

Leviathan Cannabis Provides Corporate Update

Toronto, Ontario--(Newsfile Corp. - January 30, 2020) - **Leviathan Cannabis Group Inc.** (CSE: EPIC) (the "**Company**" or "**Leviathan**") is pleased to provide the following corporate update with respect to its future operations in Tennessee, USA, Rio Negro, Colombia, and Pelham, Ontario.

Leviathan US - Carthage, Smith County, Tennessee Facility

The Company's 90% owned subsidiary Leviathan US, Inc. ("**Leviathan US**") intends to extract and process bulk cannabidiol ("**CBD**") products from hemp biomass from its 37,000 square foot facility on 9.75 acres in Carthage, Tennessee. Management has continued to work to complete the renovation of this facility. Presently, subject to any unforeseen circumstances this renovation will be completed in early March 2020 and at that point the processing equipment rooms will be delivered and prepared for operation. The renovation has primarily involved replacing the roof, repairing floors and walls, upgrading electrical, HVAC and plumbing systems, and building out new offices. An extensive clean-up of the property was also undertaken. Given the state of current renovations, the Company has ordered the bulk of the hemp processing equipment and portable clean rooms. Upon receipt of processing equipment, local operational teams will be setting up, testing, calibrating, and readying the equipment for commercial production.

With respect to municipal and state regulations, Leviathan US obtained a building permit for the office construction and an initial hemp processing permit from the State of Tennessee. Presently, Management is not aware of any special regulatory requirements, other than ordinary course operational permits, necessary to commence commercial operations to produce bulk CBD products from hemp. Management continues to work on securing hemp biomass from local suppliers to start commercial production in late April, or early May 2020 subject to setup, testing, and calibration of processing equipment experiences.

The budget for the project is approximately US\$2.9 million with approximately US\$1,292,000 of expenditures incurred as of January 27, 2020.

The Company has secured a \$CN 5 million debt facility (announced on October 15, 2019) from a current stakeholder which will be drawn down, as required, to facilitate the final buildout of the Leviathan US facility in Tennessee. The debt facility does not have any covenants and accrues interest of 10% on amounts drawn down. Interest payments are due three times per year, April 30, August 31, and December 31. The debt facility matures on October 15, 2021. The Company may, at its discretion, repay the balance of principal and / or interest owing at any time without penalty. This financing is meant to be non-dilutive.

Management has initiated discussions with local banks in Tennessee to put in place an equipment and building refinancing arrangement. Management expects that this arrangement will be in place by March 31, 2020. The funds generated from this equipment and building financing facility will be used to provide working capital for the operation of the Tennessee facility and to reduce amounts drawn down on the debt facility which will then be used to finance the cost of the Colombian operation set up.

LCG Holdings Inc. - Rio Negro, Colombia Facility

LCG Holdings Inc. ("**LCG**"), 65% owned by the Company, intends to cultivate and process hemp at its future Colombian facility by working closely with local partners to operate the Company's Colombian corporate platform.

LCG is in the process of acquiring an existing a 22.43 acres hydrangea farm property called Las Piedras, located in Rio Negro, Colombia for US\$1,114,000 as announced on December 18, 2019 (the "**Property**"). The Company will be making five installment payments over eighteen months. In addition to the land, the Company will be acquiring the facilities located on the Property which includes office space, workers' quarters, and drying rooms.

Property and pre-construction/construction activities commenced in late December 2019 and the Company expects to complete Phase 1 in calendar Q3/2020. The work plan involves constructing a 700,000 square foot plastic greenhouse for cultivation purposes. LCG will be growing in pots, rather than in the ground and will be adding irrigation systems. LCG will be renovating an existing building to serve as a clone room. The Company will also be improving the power service that is currently in place for the hydrangea farm and repairing the service road leading to the property. LCG is still in the process of finalizing its extraction unit plan for the property. The Company originally decided on a CO₂-based system set-up but are rethinking whether a less expensive ethanol-based process could serve its needs more cost effectively. Because of the length of the hemp growth cycles, as well as the greenhouse construction, LCG has some time before have to finalize the extraction plan.

The anticipated budget for the buildout of the facility is US\$3.9 million. Approximately US\$500,000 has been expended to date. The Company has negotiated favourable purchase terms for the property, which require the bulk of the purchase payments to be made in equal parts, 6, 12 and 18 months after the initial payments.

