record-high temperatures in southern British Columbia during summer 2021. This performance was sustained through the harvesting phase, ultimately resulting in an overall yield of approximately 38,000 kg of dried biomass (roughly 15% higher than our inaugural harvest in 2020) during 2021.



Impact of Pre-Processing Equipment

In 2021, the Company outfitted its facility with leading pre-processing equipment. Our master growers have determined that the use of this equipment has enabled the Company to systematically capture high-potency elements of feedstock while discarding low-value parts with minimal wastage, resulting in significantly reduced production costs. This has also helped to ensure that biomass with a high concentration of THC is the predominant input into Christina Lake's extraction machinery, without the inefficiencies caused by the presence of low-value elements, even in small quantities. This was a significant milestone in the Company's production efficiency over the previous year. As such, the Company has been able to begin manufacturing new product ranges at a scale that would not have been possible with our previous equipment configuration.

Improvements to Christina Lake's Cannabis Extraction Facilities and Processes

In 2021, a co-solvent injection system was added to our extraction facility, enabling an acceleration in our processing workflows, and reducing production time by more than 60%, which resulted in improved efficiencies and economics. This equipment gives the Company the ability to capture terpenes; it can be operated using CO² as a mono-solvent if desired; and it remediates residual ethanol from the spent biomass. This solution has enhanced the Company's extraction process without forcing it to make a trade-off between quality, purity, or profit. Christina Lake continues to see a decrease in extraction runtime, lower operating pressures, greater selectivity in the extraction process, and an overall increase in extract quality; all while utilizing minimal quantities of ethanol.

Furthermore, in 2021 Christina Lake designed and invested in a proprietary filtration system that allows the Company to continue to the next step with higher purity and potency than ever before. To complement this improvement, additional distillation equipment was recently purchased and commissioned. This combination allows for even further refinement of our already pure high-potency oils, while increasing distillation throughput to meet growing sales demand.

Next Steps into 2022

We are confident that, as a result of the application of these technologies, along with our strong outdoor genetics and highly experienced team combined with our cost structure, we are positioned well going into 2022. I am extremely proud of the team's achievements this year. At the outset of 2021, our goal had been to de-risk our business model by developing a broad sales channel and establishing a market for our consistent and high-quality distillate and other cannabis products. After just one year, I believe we have made significant progress towards achieving that goal. Our processing and extraction facilities are presently operating at capacity based on expected sales orders and fortunately have not been negatively impacted by the COVID-19 pandemic to date. Our site management has in place a robust COVID-19 Prevention and Control Policy as well as contingency plans in the event of on-site incidents. Further, the sales team was able to develop a strong pipeline in the final quarter of 2021 and will focus on carrying that momentum throughout 2022.

In Conclusion

Overall, I am very pleased with the direction in which the business is going as we strive to become known for producing the most reliable, consistent, and cost-effective premium-quality oils in the marketplace. The recognition the Company is receiving is very encouraging to me, and we are looking forward to growing our customer base in 2022.

Yours truly,

Joel Dumaresq
Chief Executive Officer



The Company has released a short video showing a compilation of on-site footage of various aspects of its 2021 Harvest season. The video can be watched by clicking the thumbnail above, or by [clicking here](#).

Readers using news aggregation services may be unable to view the media above. Please access SEDAR or the *Investor Relations* section of the Company's website for a version of this press release containing all published media.



ABOUT CHRISTINA LAKE CANNABIS CORP.

Christina Lake is a licensed producer of cannabis under the *Cannabis Act*. It has secured a standard cultivation licence and corresponding processing amendment from Health Canada (March 2020 and August 2020, respectively) as well as a research and development licence (early 2020). Christina Lake'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. Christina Lake also owns a 99-acre plot of land adjoining its principal 32-acre site, which allows for future expansion. Christina Lake cultivates cannabis using strains specifically developed for outdoor cultivation and in its inaugural harvest year produced 32,500 kg (71,650 lb).

For more information, please visit www.christinalakecannabis.com and www.sedar.com (CLC.CN).

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Forward-Looking Information

Certain statements within this press release relating to the Company constitute "forward-looking statements," within the meaning of applicable securities laws, including without limitation, statements regarding future estimates, business plans and/or objectives, sales programs, forecasts and projections, assumptions, expectations, and/or beliefs of future performance, are "forward-looking statements." Such "forward-looking statements" involve known and unknown risks and uncertainties that could cause actual and future events to differ materially from those anticipated in such statements. Forward-looking statements include, but are not limited to, statements with respect to commercial operations, including production and/or sales of distillate and other cannabis products, quantities of future production, anticipated revenues in connection with such sales, the overall projected size of the market, improvements and/or expansion of production facilities, actual or expected biomass yields and the growth of such yields, and other information that is based on forecasts of future results, estimates of production not yet determinable, the impact of general economic conditions and the COVID-19 pandemic in Canada, and other key management assumptions. Actual results may differ materially from those expressed or implied by such forward-looking statements and involve risk and uncertainties relating to the Company's historical experience with changes in distillate and other cannabis product prices, actual operating performance of facilities, the impact of general economic conditions and the COVID-19 pandemic in Canada, and other uninsured risks. A description of



assumptions used to develop such forward-looking information and a description of risk factors that may cause actual results to differ materially from forward-looking information can be found in the Company's disclosure documents on the SEDAR website at www.sedar.com. The Company assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by law.

*This press release also contains future-oriented financial information and financial outlook information (collectively, "FOFI") about our prospective results of operations for Q4 2021, including anticipated sales (i.e., gross revenue) for Q4 2021, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth above. Readers are cautioned that sales figures (i.e. gross revenue) are a component of results of operations and do not include expenditure numbers, and therefore are not a substitute for net income. The Company generated a net loss of \$350,204 for the three quarters ended August 31, 2021, and expects to release full audited financial statements for the year ended November 30, 2021 in March 2022. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on FOFI and forward-looking statements. Christina Lake's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and FOFI, or if any of them do so, what benefits Christina Lake will derive therefrom. Christina Lake has included the forward-looking statements and FOFI in this press release in order to provide readers with a more complete perspective on Christina Lake's future operations and such information may not be appropriate for other purposes. Christina Lake disclaims any intention or 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.

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