



**For Immediate Release**

**December 14, 2015**

## **GENOVATION CAPITAL ENTERS INTO LETTER OF INTENT WITH VALENS AGRITECH**

**Vancouver, B.C., December 14, 2015 – Genovation Capital Corp. (CSE: GEC)** (the “**Company**” or “**Genovation Capital**”) announced today that it has entered into a non-binding letter of intent with Valens Agritech Ltd. (“**Valens**”) outlining the general terms and conditions of a proposed transaction whereby Genovation Capital acquires all of the issued and outstanding securities of Valens in exchange for securities of Genovation Capital (the “**Transaction**”). The LOI was negotiated at arm's length and is effective as of December 11, 2015.

The Transaction, if completed, will form part of the “Fundamental Change” first announced by Genovation Capital in its November 2, 2015 news release. Genovation intends to acquire Valens concurrently with MKHS LLC, the subject of a binding Commitment Letter announced November 25, 2015.

The addition of Valens to the proposed group opens up the opportunity for considerable synergies between the Canadian and U.S.-based operations. Today's announcement is a significant step towards our goal to become a global, vertically integrated medical cannabis company that spans the entire medical cannabis value chain from “Farm to Pharma”, encompassing the spectrum of cultivation through to production of pharmaceuticals derived from marijuana, and all the steps in between: extracts, testing, clinical trials, clinical development, proprietary therapeutics, licensing, marketing and delivery.

Valens is a British Columbia-based applicant to become a licensed producer under the Marijuana for Medical Purposes Regulations (“**MMPR**”), and an applicant under the Controlled Drugs and Substance Act and its Regulations to cultivate and process marijuana for scientific purposes, including the manufacturing of derivatives, and transporting and exporting product to locations worldwide.

Valens is headquartered at a secured site in the Okanagan Valley of British Columbia, with a production and lab site and facility designed to meet or exceed Health Canada's Directive on Physical Security Requirements' Level 11 standards, the maximum security level awarded to licensed dealers, research scientists and analysis laboratories.

As part of Valens' strategic focus on research and development, it has also negotiated the acquisition of a commercial scale plant biology company operating on a nearby 12 acres of Agricultural Land Reserve (ALR), with an existing 12,000 sf greenhouse operation. The operation carries out commercial scale tissue culture and genetic replication and various research projects, including initiatives under Provincial and Federal research grants. Valens intends to expand the operations and upon receipt of its licensing begin production and extraction of cannabis and related products under the MMPR, as well as production for existing and proposed clinical trials under discussion under its R&D initiatives. Valens has a longer term objective of acquiring a Health Canada Drug Identification Number (DIN) to market and export specific genetically targeted and proprietary cannabis as an authorized drug product.

The transaction terms outlined in the LOI are non-binding on the parties and the LOI is expected to be superseded by a definitive agreement (the “**Definitive Agreement**”) to be signed between the parties. The Transaction is subject to regulatory approval, including the approval of the CSE and standard closing conditions, including the approval of the Definitive Agreement by the directors and shareholders of each of Genovation Capital and Valens and completion of due diligence investigations to the satisfaction of

each of Genovation Capital and Valens, as well as the conditions described below. The legal structure for the Transaction will be determined after the parties have considered all applicable tax, securities law, and accounting efficiencies.

Trading in the common shares of Genovation Capital was halted prior to and as a result of the November 25, 2015 announcement of its binding agreement to acquire MKHS, and will remain halted until such time as all required documentation has been filed with and accepted by the CSE and permission to resume trading has been obtained from the CSE.

### **Highlights of the Proposed Transaction**

As detailed in our November 25, 2015 news release, Genovation Capital will have approximately 11,014,879 common shares outstanding, issued options to acquire an aggregate of 150,000 common shares at an exercise price of \$3.00 per common share and 291,667 common shares at an exercise price of \$1.00, and 944,444 warrants to acquire 944,444 common shares at an exercise price of \$0.75.

The Transaction is proposed to take place by way of a share exchange or other similar form of transaction. Genovation Capital, Valens and the shareholders of Valens would exchange all of the issued and outstanding shares of Valens for 36,475,000 common shares of Genovation Capital, to be issued to the shareholders of Valens and held under three-year voluntary and Exchange imposed escrow agreements. This proposed share exchange and its terms are effectively identical to the structure of the Company's definitive agreement to acquire MKHS announced November 25, 2015.

As a result of the proposed Transaction, Genovation Capital expects to have approximately 83,964,879 issued and outstanding common shares on an undiluted basis. Approximately 13.12 per cent of those shares will be held by shareholders of Genovation Capital, 43.44 per cent will be held by the former shareholders of MKHS, and 43.44 per cent will be held by the former shareholders of Valens.

### **Conditions to Transaction**

Completion of the Transaction is subject to a number of conditions, including but not limited to acceptance by the CSE and, if applicable pursuant to CSE requirements, majority of the minority shareholder approval. Where applicable, the Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

Other conditions to completion of the Transaction include:

- Negotiation and execution of a Definitive Agreement in respect of the Valens Transaction.
- Completion of a private placement in at least such minimum amount as may be required to meet CSE minimum listing requirements, if any.
- Preparation and filing of a filing statement outlining the definitive terms of the Transaction in accordance with the rules of the CSE.
- Receipt of all director, shareholder and requisite regulatory approvals relating to the Transaction, including, without limitation, CSE approval.

### **Further Information**

Further details about the proposed Valens transaction and the combined entity will be provided in a comprehensive press release when the parties enter into a Definitive Agreement and in the filing statement to be prepared and filed in respect of the Transaction.

Investors are cautioned that, except as disclosed in the filing statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Genovation Capital should be considered highly speculative.

The Canadian Securities Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

Genovation Capital will engage a sponsor in connection with the Transaction if required in accordance with the requirements of the CSE.

### **Forward-Looking Information**

This press release contains forward-looking information based on current expectations. Statements about the closing of the Transaction, expected terms of the Transaction, the number of securities of Genovation Capital that may be issued in connection with the Transaction, the ownership ratio of Genovation Capital post-closing, the requirement to hold shareholder approval and the parties' ability to satisfy closing conditions and receive necessary approvals are all forward-looking information. These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements. Although such statements are based on management's reasonable assumptions, there can be no assurance that the Transaction will occur or that, if the Transaction does occur, it will be completed on the terms described above. The terms described above are not binding unless and until a Definitive Agreement is signed. Genovation Capital assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by law.

Neither the CSE nor its Regulation Services Provider accepts responsibility for the adequacy or accuracy of this release.

### **About Genovation Capital Corp.**

The Company has been actively seeking business opportunities that offer near term cash flow potential as a means to create shareholder value. The Company divested substantially all its business interests in March 2015 via a Plan of Arrangement, creating three stand-alone "Reporting Issuers" through the distribution of their shares to Company shareholders. The Company continues to hold a substantial minority interest in a Malaysian-based operation providing onshore and offshore oilfield services and inspection and asset integrity management solutions.

Further information is available on the Company website at <http://www.genovationcapital.ca/>

### **ON BEHALF OF GENOVATION CAPITAL CORP.**

(signed) "Robert van Santen"  
Chief Executive Officer

### **For further information, please contact:**

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