



March 9, 2020

Dear Investor:

I would like to introduce myself as the new President and CEO of Citation Growth Corp. Open communication is very important to me and I am committed to ensuring that investors, employees and the market are always aware of our activities, challenges and accomplishments.

Our Q3 2019 financial reports and MD&A (to December 31, 2019) were both posted to SEDAR last week; however, since much has transpired already in early 2020, I thought you might appreciate a more up-to-date recap of management activities since the beginning of the New Year.

With over 27 years experience running businesses (both public and private) and having turned companies around before, my first goal was to travel to each CGRO facility/asset for a site tour and to meet with everyone who works at Citation. Here are some achievements and findings from my first few weeks on the job:

- Hired a new CFO, Kevin Cornish, who is a highly educated executive with cannabis industry experience and a background in successful company turn-arounds;
- Toured the Apex (North Las Vegas) facility and interviewed all staff on four occasions and the Pahrump ACC facility on two occasions;
- Toured the Desert Hot Springs (Palm Springs) dispensary and parcels of land in California and interviewed staff;
- Toured the Celista, British Columbia facility in Canada and met with the Canadian grow team;
- Met with our staff in Kelowna, BC;
- Toured the Lynden, Washington property;
- Reached out to various shareholders and noteholders and replied to various calls and emails from the investor community;
- Met with our Controller based in Vancouver and our investors in the Celista asset;
- Completed an in-depth review of all A/R, A/P and supplier contracts with the goal being to minimize unnecessary cash outflow and maximize profitability;
- Sourced and appointed a new member of our Board of Directors, who will be announced before the end of next week. We are excited to welcome a professional who brings over 20 years' experience in capital markets to Citation as well as more than five years of cannabis experience from his time at a leading investment dealer in the space and Canadian cannabis cultivator.

Kevin and I are working on a complete re-build of our pro forma financials (literally built from the ground up) and will distribute an updated Investor Presentation prior to the AGM, which has been scheduled for 1:30pm on April 23rd at the Sheraton Eau Claire (Foxglove Room) in Calgary, Alberta. This deck will highlight our new strategy of concentrating on the free cash flow potential in Nevada and California, the expansion of our US assets (non-dilutive and centered around profitable growth), various operational efficiencies we have already put into place as well as the opportunity to complete construction at the Celista facility that will grant us our License to Cultivate by Health Canada.

I have also primed discussions with Citation's legal counsel in Nevada pertaining to a resolution of the dispute between Citation and ACC Enterprises. A draft settlement agreement has been circulated and the parties believe a settlement is achievable. I will provide further updates on this initiative as the process moves along.



Here are some observations from each Citation asset/facility:

North Las Vegas – Apex

- The Apex North Las Vegas facility is world class, which was proven by being awarded a Cannabis Cup award for the Fiore Superglue strain in December;
- We are actively growing and cultivating several high-end cannabis flower strains with established downstream retail dispensary relationships across Nevada;
- We are also converting cannabis flower to extracts and concentrates and producing our own brand of vape pens and packaged concentrates (Fiore and Diamante brands).
- Immediate expansion of the extraction lab at Apex represents a huge potential to increase revenue and profitability in a short timeframe. We are already approaching other cannabis growers in the state to offer a “toll processing” service to convert their flower into high-dollar extracts, distillates and concentrates.
- With 7.2 acres of land at Apex, we have plenty of room to expand operations (up to 8-10x our current footprint);
- We are highly focused on this asset and will look to expand here aggressively as the Nevada cannabis market is currently restricted to new players (a good thing) and Citation has proven that our products are garnering higher-than-average wholesale prices to the retail community;
- Average yields for the Apex facility have been approximately 80 pounds per month with the potential to grow to 150 pounds/month once the facility is fully optimized;
- the extraction lab has only begun to produce concentrates and extracts, but over the 5-week period from late September to early November, approximately \$200,000 worth of wholesale products were produced running a single 8-hour shift (roughly 40% capacity); we will seek to add a second crossover shift to maximize the potential output of these high value concentrates, distillates and extracts;
- We also have two cultivation licenses assigned to this property (PhenoFarm and Eco Nevada) and we are looking into the possibility of selling one license, understanding that the moratorium on transferring licenses in Nevada will end sometime in 2020.

Desert Hot Springs – California

- Our dispensary, Green Leaf Wellness, is fully operational with a good mix of products, including 2.0 products such as beverages, edibles, vape pens, etc.;
- Our rating on WeedMaps is 4.7/5 and the foot traffic is consistent;
- There are five other dispensaries in the same vicinity so it’s encouraging to learn that we have a good reputation for service and supply;
- We have two parcels of land in the area that we are actively applying for CUP extensions of 10 years as there is a real possibility to develop these parcels into grow operations over time;
- We have two parties interested in buying the dispensary and land, but we think it’s prudent to begin sending a rotation of management down south to “work the floor” over the next few months to determine if optimization and increased revenue and margin potential exists.

