



FOR IMMEDIATE RELEASE

Inner Spirit Holdings Announces Closing of \$9.3 Million Convertible Debenture Financing

Successful financing will enable Company to further build out national expansion of Spiritleaf brand

CALGARY, Alberta (May 24, 2019) – Inner Spirit Holdings Ltd. ("**Inner Spirit**" or the "**Company**") (CSE:ISH) today announced it has closed its previously announced offering (the "**Offering**") of secured convertible debenture units of the Company (the "**Debenture Units**") for aggregate gross proceeds of \$9,270,000. The Offering was made through a syndicate of agents, co-led by Acumen Capital Finance Partners Limited, as sole bookrunner, and Canaccord Genuity Corp.

"The Company is very pleased to complete this \$9.3 million financing. We received outstanding financial support from our key strategic partners Auxly and Tilray, as well as from many existing shareholders and new investors. The financing provides us with the resources to continue to execute our business plan and to provide investors with the growth and performance we expect from our Spiritleaf corporate and franchise stores," said Darren Bondar, President and CEO of Inner Spirit.

The Company intends to use the proceeds of the Offering to build out and provide inventory for additional wholly-owned corporate Spiritleaf retail cannabis stores in Alberta, to maintain real estate leases in Ontario, to design and produce Spiritleaf custom inventory for Spiritleaf franchise partners, and for working capital purposes.

Each Debenture Unit consisted of (i) one 12% senior secured convertible debenture of the Company in the principal amount of \$1,000 (each, a "**Debenture**") with interest payable semi-annually in arrears on June 30 and December 31 of each year, commencing June 30, 2020, and maturing on June 30, 2022, and (ii) 2,000 common share purchase warrants (each, a "**Warrant**") of the Company, each Warrant entitling the holder thereof to purchase one common share in the capital of the Company at an exercise price equal to \$0.25 for a period of eighteen (18) months following the date hereof. The Debentures are also subject to redemption rights, forced conversion rights, and change of control rights, all as set forth in the Prospectus (as defined below)

The Debentures and the Warrants are to commence trading on the Canadian Securities Exchange at the open of market on May 27, 2019 under the symbol ISH.DB and ISH.WT respectively.

The Debenture Units were offered by way of a short form prospectus (the "**Prospectus**") filed with securities regulatory authorities in all provinces of Canada (except Québec). Copies of the Prospectus and documents incorporated therein are available electronically under the Company's issuer profile on SEDAR at www.sedar.com.

About Inner Spirit

Inner Spirit is establishing a network of recreational cannabis stores under its Spiritleaf brand. Supporting local entrepreneurs by applying its award-winning franchise and retail models, Inner Spirit has more than 100 franchise agreements in place for potential Spiritleaf locations and plans to operate corporate outlets in certain jurisdictions. The Company is simultaneously developing a diverse portfolio of proprietary quality and curated lifestyle cannabis products positioning the company to be an iconic Canadian brand and the most trusted source for recreational cannabis. Key industry partners and shareholders include Auxly Cannabis Group Inc. (TSX.V:XLY), Newstrike Brands Ltd. (TSX.V:HIP) and Tilray, Inc. (NASDAQ:TLRY). More information can be found on Inner Spirit's website at www.innerspiritholdings.com.



Forward-looking statements

This press release contains statements and information that, to the extent that they are not historical fact, may constitute "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information may include financial and other projections, as well as statements regarding future plans, objectives or economic performance, or the assumption underlying any of the foregoing. In some cases, forward-looking statements can be identified by terms such as "may", "would", "could", "will", "likely", "except", "anticipate", "believe", "intend", "plan", "forecast", "project", "estimate", "outlook", "potential", or the negative thereof or other similar expressions concerning matters that are not historical facts. Examples of such statements include, but are not limited to, statements with respect to the objectives and business plans of the Company; the timing of trading of the Debentures and the Warrants on the Canadian Securities Exchange; the use of the net proceeds of the Offering; and the intention to grow the Company's business and operations. Actual results could differ materially from those currently anticipated due to a number of factors and risks, including but not limited to, the risk that additional stores may not open due to national retail cannabis supply issues; risks and uncertainties relating to the actual use of the net proceeds of the Offering; changes in market conditions; and the risks identified in the Company's filings with the applicable Canadian securities regulators, including, without limitation, all risks in and incorporated by reference into the Prospectus. Although the Company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because the Company can give no assurance that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature they involve inherent risks and uncertainties. The Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits the Company will derive therefrom. The forward-looking statements included in this news release are made as of the date of this news release and the Company does not undertake an obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless required by applicable securities legislation.

For further information

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