

SUNORA FOODS INC.

SUNORA ENTERS INTO DEFINITIVE AGREEMENT FOR GOING PRIVATE TRANSACTION

For Immediate Release

March 16, 2021

Calgary, Alberta – Mr. Steve Bank, President and Chief Executive Officer of Sunora Foods Inc. (the "**Corporation**" or "**Sunora**") (TSXV - "SNF"), announces that further to the Corporation's news release dated January 21, 2021, the Corporation announces it has entered into an arrangement agreement dated March 16, 2021 (the "**Arrangement Agreement**") with 2326230 Alberta Ltd., (the "**Purchaser**"), a wholly owned subsidiary of Folspire Inc., which is co-founded, owned and controlled by Charles O. Eghobamien, whereby the Corporation will effect a going private transaction through a statutory plan of arrangement under Section 193(1) of the *Business Corporations Act* (Alberta) (the "**Arrangement**"). Pursuant to the Arrangement Agreement, the Purchaser will offer to acquire 100% of the issued and outstanding common shares of the Corporation. The transaction is not considered a related party transaction under Multilateral Instrument 61-101.

If the Arrangement is approved, all of the Corporation's outstanding common shares will be acquired by the Purchaser at a price of \$0.17 per common share, for an aggregate purchase price of CDN.\$6,893,131 (the "**Consideration**"). Following completion of the Arrangement, the Corporation will apply to have its common shares delisted from the TSX Venture Exchange and will also apply to the applicable Canadian securities regulatory authorities to cease to be a reporting issuer in each province in which it currently reports. The Purchaser has advanced a CDN.\$100,000 deposit to be applied against the Consideration, which is refundable if the Arrangement does not close.

The Arrangement is subject to approval by the Court of Queen's Bench of Alberta (the "**Court**") and shareholder approval. A special meeting of shareholders of the Corporation has been set for May 10, 2021 (the "**Meeting**"), at which the Arrangement must be approved by 2/3rds of the voting common shares. The precise timing of the Meeting may be affected by COVID-19 restrictions and possible court closures, however at this time no such delays are expected. Further details will be provided in a future news release if the status of the Meeting changes. If approved at the Meeting, it is expected the Arrangement will close on or before May 31, 2021 (the "**Effective Date**"). The application for the interim order is expected to be heard by the Court on April 6, 2021 and, if granted by the Court, a copy of the interim order will be included in the management information circular to be mailed to shareholders.

The Board of Directors (the "**Board**") has reviewed the Consideration payable by the Purchaser under the Arrangement with its legal and financial advisors and, on the basis of its review and internal deliberations, the Board and the independent members of the Board believe the Arrangement and the Consideration are in the best interests of the Corporation and all stakeholders and have unanimously resolved to recommend to holders of the common shares to vote in favor of the Arrangement. Two of the Corporation's major shareholders, holding an aggregate of 30,000,000 common shares, have agreed to vote their respective common shares in favour of the Arrangement. A summary of the Arrangement and the Consideration payable thereunder will be included in Corporation's management information circular for the Meeting, a copy of which will be mailed to each shareholder and will also be available under the Corporation's SEDAR profile at www.sedar.com. It is expected the management information circular will be mailed to shareholders on or about April 10, 2021.

The Arrangement is subject to the following conditions:

- (i) Dissent rights not being exercised with respect to more than 5% of the Corporation's outstanding common shares.
- (ii) Major shareholders entering into support agreements with the Corporation and the Purchaser.
- (iii) Court and shareholder approval.
- (iv) Execution of satisfactory agreements with key management and employees who will continue after completion of the Arrangement.
- (v) Assignment of the Lease Agreement for the Corporation's head office.
- (vi) Completion of the Arrangement by May 31, 2021.

Reason for the Arrangement

The Corporation wishes to complete the Arrangement in order to provide its shareholders with the opportunity to realize some value for their common shares, having regard to COVID 19 related economic uncertainty, the significant cost of maintaining a public listing, and the common shares are thinly traded. Based on the significant premium to historical trading price over the past number of years and the value of the Consideration, the Board believes the Arrangement is in the best interest of the Corporation and all stakeholders. The Arrangement will also eliminate the enormous burden of continuing as a reporting issuer, which effectively eliminates a lot of the positive cash flow. Under applicable securities laws a broad range of regulatory obligations are imposed on companies with public shareholders, including the provision of quarterly financial statements and information to shareholders, mandatory solicitation of proxies for annual meetings, increased insurance costs, transfer agent and stock exchange fees and compliance cost, and shareholder communication costs. These regulatory requirements necessitate the employment of independent accountants, financial consultants, printers, lawyers and other skilled personnel. Management of the Corporation believes that the present and anticipated time and costs entailed in meeting the additional disclosure and other regulatory obligations to which public companies are subject cannot be justified in view of the economic uncertainty and uncertain upside to shareholders in the future.

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Caution Regarding Forward-Looking Information Forward-looking statements - Certain information set forth in this news release may contain forward-looking statements that involve substantial known and unknown risks and uncertainties. Forward-looking statements are often, but not always, identified by words such as “believes”, “may”, “likely”, “plans”, or similar words. Forward- looking statements included in this news release include statements with respect to (i) the Corporation’s plan to not have any public shareholders; (ii) the Corporation’s plan to de-list from the TSX Venture Exchange; (iii) the Corporation’s plan to apply to cease being a reporting issuer; (iv) expectations regarding the Consideration to be paid to the shareholders; and (v) expectations about the Arrangement’s Effective Date. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of the Corporation, including, but not limited to the impact of general economic conditions, industry conditions, currency fluctuations, and dependence upon regulatory approvals. The Arrangement is subject to several conditions described in the news release as well as other customary conditions and there is no guarantee all of these conditions will be satisfied. If any of the conditions to the Arrangement are not satisfied, the Arrangement may not be completed. Readers should not assume that any or all of the conditions will be met or that the Arrangement will be completed by the target date. Readers are cautioned that the assumptions used in the preparation, may prove to be imprecise and, as such, undue reliance should not be placed on the forward-looking statements. The Corporation does not assume any obligation to update the forward-looking statements to reflect changes in assumptions or circumstances other than as required by applicable law.