

Canbud Distribution Clarifies Previous Disclosure

Toronto, Ontario--(Newsfile Corp. - May 20, 2021) - Canbud Distribution Corporation (CSE: CBDX) (the "**Corporation**") announces that, as a result of a review of its continuous disclosure record by the Ontario Securities Commission (the "**OSC**"), the Corporation is issuing this news release to clarify certain disclosures made in its news releases dated December 1, 2020, December 7, 2020 and December 29, 2020, and to provide an update relating to previously disclosed forward-looking information contained in the Corporation's prospectus (the "**Prospectus**") dated September 30, 2020.

Sales License

In its news release dated December 1, 2020, the Corporation stated that it had been granted a federal sales license for medical purposes by Health Canada on October 22, 2020. This disclosure was made after the Corporation received communications from staff at Health Canada that were misunderstood by the Corporation's management to be confirmation that the license had been issued. In fact, management's understanding was not correct and it was not until January 29, 2021 that a license to sell cannabis products in accordance with section 27 and Part 14, Division 1 of the Cannabis Regulations was issued to the Corporation. A copy of this license was filed under the Corporation's profile on SEDAR at www.sedar.com.

Psychedelics Operations in Jamaica

In its news release dated December 7, 2020, the Corporation announced that it had entered into an agreement (the "**Purchase Agreement**") dated December 4, 2020, for the acquisition of all of the issued and outstanding shares of 2688453 Ontario Ltd. ("**2688**"), which holds a lease for two acres of land in the parish of Westmoreland, Jamaica. While the Corporation disclosed in this news release that the closing of the acquisition is subject to customary terms, conditions, and regulatory approval, it also stated that "*Through this opportunistic acquisition, Canbud has secured an approved 2-acre psilocybin production site near Negril, Jamaica...*" This statement was not intended to imply that the acquisition had closed or that the Corporation had acquired the production site or commenced operations in psychedelics operations in Jamaica. As at the date of this news release, the Corporation has not completed the acquisition of 2688 or acquired the production site, and has not commenced any cultivation operations in Jamaica.

Except for matters with respect to closing, all conditions precedent for the completion of the transaction as provided for in the Purchase Agreement have been satisfied, and the Corporation now plans to complete the acquisition of all of shares of 2688 on a date to be determined within two weeks of the date of this news release. Under the terms of the Purchase Agreement, on the closing of the transaction, the shareholders of 2688 will sell to the Corporation, and the Corporation will purchase, all of the issued shares of 2688. As consideration for the shares of 2688, the Corporation agreed to issue and deliver to the selling shareholders of 2688 an aggregate of 7,600,000 common shares (the "**Consideration Shares**") in the capital of the Corporation at a deemed price of \$0.195 per common share, of which 1,520,000 Consideration Shares have been issued, and the remaining Consideration Shares are to be issued as follows: 1,900,000 Consideration Shares on June 4, 2021; 2,280,000 Consideration Shares on October 4, 2021; and 1,900,000 Consideration Shares on February 4, 2022.

The business of 2688 currently consists of holding its leased property in Westmoreland, Jamaica, on which the Corporation intends to develop a psilocybin cultivation facility. In anticipation of completing the acquisition of 2688, the Corporation has completed the design, and commenced the development of the cultivation facility, including by carrying out site preparation works and acquiring the mushroom growing container for the site. To date, the Corporation has made expenditures of approximately USD \$48,000 for the purchase of the mushroom growing container and for the development of the facility. The planned

acquisition of 2688 is the first step by the Corporation to develop a business in the emerging psychedelic and functional mushroom nutraceuticals market. Additional details about the Corporation's proposed future operations in this market are set out in the Corporation's management's discussion and analysis for the year ended December 31, 2020, which is available under the Corporation's profile on www.sedar.com.

In its news release dated December 7, 2020, the Corporation stated that it plans to build an exclusive retreat that will promote mental wellness through workshops and specially formulated micro doses of psilocybin, within an anticipated timeframe of 12 to 18 months from the date of the news release. Due to the continued impact of the COVID-19 global pandemic, including restrictions on travel and the decline in sales that consumer-facing small businesses in the travel, hospitality and tourism market sectors have experienced, the Corporation's management no longer expects to build the retreat within the short to medium term, and has not established any revised schedule for doing so. If the Corporation determines to proceed with its plans for the retreat, its ability to carry out these plans would be dependent on, among other factors, closing the acquisition of 2688, obtaining any applicable permits or regulatory approvals, obtaining additional financing to fund the project, and improved economic conditions in the travel, hospitality and tourism industry.

Update to Previously Disclosed Forward-Looking Information

In the Prospectus, the Corporation made certain disclosure which constitutes forward-looking information, as such term is defined in National Instrument 51-102 - *Continuous Disclosure Obligations*. The following is an update to certain such forward-looking information previously disclosed by the Corporation in the Prospectus:

