



## Cansortium Restructures Short-Term Contingent Liability

Miami, Florida, December 22, 2022 – [Cansortium Inc.](#) (CSE:TIUM.U) (OTCQX:CNTMF) (“Cansortium” or the “Company”), a vertically-integrated cannabis company operating under the Fluent™ brand, announces that, pursuant to a third amendment dated December 21, 2022 (the “Third Amendment”) to an existing agreement (as amended, the “Smith Transaction Agreement”) among the Company and certain of its affiliates and William Smith, a director and the Executive Chairman of the Company, and certain companies controlled by Mr. Smith (together with Mr. Smith, collectively, the “Smith Group”), it has restructured a short-term contingent liability by issuing 11,634,615 common shares of the Company (the “Transaction Shares”) to the Smith Group at a deemed price of US\$0.12 per Common Share (the “Transaction”).

Prior to the Third Amendment, pursuant to the Smith Transaction Agreement, among other things, 18,615,385 common shares of the Company (“Common Shares”) (on an as converted basis with respect to applicable proportionate voting shares of the Company (the “PVS”) held by the Smith Group) were subject to a price “floor” (the “Floor”) of US\$0.65 per Common Share until May 31, 2023 (the “Floor Expiration Date”). If on or prior to the Floor Expiration Date, the Smith Group elected to sell some or all of its shares subject to the Floor, and the proposed purchase price was less than US\$0.65 per Common Share, then the Company could purchase all or any portion of the Common Shares proposed to be sold for US\$0.65 per Common Share. Alternatively, the Company could elect to pay in cash the difference between US\$0.65 per Common Share and the actual sale price per Common Share received by the Smith Group in such sale.

On December 19, 2022, Mr. Smith provided the Company with notice (the “Notice”) of the intent of the Smith Group to sell all 18,615,385 Common Shares subject to the Floor. Pursuant to the Smith Transaction Agreement, the Smith Group was entitled to complete such sale five days following delivery of the Notice.

Pursuant to the Third Amendment, the Floor price has been revised to US\$0.40 per Common Share and the Floor Expiration Date has been extended to December 31, 2025. 30,250,000 Common Shares (including the Transaction Shares and on an as converted basis with respect to applicable PVS held by the Smith Group) are now subject to the Floor as revised by the Third Amendment. The Smith Group must not exercise its Floor rights prior to June 30, 2023.

The issuance of the Transaction Shares to the Smith Group constitutes a “related party transaction” as such term is defined in Multilateral Instrument 61-101 - *Protection of Minority*

*Securityholders in Special Transactions (“MI 61-101”)*. The directors of the Company, acting in good faith, determined that the fair market value of the Transaction Shares being issued to the Smith Group and the consideration received in return is reasonable. The Company intends to rely on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101, as the fair market value of the Transaction Shares does not exceed 25% of the Company’s market capitalization.

The Company did not file a material change report more than 21 days before the closing of the Transaction as the Company wished to close the Transaction as soon as practicable following finalization of the Transaction terms, which the Company deems reasonable as it wishes to reduce its liabilities as soon as possible.

### **Early Warning Disclosure of the Smith Group**

In addition to the acquisition of the Transaction Shares pursuant to the Smith Transaction Agreement, on November 2, 2022, Mr. Smith was granted and acquired, as compensation in his capacity as a director of the Company, 322,581 Common Shares at a value of US\$0.155 per share or US\$50,000.06 in aggregate and on November 24, 2022, Endeavour Holdings LLC (“**Endeavour Holdings**”), a company forming part of the Smith Group, acquired, 1,781,831 Common Shares pursuant to a settlement agreement with a former founding shareholder of the Company at a value of US\$0.16 per share (based on the then current market price of the Common Shares) or US\$285,092.96 in aggregate (such transactions, including the Transaction, are referred to herein, collectively, as the “**Smith Transactions**”).

