

TAAT LIFESTYLE & WELLNESS LTD. SIGNS LETTER OF INTENT TO ACQUIRE LEADING U.S. HEMP CIGARETTE BRAND SOLD IN OVER 1,600 RETAIL LOCATIONS

Oregon-based Redwood is a “seed-to-smoke” hemp company that offers a lineup of premium, high-quality smokable products made with its own organically-grown hemp. Redwood’s product selection is carried in more than 1,600 U.S. retail stores, which the Company intends to leverage to make Beyond Tobacco™ available to a wider audience of retailers upon its much-anticipated launch planned to occur in Q4 2020. As a result of the proposed acquisition, TAAT plans to benefit from Redwood’s broad production capacity and possibly reduce the cost of producing Beyond Tobacco™ by as much as 50%. Further information regarding this acquisition will be shared in a public conference call to be held at 3:00 pm PDT / 6:00 pm EDT today.

LAS VEGAS and VANCOUVER, JULY 13, 2020 - TAAT LIFESTYLE & WELLNESS LTD. (CSE: TAAT) (FRANKFURT: 2TP2) (the “Company” or “TAAT”) is pleased to announce that it has entered into a letter of intent dated July 10, 2020 to acquire Redwood Reserves Ltd. (“Redwood”), one of the largest and best-established U.S. hemp cigarette brands, for an acquisition price consisting of \$1,155,000 and 2,390,000 common shares in the capital of TAAT. This strategic acquisition is intended to provide more cost-effective manufacturing capacity to TAAT, in addition to gaining an established direct distribution network through which Beyond Tobacco™ cigarettes are planned to be supplied to Redwood’s extensive network of retailers. As Redwood’s product line is currently being sold in more than 1,600 U.S. smoke shops and convenience stores, carried by several distributors, and sold through Redwood’s online store, the Company will realize cash flow from Redwood’s continued business activities following the proposed acquisition. Additionally, the Company believes that Redwood’s product offerings can complement TAAT’s Beyond Tobacco™ product upon the planned Q4 2020 product launch.

Subject to a definitive agreement, which the parties have agreed to proceed with diligently and in good faith to negotiate and settle the terms for execution on or before July 31, 2020, TAAT will acquire 100% of Redwood, resulting in Redwood becoming a 100% subsidiary of the Company. The acquisition of Redwood is subject to customary conditions of closing, including without limitation, the satisfactory completion of due diligence by both parties and the receipt of applicable regulatory and governmental approvals.

Founded in Portland, OR in 2019, Redwood produces hemp products that are characterized by an organic growing process, and the unique horticultural properties of Oregon’s Willamette Valley which are said to yield hemp of remarkable quality. Its “seed-to-smoke” production chain allows for complete visibility into every step of a Redwood hemp product’s journey to maintain the high standard that has earned Redwood a sterling reputation in the hemp industry. Aside from its flagship proprietary blend hemp cigarette products sold in a “stick” format and cigarette-

