

Note to Readers:

This Press Release as filed on SEDAR earlier today, February 12, 2019 has been revised to correct the dates of the final report from Grassi and the Directors Report at the end of the third paragraph. Except as described above the Press Release remains unchanged.



Liberty Health Sciences Announces Independent Findings in Response to Short Seller Allegations and Further Strategic Changes

Toronto, ON – February 12, 2019 — Liberty Health Sciences Inc. (CSE: LHS) (OTCQX: LHSIF) www.libertyhealthsciences.com (“Liberty” or the “Company”), a provider of high quality cannabis, announced that it has received the report of its independent directors regarding allegations made by Hindenberg Research in its report dated December 6, 2018 (the “Short Seller Report”).

Investigation into Principal Allegations Contained in Short Seller Report

On December 6, 2018, the Company announced that it had become aware of the Short Seller Report and stated at that time that the Short Seller Report contained a number of factual errors and unconfirmed allegations and that investors should exercise caution in relying upon the statements contained in the Short Seller Report. As cited in the Short Seller Report’s own disclaimers, its authors stand to “realize significant gains in the event that the price of any stock covered herein declines” and they “make[s] no representation, express or implied, as to the accuracy, timeliness or completeness of any such information...” At the time that the Short Seller Report was published, the Company stated that the Board took the unconfirmed allegations contained in the Short Seller Report seriously and committed to providing updates in due course.

On January 11, 2019, the independent directors of the Company retained the services of Grassi & Co., to assist them in addressing the unconfirmed allegations contained in the Short Seller Report. Grassi & Co., CPAs, P.C. (“Grassi”) is a US-based professional accounting and consulting service organization specializing in auditing, tax, technology, and business consulting services. Grassi & Co. specializes in professional services for the cannabis industry, among others. Grassi engaged the services of an industry-leading global real estate services company, (the “Real Estate Valuer”) to prepare an appraisal of the fair market value of the real estate component of 242 Cannabis Ltd. and its affiliated entities, which asset represented a principal allegation of the Short Seller Report. Each of Grassi and the Real Estate Valuer had no previous business relationship with the Company and was considered to be a qualified and independent advisor with specialized expertise. The independent directors had numerous calls with Grassi and received periodic updates as to their progress. The independent directors received the final report from Grassi dated February 11, 2019 and delivered its report (the “Directors’ Report”) to the Board on February 12, 2019.

The principal conclusions of the Directors’ Report were:

-the allegation contained in the Short Seller Report concerning the shareholdings of the Company’s prior Chair, Vic Neufeld, was not supported by the available evidence and appeared to be based upon erroneous filings which had since been corrected by the Company.

-the allegation contained in the Short Seller Report that the vendors of 242 Cannabis realized a C\$5 million gain is supported by the available evidence. However, the independent appraisal of the fair market value of the real estate component of 242 Cannabis prepared by the Real Estate Valuer indicated that the fair market value of the real estate exceeded the allocated purchase price thereof by C\$5 million, meaning that the Company acquired 242 Cannabis for a price that was below fair market value, resulting in a net benefit to the Company. Accordingly, the Directors' Report concluded that this particular allegation in the Short Seller Report was misleading to investors.

-allegations concerning the participation by certain investors in early financing rounds of the Company or its predecessors and their ownership of equity in 242 Cannabis were supported by the available evidence but these findings, in and of themselves, were not seen as material to the ongoing business of the Company, given that these investors have no current role in the management or governance of the Company.

In addition, the Directors' Report found additional statements in the Short Seller Report that did not form part of the allegations but were inaccurate or out of date.

The Directors' Report concluded that, based upon the work completed by Grassi and the Real Estate Valuer, the Short Seller Report was materially inaccurate with respect to key allegations and was presented in a misleading and inaccurate manner and, accordingly, should not be relied upon. The independent directors recommended no further action be taken at this time by the Board but reserved the right to do so if presented with additional information.

Strategic Changes

The Company is committed to enhancing the number of its directors and senior executives based in the United States to more closely align with its United States focus.

The Board announces the appointment of William (Bill) Pfeiffer to the Board of Directors. Bill is a highly experienced attorney, governmental strategist and owner of multiple businesses with a strong record of leadership and achievement in the legislative, executive and judicial branches of Florida government as well as private business. He possesses an excellent record of solving high-level, complex business, legal, legislative and regulatory issues while maintaining trusted relationships with seasoned business leaders and key decision-makers in various levels of government. Bill will serve as independent Chair of the Board.

The Company also announced the resignation of John Hick and Ian McKinnon from the Board of Directors of the Company, for personal reasons related to the increased uncertainty regarding cross-border travel into the United States. The Board wishes to thank Mr. Hick and Mr. McKinnon for their contributions.

About Liberty Health Sciences Inc.

Liberty is a cannabis provider committed to providing a trusted, high quality cannabis experience based on our genuine care for all cannabis users and a focus on operational excellence from seed to sale, with a focus on markets in the United States. Liberty's measured approach to expansion opportunities is focused on maximizing returns to shareholders, while keeping consumers' well-being at the forefront of what we do. For more information, please visit: www.libertyhealthsciences.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS: This press release contains certain forward-looking statements within the meaning of applicable securities laws. Any statements that are contained in this news release that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are often identified by terms such as "may", "should", "anticipate", "expect", "believe", "plan", "intend" or the negative of these terms and similar expressions. Forward-looking statements in this news release include, but are not limited to, expectations related to the Company's production capabilities, expectations concerning the receipt of all necessary approvals from the Florida Department of Health, expectations concerning the opening of new dispensaries and the expansion of its greenhouse space, and the Company's future expansion and growth strategies. Forward-looking statements necessarily involve known and unknown risks, including, without limitation, risks associated with general economic conditions; adverse industry events; marketing costs; loss of markets; future legislative and regulatory developments involving medical marijuana; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favorable terms; the medical marijuana industry in the United States generally, income tax and regulatory matters; the ability of Liberty to implement its business strategies; competition; crop failure; currency and interest rate fluctuations and other risks. Readers are cautioned that the foregoing list is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

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