

Press Release

For immediate diffusion

Cannara Biotech Reports Q2 2019 Results

Vancouver, Canada – April 29, 2019 – Cannara Biotech (“Cannara” or the “Company”) (CSE: LOVE, FRA: 8CB), an emerging vertically integrated cannabis company focused on the cultivation and sale of dried cannabis and cannabis-infused products to the Canadian and international markets, today announced financial results for the three month and six month periods ended February 28, 2019.

OPERATIONAL HIGHLIGHTS

- Raised \$37,375,268 via private placement in exchange for 207,640,375 common shares of the Company;
- Commenced trading January 14, 2019 on the Canadian Securities Exchange ("CSE") under the symbol "LOVE";
- Has invested over \$10,500,000 to date in construction costs relating to its Phase one build-out;
- Expanded the Phase one build-out of Cannara's facility from 130,000 to 170,000 square feet;
- Entered the U.S. hemp-CBD market, through a subsidiary, with an online e-commerce platform called shopCBD.com; and
- Entered into a Letter of Intent with a leading Quebec microbrewery to develop cannabinoid-infused beverages.

“The quarter saw highlights from each key aspect of our business plan; we are aggressively pursuing a prominent role in the growing hemp-CBD market with our e-commerce platform, shopCBD.com; our arrangement with a microbrewery reflects our intention to partner with more domain experts as we prepare for broader legalization of cannabis; and the progress on our state-of-the-art facility proceeds without abatement, even though we have added an additional 40,000 square feet to provide more flexibility for cultivation and post-harvest operations,” said Zohar Krivorot, President and CEO of Cannara.

“Financially, Cannara is very solid, with all costs associated with Phase one construction fully funded and most stabilized operating costs offset by lease revenue,” said Lennie Ryer, CFO of Cannara. "Built for the long run, the next few quarters will be eventful as we complete construction and advance towards the goal of ongoing revenues from our state-of-the-art production and processing facility."

RESULTS OF OPERATIONS

THREE-MONTH PERIOD ENDED FEBRUARY 28, 2019

During the three month period ended February 28, 2019, the Company realized 100% of its lease revenue of \$518,438 from two lessees who are currently occupying a portion of the vacant area of the Farnham Facility while the Company constructs and completes the Phase one build-out. The current lease terms are until May 31, 2019 and September 30, 2022 and may be renewed at the discretion of the Company. The Company is managing the lease terms in order to coincide with its development plans for the remaining build-out of Phase two and three of the Farnham Facility. The Company incurred \$81,836 in lease operating costs in order to realize the lease revenue.

Included in operating expenses was \$711,131 in professional fees which included amounts paid to various consultants and lawyers for the development and registration of various patents, development of the Company’s best practices relating to its cultivation process, establishment of municipal relations, initial

development costs for the ShopCBD.com e-commerce platform and for general corporate activities. In addition, operating expenses included \$539,060 in salaries and benefits, \$293,067 in general and administrative expenses, \$421,613 in stock-based compensation and \$192,224 in marketing costs.

During the three month period ended February 28, 2019, the Company reported an operating loss of \$1,957,499. In addition, the Company incurred a one-time charge of \$1,875,243 relating to expenses for the reverse takeover transaction (of which \$1,701,282 was non-cash) and net finance expenses of \$179,184. As a result, the Company reported a net loss of \$4,011,926 or \$0.01 loss per share.

SIX-MONTH PERIOD ENDED FEBRUARY 28, 2019

During the six month period ended February 28, 2019, the Company realized 100% of its lease revenue of \$1,036,881 from the two lessees. The Company incurred \$134,375 in lease operating costs in order to realize the lease revenue.

Included in operating expenses was \$1,502,035 in professional fees for activities mentioned above, \$1,280,827 in salaries and benefits, \$675,692 in general and administrative expenses, \$560,686 in stock-based compensation and \$467,699 in marketing costs to establish the Company's brand presence.

During the six month period ended February 28, 2019, the Company reported an operating loss of \$3,949,499. In addition, the Company incurred a one-time charge of \$1,875,243 relating to expenses for the reverse takeover transaction (of which \$1,701,282 was non-cash) and finance expenses of \$492,410. As a result, the Company reported a net loss of \$6,317,152 or \$0.01 loss per share.

LIQUIDITY AND CAPITAL RESOURCES

The Company reported a net working capital amount of \$33,719,827 (August 31, 2018 - \$12,320,832). The Company expects that its existing cash as at February 28, 2019 will enable it to fund its planned construction and operating expenses for at least the next twelve months.

OPERATING ACTIVITIES

For the three and six month period ended February 28, 2019, cash flow used for operating activities was \$2,102,171 and \$4,027,967. The cash flow used in operating activities was primarily attributable to expenses relating to salaries of personnel, professional fees, marketing costs, office, travel and promotion.

FINANCING ACTIVITIES

For the three and six month period ended February 28, 2019, cash flow provided from financing activities amounted to \$36,756,317 and \$36,419,931 respectively. During the three months ended February 28, 2019, the Company raised \$37,375,268 by issuing 207,640,375 common shares of the Company and incurred \$2,019,670 of share issuance costs. In addition, 868,000 warrants were exercised providing the Company with an additional cash injection of \$86,800. Furthermore, the Company's subsidiary, Global ShopCBD.com Inc., issued 55,100,000 common shares for an aggregate consideration of \$1,102,000 and incurred \$23,937 in related share issuance costs.

INVESTING ACTIVITIES

For the three and six month period ended February 28, 2019, the Company had net cash outflows relating to its investing activities of \$4,871,791 and \$9,361,149. Investing activities during the periods relate mostly to construction costs incurred for its Farnham Facility, the purchase of production equipment, computers and furniture as well as deposits made on property, plant and equipment.

SUBSEQUENT EVENTS

On March 11, 2019, Global shopCBD.com Inc. successfully closed another round on its subscription agreements and issued a total of 37,285,660 common shares for gross proceeds of \$5,592,849.

OUTSTANDING SHARES

As at the date of this report, the Company had 694,770,705 common shares outstanding. There were 14,948,710 warrants and 29,275,424 options issued.

About Cannara Biotech

Cannara Biotech (CSE:LOVE) is building one of the largest indoor cannabis cultivation facilities (625,000 square feet) in Canada and the largest in Quebec. Leveraging Quebec's low electricity costs, Cannara Biotech's facility will produce high-grade indoor cannabis and cannabis-infused products for the Canadian and international markets.

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