

Cannara Biotech Inc. Completes Acquisition of TGOD's State-of-the-art Cultivation and Manufacturing Facility in Valleyfield, Quebec

Newly built fully automated one million sq. ft. facility increases Company's capacity of premium-grade cannabis up to 125,000 kg annually

MONTREAL, June 23, 2021 /CNW Telbec/ - Cannara Biotech Inc. ("**Cannara**" or the "**Company**") (TSXV: LOVE) (OTCQB: LOVFF) (FRA: 8CB), a vertically integrated producer of premium-grade cannabis and derivative products with one of the largest indoor cannabis cultivation facilities in Canada and the largest in Quebec, today announced that it has closed its previously-announced acquisition of the one million square foot licensed cultivation and manufacturing facility in Valleyfield, Quebec from Medican Organic Inc., a wholly-owned subsidiary of The Green Organic Dutchman Holdings Ltd. ("**TGOD**") through an all-cash offer of \$27 million plus the funding of certain deposit requirements of approximately \$5.7 million.



The acquisition was financed through non-brokered private placements of (i) \$19.3 million resulting in the issuance of 107,222,222 new common shares in the capital of Cannara at a price of \$0.18 per share (the "**Equity Raise**") and (ii) \$5.7 million in the form of an unsecured convertible debenture bearing interest at 4% per annum (the "**Debenture**" and, collectively with the Equity Raise, the "**Offerings**"). The sole subscriber to the Offerings is Olymbec Investments Inc. ("**Olymbec**"), a company partially owned/controlled by Mr. Derek Stern, currently a member of the board of directors of Cannara, making this part of the transaction a related party transaction.

Following its acquisition of 107,222,222 common shares of Cannara through the Equity Raise, Olymbec now holds 161,131,694 of common shares, representing 18.98% of Cannara's issued and outstanding common shares. The conversion price of the Debenture is \$0.18 per common share and the number of common shares that could be issued to Olymbec upon conversion would be 31,666,667 common shares potentially increasing the total number of shares to be issued under the Offerings to 138,888,889, which combined with Mr. Stern's current holdings and the common shares acquired through the Equity Raise, would increase the percentage of Cannara common shares owned and controlled by Mr. Stern, post-Offerings to 192,798,361 or 21.89% of Cannara's common shares. Until such time that a disinterested shareholder approval is obtained with respect to the establishment of the new Control Person, the conversion right provided in the Debenture is suspended.

The common shares issued pursuant to the Equity Raise, the Debenture and the common shares issued pursuant to the conversion of the Debenture are all subject to a statutory hold period of four months and one day from the date of initial issue. As well, Olymbec has agreed to hold the common shares, the Debenture and any common shares issued on the conversion of the Debenture for at least a period of 12 months following the date of initial issue, well in excess of the mandatory statutory hold period of 4 months. The shares issued pursuant to the Offerings were acquired by Olymbec for investment purposes. Olymbec may in the future increase or decrease its ownership of securities in Cannara as circumstances or market conditions warrant.

This news release is issued pursuant to National Instrument 62-103 - The Early Warning System and Related Take-Over Bid and Insider Reporting Issues. A copy of the early warning report relating to the Offerings will be filed with the applicable securities commissions and made available under Cannara's profile on www.sedar.com.

About Cannara Biotech Inc.

Cannara Biotech Inc. (TSXV: LOVE) (OTCQB: LOVFF) (FRA: 8CB) is a vertically integrated producer of premium-grade cannabis and cannabis-derivative products for the Quebec and Canadian markets. Cannara owns two Quebec-based mega facilities spanning over 1,650,000 sq. ft., providing the Company with 125,000kg of potential annualized cultivation output. Leveraging Quebec's low electricity costs, Cannara's facilities will produce purposefully cultivated premium-grade cannabis products at an affordable price. For more information, please visit cannara.ca.

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This information release contains certain forward-looking information. Such information involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by statements herein, and therefore these statements should not be read as guarantees of future performance or results. All forward-looking statements are based on the Company's current beliefs as well as assumptions made by and information currently available to it as well as other factors. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Due to risks and uncertainties, including the risks and uncertainties identified by the Company in its public securities filings, actual events may differ materially from current expectations. 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.

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