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MTL CANNABIS TO ACQUIRE CONTROL OF CANADA HOUSE

THE PRIVATELY HELD COMPANY ENTERS INTO DEFINITIVE SHARE EXCHANGE AGREEMENT TO FACILITATE RTO OF CANADA HOUSE WELLNESS GROUP

The acquisition combines proven high quality dried flower sales and industry-leading yields with immediate facility expansion, increased capacity, enhanced product development, key sales licences, existing provincial supply deals, and direct distribution to medical patients focused on Veterans.

Montréal, Québec – August 9, 2021 (CNW) - Montréal Cannabis Médical Inc. (“**MTL Cannabis**”), a Montréal-based “flower-first” Licensed Producer, and Canada House Wellness Group (CSE: CHV) (“**Canada House**” or the “**Company**”), a fully integrated cannabis company, today announced that they have entered into a definitive share exchange agreement dated August 9, 2021 (the “**Agreement**”) for Canada House’s acquisition of all of the issued and outstanding shares of MTL Cannabis (“**MTL**” or “**MTL Cannabis**”) (the “**Transaction**”). The Transaction is between arm’s length parties and constitutes a “reverse takeover” of the Company, and it is anticipated that the Company will operate under the MTL Cannabis corporate name with shares trading on the CSE under a related ticker symbol following the closing of the Transaction (the “**Closing**”).

Prompted by the demonstrated and continued success of MTL’s top-selling Sage n’ Sour cultivar, this deal gives Mitch and Rich Clement, brothers and founders of flower-first MTL Cannabis, the opportunity to accelerate their Québec cultivation footprint while accessing the resources needed to meet the surging market demand for dried flower, the largest segment of the cannabis market. The Clement’s bring decades of cannabis expertise and top-quality genetics to the legal market, along with a strong understanding of scaling consistent product. The deal also provides the group with the ability to build upon MTL’s current brand portfolio, and develop a diverse flower menu bringing premium, accessible products to cannabis consumers while maintaining existing supply agreements.

Since its recreational market launch in October 2020, MTL Cannabis has emerged as one of Canada’s fastest-growing dried flower consumer brands, placing in the top five (5) in dried flower sales in most provinces. This momentum is due to the brand’s delivery of consistent, high-quality bud, along with the brand’s strategic pricing position which offers the consumer premium product benefits at value pricing.

MTL Cannabis will continue to focus on its long-term CPG portfolio strategy for current and upcoming brands, supporting both the adult-use and medical markets.

The transaction will provide MTL Cannabis with immediate access to additional licensed cultivation space, more than doubling the company's current 57,000 sq. ft. footprint and annual production capacity of 13,000 kilograms of high-quality dried flower, to 120,000 sq. ft. and 30,000 kilograms of annual production. MTL Cannabis has further expansion capabilities with an additional 58,000 sq. ft. of cultivation and production space through a second building situated at MTL's Pointe-Claire location. Following the Closing, MTL Cannabis' wholly owned subsidiaries will hold cultivation, processing, and sales licences for plants/seeds, flower, oil, concentrate, topical and edible products and will have existing supply agreements with nine Canadian provinces including British Columbia, Alberta, Ontario, and Québec.

"The consumer is asking for more of our flower, at the same quality as Sage n' Sour. To meet their demands and build additional brands we need more space. Staying committed to the craft of growing a consistent supply of high-quality cannabis for the masses is what we focus on daily. This approach ensures we produce great weed that the consumer wants and allows retailers to feel confident in the MTL products they carry." — Mitch Clement, COO MTL Cannabis

By controlling the quality of the flower, commercial opportunities in this segment will remain within reach and allow for ongoing market and segment growth. With dried cannabis flower representing the largest segment of national cannabis sales, high-quality, affordable offerings will continue to be a cannabis industry staple. MTL Cannabis will remain committed to markets, products, and channels that meet the needs of patients and recreational consumers who are looking for great, smokeable, well-priced dried flower.

"We are excited at the prospect of growing our distribution reach and capabilities by joining forces with Canada House's teams at Abba Medix, Canada House Clinics ("CHC"), and IsoCanMed. Being able to commercially scale our dried flower, while supporting patient care and Canada House's Veteran program across Canada is something that we are excited to do. With the Québec medical market still in relative infancy, we are looking forward to bringing Québec Veterans and patients the support and products they need and deserve." — Rich Clement, CEO MTL Cannabis

In addition to increased production capacity, the transaction will provide MTL with, among other things, Canada House's:

- Experienced operating teams and IP.
- Extended sales and processing licensing capabilities.
- Enhanced retail sales portfolio through immediate access to brands distributed in Québec; and
- Profitable medical business with a direct-to-patient model focused on Military Veterans, and a clinic network with fourteen (14) locations nationwide.

