

Chalice Brands Ltd. Announces Execution of Definitive Agreements to Acquire Oregon Retail Stores and Cultivation Assets

PORTLAND, Ore., April 21, 2022 -- 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, is pleased to announce the signing of definitive agreements and services agreements (the "Agreements") to acquire two retail stores located in Bend and Corvallis, Oregon from Miracle Greens, Inc ("Miracle Greens") and two outdoor cultivation assets in Grants Pass, Oregon from Totem Farms, LLC ("Totem Farms") for total consideration of US\$2.63 million ("Purchase Price"). The closing of the transaction is subject to approval by the OLCC ("Oregon Liquor and Cannabis Commission") and the satisfaction of other closing conditions.

"We are very excited to be able to serve the Bend and Corvallis communities as Chalice's retail footprint expands to a total of 18 stores owned and managed in Oregon. This transaction is crucial to support our scale and strengthen our vertically integrated operations as we continue to elevate our brand presence on the west coast. Our team is energized to provide best-in-class product offerings and retail experiences as we execute on our collective vision of providing consumers with the next generation of plant-based medicines. We look forward to further capitalizing on significant expansion opportunities in the market as the pathway to full U.S. federal legalization gains momentum," said Jeff Yapp, President and Chief Executive Officer of Chalice Brands.

Transaction Highlights:

- Under the terms of the Agreements, Chalice will acquire 100% of the assets of two retail dispensaries from Miracle Greens located in Bend and Corvallis, Oregon and two outdoor cultivation assets from Totem Farms located in Grants Pass, Oregon for total consideration of US\$2.63 million. Totem Farms, LLC's, assets are being purchased for US\$563,587 and Miracle Greens Inc.'s assets are being purchased for US\$2,063,999.
- The Purchase Price will be paid fifty percent (50%) in cash due at closing, US\$1,313,793, and the balance equally split between equity and a promissory note to be paid over fifty-four months at eight percent (8%) interest (US\$656,896.50 respectively) with each being prorated based on the purchase price of the entity's assets.
- Upon signing, Chalice contracts to operate the Miracle Greens retail stores including staffing, pricing, and procurement, and the Totem Farms cultivation assets pending regulatory approval.
- Miracle Greens retail stores are expected to carry Chalice Brands products immediately upon commencement of services agreements, providing the opportunity to broaden the quantities and varieties of flower available to the existing footprint.
- Cultivation assets located in Grants Pass, Oregon will expand the quantities and varieties of flower available to the existing Chalice footprint and more than doubles our capacity by adding approximately 3,000 lbs. of additional capacity to current greenhouse grow, located at Bald Peak, which has approximately 2,500 lbs. annual capacity.

"I am thrilled to have Totem Farms become part of Chalice Brands. Totem gives us our first two premier outdoor grows in Southern Oregon, one of the best locations for growing in the country," commented Meghan Miller, Chief Operating Officer of Chalice Brands.

"We are pleased to have completed the accretive transaction of Totem Farms and Miracle Greens to expand Chalice's retail presence and cultivation capacity to bolster our market share in the Oregon cannabis market. Our growth strategy through opportunistic consolidation will provide accelerated revenue contribution and improve margins to drive shareholder value. The Company will remain disciplined with our capital allocation strategy to support our long-term vision as a premier multi-state operator," noted John Varghese, Executive Chairman of Chalice Brands.

About Chalice Brands Ltd.

Chalice Brands is a premier consumer-driven cannabis company specializing in production, processing, wholesale, distribution and retail, with 12 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 Brands, including Chalice Farms, Left Coast Connection, Homegrown Oregon and Cannabliss & Co., 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.

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