

Canna-V-Cell Announces Business Combination with its Controlling Shareholder BioHarvest Ltd. ("Bio Harvest")

The Company will also issue up to 35,200,000 common shares at \$0.15 per share in a concurrent Private Placement

Vancouver, British Columbia--(Newsfile Corp. - December 13, 2019) - Canna-V-Cell Sciences Inc. (**CSE: CNVC**) (the "**Company**") ("**Canna V**") announced today that it has entered into an Agreement and Plan of Merger dated December 9, 2019 with its 46% controlling shareholder BioHarvest Ltd. (BioHarvest) and the Company's wholly owned Israeli subsidiary Biofarming Ltd.

Under the terms of the Agreement and Plan of Merger, Canna V will acquire 100% of BioHarvest by issuing 299,200,000 common shares at a deemed price of \$0.15 per share to the shareholders of BioHarvest. (BioHarvest owns 48,337,496 common shares of the Company so the net new shares issued after subtracting the intercorporate holding is 250,862,504.) Canna V will also issue 39,581,480 warrants (the "Creditor Warrants") to the convertible debt holders of BioHarvest who will convert their debt to shares immediately prior to closing. The Creditors Warrants which are exercisable until August 31, 2020 to purchase an additional common share at \$1.00 per share, replace warrants the creditors were entitled to receive in Bio Harvest. In addition, the Company will grant 11,910,000 stock options to BioHarvest's and Canna V's Chief Technology Officer. The options will be exercisable to purchase shares of Canna V at \$0.15 per share for a period of two years and will vest quarterly over that period.

The acquisition price is based on a valuation report from Evans and Evans dated November 20, 2019 estimating the value of BioHarvest Ltd. to be between \$33,700,000 U.S. (approximately \$44,484,000 CAD) and \$34,600,000 U.S. (approximately \$45,670,000 CAD).

The above transaction constitutes a fundamental change under the rules of the Canadian Securities Exchange.

BioHarvest is a company based in Rehovot Israel that has developed a patented platform technology (biofarming) for the growing of cells of superfoods and plants in liquid suspension in bioreactors. The technology allows the growing of just the desired cells of the plant without the necessity to grow the whole plant. BioHarvest currently produces a product from red grape cells called VINIA™ on a commercial basis. VINIA™ is a fine dry powder containing the whole matrix of polyphenols with a high concentration of Resveratrol a natural vasodilator for cardiovascular health. BioHarvest, under a License Agreement and a Services Agreement dated April 18, 2018, is adapting the technology on behalf of the Company for the purpose of producing cannabis cells.

In addition to the increase in value to the Company there are a number of significant advantages that arise out of the acquisition.

- 1) The Company will now own the platform bio reactor technology developed by Bio Harvest that is being used for the development of cannabis products rather than only licensing the technology from Bio Harvest.
- 2) The Company will no longer need to pay royalties and milestone payments to Bio Harvest.
- 3) The Company will obtain ownership of 14 patents and patents pending held by Bio Harvest including patents related to its VINIA™ made from red grape cells and similar products to be developed for other food products including pomegranate and olive.
- 4) The Company will have its own highly qualified and experienced staff developing its cannabis products as well as other food products.
- 5) The Company will own the Bioreactor facility which can be repurposed for cannabis products when not needed to supply VINIA™. Bio Harvest currently has a one-year inventory of VINIA™ product.
- 6) The acquisition immediately adds significant sales revenue to the Company from the sale of Bio Harvest VINIA™ product.

The closing of the acquisition is subject to a number of conditions including required regulatory and shareholder approvals, and the Company completing a concurrent private placement financing of up to 35,200,000 common shares at \$0.15 per share. (This amount is subject to adjustment depending on the cash position of BioHarvest at closing.)

The Company will pay commissions of up to 6% of the proceeds and issue warrants to purchase up to 6% of the number of shares sold in the private placement to brokers or finders where permitted by law.

Zaki Rakib the Company's CEO and Chairman is Chief Executive Officer of BioHarvest, Vivien Rakib is a director and significant shareholder of BioHarvest and Yochi Hagay the Company's Chief Technology Officer, is Chief technology Officer of BioHarvest. Accordingly, the transactions are not arm's length transactions and are subject to Multilateral Instrument 61-101 requirements. The following steps have or will be taken to satisfy these requirements:

- 1) The Company has obtained an Independent Valuation. The Company has determined that Evans and Evans are qualified and independent.
- 2) The Company appointed a Special Committee of the Board consisting of David K. Ryan and Jake Fiddick, to supervise preparation of the valuation and to make recommendations to shareholders.
- 3) Approval of a majority of disinterested shareholders will be obtained at the shareholder meeting.

About Canna-V-cell Sciences Inc.

Based in Vancouver BC, Canna-V-Cell Sciences Inc. (CSE: CNVC) is the exclusive Cannabis worldwide licensee of the proprietary and patent protected BioHarvest technology. It is the first and only industrial large-scale plant cell growth technology capable of directly and constantly producing the active plant ingredients without the necessity to grow the plant itself. By adopting this technology and building adequate cells production capacity, Canna-V-Cell's objective is to become the leading supplier of Cannabis for both the medicinal and recreational legal use.

Forward-Looking Statements

Information set forth in this news release contains forward-looking statements that are based on assumptions as of the date of this news release. These statements reflect management's current estimates, beliefs, intentions and expectations. They are not guarantees of future performance. The Company cautions that all forward-looking statements are inherently uncertain, and that actual performance may be affected by a number of material factors, many of which are beyond the Company's control. Accordingly, actual and future events, conditions and results may differ materially from the estimates, beliefs, intentions and expectations expressed or implied in the forward-looking information. Except as required under applicable securities legislation, the Company undertakes no obligation to publicly update or revise forward-looking information.

Canna-V-Cell Sciences Inc.

Dr. Zaki Rakib
CEO

For further information, please contact:

Dave Ryan, President & Director
Phone: 1 (604) 622-1186
Email: dave.ryan@cannavcell.com

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