

January 30, 2019



Transformative Joint Venture Between Dixie Brands and Khiron Life Sciences Brings a Portfolio of Highly Recognized Cannabis-Infused Products to Latin America and Khiron's Kuida® Cosmeceutical Brand to the Federally legal U.S. CBD Cosmetic Market

- Establishes Khiron as Latin America's CPG leader with the addition of over 100 product SKUs across 15 categories immediately available to commercialize into Latin American pharmacies and retail outlets
- Gives Khiron immediate access to Dixie's portfolio of proprietary formulations driven by years of product development and brand building in existing federally legal markets
- Accelerates Khiron's high margin product strategy in Latin America and positions Khiron as the cannabis CPG and Pharma focused leader in the region, combined with its scaled low-cost cultivation strategy
- Provides Dixie with immediate entry into Latin America with Khiron, a highly recognized strategic partner with strong distribution relationships that will drive immediate product penetration in this lucrative and sizeable market of 620 million people
- Agreement leverages Khiron's cannabis cultivation expertise and Dixie's extensive portfolio of consumer brands, and delivery technologies across major CPG categories including Petcare
- Accelerates Dixie's cosmeceutical strategy in the multi-billion dollar U.S. cosmetic market by immediately launching Khiron's Kuida® as one of the first CBD brands targeting the U.S. Hispanic population, estimated at almost 60 million
- Reaffirms first-mover advantage in Latin America, a region of 620 million people where regulators are rapidly embracing medical and adult use cannabis

DENVER and TORONTO, Jan. 30, 2019 /CNW/ - Dixie Brands Inc. ("**Dixie**") (CSE: DIXI.U), (Frankfurt: 0QV) one of the cannabis industry's leading consumer packaged goods ("**CPG**") companies, and Khiron Life Sciences Corp. ("**Khiron**") (TSXV: KHRN), (OTCQB: KHRNF), (Frankfurt: A2JMZC), a vertically integrated medical cannabis company focused on Latin America, have signed a binding letter of intent to establish a 50/50 joint venture (the "**JV**") to introduce a full line of cannabis-infused products to the Latin American market. Dixie will also manufacture and distribute Khiron's Kuida® brand of cannabidiol (CBD)-based cosmeceuticals in the United States, targeting the growing Hispanic population. Completion of the JV is subject to TSX Venture Exchange approval ("**TSXV**").

By combining Dixie's market-ready portfolio of cannabis-infused products with Khiron's established footprint throughout Latin America, the companies aim to capture first-mover advantage and establish leadership in one of the world's fastest-growing cannabis markets. The agreement also creates a framework for the development of new products and brands tailored to Latin America, allowing Dixie and Khiron to take full advantage of opportunities resulting from cannabis legalization throughout the region.

Alvaro Torres, Co-founder and CEO of Khiron Life Sciences, stated, "This joint venture is a combination of two companies coming together to bring great brands with highly complementary products, distribution capabilities and expertise. The joint venture gives us important access to expand the reach of our Kuida® cosmeceutical brand into the U.S. market, and by introducing a proven set of product formulations, we can more effectively leverage the infrastructure and relationships we are putting in place across Latin America."

Chuck Smith, President and CEO of Dixie Brands, stated, "This joint venture will launch Dixie's portfolio of brands throughout Latin America and demonstrates the value and scalability of the product portfolio we have developed and marketed over the past nine years. Khiron is the clear leader in the Latin American cannabis space with an excellent operating team and a growing presence across the region. We look forward to aggressively supporting this push into Latin America as Dixie executes against its plan to expand into new international markets and build the leading global CPG cannabis company."

Joint Venture Details

Pursuant to the letter of intent, Khiron will operate the JV from its base in Bogota, Colombia with responsibility for regulatory matters, cultivation, manufacturing and distribution. Dixie will contribute intellectual property including its extensive brand portfolio, product formulations and production processes. The two companies will collaborate on the development of new brands and products as appropriate for local Latin American markets.

Dixie's flagship [Dixie Elixirs](#) brand offers more than 100 SKUs spanning 15 product categories in the regulated infused tetrahydrocannabinol (THC) industry, with products currently sold in more than 1,000 regulated dispensaries in four U.S. states. Dixie's two hemp-derived CBD wellness companies, [Therabis](#) and [Aceso](#), are focused on pet and human supplements which are sold through its e-commerce platform as well as traditional commercial retail distribution relationships expected to reach thousands of locations in 2019. Dixie will manufacture Kuida® products in the U.S. and market them through its growing network of channels as it executes its expansion strategy.

Hillcrest Merchant Partners Inc. acted as advisor on the JV and, upon completion of the JV, will receive an advisory fee payable equally by the parties in shares of Dixie and Khiron.

Completion of the JV and the commencement of operations is subject to the execution of definitive agreements and receipt of all required regulatory approvals, including final acceptance of the TSXV.

Latin American Cannabis Market

The Latin American region is among the world's fastest-growing cannabis markets as a number of countries move towards legalization. In Mexico, a global top-15 GDP country, the

government has introduced legislation to permit medical and adult use for cannabis in 2019. According to Quintiles IMS, there are approximately 68 million potential patients in Latin America that could benefit from medical cannabis.

Khiron has entered the markets in Colombia, Peru, Chile and Mexico, and recently announced plans to enter Brazil and Uruguay through its proposed acquisition of NettaGrowth International Inc. ("**NettaGro**"). Upon completion of the NettaGro transaction, Khiron will be present in markets which collectively represent more than 75% of the total Latin American population of 620 million people. Kuida®, its comprehensive portfolio of CBD-based skin and body care products for women, can be seen at www.kuidaskincare.com.