Dried flower continues to dominate in the Veteran medical cannabis segment, accounting for over 60% of sales according to Canada House's sales data. As the Canadian medical cannabis market matures, coverage programs will help to ensure long-term sales growth for this segment. Through the patient care teams in place across CHC and Abba Medix; MTL Cannabis will continue to serve Veteran and non-Veteran medical patients by providing a robust dried flower menu, along with other formats through third-party partners and suppliers.

“In a market where close to 500 tonnes of unsaleable cannabis was destroyed across Canada, MTL has proven that properly priced high-quality product sells through and thrives in the legal market. This Transaction will create immediate value for shareholders through unique genetics and cultivation methods that will increase expected yields from our existing production footprint by five times, while better utilizing Canada House’s strengths and assets focused on the medical cannabis market. I look forward to working alongside Rich and Mitch and the broader MTL team to prove out that Canadian cannabis companies can be profitable by bringing craft to the masses” commented Chris Churchill-Smith, CEO of Canada House.

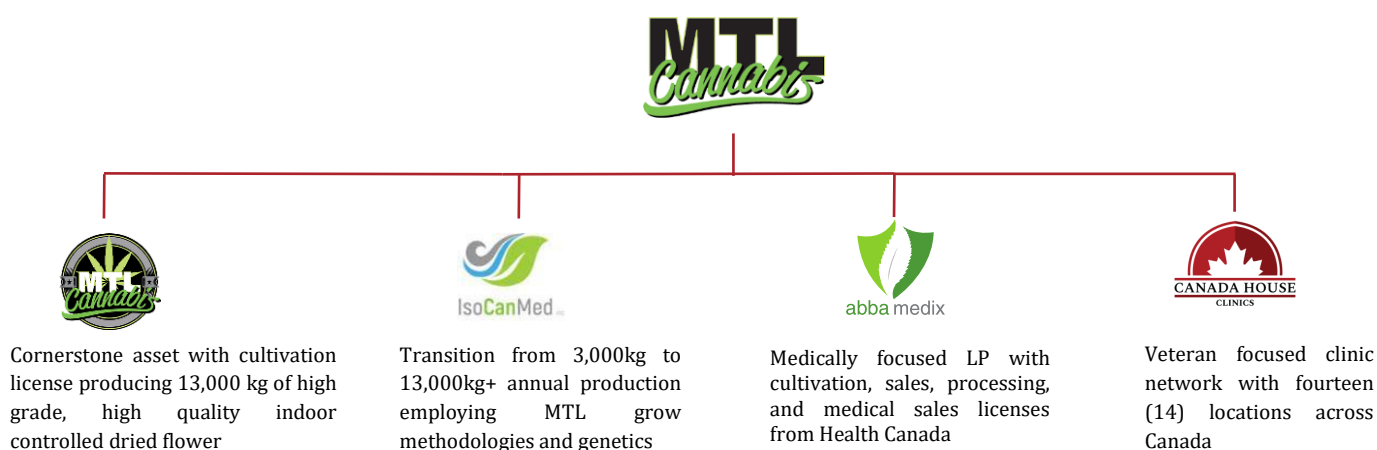
Transaction Highlights

- **Significant combined sales:** MTL has already achieved profitability via its ability to meet consumer’s needs at an affordable price. Based on recent results, MTL Cannabis and Canada House generate annualized aggregate sales of over \$24 Million, with additional upside stemming from MTL’s ability to leverage existing sales licences and distribution of Abba Medix and increased production from IsoCanMed’s facility.
- **Enhanced cultivation and distribution capabilities:** Leveraging low-cost-per-gram production rates enhanced by the province’s operational advantages, MTL Cannabis will expand their total cultivation capacity to 120,000 sq. ft. providing approx. 30,000 kilograms of dried flower annually. Additionally, MTL will leverage the packaging and distribution capabilities of Abba Medix’s fully licensed 20,000 sq. ft. facility located in Pickering, ON.
- **Builds on an already strong management team:** Canada House’s management team brings extensive medical, clinic, financial and strong industry relationships to complement MTL’s strengths in operations, cultivation, brand development, marketing, retail, and sales. Following Closing, Canada House’s executive management team will join MTL’s executive management team with current Canada House CEO Chris Churchill-Smith continuing in the CEO role of MTL Cannabis.
- **Leverage proven medical cannabis expertise and distribution:** CHC has operated medical cannabis clinics for over 7 years, and Abba Medix has quickly built a significant medical business. CHC clients purchase over \$30 M of legal medical cannabis each year. The Transaction solidifies the relationship established by an exclusive medical distribution agreement entered between the Companies in June 2021.
- **Advancement of brand portfolio:** By ensuring consistency, quality, and maintaining its commitment to the craft, MTL will continue to deliver high-quality cannabis for current and future product offerings. This Transaction will increase MTL’s retail footprint by combining brand portfolios under both MTL Cannabis and Canada House, and through the development of new commercially viable genetics and brands.

