



May 15, 2023

Trading Symbol: YY

News Release

Yellow Stem Enhances Distribution Agreement with Sweet Poison

Vancouver, British Columbia – Yellow Stem Tech Inc. (CSE: YY) (“Yellow Stem” or the “Company”) is pleased to make the following announcements:

As disclosed in December, 2022, the Company signed both a Product Distribution Agreement (the “Distribution Agreement”) and an Option Agreement with Sweet Poison Spirits S de RL de CV, a Mexican company headquartered in Guadalajara, Mexico, and Sweet Poison Spirits LLC, a California limited liability corporation headquartered in San Diego, California (collectively, “Sweet Poison”). The Distribution Agreement granted the Company the worldwide distribution rights to Sweet Poison’s premium Tequila and Mezcal products under the “Sweet Poison” brand names for an initial period of ten years, renewable for a further ten years and beyond. The Option Agreement grants the Company the right to acquire Sweet Poison in the future for U.S. one million dollars.

The Company has now reached agreement with Sweet Poison, amending both the Distribution Agreement and the Option Agreement to include the acquisition of Sweet Poison’s formula for one blend of Sweet Poison’s tequila and four blends of mezcal. The Company can now more effectively execute its marketing plans, solidly backed by worldwide distribution rights to Sweet Poison spirits, and ownership of the proprietary formulas for the tequila and mezcal. The cost of acquiring the formulas will be deducted from the purchase price under the Option Agreement, in the event the Company exercises the option.

In consideration for acquiring the formulas, the Company will issue to Sweet Poison a total of 2,500,000 post-consolidated shares at a deemed price of \$0.10, with hold periods as follows:

- (i) 25% of the Shares will become free-trading four months following the date of issuance (the “Closing”);
- (ii) an additional 25% of the Shares will become free-trading 12 months following Closing;
- (iii) an additional 25% of the Shares will become free-trading 18 months following Closing; and
- (iv) the remaining 25% of the Shares will become free-trading 24 months following Closing.

A finder’s fee of 250,000 post-consolidated shares will be issued related to this transaction for the finder’s efforts in negotiating and facilitating the transaction, such shares to be restricted in the same manner as those shares to be issued to Sweet Poison.

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Name Change Proposed

To demonstrate its commitment to the Sweet Poison goals and objectives, the Board of Directors has approved changing the Company's name from Yellow Stem Technologies Inc. to *Sweet Poison Spirits Inc.* The Company is proceeding with meeting all of the regulatory requirements related to a name change, and will confirm the effective date upon receipt of regulatory acceptance.

Private Placement

To meet the milestones and business objectives as disclosed in its Listing Statement as filed with the CSE and on SEDAR (*see news release of March 28, 2023*) the Company announces that it has arranged a non-brokered private placement of up to \$1 million (the "Financing") through the issuance of up to 10 million units (the "Units") at a price of \$0.10 per Unit. Each Unit will be comprised of one common share and one-half of one common share purchase warrant ("Warrant"), with each whole Warrant entitling the holder to purchase one common share at a price of \$0.25 per share for a period of 24 months from closing, provided that, if after the expiry of all resale restrictions, the closing price of the Company's Shares is equal to or greater than \$0.40 per share for 30 consecutive trading days, the Company may, by notice to the Warrant holders (which notice may be by way of general news release), reduce the remaining exercise period of the Warrants to not less than 30 days following the date of such notice.

The Company may pay finders' fees of up to 8% in cash and 8% in half warrants for subscriptions attributable to finders. Finders' warrants will be valid for a period of two years, with each warrant exercisable on the same terms as the Warrants sold under the Financing.

The net proceeds of the Financing will be budgeted as follows:

Use of Funds	Amount (C\$)
Costs associated with regulatory filings and related approvals	50,000
Formulation of initial marketing and distribution plans	50,000
Costs related to signing up distribution agents in North & South America and Europe.	50,000
Purchase of initial inventory for distribution (excluding sales)	500,000
G & A expenses	164,000
Costs of financing	80,000
Working Capital	106,000
Total	\$1,000,000

There is no material fact or material change about the Company that has not been generally disclosed.

About Sweet Poison Spirits:

Sweet Poison Spirits are creators and distributors of premium quality spirits. The company is committed to respecting traditional and ancestral processes, sustainability and the environment. For more on Sweet Poison, visit www.sweetpoisonspirits.com.

ON BEHALF OF THE BOARD

(Sgd.) “Robert Eadie”

Robert Eadie, President, Chief Executive Officer and Director

FOR FURTHER INFORMATION PLEASE CONTACT:

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Certain statements and information herein, including all statements that are not historical facts, contain forward-looking statements and forward-looking information within the meaning of applicable securities laws. Such forward-looking statements or information include but are not limited to statements or information with respect to closing of agreements and future operations.

Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. There is no assurance the Company will be able to execute its distribution plans profitably, or at all. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.