



Extraction Company MediPharm Labs Corp. is focused on being the leader in Purified Cannabis Concentrates, operating under International Pharmaceutical Standards



Mr. Pat McCutcheon
President, CEO & Chairman

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Interview conducted by:
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CEOCFO: *Mr. McCutcheon, the first thing you see on the MediPharm Labs Corp. website is, "Purity Assured". Why is that so important and is that what sets you apart from your competitors?*

Mr. McCutcheon: Purity Assured is absolutely one of the most high-level priorities of our business. Within this brand-new industry, and being a leading extraction company, we really want to set ourselves apart as the contract purity assured partner of choice for patients and consumers. It is one thing to look for trust in a plant or a cultivator; however it is another thing to look at the concentrate manufacturer, which is the foundation of all advanced derivative or infused products for patients and recreational consumers. We operate to what is known as international pharmaceutical standards which is cGMP, [current Good Manufacturing Practices] and expect certification in late Q1 2019. We align to this. It is a very rigorous discipline. We actually guarantee pure, safe and precisely dosable cannabis concentrate products. 'Purity Assured' is core to our DNA, guides our decisions and everything we do in our company.

CEOCFO: *Would you tell us about your methodologies and facilities that allow you to deliver "Purity" and to be leading cannabis extraction company?*

Mr. McCutcheon: Purity is our major focus. We have put together a high-level professional team with deep expertise and leadership that positions MediPharm Labs as a pharmaceutical company of cannabis. Several other LPs are actually vertically integrated, from seed to sale. However, MediPharm Labs has positioned itself to the value chain as a specialty company with focuses first only on extraction and then high-value secondary extraction or secondary processing. We've invested in a significant level of expert human capital and financial resources into primary extraction, which is why we have become the largest extraction platform in the cannabis sector. We have a special focus on smaller/novel cannabinoid isolation through downstream extraction. Our primary extraction is from dried plant material to 75% purity. From that 75% purity line, we then focus on achieving up to a 99.9% purity isolate via fractionation. We have a wholly-owned facility, with purpose-built laboratories. We operate with discipline and rigour to GMP standards which is Good Manufacturing Practices standards, with ISO rated clean rooms, which is a type of level of pharmaceutical clean room for critical

"MediPharm Labs is a proven and trusted specialist in the industry that ensures expertise, leadership, and commercial scale. We are the leader in purified cannabis concentrates, which represent the fastest growing segments of the cannabis sector and the future of the industry as a broader range of infused products are allowed and demanded. We are the company to watch, we have significant growth opportunities ahead of us to deliver superior shareholder value. MediPharm provides a unique value creation and re-rating opportunity compared to our competitors and within the overall industry as a whole; especially when you look at our ability to create relatively strong revenue in month one of sales while working with a number of different partners across the country."-
Mr. Pat McCutcheon

environments. We have hired specialists from across a number of areas of expertise, mainly in the pharmaceutical and biopharmaceutical manufacturing business sector. We are led by our Chief Operating Officer, David Mayers, and Director of Quality Control and Assurance, Dr. Chris Talpas, both of whom come from large manufacturing pharmaceutical facilities with a combined experience of over fifty years. We draw science advisory from a number of globally renowned experts from different areas in Europe and a number of jurisdictions in the United States. We do primary extraction, secondary extraction, and chromatography, which gives us the ability to separate, isolate and fractionate the small cannabinoids, which is the foundation of actual pharmaceutical cannabinoid research and medications.

CEOCFO: *Are you involved in growing? Where do the products come from that you do the extraction from?*

Mr. McCutcheon: We do not grow at all. We are the first company to get a license in Canada that did not go through licensing for cultivation first. We focus on and excel at extraction. We are really the agnostic connector of the industry, as we purchase from several different cultivators and sell to several different LPs. We can extract from any strain to produce these different purified end product compounds, which will be turned into mainly gel caps, vape pens and tincture oil which is the basis for the pharmaceutical products made from cannabinoids. We currently buy from ten different producers and that list is growing every day. We sell to several different provincial distribution networks as well as other LP clients. We are B2B and not direct to consumer.

