



Canada House Announces \$1 million Acquisition of 54 acres for a New Production Facility

TORONTO, Dec. 17, 2018 -- Canada House Wellness Group Inc. (“Canada House” or the “Company”) (CSE:CHV), through its wholly owned subsidiary Abba Medix Corp., is pleased to announce it has entered into an agreement to acquire 54 acres of property in the Town of Vegreville, Alberta for development of a new production facility to support its medical and recreational cannabis sales in Western Canada. The acquisition includes all assets of the vendor limited partnership including, the underlying title of the 54 acre parcel, the county rezoning approval for cannabis production, a support letter from the Town of Vegreville and the county of Minburn and a complete ACMPR application in the security and review stage. CHV’s Board of Directors commissioned two (2) third-party and independent appraisals, the lowest of which valued the assets at ~\$3.8 million.

Growth Opportunity

The Facility (the “Facility”) has a potential of 160,000 sq. ft which is expected to achieve ~31,000 kilograms of dried product per year upon completion. The Facility, which is to be constructed in 4 phases, will support growing and finished product operations, research & development, extractions, and new product development. Management expects the Facility to have an initial production ~2,000 kilograms of dried product per year by the end of calendar year 2019 and to ramp up to 31,000 kilograms of dried product per year by the end of calendar year 2022. All requisite services and infrastructure are in place to proceed with the development.

“We need more production capacity for our high-end premium and medical grade craft Cannabis. This acquisition achieves just that.” commented CHV’s CEO, Chris Churchill-Smith. “The purchase of the real estate in Vegreville, on which our production facility will be developed, allows us to have complete security over our future needs, including the quantities, strains and quality of the cannabis for our patients and the recreational market. We are extremely pleased with the terms and conditions of the deal as it no doubt increases shareholder value, and leverages our industry leading infrastructure and talent,” concludes Mr. Churchill-Smith.

Related Party Transaction

Mr. Riley McGee is an officer of Canada House and also a director of the limited partnership selling the property’s general partners. Accordingly, the Transaction is deemed to be a “related party transaction” as defined under Multilateral Instrument 61-101- Protection of Minority Security Holders in Special Transactions (“MI 61-101”). Mr. McGee was not involved in Canada House’s consideration of the transaction which was unanimously approved by Canada House’s Board of Directors. The Transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 (pursuant to subsections 5.5(a) and 5.7(1)(a)) as the fair market value of the related party transaction is not more than 25% of the market capitalization of Canada House. The material change report in connection with the Private Placement was not filed 21 days in advance of the closing of the Transaction for the purposes of Section 5.2(2) of MI 61-101 on the basis that the definitive agreement was drafted to provide for only five business days between signing the agreement and closing the funds of the Transaction.

In exchange for the assets, Canada House will pay \$160,000 in cash at the closing of the acquisition, will issue shares in the Company with an aggregate value of \$125,000.00 on the fifth day following the closing, \$100,000 in cash or shares, at the election of the Company, on the sixtieth day following closing, and \$100,000 in cash or shares, at the election of the Company, on the one-hundred twentieth day following closing. The remaining \$375,000.00 in purchase price is payable in shares in the Company, to be priced at the 5-day volume-weighted average price of the Company’s common shares less 15%, upon the achievement of certain milestones related to the completion and first full harvest from the Facility. The transaction requires regulatory approval and is anticipated to close in December 2018.

Canada House Wellness Group Inc.

Canada House is an experienced, integrated medical cannabis company providing patient-specific cannabinoid therapy products and services through its clinics and licensed producer. Canada House is the parent company of Canada House Clinics Inc., Knalysis Technologies and Abba Medix Corp. For more information please visit www.canadahouse.ca or www.sedar.com.

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Cautionary Statement Regarding Forward-Looking Information. This press release contains forward-looking statements, including statements that relate to, among other things, the Company's clinic, production and technology businesses, its future plans, the Company's markets, objectives, goals, strategies, intentions, beliefs, expectations and estimates, and can generally be identified by the use of words such as "may", "will", "could", "should", "would", "likely", "possible", "expect", "intend", "estimate", "anticipate", "believe", "plan", "objective" and "continue" (or the negative thereof) and words and expressions of similar import. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements. Material assumptions used to develop forward-looking information in this news release include, among other things, the regulations related to cannabis use under the Access to Cannabis for Medical Purposes Regulations and the act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts, passed by the Canadian Federal government, making cannabis legal for recreational use by October 17, 2018; Company liquidity and capital resources, including the availability of additional capital resources to fund its activities; level of competition; the ability to adapt products and services to the changing market; the ability to attract and retain key executives; and the ability to execute strategic plans. Additional information about material factors that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in the Company's most recent annual and interim Management's Discussion and Analysis under "Risk and Uncertainties" as well as in other public disclosure documents filed with Canadian securities regulatory authorities. The Company does not undertake any obligation to update publicly or to revise any of the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise, except as required by law.

Neither the CSE nor its Regulation Services Provider (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release.