

Xtraction Services Announces Sale of Non-Essential Equipment and Buy-Back of 13.4% of XS' Outstanding Shares

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LOS ANGELES--(BUSINESS WIRE)--January 6, 2020--Xtraction Services Holding Corp., ("**Xtraction Services**", "**XS**" or the "**Company**") (CSE:XS) a specialty finance company engaged in equipment leasing in the United States, announced today that effective December 31, 2019, the Company has completed a transaction (the "**Transaction**") with a vendor and former partner and its staff (together, the "**Vendors**"), whereby all of the securities of Xtraction Services held by the Vendors (being, Proportionate Voting Shares, the "**Voting Shares**", Subordinate Voting Shares, the "**Common Shares**", and incentive stock options the "**Options**") have been exchanged for non-essential equipment and parts inventory previously purchased by the Company (collectively, the "**Transferred Equipment**").

This particular vendor partnership commenced in 2017 as an exclusive relationship; however, Xtraction Services has since expanded its vendor network to include a number of established and well-known equipment manufacturers and distributors to provide customers with tailored financing solutions. With the Company focused on new equipment leases and sale-leasebacks, and not a business model that includes equipment distribution, the Transferred Equipment is considered non-essential. Accordingly, the exchange of this non-essential equipment for significant ownership in Xtraction Services is believed to be highly accretive. This transaction allows the Company to reduce associated costs with holding such inventory while also reducing the number of its outstanding Common Shares by approximately 13.4% (assuming conversion of the Voting Shares).

David Kivitz, Chief Executive Officer of XS commented, "The ability to trade spare equipment inventory, which is no longer essential to our operations, for equity ownership in the Company, reduces on-going operating costs and monetizes the equipment in exchange for our shares, which we feel are undervalued. As a result, our shareholders will have increased ownership in a growing company with expanding cash flows and accelerating leasing momentum."

"With over 70 OEM vendors in our Preferred Vendor Program, we offer highly tailored solutions for our customers sourced from a wide variety of equipment manufacturers from across the United States. Furthermore, our sale-leaseback model provides our customers with added flexibility and capital allocation power, without any disruptions to their day-to-day operations by financing equipment they already have on hand. We are very pleased with the progression of the business and look forward to reporting on new equipment leases and additional advancements as information becomes available."

Upon completion of the Transaction, Xtraction Services has received 5,888.828 Voting Shares, 622,631 Common Shares, and 600,000 Options, which will subsequently be cancelled. Once the traded securities have been cancelled, Xtraction Services new share structure will be as follows:

ISSUED & OUTSTANDING

Voting Shares (number of shares if converted, under 3-year lock-up)	12,207,298
Common Shares	29,986,764
Total (if all Proportionate Shares are converted)	42,194,062
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Unsecured Convertible Debentures (C\$1.10 average conversion price)	C\$5,721,000
Options Outstanding (C\$0.50 average exercise price)	3,010,129
Warrants Outstanding (C\$1.45 average exercise price)	13,667,816

About Xtraction Services

Founded in 2017, XS specializes in providing equipment leasing solutions in the United States to owner/operators of cannabis and hemp companies, including cultivators, oil processors, manufacturers, testing laboratories, among others. In addition, XS provides a full range of consulting services including equipment selection and procurement, through its network of preferred vendor partnerships with original equipment manufacturers and equipment distributors. Further, XS also provides a full range of all on-site support services including staff recruitment, process development, and product formulation. This powerful dynamic provides an end-to-end solution for customers which results in recurring revenues, strong profit margins, and a proven business model for XS stakeholders.

Neither the Canadian Securities Exchange nor its Regulation Services Provider accepts responsibility for the adequacy or accuracy of this release.

Forward-Looking Information

This press release contains "forward-looking information" and may also contain statements that may constitute "forward-looking statements", collectively "forward-looking information", within the meaning of applicable Canadian securities legislation. Such forward-looking information is not representative of historical facts or information or current condition, but instead represent the beliefs and expectations regarding future events about the business and the industry and markets in which Xtraction Services operates, as well as plans or objectives of management, many of which, by their nature, are inherently uncertain. Generally, such forward-looking information can be identified by the use of terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved". Forward-looking information contained herein may include but is not limited to: the ability for the company to expand cash flows and reduce operating expenses; and any additional leasing opportunities and the ability to capitalize on such and the timing thereof.

Forward-looking information is not a guarantee of future performance and involve risks, uncertainties and assumptions which are difficult to predict. Accordingly, readers should not place undue reliance on forward-looking information, which are qualified in their entirety by this cautionary statement. Xtraction Services does not undertake any obligation to release

publicly any revisions for updating any voluntary forward-looking information, except as required by applicable securities law.

This press release does not constitute an offer to sell nor a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. Not for distribution to U.S. newswire services or for dissemination in the United States. Any failure to comply with this restriction may constitute a violation of U.S. securities laws.

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