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### **Press Release:**

## **Emblem Corp. Enters into Agreements to Acquire Land for Production Capacity Expansion in Preparation for the Adult Recreational Market**

- Expected to break ground in Q3 2017 to build the first of three state-of-the-art 100,000 sq. ft. production facilities with an estimated completion date in Q4 2018 providing an expected production capacity of up to 20,000 kilograms
- Total aggregate production capacity estimated to exceed 70,000 kilograms per annum once fully built at 300,000 sq. ft.
- Natural gas infrastructure available to the land expected to allow Emblem to go “off the grid” and to pursue its objective of becoming one of the lowest cost “closed box” producers in Canada

PARIS, Ontario, May 30, 2017 (GLOBE NEWSWIRE) -- Emblem Corp. (TSXV:EMC) (“Emblem” or the “Company”) is pleased to announce that it has agreed to purchase two contiguous parcels of land, aggregating approximately 80 acres of industrially zoned land within very close proximity to the Company’s current production facilities in Paris, Ontario, in preparation for the anticipated demand for cannabis and cannabis derived products stemming from the proposed legalization of adult recreational use in Canada. The aggregate purchase price for the land is \$7.7 million.

### **The New Production Facilities on Newly Acquired Land**

Emblem intends to break ground on the newly acquired land during the third quarter of 2017 to execute on the design and build of its initial 100,000 sq. ft. state-of-the-art facility, with 60,000 sq. ft. dedicated to production and the remaining 40,000 sq. ft. allocated to support services and administrative functions. Once operating at an optimal level, the Company expects this facility to enable the Company to produce up to 20,000 kilograms of dried cannabis, translating to approximately \$160.0 million in potential sales based on the Company’s current average selling price of approximately \$8.00 per gram (or equivalent derivative product) and production capacity assumptions.

The Company expects to continue its production capacity expansion plans based on two additional 100,000 sq. ft. production modules. Following the completion of the first module, future facilities will have a higher percentage of space dedicated to cultivation. On this basis, the Company anticipates that its total production capacity should reach about 70,000 kilograms per annum, once a total of 300,000 sq. ft. of new production space becomes operational.

### **Balance Sheet Strength**

Emblem currently has approximately \$33.0 million of cash on hand and about \$34.0 million of “in-the-money” warrants, a portion of which are callable. Through its existing capital structure, the Company expects to be able to complete the first 100,000 sq. ft. production capacity expansion on its newly acquired land in Paris, Ontario without the need to raise additional capital. The Company expects to complete that expansion in time to address the anticipated demand for its dried flower and derivative products in the adult use market proposed to be introduced across Canada.

It is likely that the Company will require additional funding for the construction of its second and third 100,000 sq. ft. production facilities. In the event the Company requires additional funding, the Company will consider a variety of financing options including the application of future free cash flows, debt or the equity markets, at the appropriate time.

### **Potential Economic Impact**

Based on the Company's current analysis and the production and revenue metrics referred to above, the Company expects that annualized production from its first 100,000 sq. ft. facility will reach approximately 20,000 kilograms and will generate revenues from dried flower and derivative products of up to approximately \$160.0 million based on the Company's current average selling price of approximately \$8 per gram (or equivalent derivative product price). Once all three production facilities are fully built and operational, the total 300,000 sq. ft. of production facilities is expected to produce approximately 70,000 kilograms of product (or extracted equivalent).

This is in addition to the Company's expected revenue contribution from its pharmaceutical focused medical cannabis business.

### **Significance of Land Acquisition Strategy**

Emblem is committed to the development of "closed box" indoor production facilities. It is generally recognized that dried flower will constitute the largest portion of the Canadian adult use market. The production of high quality dried flower requires stringent control of both temperature and humidity during the cultivation cycle. The production of high quality dried flower will require licensed producers to make extensive investments in environmental control systems (principally chiller and boiler capacity). Emblem's closed box architecture will involve extensively insulated, enclosed structures that are expected to allow for the most efficient sizing and lowest capital cost for these environmental control systems relative to the volume of cultivation space. This highly insulated, closed box approach is also expected to result in lower operating costs for those environmental systems.

High quality dried flower also requires sequestration from the outside environment to protect the plant from exposure to contamination from spores and botanical hormones. Emblem's building design is intended to isolate the cultivation process from exterior hazards.

