

# BevCanna Doubles The Size of Beverage Manufacturing Facility, Preparing for Full-Scale Commercialization in 2020

*Infused beverage expert readying for anticipated receipt of standard processing license*

VANCOUVER, Feb. 18, 2020 /CNW/ - Emerging leader in infused cannabis beverages, BevCanna Enterprises Inc. (CSE:BEV, Q:BVNNF, FSE:7BC) ("**BevCanna**" or the "**Company**"), announced today that it is significantly expanding its manufacturing premises, in anticipation of the Company receiving its standard processing license and initiating full-scale commercialization this year.

Pursuant to a second amendment agreement (the "**Second Amendment**") dated February 14, 2020, BevCanna's current 5,235 square foot of dedicated cannabis production premises has doubled to 10,378 square feet.

"This expansion is an exciting step for BevCanna," said John Campbell, Chief Strategy Officer at BevCanna. "We expect to receive our standard processing license imminently, and we're preparing to initiate full-scale production in the coming months. We've seen a fantastic consumer and industry response to the upcoming Canadian beverage market, and this development ensures that we have capacity and full product offerings to fulfil the anticipated demand."

"The high regulatory barrier to entry for cannabis infused beverages is proving difficult to surmount for many licensed producers that wish to expand their brands into this emerging category. Beverages are BevCanna's core expertise. BevCanna's world class bottling facility has been designed with maximum flexibility to cover a wide array of bottle sizes and form factors to allow the Company to fully serve its white label client needs."

The Second Amendment was entered into with Naturo Group Investments Inc. ("**Naturo**"), and Naturo Springs Inc., a majority owned subsidiary of Naturo ("**Naturo Springs**" and together with Naturo, the "**Lessor**").

In connection with the Second Amendment, the Company obtained an independent third-party fairness opinion from a Chartered Business Valuator.

The Second Amendment was a "related party transaction" within the meaning of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"). The Second Amendment was exempt from the valuation requirement of MI 61-101 by virtue of the exemptions contained in section 5.5(b) of MI 61-101 as the Company's Shares are not listed on a specified market and from the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in section 5.7(1)(a) of MI 61-101 in that the fair market value of the Second Amendment did not exceed 25% of the Company's market capitalization. As the material change report disclosing the Second Amendment is being filed less than 21 days before the transaction, there is a requirement under MI 61-101 to explain why the shorter period was reasonable or necessary in the circumstances. In the view of the Company it was necessary to immediately close the Second Amendment and therefore, such shorter period was reasonable and necessary in the circumstances to improve the Company's financial position.

The Company and the Lessor previously entered into a lease dated June 12, 2018, as amended on August 24, 2018 (the "**Lease**"). Pursuant to the Second Amendment, the parties further amended the Lease to:

- increase the area of the premises that is available to the Company for its permitted use by the addition of 5,143 square feet, from the original 5,235 square feet, as set out in the Lease; and
- increase the consideration paid to the Lessor by the Company under the Lease in order to give effect to the increased area of the premises.

The Company agreed to pay the following additional consideration

- \$600,000 in cash, which has been paid; and \$653,400 in common shares in the capital of the Company (each, a "**Share**") at a deemed price of \$0.425 per Share.

The Shares issued to the Lessor are subject to resale restrictions imposed by applicable law or regulation, including a statutory hold period expiring four months and one day from the date of issuance.

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

BevCanna Enterprises Inc. (CSE: BEV, Q:BVNNF, FSE:7BC) BevCanna Enterprises Inc. 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 292-acre outdoor cultivation site in the Okanagan Valley and the exclusive rights to a pristine spring water aquifer, access to a world-class 40,000-square-foot, HACCP certified manufacturing facility, with a current bottling capacity of up to 210M bottles per annum. BevCanna's vision is to be a global leader in infused innovations.

### **On behalf of the Board of Directors:**

John Campbell, Chief Financial Officer and Chief Strategy Officer  
Director, BevCanna Enterprises Inc.

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

Certain information in this news release constitutes forward-looking statements under applicable securities laws. Any statements that are contained in this news release that are not statements of historical fact are forward-looking statements. Forward looking statements are often identified by terms such as "may", "should", "anticipate", "expect", "potential", "believe", "intend", "estimate" or the negative of these terms and similar expressions. Forward-looking statements in this news release include, but are not limited to: BevCanna's intentions to significantly expand its manufacturing premises, the anticipated receipt by the Company of its standard processing license imminently and the initiation of full-scale commercialization this year and production in the coming months; the anticipated demand for its upcoming beverages; statements with respect to the development and manufacturing of cannabinoid-infused beverages and consumer products for in-house brands and white label clients; the emerging cannabis beverage category; and the business plans of the Company.

Forward-looking statements are based on certain assumptions regarding the issuances of licences by Health Canada to the Company under the Cannabis Act; anticipated commercialization of products in 2020; climate conditions; agricultural conditions; and expectations with respect to the future growth of recreational cannabis products. While the Company consider these assumptions to be reasonable, based on information currently available, they may prove to be incorrect. 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, the Company not being issued licenses by Health Canada; risks associated with general economic conditions; risks associated with climate and agriculture; changes

in consumer preferences; adverse industry events; future legislative, tax and regulatory developments; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms; the inability to implement business strategies; competition; currency and interest rate fluctuations and other risks. Readers are cautioned that the foregoing list is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. 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. For more information on the risk, uncertainties and assumptions that could cause anticipated opportunities and actual results to differ materially, please refer to the public filings of the Company which are available on SEDAR at [www.sedar.com](http://www.sedar.com). Forward-looking statements contained in this news release are expressly qualified by this cautionary statement and reflect our expectations as of the date hereof, and thus are subject to change thereafter. 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.

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CO: BevCanna Enterprises Inc.

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