

# EXMceuticals Inc. to Expand Production Capacity by Acquisition in the Republic of Malawi

Vancouver, British Columbia--(Newsfile Corp. - May 7, 2019) - **EXMceuticals Inc. (CSE: EXM) (FSE: EXM) ("EXM")** is pleased to announce that it has entered into a non-binding heads of terms to acquire MM (Operations) Ltd. ("**MM Ltd**"), an agro-processing business in the Republic of Malawi.



Figure 1

To view an enhanced version of Figure 1, please visit:

[https://orders.newsfilecorp.com/files/6363/44582\\_6720b7377441da23\\_002full.jpg](https://orders.newsfilecorp.com/files/6363/44582_6720b7377441da23_002full.jpg)

## **Transaction Overview**

MM Ltd, which is currently active in the field of mango cultivation, has 280ha (682 acres) of fully drip-irrigated farms, a state of the art 4ha (10 acres) greenhouse nursery capable of growing up to 700,000 plants, a 10,000 m<sup>2</sup> (107,640 ft<sup>2</sup>) processing facility and a green field site with access to ~1700ha (4,200 acres) of land. The acquisition of MM Ltd would provide an excellent platform for EXM to further expand its cannabis extracted ingredients production strategy for the pharmaceutical, nutraceutical and cosmetic industries. Closing of the transaction is subject to various conditions, including the parties entering into a definitive agreement, completion of due diligence and financing.

Michel Passebon, Chief Executive Officer and Director of EXM, stated "*This proposed acquisition will on completion constitute a significant milestone in our development strategy. It will allow us to increase our production capacity in the region while adding 10 acres of greenhouses to our production assets. We have ordered two new CO<sub>2</sub> extractors which are currently being built and are expected to be allocated and shipped to Malawi within the next 45 days.*"

## **Location & Climate**

The MM Ltd farms and factory are located in Salima which is approximately 90km (56 miles) from the capital city of Lilongwe. The road network connecting Lilongwe to Salima is paved and of high quality, in addition to some gravel access roads to the farms and factory.

Salima has a tropical climate with rainfall being less in winter than in summer. The average annual rainfall varies between 800 and 1,200mm per annum, with the wettest months being December to March. The temperatures range between a minimum average of 20°C and a maximum average of 35°C, with low humidity of around 60%.

## **Farming Asset Overview**

- The infrastructure at the existing 280ha (682 acres) of farms has been established with room for further expansion with the capacity to connect the irrigation at two farms (2 km apart), accessing up to an additional ~120ha (296 acres) of irrigated land.
- The nursery is set within the existing farms in a 4ha (10 acres) greenhouse which is drip irrigated and can accommodate up to 700,000 plants. The nursery greenhouse is enclosed and secured to protect the plants from wind and other natural elements.
- The established farm site is fully electrically fenced with stringent security, manned 24hrs per day.
- The MM Ltd also has a long-term lease of an additional ~1700ha (4,200 acres) of land for further farming expansion, 450ha (1,112 acres) of which has been certified as organic.
- All the farms are located nearby or on the shores of Lake Malawi, a large freshwater resource from which excellent quality irrigation water is available all year round.



Figure 2

To view an enhanced version of Figure 2, please visit:

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Figure 3

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### **Factory Asset Overview**

- The factory is approximately 25km (15.5 miles) from the farms.
- The facility is BRC (British Retail Consortium), HACCP, Kosher, Halal, and Rainforest Alliance (Chain of Custody) certified.
- Furthermore, it has passed audits and technical approval to supply a number of global and regional clients, including global leading juice manufacturers.
- Approximately 2,000 m<sup>2</sup> (21,528 ft<sup>2</sup>) of the factory is warehouse space and there is significant room for expansion of cannabis ingredients production and CO<sub>2</sub> extraction capabilities.
- There is an office block, medical facilities and canteen on the factory site.

### **ON BEHALF OF THE BOARD OF DIRECTORS OF EXMCEUTICALS INC.**

Michel Passebon, Chief Executive Officer and Director

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