



SPROUTLY ANNOUNCES CLOSING OF \$20.7 MILLION SPECIAL WARRANTS BOUGHT DEAL FINANCING

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VANCOUVER, B.C., October 24, 2018 – Sproutly Canada, Inc. (CSE: SPR) (FRA: 38G) (OTCQB: SRUTF) ("**Sproutly**" or the "**Company**") is pleased to announce that it has closed its previously announced bought deal offering, including the partial exercise of the underwriters' over-allotment option in the form of convertible debenture special warrants of the Company (the "**CD Special Warrants**"). A total of 10,750 CD Special Warrants at a price per CD Special Warrant of \$1,000 and 15,400,000 equity special warrants of the Company (the "**Equity Special Warrants**") at a price per Equity Special Warrant of \$0.65 were issued for aggregate gross proceeds of approximately \$20.7 million (the "**Offering**"). The Offering was led by Canaccord Genuity Corp., on behalf of a syndicate of underwriters that included Haywood Securities Inc. and Eight Capital (collectively, the "**Underwriters**").

As previously announced, each CD Special Warrant and Equity Special Warrant 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 senior unsecured convertible debenture of the Company (each, a "**Convertible Debenture**") and 667 common share purchase warrants (each, 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 Special Warrants will receive, upon such deemed exercise and for no additional consideration, one unit of the Company (the "**Equity Units**") for each Equity Special Warrant held. Each Equity Unit will be comprised of one Common Share and one-half of one Warrant.

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.

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 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 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.

Novus Merchant Partners Inc. acted as special financial advisor to Sproutly.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the 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 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's core mission is to become the leading supplier to the cannabis beverage and edibles market. Sproutly's Toronto based, ACMPR licensed facility was built to cultivate pharmaceutical grade cannabis to supply a technological breakthrough in producing and formulating the first natural, truly water-soluble cannabis solution. Sproutly's water-soluble ingredients and its bio-natural oils will deliver revolutionary brands to international markets that are clamouring for well-defined commercial products. Sproutly's business focus is to execute on partnerships with local and globally established consumer brands to leverage their existing customer bases, further expand brand loyalty, assist with marketing, and support distribution networks to deliver this scientific breakthrough with speed and efficiency worldwide.

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

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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. Forward-looking statements relate to future events or future performance and reflect the expectations or beliefs regarding future events of management of Sproutly Canada. 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”. This information and these statements, referred to herein as “forward-looking statements”, are not historical facts, are made as of the date of this news release and include without limitation, statements regarding discussions of future plans, estimates and forecasts and statements as to management's expectations and intentions with respect to, among other things, the date of trading of the Sproutly Shares on the CSE and final regulatory approvals. These forward-looking statements involve numerous risks and uncertainties and actual results might differ materially from results suggested in any forward-looking statements. These assumptions, risks and uncertainties include, among other things, the state of the economy in general and capital markets in particular, and other factors, many of which are beyond the control of Sproutly Canada. 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 outlook that are incorporated by reference herein, except in accordance with applicable securities laws. We seek safe harbor.