

Halo Enters Into Second Amended and Restated Convertible Promissory Note For Aggregate Principal Amount of up to C\$15 Million and Clarifies Previous Disclosure

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TORONTO--(BUSINESS WIRE)--August 26, 2020--Halo Labs Inc. ("Halo" or the "Company") (NEO:HALO, OTCQX:AGEEF, Germany:A9KN) today announces that the Company has entered into a second amended and restated promissory note (the "**Second A&R Promissory Note**") for a principal amount of up to C\$15 million.

The Second A&R Promissory Note amends and restates the amended and restated promissory note (the "**Original A&R Promissory Note**") that the Company entered into with a private arm's-length lender, as previously disclosed in the Company's press release dated June 9, 2020.

The Second A&R Promissory Note increases the committed funds available to the Company from C\$10 million to C\$15 million. To date, the Company has drawn down an aggregate of C\$1 million of this committed amount. The Second A&R Promissory Note also contains an additional commitment fee of \$35,000, to be satisfied through the issuance of 291,666 common shares in the capital of the Company ("**Common Shares**"). All of the other terms and conditions contained in the Original A&R Promissory Note remain unchanged.

A copy of the Second A&R Promissory Note will be filed under the Company's profile on SEDAR at www.sedar.com.

Clarification Regarding Certain Previous Disclosure

In connection with a regulatory review by Staff of the Ontario Securities Commission, the Company wishes to clarify previous disclosure included in the Company's press release dated July 6, 2020 (the "**Previous Disclosure**") with respect to the Company's acquisition of a majority interest in LKJ11 LLC ("**LKJ11**") and all of the issued and outstanding membership interests of Crimson & Black LLC ("**Crimson & Black**"). In the Previous Disclosure, the Company noted that: (i) the consideration paid for the majority interest in LKJ11 consisted of 42,881,646 Common Shares at a deemed price of USD\$0.2332 per Common Share, representing a deemed value of approximately USD\$10 million; and (ii) the consideration paid for all of the issued and outstanding membership interests of Crimson & Black consisted of 6,432,247 Common Shares at a deemed price of USD\$0.2332 per Common Share, representing a deemed value of approximately USD\$1.5 million. While the Company used deemed value to indicate the amount agreed upon between the parties at the time of the announcement of the transactions, as the consideration was payable in Common Shares, International Financial Reporting Standards require the use of fair value at the time of closing as this represents the actual value paid by the Company in connection with the acquisitions. In addition, the value of the acquisitions will be reported on the Company's financial statements at fair value at the time of closing. Based on the closing price of the Common Shares on the Neo Exchange Inc. on July 6, 2020, the date of closing, being \$0.12 (USD\$0.0886), the fair value of the Company's acquisition of a controlling interest in LKJ11 was approximately \$5.15 million (USD\$3.8 million) and the fair value of the

Company's acquisition of all of the issued and outstanding membership interests in Crimson & Black was approximately \$0.77 million (USD\$0.57 million). For additional information, the Company relied on the exemption contained in Section 2.11 of National Instrument 45-106 – Prospectus Exemptions to issue the Common Shares.

Annual General Meeting

Shareholders are reminded that the Company will be holding its annual general and special meeting (the "AGM") in virtual online format only on Wednesday, October 21, 2020. Meeting materials are expected to be delivered and filed which will provide details on how to attend and vote at the AGM. The Company is relying on the exemption in Ontario Instrument 51-504 - *Temporary Exemptions from Certain Requirements to File or Send Securityholder Materials* and equivalent blanket orders granted in other jurisdictions where the Company is a reporting issuer for the delay in complying with the annual request form requirement, the executive compensation disclosure requirement and the send-on-request requirements (as those terms are defined in the blanket orders), which will be complied with when the meeting materials for the AGM are delivered and filed.

About Halo

Halo is a leading cannabis cultivation, manufacturing, and distribution company that grows and extracts and processes quality cannabis flower, oils, and concentrates and has sold over 5 million grams of oils and concentrates since inception. Additionally, Halo has continued to evolve its business through delivering value with its products and now via verticalization in key markets in the United States and Africa with planned expansion into European and Canadian markets. With a consumer-centric focus, Halo markets innovative, branded, and private label products across multiple product categories.

Recently, the Company entered into a binding agreement to acquire Canmart Limited which holds wholesale distribution and special licenses allowing the import and distribution of cannabis based products for medicinal use (CBPM's) in the United Kingdom. Halo is led by a strong, diverse management team with deep industry knowledge and blue-chip experience. The Company is currently operating in the United States in California, Oregon, and Nevada while having an international presence in Lesotho within a planned 205-hectare cultivation zone via Bophelo Bioscience & Wellness (PTY) Ltd. as well as planned importation and distribution in the United Kingdom via Canmart Limited.

For further information regarding Halo, see Halo's disclosure documents on SEDAR at www.sedar.com.

Cautionary Note Regarding Forward-Looking Information and Statements

This press release contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking information and

forward-looking statements are not representative of historical facts or information or current condition, but instead represent only Halo's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of Halo's control.

Generally, such forward-looking information or forward-looking statements 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 may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved".

By identifying such information and statements in this manner, Halo is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results to be materially different from those expressed or implied by such information and statements. In addition, in connection with the forward-looking information and forward-looking statements contained in this press release, Halo has made certain assumptions. Although Halo believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements. Among others, the key factors that could cause actual results to differ materially from those projected in the forward-looking information and statements are the following: unexpected costs or delays in the completion of the Company's proposed dispensaries and other operation; negative results experienced by the Company as a result of general economic conditions or the ongoing COVID-19 pandemic; delays in the ability of the Company to obtain certain regulatory approvals; unforeseen delays or costs in the completion of the Company's construction projects; adverse changes to demand for cannabis products; ongoing projects by competitors that may impact the relative size of the Company's growing operation; adverse changes in applicable laws; adverse changes in the application or enforcement of current laws, including those related to taxation; increasing costs of compliance with extensive government regulation; changes in general economic, business and political conditions, including changes in the financial markets; risks related to licensing, including the ability to obtain the requisite licenses or renew existing licenses for the Company's proposed operations; dependence upon third party service providers, skilled labor and other key inputs; and the other risks disclosed in the Company's annual information form dated April 16, 2020 and available on the Company's profile at www.sedar.com. Should one or more of these risks, uncertainties or other factors materialize, or should assumptions underlying the forward-looking information or statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected.

The forward-looking information and forward-looking statements contained in this press release are made as of the date of this press release, and Halo does not undertake to update any forward-looking information and/or forward-looking statements that are contained or referenced herein, except in accordance with applicable securities laws. All subsequent written and oral forward-looking information and statements attributable to Halo or persons acting on its behalf is expressly qualified in its entirety by this notice.

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