



V A L E N S

For Immediate Release

March 19, 2019

VALENS GROWORKS ANNOUNCES \$30 MILLION BOUGHT DEAL FINANCING & ACQUISITION OF STRATEGIC ASSETS

Kelowna, B.C., March 19, 2019 – Valens GroWorks Corp. (CSE: VGW) (the “Company” or “Valens”), a multi-licensed provider of cannabis products and services focused on various proprietary extraction methodologies, distillation, cannabinoid isolation and purification, as well as associated quality testing announces that it has entered into an agreement with AltaCorp Capital Inc. (“AltaCorp”), under which AltaCorp has agreed to purchase, as lead underwriter and sole bookrunner, on its own behalf and on behalf of a syndicate of underwriters, including GMP Securities L.P., and Raymond James Ltd., Haywood Securities Inc., and Mackie Research Capital Corp., (together with AltaCorp the “Underwriters”) on a bought deal basis, 10,169,492 units of the Company (“Units”) at a price of C\$2.95 per Unit (the “Offering”), representing aggregate gross proceeds to Valens of approximately C\$30 million.

The Company is also pleased to announce they anticipate closing the acquisition of the Company’s current extraction, post-processing and analytical testing facility and an adjoining property located at 180 Carion Road for additional post-processing, product development and white label capacity, by the end of March 2019.

Bought Deal Financing

Each Unit is comprised of one common share (a “Common Share”) of Valens and one-half common share purchase warrant (each whole common share purchase warrant a “Warrant”) of the Company offered at a price of \$2.95 per Unit for gross proceeds of \$30,000,001 (the “Offering”). Each Warrant will be exercisable to acquire one common share of the Company (a “Warrant Share”) for a period of two years following the closing date at an exercise price of \$4.00 per Warrant Share, subject to adjustment in certain events. In the event that the volume weighted average trading price of the common shares for ten consecutive trading days exceeds \$6.00, the Company shall have the right to accelerate the expiry date of the Warrants upon no less than fifteen trading days’ notice.

In addition, the Underwriters will also have the option, exercisable in whole or in part, to acquire up to an additional 1,525,424 Units at a price of \$2.95 per Unit at any time from closing of the Offering and ending 30 days following the closing date for additional gross proceeds of up to \$4,500,001 (the “Over-Allotment Option”). The Over-Allotment Option may be exercised by the Underwriters in respect of: (i) Units at the Offering price; or (ii) Common Shares (“Over-Allotment Shares”) at a price to be agreed to by the Company and the Lead Underwriter; or (iii) Warrants (“Over-Allotment Warrants”) at a price to be agreed to by the Company and the Lead Underwriter; or (iv) any combination of Over-Allotment Shares and/or Over-Allotment Warrants, so long as the aggregate number of Over-Allotment Shares and Over-Allotment Warrants which may be issued under the Over-Allotment Option does not exceed 1,525,424 Over-Allotment Shares and 762,712 Over-Allotment Warrants.

The Company plans to use the net proceeds from the Offering to strategically increase the Company’s domestic geographic presence, increase production capacity and white label offerings, and for general corporate purposes.

The Common Shares will be offered by way of a short form prospectus to be filed in each of the provinces of Canada, other than the Province of Quebec and by way of a private placement in the United States. The Offering is subject to

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customary conditions including receipt of required regulatory approvals and completion of documentation. Completion of the offering is expected on or about April 9, 2019.

The securities offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. 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 the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Acquisition of Existing Processing Facility

The existing processing facility located at 230 Carion Road, is anticipated to be acquired from NorthOk Properties Inc., a company controlled by Ashley McGrath, a director of the Company for an agreed upon purchase price of \$4.4 million on or about March 20, 2019. The Company engaged an independent appraiser to complete a market valuation which supports the purchase price.

