



**SPROUTLY ANNOUNCES JOINT VENTURE WITH MOOSEHEAD BREWERIES TO LAUNCH CANNABIS-INFUSED BEVERAGES IN CANADA**

***NOT FOR DISSEMINATION IN THE US OR THROUGH US NEWSWIRE SERVICES***

**VANCOUVER, BC, April 30, 2019**—Sproutly Canada, Inc. (CSE: SPR) (OTCQB: SRUTF) (FSE: 38G) (“**Sproutly**” or the “**Company**”), and OCC Holdings Ltd., an affiliate of Moosehead Breweries Limited (“**Moosehead**”), are pleased to announce that they have entered into a definitive agreement (the “**Joint Venture Agreement**”) to form an exclusive joint venture (the “**Joint Venture**” or the “**JV**”) to develop, produce, and market non-alcoholic cannabis-infused beverages in Canada using Sproutly’s proprietary, naturally produced water soluble cannabinoids known as ‘Infuz<sub>2</sub>O’. Both companies will bring their respective strengths to the joint venture to develop a line of great tasting cannabis beverages featuring a rapid onset and offset effect unique to the category. Sproutly will host a conference call with Keith Dolo, CEO, Sproutly Canada and Matthew Oland, Moosehead executive and incoming CEO of the JV, at 9:30am Eastern Time on May 1, 2019.

**Joint Venture Highlights:**

- ***Partnership with the Oldest and Largest Independent Brewery in Canada***
  - Over 152 years of brewing experience through six generations of family ownership
  - More than 140 million cans/bottles of beer sold annually throughout Canada, the United States and in 15 other countries around the world
  - Oland family’s proven ability in building, marketing and selling industry leading beers such as Moosehead Lager, Moosehead Radler, Alpine, and Hop City Barking Squirrel
- ***Competitive Advantage Driven by Infuz<sub>2</sub>O***
  - The JV beverages can deliver the cannabis effect as early as 5 minutes and last up to 90 minutes, providing an edible cannabis experience similar to traditional flower cannabis without the need to inhale smoke
  - Ability to address the industry challenges of overconsumption of oil-based edibles and beverages
  - Capability to produce a clear cannabis beverage that is much easier and faster to formulate than its competitors who will be using emulsifiers, encapsulation or chemical modification techniques
  - Ability to deliver functional beverages that address a “need state” by producing cannabis strain specific experiences
  - Natural Infuz<sub>2</sub>O process allows for a premium consumption experience and taste profile
- ***JV Well Positioned to Enter Cannabis Beverages Upon Legalization***

- Moosehead’s beverage experience and R&D formulation capabilities will ensure that the cannabis beverages produced will be premium in quality and have a great taste profile
  - Moosehead’s established operational infrastructure will allow the Joint Venture to fast track its go-to-market strategy
  - Sproutly’s cultivation facility and processing license will advance the formulation work that has been completed to date as well as production scale up
- **Alignment of Interests**
    - The Joint Venture is structured as a 50/50 equity ownership
    - Matthew Oland, one of Moosehead’s senior executives and Oland Family member, to lead the Joint Venture as Chief Executive Officer
    - Moosehead to provide infrastructure support such as R&D, operations, procurement, finance, and distribution
    - Sproutly to provide proprietary custom compositions using Infuz<sub>2</sub>O for cannabis beverages in Canada
    - JV will have exclusive rights to utilize Infuz<sub>2</sub>O for cannabis beverages for a period of 5 years with a possible 2-year extension
    - Ability for the JV to enter the European market once recreational cannabis use is legalized

“With the anticipated legalization of edibles in Canada later this year, Moosehead has made the strategic decision to enter the cannabis beverage market. As one of the oldest brands in Canada and a leader in the beer category, we believe we are uniquely positioned to be a leader in the cannabis beverage category.” said Andrew Oland, Chief Executive Officer of Moosehead. “As a 152 year old company spanning six generations, we are very selective about new business opportunities. After a significant amount of due diligence on Sproutly’s APP technology and Infuz<sub>2</sub>O water soluble cannabinoids vs other competitive technologies, we are excited to announce this joint venture. With their advanced technology and our long-standing product development experience, we expect to bring to Canadian consumers cannabis beverages that address the major issues currently limiting appeal of this category in other markets; a beverage that: 1) actually tastes good; and 2) provides an immediate and controllable cannabis experience lasting up to 90 minutes.”

“Moosehead is a truly iconic brand and we are very excited to partner with a company that possesses such deep-rooted Canadian heritage and over 152 years of history in the beer industry. Partnering with a company of this caliber is a strong validation of APP Technology and Infuz<sub>2</sub>O.” commented Keith Dolo, Chief Executive Officer and Director of Sproutly. “This partnership with Moosehead marks an important milestone in Sproutly’s mission of delivering a safe and consistent whole plant experience from cannabis, with a lead position in the beverage market. We have developed a relationship with Moosehead built on trust and our shared vision of creating safe, responsible and high-quality cannabis beverages and we look forward to making this a reality for Canadian consumers”, added Dolo.

