



## **Christina Lake Cannabis Announces Acquisition Agreement and Financing**

VANCOUVER, British Columbia, February 5, 2024 — Christina Lake Cannabis Corp. (CSE: CLC) (OTCQB: CLCFF) (FRANKFURT:CLB), (the "Company" or "Christina Lake Cannabis" or "CLC"), a leading producer of high quality extracts and sun grown cannabis, today announced it has signed a definitive agreement ("Definitive Agreement") to acquire certain assets from a private British Columbia corporation (the "Vendor"). The proposed transaction includes acquiring ownership of outdoor cultivation facilities in Southern British Columbia, related harvesting and manufacturing equipment, and approximately 19,000 kg. of biomass (the "Transaction") for a total purchase price of \$3,000,000 (the "Purchase Price"). The Transaction is expected to close on February 9, 2024, subject to completion of customary closing conditions.

With this acquisition, the Company will expand its licensed outdoor cultivation footprint by approximately 100 acres. The first crop of propriety CLC strains will be planted in the spring of 2024. Enhancements to the Company's processing infrastructure over the last 12 months ensures that the Company will be able to meet growing customer demand and handle the expanded cultivation capacity.

The Purchase Price for the proposed acquisition will be paid through the issuance of a secured convertible promissory note ("Note"). The Notes shall be secured by the land and buildings acquired in the Transaction. The Note bears interest at a rate of 10% per annum for year 1, 15% per annum for year 2, and 20% per annum for the remaining 3 years. Repayment of the Note shall be interest only payments paid annually on the anniversary dates for the first 24 months of the Term, then quarterly interest payments thereafter, and \$1,000,000 principal repayments on or before each Anniversary Payment Date until the remaining principal amount of this Note is satisfied in full. Outstanding principal and unpaid interest from the Note will be convertible into common shares at a conversion price of \$0.05 per common share during the Term. The Vendor shall have the right to convert the Note at any time, subject to a notice period. Additionally, the Company shall have the right to repay the Note at any time during the Term together with prepayment of any remaining interest payable under the Note.

A copy of the Definitive Agreement will be available under the Company's profile on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

### **Private Placement**

In addition to the Note issued in connection with the Transaction, the Company intends to complete a non-brokered financing with gross proceeds of up to \$2,500,000 (the "Offering"). Pursuant to the Offering, the Company will issue Notes on substantially the same terms as the Notes issued under the Transaction ("Financing Notes"), however the security under the Financing Notes against the land and buildings acquired in the Transaction will be subordinated to the security granted to the Vendor. The Financing Notes will also be granted a subordinated security interest over another existing property of the Company. The Financing Notes will bear interest and repayment at the same schedule as the above Note issuable to the Vendor in the Transaction. Outstanding principal and unpaid interest from the Financing Notes will be convertible into common shares at a conversion price of \$0.05 per common share during the Term. Subscribers shall have the right to convert the Financing Notes at any time, subject to a notice period. Additionally, the Company shall have the right to repay the Financing Notes at any time during the Term, together with prepayment of any remaining interest payable under the Financing Notes.



The Company expects to close the initial tranche of the Offering on or about February 26, 2024. The proceeds of the Offering are expected to be used for upgrades to the equipment and facilities acquired in the Transaction and for new site preparation and development.

Certain directors and officers of the Company may acquire Financing Notes under the Offering. Such participation will be considered to be a "related party transaction" as defined under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company anticipates relying on exemptions from the minority shareholder approval and formal valuation requirements applicable to the related-party transactions under sections 5.5(b) and 5.7(1)(b), respectively, of MI 61-101, as neither the fair market value of the Financing Notes to be acquired by the participating directors and officers nor the consideration to be paid by such directors and officers is anticipated to exceed \$2,500,000.

The securities issued under the Offering have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and were not to be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in the United States or in any other jurisdiction in which such offer, solicitation or sale would be unlawful.

### **About Christina Lake Cannabis Corp.**

Christina Lake Cannabis is a licensed producer of cannabis under the Cannabis Act. It has secured a standard cultivation license and corresponding processing amendment from Health Canada (March 2020 and August 2020, respectively) as well as a research and development license (early 2020). Christina Lake Cannabis' 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 Cannabis also owns a 99-acre plot of land adjoining its principal site. CLC focuses its production on creating high quality extracts and distillate for its B2B client base with proprietary strains specifically developed for outdoor cultivation to enhance extraction quality.

### **On behalf of Christina Lake Cannabis:**

*"Mark Aiken"*  
Mark Aiken, CEO

For more information about CLC, please visit: [www.christinalakecannabis.com](http://www.christinalakecannabis.com)

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This News Release includes certain "forward-looking statements" which are not comprised of historical facts. Forward-looking statements include estimates and statements that describe the Company's future



plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Forward-looking statements may be identified by such terms as “believes”, “anticipates”, “expects”, “estimates”, “may”, “could”, “would”, “will”, “likely”, “probably”, “often”, or “plan”. Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Although these statements are based on information currently available to the Company, the Company provides no assurance that actual results will meet management’s expectations. Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Forward looking information in this news release includes, but is not limited to, the anticipated size of the Offering, the completion and terms of the Offering, the use of the proceeds from the Offering, the anticipated results from the Transaction and the Transaction being financially accretive and strategically valuable to the Company, the anticipated closing of and proposed closing date for the Transaction, the results of the processing, the 2024 outdoor grow season, any potential future expansion, the Company’s objectives, goals or future plans, statements, harvesting results, and estimates of market conditions. Factors that could cause actual results to differ materially from such forward-looking information include: the risk of delay or failure to close either the Transaction or the Offering for any reason, future growth potential of the Company, fluctuations in general macroeconomic conditions, fluctuations in securities markets, fluctuations in cannabis markets, expectations regarding the size of the future harvest, the ability of the Company to successfully achieve its business objectives, plans for expansion, inability to obtain adequate insurance to cover risks and hazards and general market conditions. Additional factors and risks including various risk factors discussed in the Company’s disclosure documents which can be found under the Company’s profile on <http://www.sedar.com>. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected

Although the forward-looking statements contained in this news release are based upon what management of the Company believes, or believed at the time, to be reasonable assumptions, the Company cannot assure shareholders that actual results will be consistent with such forward-looking statements, as there may be other factors that cause results not to be as anticipated, estimated or intended. Readers should not place undue reliance on the forward-looking statements and information contained in this news release. Actual results could differ materially from those currently anticipated due to a number of factors and risks including various risk factors discussed in the Company’s disclosure documents which can be found under the Company’s profile on <https://www.sedarplus.com>. These statements speak only as of the date of this news release. The Company assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change, except as required by law.