Citation Growth Corporation Announces Intent to Sell Celista, BC Property and Late Stage Application

CGRO News Release
April 15, 2020

Kelowna, British Columbia—Citation Growth Corp. (CSE:CGRO) (OTCQX:CGOTF) (“Citation” or “Company”), a licensed multi-state Cannabis cultivator, producer and retailer, is pleased to announce that it has executed a letter of intent (“LOI”) with Indigenomix International (the “Purchaser”), a private Saskatchewan-based business, dated April 8, 2020. Under the terms of the LOI, Citation will sell their 40 acres of land and two constructed buildings in Celista, BC and also include its late-stage Health Canada License to Cultivate application. Citation’s management team anticipates the execution of a definitive agreement (the “Definitive Agreement”) by June 15, 2020 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.

“We believe the accretive benefits derived from the sale of the Celista Property and late-stage application will help us continue our focus on the Nevada and California markets as well as give us a substantial non-dilutive capital injection into the company,” commented Erik Anderson, CEO of Citation. “We also feel that our strong synergies with the Indigenomix group will create a dynamic strategic partnership going forward as we share our proprietary organic growing methodologies and decades of scientific research and development.”

Upon completion of the Proposed Transaction, the Company will begin to fund the aggressive expansion of their Apex facility in North Las Vegas, Nevada and also finalize plans to build out cultivation facilities on their land in Desert Hot Springs, California.

Citation anticipates that the cash injection will:

• provide the company with the capital needed to further expand the Apex facility in North Las Vegas in a staged approach that will result in an additional 70,000 sq ft of hybrid greenhouses being constructed on site;
• provide the company with the ability to expand the extraction lab at Apex to handle the additional yield and focus on bringing high-value concentrates and extracts to the Nevada market under the Diamante brand and potential white-label (toll extraction) partnerships; and
• complete its plans to build out more than 20,000 sq ft of cultivation in California, increase focus on its award-winning dispensary in Desert Hot Springs, Green Leaf Wellness, and expand its presence in the state as a vertically integrated player.

“We believe the upgrades to our lighting system in our Apex North Las Vegas facility will combine with our award-winning genetics library and refined growing methodologies acquired in the FSM acquisition to more than double our yields as well as decrease our power consumption, leading to better margins and increased profitability,” stated Anderson.
Terms of the Proposed Transaction

Citation will turn over the already constructed buildings as well as the land in Celista to the Purchaser. Citation will also facilitate the transfer of the Late-Stage Health Canada Application to the Purchaser. Citation agrees that certain employees will assist the Purchaser to help finalize the Health Canada application and operationalize the facility. In return the Purchaser will pay Citation $8.5 million.

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 and may be modified by agreement between the Company and the Purchaser prior to finalizing the Definitive Agreement. In addition, more detailed terms and conditions of the structure and nature of the Proposed Transaction will be made available after receiving further tax, legal, securities, regulatory and financial advice from the respective advisors. The Proposed Transaction is subject to due diligence by the Purchaser as well as the customary conditions for a transaction of this nature, which include all necessary security-holder and corporate approvals, third-party consents, permits, including those of government authorities, and the approval of the CSE, if required.

Current Equity and Debt Financings

Citation also advises that the second tranche of the previous announced financing is set to close at the end of the month. The Company confirms that there was director participation in the first and second closing of the financing, namely Alnoor Nathoo, Director and Erik Anderson, CEO and Director.

The company is also in talks with a few parties regarding the proposed non-dilutive debt financing on the Apex Property in North Las Vegas.

About Citation Growth Corp.

Citation Growth Corp. (CSE:CGRO) (OTCQX:CGOTF) is a publicly traded company that has been investing in the development of medical and recreational cannabis products since 2014. Citation has expanded its operating portfolio to include cultivation, production and retail offerings in our key North American legal jurisdictions Nevada, California, Washington and British Columbia. For more information, please visit www.citationgrowth.com.

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Cannabis Industry Involvement:

The Company owns marijuana licenses in California and Nevada. Marijuana is legal in each state; however, marijuana remains illegal under United States federal law and the approach to enforcement of U.S. 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 the Company’s ability to support continuing U.S.-based operations and its access private and public capital could be materially adversely affected.

Forward-Looking Statements:

This news release contains forward-looking statements or information that relate to our current expectations and views of future events. These statements relate to future events or future performance. 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 future business strategy; expectations of obtaining licenses and permits; 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; changes in laws and regulations; regulatory approvals and other matters; and anticipated trends and challenges in the markets in which the Company may operate.