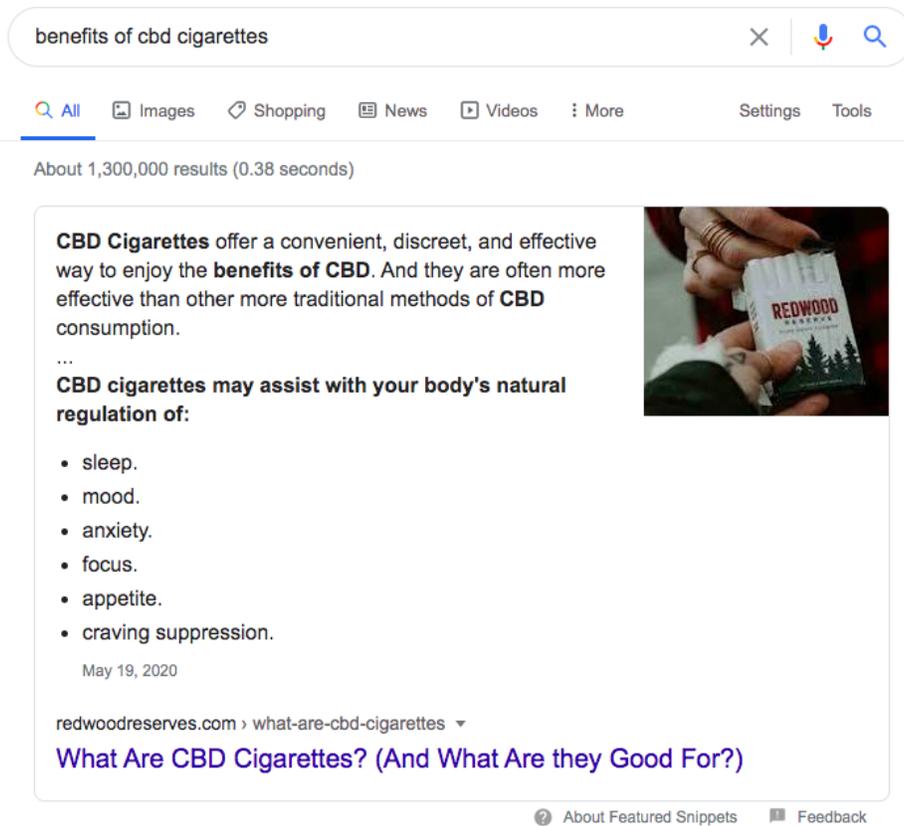
style packaging (shown below), Redwood also offers pre-rolled hemp in a “joint” format, as well as “kief”, and various varieties of single-gram “dabs” and flowers in 3.5g and 7g units. Redwood has developed three proprietary hemp strains to include *Carolina Dream*, *Golden Redwood*, and *Wild Bourbon*. All proprietary strains, as well as the *Redwood Reserve* blend have undergone separate laboratory tests conducted by Confident Cannabis, to provide users a comprehensive overview of their respective qualities. Redwood’s laboratory reports can be accessed at the following link: <https://redwoodreserves.com/lab-reports/>



Redwood's flagship hemp cigarette. Retails for US \$16.00 (20 pack). Average rating of 4.82/5 stars from 130 user reviews on Redwood's online store.

To date, Redwood has established a presence in more than 1,600 U.S. retail stores to include stores in major markets such as New York City, Los Angeles, Dallas, Chicago, Boston, and San Francisco. In the past six months, Redwood has formed agreements with more than one dozen national and regional distribution firms to supply Redwood hemp products to retailers throughout the United States. Redwood presently has open dialogues with additional distribution firms in which new distributorship is being contemplated, to potentially further expand Redwood’s retail market reach.

Through strategic search engine optimization, Redwood has gained significant online visibility, even without the use of pay-per-click advertising. As of this writing, Redwood’s website benefits from top-level visibility in the *Featured Snippets* section of Google search results for search terms to include “benefits of CBD cigarettes” (shown below). Moreover, sales volumes on Redwood’s online store experienced notable recent growth, with June 2020 sales 421% higher than sales for the month of November 2019, following the online store’s launch in October 2019.



Top-level visibility of Redwood's website on Google search results

Redwood is operated under the administration of its co-founders, Ana Redwood and Dennis Grayson. Ms. Redwood, whose family owns Redwood Family Farms (supplier of premium hemp plant material to Redwood) holds the Chief Operating Officer role at Redwood. Seeking to embrace the “farm-to-shelf” model as a method of ensuring product integrity, Ms. Redwood also founded medicinal hemp firm USA Hemp, which later expanded into South America through its USA Hemp Brazil division, supplying medicinal hemp that is currently being prescribed by Brazilian doctors. Mr. Grayson, who is Redwood’s Chief Executive Officer, has an extensive entrepreneurial background in the hospitality, land development, and beverages industries. Grayson entered the hemp industry in 2015 and quickly ascended to the position of Business Development Manager at Xanthic Biopharma prior to co-founding Redwood.

