

SUNORA FOODS INC.

SUNORA RENEGOTIATES AGREEMENT FOR GOING PRIVATE TRANSACTION

For Immediate Release

October 26, 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 releases dated January 21, February 25, March 16, April 22, May 10, and June 21, 2021, the Corporation has renegotiated the terms of the previously announced going private transaction ("**Going Private Transaction**") and entered into a new arrangement agreement dated October 22, 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. The Corporation will effect the Going Private Transaction through a statutory plan of arrangement under Section 193(1) of the *Business Corporations Act* (Alberta) (the "**Arrangement**").

The Purchaser will acquire 100% of the Corporation's outstanding Common Shares for an aggregate purchase price of \$6,887,606.00 (the "**Purchase Price**"), which is the same price as previously agreed to. However, previous efforts to complete the transaction were delayed because the Purchaser could only secure financing to satisfy \$6,000,000 of the Purchase Price. As a result, the transaction failed to close despite several months of negotiating with Purchaser.

In order for the Arrangement to proceed, and to preserve the opportunity for the Corporation's shareholders, two of the Corporation's largest shareholders ("**Major Shareholders**"), one of whom is Steve Bank, the President and CEO, will carry a portion of the Purchase Price in order to ensure the Purchaser has sufficient funding to complete the Arrangement. Under the Arrangement Agreement, the Purchaser will acquire 35,294,117 Common Shares, representing 87.12% of the outstanding Common Shares, at a price of \$0.17 per Common Share, for an aggregate of \$6,000,000 (the "**Cash Consideration**"). The Purchaser will acquire the remaining balance of 5,221,215 Common Shares, representing the 12.88% of the outstanding Common Shares, held by the Major Shareholders in exchange for \$887,606.00 (the "**Redemption Amount**") worth of series I preferred shares (the "**Preferred Shares**") in the capital of the Purchaser (the "**VTB Financing**"). The combination of the Cash Consideration and the VTB Financing will satisfy the Purchase Price.

The Major Shareholders own an aggregate of 30,000,000 Common Shares of the Corporation but will only receive Cash Consideration for 24,778,785 Common Shares, being the number of Common Shares not being exchanged under the VTB Financing. The Redemption Amount will be redeemed by the Purchaser 5 years from the date of issuance of the Preferred Shares. In consideration for the risk taken by the Major Shareholders on the VTB Financing, the Redemption Amount will be a secured obligation of the Purchaser (subordinated to the senior debt of the Purchaser) and the Major Shareholders will receive an annual dividend equal to 5% of the Redemption Amount, commencing on the date that is 24 months from the closing date of the Arrangement.

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 previously advanced a non-refundable deposit of \$100,000 to be applied against the Purchase Price.

The transaction is not considered a related party transaction under Multilateral Instrument 61-101.

Due to the material nature of the amended Arrangement structure and payment terms, the Arrangement is subject to new 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 December 3, 2021 (the "**Meeting**"), at which the Arrangement must be approved by 2/3rds of the voting common shares. 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 December 31, 2021 (the "**Effective Date**"). The application for the interim order is expected to be heard by the Court on November 3, 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 Cash Consideration and the VTB Financing (collectively, 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. 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, including a description of the rights, privileges, and restrictions of the Preferred Shares, 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 November 8, 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 and the Corporation being satisfied with the terms of the VTB Financing.
- (iii) Court and shareholder approval.
- (iv) Assignment of the Lease Agreement for the Corporation's head office.
- (v) Completion of the Arrangement by December 31, 2021.

Reason for the Arrangement

As noted in previous news releases, 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 Cash 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.