The totally enclosed structures to be built by Emblem are designed to allow the Company to seek the optimum environmental conditions for consistent cultivation of high quality dried flower product, at scale, and to aim to produce that product at the lowest operating cost.

This production methodology requires access to robust natural gas and electricity infrastructure to support the significant energy demands of large scale, superior quality cannabis production. The land acquired by Emblem provides access to high pressure, high capacity natural gas and high wattage electricity. In addition, in order to aim to become the lowest cost producer possible, Emblem intends to "go off the grid". The high capacity natural gas connections available to the acquired land will fully support the gas-fired generation of electricity and co-generation of heat and CO<sub>2</sub> which are expected to allow Emblem to materially lower its electricity costs and displace costs for heat and CO<sub>2</sub>.

The acquisition of the expansion land in close proximity to Emblem's current licensed campus reflects Emblem's core strategy for serving the Canadian medical and adult use markets, which is to develop its business with a:

- uniform approach to its closed box production methodology involving consistent architectural and engineering design for all facilities to maximize facility quality and efficiency while minimizing capital cost;
- common management team for all production, eliminating issues inherent in managing geographically disparate operations; and
- common cultivation and production staff for all production working under common standard operating procedures to maximize the uniformity and quality of product sold under the Emblem brand.

The land acquisition is expected to allow Emblem to expand its medical cannabis business and, when legal, commence its adult use business without constraints on capacity. It is Emblem's belief that a "build from within" approach to reaching full capacity will be materially more capital efficient compared to expansion through the acquisition of other licensed producers while avoiding all of the facility rehabilitation, management and personnel integration, and product quality issues over multiple platforms that are inherent in capacity growth through acquisition.

### **About Emblem**

Emblem is licensed under the Access to Cannabis for Medical Purposes Regulations (the "ACMPR") to cultivate and sell medical marijuana. Emblem carries out its principal activities producing marijuana from its facilities in Paris, Ontario pursuant to the provisions of the ACMPR and the Controlled Drugs and Substances Act (Canada) and its regulations.

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

This news release contains certain forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "achieve", "could", "believe", "plan", "intend", "objective", "continuous", "ongoing", "estimate", "outlook", "expect", "may", "will", "project", "should" or similar words, including negatives thereof, suggesting future outcomes.

In particular, this news release contains forward-looking statements relating to, among other things: (i) the acquisition of the newly acquired land; (ii) the completion of the proposed facilities by the Company; (iii) the ability of the Company to utilize the new facilities to produce additional dried cannabis; (iv) potential sales of dried cannabis produced at the new facilities and the value thereof; (v) the Company's future production capacity; (vi) the availability of additional sources of financing; (vii) the ability of the Company to establish a "closed box" indoor production facility; (viii) the ability of the Company to produce high quality dried flower; (ix) the benefits associated with the acquisition of the additional land; (x) the intention to grow the business, operations and potential activities of the Company; (xi) receipt of approval from Health Canada to complete such expansion and increase production and sale capacity; and (xii) the anticipated changes to Canadian federal laws regarding adult use and the business impacts on the Company.

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Management of the Company believes the expectations reflected in such forward-looking statements are reasonable as of the date hereof but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Various material factors and assumptions are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking statements. Those material factors and assumptions are based on information currently available to the Company, including data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which Emblem believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While Emblem is not aware of any misstatement regarding any industry or government data presented herein, the medical marijuana industry involves risks and uncertainties and is subject to change based on various factors.

Forward-looking statements are not a guarantee of future performance and are subject to and involve a number of known and unknown risks and uncertainties, many of which are beyond the control of the Company, which may cause the Company's actual performance and results to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, the risks identified in the Company's filing statement dated November 30, 2016 and in the Company's short form prospectus dated March 16, 2017 both of which have been filed with the Canadian Securities Administrators and available on [www.sedar.com](http://www.sedar.com). Any forward-looking statements are made as of the date hereof and, except as required by law, the Company assumes no obligation to publicly update or revise such statements to reflect new information, subsequent or otherwise.

This news release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Emblem's prospective results of operations, sales, revenues, funds flow, and components thereof, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this news release was made as of the date of this document and was provided for the purpose of providing further information about the Company's future business operations. The Company disclaims any intention or obligation to update or revise any FOFI contained in this news release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this news release should not be used for purposes other than for which it is disclosed herein.

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