Prior to the Smith Transactions, the Smith Group held 222,222 warrants (each warrant exercisable to purchase one Common Share), 250,000 options (each option exercisable to purchase one Common Share), 1,421,538 PVS (representing 54.5% of the then outstanding PVS) and 35,658,091 Common Shares (representing 15.7% of the then outstanding Common Shares). Pursuant to the terms of a letter agreement dated as of January 15, 2020 among Endeavour Holdings and certain founding shareholders of the Company, the Smith Group also remains entitled to receive 178,183.1 PVS and 734,962 Common Shares (the “**Side Letter Entitlement**”). Prior to the Smith Transactions, the Common Shares and PVS held by the Smith Group represented approximately 19.7% of all voting rights attached to the issued and outstanding voting securities of the Issuer (or 20.9%, assuming the exercise of the warrants and the options and the receipt of the Side Letter Entitlement).

Following the completion of each of the Smith Transactions, the Smith Group will hold 222,222 warrants (each warrant exercisable to purchase one Common Share), 250,000 options (each option exercisable to purchase one Common Share), 1,421,538 PVS (representing 54.5% of the outstanding PVS) and 49,397,118 Common Shares (representing 20.7% of the outstanding Common Shares). The Common Shares and PVS held by the Smith Group will represent approximately 24.0% of all voting rights attached to the issued and outstanding voting securities of the Issuer (or 25.1%, assuming the exercise of the warrants and the options and the receipt of the Side Letter Entitlement).

The Smith Group acquired the securities for investment purposes and may, depending on market and other conditions, increase or decrease its beneficial ownership, control or direction over securities of Consortium through market transactions, private agreements, treasury issuances, exercise of warrants or otherwise.

Pursuant to the terms of the Smith Transaction Agreement, Can Endeavour LLC (“**Can Endeavour**”), a company forming part of the Smith Group, has a contractual right to nominate two members to the board of directors of Consortium. Can Endeavour exercised such right to have Mr. Smith and Mark Eckenrode nominated to be re-elected as directors of the Company at the shareholder meeting of the Company held on July 21, 2022 and Mr. Smith and Mr. Eckenrode were in fact re-elected.

The Smith Group’s address is 155 Middle Plantation Lane, Gulf Breeze, Florida 32561. Consortium’s head office is located at 82 NE 26th Street, Unit 110, Miami, Florida, 33137.

A copy of the Early Warning Report will be filed under the profile of Consortium on its profile on SEDAR at [www.sedar.com](http://www.sedar.com). For further information or to obtain a copy of the Early Warning Report, please contact Carla Monterio at 416-216-4040.

#### **About Consortium Inc.**

Consortium is a vertically-integrated cannabis company with licenses and operations in Florida, Pennsylvania, Michigan and Texas. The Company operates under the Fluent™ brand and is dedicated to being one of the highest quality cannabis companies for the communities it serves. This is driven by Consortium’s unrelenting commitment to operational excellence in cultivation, production, distribution and retail. The Company is headquartered in Miami, Florida.

Consortium Inc.’s Common Shares trade on the CSE under the symbol “TIUM.U” and on the OTCQX Best Market under the symbol “CNTMF”. For more information about the Company, please visit [www.getfluent.com](http://www.getfluent.com).

#### **Forward-Looking Information**

Certain information in this news release may constitute forward-looking information. In some cases, but not necessarily in all cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "is positioned", "estimates", "intends", "assumes", "anticipates" or "does not anticipate" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will" or "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, projections, or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but

instead represent management's expectations, estimates, and projections regarding future events.

Forward-looking information is necessarily based on a number of opinions, assumptions and estimates that, while considered reasonable by the Company as of the date of this news release, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the factors described in the public documents of the Company available at [www.sedar.com](http://www.sedar.com). These factors are not intended to represent a complete list of the factors that could affect the Company; however, these factors should be considered carefully. There can be no assurance that such estimates and assumptions will prove to be correct. The forward-looking statements contained in this news release are made as of the date of this news release, and the Company expressly disclaims any obligation to update or alter statements containing any forward-looking information, or the factors or assumptions underlying them, whether as a result of new information, future events or otherwise, except as required by law.

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