U.S. CBD Market

The Hispanic population in the United States is estimated at almost 60 million and is among the country's fastest-growing demographic groups. CBD-based products have become increasingly popular in the U.S., and the legalization of hemp through the recently-signed Farm Bill is helping to increase acceptance both by consumers and major retailers. Market research company Brightfield Group projects hemp-derived CBD sales in the U.S. of \$22 billion by 2022. Kuida® will be one of the first CBD brands specifically targeting Hispanic Americans.

Conference Call

Khiron and Dixie will jointly host a conference call for interested investors to discuss the details of today's announcement.

Date: Thursday, January 31, 2019

Time: 11:30 am EST

Toll free: 1-888-231-8191

Local/international: +1 647-427-7450

Conference ID: 6794956

Webcast: <https://event.on24.com/wcc/r/1928085/A0F4990B6941960013ABB308184>

Replay: 1-855-859-2056 or 416-849-0833

Passcode: 6794956

Available for 7 days following the call

Management of both companies will deliver prepared remarks, followed by an opportunity for investors to ask questions. The call will be supported by a slide presentation that will be made available on the live webcast and on the companies' investor websites at <https://investors.khiron.ca/> and <http://dixieelixirs.com/ir-dashboard/>. Following the call, an archive of the event can be accessed at both websites.

About Dixie Brands, Inc.

Dixie Brands Inc., through its licensed partners, has been formulating award-winning THC and CBD-infused products since 2009, and is expecting to double its manufacturing and distribution capabilities in 2019 in the U.S. as well as expand internationally, including Canada and Latin America. Dixie leads the global industry in the development, packaging design, product innovation and quality control for the commercial production of cannabis infused products. While Dixie started with a single flagship product, the Dixie Elixir (a THC-infused soda), it is now one of the industry's most recognized consumer brands, expanding to over 100 products across more than 15 different product categories representing the industry's finest edibles, tinctures, topicals and connoisseur grade extractions, as well as world-class CBD-infused wellness products and pet dietary supplements. Dixie's executive team has been instrumental in the formation of the cannabis industry for recreational and medicinal use, serving as founding members on several national regulatory and business-oriented industry organizations. To find out more about Dixie's innovative products, or about how Dixie is building the future of cannabis, visit www.dixiebrands.com.

About Khiron

Khiron Life Sciences Corp. is positioned to be the dominant integrated cannabis company in Latin America. Khiron has core operations in Colombia and is fully licensed in the country for the cultivation, production, domestic distribution, and international export of both THC (tetrahydrocannabinol) and CBD (cannabidiol) medical cannabis. In May 2018, Khiron listed on the TSX Venture Exchange, becoming one of the first Colombian-based medical cannabis companies to trade on any exchange globally. Khiron is led by Co-founder and Chief Executive Officer, Alvaro Torres, together with an experienced executive team, and a knowledgeable Board of Directors that includes former President of Mexico, Vicente Fox.

Further information on Khiron can be found at <https://investors.khiron.ca/>

CAUTIONARY NOTES

Market and Industry Data

This press release contains market and industry data and forecasts that were obtained from third-party sources, industry publications and publicly available information. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Although management of Dixie and Khiron believes it to be reliable, neither independently verified any of the data from third-party sources referred to in this press release, or analyzed or verified the underlying studies or surveys relied upon

or referred to by such sources, or ascertained the underlying economic assumptions relied upon by such sources.

Forward-Looking Information

Certain statements in this news release may constitute "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Khiron or Dixie and its subsidiary entities or the industry in which they operate, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this news release, such statements use words such as "may", "will", "expect", "believe", "plan" and other similar terminology. These statements reflect the current expectations of Dixie and Khiron management regarding future events and operating performance and speak only as of the date of this news release. These forward-looking statements involve a number of risks and uncertainties. Forward-looking statements herein include, but are not limited to, statements regarding the execution of definitive agreements, receipt of required regulatory approvals, including from the TSXV, the proposed production, distribution and sale of cannabis-infused products in Latin America, and the proposed manufacture and sale by Dixie of Kuida® products in the U.S. Neither Dixie nor Khiron undertake any obligation to comment on analyses, expectations or statements made by third-parties in respect of Dixie or Khiron, their respective securities, or financial or operating results (as applicable). Although each of Dixie and Khiron believe that the expectations reflected in forward-looking statements in this press release are reasonable, such forward-looking statement has been based on expectations, factors and assumptions concerning future events which may prove to be inaccurate and are subject to numerous risks and uncertainties, certain of which are beyond both Dixie's and Khiron's control. These risk factors are discussed in detail under the heading "Risk Factors" in Dixie's listing statement and Khiron's Annual Information Form, both filed on SEDAR. New risk factors may arise from time to time and it is not possible for the management of Dixie or Khiron to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of Dixie or Khiron to be materially different from those contained in forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results, as actual results may differ materially from those contemplated by these statements.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including that: (i) there will be no material adverse competitive or technological change in condition of either Dixie's or Khiron's business; (ii) there will be a demand for Dixie's and Khiron's products that both Dixie and Khiron have accurately forecast; and (iii) there will be no material adverse change in Dixie's or Khiron's operations, business or in any governmental regulation affecting Dixie, Khiron or their suppliers.

These forward-looking statements are made as of the date of this news release. Neither Dixie nor Khiron undertake any obligation, except as required by law, to update or revise any forward-looking statements contained in this news release, whether as a result of new information, future events or otherwise, other than as required under applicable securities legislation.

The CSE has neither approved nor disapproved the contents of this news release.

Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this press release.

SOURCE Dixie Brands, Inc.

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Related Links

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