

BevCanna To Exclusively License Award-Winning Keef Brands Infused Beverage Lines in Canada

B.C. based infused beverage expert will launch the Western U.S.'s market leading cannabis brand into the Canadian market and access Keef's extensive distribution network to launch BevCanna's brands in the U.S.

VANCOUVER, May 5, 2020 /CNW/ - Emerging leader in infused cannabis beverages, [BevCanna Enterprises Inc.](#) (CSE:BEV, Q:BVNNF, FSE:7BC) ("BevCanna" or the "Company") announced today a licensing arrangement between BevCanna and Keef Brands ("Keef").

Under the license agreement (the "Agreement") dated April 30, 2020, BevCanna will act as the exclusive licensee and co-packer for the award-winning Keef lines of beverages in Canada. BevCanna will leverage its extensive experience in developing and launching beverages in the Canadian market to maintain responsibility and compliance with Health Canada, as well as all related national sales and distribution efforts.

In addition to BevCanna's role as licensee for Keef in Canada, BevCanna has engaged Keef, via its network of licensed manufacturing partners, to co-pack and distribute BevCanna's cannabis-infused beverage products in the United States. BevCanna will leverage the extensive Keef manufacturing and distribution network, which includes thousands of licensed dispensaries and delivery services across Colorado, California, Arizona, Nevada, Michigan, Oklahoma, and Puerto Rico. An April 2020 Headset Insights report also found that Keef Brands offers six of the top ten-selling cannabis beverages in Colorado, as well as three of the top ten-selling in California. The Agreement as it relates to Canada, the United States, and other markets is described in further detail below.

"This partnership with Keef Brands is a fantastic opportunity for BevCanna," said John Campbell, Chief Strategy Officer at BevCanna. "Keef's robust U.S. co-pack and distribution network will be a significant asset to BevCanna's expansion plans in the U.S., and BevCanna's expertise in the Canadian infused beverage market will build Keef's Canadian presence. It's a strong combination, with excellent potential for both companies."

"BevCanna is an ideal partner for Keef to move forward with in both North American and global markets," said Erik Knutson, Co-Founder and CEO at Keef Brands. "The team's expertise in developing and launching appealing, innovative infused beverages is exactly what we've been seeking, and their experience in working within the Health Canada regulatory environment will be invaluable to Keef."

Canada

Under the Agreement, BevCanna has agreed to exclusively purchase from Keef certain packaging, ingredients and other non-cannabis or THC based components necessary to manufacture the products licensed by Keef to BevCanna under the Agreement. The maintenance of exclusivity is subject to mutually agreed upon forecast milestones in respect of target amounts of goods to be purchased by BevCanna in each calendar year being met.

The Agreement is for an initial term of three years with a subsequent three-year renewal, at BevCanna's option. If BevCanna has not been granted requisite licenses by Health Canada with respect to cannabis on or before December 31, 2020, Keef may terminate the Agreement. The parties agreed that this date may be extended by mutual written agreement.

United States

Under the Agreement, Keef has agreed to assist BevCanna in launching its U.S. infused beverage launch program by providing BevCanna with full access to its co-packer and distribution network. The co-packing and distribution arrangements will be additive, meaning that BevCanna will piggyback on Keef's volume-pricing arrangements that are in place. The parties will work together to jointly determine the appropriate product launch mix and timing for each individual U.S. market, based on existing offerings and market dynamics, including the territory of Puerto Rico.

Mexico

If Keef expands into Mexico, the parties have agreed that the same terms that apply to the United States and Puerto Rico would apply to the Mexican market.

European Export Market

Within twelve months, BevCanna intends to begin export of its products to the European market, either directly or via licensing agreements. Under the Agreement, BevCanna and Keef have agreed to negotiate in good faith expansion of the terms of their relationship to include Keef's participation with BevCanna in its export program, on terms to be mutually determined.

Powder Technology

Under the Agreement, BevCanna agreed to provide Keef with a right of first refusal to make this technology available to Keef for evaluation and negotiate terms for the non-exclusive right to license such technology in the United States.

Investment in Keef Brands

Under the Agreement, BevCanna has agreed to invest US\$150,000 in Keef Brands by participating in a convertible debenture offering (the "Offering"), in multiple tranches, as follows: US\$25,000 by April 30, 2020, US\$25,000 by May 15, 2020, \$50,000 by May 31, 2020, and \$50,000 by June 30, 2020. The subscription is subject to mutual agreement with respect to the terms of the Offering.