Celista, British Columbia (Canada)

- We met with the local grow team as well as the investor group and took a tour of the facility, which has halted construction;
- The 40 acres of land and two buildings (each with 10,000 square feet of cultivation and production space) are in good shape and ready to resume construction;
- We estimate that \$1.5mm will be required to finish construction of Building One, which when completed will allow Citation to complete our License to Cultivate application to Health Canada;



- Building Two will require approximately \$4mm in funding to complete;
- Once both buildings are complete, our expected yield and revenue potential will be approximately 1,500 pounds per building per year and north of \$8mm in annual revenue (conservative estimates);
- In speaking with our local growers, we were impressed by their technical expertise and clearly superior growing methodologies and outputs. We appear to have a genetics library that is not only unique and proprietary in the Canadian landscape, but also accompanied by several decades of experience coming from the MMAR/MMPR and micro grow industry in BC. There is also a focus on highly effective medical products and since there is potential to export medical products to Europe (for more revenue per gram than in Canada) we feel that creating a brand strategy around medicinal cannabis will be a natural evolution – both domestically and internationally;
- An extraction lab is planned for one of the first two buildings, but we also have several relationships with nearby production labs in BC, meaning a JV to produce extracts and concentrates is also likely for the region;
- For the remaining footprint on the 40 acres in Celista, there are several options to consider for future growth, namely: a) constructing an additional eight 10,000 square foot buildings owned by Citation (a total of 100,000 square feet of indoor cultivation), b) deploying modular buildings to provide a “community gardens” opportunity for local micro and craft growers, and/or c) growing outdoors on the bare land given the suitable agricultural growing environment.
- We will continue to monitor the landscape for cannabis in Canada as the market has obviously been depressed for close to a year now. Any go-forward plan will be supported by sound fundamentals and financials.

Lynden, Washington

- We toured the 13 acre site and inspected the 26,000 square foot building, which is set up to house a grow operation;
- A local real estate agent believes he has a buyer for the land and buildings, which are currently zoned for agricultural use;
- We have rented out Building D to a local truck repair business who provides service to the local agricultural community;
- Given that our short-term focus is going to be in Nevada and California, I have recommended to the Board that we sell the Washington asset as soon as possible and divert the sale proceeds to working capital and growth in our two US operations.

OVERALL State of the Nation

The past few months have been turbulent and challenging for the entire cannabis industry in North America and Citation Growth has not been immune to the sell side pressure in the marketplace. That said, Kevin and I have completed a comprehensive review of all operating facilities and non-operating assets to determine that our asset base (including licenses, equipment, retail brands and proprietary growing techniques) is in good shape relative to the market. If we are successful in selling our Washington asset and one of the Nevada license packages, we would greatly improve our working capital as well as fund a good portion of the Apex expansion.

Green Leaf Wellness continues to be revenue neutral and we believe our optimization efforts over the coming months will begin to generate positive cash flow by the summer. We are also planning to bring Apex back up to full operational standards, which will result in generating positive cash flow on a monthly basis in our Q2/Q3 timeframe. We have existing investors in the Celista asset who have expressed interest in re-



starting construction and we are actively talking to new investors on all three prime assets. A recent non-brokered private placement has provided some necessary working capital that will give us the runway the new Board and Management Team needs to take off. We have also discussed non-dilutive debt financing to provide growth capital for expansion for Nevada and California.

Our new management team will continue to focus on making progress on a day-by-day basis. I have turned companies around before and I believe we can do so with Citation. Over the next few quarters, my goal is to revitalize the company that will boast of positive US cash flow, non-dilutive expansion opportunities in the US and Canada, medical export opportunities to Europe and other parts of the world, top-shelf brand awareness at the retail level in the US and a fundamentally sound business strategy led by a solid management team.

Open communication is very important to me and I would be happy to take your questions and/or discuss the finer details of our new strategy with you at any time. Should you wish to ask any questions in advance of the AGM, we have scheduled a conference call for Tuesday, March 17 at 2pm Mountain Standard Time. You may also email any comments or questions to IR@citationgrowth.com and we will respond quickly.

Sincerely,

A handwritten signature in blue ink that reads 'Erik Anderson'.

Erik Anderson
President & CEO
Citation Growth Corp

You can dial in using the conference bridge (toll free in the US and Canada):

+1.778.819.8331 and passcode 370150#