

SPEAKEASY CANNABIS CLUB LTD.

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**SpeakEasy Updates Prior Public Disclosure and Announces
Approval of Settlement Agreement with the BCSC**

VANCOUVER, May 5, 2020 /CNW/ - SpeakEasy Cannabis Club Ltd. (CSE: EASY) (Frankfurt: 39H) (the “**Company**” or “**SpeakEasy**”) today announced that it has entered into a settlement with the British Columbia Securities Commission (“**BCSC**”), and further provides updates and clarifications to certain prior disclosure regarding financing transactions previously publicly disclosed by SpeakEasy.

All dollar values in this news release are in Canadian dollars.

BCSC Settlement

SpeakEasy is pleased to announce that it has entered into a settlement agreement with Staff of the BCSC in connection with certain of the Company's historical disclosures. This settlement resolves the BCSC's review of SpeakEasy's involvement in the ongoing BCSC investigation relating to, among other things, the use of the consultant exemption from prospectus requirements as part of financings conducted by CSE-listed companies in British Columbia (the “**BCSC Matter**”).

Under the terms of the settlement, the BCSC will not seek any orders against the Company, including financial orders. Full details of the settlement, including the settlement agreement, will be available on the BCSC website: www.bcsc.bc.ca.

The Company's Chief Executive Officer, Dr. Bin Huang said: “We have cooperated and been fully transparent with the BCSC. We are glad to have made this favourable settlement. We look forward to focusing on accelerating the Company's growth”.

SpeakEasy Response to BCSC Allegations

In November, 2018, the Company became aware that it had been named in a notice of hearing issued by the Executive Director of the BCSC relating to the BCSC Matter. The allegations related to the alleged misuse by SpeakEasy of an exemption from the prospectus requirements of British Columbia securities laws which permits *bona fide* consultants to receive securities from an issuer such as SpeakEasy without any prospectus and without imposing any hold periods on those securities upon issuance.

The BCSC alleged that a number of issuers, including SpeakEasy, had purported to issue securities in reliance on that exemption to companies or individuals who were not *bona fide* consultants to the issuers. As such, the BCSC was alleging a series of securities law violations had occurred.

Upon becoming aware of the allegations, SpeakEasy immediately began investigating what had occurred in connection with the SpeakEasy financing cited by the BCSC. SpeakEasy quickly became aware that the financing cited by the BCSC as potentially problematic was structured, negotiated and implemented internally at SpeakEasy by Anthony Jackson at a time when he was both a director and Chief Financial Officer of the Company.

It became clear that parties who purported to be consultants to SpeakEasy purchased shares from SpeakEasy in reliance on the consultant exemption (thereby acquiring free trading shares) and SpeakEasy then used a significant portion of the funds received from such consultants to pay those consultants and others for the services they purported to offer SpeakEasy. When SpeakEasy publicly disclosed the closing of the financing on July 24, 2018, it announced the gross proceeds that it had received (\$3,000,000) but did not include any disclosure about the fact that \$2,417,000.60 was raised from purported consultants and \$1,459,455.70 was repaid to those persons and other purported consultants associated with them.

SpeakEasy's investigation was complicated by the fact Mr. Jackson ceased to be a director and officer of SpeakEasy on September 10, 2018. After Mr. Jackson left, SpeakEasy could not find copies of a number of documents relevant to this financing. In particular, the Company did not have copies of any consulting agreements, including those relating to the purported consultants who participated in the financing. SpeakEasy sought copies of each consulting agreement from Mr. Jackson (who had responsibility for negotiating and approving those agreements) but did not receive such documentation from Mr. Jackson until December 2018, after the BCSC investigation began. SpeakEasy is not confident that the documentation provided was created contemporaneous with the dates set out on the documents. In any event, all of the purported consulting agreements had terminated in accordance with the terms of the consulting agreements before December 2018 so it was not necessary for SpeakEasy to take steps to terminate them. SpeakEasy plans to take steps to recover funds advanced to purported consultants who provided no services of value to the Company.

