

# Canbud Distribution Announces the Closing of its Acquisition of Steep Hill Inc

Toronto, Ontario--(Newsfile Corp. - January 31, 2022) - Canbud Distribution Corp. (CSE: CBDX) ("**Canbud**" or the "**Company**") is pleased to report that it has completed its previously announced acquisition (the "**Transaction**") of Steep Hill, Inc. ("**Steep Hill**"), a cannabis science company in the business of providing lab testing, research and development, and consulting services in in the United States and elsewhere in the world. The Transaction was completed in accordance with an agreement and plan of merger and reorganization agreement (the "**Merger Agreement**") dated December 8, 2021, between the Company and its wholly-owned subsidiary, Canbud Merger Sub, Inc. ("**Subco**"), and Steep Hill, pursuant to which Canbud acquired all of the outstanding shares of Steep Hill by way of a triangular merger.

Steve Singh, Chief Executive Officer of Canbud stated: "We are pleased to complete the Steep Hill acquisition, which provides Canbud with an enhanced platform to build on its business. Our goal is to accelerate the growth of Steep Hill and the expansion of its brand in new markets, and continue to focus on our expanded analytical testing business operations within the cannabis and hemp market sectors."

## The Transaction

Under the terms of the Transaction, Subco merged with and into Steep Hill under relevant provisions of the Delaware *General Corporation Law* (the "**Merger**"), whereupon the existence of Subco ceased, and Steep Hill continued as the surviving entity in the Merger, as a wholly owned subsidiary of the Company. In accordance with the Merger Agreement, the holders of shares of common stock in the capital of Steep Hill (the "**Steep Hill Shares**") that certified their status as an "accredited investor" within the meaning of the *United States Securities Act of 1933* are entitled to receive 0.096 of a common share of the Company ("**Canbud Shares**") for each Steep Hill Share held, or an aggregate of 82,000,000 Canbud Shares, in exchange for their Steep Hill Shares, subject to rounding down in the case of fractions. Other former holders of Steep Hill Shares are entitled to receive \$0.048 in cash for each of their Steep Hill Shares, for a total of \$37,753 in cash consideration payable. Prior to the closing of the transaction, all convertible notes and other outstanding securities of Steep Hill were converted into Steep Hill Shares. In addition, upon closing of the Transaction, the Company issued 2,870,000 Canbud Shares as an advisory fee (the "**Advisory Fee Shares**").

The Canbud Shares issued in exchange for Steep Hill Shares are subject to resale restrictions, such that the holders are permitted to trade 25% of such Canbud Shares on the date that is four months from January 28, 2022 and a further 25% of such Canbud Shares on the dates that are seven, 10 and 13 months after January 28, 2022, and under applicable U.S. securities laws. The Advisory Fee Shares will be subject to a hold period of four months plus a day from the date of issuance and the resale rules of applicable securities legislation.

On completion of the Transaction, all of Steep Hill's operating management remained with Steep Hill and its directors and officers resigned from their respective offices.

## About Steep Hill Inc.

Steep Hill is a cannabis science company with operations in the U.S. Steep Hill's foundation was built on testing and analyzing medical and recreational cannabis to ensure compliance with current safety standards. In 2008, Steep Hill opened the first commercial cannabis lab in the United States. With the goal of helping the rest of the world adopt "best practices" in cannabis testing, Steep Hill also provides expert consulting services in the United States and elsewhere in the world.

## About Canbud Distribution Corp.

Canbud is an early-stage science and technology company focused on providing products and services, including analytical testing services within the hemp and cannabis market sectors. The Company's focus is on two areas: science and technology, by providing science-backed differentiated products and services that are critical within these sectors; and quality and compliance, by offering services that assist its customers to offer products and services that meet expected standards of quality, safety and compliance.

**Notice Regarding Forward-Looking Information**

*The information in this news release includes certain information and statements about management's view of future events, expectations, plans and prospects that constitute forward-looking statements. Forward-looking statements in this news release include, but are not limited to, management's expectations with respect to the potential of the Transaction to contribute to the Company's growth. These statements are based upon assumptions that are subject to significant risks and uncertainties, including assumptions about the operations, financial condition and future performance of Steep Hill and the Company's business as a whole. Although the Company considers these assumptions to be reasonable based on information currently available to them, they may prove to be incorrect, and the forward-looking statements in this news release are subject to numerous risks, uncertainties and other factors that may cause future results to differ materially from those expressed or implied in such forward-looking statements, including the impact of the ongoing COVID-19 pandemic on the Company's operations and growth plans. Although the Company's management believes that the expectations reflected in forward-looking statements are reasonable, the Company can give no assurances that the expectations of any forward-looking statements will prove to be correct. Except as required by law, the Company disclaims any intention and assume no obligation to update or revise any forward-looking statements to reflect actual results, whether as a result of new information, future events, changes in assumptions, changes in factors affecting such forward-looking statements or otherwise.*

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