CEOCFO: *Why is pharmaceutical grade cannabis oil important?*

Mr. McCutcheon: Pharmaceutical grade or GMP oil is important because it guarantees our products are aligned to a high degree of quality, which is a recognized international standard. I think in the cannabis industry, there are many different products that are not manufactured or reported to a certain methodology that would be pharmaceutical grade. Patients, their prescribing physicians and Adult-use consumers all want safe, pure and consistent products. Pharma standards are very important to MediPharm, they ensure we deliver proper dosages. These standards also give us the ability to articulate consistent methodology within our extraction facilities so that we can replicate the exact same extraction methodology every time. When you are looking at different research, development, trials and opportunities to work with larger pharmaceutical companies, or with certain physician networks for certain cannabis products or symptom control for these cannabis products, it is important that we get these exact same compounds into the patient's system every time and the only way to do this is to be aligned to a pharmaceutical production methodology.

CEOCFO: *I have heard it is said that not all cannabis oils are the same?*

Mr. McCutcheon: That's true, and we stand out at the higher end of the spectrum. It has taken MediPharm Labs five years to put together the world's leading experts for what is called supercritical CO2 extraction, and for these secondary extraction methodologies (short-path distillation and centrifugal chromatography), which give the purified components of cannabinoids or the active components of the plant itself. Therefore, it is important that these products are made in a pharmaceutical facility, because without the pharma-discipline there is a high risk of certain solvents or certain impurities potentially being left in cannabis oil. If those

dangerous solvents are left in the product itself or the resins, there is a challenge because it can have an impact on patient's lives or consumers lives. It does not matter if it is in a medical consumption stream or recreational consumption stream, our facility and all the products we produce are up to these high international standards. Whether recreational or medical products, it is always going to be the highest quality. We deliver that purity assurance.

CEOCFO: *Are you producing cannabis oil for recreation or medical cannabis use or both?*

Mr. McCutcheon: MediPharm Labs a very medically focused business in its methodology which is inherent in terms of all our hiring and the numerous PhDs we have on the staff. However, we do produce for both medical and recreational streams, and all of our products will be classified as GMP certified. We are currently GMP compliant, but we are expecting to be GMP certified in late Q1 2019. Whether or not you are receiving your cannabis-based products from a physician through a prescription or if you are seeing our products through one of our partner's labels on the shelves of a recreational distribution or a provincial storefront, they will both be labeled as GMP Certified. You will get that trust of the MediPharm Labs stamp of quality.

CEOCFO: *On November 29th you announced a strategic extract supply agreement with Canopy Growth. Would you tell us about that and what it means to MediPharm Labs?*

Mr. McCutcheon: It is incredibly important not only for MediPharm Labs but also for the Canadian cannabis industry. This is the largest supply of purified cannabis oil in the world from one company to another company that has publicly announced to date. It is important to the Canadian cannabis industry because it allows us to meet an immediate unmet need for demand across the country, through Canopy Growth's incredible distribution platform, and their ability to use resin. This resin is on average over 75% pure and they use this to put in several different end products, such as soft gels, tabs, and tincture bottles that Canopy Growth has on the shelves across the country.

For MediPharm Labs obviously we are proud to be licensed and to work with Canopy Growth. Although we've had our Health Canada production license since March 2018, we were just licensed for cannabis oil sales on November 14th and to be able to hit such a robust deal so quickly is remarkable. Canopy Growth is the largest cannabis company in the world, and we have set our target on working with the best, as we position ourselves as having the highest quality and the largest extraction volume in the Canadian cannabis industry. Working with Canopy Growth really validates our business model, and that being a specialized producer with first mover advantage in this space was key to our success. Canopy Growth has shown confidence in MediPharm Labs with this deal especially because Canopy does extraction themselves in-house, as well as have investments in a couple different extraction companies. However, one of those extraction companies in particular is a year behind us in terms of being licensed and operational, so this gives us the ability to not only work with the best company in the sector, but it also gives Canopy Growth the ability to out-sell competitors from the shelf right now, as there is almost no oil-based products on any shelf across the country currently. I think it is a fantastic opportunity for both companies and we could not be more excited to be working with the leaders in the space in cultivation on the vertically integrated side.

