

Calgary, Alberta (FSCwire) - [Morro Bay Resources Ltd.](#) ("Morro Bay" or the "Company") (TSXV: MRB, OTCPink: MRRBF) is pleased to announce as follows.

Update on the Reverse Take-Over Transaction

As announced on May 23, June 7, June 8, and June 15, 2017, Morro Bay made an offer (the "Offer") to acquire the outstanding shares of Experion Biotechnologies Inc. ("Experion"). The Offer has now been accepted by Experion shareholders owning over 81% of the Experion shares. One Experion shareholder has not delivered acceptance of the Offer. The Offer is no longer open for acceptance. Morro Bay intends to proceed with the completion of the acquisition of the Experion shares from the accepting Experion shareholders pursuant to the Offer.

Experion currently has 13,333,333 Class "A" Common Shares outstanding (the "Experion Shares"). Morro Bay currently has 12,203,178 common shares outstanding. As a result, in order to meet the terms of the Offer, at closing the Morro Bay common shares are anticipated to be consolidated on the basis of approximately 3.603457 current Morro Bay common shares for one (1) post-consolidation Morro Bay common share (the "Resulting Issuer Shares"). After this consolidation Morro Bay will have 3,386,520 common shares issued and outstanding.

Pursuant to the Offer, Morro Bay, assuming acceptance by all Experion shareholders, was to deliver 41,767,086 Resulting Issuer Shares or, in effect, 3.1325315 Resulting Issuer Shares for each Experion Share. Holders of a total of 10,833,333 Experion Shares (81% of the outstanding Experion Shares) have accepted the Offer. As a result, upon closing of the acquisition arising from the Offer 33,935,757 Resulting Issuer Shares will be issued in exchange for the 10,833,333 Experion Shares.

Pursuant to the Shareholders Agreement in place between Experion and its shareholders, a "drag along" provision exists where, upon acceptance of a take-over offer by holders of over 50% the Experion Shares, all other Experion shareholders may be required to tender their shares to the take-over offer. As a result pursuant to the terms of the Experion Shareholders Agreement, Morro Bay or Experion may require the remaining Experion shareholder to tender its Experion Shares to the Offer (the "Drag Along Right"). In the event that Morro Bay or Experion elects to proceed with the Drag Along Right an additional 7,831,329 Resulting Issuer Shares would be issued. If such occurs, Experion will become a wholly owned subsidiary of Morro Bay upon closing. Alternatively, if the Drag Along Right does not occur, at closing Morro Bay will own approximately 81.25% of the Experion Shares with the remaining shareholder maintaining share ownership of approximately 18.75% of the Experion Shares.

Upon closing of the Offer, the Offer will result in a reverse take-over of Morro Bay by Experion (the "Reverse Take-over Transaction"). 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. It is anticipated the final closing and listing of the Resulting Issuer shares on the TSX Venture Exchange will not occur until Experion has obtained its license to produce medical cannabis products pursuant to the *Access to Cannabis for Medical Purposes Regulations* (the "ACMPR License").

As previously described in the Morro Bay June 7, 2017 News Release, Experion has received a "Confirmation of Readiness" letter from Health Canada in regard to the Experion ACMPR License application. Experion has now completed construction of its indoor marijuana production, secure storage and processing facility located near Mission, BC (the "Facility"). Under new Health Canada guidelines which became effective in late May 2017, the Facility is not required to undergo a Pre-License Inspection in advance of issuance of the License to Produce, however, Experion was required to provide evidence of the Facility's readiness to commence production. Upon completion by Health Canada of its review of documentation submitted by Experion (i.e. demonstrating its readiness to commence production) and completion of any remedial work required by Health Canada, Experion anticipates receiving its ACMPR License.

Experion Debenture Offering

Experion has proceeded to enter into agreements to issue and sell \$1,056,000 aggregate principal amount of eight percent (8%) unsecured convertible debentures (the "Debentures"). Each Debenture is due and payable on or before July 31, 2019. The issuance date of the Debentures is August 1, 2017 (the "Issuance Date"). For each one-thousand dollars (\$1,000) owing on the Debentures, the Debentures are convertible into Experion Units (described below), at the option of the holder, at any time after the earlier of a change of control of Experion and September 30, 2017, and prior to eighteen (18) months from the Issuance Date. The Debentures may be converted at the option of Experion. The Experion Units consist of 533.333 Experion Shares and 533.333 Experion Share purchase warrants (the "Experion Units"). As a result, upon conversion of the Debentures a total of 1,056 Experion Units may be issued which Experion Units will result in the issuance of 563,200 Experion Shares and 563,200 Experion Share purchase warrants. The Experion Share purchase warrant (the "Experion Warrant") entitles the holders thereof to acquire one (1) Experion Common Share at a price of \$2.50 for a period expiring ten (10) months from the Issuance Date.

