

## **BevCanna Signs Definitive Agreement for Outdoor Cannabis Cultivation**

### ***Finalizes Partnership with Clearwater CannGrow to grow certified organic sun-grown cannabis***

VANCOUVER, British Columbia--(BUSINESS WIRE)--September 17, 2019-- Emerging leader in infused cannabis beverages, BevCanna Enterprises Inc. (CSE:BEV, Q:BVNNF) (“BevCanna” or the “Company”), announced today that it has signed a definitive agreement with Clearwater CannGrow Inc. (“Clearwater”) to grow certified organic sun-grown cannabis on an aggregate 130 acre plot of land on BevCanna’s allocated property (the “Property”) near Osoyoos, B.C. Following the announcement on September 4, 2019 of the signing of a letter of intent to the same effect, the parties have now finalized the agreement.

The agreement sees BevCanna combining its extensive beverage, bottling and branding expertise with Clearwater’s industry-leading cannabis cultivation and operational skills, on BevCanna’s prime outdoor cultivation site. Clearwater’s expert agricultural consultant, Joey Bedard-Brunet has agreed to plan and operate the cultivation using Good Agricultural Practices.

“We’re very pleased to have finalized the agreement with Joey and Clearwater CannGrow,” said John Campbell, Chief Strategic Officer at BevCanna. “Joey’s expertise across a range of agricultural industries strongly complements BevCanna’s manufacturing and branding expertise. Together we’ll be an unbeatable combination.”

As co-owner of a large-scale hemp farm, an outdoor cannabis farm and other agricultural businesses, Mr. Bedard-Brunet is a farm start-up expert. With formal training in both farming and horticulture, he has also designed and executed one of the largest organic industrial hemp farms in western Canada.

The Company expects to produce over 100,000 kg of biomass, and a yield of over 10,000 kg of pure cannabinoids through the finished extract. BevCanna is well-positioned to become a global leader in the production of high-quality, next-generation products, in the lead-up to Canada’s legalization of next-generation products later this year.

The parties also agreed to explore future expansion of the outdoor cannabis production, through the option of another site nearby in Bridesville, BC, and through the future lease of land from indigenous groups in prime growing areas in the Interior of B.C. The execution of all proposed phases would allow BevCanna to develop into the largest outdoor cannabis cultivator in B.C.

## **Structure of the partnership**

Clearwater has been engaged by BevCanna for an indefinite term as contract grower for BevCanna. Headed by Founder and CEO Joey Bedard-Brunet, Clearwater has agreed to oversee and manage all the day to day operations, with Mr. Bedard-Brunet as the initial manager and head grower/cultivator on the license. BevCanna plans to have the outdoor cultivation license application submitted by end of November 2019, obtain the outdoor cultivation license and plant the first crop by spring 2020, with an anticipated fall 2020 harvest.

## **Summary of terms of the transaction:**

**Consultant Fee:** Among other terms, upon satisfactory performance of the services to be provided by Clearwater, the Company agreed to pay Clearwater a consulting fee, comprised of various payments, which is payable only in the event the Company is granted its license for outdoor cannabis cultivation. The consulting fee payments are:

- a cash fee of \$200,000, payable on November 1 of the first year in which a crop is cultivated at the Property (the “First Crop Year”);
- a bonus of \$50,000, payable ten business days after the issuance of the outdoor cultivation license, in securities of the Company;
- a bonus of \$50,000, payable in cash or securities of the Company, payable on November 1 of the First Crop Year in the event that the Company harvests at least an aggregate of 200,000 pounds of cannabis flower and biomass at the Property during the First Crop Year;
- a cash fee of \$200,000, payable on November 1 of the second year in which a crop is cultivated at the Property (the “Second Crop Year”);
- a bonus of \$50,000, payable in cash or securities of the Company, payable on November 1 of the Second Crop Year in the event that the Company harvests at least an aggregate of 300,000 pounds of cannabis flower and biomass at the Property during the Second Crop Year;
- a cash fee of \$200,000, plus all applicable taxes, payable on November 1 of the third year in which a crop is cultivated at the Property (the “Third Crop Year”);
- a bonus of \$50,000, payable in cash or securities of the Company, payable on November 1 of the Third Crop Year in the event that the Company harvests at least 300,000 pounds of cannabis flower and biomass at the Property during the Third Crop Year; and
- for sales of the Company’s cannabis products generated by Clearwater’s direct efforts, the Company agreed to pay to Clearwater, during the term of the agreement, a commission equal to 15 percent (15%) of the net revenue derived from such sales.

