

PUF Ventures Announces \$40 Million Investment for Development of Large Scale Cannabis Cultivation Facility in Delta, B.C.

VANCOUVER, Sept. 25, 2018 /CNW/ - **PUF Ventures Inc. ("PUF" or the "Company") (CSE: PUF) (Frankfurt: PU3) (OTCPK: PUFXF)**, an advanced Access to Cannabis for Medical Purposes Regulations ("**ACMPR**") license applicant, and **Delta Organic Cannabis Corp. ("DOCC")**, a privately held Toronto-based cannabis investment company backed by preeminent leaders in Canadian cannabis enterprise, today signed an Equity Participation and Earn-In Agreement (the "**Agreement**") which provides for up to \$40 million in investment at a price of \$2.24 per PUF share for the development of a large-scale, commercial medical cannabis cultivation operation in Delta, British Columbia. The proceeds of the subscriptions shall be used exclusively to develop the Delta propagation facility (the "**Delta Facility**") consisting of 2,200,000 sq. feet of illuminated greenhouse space and 1,700,000 sq. feet of "ebb and flood" irrigation space. This is an arm's length transaction and no finder's fees are to be paid.

Derek Ivany, President & CEO of PUF, commented: "On behalf of our entire team, I am extremely pleased to announce the achievement of this marquee milestone for PUF. We have constantly strived to deliver shareholder value and I believe this significant financial commitment in support of our state-of-the-art greenhouse project in British Columbia demonstrates the tremendous value of this endeavour. In comparison to other existing large-scale cannabis cultivation facilities, the finalization of this project catapults PUF into the upper echelon of participants in the space." Mr. Ivany continued, "This sizeable financial commitment will provide enough capital to allow us to focus the majority of our strategy on high quality cannabis flowering while also still advancing the propagation service aspect of our business thus creating a more diversified revenue mix."

Christopher MacIntyre, President of DOCC, stated: "PUF has secured one of the largest existing greenhouses in Canada. With over \$75 million already invested into the Delta facility, advanced growing technologies, access to power, and incredible personnel, the retrofit to cannabis production and licensing is anticipated to be swift." He continued, "We are also very pleased to be entering this joint venture as a shareholder of PUF. The fact that we will be acquiring PUF equity at over \$2 per share reflects the excellent and exciting suite of assets that the Company has assembled over the past year."

Equity Participation and Subscription

Pursuant to the Agreement, DOCC shall subscribe for and purchase up to 17,832,816 common shares in the capital of PUF (the "**Common Shares**") at a price of \$2.24 per PUF share, representing 19.9% of the issued and outstanding Common Shares of PUF on a fully diluted basis, in consideration for aggregate subscription proceeds of \$40,000,000, such proceeds payable on the following draw down schedule:

- On or before October 8, 2018, DOCC shall advance \$12,500,000 in subscription proceeds in exchange for 5,572,755 Common Shares;
- On or before November 15, 2018, DOCC shall advance \$7,500,000 in subscription proceeds in exchange for 3,343,653 Common Shares;
- On or before November 30, 2018, DOCC shall advance \$5,000,000 in subscription proceeds in exchange for 2,229,102 Common Shares;

- On or before January 15, 2019, DOCC shall advance \$5,000,000 in subscription proceeds in exchange for 2,229,102 Common Shares; and
- On or before March 1, 2019, DOCC shall advance \$10,000,000 in subscription proceeds in exchange for 4,458,204 Common Shares.

For greater certainty, at no time during the currency of the Agreement shall DOCC hold greater than 19.9% of the issued and outstanding common shares of PUF.

Earn-In Rights

In consideration of DOCC's equity investment, PUF shall grant to DOCC the right to earn up to 20% (the "**Earn-In Right**") of PUF's ownership interest in and to Propagation Services Canada Inc. ("**PSC**"), owner of the Delta Facility. The Earn-In Right shall be exercised according to the following earn-in schedule from PUF's current 50% portion of PSC:

- DOCC shall earn 6.25% of PSC, by satisfaction of \$12,500,000 of the defined subscription obligation;
- DOCC shall earn an additional 3.75% (for a total of 10%) of PSC by satisfaction of a further \$7,500,000 of the defined subscription obligations;
- DOCC shall earn an additional 2.5% (for a total of 12.5%) of PSC by satisfaction of a further \$5,000,000 of the defined subscription obligations;
- DOCC shall earn an additional 2.5% (for a total of 15%) of PSC by satisfaction of a further \$5,000,000 of the defined subscription obligations; and
- DOCC shall earn an additional 5.0% (for a total of 20%) of PSC by satisfaction of a further \$10,000,000 of the defined subscription obligations.

The completion of the transaction as contemplated by the Agreement is subject to a number of conditions, including, but not limited to, completion of satisfactory due diligence, and the approval of the transaction by the Exchange, and the boards of directors of each of PUF and DOCC.

About PUF Ventures Inc.

PUF Ventures Inc. is a growth oriented and diversified company focused on the international cannabis industry. It has ownership in several cannabis companies including AAA Heidelberg and Propagation Services Canada in Canada, a large-scale greenhouse project in Australia and actively pursuing other opportunities within the cannabis industry. PUF has an option to purchase 100% of AAA Heidelberg Inc., an advanced applicant for an ACMPR license. For more information please visit: www.puf.ca.

About Delta Organic Cannabis Corp.

DOCC is Canadian focused vertically integrated cannabis company formed by some of the most successful early-movers in the space.

ON BEHALF OF THE BOARD OF DIRECTORS

Derek Ivany
President & CEO

No stock exchange or securities regulatory authority has reviewed or accepted responsibility for the adequacy or accuracy of this release.

Some of the statements contained in this release are forward-looking statements, such as estimates and statements that describe the Issuer's future plans, objectives or goals, including words to the effect that the Issuer or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature, they

involve inherent risks and uncertainties.

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