In consultation with Morro Bay, Experion elected to proceed with the Debenture offering to ensure it has the necessary capital to move forward with its business plans for the up-coming year. Experion intends to construct 40,000 square foot of greenhouse canopy (the "Greenhouse"). The \$1,056,000 raised through the Debenture offering, in addition to being available

for general business purposes, enables Experion to proceed with site development adjacent to the Facility and to make a deposit on the Greenhouse construction.

The Debenture offering was non-brokered and conducted on a private placement basis.

The Debentures were issued to the subscribers based upon agreements by them to sell the Debentures to Morro Bay in exchange for the delivery by Morro Bay of units consisting of one Resulting Issuer Share and one Resulting Issuer Share purchase warrant (the "Debenture Acquisition Warrants") for each \$0.60 owing pursuant to the Debentures (including principal and interest owing as of August 31, 2017). The Debenture Acquisition Warrants are exercisable to acquire one Resulting Issuer Share at a price of \$0.80 for a period of nine (9) months following the closing of the Reverse Take-over Transaction and the Offering (as described below). Formal Debenture sale agreements are anticipated to be obtained from the Experion debentureholders.

Assuming the acquisition by Morro Bay of the Debentures (the "Debenture Acquisition"), Morro Bay will issue to the Debenture holders a total of 1,771,958 Resulting Issuer Shares and 1,771,958 Debenture Acquisition Warrants. Completion of the Debenture Acquisition is subject to conditions including the completion of the Reverse Take-over Transaction.

In the event of Morro Bay's election to convert the Debentures to Experion Shares and Experion Warrants, Morro Bay would be entitled to 563,200 Experion Shares and 563,200 Experion Warrants (not including amounts owing for interest). As a result, upon conversion of the Debentures, there will be 13,896,533 Experion Shares outstanding and 563,200 Experion Warrants outstanding. Assuming the Drag Along Right does not occur, after conversion of the Debentures, Morro Bay would own 11,396,533 Experion Shares (82%) and, on fully diluted basis, Morro Bay would own 11,959,733 Experion securities (82.7%).

Morro Bay Financing

As announced on May 23, June 7, and June 8, 2017, in conjunction with the Offer, Morro Bay is proceeding to raise gross proceeds of a minimum of \$500,000 and a maximum of \$3,000,000 by way of a brokered private placement (the "Offering"). As announced on June 8, 2017, Wellington-Altus Private Wealth (the "Agent") has been retained to act as agent in regard to the Offering.

On June 7 and June 8, 2017 it was announced that the Offering would proceed on a Subscription Receipts basis. It has been agreed by the Agent and Morro Bay to amend the terms of the Offering. It has been agreed not to proceed with the Offering on the Subscription Receipts basis, but rather to offer the Morro Bay Units which the Subscription Receipts were to be converted into. The closing of the Offering remains subject to the same conditions as the Subscription Receipts arrangement. Specifically, Morro Bay must provide confirmation that it is in receipt of all necessary shareholder, court and/or regulatory approvals including (a) the consolidation of the common shares of Morro Bay; and (b) completion of the Reverse Take-over Transaction by Experion of the Corporation prior to the closing of the Offering.

John Zang, CEO of Morro Bay commented "Often Subscription Receipts are utilized when the closing of the financing and the closing of the Reverse Take-over Transaction are anticipated to occur at different times. Given that it appears that the closing of the financing and the Reverse Take-over Transaction appear to be in a position to close in the foreseeable future and given that there are some hurdles that have to be over-come in the Subscription Receipts scenario, we decided to simply proceed with a financing through the Units".

As a result, pursuant to the Offering, Morro Bay intends to issue up to a minimum of 833,333 Units and a maximum of 5,000,000 Units at a price of \$0.60 per Unit. The minimum investment by a subscriber to the Offering is \$3,000 (5,000 Units). Closing of the Offering will occur at the same time as the completion of the Reverse Take-over Transaction. As announced on June 7 and June 8, 2017 each Unit will consist of one Resulting Issuer Share and one-half of one Resulting Issuer Share purchase warrant (each whole common share purchase warrant hereinafter referred to as the "Offering Warrant"), with each Offering Warrant being exercisable to acquire one common share of the Company at a price of \$0.80 for a period of nine (9) months following the closing date.

