

Magnolia Colombia Announces Proposed Reverse Takeover Transaction

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TORONTO, Feb. 10, 2020 - [Magnolia Colombia Ltd.](#) ("Magnolia" or the "Company") (TSXV: MCO) is pleased to announce that it has entered into a letter of intent (the "LOI") dated February 10, 2020 pursuant to which the Company will acquire all of the issued and outstanding shares in the capital of Gamesquare Inc., an arm's length third party, (the "Target") pursuant to a reverse-takeover transaction (the "RTO"). In connection with the completion of the RTO, the Company intends to delist from the TSX Venture Exchange (the "TSXV") and list on the Canadian Securities Exchange (the "CSE").

About the Target

The Target has entered into a binding agreement to acquire Code Red, a company based in the United Kingdom. Code Red, The Authentic Esports Agency, is a leading esports agency representing some of the best known on-screen talent, influencers and players in Europe and throughout the world. With over 40 years' combined experience, Code Red Esports has an unparalleled level of esports expertise and has worked with some of the biggest brands in gaming and technology.

Proposed RTO

The RTO is expected to be completed by way of a share exchange, amalgamation or other form of business combination determined by the legal and tax advisors to each of the Company and the Target, which will result in the Target becoming a wholly-owned subsidiary of the Company (the "Resulting Issuer"). The Resulting Issuer will carry on the business previously carried on by Code Red upon completion of the RTO.

The LOI contemplates that Magnolia and the Target will promptly negotiate and enter into a definitive agreement (the "Definitive Agreement"), together with such other documents that may be required to affect such filings, authorizations and applications as are required in order to formalize and execute the terms of the RTO as outlined in the LOI. The LOI contemplates that if the Definitive Agreement is subject to the receipt of all necessary third party approvals and the standard terms and conditions concerning the due diligence review of the Target, including financial statements, potential liabilities and material contracts.

The LOI further contemplates that all of the common shares in the capital of the Target will be exchanged for common shares of the Company at a ratio resulting in the shareholders of the Target, owning 75% of the Resulting Issuer and the shareholders of the Company owning 25% of the Resulting Issuer on an undiluted basis.

The Board of Directors of the Resulting Issuer is expected to be comprised of five members, with one member nominated by the Company and four members nominated by the Target.

Additional information in connection with the RTO will be provided by the Company in subsequent press releases.

The completion of the RTO is subject to the receipt of all necessary approvals, including without limitation shareholder approval of the RTO, regulatory approval for the listing of the common shares of the Company on the CSE and the concurrent delisting of the common shares of Magnolia from the TSXV. The proposed delisting from the TSXV will also require the approval of the Board as well as the consent of the majority of

the minority of the shareholders of Magnolia.

About Magnolia Colombia Limited:

[Magnolia Colombia Ltd.](#) is a Canadian independent oil exploration company.

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Forward-looking information

This press release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, without limitation, statements regarding the proposed RTO, the business of the Target, the ability of the Company to complete the proposed RTO, the expected benefits of the proposed RTO to the Company and its shareholders, the delisting of the Common Shares from the TSXV, the listing of the Common Shares on the CSE and the future plans or prospects of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Magnolia, as the case may be, to be materially different from those expressed or implied by such forward-looking information. Although Magnolia has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. Magnolia does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

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Completion of the RTO is subject to a number of conditions, including CSE acceptance and shareholder approval. 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.

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

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