Westleaf Receives First White Label Order For Vape Pens

Orders commence under cannabis derivative product sale agreement with Delta 9 with initial order for vape pens and cartridges

CALGARY, Nov. 4, 2019 /CNW/ - Westleaf Inc. (the "**Company**" or "**Westleaf**") (TSX-V:WL) (OTCQB:WSLFF) is pleased to announce that the conditions precedent to the white-label cannabis derivative product sale agreement (the "**White-Label Agreement**") between the Company's wholly owned subsidiary Westleaf Labs LP ("**Westleaf Labs**") and Delta 9 Cannabis Inc. (TSXV: NINE) (OTCQX: VRNDF) ("**Delta 9**") have been completed, and Westleaf Labs has received the first order from Delta 9 for an initial three-month supply of vape pens and cartridges. This first order represents anticipated revenue of ~$740,000 starting as early as January 2020.

"This is another important milestone in the development of Westleaf, as we add the critical processing and manufacturing component to our vertically integrated strategy," said Scott Hurd, President and CEO of Westleaf. "This operationalizes a key component in the cannabis supply chain and one that we expect will see increase in demand as we enter Cannabis 2.0, and the legalization of a myriad of new products."

The White-Label Agreement provides for Westleaf Labs to produce a minimum of ~$4 million of white labelled cannabis derivative products, with the option to increase to $16 million per annum. The one-year agreement was announced on July 24th and Westleaf Labs received its Health Canada Standard Processing Licence on October 11th and is set to begin processing.

Highlights:

- **Delta 9 Order** –The initial order represents anticipated revenue of ~$740,000 over three months. The one-year deal commits Delta 9 to acquire a minimum of ~$4 million with an option to increase up to ~$16 million per year.
- **Enhanced Product Selection for Retail** - The White-Label Agreement is expected to create value added products to be sold through both Delta 9's retail stores in Manitoba, through Westleaf's wholly-owned *Prairie Records* stores in Saskatchewan as well as through provincial wholesalers.
- **Safe and Regulated Products** – The production of vape pens and cartridges at *The Plant by Westleaf Labs,* as well as the entire Westleaf supply chain, will be highly regulated and adhere to the strictest safety standards of Health Canada.

With the onset of Cannabis 2.0 and the legalization of a wide variety of new derivative cannabis products, Westleaf is expecting strong industry wide demand for efficient and high-quality extraction, processing and product manufacturing to meet the needs of the new product manufacturers.

About Westleaf Inc.

Westleaf is a Canadian cannabis company focused on cannabis brands, extraction and production of derivatives, wholly owned retail, as well as cannabis cultivation. The Company's Health Canada licensed extraction and processing facility, *The Plant,* is expected to produce high quality and consistent cannabis derivatives and consumables, both for Westleaf's in-house brands as well as white label products. Westleaf's retail concept, *Prairie Records*, leverages the instinctual tie between recreational cannabis and music with stores operating or in development across Western Canada. The Company's *Thunderchild* cultivation facility is scheduled for completion at the end of this year.

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

Cautionary Statements

This news release contains "forward-looking information" and "forward-looking statements" (collectively, *"forward-looking statements") within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. In this news release, forward-looking statements relate to, among other things, (i) retail cannabis stores that Westleaf plans to open; (ii) the construction of Westleaf's production facilities and the timing for completion of same; (iii) commencement of production at Westleaf's production facilities; (iv) commencement of operations at the Plant, its capacity to manufacture and extract cannabis derivative products and corresponding scalability, its ability to provide a competitive advantage by being adaptive to consumer needs and material revenue that may be derived from its operations; (v) products and brands to be produced from Westleaf's production facilities and the products and services that Westleaf plans to offer; (vi) the anticipated benefits and impact of the production and sale of cannabis derivative products on Westleaf; (vii) anticipated revenue from the White-Label Agreement; and (ix) the processing and production capabilities of Westleaf's extracting and cultivation facilities. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: risks relating to the ability to obtain or maintain licenses to retail cannabis products; review of Westleaf's production facilities by Health Canada and receipt of licenses from Health Canada in respect thereof; future legislative and regulatory developments involving cannabis, including the passing of regulations regarding derivative cannabis products; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms; the labour market generally and the ability to access, hire and retain employees; the ability of Westleaf's production facilities to operate and perform at peak production; general business, economic, competitive, political and social uncertainties; the satisfaction of conditions precedent under Westleaf's credit facilities; timing and completion of construction of Westleaf's production facilities and retail locations; and the delay or failure to receive board, ATB Financial or regulatory approvals, including any approvals of the TSX Venture Exchange, as applicable. There can be no assurance that such statements 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 the forward-looking statements and information contained in this news release. Except as required by law, Westleaf assume no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change, except as required by law.*

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