

Global Hemp Group Announces Execution of Exclusive Option Agreement to Acquire Serres Theriault (2021) Inc. ("STI"), a Multi-Faceted, Vertically Integrated Cannabis Operator in New Brunswick and Announces Private Placement

Vancouver, British Columbia--(Newsfile Corp. - January 15, 2024) - **GLOBAL HEMP GROUP INC.** (CSE: GHG) (OTC Pink: GBHPF) (FSE: GHG0) ("**GHG**" or the "**Company**") is pleased to announce that it has executed an Exclusive Option Agreement (the "Agreement") to acquire Serres Thériault (2021) Inc. ("STI"), a multi-faceted vertically integrated cannabis operator in New Brunswick.

This transaction provides the Company a clear pathway to further diversify its activities in the industry and importantly, access to licenses from Health Canada. This will be an important step in furthering the Company's R&D ambitions for its Health and Wellness division, which initial foundation encompasses the Exclusive Licenses relating to key patents and IP acquired from Apollon Formularies plc in 2023.

About STI and its Holdings

Company representatives toured the STI New Brunswick facility last week and met with its principals and team members who are responsible for operating the facility. The facility is currently licensed for Cannabis Micro Processing, a Farmgate Retail Store (opening April 2024), Research & Development. The Agreement covers the acquisition of the 8.6-acre compound and its five buildings for production and sales, along with property a 6,000 sq feet of Greenhouse, equipment, inventory, genetics, Intellectual Property, an onsite retail location, and one offsite retail location.

In November 2023, STI's wholly owned and operated offsite retail store located in St. Quentin, New Brunswick, opened its doors to the public. This is one of only eight exclusive private retail outlets located in the province of New Brunswick. STI advises that sales at this retail location have exceeded expectations to date and has already reached profitability.

Pinnacle Farms, a second retail operation owned by STI is slated to open in April 2024. This store will be licensed as a Farmgate retail model operation in New Brunswick with exclusive distribution of products manufactured by STI. This retail outlet is located within the existing compound.

STI's current micro processing license gives it authorization to sell dry cannabis products to provincial authorities and other licensed producers across Canada. The site is currently authorized to sell seven approved products, with seven additional products having been submitted and are pending approval. STI advises that preparations are underway for expansion of the current packaging area, including the addition of authorized activities for processing and transformation, which are pending approval by Health Canada. This addition of activities will allow for sale of cannabis extracts, cannabis topicals and cannabis edibles, with four new cannabis products in these categories ready for submission.

STI is focused on using craft quality cannabis at an attractive price point. In addition, an exclusive deal with a Cannabis Research License located onsite, allows STI to develop exciting new strains, recipes and proprietary products that it will introduce on a national level to first time cannabis consumers, cannabis enthusiasts, and connoisseurs alike. Part of STI's growth strategy entails expansion of its R&D efforts.

Product distribution from Pinnacle Farms, STI's onsite retail store, is expected to begin April. STI is in

discussion with a Quebec partner to increase its distribution channels into the provinces of Quebec and Ontario. In addition, STI will upgrade to a Standard Processing, Packing and Sales License, with further upgrades to include a Cultivation License for a one-acre outdoor cultivation site. The compound will encompass every permitted activity in the Canadian Cannabis Industry. Construction for the planned upgrades has already been completed.

STI also has an exclusive agreement with a hemp producer in New Brunswick that will be focusing on production of 500 acres of hemp for cannabinoid extraction of a highly sought after CBG strain for the 2024 cultivation season.

We are pleased with our visit to the STI facilities in New Brunswick. Experience has shown that this industry is very much about the people, and we are confident that we have found a group that we can work with to build a successful business and create shareholder value going forward.

DEAL TERMS

Acquisition of the Option

- **The term of the option (the "Option") shall commence on the date of the signing of the Agreement (the "Effective Date") and shall expire upon the earlier of:**
 - i. the twenty-four (24) months anniversary of the Effective Date (the "Option Term");
 - ii. the payment of the amount of \$1,500,000, ranging from \$1,450,000 to \$1,600,000 as more fully detailed below; or
 - iii. the early termination of the Agreement pursuant to Termination below.
- To acquire the option, the Company will issue a total of 2,000,000 restricted common shares (the "Common Shares") to STI, and its nominees on the Effective Date. These Common Shares which will carry three separate trading restriction release dates as listed below, will be issued at a deemed price of \$0.055 and in accordance with securities regulations that are applicable:
 - i. 1,000,000 Common Shares that will have the applicable 4 months plus one day regulatory hold period.
 - ii. 500,000 Common Shares to be released on the eight-month anniversary of the Effective Date.
 - iii. 500,000 Common Shares to be released on the twelve-month anniversary of the Effective Date.
- Assumption of the monthly mortgage payment of STI's cannabis compound (the "Mortgage Payments") starting the Effective Date, in the amount of \$5,850.00.

Assets to be Acquired

The 8.6-acre cannabis compound in New Brunswick includes:

- Land, Property and Equipment, which includes five buildings
- Licenses for Cannabis Micro Processing, Packaging and Sales
- 6,000 sq feet of Greenhouse;
- One of only eight exclusive private New Brunswick retail outlets
- Exclusive partnership deal with Hemp License holder
- Exclusive partnership deal with Cannabis Research License holder
- Intellectual Property associated to 12 cannabis recipes poised for near future distribution
- Partnerships with strain developers of Genetics including strains with high value CBD, CBG, CBN,