TAAT’s addition of Redwood to its brand portfolio by way of this acquisition is expected to provide several benefits to the Company:

- **Production Capacity:** TAAT estimates that the manufacturing costs of Beyond Tobacco™ can be reduced by as much as 50% with its access to Redwood’s highly-efficient production system. Furthermore, new production capacity can increase TAAT’s overall supply bandwidth, giving it the capability to fill a greater volume of orders upon

the planned launch of Beyond Tobacco™ cigarettes.

- **Proprietary Smoking Cessation Insights:** Similar to Beyond Tobacco™, Redwood has positioned its hemp cigarettes as being potentially helpful to tobacco users who wish to quit smoking, on account of the unique properties of cannabidiol (“CBD”, a non-psychoactive derivative of hemp) which has been shown to be helpful in facilitating tobacco quitting attempts. In June 2019, Redwood published a study of the benefits of hemp cigarettes for smoking cessation, which included testimonials and numerous success stories from Redwood hemp cigarette users who used the product to reduce or eliminate their dependence upon traditional tobacco cigarettes. As the production of Beyond Tobacco™ hemp cigarettes is currently in its initial stages, proprietary insights relating to Redwood hemp cigarettes could be applied to late-stage revisions of Beyond Tobacco™ to potentially enhance the product. Redwood’s June 2019 study can be accessed at the following link: <https://redwoodreserves.com/quit-smoking-with-cbd-cigarettes/>
- **Cash Flow:** Because Redwood hemp products are currently sold in more than 1,600 stores throughout the U.S. in addition to sales through Redwood’s online store, the Company’s acquisition of Redwood will provide additional sales and cash flow to TAAT from Redwood’s business being carried out as usual.

Redwood Co-Founder and CEO Dennis Grayson commented, “The emergence of the hemp industry in the United States took place very rapidly, and building the Redwood brand as an icon of Oregon’s one-of-a-kind hemp ecosystem was very exciting to do. We took a boutique-style approach to curating a lineup of artisanal and organic hemp products so that we could offer our customers a lifestyle-driven brand that provides an unforgettable experience. This acquisition deal with TAAT reflects both how far we have come as a business, and how bustling our industry has become with the many popular applications of hemp, whether recreational or medicinal. TAAT is on the verge of introducing its Beyond Tobacco™ line of hemp cigarettes, which we firmly believe is ideally positioned to compete effectively in the US \$814 billion worldwide tobacco cigarette market. TAAT has already achieved very strong momentum even before the official launch of Beyond Tobacco™, and we are delighted for the Redwood brand and products to be part of that.”

“We’re enthusiastic about acquiring Redwood for many reasons”, said Joe Deighan, Founder of TAAT. “Their organically-grown proprietary strains of hemp have earned Redwood a loyal base of followers, in addition to strong relationships with retailers and distributors. Aside from that, having access to their production capacity can improve our production timelines for Beyond Tobacco™ and reduce costs considerably. Thus, bringing Redwood under TAAT’s umbrella is both an operational play for the Company itself, in addition to a marketing play to capitalize on the brand recognition of a proven and successful seed-to-smoke hemp company under great leadership. I believe Beyond Tobacco™ can prosper in combined marketing and distribution efforts with Redwood’s product line, which is already highly sought-after. We look forward to

exploring these synergies as we get closer to the planned Q4 2020 launch of Beyond Tobacco™.”

At 3:00 pm PDT / 6:00 pm EDT on Monday July 13, 2020, the Company will be holding a public conference call to provide more information regarding its acquisition agreement with Redwood as described in this press release. Dial-in information for this conference call is provided below.