- On page 16 of the Prospectus, the Corporation stated that it *"expects to generate approximately \$350,000 in revenue (previously anticipated to be approximately \$700,000) from cultivation operations on the Kettleby Lands by the end of December 2020 (representing 100% of the anticipated revenue from the 2020 cultivation season)."* During the Corporation's financial year ended December 31, 2020, the Corporation did not generate any revenue from the cultivation operations on the Kettleby lands or otherwise. The Corporation was not able to recognize any revenue from these operations in its 2020 financial year because the processing and sale of products derived from hemp plants harvested from the Kettleby lands did not occur within the timelines as originally planned. Management of the Corporation is currently negotiating contractual arrangements with a third party for the processing of the harvested hemp plants from its Kettleby lands and for the manufacture of CBD products for sale to customers.
- In the Management's Discussion and Analysis section of the Prospectus, the Corporation stated that *"For 2020 cultivation, in light of COVID-19 challenges, the Corporation is preparing its Kettleby farm with a total of approximately 55 acres tillable land. The cultivation acreage is equivalent to 2.4 million square feet, which would produce conservatively about 15,000 kg of dried CBD flowers..."* and *"Using its proprietary clonal system, about 200,000 clones will be prepared, and housed in the six plastic hoop houses prior to be transplanted."* The cultivation acreage of the Kettleby farm in 2020 was 10.3 acres; approximately 550 kilograms of dried CBD flowers were produced; and approximately 20,000 clones were prepared using the Corporation's proprietary clonal system.
- On page 14 of the Prospectus, the Corporation stated that *"Israel Partnership - The Company is in negotiations with an Israeli-based strategic partner to develop and bring to market its own "My SeeBD" brand of topicals and health products, to be manufactured and produced in Ontario..."* and that *"The first sample is expected in the fall of 2020, and sales are expected to commence toward the end of December 2020."* Management of the Corporation decided not to enter into an agreement or pursue a transaction with the Israeli-based strategic partner as originally anticipated and, as a result, the Corporation is now pursuing alternate plans to develop and launch its "My

SeeBD" brand of products.

- On page 14 of the Prospectus, the Corporation stated that "*Following initial discussions, the Company introduced a scientist to Brock University's research team and prepared an initial proposal to collaborate, which could potentially assist the University in getting the grants available for industry outreach. The Company's collaboration proposal is currently under review by the University's administration. The Company is waiting for the final research design, which is expected toward the end of the third quarter.*" On April 1, 2020, the Corporation entered into a contract research agreement with Brock University to collaborate on an applied research project titled "Effects of Endophytic Fungi on Growth Promotion in Hemp." The research objectives of this agreement were to investigate the effects of endophytic fungi on growth promotion in hemp. This agreement was amended on March 19, 2021, and its term will end on the later of the completion of the research project and December 31, 2021. In connection with this agreement, the Corporation has made expenditures of approximately \$5,000 to Brock University as of the date of this news release.

About Canbud Distribution Corporation

Canbud Distribution Corporation is a science company focused on the cannabis and hemp sectors. Currently the Corporation, through its subsidiaries, holds three industrial hemp licenses and a sales license to supply the markets with medical focused products. In addition, the Corporation is also engaged in exploring the opportunities within the medical psychedelics' markets. Through the Corporation's wholly-owned subsidiary Empathy Plant Co., the Corporation is also involved in developing plant-based wellness products.

For further information, please contact:

Robert Tjandra, President
Tel: 416 847 7312
Email: ir@canbudcorp.com

Notice Regarding Forward-Looking Information

This news release contains statements and information that, to the extent that they are not historical fact, may constitute "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information is typically, but not always, identified by the use of words such as "will", "intends", "scheduled", "to be" and "may be" and similar words, including negatives thereof, or other similar expressions concerning matters that are not historical facts. Forward-looking information in this news release includes, but is not limited to, statements regarding: the anticipated completion of the acquisition of 2688 and the issuances of shares in connection with the acquisition; its planned future psychedelics operations in Jamaica; and the Corporation's goals or future plans relating to the development of a psilocybin cultivation facility and building a retreat. Such forward-looking information is based on various assumptions and factors that may prove to be incorrect, including, but not limited to, factors and assumptions with respect to: the ability of the Corporation to complete the acquisition within the specified time frame; the ability of the Corporation to successfully implement its strategic plans and initiatives relating to the acquisition and the cultivation site and retreat build-out, and whether such strategic plans and initiatives will yield the expected benefits; approvals and authorizations from regulatory authorities, and the timing thereof; the ability of the Corporation to obtain the necessary approvals, permits and licenses within the specified time frame to complete the build out; there being no material delay in the build out; the availability of materials; the availability of labour, contractors, employees and/or personnel necessary to undertake the cultivation site and retreat build-out. Although the Corporation believes that the assumptions and factors on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because the Corporation can give no assurance that it will prove to

be correct or that any of the events anticipated by such forward-looking information will transpire or occur, or if any of them do so, what benefits the Corporation will derive therefrom. Actual results could differ materially from those currently anticipated due to a number of factors and risks including, but not limited to: conditions in the psychedelics industry in Jamaica; fluctuations in market conditions, including in securities markets; economic factors; the risk that the cultivation site and retreat build out will not be completed as anticipated within the specified timeframe, including the risk that the Corporation will not receive the approvals/permits/licenses necessary in connection with the cultivation site and retreat build out; the ability of management to execute its business strategy, objectives and plans; the availability of funds to accomplish its goals; and the impact of general economic conditions and the travel restrictions imposed as a result of the COVID-19 global pandemic. Additional information regarding risks and uncertainties relating to the Corporation's business are contained under the heading "Risk Factors" in the Corporation's management discussion and analysis filed on SEDAR. The forward-looking information included in this news release is made as of the date of this news release and the Corporation does not undertake an obligation to publicly update such forward-looking information to reflect new information, subsequent events or otherwise, except as required by applicable law.

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