



CHRISTINA LAKE CANNABIS ANNOUNCES NON-BINDING LETTER OF INTENT

VANCOUVER, British Columbia, August 21, 2026 Christina Lake Cannabis Corp. (the "Company" or "CLC" or "Christina Lake Cannabis") (CSE: CLC) (OTCQB: CLCFF) (FRANKFURT: CLB) announces that it has entered into a non-binding letter of intent dated August 20, 2026 (the "LOI") with a private Alberta corporation (the "**Purchaser**"), to engage in due diligence and negotiations regarding the terms of a proposed transaction (the "**Proposed Transaction**") whereby the Purchaser would acquire all of the issued and outstanding common shares (the "**Shares**") of the Company. The final structure of the Proposed Transaction has not been determined and, if the parties agree to proceed, will be set out in a definitive agreement (the "**Definitive Agreement**"), although the Company currently expects that the Proposed Transaction would be carried out by way of a court-approved plan of arrangement.

The Company's Board of Directors (the "**Board**"), after an extensive period of negotiation and consideration of various alternatives, has approved entry into the LOI, pursuant to which the Purchaser proposes to acquire all of the issued and outstanding Shares of the Company. The LOI contemplates an aggregate transaction value of \$15,000,000 for 100% of the equity of the Company on a fully-diluted, cash-free, debt-free basis (the "**Transaction Value**"). The Transaction Value is not a per-Share purchase price. The cash consideration payable to shareholders would be the amount by which the Transaction Value exceeds the aggregate of all outstanding debt of the Company (including convertible debentures) and transaction expenses, distributed on a pro rata basis among shareholders. Accordingly, the per-Share consideration cannot be determined at this time and will be calculated and disclosed in the Circular (as defined below) prior to the Special Meeting. Prior to closing of the Proposed Transaction, the Company would also be required to retire all existing debt facilities and convertible debentures. The LOI is non-binding and there can be no assurance that the Proposed Transaction contemplated by the LOI, or any other transaction, will be completed. Closing is subject to a number of conditions and uncertainties described below.

Exclusivity

The LOI provides for an exclusivity period ending 120 days from the date of the LOI (the "**Expiry Time**"). Among other things, until the Expiry Time, the company will deal with each other in good faith to complete all reasonable and customary due diligence and to negotiate a definitive agreement.

Superior Proposals

Notwithstanding the exclusivity provisions of the LOI, the Board has negotiated customary carve outs for unsolicited, bona fide proposals that the Board determines, in good faith, would, if consummated, result in a transaction that is more favourable to shareholders of the Company than the Proposed Transaction (a "**Superior Proposal**"). Failure to participate in such discussions or negotiations would be inconsistent with the Board's fiduciary duties.



Deal Protection

The LOI contemplates that, if a Definitive Agreement is entered into, it will contain customary deal protection provisions for a transaction of this nature, including non-solicitation covenants, a fiduciary out, and matching rights in favour of the Purchaser. These provisions are expected to include a termination fee of \$450,000 payable by the Company to the Purchaser in certain circumstances, including where the Company accepts a Superior Proposal, together with reimbursement of the Purchaser's documented out-of-pocket transaction expenses up to a maximum of \$450,000 in the event of a wilful breach by the Company. For greater certainty, no termination fee or expense reimbursement is payable under the LOI. Any such termination fee or expense reimbursement would become payable only in accordance with, and would only take effect upon execution of, the Definitive Agreement.

Structure

The final structure of the Proposed Transaction will be selected by the Purchaser, acting reasonably, following due diligence and consultation with the Company and its advisors, and may include a court-approved plan of arrangement, a statutory amalgamation, or a formal take-over bid, in each case structured to comply with applicable corporate, securities, tax and stock exchange requirements, including any applicable minority protections. While the Company currently expects that the Proposed Transaction would be carried out by way of a plan of arrangement, the structure has not been finalized and will be set out in the Definitive Agreement. The LOI is non-binding, and the Proposed Transaction is subject to due diligence, and the negotiation of definitive terms and other conditions. If the Definitive Agreement is entered into, the Company will work expeditiously to secure the requisite shareholder and court approvals.

Cash-Free, Debt-Free Basis

The Proposed Transaction is intended to be completed on a cash-free, debt-free basis, with economic effect as of October 30, 2026 (the "**Effective Date**"). At or prior to closing, all outstanding indebtedness of the Company and its subsidiaries (including its operating or revolving line of credit, bank debt, shareholder loans, equipment financing, and convertible debentures, together with accrued and unpaid interest and any prepayment penalties or make-whole amounts) and all transaction expenses would be repaid, satisfied, redeemed or discharged, or provided for, in full. The net amount remaining after payment of such debt and transaction expenses would be distributed to shareholders as the consideration for their Shares. Surplus cash of the Company as at the Effective Date may be distributed to shareholders prior to or at closing, subject to the terms of the LOI.

Options, Warrants and Convertible Securities

As a condition to closing, all outstanding options, warrants, restricted share units, deferred share units, performance share units and other rights to acquire securities of the Company (other than convertible debentures) would be terminated, cancelled and extinguished for no consideration, whether or not vested, exercisable or in-the-money. The Company's outstanding convertible debentures, which are expected to be out-of-the-money based on the Transaction Value, would be treated as debt and repaid, redeemed, satisfied or discharged in full at or prior to closing, following which all related conversion, exchange and equity participation rights would be cancelled.