Date and Time: Monday July 13, 2020 at 3:00 pm PDT / 6:00 pm EDT

Local Telephone: 416-775-3670

Toll-Free Telephone: 1-888-978-2635

Conference ID: 146574

This news release does not constitute an offer to sell or a solicitation of an offer to sell any of the securities in the United States. The securities have not been and will not be registered under the U.S. Securities Act of 1933 (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons (as defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

On behalf of the Board of Directors of the Company,

TAAT LIFESTYLE & WELLNESS LTD.

“Joel Dumaresq”

Joel Dumaresq, CEO and Director

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About TAAT Lifestyle & Wellness Ltd.

Taat Herb Co., the flagship brand of Taat Lifestyle & Wellness, is an early-stage life sciences company based in Las Vegas, Nevada innovating nicotine-free and tobacco-free alternatives to traditional cigarettes. With a unique proprietary blend of all-natural ingredients and meticulous engineering of the user experience, Taat Beyond Tobacco™ cigarettes are designed to emulate every aspect of legacy tobacco products with no significant difference to the user. Taat Beyond Tobacco™ cigarettes provide benefits that include mitigation of tobacco withdrawals, and reduction of tobacco dependency. With an expert-led go-to-market strategy, the Company's objective is to position itself in the US \$814 billion (2018)¹ global tobacco industry to capitalize on the growing worldwide demand for better-for-you alternatives to traditional cigarettes.

For more information, please visit <http://taatusa.com>.

References

¹ [British American Tobacco - The Global Market](#)

Statement Regarding Effects of CBD on Smoking Cessation

The Beckley/Exeter research program (University of Exeter) carried out a pilot study that found after several weeks following cannabidiol ("CBD") treatment, CBD helped tobacco smokers to reduce the amount of cigarettes smoked by as much as 40%. A follow-on study is planned, which will include a brain imaging component to examine the brain activity patterns underlying the probable therapeutic effects of CBD.

Source: <https://beckleyfoundation.org/cbd-for-smoking-cessation/>

Link to Study: <https://www.sciencedirect.com/science/article/abs/pii/S030646031300083X>

Forward Looking Statements

This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Often, but not always, forward-looking information and information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "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 in this news release includes statements regarding the potential launch of Taat hemp cigarettes, in addition to the following: Pending or anticipated events relating to the Company's acquisition of Redwood, sustained performance of Redwood following its acquisition, anticipated benefits to the Company from Redwood's production capacity and distribution network, and changes to local, state and federal legislation relating to the business of Redwood. The forward-looking information reflects management's current expectations based on information currently available and are subject to a number of risks and uncertainties that may cause outcomes to differ materially from those discussed in the forward-looking information. Although the Company believes that the assumptions and factors used in preparing the forward-looking information are reasonable, undue reliance should not be placed on such information and no assurance can be given that such events will occur in the disclosed timeframes or at all. Factors that could cause actual results or events to differ materially from current expectations include: (i) adverse market conditions; (ii) changes to the growth and size of the tobacco and CBD markets; and (iii) other factors beyond the control of the Company. The Company operates in a rapidly evolving environment. New risk factors emerge from time to time, and it is impossible for the Company's management to predict all risk factors, nor can the Company assess the impact of all factors on Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ from those contained in any forward-looking information. The forward-looking information included in this news release are made as of the date of this news release

and the Company expressly disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable law.

The statements in this news release have not been evaluated by Health Canada or the U.S. Food and Drug Administration. As each individual is different, the benefits, if any, of taking the Company's products will vary from person to person. No claims or guarantees can be made as to the effects of the Company's products on an individual's health and well-being. The Company's products are not intended to diagnose, treat, cure, or prevent any disease.

This news release may contain trademarked names of third-party entities (or their respective offerings with trademarked names) typically in reference to (i) relationships had by the Company with such third-party entities as referred to in this release and/or (ii) client/vendor/service provider parties whose relationship with the Company is/are referred to in this release. All rights to such trademarks are reserved by their respective owners or licensees.