

Calgary, Alberta (FSCwire) - [Morro Bay Resources Ltd.](#) ("Morro Bay" or the "Company") (TSXV: MRB, OTCPink: MRRBF) is pleased to provide an update and additional information in regard to the proposed reverse takeover transaction announced by Morro Bay on May 23, 2017 (the "Transaction").

Update on the Transaction

As announced on May 23, 2017, Morro Bay has made an offer to acquire all of the outstanding shares of a private company located in British Columbia (the "Offer"). The private company's name is Experion Biotechnologies Inc. ("Experion"). As previously announced, the Offer was made on May 15, 2017, and is open for acceptance by the Experion shareholders within thirty (30) days after delivery (therefore being approximately June 16, 2017) unless otherwise extended by Morro Bay. Pursuant to the Offer, Morro Bay has offered to issue to the Experion shareholders 205,500,000 Morro Bay common shares in exchange for all of the issued and outstanding shares of Experion. The deemed value per share is \$0.1217 per Morro Bay Share (the total deemed value is approximately \$25 million). The delivery of 205,500,000 Morro Bay common shares will result in the Experion shareholders owning approximately 93% of Morro Bay's common shares. Morro Bay has now received acceptance of the Offer by over 55% of the current Experion shareholders. Pursuant to the Shareholders Agreement in place between Experion and its shareholders, a "drag along" provision exists whereupon acceptance of a take-over offer by over 50% of the Experion shareholders, all other shareholders are obligated to tender their shares to the take-over offer. In the event the Offer is duly accepted and completed, the Offer will result in a reverse take-over of Morro Bay by Experion. The Offer is subject to the acceptance of the Exchange to list the shares of the resulting entity (the "Resulting Issuer") on the Exchange. Additional conditions must be met in order for the Offer to be completed.

Additional information concerning the Offer is contained in the News Release dated May 23, 2017.

The Experion Business

As was announced on May 23, 2017, Experion is a Canadian biotech company focused on two lines of business:

1. Completion and operation of a controlled substances laboratory through an affiliate company (the "Lab Business");
2. Obtaining a license to produce and to distribute medical cannabis products from Health Canada (the "Licensed Producer Business") pursuant to the *Access to Cannabis for Medical Purposes Regulations* (the "ACMPR").

Experion is incorporated pursuant to the British Columbia *Business Corporations Act* and all of its assets are located in British Columbia. Experion currently has 13,333,333 Class "A" common shares outstanding. Experion has no other securities issued or outstanding.

The Lab Business: The Lab Business is expected to be in operation by July 2017. The Lab Business is operated by an affiliate of Experion—Northern Vine Canada Inc. The Lab Business has obtained a Controlled Substance License from Health Canada. Upon commencement of its operations, the Lab Business will become a laboratory service provider for the Canadian medical cannabis industry. As has been recently reported, unauthorized pesticides in some cannabis products have been a cause for increased focus on the safety of the Canadian medical marijuana supply by all levels of governments and end customers. The Lab Business is expected to help fill the current void in testing, and be available to licensed producers to test marijuana products. Testing is expected to include determination of chemical components and potency of products, physical testing, microbial analysis, and chemical contaminants testing.

The Licensed Producer Business: Experion is proceeding to obtain all necessary licenses and authorizations permitting it to become a licensed producer of medical marijuana pursuant to the ACMPR (the "ACMPR License"). Experion has applied to Health Canada for an ACMPR License to cultivate medical marijuana and has successfully completed the "review" stage of the Health Canada licensing process. This means that Experion received a "Confirmation of Readiness" letter from Health Canada (also known as a "ready to build" letter) in June 2016. In early June 2017, Experion expects to request its Pre-license Inspection by Health Canada.

Experion anticipates completion of construction of its state-of-the-art indoor production, secure storage and processing facility located in Mission, British Columbia (the "Mission Site") by June 30, 2017. Upon substantial completion of construction at the Mission Site, it will be made available for the Health Canada inspection. Upon completion of a satisfactory Pre-License Inspection by Health Canada, Experion expects to be authorized to commence the cultivation of medical marijuana.

Upon receipt of its ACMPR License, Experion plans to commence the cultivation of medical-grade marijuana with a focus of growing whole plant "starter material" for wholesale distribution to licensed growers and the production and processing of dried cannabis flower for wholesale distribution. The Mission Site facility is 8,300 square feet of which approximately 2,000 square feet will be used to grow medical-grade marijuana. Experion also plans to expand its production facilities by constructing 40,000 square feet of greenhouse canopy (the "Greenhouse"), subject to Health Canada approval, for

whole plant cultivation.

