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## **CANADA HOUSE WELLNESS GROUP ANNOUNCES \$6.5 MILLION STRATEGIC INVESTMENT FROM ARCHERWILL INVESTMENTS**

*Toronto – July 16, 2020 (CNW)* - Canada House Wellness Group Inc. (CSE: CHV) (“**Canada House**”, or the “**Company**”), is pleased to announce that it has entered into a subscription agreement (the “**Subscription Agreement**”) with Archerwill Investments Inc. (“**Archerwill**”) for a strategic investment in Canada House (the “**Transaction**”).

### **Transaction Highlights**

- Archerwill will invest \$6,500,000 in the form of a secured convertible debenture (the “**Debenture**”) to obtain a 15.9% ownership interest in Canada House if the full principal amount is converted;
- Archerwill will concurrently receive common share purchase warrants (“**Warrants**”), exercisable at \$0.06 per share for a period of 4 years, which, if exercised in full, would subsequently increase Archerwill’s ownership interest to 27.5%, (assuming the conversion and exercise in full of the Debenture and Warrants but no other conversions of the outstanding securities of Canada House)
- Archerwill will be entitled to nominate two directors for appointment to the board of directors of Canada House; and
- In connection with the Transaction, Canada House and Archerwill will enter into an investor rights agreement which will provide Archerwill with a right to match certain acquisition proposals received by Canada House, pre-emptive rights allowing it to participate alongside common shareholders in future financings in order to maintain its ownership percentage moving forward, as well as certain other governance rights in respect of Canada House.

“After many months of canvassing the capital markets for the right strategic equity sponsor, we are extremely pleased to have come to terms with Archerwill. The principals of Archerwill bring a wealth of experience to Canada House. Most recently, after investing in Mill Street Brewery, they helped transform the company into Canada’s leading craft brewery before ultimately selling the company to Labatt Brewery (a subsidiary of AB InBev), in 2015,” commented Canada House CEO Chris Churchill-Smith. “We are looking forward to benefitting from this strategic experience and corporate discipline, as well as their deep understanding of the Consumer-Packaged Goods space. On behalf of the Canada House organization, I would like to welcome Irvine and Kevin Weitzman as key stakeholders in our organization. We are excited to have their support as we continue to accelerate our business over the coming months.”

“The strategic investment from Archerwill is the final step in a significant corporate overhaul of Canada House that has taken place over the last twenty-four months. We have optimized our organization from top to bottom, having abandoned non-core initiatives to the benefit of a new, clearly articulated strategic focus: serving the veteran community and supplying strategically selected provincial cannabis retailers; the transformational acquisition of IsoCanMed Inc., a Quebec-based licensed producer, whose focus on Quebec distribution represents a significant opportunity for growth and development; and a strategic equity sponsor that will allow us to focus on the execution of this strategy. We are now well-positioned to deliver medical cannabis services and medical-grade cannabis products to the veteran market and to the Quebec adult use market,” added Mr. Churchill-Smith. “This investment transaction significantly improves our balance sheet, bolsters cash flow and provides Canada House with the necessary capital expected to bring Canada House to profitability and to accelerate growth this calendar year.”

Irvine Weitzman, President of Archerwill, adds, “We are extremely excited about this investment and commend Chris and his team for the progress that has been made during the last two years. Canada House now has the infrastructure required to take a leadership position in the two core market segments that are being targeted, veterans and targeted provincial retailers, and we look forward to supporting Chris and his team as the company further executes its corporate development plan.”

The proceeds to Canada House from the Transaction are expected to be used to retire certain existing obligations of Canada House and for general working capital and expansion purposes.

### **Convertible Debenture and Warrants**

The Convertible Debenture and Warrants issuable to Archerwill pursuant to the Subscription Agreement are to have the following features:

- The Debenture will have a principal amount of \$6,500,000;
- The Debenture (including accrued and unpaid interest) may be converted into common shares of Canada House (the “**Common Shares**”) at a price of \$0.05 per Common Share;
- The Debenture will bear interest at a rate of 8.0% per annum compounded annually, convertible into shares at the election of Archerwill or payable in cash at maturity;
- The Debenture will be secured by a first-priority lien over all present and future property of the Company pursuant to a general security agreement to be entered into between the Company and Archerwill. The obligations of the Debenture will also be the subject of a guarantee in favour of Archerwill to be granted by each material subsidiary of the Company and secured by a first-priority lien over all present and future property of each such subsidiary, except in the case of IsoCanMed Inc., where Archerwill’s security interest will be subordinated to the obligations of IsoCanMed Inc. as guarantor of promissory notes issued by Canada House in connection with the acquisition of IsoCanMed Inc.
- Unless converted earlier, the Debentures will mature five years after the date of issuance; and
- Archerwill will be issued Warrants to purchase 130,000,000 Common Shares at an exercise price of \$0.06 per Common Share (subject to adjustment) for a term of four years following issuance.

### **Closing of the Transaction**

The Transaction is subject to customary closing conditions and applicable regulatory approvals, but does not require approval of Canada House shareholders.

As a condition to closing of the Transaction contemplated by the Subscription Agreement, certain shareholders of Canada House are required to enter into voting support agreements pursuant to which

shareholders holding an aggregate of approximately 359,484,754 Common Shares, representing approximately 52.35% of the issued and outstanding Common Shares of Canada House will agree to vote for the election of Archerwill's nominees to the Canada House board of directors, and against any "change of control" or sale transaction, which is subject to shareholder approval, which would impair Archerwill's rights under the other agreements.

### **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; IsoCanMed Inc., a Licensed Producer in Louiseville, Quebec growing best-in-class indoor cannabis, in its 64,000 sq.ft. production facility employing state-of-the-art vertical, aeroponic production methodologies; 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](http://www.canadahouse.ca) or the Company's public filings at [www.sedar.com](http://www.sedar.com).

### **For further information, please contact:**

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