SpeakEasy has also taken additional measures to improve corporate governance and internal control, and to strengthen its management team. These include:

- (a) creation of a Compliance Officer position to focus on governance and legal compliance issues;
- (b) appointment of a new CEO with extensive industry experience;
- (c) appointment of a new CFO who is a CPA with significant public company experience;
- (d) implementation of a set of governance policies and procedures, including board mandate, committee charters and a disclosure policy, which now govern SpeakEasy and its business;

- (e) continuous efforts to a board of directors committed to corporate governance best practices.

The biographies of the Company's management team and board of directors is set out on SpeakEasy's website at www.speakeasygrowers.com.

Collectively, SpeakEasy believes its current group of management and directors have significantly more public company experience and expertise and are in a much better position to oversee SpeakEasy's business and ensure compliance with legal requirements.

In addition, SpeakEasy has undertaken to retain an independent monitor for a period of at least one (1) year to review SpeakEasy's corporate governance and compliance policies, procedures and processes. SpeakEasy is committed to implementing best practices in corporate compliance and governance.

About SpeakEasy Cannabis Club Ltd.:

SpeakEasy Cannabis Club Ltd. holds a cultivation, processing and sales licence issued by Health Canada under the *Cannabis Act*. [SpeakEasy](#) owns 290 acres of land in Rock Creek, British Columbia, and leverages three generations of farming experience in B.C. as well as its favourable location to grow and process high-quality cannabis products at low cost. SpeakEasy cultivates small batch, high quality craft cannabis in its 10,000 square foot indoor facility and has completed the development of its licenced 60-acre outdoor field. The Company expects to complete planting its outdoor cultivation area during Q2, 2020, and to produce approximately 70,000kg of outdoor, sun grown cannabis in 2020.

For more information about SpeakEasy, visit speakeasygrowers.com.

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Forward-Looking Statements

This news release contains statements that constitute "forward-looking statements." Such forward looking statements involve known and unknown risks, uncertainties and other factors that may cause SpeakEasy's actual results, performance or achievements, or developments in the industry to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements. Forward looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects," "plans," "anticipates," "believes," "intends," "estimates," "projects," "potential" and similar expressions, or that events or conditions "will," "would," "may," "could" or "should" occur.

Forward-looking statements in this document include statements concerning SpeakEasy's intention to take steps to recover funds advanced to purported consultants who provided no services of value to the Company, its intention to plant its outdoor crops and the timeframe associated with such planting, its intent to produce and sell high quality craft cannabis, its expected production output, the costs associated with such output and the timeframes associated with such production output and all other statements that are not statements of historical fact.

Although SpeakEasy believes the forward-looking information contained in this news release is reasonable based on information available on the date hereof, by their nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements.

Examples of such assumptions, risks and uncertainties include, without limitation, assumptions, risks and uncertainties associated with the global Covid-19 pandemic, including the risk that the Company be deemed a non-essential business and asked to temporarily cease operations; general economic conditions; adverse industry events; future legislative and regulatory developments involving cannabis; the Company's ability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favorable terms; the cannabis industry in Canada and generally; the demand for cannabis and cannabis related products, the ability of SpeakEasy to implement its business strategies; competition; the ability of SpeakEasy to obtain and retain all applicable licences under the Cannabis Act and other assumptions, risks and uncertainties.

THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS NEWS RELEASE REPRESENTS THE EXPECTATIONS OF THE COMPANY AS OF THE DATE OF THIS NEWS RELEASE AND, ACCORDINGLY, IS SUBJECT TO CHANGE AFTER SUCH DATE. READERS SHOULD NOT PLACE UNDUE IMPORTANCE ON FORWARD-LOOKING INFORMATION AND SHOULD NOT RELY UPON THIS INFORMATION AS OF ANY OTHER DATE. WHILE THE COMPANY MAY ELECT TO, IT DOES NOT UNDERTAKE TO UPDATE THIS INFORMATION AT ANY PARTICULAR TIME EXCEPT AS REQUIRED IN ACCORDANCE WITH APPLICABLE LAWS.

The Canadian Securities Exchange has not approved nor disapproved the contents of this news release.