

POSaBIT Announces Updated Brokered Private Placement

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TORONTO--(BUSINESS WIRE)--July 24, 2019--POSaBIT Systems Corporation (CSE: PBIT) ("POSaBIT" or the "Company") is releasing an update to its previously announced brokered private placement with a syndicate, led by Canaccord Genuity Corp. (the "Agent") to sell, by way of a private placement on a "commercially reasonable efforts" basis, units (the "Units") of the Company at a price of \$0.15 (the "Issue Price") per Unit for gross proceeds of up to \$1,000,000 (the "Offering"). The company has already secured investor commitments of over \$600,000 and expects to close the offering on or about July 29, 2019, and is subject to receipt of all necessary regulatory approvals, including the approval of the Canadian Securities Exchange (the "CSE"). All securities issued pursuant to the Offering will be subject to a four month hold period in accordance with applicable Canadian securities laws.

The Offering will consist of up to 6,666,667 Units, where each Unit shall consist of one common share (a "Common Share") and one Common Share purchase warrant (each Common Share purchase warrant, a "Warrant"). Each Warrant will entitle the holder to purchase one Common Share for a period of two years from the closing date of the Offering at an exercise price of \$0.30 per Common Share. The Agents have been granted an option (the "Agents' Option") to sell up to an additional 3,333,334 Units at the Issue Price pursuant to the Offering, which Agent's Option is exercisable in whole or in part at any time up to 48 hours prior to the closing of the Offering.

The net proceeds raised under the Offering will be used for expansion and business development activities and general working capital and corporate purposes.

The Company has agreed to pay the Agents a cash commission equal to 7% (reduced to 3.5% in respect of certain president's list sales) of the gross proceeds of the Offering and to issue the Agents such number of brokers' warrants (the "Brokers' Warrants") as is equal to 7% (reduced to 3.5% in respect of certain president's list sales) of the number of Units issued pursuant to the Offering. Each Brokers' Warrant will be exercisable to acquire one common share of the Company for a period of two years following the closing of the Offering at an exercise price of C\$0.15 per share, subject to adjustment in certain events. The Company has also agreed to pay the Lead Agent a corporate finance fee of C\$75,000 in connection with the Offering, fee shall be payable as to C\$75,000 in common shares of the Company (at a deemed issue price of C\$0.15 per share).

This press release shall not constitute an offer to sell or solicitation of an offer to buy the securities in any jurisdiction. The securities will not be and have not been registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or applicable exemption from the registration requirements.

Forward-Looking Statements

This press release contains forward-looking statements, including statements regarding our business strategy, product development, timing of product development, events and courses of action. Statements which are not purely historical are forward-looking statements and include any statements regarding beliefs, plans, outlook, expectations or intentions regarding the future including words or phrases such as “anticipate,” “objective,” “may,” “will,” “might,” “should,” “could,” “can,” “intend,” “expect,” “believe,” “estimate,” “predict,” “potential,” “plan,” “is designed to” or similar expressions suggesting future outcomes or the negative thereof or similar variations. Forward-looking statements may include, among other things, statements about: our expectations regarding our expenses, sales and operations; our future customer concentration; our anticipated cash needs and our estimates regarding our capital requirements and our need for additional financing; our ability to anticipate the future needs of our customers; our plans for future products and enhancements of existing products; our future growth strategy and growth rate; our future intellectual property; and our anticipated trends and challenges in the markets in which we operate. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which POSaBIT will operate in the future, including the demand for our products, anticipated costs and ability to achieve goals. Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect. Given these risks, uncertainties and assumptions, you should not unduly rely on these forward-looking statements.

Forward-looking statements are subject to known and unknown risks, uncertainties and other important factors that may cause the actual results to be materially different from those expressed or implied by such forward-looking statements, including but not limited to, business, economic and capital market conditions; the ability to manage our operating expenses, which may adversely affect our financial condition; our ability to remain competitive as other better financed competitors develop and release competitive products; regulatory uncertainties; market conditions and the demand and pricing for our products; our relationships with our customers, distributors and business partners; our ability to successfully define, design and release new products in a timely manner that meet our customers’ needs; our ability to attract, retain and motivate qualified personnel; competition in our industry; our ability to maintain technological leadership; our ability to manage risks inherent in foreign operations; the impact of technology changes on our products and industry; our failure to develop new and innovative products; our ability to successfully maintain and enforce our intellectual property rights and defend third-party claims of infringement of their intellectual property rights; the impact of intellectual property litigation that could materially and adversely affect our business; our ability to manage working capital; and our dependence on key personnel. POSaBIT is an early stage company with a short operating history; it may not achieve profitability; and it may not actually achieve its plans, projections, or expectations.

Important factors that could cause actual results to differ materially from POSaBIT’s expectations include, consumer sentiment towards POSaBIT’s products and blockchain/cryptocurrency exchange technology generally, litigation, global economic climate, loss of key employees and consultants, additional funding requirements, changes in laws, technology failures, competition, and failure of counterparties to perform their contractual

obligations. Except as required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future event or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. Neither we nor any of our representatives make any representation or warranty, express or implied, as to the accuracy, sufficiency or completeness of the information in this news release. Neither we nor any of our representatives shall have any liability whatsoever, under contract, tort, trust or otherwise resulting from the use of the information in this news release or for omissions from the information in this press release.

About POSaBIT

POSaBIT (CSE: PBIT) is a financial technology company that delivers unique and innovative, blockchain-enabled payment processing and point-of-sale systems for cash-only businesses. POSaBIT specializes in resolving pain points for complex, high-risk, emerging industries like cannabis with an all-in-one solution that is compliant, user-friendly and utilizes top-of-the-line hardware. POSaBIT's unique solution provides a safer and transparent environment for merchants while creating a better overall experience for the consumer. For additional information, visit: www.posabit.com.

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