

Chalice Brands Ltd. Announces Final Closing and Amended Terms of Acquisition of Tozmoz Assets, A Premier Cannabis Extractor In Oregon

PORTLAND, Ore., Dec. 22, 2021 (GLOBE NEWSWIRE) -- Chalice Brands Ltd. (CSE: CHAL) (OTCQB: CHALF) ("Chalice" or the "Company"), a premier consumer-driven cannabis company specializing in retail, production, processing, wholesale, and distribution, today announces the Company received all required regulatory approvals from the Oregon Liquor Control Commission ("OLCC") and Clackamas County to complete its previously announced acquisition of the assets of Tozmoz, LLC ("Tozmoz"), an Oregon limited liability company, and it has reached an agreement ("Agreement") on final terms.

"We are happy to formally close the transaction with Tozmoz, a partner that has been instrumental in strengthening Chalice's product portfolio, specifically for Elysium Fields and RXO. While we awaited the necessary regulatory approvals, unexpected delays occurred because of the ongoing pandemic. As a result of the closing, Chalice will continue to benefit from the expertise and broad capabilities that Tozmoz provides to support our product-focused business strategy, with the opportunity to further expand our diverse portfolio of products," stated Jeff Yapp, President and Chief Executive Officer of Chalice. "With a focus on serving the highest quality of cannabis products on the market, our combined organizations are poised to leverage our ability scale as we continue to cement our position as a leading West Coast operator."

Pursuant to the terms of the Asset Purchase Agreement, Chalice purchased substantially all the assets of Tozmoz, including the facility located in Clackamas County, which serves as the headquarters for multiple extraction options as stated above, for total consideration of 1,268,116 shares of Chalice stock, a 48-month promissory note for US\$400,000 bearing six percent interest, and forgiveness of \$650,000 of promissory notes owed to Chalice. Chalice has satisfied certain conditions by way of the previous consulting agreement with Tozmoz, resulting in zero cash due at closing.

Founded in 2015 as one of the first OLCC licensed processors in Oregon, Tozmoz established itself as a premier cannabis extractor in the state. Tozmoz offers multiple extraction processes including CO2, hydrocarbon and ethanol, and both short path and wiped film distillation. Additionally, Tozmoz provides product manufacturing and formulation, as well as packaging services, providing clients OLCC-approved products ready for wholesale distribution and retail sale.

"Having worked closely with Chalice over the past year, I couldn't have asked for a better leadership team to help elevate my business to a much higher level. When it comes to the field of cannabis, I am a dinosaur, and I have never seen a team in this industry so capable of building a true west coast cannabis powerhouse," commented Joel Klobas, Co-founder of Tozmoz.

"It has been an incredible experience working with Joel and the Tozmoz team over the past 2 years. Being one of the first businesses to receive a processing license in Oregon, Joel has been a crucial partner for Chalice and we look forward to even greater success in the future," noted Meghan Miller, Chief Operating Officer of Chalice.

Co-Founder of Tozmoz, Joel Klobas, will continue providing services to Chalice and will be employed by the Company as Vice President, Production.

About Chalice Brands Ltd.

Chalice Brands is a premier consumer-driven cannabis company specializing in production, processing, wholesale, distribution and retail, with twelve owned and four managed dispensaries in and around Portland, Oregon. The Company is committed to developing a dynamic portfolio built around the recognized brands of Chalice Farms, with a focus on health and wellness. Chalice operates nationally through Fifth & Root and has operations in Oregon and California. Visit investors.chalicebrandsltd.com/ for regular updates.

Investor Relations:

John Varghese
Executive Chairman
Chalice Brands Ltd.
971-371-2685
ir@chalicebrandsltd.com

Neither the Canadian Securities Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Exchange) accepts responsibility for the adequacy or accuracy of this release.

Disclaimer: This press release contains "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the Company's future business operations, the opinions or beliefs of management and future business goals. Generally, forward looking information can be identified by the use of forward-looking 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 state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause

the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. These risks include but are not limited to general business, economic and competitive uncertainties, regulatory risks, market risks, risks inherent in manufacturing and retail operations such as unforeseen costs and production shutdowns, difficulties in maintaining brand loyalty, and other risks of the cannabis industry. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking information. Forward-looking information is provided herein for the purpose of presenting information about management's current expectations relating to the future and readers are cautioned that such information may not be appropriate for other purpose. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws. This press release does not constitute an offer of securities for sale in the United States, and such securities may not be offered or sold in the United States absent registration or an exemption from registration or an exemption from registration.