SpeakEasy announces term sheet for up to $3 million convertible debenture financing and shares for debt transaction

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ROCK CREEK, BC, Jan. 21, 2021 /CNW/ - **SpeakEasy Cannabis Club Ltd. (CSE: EASY) (Frankfurt: 39H)** (the "**Company**" or "**SpeakEasy**"), a holder of a federal licence to cultivate, process and sell cannabis under the Cannabis Act, is pleased to announce that it has entered into a binding term sheet (the "**Term Sheet**") with an arm's length party (the "**Holder**") pursuant to which it will issue a secured convertible debenture (the "**Convertible Debentures**") in the minimum aggregate principal amount of $2,000,000 and up to a maximum principal amount of $3,000,000 (the "**Financing**").

If the Financing is completed as contemplated in the Term Sheet, the Convertible Debenture will mature 24 months from the date of issuance (the "**Maturity Date**") and bear interest at a rate of 18% per annum. The outstanding principal amount and accrued interest thereon will be convertible into common shares of the Company (the "**Common Shares**") at the option of the Holder at any time prior to the Maturity Date at a conversion price of $0.52 per Common Share.

In accordance with the Term Sheet, the Company will cause the grant to the Holder of a first mortgage over the Company's property in Rock Creek, British Columbia and a first-ranking general security agreement over the present and after-acquired personal property of the Company and its subsidiaries. The Term Sheet contemplates the payment of a termination fee of $100,000 in certain circumstances if either the Company or the Holder determine not to proceed with the Financing.

The Company intends to use the net proceeds of the Financing to fund current and proposed financial commitments and for general corporate purposes. Completion of the Financing is expected to occur on or about February 15, 2021 and is subject to certain conditions including, but not limited to, the entering into of a definitive documentation and all security documentation, the granting of the security and the receipt of all necessary regulatory and stock exchange approvals, including the approval of the Canadian Securities Exchange.

The Company also announces the issuance of 211,420 Common Shares in settlement of a bona fide debt owed to an arm's length creditor in the amount of $82,453.70. The Common Shares will be subject to restrictions on resale in accordance with applicable securities laws. These restrictions will expire four months plus a day from the date of issuance. The shares for debt transaction is subject to final acceptance by the Canadian Securities Exchange.

SpeakEasy Cannabis Club Ltd. holds a cultivation, processing and sales licence issued by Health Canada under the *Cannabis Act*. SpeakEasy owns 290 acres of land in Rock Creek, British Columbia, and leverages five generations of farming experience in B.C. as well as its favourable location to grow and process high-quality cannabis products at low cost. SpeakEasy cultivates small batch, high quality craft cannabis at scale in its 63,200-square foot indoor cannabis complex and has successfully completed its first harvest of its 60-acre outdoor field. Total yearly production of cannabis flower and biomass is projected to be in excess of 100,000 kilograms per year.

Statement Regarding Forward-Looking Information

This news release contains statements that constitute "forward-looking statements." Such forward looking statements involve known and unknown risks, uncertainties and other factors that may cause

SpeakEasy's actual results, performance or achievements, or developments in the industry to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements. Forward looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects," "plans," "anticipates," "believes," "intends," "estimates," "projects," "potential" and similar expressions, or that events or conditions "will," "would," "may," "could" or "should" occur.

Forward-looking statements in this document include statements concerning SpeakEasy's intent to close the Financing, the terms of the Financing, the timeframe within which the Financing is anticipated to close, and the proposed use of proceeds from the Financing, including the payment of any finders fees, its expectations concerning production volumes, its intent to produce and sell high quality craft cannabis, and all other statements that are not statements of historical fact.

Although SpeakEasy believes the forward-looking information contained in this news release is reasonable based on information available on the date hereof, by their nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements.

Examples of such assumptions, risks and uncertainties include, without limitation, assumptions, risks and uncertainties associated with general economic conditions; COVID-19, adverse industry events; future legislative and regulatory developments involving cannabis; the Company's ability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favorable terms; the cannabis and hemp industries and markets in Canada and generally; cannabis and cannabis related products (including concentrates and extracts), the ability of SpeakEasy to implement its business strategies; competition; the ability of SpeakEasy to obtain and retain all applicable licences under the Cannabis Act and other assumptions, risks and uncertainties.

THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS NEWS RELEASE REPRESENTS THE EXPECTATIONS OF THE COMPANY AS OF THE DATE OF THIS NEWS RELEASE AND, ACCORDINGLY, IS SUBJECT TO CHANGE AFTER SUCH DATE. READERS SHOULD NOT PLACE UNDUE IMPORTANCE ON FORWARD-LOOKING INFORMATION AND SHOULD NOT RELY UPON THIS INFORMATION AS OF ANY OTHER DATE. WHILE THE COMPANY MAY ELECT TO, IT DOES NOT UNDERTAKE TO UPDATE THIS INFORMATION AT ANY PARTICULAR TIME EXCEPT AS REQUIRED IN ACCORDANCE WITH APPLICABLE LAWS.

The Canadian Securities Exchange has not approved nor disapproved the contents of this news release.

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