Current Canada House Organizational Chart



Post-Closing MTL Organizational Chart



Terms of the Transaction

The Transaction is conditional upon the Company completing the consolidation of the Company's issued and outstanding Common Shares on the basis of thirty pre-consolidation shares for one post-consolidation share (the "**Share Consolidation**"). Upon Closing, the vendors of MTL Cannabis (the "**Vendors**"), collectively, will be issued shares (the "**Consideration Shares**") amounting to approximately 80% of the issued and outstanding common shares of Canada House immediately post-Closing, assuming the conversion of the principal and accrued interest of the Company's \$6.5 million convertible debenture issued on August 5, 2020, but no other convertible securities of the Company. The Consideration Shares will be subject to lock-up agreements pursuant to which the Vendors will covenant not to sell, transfer or otherwise dispose of the Consideration Shares prior to the 6-month anniversary of the Closing. On the 6-month anniversary of the Closing, 25% of the Consideration Shares will be released from lock-up, with the remaining Consideration Shares released in three equal tranches every six months following the first release, subject to customary resale restrictions under applicable law.

The purchase price also includes a performance-based cash earnout payment of \$5 million, conditional upon MTL Cannabis achieving certain agreed upon milestones.

The acquisition is expected to close in the fourth quarter of calendar 2021 and is subject to a number of conditions customary for a transaction of this nature, including but not limited to (i) approval by the shareholders of Canada House of the acquisition at a special meeting to be called for these purposes, (ii) the completion of the Share Consolidation, (iii) there being no material adverse change in the business of Canada House or MTL Cannabis (as applicable) prior to Closing, and (iv) receipt of applicable third party and regulatory approvals including the approval of the CSE.

On the Closing of the Transaction, the Company will pay a finder's fee of \$100,000 and issue approximately 14,285,715 common shares (the "**Finder's Fee Shares**") to certain arms'-length third parties who assisted in introducing the Transaction to the Company. The Finder's Fee Shares will be subject to a four-month-and-one-day statutory hold period in accordance with applicable securities laws.

The Company will prepare and file with the CSE a CSE Form 2A listing statement providing comprehensive disclosure on MTL Cannabis and the Transaction in order to seek the continued listing of Company common shares following the closing of the Transaction.

Fairness Opinion and Shareholder Meeting

Canada House's board of directors has unanimously approved the Agreement and the Transaction and determined that the Transaction is in the best interests of Canada House and its shareholders.

Cormark Securities Inc. provided a fairness opinion to the board of directors of Canada House on August 8, 2021, stating that, based upon and subject to the assumptions, qualifications and limitations contained in its fairness opinion, the consideration to be paid by Canada House to MTL Cannabis shareholders pursuant to the Transaction is fair, from a financial point of view to Canada House shareholders.

The Company will be calling a special meeting of its shareholders, to be held virtually via an electronic meeting platform, in order to seek approval of the Transaction and related proposals. Materials for the meeting will be mailed to shareholders of the Company and posted under the Company's SEDAR profile at www.sedar.com.

Trading Halt

The Transaction constitutes a "fundamental change" within the meaning of CSE policies, and therefore, the shares of Canada House have been halted from trading and will remain halted until the resumption of trading is approved by the CSE, which is not expected to occur until completion of the Transaction.

Advisors

Haywood Securities Inc. served as financial advisor, and Caravel Law Professional Corporation acted as legal counsel to Canada House on the entering into of the Agreement. Spiegel Sohmer Inc. acted as legal counsel to MTL Cannabis on the entering into of the Agreement.

About MTL Cannabis:

MTL Cannabis is a privately owned Canadian License Holder located in Montreal, Quebec. As a flower-first company built for the modern street, MTL Cannabis is a 57,000 sq ft licensed facility with room to expand to 130,000 sq ft in the existing 2 buildings and possible expansion to over 300,000 sq ft. Under the existing footprint, the indoor facility uses proprietary hydroponic growing methodologies supported by handcrafted techniques to produce products that are truly craft for the masses. MTL Cannabis currently produces over 13,000 kgs annually, yielding over 2kg per light. With supply deals in eight Canadian provinces, the company is currently in the top 5 in dried flower sales in almost all markets. MTL Cannabis plans to continue national expansion into Quebec by the end of 2021.

MTL Cannabis' goal has been clear from the start, be the brand that brings the best of the street to the shelves by staying committed to the craft. Please visit <http://www.mtlcannabis.ca/>

About Canada House Wellness Group

Canada House Wellness Group 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, Québec 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 or the Company's public filings at 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 and cannabis-based edibles, vapes and oils legal for recreational use on October 17, 2018, and October 17, 2019; 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.

The CSE has in no way passed upon the merits of the transactions contemplated in the Agreement (including the Transaction) and has neither approved nor disapproved the contents of this news release. 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.