

Cannara Proposes Agreement to Acquire Global shopCBD.com

VANCOUVER, May 27, 2020 /CNW Telbec/ - Cannara Biotech Inc. ("**Cannara**" or the "**Company**") (CSE: LOVE) (OTCQB: LOVFF) (FRA: 8CB), an emerging vertically integrated cannabis company focused on indoor cultivation, processing and sale of premium dried cannabis and cannabis derivative products, is pleased to announce that it has entered into a proposed share exchange agreement dated May 26, 2020 among the Company, Global shopCBD.com Inc. ("**Global**") and the shareholders of Global (the "**Exchange Agreement**"), pursuant to which, the Company will acquire all of the issued and outstanding shares of Global (the "**Proposed Transaction**") that it currently does not own. The Company currently owns 61.23% of the outstanding common shares of Global.



Global, through its wholly-owned subsidiary, operates an online e-commerce platform focused on tapping into the U.S. Hemp CBD market offering curated selections of top tier products in a fast, secure and reliable transaction.

The Proposed Transaction

Pursuant to the terms of the Exchange Agreement, Cannara will acquire all of the issued and outstanding shares of Global which are not owned by the Company in consideration for the issuance of 23,262,581 common shares of the Company (the "**Payment Shares**") pro rata to the shareholders of Global at a deemed price of \$0.10 per Payment Share upon closing of the Proposed Transaction.

The Proposed Transaction remains subject to certain closing conditions including, without limitation, (a) the receipt by Cannara of shareholder and regulatory approval; and (b) each party's representations and warranties in the Exchange Agreement being true and correct in all aspects as of the Closing Date, and each party meeting its terms and conditions and fulfilling its covenants and obligations as contained therein. There can be no guarantees that the Proposed Transaction will be completed as contemplated or at all.

Zohar Krivorot, president, CEO and a director of the Company, is also a director of Global. As a result, the Proposed Transaction constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Proposed Transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value (as determined under MI 61-101) of the subject matter of, nor the fair market value of the consideration for, the transaction, insofar as it involves interested parties, exceeds 25% of the Company's market capitalization. Notwithstanding the foregoing, the Company had a valuation report of Global prepared by an independent valuator in connection with the Proposed Transaction which valued Global at \$6,000,000, resulting in a value of the common shares not already owned by the Company at \$2,326,258.

The Payment Shares will not be subject to any hold periods under applicable securities laws.

About Cannara Biotech Inc.

Cannara Biotech Inc. (CSE: LOVE) (OTCQB: LOVFF) (FRA: 8CB) has built one of the largest indoor cannabis cultivation facilities (625,000 square feet) in Canada and the largest in Quebec. Leveraging Quebec's low electricity costs, Cannara Biotech Inc.'s facility will produce premium-grade indoor cannabis and cannabis-derivative products for the Quebec and Canadian markets.

Website: www.cannara.ca

ON BEHALF OF THE BOARD

Zohar Krivorot, President, CEO and Director

The CSE does not accept responsibility for the adequacy or accuracy of this release.

The CSE has not in any way passed upon the merits of the Proposed Transaction and has neither approved nor disapproved the contents of this press release.

The securities to be issued in connection with the Proposed Transaction have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**1933 Act**"), or under any state securities laws, and may not be offered or sold, directly or indirectly, or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the 1933 Act) absent registration or an applicable exemption from the registration requirements. This news release does not constitute an offer to sell or a solicitation to buy such securities in the United States.

This news release may include forward-looking statements that are subject to risks and uncertainties. All statements within, other than statements of historical fact, are to be considered forward looking. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. There can be no assurances that such statements will prove accurate and, therefore, readers are advised to rely on their own evaluation of such uncertainties. We do not assume any obligation to update any forward-looking statements except as required under the applicable laws.

SOURCE Cannara Biotech Inc.

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