**Share purchase:** Clearwater agreed to purchase 982,142 common shares of the Company at a price of \$0.56 per share for a total purchase price of \$549,999.52. Closing is expected to occur by the end of September 2019. All securities issued to Clearwater in the share purchase will be subject to a statutory hold period expiring four months and one day after closing of the share purchase.

**Services:** The services to be provided under the agreement include: planning, supervision and operation of the farming operation utilizing Good Agricultural Practices; assistance with the cultivation license application; studying the feasibility of expanding production, and acting as named grower and cultivator on the license application.

### **About BevCanna Enterprises Inc.**

BevCanna Enterprises Inc. (CSE:BEV) develops and manufactures cannabinoid-infused beverages and consumer products for in-house brands and white label clients. With decades of experience creating, branding and distributing iconic brands that have resonated with consumers on a global scale, the team demonstrates an expertise unmatched in the emerging cannabis beverage category. Based in British Columbia, Canada, BevCanna has a 130-acre outdoor cultivation site in the fertile Okanagan Valley and the exclusive rights to a pristine spring water aquifer, as well as a world-class 40,000-square-foot, HACCP certified manufacturing facility, with a current bottling capacity of up to 72M bottles per shift/per annum.

### **Disclaimer for Forward-Looking Information**

This news release contains forward-looking statements under applicable securities laws, including the statements that: together, BevCanna and Clearwater will be an unbeatable combination; BevCanna expects to produce cannabis flower and biomass, and yield pure cannabinoids through the finished extract; BevCanna is well-positioned to become a global leader in the production of high-quality, next-generation products, in the lead-up to Canada's legalization of next-generation products later this year; the execution of all proposed phases would allow BevCanna to develop into the largest outdoor cannabis cultivator in B.C.; BevCanna plans to have the outdoor cultivation license application submitted by end of November 2019, obtain the outdoor cultivation license and plant the first crop by spring 2020, with an anticipated fall 2020 harvest; closing of the share purchase is expected to occur by the end of September 2019; the emerging cannabis beverage category; and the business plans of the Company.

These statements are based on certain assumptions regarding anticipated changes to Canadian federal legislation to legalize infused beverages later this year; the

continued normalization of cannabis-infused beverage consumption habits; the issuances of licenses by Health Canada to the Company; climate conditions; the availability of other prime growing areas in the Interior of B.C and the Company's ability to obtain access to such sites; and expectations with respect to the future growth of recreational cannabis products. Readers are cautioned not to place undue reliance on forward-looking statements. The assumptions of the Company, although considered reasonable by it at the time of preparation, may prove to be incorrect. In addition, forward-looking statements necessarily involve known and unknown risks, including, without limitation, risks associated with future legislative and regulatory developments; risks associated with agriculture and farming; the Company not being issued licenses by Health Canada; the Company not being able to identify and gain access to other prime growing sites in the Interior of B.C.; the inability of the Company to close the share purchase with Clearwater as proposed or at all; and other risks. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

This news release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about the Company's expected production of biomass and yield of pure cannabinoids through the finished extract, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this news release was made as of the date of this news release and was provided for the purpose of providing further information about the Company's future business operations. The Company disclaims any intention or obligation to update or revise any FOFI contained in this news release, whether as a result of new information, future events or otherwise, except as required by law. Investors are cautioned that the FOFI contained in this news release should not be used for purposes other than for which it is disclosed herein.

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