With respect to financing the Colombian acquisition, the Company expects that it will secure equipment financing equivalent to 50-70% of the value of the extraction processing equipment used in Colombia. As part of the property purchase, the Company has been assigned the final hydrangea crop from the vendors, which is expected to generate approximately US\$100,000 in revenues. An additional US\$1.0 to US\$1.5 million in financing is expected to come from pledging the Company's Tennessee assets as noted above. Finally, given the deferred payment terms, Management believes that it may have revenues from the production of CBD isolate or other extracted products to fund final payment terms.

Concurrent with the acquisition of the above noted growing facility, LCG has initiated discussions with a view to acquiring a

Colombian company that has submitted cannabis license applications. Discussions with the Colombian target company continue; however, no definitive agreement has been reached. The Company will press release final terms and details once the negotiations have been successfully concluded.

Woodstock Biomed Inc - Pelham, Ontario Facility

The Company's wholly owned subsidiary, Woodstock Biomed Inc. ("**Woodstock**"), is a construction ready cannabis production facility in Pelham, Ontario, Canada. However, development of Woodstock has been suspended. Resumption of the buildout of the Woodstock facility is contingent upon the expiration of the current interim control By-law (4046) in the Town of Pelham (set to expire on July 15, 2020), approval of a building permit by the Town of Pelham, and the granting of a cannabis growing license from Health Canada.

Woodstock initiated legal proceedings against The Corporation of the Town of Pelham on September 9, 2019. This litigation, filed through the Ontario Superior Court of Justice, follows Town Council's decision to deny an exemption to its interim control By-law. Leviathan believes it has a strong case and is currently waiting for responding materials from The Corporation of the Town of Pelham.

Financial Statements - Three Months Ended November 30, 2019

In addition to activities described above, on January 29, 2020 the Company filed its interim financial statements for the three months ended November 30, 2019.

For further details please review the Company's Management Discussion & Analysis for the three months ended November 30, 2019, dated January 29, 2020. Documents may be found on the SEDAR website at www.sedar.com

About Leviathan Cannabis

Leviathan plans on executing a series of buy and build transactions extending across all vertical markets in Canada and internationally. The Company's global capabilities position it to become a leading multi-jurisdictional cannabinoid producer - one that brings together the best cannabinoid products, brands and expertise from Canada and around the world. The Leviathan portfolio currently comprises Jekyll+Hyde Brand Builders Inc., a marketing services agency specializing in the cannabis sector; Leviathan US Inc., which intends to begin manufacturing cannabidiol products by May 2020 from its facility in Smith County, Tennessee; LCG Holdings Inc., a hemp cultivation and processing facility in Rio Negro, Colombia, which expects to be operational in calendar Q3 2020; and Woodstock Biomed Inc., which is planning to retrofit a substantial greenhouse production facility in Pelham, Ontario, pending the termination of the interim control By-law imposed by the Town of Pelham in July 2020.

www.LeviathanCannabis.com

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Certain information in this press release constitutes forward-looking statements under applicable securities laws. Any statements that are contained in this news release that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are often identified by terms such as "may", "should", "anticipate", "expect", "potential", "believe", "intend" or negatives of these terms and similar expressions. Forward-looking statements are based on certain assumptions, including that renovations at the Carthage, Tennessee facility will be completed sufficiently quickly, the Company being able to secure sufficient hemp biomass to enable commercial production at the Carthage, Tennessee facility by May 2020, the Company securing an equipment and building refinancing loan from banks in Tennessee, that pre-construction and construction activities will be completed at the Rio Negro, Colombia facility by Q3/2020, that the Company will obtain equipment financing for the extraction equipment at the Rio Negro facility, and that the Company will successfully negotiate terms of a definitive agreement with a Colombian company that has applied for a cannabis licence. While Leviathan considers these assumptions to be reasonable, based on information currently available, they are inherently subject to significant business, economic and competitive uncertainties and contingencies and they may prove to be incorrect. Readers are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements also necessarily involve known and unknown risks, including without limitation, risks associated with general economic conditions, adverse industry events, marketing costs, loss of markets, future legislative and regulatory developments, the inability to access sufficient capital on favourable terms, the medical and recreational cannabis industry in Canada in general, income tax and regulatory matters, the ability of Leviathan to execute its business strategies, competition, crop failure, currency and interest rate fluctuations and other risks. Readers are cautioned that the foregoing is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ from those anticipated. Forward-looking statements are not guarantees of future performance. Except as required by law, Leviathan disclaims any obligation to update or revise any forward-looking statements, whether as a result of

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Source: Leviathan Cannabis Group Inc.

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