“After careful analysis of the cannabis industry and the cannabis beverage opportunity in Canada, we believe that Moosehead and Sproutly together are well positioned to become a significant player in the category.” said Matthew Oland, incoming Chief Executive Officer of the Joint Venture. “The JV’s ability to leverage Moosehead’s rich history of building adult-beverage brands, and its established R&D and operational infrastructure, will enable the JV to bring great tasting cannabis beverages to Canadian consumers. The Infuz<sub>2</sub>O technology delivers a natural cannabis beverage experience, with an onset and offset time similar to traditional flower cannabis, without the need for chemical modification. We believe this will be a game changer for the sector.”

## Terms of the Joint Venture

The Joint Venture will be structured as a standalone company with its own board of directors and management team. Sproutly and Moosehead will each hold a 50% interest in the JV and have the right to nominate 3 directors. Moosehead shall appoint the Chief Executive Officer and Sproutly shall appoint the Chairperson of the board of directors of the JV.

Sproutly will provide Infuz<sub>2</sub>O exclusively to the Joint Venture in Canada for the purpose of producing cannabis beverages (excluding hemp) for a period of 5 years (the “**Exclusivity Period**”), such Exclusivity Period being subject to a potential extension based on the Joint Venture reaching certain revenue targets.

The formation of the Joint Venture is subject to the satisfaction of certain conditions, including the execution and delivery of various transaction agreements, governance documents and supply agreements. The parties expect to form the Joint Venture on or before May 31, 2019.

## Financial Advisor

Novus Merchant Partners Inc. acted as the exclusive financial advisor to Sproutly in connection with the Joint Venture.

## Conference Call Information

Sproutly will host a conference call with Keith Dolo, CEO, Sproutly Canada and Matthew Oland, Moosehead executive and incoming CEO of the JV, at 9:30am Eastern Time on May 1, 2019. Please dial in 5 – 10 min prior to the scheduled start time.

### **Calling Information:**

Canada/USA TF: 1-800-319-4610

International Toll: +1-604-638-5340

### **Presentation:**

A presentation related to the Joint Venture is available on Sproutly’s website [www.sproutly.ca](http://www.sproutly.ca) as well as at the download link below.

Download link: [bit.ly/2IQg1Y5](http://bit.ly/2IQg1Y5)

## About Infuz<sub>2</sub>O

Infuz<sub>2</sub>O is a naturally water-soluble cannabis solution which fully dissolves in water and can be directly added in beverage formulations to deliver the effects of the cannabis plant. Infuz<sub>2</sub>O’s features include the following:

- Rapid onset of less than 5 minutes to feel the effects of cannabis
- Fast offset/clearing of the cannabis effect within 90 minutes of consumption, allowing for more usage occasions
- No added chemicals like those used in emulsifiers or encapsulation
- Delivers the cannabis strain experience through a beverage, that currently can only be experienced through smoking
- Produced using all GRAS certified ingredients without the use of organic solvents of CO<sub>2</sub>, thereby

preserving the full plant experience

### **About Moosehead Breweries Ltd.**

In 1867, the Oland family – led by matriarch Susannah Oland – began brewing and selling October Brown Ale on the family farm located on the Dartmouth shore of the Halifax Harbour. What started as a small brewery, grew with grit and determination throughout time as the commitment to brewing quality beer passed on from generation to generation. Located in Saint John, New Brunswick, Moosehead is the last major brewery in Canada owned by Canadians. Now in its sixth generation of ownership, the Oland family’s passion for beer has helped them steer Moosehead through devastating fires, Prohibition, the Great Depression, two world wars, obstructive trade barriers, and bruising competition from breweries 100 times its size. As Canada’s oldest and largest independent brewer, the company stands committed to the same values that transformed a small brewery in Saint John, NB into a Canadian icon of resilience. Moosehead sells its beer throughout Canada, the United States and in 15 other countries around the world under its 14 wholly-owned and 8 partner brands.

### **About Sproutly Canada, Inc.**

Sproutly’s core mission is to become the leading supplier to the cannabis beverage and edibles market. The Company’s Toronto based facility, licensed under the *Cannabis Act*, was built to cultivate pharmaceutical grade cannabis to supply a technological breakthrough in producing and formulating the first natural, truly water-soluble cannabis solution. Our water-soluble ingredients and our 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](http://www.sproutly.ca).

Contact: Keith Dolo, Chief Executive Officer of Sproutly Canada

Email: [investors@sproutly.ca](mailto:investors@sproutly.ca)

For more information on Moosehead, please visit: [www.moosehead.ca](http://www.moosehead.ca).

Contact: Stella Mok-Sutherland, Craft Public Relations

Email: [stella@craftpublicrelations.com](mailto:stella@craftpublicrelations.com)

### **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. 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, timing relating to the formation of the Joint Venture and the Company realizing anticipated benefits and synergies from the Joint Venture. 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 Company's inability to successfully develop and produce its first line of beverage products, the Company's inability to obtain any necessary regulatory approvals, failure to complete or realize anticipated benefits and synergies from the Joint Venture; potential negative consumer, investor or public perception of a party's respective current brand or company; changes in consumer preferences and product trends; and political, legal and regulatory uncertainty relating to cannabis products generally. In making the forward looking statements in this news release, the Company has applied several material assumptions, including without limitation, that the Company will be successful in completing the development and production of its first line of beverage and cannabis products and the Company will obtain all applicable regulatory approvals from global jurisdictions including Health Canada, the Company will be able to successfully satisfy all of the conditions in the Joint Venture Agreement. 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. We seek safe harbor.*