The above description of the Licensed Producer Business is conditional on Experion receiving its license under the ACMPR. Experion is essentially a late-stage license applicant.

As of May 31, 2017, Experion had \$1,260,685 on deposit with its bank. Experion anticipates that the major expenditures during June and July 2017 will be the costs related to the Transaction and the balance of the costs related to the completion of the Mission Site facility to be used in the Licensed Producer Business. Construction of the Mission Site facility is ahead of schedule and currently below budget. Completion of the Mission Site facility is anticipated to occur by June 30, 2017, with total additional costs to be incurred to complete the facility estimated by Experion management to be approximately \$290,141.

Experion has no outstanding long term debt. Current short term debt (i.e. accounts payable of Experion) as at May 31, 2017, is in the amount of \$Nil.

Additional information concerning Experion, including a summary of Experion financial information (including a summary of its historical liabilities, revenues and profits/losses) will be announced by Morro Bay in the future.

Proposed Offering

As announced on May 23, 2017 Morro Bay intends on proceeding with a private placement to raise gross proceeds of a minimum of \$500,000 and a maximum of \$3,000,000 (the "Offering") by way of subscription receipts (the "Subscription Receipts"). Pursuant to the Offering, the Company intends to issue up to a minimum of 833,333 Subscription Receipts and a maximum of 5,000,000 Subscription Receipts at a price of \$0.60 per Subscription Receipt. The minimum investment by a subscriber to the Offering is \$3,000 (5,000 Subscription Receipts). Each Subscription Receipt will be automatically exchangeable into units ("Units") of the Company, on the basis of one Unit for each Subscription Receipt, upon the occurrence of certain events, including without limitation, the Company having received all approvals for the completion of the Transaction and the completion of the "Consolidation") and the completion of a share consolidation on a ratio of approximately 4.9:1 (the "Consolidation") immediately after closing of the Transaction, but prior to conversion of the Subscription Receipts to Units. Completion of the Offering will be subject to receipt of Exchange approval and other requisite approvals. Approvals necessary to convert the Subscription Receipts to Units include receipt from the Exchange of the Final Exchange Bulletin relating to the Transaction, closing of the Transaction, and completion of the Consolidation.

Each Unit will consist of one common share and one-half of one common share purchase warrant (each whole common share purchase warrant hereinafter referred to as the "Warrant"), with each Warrant being exercisable to acquire one common share of the Company at a price of \$0.80 for a period of 9 months following the closing date of the Transaction. On May 23, 2017, the Company announced that the Warrants would have a 5 month expiry period. As stated above, the expiry date for the Warrants has been extended to be 9 months from the closing of the Transaction.

The Offering will be conducted pursuant to available prospectus exemptions under applicable securities laws, including sales to accredited investors and family, friends and business associates and will be conducted through a registered broker (the "Agent").

Use of Offering Proceeds

Upon closing of the Transaction, the proceeds of the Offering will be used to pay the expenses related to the Transaction and to proceed with the business of the acquired company, including in relation to the Lab Business and the Licensed Producer Business (both as defined below). Such expenses will include completion of the facility currently being constructed in Mission, British Columbia, and upon completion, obtaining its ACMPR License from Health Canada and commencement of its marijuana cultivation activities. The proceeds will also be utilized to pay on-going operating expenses.

The forecast use of the Offering proceeds and additional available funds is summarized below:

Proposed Uses of Cash on Hand and Offering Proceeds

	Minimum Offering	Maximum Offering
Estimated consolidated working capital ⁽¹⁾	1,161,133	1,161,133
Proceeds from the Offering	500,000	3,000,000
Total Available Funds	1,661,133	4,161,133

Operational staff costs	-	110,000
General and administrative expenses ⁽²⁾	-	429,267
Completion of Langley Lab	-	-
Completion of Mission Site	-	290,141
Marketing/Business Development ⁽³⁾	-	1,081,081
Private placement related costs ⁽⁴⁾	109,250	276,250
Professional fees and Transaction costs ⁽⁵⁾	350,750	358,750
Contractual Obligations ⁽⁶⁾	406,400	406,400
Unallocated Working Capital	794,733	1,209,244
Total Uses of Funds	1,661,133	4,161,133

Notes:

(1) Estimated combined cash and debt. For Morro Bay (negative \$99,552) and Experion (\$1,260,685) as at May 31, 2017.

(2) Includes rent, insurance, office costs, supplies and IT services for the next 12 months.

(3) Includes the construction of the Greenhouse.

(4) Includes anticipated Offering Commissions, Exchange fees for the Offering, as well as legal and consulting fees related to the Offering.

(5) Includes Exchange fees relating to the Transaction, as well as legal, audit and consulting fees related to the Transaction.