The Agent's compensation as disclosed in the Morro Bay News Release dated June 8, 2017 has not been amended other than changing the compensation to be related to Units sold rather than Subscription Receipts sold. As a result, in connection with the Offering, the Agent will be entitled to a corporate finance fee of \$20,000 and: (i) a sales commission of 7% of the gross proceeds of the Units sold by the Agent pursuant to the Offering to persons not on the list of potential subscribers provided by the Company (the "President's List"); and (ii) a sales commission of 3.5% of the Units sold to subscribers on the President's List (all herein referred to as the "Agent's Commission"). The Agent will also be granted warrants to purchase Units in an amount equal to 7% of the Units sold by the Agent pursuant to the Offering to persons not on the President's List and 3.5% of the Units sold to persons on the President's List (the "Agent's Warrants"). The Agent's Warrants will have a term of 9 months from the closing of the Offering and will be exercisable at the price of \$0.60 per Agent's Warrant. The Agent will also be reimbursed for its out of pocket expenses and the payment of all applicable sales taxes on the fees.

The Over-Allotment Option described in the Morro Bay June 8, 2017 news release also remains. That is, Morro Bay has agreed

to grant to the Agent an option to cover over-allotments and for market stabilization purposes (the "Over-Allotment Option"), which will allow the Agent to arrange for purchasers to acquire up to 10% of the number of Units sold under the Offering. The maximum amount to be raised pursuant to the Over-Allotment Option is \$300,000 resulting in the issuance of a maximum of 500,000 Units. The Over-Allotment Option will be exercisable, in whole or in part, at any time up to 30 days after the closing of the Offering.

As previously announced:

- 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.
- Completion of the Offering is subject to receipt of TSX Venture Exchange approval, completion of the Reverse Take-over Transaction, receipt of the ACMPR License and other requisite approvals, and completion of Agent's due diligence.
- All of the securities issuable in connection with the Offering will be subject to a hold period expiring four months and one day after the date of issuance.
- Upon closing of the Reverse Take-over Transaction, the proceeds of the Offering will be used to pay the expenses related to the Reverse Take-over Transaction and to proceed with the business of the post-Transaction company.

Additional details concerning the proposed uses of the Offering proceeds were included in the Morro Bay News Release dated June 7 and June 8, 2017.

Forecast Capitalization

Assuming the completion of the Reverse Take-over Transactions described herein after closing the outstanding Resulting Issuer Shares is anticipated to be as follows:

Forecast Resulting Issuer Shares Outstanding Upon Closing	
	Resulting Iss
Current Morro Bay Shareholders Shares Owned ⁽¹⁾	3,386,520
Resulting Issuer Shares to be issued to Experion Accepting Shareholders Pursuant to the Offer ⁽²⁾	33,935,757
Resulting Issuer Shares to be issued to Debentureholders Pursuant to the Debenture Acquisition	1,771,958
<i>Subtotal</i>	<i>39,094,235</i>
Offering Units to be Issued and Percentage (basic) ⁽³⁾	
Total Forecast Resulting Issuer Shares (basic) ⁽³⁾	
Resulting Issuer Shares to be Issued on Conversion of Debenture Acquisition Warrants and Funds to be Received	1,771,958
	\$1,410,548
Resulting Issuer Shares to be Issued on Conversion of Offering Warrants and Offering Warrant Funds to be Received	
<i>Total Forecast Fully Diluted Resulting Issuer Shares ⁽²⁾</i>	<i>40,866,193</i>

Notes:

(1) Assuming the consolidation of the current outstanding Morro Bay Shares on the basis of 3.603457 for one Resulting Issuer Share.

(2) Assuming the Drag Along Right does not occur. In the event the Drag Along Right occurs an additional 7,831,329 Resulting Issuer Shares will be issued.

(3) Not including securities issuable pursuant to the Over-Allotment Option and from the Agent's Commission.

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.

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 Reverse Take-over 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. There can be no assurance that the Reverse Take-over 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 Reverse Take-over Transaction, any information released or received with respect to the Reverse Take-over 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 Reverse Take-over Transaction and has neither approved nor disapproved the contents of this news 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 proposed acquisition of Morro Bay and the Offering; and the anticipated business plan of Morro Bay subsequent to completion of the Reverse Take-over Transaction described herein. 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 Reverse Take-over 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:

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