



Sproutly Secures Convertible Debt and Equity Financings and Shares for Debt Settlement

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VANCOUVER, BC, August 27, 2020 – Sproutly Canada, Inc. (CSE: SPR) (OTCQB: SRUTF) (FSE: 38G) (“**Sproutly**” or the “**Company**”) is pleased to announce it has secured a private loan (the “**Loan**”) of \$855,000 from Infusion Biosciences Inc. (the “**Lender**”), a related party of the Company (the “**Debt Financing**”). The Loan carries an interest rate of 15% per annum accruing and compounding monthly, payable on maturity on or before October 24, 2020 (the “**Maturity Date**”). The Company anticipates using the proceeds of the Debt Financing to support the Company’s general working capital.

The Loan is evidenced by a secured convertible debenture (the “**Convertible Debenture**”) that provides the Lender with the right to convert the principal and accrued interest of the Loan into units of the Company (the “**Debt Units**”) at a conversion price of \$0.07 per Debt Unit, subject to adjustment in accordance with the terms of the Convertible Debenture (the “**Conversion Price**”). Each Debt Unit will consist of one common share in the capital of the Company (a “**Common Share**”) and one Common Share purchase warrant (a “**Warrant**”), with each Warrant entitling the Lender to acquire one Common Share (a “**Warrant Share**”) at an exercise price equal to \$0.08 for a period of two years from date of issuance.

As a condition of the Loan, the Company agreed to amend terms included in the \$1 million private loan (the “**Original loan**”) from the Lender, which was previously announced on January 28, 2020. The Original Loan carried an interest rate of 10% per annum accruing and compounding monthly, payable on the Maturity Date. The Original Loan is evidenced by a secured convertible debenture that provided the Lender with the right to convert the principal of the Original Loan into units (the “**Original Units**”) of the Company at a conversion price of \$0.19 per Original Unit. As a result of the amendment, the interest rate has been amended to 15% effective as of the date of the amendment and the conversion price has been reduced to \$0.07 per Original Unit. Each Original Unit consists of one Common Share and one Warrant, with each Warrant entitling the Lender to acquire one Common Share at an exercise price equal to \$0.08 for a period of two years from date of issuance.

Private Placement

The Company is also pleased to announce that it has completed a non-brokered private placement of 1,500,000 units of the Company (the “**Equity Units**”), at a price of \$0.07 per Equity Unit to raise gross proceeds of \$105,000 (the “**Private Placement**”). Each Equity Unit consists of one Common Share and one Warrant, with each Warrant entitling the holder to acquire one Warrant Share at an exercise price equal to \$0.08 for a period of two years from date of issuance.

No finder's fees were paid in connection with the Private Placement. The Company anticipates using the proceeds of the Private Placement to support the Company's general working capital.

Debt Settlement

In addition, the Company has completed a settlement of outstanding current debt (the "**Debt Settlement**") of the Company in the amount of \$180,000 (the "**Debt**"), pursuant to the terms of a debt settlement agreement with an arm's length creditor (the "**Creditor**"). In settlement of the Debt, the Company has issued 1,800,000 Common Shares (the "**Settlement Shares**") at a price of \$0.10 per Settlement Share.

The Debt was completely extinguished upon the issuance of the Settlement Shares. The Creditor voluntarily elected to satisfy the Debt with the Settlement Shares in lieu of cash payment, which will allow the Company to preserve its cash for future operations.

All securities issued in connection with the Debt Financing, Private Placement and Debt Settlement will be subject to a four-month and one day hold period from their date of issue under applicable Canadian securities laws, in addition to such other restrictions as may apply under applicable securities laws of jurisdictions outside Canada.

About Sproutly Canada, Inc.

Sproutly's core objective is to become the leading supplier of unique ingredients and customized formulations to the cannabis beverage and edibles market. Our water-soluble Infuz2O and BioNatural Oils will deliver revolutionary brands to international markets that are striving to produce differentiated consumer 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. 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, management's intended use of proceeds of the Debt Financing and the Private Placement.

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, recent market volatility; the state of the financial markets for the Company's securities; 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, management's expectations relating to working capital budgets and that the Company will use the proceeds of the Debt Financing and Private Placement as stated.

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.