Purchase Price for the Assets of STI

• Cash Payments

- i. \$50,000 to be paid on the first, fourth, seventh, and tenth month following the Effective Date (the "First Year Payments").
 - ii. The balance of \$250,000 to be paid by the closing date upon exercise of the Option (the "Closing Date") if GHG exercises the Option within a year from the Effective Date, with applicable deductions made from the Mortgage Payment.
 - iii. If GHG does not exercise the Option within the first year and the First Year Payments are not paid, GHG will pay a lump sum amount of \$600,000 on the Closing Date, with deductions made from any First Year Payment and Mortgage Payments.
- Non-convertible note of \$1,000,000 bearing an interest rate of 8% per annum and matures twenty-four (24) months from the Closing Date
 - 2,000,000 Common Shares will be issued to STI or its nominees which will carry three separate trading restriction release dates as listed below, and will be issued at a deemed price that will be based on the closing market price of the Common Shares on the CSE on the trading day prior to the Closing Date and in accordance with securities regulations that are applicable:
 - i. 1,000,000 Common Shares that will have the applicable 4 months plus one day regulatory hold period
 - ii. 500,000 Common Shares to be released on the eight-month anniversary of the Closing Date.
 - iii. 500,000 Common Shares to be released on the twelve-month anniversary of the Closing Date.

Assumption of Liabilities

- GHG may elect to assume a debt, an obligation, and liability (each, a "Debt") owed by STI of every kind or nature during the term of the Option.
- In the event GHG does not exercise the Option, the Debts will be treated as a loan which will bear an interest rate of 8% and a term of twelve (12) months from the date GHG provided to STI a notice to not exercise the Option.
- In the event that GHG exercises the Option, GHG will assume all Debts and liabilities of the STI which currently totals \$1.34 million.

Board Appointment

GHG granted STI the right to appoint one of its members to the board of directors of GHG, subject to corporate and securities laws compliance by the nominee.

No Shop Clause

During the term of the Option, STI and its affiliates and their directors, officers and similar agents shall not solicit, initiate or encourage the submission of any proposal or offer from any person relating to the acquisition of the Business or any portion of its Assets. In the event of any breach of this clause, STI shall pay a break-up fee of CDN\$500,000 to GHG.

Termination

The Option Agreement may be terminated, and the transactions contemplated may be abandoned at any time prior to Closing:

- by mutual written consent of GHG and STI;
- by GHG or STI if the Closing shall not have occurred on or before the two-year anniversary of this Agreement; provided that the right to terminate the Agreement shall not be available to any party whose failure to fulfill any of its obligations under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before such date; and
- by GHG at any time upon ninety (90) days' prior written notice to STI.

Debt Restructuring and Settlement

Further to the company's [news release of September 19, 2023](#), the Company has settled \$150,000 of its outstanding long term unsecured debt (due March 8, 2025) for units at \$0.05 per unit. Each Unit is comprised of one common share in the capital of the Company (each a "Common Share") and one non-transferable Common Share purchase warrant (each a "Warrant"). Each Warrant entitles the holder to acquire one Common Share at a price of \$0.10 per share, exercisable until January 15, 2027. The remaining balance of \$300,000 plus accrued interest at 12% per annum, will continue to accrue interest until maturity on March 8, 2025, if not converted prior to maturity into units with the same terms and conditions as the above referenced initial debt settlement amount.

The Company also wishes to announce that it intends to complete a non-brokered private placement of up to 15,000,000 units (each a "Unit") at \$0.05 per Unit for gross proceeds of up to \$750,000 (the "Offering"). Each Unit is comprised of one common share in the capital of the Company (each a "Common Share") and one non-transferable Common Share purchase warrant (each a "Warrant"). Each Warrant entitles the holder to acquire one Common Share at a price of \$0.10 per share, exercisable until January 15, 2027. The Company intends to use the net proceeds from the Offering for general working capital purposes. It is anticipated that this placement will close in multiple tranches, with the first tranche of \$67,500 for 1,350,000 units expected to close in one week.

All securities issued under the Offering, including securities issuable on exercise thereof, will be subject to a hold period expiring 4 months and one day after issuance, in accordance with the rules and policies of the Exchange and applicable Canadian securities laws. In connection with the Offering, the Company may pay certain eligible finder's a fee equal to 8% of the gross proceeds from the Offering and issue Warrants, equal to 8% of the total number of Units sold.

About Global Hemp Group Inc.

Global Hemp Group Inc. (CSE: GHG) (OTC Pink: GBHPF) (FSE: GHG0) is a dynamic company currently focused on two key business segments - Industrial Hemp and Biopharma.

The Industrial Hemp division's primary focus lies in the environmental uses of hemp for construction and hemp for sustainable bio-energy sources, both contributing to a carbon-negative footprint. Our R&D team is engaged in developing Intellectual Property that can be patented and implemented within our projects and beyond.

The Health and Wellness Division is focused on the acquisition of exclusive patents and IP through licensing agreements. The Company acquired exclusive rights to key patents and IP of Apollon Formularies plc., a UK-based international pharmaceutical company whose formulations and patents specialize in developing cancer treatments from natural biologics, including cannabinoids and functional mushrooms. More recently, the Company has signed a Letter of Intent with B-Organic R&D Corp. relating to the use of their Bioactive Lipid Agents ("BLA") technology with cannabinoids, terpenes, flavonoids and mushroom extracts. BLA enhances the solubility and bioavailability of various "poorly soluble pharma ingredients".

These strategic alliances form the basis for the commercialization of promising independently pre-clinically tested formulations, underscoring our commitment to cutting-edge innovation in the commercial

biopharma sector.

For Further Information Contact Global Hemp Group

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Cautionary Note Regarding Forward-Looking Statements

Certain information set forth in this news release may contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of Global Hemp Group Inc., including, but not limited to the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, dependence upon regulatory approvals, the availability of future financing and exploration risk, the legality of cannabis and hemp. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Except as required by law, Global Hemp Group Inc. disclaims any intention and assumes 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.

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



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