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Liht Cannabis Corp. Announces Intent to Acquire Premium Cannabis Cultivator, ACC Group of Companies to Establish Nevada Cannabis Cultivation and Brand Powerhouse

KELOWNA, BRITISH COLUMBIA – May 23, 2019 – **Liht Cannabis Corp. (CSE: LIHT) (OTCQX: LIHTF)** ("**Liht**" or the "**Company**"), a licensed cannabis cultivator and producer, is pleased to announce that it has executed a letter of intent to reach an agreement in principle (the "**Agreement**"), dated April 17, 2019, whereby the Company, or its wholly-owned subsidiary, will seek to acquire all or substantially all of the equity interests of the **ACC Group of Companies ("ACC")**, a Nevada-based group of companies licensed for cannabis cultivation and well-known for its award-winning cannabis cultivars. Liht management anticipates the execution of a definitive agreement (the "**Definitive Agreement**") to acquire ACC will take place on or prior to June 15, 2019, with the closing of the transaction (the "**Closing**") anticipated to follow shortly thereafter upon the satisfaction of such terms and conditions precedent to the Closing, which are customary for transactions of this nature. Following the completion of the transaction contemplated in the Agreement (the "**Proposed Transaction**"), the Company will integrate ACC while rebranding itself as "**Citation Growth Corp.**", reaffirming its status as a true multi-state operator.

Rahim Mohamed, CEO of Liht commented, "We believe the accretive benefits derived from the acquisition of ACC, which include the team's advanced cannabis seed genetics program, will provide Liht with an experienced and operationally diverse industry partner with which to progress our proprietary cultivation program – furthering Liht's stated mission to continually set new industry standards for quality, cost, and margin, in every jurisdiction in which we operate." Mr. Mohamed continued, "Liht anticipates the superior quality, capacity, and reputation afforded by the acquisition of ACC will accelerate our Nevada program and position Liht to become *the* pre-eminent cannabis cultivator and producer in the state."

Upon completion of the Proposed Transaction, the Company anticipates that it will have completed a strategic alignment in its Nevada operations to become a dominant cultivator and distributor of premium cannabis products to Nevada's significant and vibrant medical and recreational markets. Liht believes the unparalleled agronomic ability and cutting-edge cannabis marketing infrastructure offered by the acquisition of ACC will bring an additional wealth of comprehensive cannabis experience and synergies to a Liht team that is, itself, already steeped in expert organic growing methodologies.

Following the Closing of the Proposed Transaction, Liht anticipates that the acquisition of ACC will:

- create one of the largest license holders in the State of Nevada, with an estimated, consolidated licensed footprint for the combined entity of up to **566,000 ft²**, consisting of up to 550,000 ft² in cannabis cultivation space and up to 16,000 ft² in processing space for cannabis concentrates and edibles, assuming the successful completion of all proposed site phases, with an estimated capital expenditure requirement for the combined entity of approximately US\$90.0MM;

- significantly enhance Liht's Nevada operations by combining the Company's comprehensive experience in organic cultivation techniques with ACC's award-winning seed genetics program, fostering a new, premium cannabis powerhouse in the State of Nevada, and any such other jurisdictions it may enter, as regulations and legislation may permit;
- Opportunity to build upon ACC's successful CY2018 unaudited financial performance, where it achieved revenue of **US\$7.9MM**, gross margin of **57%**, adjusted EBITDA of **US\$1.0MM**, and adjusted EBITDA margin of **12.8%**;
- provide the Company with an ACC management-estimated, annualized approximately **US\$115MM** in additional forward-looking revenue, at an ACC management-estimated, annualized EBITDA margin of approximately **35.0%**, assuming the completion of all proposed phases and maximum operational efficiencies being realized, with an estimated capital expenditure requirement of approximately US\$50.0MM; and
- enhance the Company's current suite of portfolio products with the addition of three (3) new, established brands within the State of Nevada, which include **BluntBox**, **Garden of Weeden**, and **Superior**, complementing Liht's established **FIORE** cannabis flower brand.

Howard Misle, who will be joining Liht as the Company's CEO upon the Closing of the Proposed Transaction, remarked, "ACC has been pleased to observe the significant traction and rapid growth achieved by the Liht team since its entrance into the Nevada cannabis market, while also noting Liht's reputation is quickly becoming synonymous with success, innovation, and high-quality production." Mr. Misle added, "In electing to partner with Liht and its experienced management team, ACC believes it will gain the expanded platform and capital markets support network necessary to leverage our collective success, allowing for an eye toward future growth outside of the State of Nevada." Following the appointment of Howard Misle as CEO, Rahim Mohamed will serve as President of the Company.

