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Abba Medix Signs Agreement with Pharmadrug Production for the Supply of Medical Cannabis to the German Market

Toronto – October 31, 2019 (CNW) - Canada House Wellness Group Inc. (CSE: CHV) (“**Canada House**” or the “**Company**”), is pleased to announce its wholly owned subsidiary, Abba Medix Corp. (“**Abba**”), has entered into a five-year supply agreement (the “**Supply Agreement**”) with Pharmadrug Production GmbH (“**Pharmadrug**”), a German EU GMP approved generic pharmaceutical manufacturer, and a subsidiary of Pharmadrug Inc. (CSE: BUZZ).

Under the Supply Agreement, Pharmadrug will purchase medical cannabis from Abba’s cultivation facility for sale in Germany under Pharmadrug’s *Cannabion* brand. Minimum quantities for the first year are 250 kg of dry flower or oil equivalent, with a right to purchase an additional 250 kg, at a bulk sale price of EUR 4.00 per gram. At today’s exchange rates, this equates to minimum approximate revenue of \$1.5M CAD during the first year of the Supply Agreement. Minimum quantities for the subsequent years increase to 500 kg of dry flower or oil equivalent, with a right to purchase an additional 500 kg at the same first year price, subject to a price reduction if German wholesale prices fall by more than EUR 1.50 per gram. At the agreed bulk sale price and today’s exchange rates this equates to minimum approximate revenue of \$3.0M CAD during the subsequent years of the Supply Agreement. Subject to a right of first refusal by Pharmadrug, Abba will have the ability to sell additional dry flower or oil equivalent during the term of the Supply Agreement. The parties are also in discussions with respect to importing high CBD/trace THC strains for other Eurozone countries that are CBD-only jurisdictions.

“This is a significant supply agreement for Abba as it opens the door to the German market,” said Michael Orrbrooke, Chief Revenue Officer, Canada House and President, Abba Medix. “Germany is one of the largest and fastest growing medical cannabis markets in the world and represents a huge milestone in our international export strategy.”

Pharmadrug is a German pharmaceutical distribution company with over 20 years of operating history and a Schedule I European Union narcotics license allowing for the distribution of medical cannabis to pharmacies in Germany and throughout the Eurozone as markets become legalized. Pharmadrug will sponsor and assist Abba in obtaining its EU GMP certification and in registering Abba’s strains with German regulators. Abba has already utilized a third-party EU GMP consultant and Pharmadrug will assist Abba in completing its necessary SOPs. As such, Abba and Pharmadrug anticipate the process can be completed in a relatively timely manner, with shipments beginning as early as March 31, 2020.

“This supply agreement with Pharmadrug takes us one step closer to bringing our high-quality cannabis to the German market. Having an established route into the European market is of deep value to Abba and Canada House and an important next step in our Path to Profitability.” says Canada House CEO Chris Churchill-Smith. “We are working to accelerate our facility’s EU GMP certification as we continue to build out meaningful and sustainable distribution channels. We look forward to working with Pharmadrug during the final phases of Abba’s EU GMP certification process and bringing our product to the German market in the near term.”

About Canada House Wellness Group Inc.

Canada House Wellness Group Inc. is the parent company of Abba Medix Corp., a Licensed Producer in Pickering, Ontario that produces high quality medical grade cannabis; Canada House Clinics Inc., with clinics across the country that work directly with primary care teams to provide specialized cannabinoid therapy services to patients suffering from simple and complex medical conditions; and Knalysis Technologies, a provider of fully customizable, cloud-based software that links physician, provider, and patient to data that supports treatment with medical cannabis.

Canada House Wellness Group’s goal is to become the leading cultivator of premium craft cannabis and provider of cannabinoid therapy, targeting the medical cannabis markets globally. Please visit www.canadahouse.ca.

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