



Christina Lake Cannabis Completes Acquisition

VANCOUVER, British Columbia, February 12, 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, is pleased to announce it has completed the acquisition of certain assets from a private British Columbia corporation (the “Vendor”). The previously announced transaction includes acquiring ownership of outdoor cultivation facilities in Midway, 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”).

“This acquisition will solidify our position as a key supplier to the country’s top brands” said Mark Aiken, Chief Executive Officer of Christina Lake Cannabis. “We are expanding our growing capability to meet rising customer demand. The increased capacity is a catalyst for robust topline growth and improved profitability by harnessing economies of scale. As the demand for our products has continued to grow over the last 2 years, we have had to supplement our own cultivation with tens of thousands of kilos of biomass supply from the wholesale market. The Midway acquisition secures our supply chain providing CLC with cost certainty and solid control over input quality.”

The Midway property represents a total of 342 acres, with slightly over 100 acres of licensed cultivation space. With this acquisition, CLC will expand its total licensed outdoor cultivation footprint to over 120 acres. Potential further expansion of additional acreage is available and could be licensed by the Company should the demand arise.

“Over the last 18 months CLC has focused on operational efficiencies and investment in their processing infrastructure,” said Jay McMillan, Chairman of the Christina Lake Cannabis Board of Directors. “This has resulted in increased productivity and expanded capacity. The investment in the Midway property now aligns CLC’s cultivation and processing capability, positioning the company for future growth.”

The first 80-acre crop of propriety CLC strains will be planted in the spring of 2024 with expansion to the full 100 acres planned for 2025. The Company will leverage the strength of their genetic development and outdoor cultivation skills to support the additional growth. CLCs products are leveraged by brands across the Canadian Cannabis market to manufacture vapes, edibles, pre-roll and infused pre-roll products for both the recreational and medical markets.

The Purchase Price for the acquisition was paid through the issuance of a secured convertible promissory note having a 5-year term (“Note”). The Note is 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 February 9, 2025 and February 9, 2026, then quarterly interest payments thereafter and \$1,000,000 principal repayments on or before each of February 9, 2027, 2028 and 2029 until the remaining principal amount of the Note is satisfied in full. Outstanding principal and unpaid interest from the Note may be convertible into common shares of CLC (“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. The definitive agreement for the Transaction also provides the Vendor with a right to nominate a member to CLC's board of directors for so long as the conversion of the Note (together with any Common Shares then held by the Vendor) would result in the Vendor holding 10% or more of the Common Shares. No finder's fees were payable with respect to the Transaction.

A copy of the definitive agreement for the Transaction will be available under the Company's profile on SEDAR+ at www.sedarplus.com.

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

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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: future growth potential of the Company, the anticipated results from the Transaction and the Transaction being financially accretive and strategically valuable to the Company, 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: 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 are discussed in the Company's disclosure documents which can be found under the Company's profile on <https://www.sedarplus.ca>. 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.ca>. 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.