Terms of the Proposed Transaction

Pursuant to the terms of the Agreement, Liht shall, prior to the Closing, consolidate its common shares on a four (4) to one (1) basis (the "**Post-Consolidation Shares**") and complete a change in name to "**Citation Growth Corp.**" and request assignment of a new trading symbol as may be mutually agreed upon between Liht and ACC and as approved by the Canadian Securities Exchange ("**CSE**").

Upon the Closing, it is proposed that the Company will issue an aggregate 35,000,000 Post-Consolidation Shares (the "**Consideration Shares**") to the former securityholders of the parent ACC entity, which amount shall be inclusive of approximately 11,500,000 in Post-Consolidation Shares issuable upon the conversion of the ACC Amended Notes (as defined below).

The parent ACC entity currently has approximately US\$15,000,000 in convertible notes (the "**Notes**") outstanding. As a condition of the Proposed Transaction, the holders of the Notes will have to agree to restructure the Notes such that all principal and interest outstanding at the time of Closing will convert into units comprised of one (1) Consideration Share and one (1) Post-Consolidation Share purchase warrant (the "**Amended Warrants**"), with each full Amended Warrant exercisable at C\$2.50 per Post-Consolidation Share for a period of twenty-four (24) months following the Closing (the "**ACC Amended Notes**"). The Amended Warrants will contain an acceleration provision such that in the event the volume weighted average trading price of the Post-Consolidation Shares on the CSE is greater than C\$3.50 for a period of ten (10) consecutive trading days, the Company may, upon providing notice to the holders of the Amended

Warrants, accelerate the expiry of the Amended Warrants to a period that is thirty (30) days from the date such notice is given.

All Consideration Shares (including Post-Consolidation Shares issuable upon the exercise of the Amended Warrants) issued to management of ACC pursuant to the Proposed Transaction will be subject to three (3) year escrow provisions ("**Escrow**") substantially similar of those that are required for an emerging issuer under National Policy 46-201 *Escrow for Initial Public Offerings*. All other Consideration Shares, including any Consideration Shares issued in exchange for outstanding convertible securities in the parent ACC entity, shall be subject to resale restrictions which will not allow for any resale or transfer until the date that is four (4) months and one (1) day following completion of the Proposed Transaction.

Further, subject to the policies of the CSE and applicable securities legislation, the Company and ACC will negotiate in good faith to implement a management incentive plan allowing for the issuance of up to US\$10,000,000 in Post-Consolidation Shares, based upon the achievement of certain performance milestones for each its Canadian and United States ("**US**") operations, to be defined in further detail in the Definitive Agreement.

Additional details regarding the Proposed Transaction will be provided in a comprehensive press release if and when the parties enter into the Definitive Agreement. The Definitive Agreement will incorporate the principal terms of the Proposed Transaction described herein, as same may be modified by agreement between the Company and ACC, and in addition, such other terms and provisions of a more detailed structure and nature as the parties may agree upon after receiving further tax, legal, securities, regulatory, and financial advice from their respective advisors. The Proposed Transaction is subject to customary conditions for a transaction of this nature, which includes all necessary securityholder and corporate approvals, third-party consents, permits, including those of governmental authorities, and the approval of the CSE, if required. The Proposed Transaction remains subject to the negotiation and execution of the Definitive Agreement and the satisfactory completion of due diligence.

Concurrent Equity and Debt Financing

Concurrent with the Closing of the Proposed Transaction, the Company has agreed to undertake an equity financing of up to US\$10MM, along with a potential debt financing of up to US\$17MM secured against the Company's North Las Vegas assets. Further, the Company and ACC may elect to jointly pursue an additional unsecured non-dilutive debt financing of up to US\$7MM, for further development of ACC's Pahrump, Nevada licensed assets.

About Liht Cannabis Corp.

Liht Cannabis Corp. is a publicly traded company that has been investing in the medical and recreational cannabis space since 2014. Liht has rapidly expanded its operating portfolio to include cultivation, production, and dispensary locations in key North American state-legal jurisdictions, such as Washington State, Nevada, and California, and is seeking expansion opportunities worldwide.

www.lihtcannabis.com

About the ACC Group of Companies

ACC is a group of privately held companies that have held indoor cannabis cultivation licensing in the State of Nevada since 2014. Primarily located in Las Vegas, Nevada, ACC prides itself on its expansive collection of premium cannabis cultivars and its innovative seed genetics program.

