Aleafia Health
SCIENCE SEEDING WELLNESS

Aleafia Health Completes Construction, Secures Full Occupancy at Paris Processing Facility Expansion

- Features initial 115,000 kg of dried flower equivalent annual extraction capacity, with ability for further expansion on-site
- 2,775% increase over Company's current annual extraction capacity of 4,000 kg
- Brant County granted full occupancy of expanded facility on October 4
- Final stage of securing Licence Amendment underway, with site evidence package to be submitted to Health Canada this month
- 30,000 sq. ft. purpose-built facility to meet EU-GMP standards for exports to EU market

TORONTO, Oct. 07, 2019 -- Aleafia Health Inc. (TSX: ALEF, OTC: ALEAF, FRA: ARAH) ("**Aleafia Health**" or the "**Company**") has completed the construction of its Paris Processing facility's Phase II expansion and secured full site occupancy on October 4, 2019, following the successful completion of County of Brant inspections. The Paris Phase II expansion is a 30,000 sq. ft. facility entirely dedicated to the extraction, production, packaging and distribution of high-margin, value-added cannabis health and wellness products.

The expansion builds upon the current, licensed and operational Paris facility, which features cultivation rooms and handles all extraction, packaging and order fulfillment for Aleafia Health's medical, adult-use and international sales.

Paris will feature an initial 115,000 kg dried flower equivalent ("**DFE**") extraction capacity, a 2,775 per cent increase over the Company's current 4,000 kg DFE extraction capacity. The Company expects that Paris can through-put all dried flower grown by Aleafia Health, including at its newly expanded, 86-acre Port Perry Outdoor Grow site.

To complete the final stage of securing its required Licence Amendment, the Company's wholly-owned subsidiary, Emblem Cannabis Corp., expects to submit its final evidence package to Health Canada this October, demonstrating the facility's operational readiness.

PURPOSE-BUILT TO EU-GMP STANDARDS FOR EXPORT TO EU MARKET

The facility is purpose-built to meet European Union Good Manufacturing Practices ("**EU-GMP**") certification requirements. EU-GMP certified facilities demonstrate the highest level of pharmaceutical-grade quality, and securing the certification will allow Aleafia Health to begin exporting finished goods including cannabis oils and capsules to the EU.

Through the Aleafia Health Germany joint-venture with German pharmaceutical wholesaler and logistics company Acnos Pharma GmbH, Aleafia will gain access to the burgeoning German medical cannabis market, with access to 22,000 pharmacies and 110 distribution centres.

115,000 KG EXTRACTION CAPACITY WITH ABILITY FOR FURTHER EXPANSION

The Paris expansion will rapidly accelerate Aleafia Health's production capacity, and ability to create a wide variety of differentiated products across multiple categories. It has been built specifically to allow for further, significant expansions of extraction capacity by utilizing additional machinery. For instance, the existing capital expenditures budget accounts for additional ethanol extraction machinery that would bring total capacity to 190,000 kg DFE and would take approximately eight weeks to bring online.

Each element of the extraction and production process occupies a purpose-built, dedicated room in the facility, maximizing through-put ability and operational efficiency. Highlights include:

- 40,000 kg DFE of supercritical C02 extraction which is primarily used for the production of pharmaceutical-grade oil-based products including capsules and sprays
- 75,000 kg DFE of ethanol extraction, which produces a tasteless distillate ideally suited for new product formats including edibles, beverages and extracts
- In-house analytical testing and quality assurance equipment, allowing for products to reach market two to three weeks earlier than with the use of external third-party testing
- Production and packaging machinery along with space dedicated to creating new, differentiated product formats soon available in the Canadian market
- A dedicated laboratory for ongoing R&D, product development and continued process optimization
- A logistics centre handling order fulfilment to medical patients, provincial wholesalers and all international exports
- The entire expansion project, including machinery for yet to be announced new product formats, falls within the Company's fully funded, previously reported capital expenditures budget

"The Paris expansion represents the crown jewel of Aleafia Health's cannabis ecosystem. This facility will allow us to rapidly expand the production of high-margin derivative products, while adding new, differentiated formats that are grown, processed, packaged and exported by Aleafia Health," said CEO Geoffrey Benic. "We look forward to bringing the next generation of cannabis products to market, while greatly expanding our international footprint in Germany, Australia and beyond."

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About Aleafia Health:

Aleafia Health is a leading, vertically integrated cannabis health and wellness company with four primary business units: Cannabis Cultivation & Products, Health & Wellness Clinics, Cannabis Education, and Consumer Experience with ecommerce, retail distribution and provincial supply agreements.

Aleafia Health owns three major cannabis product & cultivation facilities, two of which are licensed and operational including the first large-scale, operational outdoor cultivation facility in Canadian history. The Company produces a diverse portfolio of commercially proven, high-margin derivative products including oils, capsules and sprays. Aleafia Health operates the largest national network of medical cannabis clinics and education centres staffed by MDs, nurse practitioners and educators and has international operations in three continents.

Innovation is at the heart of Aleafia Health competitive advantage. The Company maintains a medical cannabis dataset with over 10 million data points to inform proprietary illness-specific product development and its highly differentiated education platform FoliEdge Academy. The Company is committed to creating sustainable shareholder value and has been named the 2019 top performing company of the year by the TSX Venture Exchange prior to graduation to the TSX.

Forward Looking Information

This news release contains forward-looking information within the meaning of applicable Canadian and United States securities laws. Often, but not always, forward-looking 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 involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained in this news release. Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information, including risks contained in the Company’s annual information form filed with Canadian securities regulators available on the Company’s SEDAR profile at www.sedar.com. Although the Company believes that the assumptions and factors used in preparing the forward-looking information in this news release 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 time frames or at all. The forward-looking information included in this news release are made as of the date of this news release and the Company does not undertake any obligation to publicly update such forward-looking information to reflect new information, subsequent events or otherwise unless required by applicable securities legislation.