



New Leaf Ventures Announces Letter Agreement with Zen Asset Management LLC and Artizen Asset Management LLC

VANCOUVER, British Columbia, Dec. 22, 2020 -- **New Leaf Ventures Inc. (CSE: NLV)** (“**New Leaf**,” “**NLV**” or the “**Company**”) is pleased to announce that it has entered into a letter agreement (the “**Letter Agreement**”) with Zen Asset Management LLC (“**ZAM**”) and its parent company, Artizen Asset Management LLC (“**Artizen**”). The Letter Agreement outlines the general terms and conditions pursuant to which New Leaf and ZAM would potentially undertake a business combination (the “**Proposed Transaction**”). The Proposed Transaction is subject to a number of conditions, including due diligence and the negotiation of a definitive agreement.

ZAM is a diversified asset management company that was founded to acquire, develop, and support companies and technologies in the emerging cannabis industry. ZAM primarily does so in Washington state, where it generates revenue by providing leasing, licensing, management, staffing, and supplies to cannabis production facilities. ZAM’s existing clients operate four licensed cannabis cultivation facilities and one processing facility in Washington, with about 180,000 square feet of canopy, of which about 70,000 square feet is used to produce about 8,000,000 grams of biomass annually. Most of the biomass produced by those facilities has been sold historically under the Artizen™ brand, including the all-time top selling product in flower in Washington state, and five of the all-time top ten. For more information, visit: www.artizencannabis.com.

“The Proposed Transaction provides the prototypical example of our plan to build a portfolio of investment-grade opportunities in the cannabis sector,” said Michael Stier, the Company’s CEO. “We’re particularly excited by the prospect of onboarding ZAM into our pre-existing footprint in Washington state. ZAM’s clients have successfully marketed Artizen™ branded products that have commanded a strong following in that market. We believe that those results are scalable with the right investment and support, both of which we look forward to providing as we execute on our previously-announced plans to build compelling shareholder value in the emerging cannabis industry.”

Terms of the Proposed Transaction

The Proposed Transaction is expected to proceed by way of a business combination agreement (the “**Acquisition**”) pursuant to which the Company will acquire 100% of the voting control of ZAM in exchange for the following consideration: (a) the transfer of all of the issued and outstanding securities of New Leaf USA Inc. (“**New Leaf USA**”) and its subsidiaries, directly or indirectly, to ZAM and (b) the Company altering its authorized capital structure to redesignate its outstanding common shares as subordinate voting shares (the “**NLV Subordinate Voting Shares**”) and creating a new class of special voting shares (the “**NLV Special Voting Shares**”), pursuant to which the Company shall then issue such NLV Special Voting Shares to Artizen.

Upon closing of the Acquisition, the NLV Special Voting Shares will provide Artizen with 40% of the voting rights in the Company. The features of the NLV Special Voting Shares shall include that, upon satisfaction of certain financial milestones related to the business of ZAM – the chief milestone being that the ZAM business unit must generate, within the 12-month period following the closing of the Acquisition exceeding US\$16 mm, with neutral or better EBITDA – the voting power of the NLV Special Voting Shares will increase to carry up to 80% of the total voting rights of NLV on a fully diluted basis.

Upon completion of the Acquisition, Artizen shall be entitled to appoint one board member to the board of directors of NLV and to appoint the CEO of the Company. Mr. Mike Stier will become President of the Company. In connection with the Proposed Transaction, the Company will also amend its articles such that certain fundamental transactions and significant corporate actions shall require class-based shareholder approval. The Company will disclose further transaction terms once a definitive agreement has been entered into. The final Proposed Transaction structuring remains subject to tax and securities law considerations. Completion of the Proposed Transaction remains subject to a number of conditions, including approval of the shareholders of NLV and the Canadian Securities Exchange.

About New Leaf Ventures Inc. (CSE: NLV)

New Leaf Ventures Inc.’s flagship enterprise is New Leaf USA and its subsidiaries, which provide licenses, consulting services, real property, intellectual property and equipment for lease and ancillary services to a Washington-based Tier 3 Producer/Processor focused on cultivating, growing, processing, packaging, and distributing cannabis and cannabis related products.

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Forward Looking Statement

This news release contains statements and information that, to the extent that they are not historical fact, may constitute “forward-looking information” within the meaning of applicable securities legislation. Forward-looking information may include

financial and other projections, as well as statements regarding future plans, objectives or economic performance, or the assumption underlying any of the foregoing. In some cases, forward-looking statements can be identified by terms such as “may”, “would”, “could”, “will”, “likely”, “except”, “anticipate”, “believe”, “intend”, “plan”, “forecast”, “project”, “estimate”, “outlook”, or the negative thereof or other similar expressions concerning matters that are not historical facts. Examples of such statements include, but are not limited to, the terms and conditions of the Proposed Transaction; statements with respect to the objectives and business plans of the Company; increase in operational capacity; ability to retain its key personnel; the Company’s business and operations after the Proposed Transaction; the competitive conditions of the industries in which the Company operates; and laws and any amendments thereto applicable to the Company.

Forward-looking information is based on the assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. The material factors and assumptions used to develop the forward-looking information contained in this news release include, but are not limited to, general business, economic, competitive, political and social uncertainties; the delay or failure to receive board, shareholder or regulatory approvals; key personnel and qualified employees continuing their involvement with the Company; and the Company’s ability to secure financing on reasonable terms.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by the forward-looking information, including, without limitation, risks relating to the future business plans of the Company; risks relating to Proposed Transaction not closing or obtaining necessary approval; risks that the Company will not be able to retain its key personnel; risks that the Company will not be able to secure financing on reasonable terms or at all, as well as all of the other risks as described in the Company’s management discussion and analysis for year ended December 31, 2019 under the heading “Risks and Uncertainties”. Accordingly, readers should not place undue reliance on any such forward-looking information. Further, any forward-looking information speaks only as of the date on which such statement is made. New factors emerge from time to time, and it is not possible for the Company’s management to predict all of such factors and to assess in advance the impact of each such factor on the Company’s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking information. The Company does not undertake any obligation to update any forward-looking information to reflect information or events after the date on which it is made or to reflect the occurrence of unanticipated events, except as required by law, including securities laws.

The CSE does not accept responsibility for the adequacy or accuracy of this release.