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## MPX International Completes Definitive Agreements for Cannabis Joint Venture in South Africa

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Stellenbosch, South Africa

TORONTO, Feb. 20, 2020 (GLOBE NEWSWIRE) -- **MPX International Corporation** ("**MPX International**," "**MPXI**" or the "**Company**") (CSE:MPXI; OTCQX:MPXOF) is pleased to announce that it has completed definitive agreements pursuant to the previously announced joint venture to establish low-cost cultivation using hi-tech greenhouses on the Sonop Farm, which is located in the traditional wine-growing region of Stellenbosch in South Africa's Western Cape approximately 50 kilometres east of Cape Town. The biomass produced from the Company's operations in South Africa are expected to primarily support MPXI's operations in Malta. Upon receipt of a license to import, extract, produce finished products and distribute cannabis and cannabis derivatives, MPXI Malta Operations Ltd., a subsidiary of the Company, will produce EU-GMP quality cannabis oils and cannabis derivative products and pursue regulated medical cannabis distribution opportunities in Europe through Salus BioPharma Corporation, a wholly-owned subsidiary of the Company, as well as in Canada and Oceania.

Pursuant to the terms of the definitive agreements, MPXI has acquired an 80% interest in First Growth Holdings (Pty) Ltd. ("**First Growth**") with the remaining 20% held by Simonsberg Cannabis Pty Ltd. ("**Simonsberg**"), whose shareholders include a prominent local winery continuing MPXI's string of successful local partnerships.

First Growth has applied under the *Medicines and Related Substances Act, No. 101 of 1965* (South Africa) for a license to cultivate cannabis from the Sonop Farm (the "**License**") from South African Health Products Regulatory Authority ("**SAHPRA**"). Construction commenced on the first cultivation phase of the project in September 2019 on an initial half hectare (approximately 54,000 square feet) with full development of the project resulting in up to six hectares (approximately 646,000 square feet) of advanced EU-Good Agricultural Practices ("**EU-GAP**") certified greenhouse cultivation and EU-Good Manufacturing Practice ("**EU-GMP**") certified extraction and processing laboratory.

The Company and Simonsberg loaned a principal amount of US\$1.7 million on construction of the project with US\$500,000 from Simonsberg at an interest rate of U.S. LIBOR plus 3% per annum. Upon receipt of the License, the US\$500,000 loan from Simonsberg plus accrued and unpaid interest are convertible into common shares (the "**Shares**") of MPXI at a deemed conversion price of C\$0.35 per Share and based on the exchange rate posted by the Bank of Canada as of the date of the achievement of the License.

Upon First Growth achieving the applicable milestones outlined below, MPXI will issue warrants in MPXI (“MPXI Warrants”) to Simonsberg up to an exercise value of US\$5,000,000. The MPXI Warrants will be issued in tranches, as outlined herein, will have a term of three years, and at an exercise price equal to the greater of (a) C\$0.35 with respect to Warrant B and C and C\$0.42 with respect to Warrant D, E and F and (b) the five day volume weighted average price (the “VWAP”) of MPXI on the Canadian Securities Exchange (the “CSE”) as of the day the respective milestone has been met, unless otherwise indicated below. The MPXI Warrants will be issued pursuant to all applicable securities laws, regulations, rules, rulings and orders and the rules of the CSE. The MPXI Warrants will be issued as follows:

- a. Warrant A: US\$500,000 exercise value upon receipt by First Growth of the License from SAHPRA with an exercise price determined as the five-day VWAP of the MPXI Shares on the CSE as of the date of the definitive agreements;
- b. Warrant B: US\$500,000 exercise value upon receipt by First Growth of the License from SAHPRA;
- c. Warrant C: US\$1,000,000 exercise value upon successful cultivation and processing of 1,000 kg of Good Agricultural and Collection Practice (“GACP”) grade dried flower suitable for delivery to an extraction facility;
- d. Warrant D: US\$1,500,000 exercise value upon successful cultivation and processing a further 5,000 kg (aggregate of 6,000 kg) of GACP grade dried flower suitable for delivery to an extraction facility;
- e. Warrant E: US\$500,000 exercise value, upon the earlier of the (i) receipt by First Growth of an extraction and manufacturing license from SAHPRA and (ii) date that is twelve (12) months from the date that First Growth receives the License, if plans to build and fund an EU-GMP compliant extraction and manufacturing facility have not been approved; and
- f. Warrant F: US\$1,000,000 exercise value, upon the earlier of (i) successful delivery of 100 kg of EU-GMP grade cannabis extract through First Growth’s processing facility and (ii) date that is twelve (12) months from the date that First Growth receives the License, if plans to build and fund an EU-GMP compliant extraction and manufacturing facility have not been approved.

In addition, First Growth will pay to Simonsberg a royalty of US\$0.10 per gram of dried flower shipped.

“As part of our strategy to create a cost-effective global supply chain, MPXI needed to create a source of high-quality, but low-cost cannabis biomass which could be easily exportable to Europe and other high-value cannabis markets,” commented W. Scott Boyes Chairman, President and CEO of MPXI. “We explored several potential cultivation jurisdictions taking into consideration relative production costs, sovereign risk, comparative ability to achieve GACP and EU-GMP certifications, readily-available infrastructure, governmental and legislative support for cannabis projects, the stability of the business environment and the availability and quality of local management/partnerships. South Africa, and the Western Cape, in particular, proved to be the best venue with high marks in each category.”

A photo accompanying this announcement is available at <https://www.globenewswire.com/NewsRoom/AttachmentNg/d98c2f28-c962-41a4-ab82-53cca83f25f4>

“Our partnership with our local South African partners has already proven itself to be highly-effective,” added Mr. Boyes. “In a few short months, the South African team selected suitable land with easy access to electricity and water, immediately adjacent to a major highway, and only 45 minutes from Cape Town’s airport and container pier. The site has been graded, fenced and the initial half hectare of high-tech greenhouse has been erected, equipped with security equipment and has received a preliminary inspection by SAHPRA. The next phase of the development will include internal fixturing and readiness for the commencement of cultivation expected mid-to-late 2020.”

Simon Back, Director of Simonsberg, adds, “MPXI brings a wealth of experience in the cannabis industry, and together with our team’s local knowledge and skills, we are confident that we will deliver on the vision of creating a world-class cultivation facility here in the Winelands.”

### **About MPX International Corporation**

MPX International Corporation is focused on developing and operating assets across the global cannabis industry with an emphasis on cultivating, manufacturing and marketing products which include cannabinoids as their primary active ingredient.

### **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, MPX International’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 MPX International’s public documents filed on SEDAR at [www.sedar.com](http://www.sedar.com), including its audited annual consolidated financial statements for the financial years ended September 30, 2019 and 2018 and the corresponding annual management’s discussion and analysis; and other matters discussed in this news release. Although MPX International 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, MPX International disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.*

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For additional information on MPXI visit our website [www.mpxinternationalcorp.com](http://www.mpxinternationalcorp.com) or <http://mpxi.tv>.



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