About BevCanna Enterprises Inc.

[BevCanna Enterprises Inc.](#) (CSE:BEV, Q:BVNNF, FSE:7BC) develops and manufactures cannabinoid-infused beverages and consumer products for in-house brands and white label clients. With decades of experience creating, branding and distributing iconic brands that have resonated with consumers on a global scale, the team demonstrates an expertise unmatched in the emerging cannabis beverage category. Based in British Columbia, Canada, BevCanna has a 292-acre outdoor cultivation site in the fertile Okanagan Valley and the exclusive rights to a pristine spring water aquifer, as well as a world-class 40,000-square-foot, HACCP certified manufacturing facility, with a current bottling capacity of up to 210M bottles per annum.

About Keef Brands

A recognized leader in the cannabis space known for its track record of innovation, taste and consistent quality, Keef Brands develops, produces, and distributes multiple cannabis-infused product lines including Keef Classics, Keef Mocktails, Keef Sparkling, Keef Energy, Keef Life H2O, Keef Stix, Keef Caps, Keef Pods and Keef Carts. This diverse and carefully curated product portfolio continues to be an award-winning brand, most recently winning the Westword 2019 Best in Denver Readers' Choice for Best Edible Company. An April 2020 Headset Insights report also found that Keef Brands offers six of the top ten-selling cannabis beverages in Colorado, as well as three of the top ten-selling in California. Founded in Boulder, CO, the company has been at the forefront of innovation around social cannabis product development and education since 2010. For more information, go to www.keefbrands.com.

On behalf of the Board of Directors:


John Campbell, Chief Financial Officer and Chief Strategy Officer
Director, BevCanna Enterprises Inc.

Disclaimer for Forward-Looking Information

This news release contains forward-looking information that involves various risks and uncertainties regarding future events. Such forward-looking information can include without limitation statements based on current expectations involving a number of risks and uncertainties and are not guarantees of future performance of the Company, including the statements: regarding the Agreement and its terms; that An April 2020 Headset Insights report also found that Keef Brands offers six of the top ten-selling cannabis beverages in Colorado, as well as three of the top ten-selling in California; that Keef's robust U.S. co-pack and distribution network will be a significant asset to BevCanna's expansion plans in the U.S., and BevCanna's expertise in the Canadian infused beverage market will build Keef's Canadian presence; that the Agreement has excellent potential for both companies; that BevCanna's experience in working within the Health Canada regulatory environment will be invaluable to Keef; regarding BevCanna's launch of its US infused beverage launch program and that the co-packing and distribution arrangements will be additive, meaning that BevCanna will piggyback on Keef's volume-pricing arrangements that are in place; that within twelve months, BevCanna intends to begin export of its products to the European market, either directly or via licensing agreements; regarding the Offering and BevCanna's participation therein; and the business plans of the Company.

Forward-looking statements are based on certain assumptions regarding the issuances of licenses by Health Canada to the Company under the Cannabis Act; a continued high regulatory barrier entry for cannabis-infused beverages; successful and timely commercialization of the Company's products; climate conditions; agricultural conditions; and expectations with respect to the future growth of recreational cannabis products. While the Company considers these assumptions to be reasonable, based on information currently available, they may prove to be incorrect. Readers are cautioned not to place undue reliance on forward-looking statements. The assumptions of the Company, although considered reasonable by it at the time of preparation, may prove to be incorrect. In addition, forward-looking statements necessarily involve known and unknown risks, including, without limitation, the Company not being issued licenses by Health Canada; risks associated with general economic conditions; risks associated with climate and agriculture; changes in consumer preferences; adverse industry events; future legislative, tax and regulatory developments; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms; the inability to implement business strategies; competition; currency and interest rate fluctuations and other risks. Readers are cautioned that the foregoing list is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. For more information on the risk, uncertainties and assumptions that could cause anticipated opportunities and actual results to differ materially, please refer to the public filings of the Company which are available on SEDAR at www.sedar.com. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement and reflect our expectations as of the date hereof, and thus are subject to change thereafter. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law, and the Company does not assume any liability for disclosure relating to any other company mentioned herein.

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CNW 02:00e 05-MAY-20