(6) Reflects funds to be paid in the next 12 months for executive officers, directors, employees and regular consultants

Forecast Capitalization

Assuming completion of the Offering and the Consolidation (on an approximate 4.92 for 1 basis), the Offering will result in outstanding shares in the Resulting Issuer as follows:

Forecast Resulting Issuer Shares Outstanding After Offering		
	Pre-Offering Shares Outstanding	Minimum
Forecast Morro Bay Shares Outstanding immediately prior to closing of the Transaction ⁽¹⁾	16,570,516	
Morro Bay Shares to be issued to Experion Shareholders	205,500,000	
<i>Subtotal</i>	<i>222,070,516</i>	
Forecast Resulting Issuer Shares Outstanding post Consolidation	45,133,898	
Offering Shares to be Issued and Percentage (basic) ⁽²⁾		833,333
Total Forecast Shares (basic) ⁽²⁾		45,967,796
Shares to be Issued on Conversion of Warrants and Warrant Funds to be Received		416,666
		\$166,666
<i>Total Forecast Shares ⁽²⁾</i>		<i>46,175,000</i>

Notes:

(1) Derived as follows: The current Morro Bay shares outstanding of 9,180,096 plus the anticipated issuance

of up to 7,390,420 shares upon conversion of certain Morro Bay debt to common shares;

(2) Does not include shares or other securities issuable to the Agent pursuant to the anticipated terms with

the Agent.

Other Matters

Not a United States Offer: This press release does not constitute an offer of securities for sale in the United States or to "U.S. persons" ("U.S. persons"), as such term is defined in Regulation S promulgated under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"). The securities being offered have not been, nor will be, registered under the U.S. Securities Act or any state securities laws, and may not be offered or sold in the United States or to U.S. persons absent registration or an applicable exemption from such registration requirements.

Morro Bay Financial Statements: Morro Bay confirms that it has filed on SEDAR its unaudited financial statements for the period ending March 31, 2017 and the Management Discussion and Analysis thereon.

Trading Halt: Morro Bay's common shares are currently halted and Morro Bay anticipates they will remain halted for a period of time as required by the Exchange policies.

Disclosure

Completion of the Transaction and the Offering is subject to a number of conditions, including but not limited to, TSX Venture Exchange acceptance and, if applicable, disinterested shareholder approval. Where applicable, the Transaction cannot close until the required shareholder approval is obtained, and the Subscription Receipts will not be exchangeable into Units unless the Transaction is completed. There can be no assurance that the Transaction or the Offering will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or 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 [Morro Bay Resources Ltd.](#) should be considered highly speculative.

The Exchange has in no way passed upon the merits of the proposed Transaction and has neither approved nor disapproved the contents of this news release. Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This press release contains forward-looking information within the meaning of Canadian securities laws. Such information includes, without limitation, information regarding the completion of the Transaction, the forecast financial information concerning the Lab Business and the Licensed Producer Business and the Offering; and the anticipated business plan of Morro Bay subsequent to completion of the Transactions described herein. All information and forecasts concerning Experion, the Licensed Producer Business and the Lab Business have been provided by Experion to Morro Bay and are subject to due diligence. Although Morro Bay believes that such information is reasonable, it can give no assurance that such expectations will prove to be correct.

Forward looking information is typically identified by words such as: believe, expect, anticipate, intend, estimate, forecast, postulate and similar expressions, or are those, which, by their nature, refer to future events. Morro Bay cautions investors that any forward-looking information provided by Morro Bay are not guarantees of future results or performance, and that actual results may differ materially from those in forward looking information as a result of various factors, including, but not limited to: Morro Bay's ability to complete the proposed Transaction; the state of the financial markets for Morro Bay's equity securities; recent market volatility; Morro Bay's ability to raise the necessary capital or to be fully able to implement its business strategies; and other risks and factors that Morro Bay is unaware of at this time. The reader is referred to Morro Bay's most recent annual and interim Management's Discussion and Analysis for a more complete discussion of such risk factors and their potential effects, copies of which may be accessed through Morro Bay's page on SEDAR at www.sedar.com.

For further information:

Morro Bay Resources Ltd.

John Zang
President and Chief Executive Officer

403 680 9264

To view this press release as a PDF file, click onto the following link:
public://news_release_pdf/MorroBay06072017.pdf

Source: [Morro Bay Resources Ltd.](#) (TSX Venture:MRB, OTC Pink:MRRBF)

To follow [Morro Bay Resources Ltd.](#) on your favorite social media platform or financial websites, please click on the icons below.

Maximum News Dissemination by FSCwire. <http://www.fscwire.com>

Copyright © 2017 Filing Services Canada Inc.