



## **BCC EXPANDS INTO SECOND ADULT USE MARKET**

*Acquiring award winning wholesale cannabis business in Las Vegas, Nevada*

TORONTO, ONTARIO, May 4, 2017 – (CSE: BCC, OTC:CBICF)

**The Canadian Bioceutical Corporation** (the “Company” or “BCC”) (CSE: BCC, OTC:CBICF) today announced that the Company, through its wholly-owned U.S. subsidiary, CGX Life Sciences Inc., is exercising its option, and is acquiring a 100% interest in GreenMart of Nevada LLC (“GreenMart”), an award winning licensed cultivation, production and wholesale business located in Las Vegas, Nevada. Management anticipates closing the transaction on or before May 30, 2017.

### Transaction highlights

- Creates strong presence in Las Vegas adult use market with over 42 million visitors annually.
- Existing licensees have 12-18 month head start to establish share in the new “adult use” market.
- Fully operational, fully staffed, state-of-the-art licensed production facility, with capacity to produce 1.6 million grams of dried flower and 85,000 grams of high-margin concentrate.
- Operations include production of MPX branded concentrates, as well as edible and other high-margin infused products.
- Company has commenced selling wholesale into the Nevada medical cannabis market, as well as is applying for a dispensary license to enter the higher-margin retail market.
- 2016 Jack Herrer Cup winner for best hybrid concentrate.
- Arcview Market Research projects annual legal cannabis sales in Nevada to grow to an estimated US\$630 million by 2020.
- Attractive valuation at \$19 million:
  - \$9.5 million, non-interest bearing promissory note
  - \$9.5 million in units, each unit, priced at CAD\$0.75

### Management commentary

“Commencement of sales into the adult use market in Nevada, under the state’s “Early Start” program, is anticipated for July of this year, with a 12-18-month early mover advantage for existing licensees,” stated Scott Boyes, CEO. “In order to benefit from the strong revenue and cash flow growth anticipated for GreenMart, we decided to accelerate exercising our option and acquire the company. We anticipate the operations to be materially accretive for revenues and earnings in the current fiscal year. We are delighted to bring GreenMart and its award-winning products under the BCC umbrella, and we look forward to reporting on our progress as we continue to execute on our aggressive growth strategy.”

Beth Stavola, COO of BCC, added, “GreenMart is fully staffed and operational, and is extremely well-managed. In developing the Nevada business, we are leveraging the operational and commercial best practices developed at our highly-successful Health for Life and MPX brands in Arizona. We anticipate this will accelerate market share development in a potentially very sizeable market with strong barriers to entry. Additionally, our shared operational template facilitates integration.”

## **Background**

In January 2017, BCC completed the acquisition of a number of cannabis operations supporting cultivation, production, as well as two dispensaries (Health for Life) and a wholesale concentrates brand (MPX) in Arizona, creating a highly profitable platform for growth. As part of the transaction, BCC had acquired a fixed option on the Nevada assets of the sellers, namely GreenMart of Nevada, which it is now exercising.

GreenMart has developed a state-of-the-art cultivation facility, based on the experience gained at Health for Life and MPX in Arizona where the Company is approaching a consistent rate of one harvest per week. Furthermore, the Company operates best-in-class extraction technologies, which enabled MPX to win the coveted 2016 Jack Herrer Cup for best hybrid concentrate. Addressing the higher-margin market of edibles, GreenMart has installed a professional-grade custom kitchen operation, enabling the Company to carry a well-diversified portfolio of high-end products.

GreenMart, which commenced cultivation in October 2016, is located in North Las Vegas, and is applying for a dispensary license. Wholesale activities in the medical market started February 2017.

## **Nevada market**

In November 2016, Nevada voted in favor of ‘Question 2’, setting in motion the process towards legalization of adult use of cannabis in the state. While Nevada has a relatively limited population of 2.8 million, Las Vegas, where GreenMart is located, welcomes approximately 42 million visitors annually, making tourism a key driver of anticipated market growth. The Brightfield Group ranks Nevada the 4<sup>th</sup> best state in the U.S. to make cannabis related investments (source: <http://bit.ly/2oYshM0>), above Washington (5<sup>th</sup>) and California (6<sup>th</sup>). ArcView Market Research projects annual legal cannabis sales in Nevada to grow at a compound annual growth rate of 51%, to an estimated US\$630 million by 2020 (source: Arcview - <http://mwne.ws/2o0pFcR>).

Nevada recognizes five different licenses related to cannabis, cultivation, production, retail, laboratory testing and transportation. GreenMart currently owns cultivation and production licenses.

Beth Stavola, President of U.S. operations for BCC, stated, “Most cannabis enterprises in Nevada have very limited access to capital, and are therefore substantially constrained in their ability to expand. Combined with our early-mover advantage and the projected size of the market, having a large-scale cultivation and production facility positions GreenMart exceptionally well to capitalize on the Nevada opportunity.”

## **Consideration & closing**

The total consideration for the acquisition is US\$19 million, payable as follows:

- \$9.5 million, non-interest bearing promissory note, payable in full on or before June 30, 2018.

- \$9.5 million in units, each unit, priced at CAD\$0.75 consisting of one full common share and one quarter of one warrant to acquire one common share at \$0.75. The number of units to be issued shall be determined based on the exchange rate between the US\$ and CAD\$ on the date of closing.

Management anticipates completing the acquisition on or before May 30, 2017.

### **About The Canadian Bioceutical Corporation**

BCC, an Ontario corporation, through its wholly owned subsidiaries in the U.S., provides substantial management, staffing, procurement, advisory, financial, real estate rental, logistics and administrative services to medicinal cannabis enterprises in Arizona and Massachusetts.

The Company supports two dispensaries in Arizona under the Health for Life ("H4L") brand, with a third under development. Additionally, the Company supports Melting Point Extracts ("MPX"), an award-winning concentrates brand carried by over 40% of Nevada dispensaries. The Company is developing a cultivation facility in Massachusetts, as well as one dispensary, with two further dispensary zoning permits in process.

The Company also leases a property in Owen Sound, Ontario, for which an application to Health Canada has been made for a cannabis production and sales license. In addition, the Company will continue its efforts related to its legacy nutraceuticals business.

### **Cautionary Statement Regarding Forward-Looking Information**

*This news release includes certain "forward-looking statements" under applicable Canadian securities legislation that are not historical facts. Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results, performance, prospects, and opportunities to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements in this news release include, but are not limited to, the Transaction and BCC's objectives and intentions. Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic and social uncertainties; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; delay or failure to receive board, shareholder or regulatory approvals; those additional risks set out in BCC's public documents filed on SEDAR at [www.sedar.com](http://www.sedar.com); and other matters discussed in this news release. Although BCC believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. Except where required by law, BCC disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.*

*On behalf of the Board of Directors*

*The Canadian Bioceutical Corporation*

*Scott Boyes, CEO*

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