



NEWS RELEASE

Laguna Signs Letter of Intent to Acquire Distribution Rights of Swiss Made Cannaceuticals CBD Skin Care Line and License of Brand Name in an Exclusive Licence Agreement that Includes Clinical Trials and Existing Inventory

KELOWNA, BC – July 07, 2016 – Laguna Blends Inc. (CSE: LAG) (OTC: [LAGBF](#)) (Frankfurt: [LB6A.F](#)) (the “Company” or “Laguna”) is pleased to announce that it has signed a non-binding letter of intent (the “LOI”) with Cannaceuticals of California, USA (“Canna”), whereby Laguna and Canna plan to enter into a definitive Manufacturing and Exclusive Licence Agreement (the “M&L Agreement”) for the purpose of pursuing mutually beneficial business opportunities in the Cannabidiol (CBD) skin care industry. The parties have agreed to an exclusivity period until July 29th in order to negotiate and sign the M&L Agreement.

The LOI contemplates a manufacturing and licensing arrangement that includes the following material terms:

- Laguna will purchase the entire existing Canna inventory of 4,500 units for each of the eight existing Canna products for payment of: (i) US\$250,000 (less an initial deposit of US\$24,500 that is payable within 7 days of entry into the M&L Agreement) on a monthly payment schedule over a six-month period; and (ii) a licence fee of US\$100,000 payable in common shares of the Company at the prior day’s closing market price upon entry into the M&L Agreement.
- Laguna will receive an exclusive licence to sell the Canna products for an initial period of two years in the USA and Canada. In addition, Laguna will receive the licence and marketing rights to sell the Canna products in Asia, Europe and Mexico subject to Canna receiving regulatory approval for such sales in those markets and provided Laguna has expanded to those countries. The renewal term is anticipated to be determined at the end of the initial term.
- Canna will contribute its research and development expertise in CBD-derived, high quality, Canna skin care products and Canna will continue to manufacture and or arrange manufacturing for future Canna skin care inventory requirements for Laguna as required.
- Laguna will take possession of all of the existing Canna inventory after the initial deposit and licence fee has been paid.

The Canna clinical trials were conducted by BioScreen (BioScreen) Testing Services Inc. in accordance with the International Conference of Harmonization Tripartite Guideline on Good Clinical Practice, applicable FDA regulations / guidelines.

Pending due-diligence and any necessary approvals Laguna anticipates offering the Canna products in the USA between August - September of 2016 with Canada to follow before the end of 2016.

Laguna will publish specific details regarding the findings of the research that was conducted for the Canna "Facial Serum" at a later date.

Stuart Gray, CEO and founder of Laguna Blends Inc. said, "Canna has spent a tremendous amount of time and financial resources to create what we believe is the highest quality CBD skin care line available on the market today. By combining the known benefits of CBD's into a skin care product, we anticipate that Laguna is poised to become a direct sales leader in the skin care industry." Stuart Gray went on to say, "By offering the Cannaceuticals skin care line of products to our affiliates, the Company anticipates an increase in product sales and recruitment of new affiliates."

*According to a recent report, the global skin care industry is expected to reach \$121 billion in 2016. In the United States alone, the skin care market will reach \$10.7 billion by 2018; that represents a compounded annual growth rate of 1.9%.

*Source: Zarep, K., "U.S. Skin Care Market to Reach \$10,717.4 Million by 2018," MarketResearch.com, June 23, 2015; <http://blog.marketresearch.com/us-skin-care-market-to-reach-10717.4-million-by-2018>

About Cannabidiol (CBD)

Cannabidiol (CBD) is a compound in hemp that has shown to offer beneficial medical effects to the body without the psychoactive effects associated with Tetrahydrocannabinol (THC). Scientific and clinical research, much of it sponsored by the US government, underscores CBD's potential as a treatment for a wide range of conditions, including arthritis, diabetes, alcoholism, MS, chronic pain, schizophrenia, PTSD, depression, antibiotic-resistant infections, epilepsy, paranoia and other neurological disorders. CBD has demonstrable neuroprotective and neurogenic effects, and its anti-cancer properties are currently being investigated at several academic research centers in the United States and elsewhere.

