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Canada House Wellness Group Provides Business Update

Toronto, December 19, 2019 (CNW) - Canada House Wellness Group Inc. (CSE: CHV) ("**Canada House**" or the "**Company**") today provided a business update.

Although the Canadian cannabis industry experienced significant headwinds throughout 2019, Canada House's focused and differentiated strategy, coupled with its ability to make quick and nimble decisions given its small scale, provides the Company with the opportunity to succeed heading into 2020.

In 2019, Canada House focused on making its clinic division, Canada House Clinics ("*CHC*"), profitable, completing its production facility in Pickering, Ontario, substantially completing preparations towards EU-GMP certification, pursued provincial distribution agreements, and entered into two new international supply agreements. In 2020, the Company's strategy will be laser-focused on sustainable profitability and positive cash generation by reducing expenses wherever possible, pursuing opportunities with the highest ROI. The Company will continue to reduce non-core overhead, close unprofitable clinics, and maintain continuous improvement initiatives across the entire organization. Canada House's specific efforts are described in more detail below.

Medical Cannabis Market

Canada House Clinics - CHC has been participating in the medical cannabis market since 2013. CHC has developed a deep understanding of the Medical Cannabis Market, having seen in excess of 14,000 patients over a six-year period. CHC was one of the first providers of medical

cannabis services to the veteran market and now services non-veteran patients as well. Patients in CHC's fourteen clinics consume over 3,000 kg of dried flower per year, providing consistent and growing revenue for the Company. With support from its founders, Mike Southwell and Fabian Henry, the clinics continue to see patient growth, industry leading revenue/patient statistics, and sticky patient loyalty.

Abba Medix Corp. ("Abba") - Subsequent to the quarter ending October 31, 2019, Abba entered into a two-year Medical Cannabis Supply Agreement with Franchise Cannabis Corp.'s wholly owned subsidiary, ACA Müller ADAG Pharma Vertriebs GmbH, the first company in Germany licensed to distribute medical cannabis. This agreement is for the sale and export of a minimum of 200 kg of pharmaceutical-grade EU-GMP cannabis flower into the European Union each year. During the quarter, Abba also entered into a five-year supply agreement with Pharmadrug Production GmbH, a German EU GMP approved generic pharmaceutical manufacturer, and a subsidiary of Pharmadrug Inc. Under the agreement, Pharmadrug will purchase medical cannabis from Abba's 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. 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.

Licensed Producer

Abba was awarded its license to sell products to provinces and medical patients in September 2019 and, following the statutory sixty-day Health Canada notice period, commenced medical sales of Abba branded products to patients on October 1, 2019. This new and incremental revenue marks the inflection point in the Company's consolidated revenue trajectory. Prior to October 2019, substantially all of Canada House's revenues were generated through the Clinics and, for the first time, the Company's future quarters will include revenues from the sale of cannabis.

The Company is pleased to report that due to the strong technical team at Abba, its facility is running efficiently on a perpetual harvest basis. Building on the many years of experience in CHC, Abba has a deep understanding of which strains are most beneficial for specific medical

conditions. Abba has structured and enabled a Customer Care Team to offer industry leading service to patients to help with product registrations and provide a top-notch patient experience to all consumers of Abba product.

The Canada House team also continues to be laser-focused on obtaining EU-GMP certification. Abba is working diligently with its distribution partners in Europe to obtain the final certification which would then see Abba processed dried flower available for distribution and sale in Germany.

Abba's website has been updated to include its available products, "products coming soon", and an online patient solution. In addition, Abba has expanded its product portfolio through the purchase of high THC and CBD flower in bulk and recently announced a licensing agreement with Santa Cruz Medicinals™ to execute on Canada House's Health and Wellness strategy. The revenue from Abba builds on the revenue from CHC and provides a clear view towards the Company's Path to Profitability.

Other Corporate Updates

The high inventory levels in the Canadian cannabis market, time to market for a new development project, and management's prioritization of capital investments has brought into question past decisions concerning the Vegreville, Alberta property. Canada House's management team has decided that pursuing the development of this project is no longer core to the Company's strategy, but for now, it remains available should market conditions change. Alternatively, it may be sold should a suitable offer be received.

Rather than pursue a branding and retail strategy through the Company's agreement with Weedbox Inc., Canada House has decided to execute its retail strategy through provincial supply agreements and the creation of a product and brand portfolio for the Health & Wellness space. In conjunction with this decision, Canada House is reviewing its strategy with respect to the Edmonton dispensary and investigating potential interest from strategic partners. Canada House does not intend to invest nor operate the Edmonton dispensary alone. It will review strategic alternatives for this project throughout 2020.

In October of 2018, Abba entered into a Joint Venture with Nutritional High International Inc. ("NH") for the joint development of extraction capabilities within Abba's licensed facility in

Pickering, Ontario (the “JV”). The JV contemplated certain funding obligations by both Abba and NH, certain operating project costs to be included at the JV level, and an equal profit share between Abba and NH. Canada House management has determined that participating in the oils and extracts market is part of the Company’s core strategy, however, the economics contemplated under the JV do not sufficiently compensate Abba for its existing licenses, the proximity of its licensed facility to the Greater Toronto Area, and the expertise of its existing staff. As such, and in light of the Company’s current focus on protecting its Balance Sheet, the Company has decided not to pursue the JV under its current terms.

Given Canada House’s intention to offer oils and concentrate products to medical patients and provincial distributors in an expedited fashion, the Company has developed a relationship with an Ontario based licensed producer focusing only on extraction (the “Extraction Partner”). Under the terms of the relationship, the Extraction Partner will make available to Abba bulk transferred oils and tinctures for sale through Canada House’s distribution network and will contract manufacture white label products for Abba. Canada House will incur no capital expenditure to bring these products to market. Abba is currently working with Health Canada to amend its license to allow for the sale of oils and concentrate products. The Company expects, license permitting, to have these products available for sale to provincially authorized distributors and registered Abba patients during CYE Q1 2020.

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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