Term

The LOI will terminate upon certain events including: (a) the execution of a definitive agreement; (b) the expiry of the Exclusivity Period; (c) the mutual written agreement of the parties to terminate; or (d) January 30, 2027.

Special Committee

A Special Committee of the Board (the "**Special Committee**") has been formed to consider, negotiate and, if applicable, finalize the Proposed Transaction, and to make a recommendation to the Board for approval prior to the execution of the Definitive Agreement or the submission of the Proposed Transaction to shareholders of the Company for a vote.

LOI Non-Binding

As discussions are ongoing, the Company cannot provide any assurance that it will be able to agree on the final terms of the Definitive Agreement with the Purchaser. Any Proposed Transaction will be subject to, among other conditions, completion of due diligence by the Purchaser, negotiation of the Definitive Agreement, a recommendation of the Special Committee, and approval by the Board. Depending on the final structure, approvals may also be required from shareholders of the Company, the applicable court, and the CSE. The Proposed Transaction will also be conditional upon such other customary closing conditions that may be included in the Definitive Agreement.

If a Definitive Agreement is executed, the Company expects that it will be required to hold a special meeting (the "**Special Meeting**") of the Company's shareholders to approve the Proposed Transaction. The Proposed Transaction is subject to receipt of the foregoing approvals and other customary closing conditions. Terms and conditions of the Proposed Transaction are expected to be disclosed in greater detail in a management information circular for the Special Meeting (the "**Circular**"). Following execution of the Definitive Agreement, a Circular will be mailed to the Company's shareholders. There are no finder's fees payable by the Company in connection with the Proposed Transaction.

In the event that the Company executes a Definitive Agreement with the Purchaser, copies of such Definitive Agreement and a Circular for the Special Meeting will be filed with Canadian securities regulators. Documents filed by the Company with Canadian securities regulators are available on the SEDAR+ profile of the Company at www.sedarplus.ca. Shareholders are urged to read any relevant materials when they become available. **However, Shareholders do not need to take any action with respect to the Proposed Transaction at this time.**

Counsel

Prelia Canada LLP is acting as the Company's legal advisor.



About Christina Lake Cannabis Corp.

Christina Lake Cannabis is a licensed producer of cannabis under the Cannabis Act with a standard cultivation license and corresponding processing amendment from Health Canada as well as a research and development license. Christina Lake Cannabis' facilities consist of a 32-acre property, which includes over 950,000 square feet of outdoor grow space, offices, propagation and drying rooms, research facilities, and a facility dedicated to processing and extraction and 342-acre property which includes approximately 100-acres of licensed outdoor grow space, green houses, and a dry room. CLC focuses its production on creating high quality outdoor flower, extracts and distillate for its B2B client base.

On behalf of Christina Lake Cannabis:

"Mark Aiken"

Mark Aiken, CEO

For more information about CLC, please visit: www.christinalakecannabis.com
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THE CANADIAN SECURITIES EXCHANGE ("CSE") HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ACCURACY OR ADEQUACY OF THIS RELEASE, NOR HAS OR DOES THE CSE'S REGULATION SERVICES PROVIDER.

All statements, other than statements of historical fact, contained in this press release constitute "forward-looking information" and "forward-looking statements" within the meaning of certain securities laws and are based on expectations and projections as of the date of this press release. Forward looking information and forward-looking statements may relate to the Company, the Purchaser, and to anticipated events or results, notably the negotiation and completion of the Proposed Transaction on terms substantially similar to those currently contemplated.

Statements regarding future results, performance, achievements, prospects, or opportunities of the Company, Purchaser, or similar statements concerning anticipated future events, results, circumstances, performance or expectations, notably the execution of a Definitive Agreement and the completion of the Proposed Transaction, as contemplated, are also forward-looking statements. Forward-looking statements contained in this press release include, without limitation, those related to: (i) the availability of a superior proposal from a prospective purchaser other than the Purchaser; (ii) the liquidity the Proposed Transaction will provide for the Company's shareholders; (iii) the ability of the Company and the Purchaser to negotiate and execute the Definitive Agreement; (iv) the Company's receipt of all necessary approvals (including shareholder approval, any required court approval, and the approvals of the CSE); and (v) the final terms of the Proposed Transaction contained in the Definitive Agreement.

Forward-looking statements are based on expectations, estimates, and projections as of the time of this press release. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonably by the Company or the Purchaser as of the time of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. These estimates and assumptions may prove to be incorrect.

Many of these uncertainties and contingencies can directly or indirectly affect, and could cause, actual results to differ materially from those expressed or implied in any forward-looking statements. There can be no assurance that the Company, the Special Committee, or the Board will be able to negotiate or approve



a Definitive Agreement on terms acceptable to each of them and the Purchaser. Future events could differ materially from what is currently anticipated by the Company or the Purchaser.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that estimates, forecasts, and other forward-looking statements will not be achieved or that assumptions do not reflect future experience. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. Readers are cautioned not to place undue reliance on these forward-looking statements as a number of important risk factors and future events could cause the actual outcomes to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates, assumptions, and intentions expressed in such forward-looking statements. All of the forward-looking statements made in this press release are qualified by these cautionary statements and those made in the Company's other filings with the securities regulators of Canada including, but not limited to, the cautionary statements made in the relevant portion of the Company's Management Discussion & Analysis prepared as of June 29, 2026, for the financial year ended February 28, 2026. The foregoing list of factors that may affect future results is not exhaustive and new, unforeseeable risks may arise from time to time. The Company disclaims any intention or obligation to update or revise any forward-looking statements or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.