“Securing ownership of our processing facility here in Kelowna, in which we have invested over \$4.6 million in leasehold improvements built out to European Good Manufacturing Practice (“**GMP**”) standards, will ensure the Company can continue to successfully execute on its core business objectives,” said Tyler Robson, CEO of Valens GroWorks Corp. “In addition, the undeveloped footprint of this 1.94 acre site will allow the Company to further expand to meet the growing demand for the Company’s leading extraction services and product development expertise.”

Mr. McGrath's participation is considered a "related party transaction" for the purposes of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). Pursuant to MI 61-101, the Company will file a material change report providing disclosure in relation to the "related party transaction" on SEDAR under the Company's issuer profile at www.sedar.com. The Company is relying on exemptions from the formal valuation and minority shareholder approval requirements available under MI 61-101. The Company is exempt from the formal valuation requirement in section 5.4 of MI 61-101 in reliance on sections 5.5(a) and 5.5(b) of MI 61-101 as the fair market value of the transaction is not more than 25% of the Company's market capitalization, and no securities of the Company are listed or quoted for trading on prescribed stock exchanges or stock markets. Additionally, the Company is exempt from the minority shareholder approval requirement in section 5.6 of MI 61-101 in reliance on section 5.7(a) as the fair market value of the transaction is not more than 25% of the Company's market capitalization. The transaction was approved by the board of directors of Valens and no special committee was established in connection with the transaction, and no materially contrary view was expressed or made by any director. Mr. McGrath abstained from voting on the matter.

The Company did not file a material change report more than 21 days before the expected closing date of the transaction as the details of the transaction were not settled until shortly prior to the closing of the transaction, and the Company wished to close the transaction on an expedited basis for business reasons.

Agreement to Purchase Neighbouring Facility

The Company has entered into an agreement to purchase an adjoining property located at 180 Carion Rd. This strategic acquisition of 18,000 square feet will be used for the primary purposes of increasing extraction production space, product development and to allow for additional white-labelling service capacity to the Company’s current and future clients as well as additional office space for the Company’s corporate team.

“We are excited for the opportunity to purchase the facility next door as part of our growth plan to increase capacity and overall product offerings for our world-class clients,” says Tyler Robson, CEO Valens GroWorks Corp. “Congruent with our expansion plans stated in the previous fiscal year, this is an imperative step to our ultimate goal of being able to service not only the Canadian market, but the global market from premium toll processing all the way to premium finished goods.”

About Valens GroWorks

Valens GroWorks Corp. is a research-driven, Canadian cannabis company focused on downstream secondary extraction methodology, distillation and cannabinoid isolation and purification, as well as associated quality testing with three wholly-owned subsidiaries located in and around Kelowna, BC. Subsidiary Valens Agritech ("VAL") holds a license to cultivate cannabis and produce cannabis oil under the Cannabis Act, as well as a license to conduct analytical testing for the cannabis industry. VAL currently has extraction processing and supply agreements with various leading producers across Canada. Subsidiary Valens Labs is a Health Canada licensed ISO 17025 accredited cannabis testing lab providing sector-leading analytical services and has partnered with Thermo Fisher Scientific to develop a Centre of Excellence in Plant Based Science. Subsidiary Valens Farms is in the process of becoming a purpose-built facility in compliance with European Union (EU) Good Manufacturing Practices (GMP) standards, ensuring the product from this facility can be exported anywhere in the world where Cannabis is nationally legal for medical or adult usage purposes. For more information, please visit <http://valensgrowworks.com>. The Company's investor deck can be found specifically at <http://valensgrowworks.com/investors/>

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Notice regarding Forward Looking Statements

This news release contains certain "forward-looking statements" within the meaning of such statements under applicable securities law. Forward-looking statements are frequently characterized by words such as "anticipates", "plan", "continue", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed", "positioned" and other similar words, or statements that certain events or conditions "may" or "will" occur. These statements are only predictions. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this news release. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. The Corporation is under no obligation, and expressly 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 expressly required by applicable law.

The CSE or other regulatory authority has not reviewed, approved or disapproved the contents of this press release. We seek Safe Harbour.