



## **BCC COMPLETES MASSACHUSETTS TRANSACTION**

*Supporting cultivation, production and up to three dispensaries, positioning company well for high anticipated demand in adult use state*

TORONTO, ONTARIO, June 15, 2017 – (CSE: BCC, OTCQB: CBICF)

**The Canadian Bioceutical Corporation** (the “Company” or “BCC”) (CSE: BCC, OTC:CBICF) today announced that further to its press release of April 4, 2017, the Company, through its wholly-owned subsidiary CGX Life Sciences, Inc. (CGX), has completed the acquisition of a 51% interest in IMT, LLC and Fall River Developments, LLC (“FRD”), Massachusetts registered companies active in the cannabis space.

In compliance with Massachusetts regulations, while not cultivating or selling cannabis products themselves, IMT and FRD, pursuant to long-term management agreements, provides material support to Cannatech Medicinals Inc. (“CMI”), which is licensed to directly cultivate, produce, own, possess and sell cannabis and cannabis-infused products.

### **Transaction highlights**

- BCC is supporting the development of a new cultivation facility with 2.25 million grams of flower per annum capacity, as well as 500,000 grams per annum high-margin concentrates capacity.
- One dispensary location has been secured and is licensed for development, with zoning permits for two additional dispensaries being applied for.
- Transaction provides access to an adult use market anticipated to grow at a compound annual growth rate (CAGR) of 113% to over US\$1 billion by 2020 (source: Arcview/Frontier Data - <http://mwne.ws/2nTgq0l>).
- The transaction considerations are as follows:
  - A cash payment of US\$5.1 million (approximately CAD\$6.8 million)
  - Cash payments of US\$0.8 million (approximately CAD\$1.1 million) each for the right to manage 51% of two additional dispensaries will be made once zoning and other required permits have been granted.
- The transaction includes a 51% interest in the existing real estate and partially built out production facility, valued at US\$1.6 million (approximately CAD\$2.1 million).
- BCC will provide a line of credit for up to US\$10 million (approximately CAD\$13.2 million) to IMT and FRD towards completion of the cultivation/production facility and up to three dispensaries, as well as for general working capital purposes. Advances shall bear interest at the annual rate of eight percent (8%) and the repayment of LOC Note obligations shall have a priority over any distributions to the owners of limited liability company membership interests of IMT and/or Fall River.

## **Management commentary**

“We are now fully set to complete the development of the Massachusetts assets and benefit, with a select group of other licensees, from an early mover advantage in what industry experts anticipate to become a sizeable adult use market,” stated Scott Boyes, CEO of BCC. “Completion of this acquisition shows how we are executing successfully on our expansion strategy. Based on current assets, assets under development, and our announced transaction pipeline, we are building a presence in four states, with, once completed, over nine million grams per annum of cultivation capacity, over 1.2 million grams per annum of production capacity, and an expanding network of up to ten dispensaries. This makes us one of the larger branded, multi-state cannabis companies in the U.S., a market that continues to expand at a rapid pace.”

Beth Stavola, President of BCC’s U.S. operations, added “We will be introducing our very successful Health for Life and MPX brands into Massachusetts, as well as our well-established best-practices in terms of cultivation, production, retail and marketing. The Massachusetts dispensaries will be modeled on our recently relocated and reopened Mesa North dispensary, which, as we reported previously, recorded record sales during its first week of operations. Additionally, our strong track record in developing and executing successful marketing campaigns will serve as a model to generate brand recognition in Massachusetts, a key factor supporting market share growth in this early stage market.”

## **Expansion and timelines**

The Company has finalized plans for completion of the 2.25 million gpa cultivation and 500,000 gpa production facility, and anticipates first harvest in late spring of 2018. Commencement of sales at the first to be developed dispensary is anticipated for late spring 2018. Management estimates that completion of the production facility and the first dispensary will require approximately US\$7.3 million, the funds for which will be made available to the Massachusetts operation through an 8% per annum facility as described above. Development of each additional dispensary, upon receipt of the required permitting, is estimated at US\$1.3 million.

## **Stock Option Grants**

A total of 2,000,000 stock options to purchase common shares of BCC were granted to employees and consultants of subsidiaries of the Company on June 14, 2017 at an exercise price of \$0.39 per common share, expiring on June 14, 2020.

Under BCCs stock option plan (the “Plan”), an amount equal to 9.07% of the issued and outstanding common shares or 23,335,000 common shares have now been reserved for issuance, including the above grant, and the Company may grant an additional 2,396,047 options under the Plan representing 0.93% of the issued and outstanding common shares.

## About The Canadian Bioceutical Corporation

BCC, an Ontario corporation, through its wholly owned subsidiaries in the U.S., provides substantial management, staffing, procurement, advisory, financial, real estate rental, logistics and administrative services to two medicinal cannabis enterprises in Arizona operating under the Health for Life (dispensaries) and MPX (high-margin concentrates wholesale) brands. The successful Health for Life ("H4L") brand operates in the rapidly growing Phoenix Metropolitan Statistical Area (MSA) with a population of 4.6 million people. The award winning Melting Point Extracts ("MPX") brand is carried by over 40% of Arizona dispensaries.

The Company is supporting development of a third licensed dispensary in Arizona. Additionally, BCC is expanding its U.S. footprint, acquiring additional assets supporting cultivation, production and up to three dispensaries in Massachusetts and three to-be-developed dispensaries and a concentrate production facility in Maryland, as well as a cultivation and production wholesale business in Las Vegas, Nevada. Both Massachusetts and Nevada are implementing legalization of adult use.

The Company also leases a property in Owen Sound, Ontario, for which an application to Health Canada has been made for a cannabis production and sales license. In addition, the Company will continue its efforts related to its legacy nutraceuticals business.

### Cautionary Statement Regarding Forward-Looking Information

*This news release includes certain "forward-looking statements" under applicable Canadian securities legislation that are not historical facts. Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results, performance, prospects, and opportunities to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements in this news release include, but are not limited to, the Transaction and BCC's objectives and intentions. Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic and social uncertainties; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; delay or failure to receive board, shareholder or regulatory approvals; those additional risks set out in BCC's public documents filed on SEDAR at [www.sedar.com](http://www.sedar.com); and other matters discussed in this news release. Although BCC believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. Except where required by law, BCC disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.*

*On behalf of the Board of Directors*

*The Canadian Bioceuticals Corporation*

*Scott Boyes, CEO*

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