For Further Information:

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Social Media:

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Stock Exchanges:

Liht trades in Canada, ticker symbol LIHT on the CSE, and in the US, ticker symbol LIHTF on the OTCQX. The Company also trades on other recognized platforms in Europe including Stuttgart, Tradegate, L & S, Quotnx, Dusseldorf, Munich, and Berlin.

Neither the CSE nor its Regulation Services Provider, nor the OTCQX® has approved nor disapproved the contents of this press release. Neither the CSE, nor the OTCQX® accepts responsibility for the adequacy or accuracy of this release.

Marijuana Industry Involvement in the United States:

Liht owns marijuana licenses in California and Nevada. Marijuana is legal in each state; however, marijuana remains illegal under US federal law and the approach to enforcement of US federal law against marijuana is subject to change. Shareholders and investors need to be aware that federal enforcement actions could adversely affect their investments and that Liht's ability to access private and public capital required in order to support continuing operations and its ability to operate in the US.

Unlike in Canada which has federal legislation uniformly governing the cultivation, distribution, sale and possession of cannabis under the *Cannabis Act* (federal), readers are cautioned that in the US, cannabis is largely regulated at the state level. To the knowledge of the Company, there are to date a total of 33 states, plus the District of Columbia, that have legalized cannabis in some form. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the Controlled Substances Act in the US and as such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under US federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under the US federal law, nor will it provide a defense to any federal proceeding, which may be brought against the Company. Any such proceedings brought against the Company may materially adversely affect its operations and financial performance in the US market.

To the best of Liht's knowledge, Liht's business is conducted in a manner consistent with state law and is in compliance with applicable state licensing requirements in the US. Copies of licenses are posted on Liht's website. Liht has internal compliance procedures in place and has compliance focused attorneys engaged in jurisdictions to monitor changes in laws for compliance with US federal and state law on an ongoing basis. These law firms inform any necessary changes to our policies and procedures for compliance in Canada and the US.

Currently, listings of Canadian companies on the CSE will remain in good standing as long as they provide the disclosure that is required by the applicable Canadian securities regulators and complying with applicable licensing requirements and the regulatory framework enacted by the applicable state in which they operate.

Forward-Looking Statements:

This news release contains forward-looking statements, including Future Oriented Financial Information ("FOFI") that relates to our current expectations and views of future events. Certain information contained herein and certain oral statements made are forward-looking and relate to the Company's business strategy, any estimate of potential earnings, revenues, costs, and EBITDA, the completion of any transaction, including with ACC and the securityholders thereof, obtaining licenses and permits, completing the build-out of facilities, expectations in connection with the production and expansion plans at our facilities and capacity thereof, expectations regarding the timing of construction, development, and production of our expansion projects for both existing facility expansion and new facilities, the performance of our business and operations, the potential size of the cannabis market, events, courses of action, the proposed transaction with ACC, regulatory approvals and other matters. Statements which are not purely historical are forward-looking statements and include any statements regarding beliefs, plans, outlook, expectations or intentions regarding the future including words or phrases such as "anticipate", "objective", "may", "will", "might", "should", "could", "can", "intend", "expect", "believe", "estimate", "predict", "potential", "plan", "is designed to", "project", "continue", or similar expressions suggest future outcomes or the negative thereof or similar variations. Forward-looking statements may also include, among other things, statements about the Company's: expectations regarding expenses, sales and operations; future customer concentration; anticipated cash needs and estimates regarding capital requirements and the need for additional financing; total processing capacity; the ability to anticipate the future needs of customers; plans for future products and enhancements of existing products; future growth strategy and growth rate; future intellectual property; and anticipated trends and challenges in the markets in which the Company may operate.

The FOFI has been prepared by Company management to provide an outlook of Company activities and results and may not be appropriate for other purposes. Company management believes that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments. Readers of this news release are cautioned that the Company's actual future results may be materially different from what the Company expects.

All information in this news release concerning ACC has been provided for inclusion herein by ACC. Although the Company has no knowledge that would indicate that any information contained herein concerning ACC is untrue or incomplete, the Company assumes no responsibility for the accuracy or completeness of any such information.

Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future, including: the demand for our products; anticipated costs and ability to achieve goals; the Company's ability to complete any contemplated transactions; historical prices of cannabis; and that there will be no regulation or law that will prevent the Company or ACC from operating its businesses; the state of the economy in general and capital markets in particular; present and future business strategies; the environment in which the Company will operate in the future; the estimated size of the cannabis market; and other factors, many of which are beyond the control of the Company. While such estimates and assumptions are considered reasonable by the management of the Company, they are inherently subject to significant business, economic, competitive and regulatory uncertainties and risks. Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect. Given these risks, uncertainties and assumptions, the reader should not place undue reliance on these forward-looking statements.

The securities of the Company are considered highly speculative due to the nature of the Company and ACC's businesses.

Forward-looking statements are subject to known and unknown risks, uncertainties and other important factors that may cause the actual results to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: execution of the Definitive Agreement; completion of the Proposed Transaction; the Company realizing the anticipated benefits of the Proposed Transaction; business, economic and capital market conditions; the ability to manage the Company's operating expenses, which may adversely affect the Company's financial condition; the Company's ability to remain competitive; regulatory uncertainties; market conditions and the demand and pricing for our products; exchange rate fluctuations; the risk of difficulties in the integration of the Company and ACC; security threats; the Company's relationships with its customers, distributors and business partners; the Company's ability to attract, retain and motivate qualified personnel; industry competition; the impact of technology changes on the Company's products and industry; the Company's ability to successfully maintain and enforce its intellectual property rights and defend third-party claims of infringement of their intellectual property rights; the impact of litigation that could materially and adversely affect our business; the Company's ability to manage its working capital; and the Company's dependence on key personnel. The Company is not a positive cash flow company and it may not actually achieve its plans, projections, or expectations (the Company and ACC have a history of losses).

Important factors that could cause actual results to differ materially from the Company's expectations include, consumer sentiment towards the Company's products and cannabis generally; risks related to the Company and ACC's ability to maintain its licenses issued by governments in good standing; uncertainty with respect to the Company and ACC's ability to grow, store and sell cannabis; risks related to the costs required to meet the obligations related to regulatory compliance; risks related to the extensive control and regulations inherent in the industry in which the Company and ACC operate; risks related to governmental regulations, including those relating to taxes and other levies; risks related to an early stage business and a business involving an agricultural product and a regulated consumer product; risks related to building brand awareness in a new industry and market; risks relating to restrictions on sales and marketing activities imposed by governments; risks inherent in the agricultural business; risks relating to energy costs; risks relating to product liability claims, regulatory action and litigation; risks relating to recall or return of products; and risks relating to insurance coverage; global economic climate; equipment and building failures; increase in operating costs; decrease in the price of cannabis; security threats; government regulations; loss of key employees and consultants; additional funding requirements; volatility in the securities of the Company; changes in laws; technology failures; failure to obtain permits and licenses; anticipated and unanticipated costs; competition; risks associated with the substantial obligations of being a public company; and failure of counterparties to perform their contractual obligations. This list is not exhaustive of the factors that may affect the forward-looking statements. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements.

Except as required by law, the Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future event or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. Neither the Company nor any of its representatives make any representation or warranty, express or implied, as to the accuracy, sufficiency or completeness of the information in this news release. Neither the Company nor any of its representatives shall have any liability whatsoever, under contract, tort, trust or otherwise, to the reader or any person resulting from the use of the information in this news release by the reader or its representatives or for omissions from the information in this news release.

Accordingly, readers should not place undue reliance on forward-looking statements. Financial amounts are in United States Dollars, unless otherwise specified.

Non-GAAP Discloser:

"Adjusted EBITDA" (earnings before interest, tax, depreciation and amortization, adjusted for one-time, non-recurring charges incurred in the relevant financial period) does not have any standardized meaning as prescribed by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, and, therefore, is considered a non-GAAP measure and may not be comparable to similar measures presented by other issuers. The Company believes the non-GAAP measures of "adjusted EBITDA" and "EBITDA margin", combined with IFRS measures, such as revenue, are useful measures to its shareholders as management relies on such measures to provide insight into future operations. Readers are cautioned, however, that "adjusted EBITDA" and "EBITDA margin" should not be construed as an alternative to financial measures determined in accordance with GAAP or IFRS as an indicator of the Company's financial performance.

Not an Offer or Solicitation:

This press release is not an offer of the Company's securities for sale in the US. The securities may not be offered or sold in the US absent registration or an available exemption from the registration requirements of the United States Securities Act of 1933, as amended (the "**US Securities Act**") and applicable US state securities laws. The Company will not make any public offering of its securities in the US. The Company's securities have not been and will not be registered under the US Securities Act.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful.