

# BevCanna to Acquire the Intellectual Property to DeeperGreen™

*The tasteless, odorless water-soluble cannabinoid powder will expand BevCanna's line of infused cannabis beverage formats*

VANCOUVER, Dec. 19, 2019 /CNW/ - Emerging leader in infused cannabis beverages, BevCanna Enterprises Inc. (CSE:BEV, Q:BVNNF, FSE:7BC) ("BevCanna" or the "Company"), announced today that it has exercised its option to acquire the right, title and interest to DeeperGreen™, the proprietary water-soluble cannabinoid powder ingredient developed by partner Greener Frontiers.

"DeeperGreen technology expands BevCanna's ability to produce a portfolio of cannabis infused beverage formats," said Emma Andrews, Chief Commercialization Officer at BevCanna. "The addition of a water-soluble powder allows us to offer consumers more variety in methods of consumption, which can now pair with various consumption occasions. Powdered drink mixes complement our existing expertise in ready-to-drink products and allow us to expand the innovation pipeline for our house brands, and with white label partners through contract manufacturing."

DeeperGreen converts extracted cannabis into a fast-acting, tasteless, odorless, water-soluble powdered ingredient, and has been proven to be a stable ingredient that when tested with cannabinoids, consistently delivers target concentrations within one batch and from batch-to-batch. Independent laboratory testing has also confirmed that DeeperGreen precisely infuses granular drink mixes and ready-to-drink water beverages.

Tests have confirmed that DeeperGreen, and products infused with DeeperGreen, meet the criteria to pass the current Cannabis Compliance Regulations set in California, and will allow for reliable water-soluble infusion manufacturing processes and dosing confidence for consumers.

On December 18th, 2019, the Company entered into an amendment agreement (the "Agreement") to the Cannabis Beverage Joint Development Agreement (the "JD Agreement") dated April 1, 2019 with Greener Frontiers Corporation ("Greener Frontiers") and BevCanna US Operating Company Ltd. ("BevCanna US"), a wholly-owned subsidiary of the Company. Pursuant to the Agreement, the Company exercised its right under the JD Agreement to purchase all of the right, title, and interest in and to DeeperGreen and certain other intellectual property assets (the "Assets") of Greener Frontiers (the "Acquisition"). In consideration for the Acquisition, BevCanna has agreed to issue common shares in the capital of BevCanna (each, a "Share") to Greener Frontiers upon the achievement of certain performance milestones (each, a "Performance Milestone") at a deemed price of US\$0.38 (or C\$0.50), subject to compliance with all applicable laws and stock exchange policies, as follows:

- 3,684,210 Shares within ten days of the date of achievement of sales of at least 10,000 single serve powder sachets at no less than \$3.00 per unit under phase I of a pilot program (the "Pilot Program") to be established pursuant to the Agreement;
- 3,684,210 Shares if (i) Greener Frontiers makes commercially reasonable efforts to allow and assist BevCanna to launch a line of infused drinks within nine months of the date of the Agreement, and otherwise performs its obligations under the Agreement and the JD Agreement; and (ii) BevCanna successfully commercializes and brings to market the line of infused drinks including achieving positive sales in California, excluding sales under the Pilot Program;
- 2,631,578 Shares on attainment of US\$7.5 million revenues or US \$3.6 million in EBITDA (Earnings before interest, tax, depreciation and amortization) by BevCanna no later than December 31, 2021 from sales in California of the line of the powder drinks developed in accordance with the Agreement; and
- 2,631,578 Shares on attainment of US\$16.5 million in revenues, or US\$9.9 million in EBITDA by BevCanna by December 31, 2022 from sales in California of the line of powder drink being developed in accordance with the Agreement.

For greater clarity, no Shares are issuable in connection with the Acquisition until the applicable Performance Milestone is achieved.

BevCanna also agreed to loan Greener Frontiers up to US\$250,000 in connection with its stage 2 capital commitment in respect of a licensed manufacturing facility in Sacramento, California.

Under the Agreement, Greener Frontiers has agreed to continue to provide research and development, and commercialization services to BevCanna for their lines of powdered and drink-based products. Greener Frontiers also

agreed to work with BevCanna to explore the application of DeeperGreen as a food ingredient, for future potential commercialization.

Closing of the Acquisition is expected to occur on or before December 21, 2019.

All securities issued pursuant to the terms of the Agreement will be subject to a statutory hold period expiring four months and one day following the date of issuance, and a voluntary pooling agreement. No finder's fee will be paid in connection with the Acquisition.

The securities described herein have not been registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act) absent registration or an applicable exemption from the registration requirements. This news release shall not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction where such offer, solicitation, or sale would be unlawful.


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

BevCanna Enterprises Inc. (CSE:BEV, Q:BVNNF, FSE:7BC) 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. BevCanna's vision is to be a global leader in infused innovations.

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

Statements contained in this news release that are not historical facts constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws and are based on expectations, estimates and projections as of the date of this news release. Forward-looking statements are often identified by terms such as "will", "may", "should", "anticipate", "expects" and similar expressions. All statements other than statements of historical fact included in this news release, including, without limitation, statements regarding that DeeperGreen, and products infused with DeeperGreen, will allow for reliable water-soluble infusion manufacturing processes and dosing confidence for consumers; that the addition of a water-soluble powder allows BevCanna to offer consumers more variety in methods of consumption, which can now pair with various consumption occasions; the closing of the Acquisition; and the issuance of Shares contemplated therein are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. All of these forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied, including, without limitation, that the Acquisition will not close as expected or at all; that the Acquisition may not be approved by the CSE; business integration risks; as well as other risks and uncertainties detailed from time to time in the filings made by the Company with securities regulations.

The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. The reader is cautioned not to place undue reliance on any forward-looking information. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. Although the Company believes that the expectations in the forward-looking statements are reasonable, actual results may vary, and future results, levels of activity, performance or achievements cannot be guaranteed.

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