About CannaCeuticals

CannaCeuticals Swiss heritage is at the core of Canna's revolutionary skincare products. It's pure, cosmeceutical-grade CBD extract hails from the crisp, clean air of Switzerland, but Canna's heritage goes much further than that. Swiss culture is known for its precision and perfectionism, and CannaCeuticals radiates that same standard in every formula it produces. Canna's team of formulators are made up of chemists and product developers that analyze every detail, sourcing ingredients from all ends of the earth to create the most balanced, highly efficacious, anti-aging CBD skincare products in the world.

CannaCeuticals CBD7 anti-aging skincare products incorporate cannabidiol (CBD) which is known as a superior antioxidant and potential anti-inflammatory, both of which are significant in anti-aging. Canna's Swiss heritage influences a sense of unity in its products, and it combines CBD with other essential anti-aging ingredients to create formulas that pack a powerful punch.

About Laguna Blends Inc.

Laguna is a network marketing company that generates retail sales through independent affiliates. Affiliates utilize tools and technology that enable them to build an international business from their own home or anywhere else in the world. This technology replaces the need for expensive travel and hotel meetings.

The Company is currently focused on the nutritional health benefits derived from hemp. Laguna's first product category as an entry to market are functional beverage products that contain hemp and other efficacious ingredients. Laguna's initial products to market are the following:

- “Caffe” is an instant, “just add water” hot coffee beverage that is infused with both whey and hemp protein. With 2 grams of protein in every serving, Laguna’s proprietary product packs a powerful protein punch. Caffe, contains Instant coffee, whey protein hydrolysate, hemp protein, natural flavors.
- “Pro369” is a single serving, "on-the-go," plant based, instant, hemp protein that is served cold and comes in 4 delicious flavors. Pro369 is water soluble and can be directly mixed in water, added to milk, almond milk or coconut milk. Pro369 can also be blended in a shake or smoothie. Pro369 is also a source of Omegas, 3, 6 and 9 and contains ginseng.

Laguna Blends has been granted approval from Health Canada for four powdered Pro369 flavours: Chocolate Banana, Mixed Berry and Vanilla Caramel and Tropical Powder. Pro369 contains Hemp protein, natural flavors, stevia, and American ginseng.

The Minister of Health from Health Canada has granted Laguna a product license along with a Natural Product Number ("NPN") for all four of the Pro369 Flavours. They are all listed under the same NPN.

- A source of protein that helps build and repair body tissues.
- Source of amino acids involved in muscle protein synthesis.
- Assists in the building of lean muscle.
- An adaptogen to help maintain a healthy immune system.
- Supportive therapy for the promotion of healthy glucose levels.

Hemp has long been recognized by the health and nutrition industry as a super food, cited in many publications as a balanced source of all ingredients required to achieve health and wellness.

HempOmega®

HempOmega® is an environmentally sustainable, vegetarian source of Omegas 3 and 6 that boasts a superior nutrient profile. A water soluble, homogenous, powdered ingredient, it can be easily integrated and/or manipulated, with no unpleasant taste or chemical contamination – opening up entirely new product formulation opportunities. Hemp Omega’s greater ability to endure the digestive process delivers unmatched bioavailability, thereby maximizing its potential health benefits.

The Company sells its products through its independent affiliates in the USA and Canada.

HempOmega® is a Trademark owned by Naturally Splendid Enterprises, Ltd. and is used under license by Laguna Blends Inc.

ON BEHALF OF THE BOARD

“Stuart Gray”

Chief Executive Officer

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Forward-Looking Information:

This news release contains "forward-looking information" within the meaning of applicable securities laws relating to statements regarding the Company's business, products and future plans including, without limitation, statements that the company may successfully enter into and close the M&L Agreement, that such agreement will be entered into on or prior to July 29th, that the LOI may contain the terms as currently contemplated, the belief that the Canna products are the highest quality available, that the Company is poised to become a direct sales leader in the skin care industry and that the Company anticipates an increase in product sales and recruitment of new affiliates. Although the Company believes that the expectations reflected in the forward looking information are reasonable, there can be no assurance that such expectations will prove to be correct and makes no reference to profitability based on sales reported. Readers are cautioned to not place undue reliance on forward-looking information. Such forward looking statements are subject to risks and uncertainties that may cause actual results, performance and developments to differ materially from those contemplated by these statements depending on, among other things, that the transaction closes as contemplated, that the Company is able to finance its growth and execute on its business plan, that Canna is able to obtain all regulatory approvals and that there is sufficient demand for such products. Except as required by law, the Company expressly disclaims any obligation, and does not intend, to update any forward looking statements or forward-looking information in this news release. The statements in this news release are made as of the date of this release.