



SPROUTLY ANNOUNCES \$20 MILLION SPECIAL WARRANTS BOUGHT DEAL FINANCING

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VANCOUVER, B.C., September 26, 2018 – Sproutly Canada, Inc. (CSE: SPR) (FRA: 38G) (“**Sproutly**” or the “**Company**”) is pleased to announce that it has entered into a letter of engagement with Canaccord Genuity Corp. to act as lead underwriter and sole bookrunner (“Canaccord Genuity”) under which Canaccord Genuity has agreed to purchase 10,000 convertible debenture special warrants of the Company (the “CD Special Warrants”) on an underwritten basis at a price per CD Special Warrant of \$1,000 for aggregate gross proceeds of \$10 million (the “CD Offering”). Canaccord Genuity has also agreed to purchase 15,400,000 equity unit special warrants of the Company (the “Equity Unit Special Warrants”) on an underwritten basis at a price per Equity Unit Special Warrant of \$0.65 for aggregate gross proceeds of approximately \$10 million (the “Equity Unit Offering”). The CD Offering and the Equity Unit Offering are collectively the “Offering” and the CD Special Warrants and Equity Unit Special Warrants are together the “Offered Securities”. Prior to closing the Offering, Canaccord Genuity and the Company may agree to form a syndicate of underwriters.

The Company has also granted Canaccord Genuity an option to purchase up to an additional 15% of the base offering of the Offered Securities, which option is exercisable by giving notice to the Company not less than 48-hours prior to the closing of the Offering. Closing of the Offering is expected to occur on October 18, 2018. If this option is exercised in full, an additional \$3.0 million will be raised pursuant to the Offering and the aggregate proceeds of the Offering will be approximately \$23 million.

Each CD Special Warrant and Equity Unit Special Warrant not previously exercised will be automatically exercised, without payment of additional consideration, on the earlier of: (i) the Qualification Deadline (as defined below); and (ii) the third business day after the Prospectus Qualification (as defined below). The holders of CD Special Warrants will receive, upon such deemed exercise and for no additional consideration, one convertible debenture unit of the Company (the “CD Units”) for each CD Special Warrant held.

Each CD Unit will be comprised of one unsecured convertible debenture of the Company (each, a “Convertible Debenture”) and 667 common share purchase warrants (a “ Warrant”). Each Warrant will entitle the holder to purchase one common share of the Company (each, a “Common Share”) at an exercise price of \$0.90 per Common Share for a period of 24 months from the date of closing of the Offering.

The holders of Equity Unit Special Warrants will receive, upon such deemed exercise and for no additional consideration, one unit of the Company (the “Equity Units”) for each Equity Unit Special Warrant held. Each Equity Unit will be comprised of one Common Share and one-half of one Warrant.

The Company has agreed to use its best efforts to obtain a receipt for a final short form prospectus qualifying the distribution of the CD Units and Equity Units upon exercise of the CD Special Warrants and Equity Unit Special Warrants respectively (together, the "Prospectus Qualification") on or before the date that is 60 days following closing of the Offering (the "Qualification Deadline"). If the Prospectus Qualification does not occur before the Qualification Deadline, each holder shall be entitled to receive, without payment of additional consideration, 1.05 CD Units per CD Special Warrant or 1.05 Equity Units per Equity Unit Special Warrant. Until the Prospectus Qualification occurs, securities issued in connection with the Offering will be subject to a 4-month hold period from the date of issue.

The Company intends to use the net proceeds of the Offering to fund expansion and other general corporate purposes. The closing date of the Offering is scheduled to be on or about October 18, 2018 and is subject to certain customary conditions including, but not limited to, the receipt of all necessary approvals, including the approval of the Canadian Securities Exchange and the applicable securities regulatory authorities.

The Convertible Debentures shall bear interest at a rate of 8.0% per annum from the date of issue, payable semi-annually in arrears on June 30 and December 31 of each year. The Convertible Debentures will have a maturity date of 24 months from the closing date of the Offering (the "Maturity Date").

The Convertible Debentures will be convertible at the option of the holder into Common Shares at any time prior to the close of business on the Maturity Date at a conversion price of \$0.75 per Common Share (the "Conversion Price").

The Convertible Debentures will be subject to redemption, in whole or in part, by the Company at any time following the date that is 12 months from the date of issuance upon giving holders not less than 30 and not more than 60 days' prior written notice, at a price equal to the then outstanding principal amount of the Convertible Debentures plus all accrued and unpaid interest up to and including the redemption date. Upon a change of control of the Company, holders of the Convertible Debentures will have the right to require the Company to repurchase their Convertible Debentures, in whole or in part, on the date that is 30 days following the change of control, at a price equal to 105% of the principal amount of the Convertible Debentures then outstanding plus accrued and unpaid interest thereon (the "Offer Price"). If 90% or more of the principal amount of the Convertible Debentures outstanding on the date of the notice of the change of control have been tendered for redemption, the Company will have the right to redeem all of the remaining Convertible Debentures at the Offer Price.

This news release does not constitute an offer to sell or a solicitation of an offer to sell any of securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to or for the account or benefit of U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

About Sproutly Canada, Inc.

Sproutly is an ACMPR Licensed Producer of cannabis and an exclusive licensee of APP Technology that strives to meet the evolving needs of cannabis consumers in regulated global jurisdictions. Its mission is to become a consumer products company, bringing together best-in-class cultivation, secured distribution solutions, and advanced technologies to redefine the cannabis industry. Sproutly currently owns and operates a 16,600 sq. ft. production facility located centrally in the Greater Toronto Area utilizing state-of-the-art production technology and methods designed to pharma-grade standards. Sproutly's strategy is focused on developing and deploying novel technologies to formulate and market unique cannabis products in a rapidly evolving consumer market.

For more information on Sproutly, please visit www.sproutly.ca.

Contact:

Keith Dolo, Chief Executive Officer of Sproutly Canada

Email: investorrelations@sproutly.ca

Forward-Looking Statements

Cautionary Note Regarding Forward-Looking Statements: This release includes certain statements and information that may constitute forward-looking information within the meaning of applicable Canadian securities laws or forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. All statements in this news release, other than statements of historical facts, including statements regarding future estimates, plans, objectives, timing, assumptions or expectations of future performance, including information concerning the Offering and the anticipated closing date and use of proceeds thereof, are forward-looking statements and contain forward-looking information. Generally, forward-looking statements and information can be identified by the use of forward-looking terminology such as "intends" or "anticipates", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would" or "occur". Forward-looking statements are based on certain material assumptions and analysis made by the Company and the opinions and estimates of management as of the date of this press release, including that regulatory approval of the Offering will be obtained in a timely manner; and that the agreement with Canaccord Genuity will not be terminated in accordance with its terms. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements or forward-looking information. Important factors that may cause actual results to vary, include, without limitation, risks that the Company will not obtain the requisite approvals or otherwise satisfy the necessary conditions precedent to complete the Offering. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. Readers are cautioned that reliance on such information may not be appropriate for other purposes. The Company does not undertake to update any forward-looking statement, forward-looking information or financial out-look that are incorporated by reference herein, except in accordance with applicable securities laws.

Neither the Canadian Securities Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this release.