CEOCFO: *How did the deal with Canopy Growth come about? Who reached out to whom?*

Mr. McCutcheon: MediPharm and Canopy Growth have known each other for some time now. Over the last couple of years, we've maintained a very good relationship which allowed Canopy a chance to see us develop and grow into a leading extraction company. This deal was an important next step in our evolution that actually validated how far MediPharm has come and its leading position in the extraction segment.

Canopy had reached out through one chain and then I followed up directly with their CEO, Bruce Linton. We talked about a press release MediPharm issued in which we announced the production and inventory of a large volume of cannabis oil. I let him know we were soliciting offers from several companies interested in purchasing such a significant volume. I think there was a real mutual interest in reaching a deal together. For Canopy, bidding on the volume was a great opportunity to acquire a large volume of oil to build their inventory and stock shelves. Bruce said that was something they would be very interested in, and because they were interested in the larger volume, it would be good to be partners. And for us, it was an excellent opportunity to further solidify and build on our relationship for the long term.

CEOCFO: *How do you reach out to let people know about your extraction services? Do you as president and CEO take the lead? Do you participate in industry conferences?*

Mr. McCutcheon: We do this in different ways. I take the lead on a handful of business opportunities with other cultivators and product developers, as well as product distribution networks such as the Provinces. I will also take the lead with certain prospects and companies just because I have been in the industry for such a long time and know key players.

That said, given our rapid growth, we have tripled our business development team and our sales teams, so we have many active conversations being led from our headquarters in Barrie, Ontario through business development. One of our leaders in business development is Mike Perron, whose title is Director of Global Business Development. He does a fantastic job of incubating relationships with different cultivators, so we can increase bulk purchases, long-term contract processing or white label production agreements. We also attend most major cannabis conferences across America and Europe. I just got back from Australia. We are very active, and we are on the road all the time. Through our first-mover status we have developed expertise, leadership and scale and have established quite a good name for ourselves, as not only one of the largest purchasers of dried cannabis, but also one of the largest distributors of purified cannabis concentrates.

CEOCFO: *What is your geographic reach?*

Mr. McCutcheon: Currently our geographic reach is across Canada. We are active in conversations with LPs in Atlantic Canada, Quebec, Ontario and across to BC. We just recently won the 30th supply deal for the Ontario Cannabis Store, so that is our geographic distribution reach in terms of contractual provinces. We are looking to distribute in other provinces. We are in talks with Newfoundland, Nova Scotia, Quebec, B.C, and Alberta. We expect to receive our final GMP certification in late Q1 2019. Once we receive GMP certification, we will have the ability to export products to our subsidiary in Australia as well as export products

to a number of different European jurisdictions that have legal approval for medicinal consumption of cannabis-based products.

CEOCFO: *Why are Canada and Australia important markets?*

Mr. McCutcheon: We have a close team in southern Australia just outside of Melbourne, Victoria. We are expecting to have a license by late Q1 2019 from the Australian Office of Drug Control. Currently, we are positioned as the only manufacturer of cannabis oil-based medical products in Australia. Our facility, presently under construction now, is going to be a mirror image of the facility at our headquarters out of Barrie, just North of Toronto, Ontario. We are going to be working through a phased-in approach. The Australian opportunity today is made up of a small medical consumer market. They are coming online quite a bit faster relative to the Canadian market, but physicians are still apprehensive to start using cannabis-based products as a first line. Our phased-in approach will see us, initially, exporting small volumes from Canada for distribution to different medical networks in Australia, as well as to work with several research developers. That means we can position ourselves as a quality, purity-assured branding company. Once the industry comes to a level where there is enough cultivation in Australia itself, we are going to be running an independent model of the Canadian affiliate. Australia will likely close their borders once they have a robust domestic production industry and that is what we are preparing for. At that time, hopefully under a year we are hoping to be at full capacity with our over 25 cultivation partners that we have already signed LOIs with.

CEOCFO: *Would you tell us about your team and what they bring to the table to give you an edge in a growing industry?*

Mr. McCutcheon: Keith Strachan, our Vice President and Director, has had a diverse political career as well working with a lot of community political figureheads. He also worked for the provincial government in a number of different supply chain management roles. He brings a unique business development angle to the company with his diverse skill set through healthcare and through his political background. Myself, I have been at the helm of MediPharm as President and CEO for a year, we started the company four years ago. Before MediPharm, I was in pharmaceutical sales and marketing for more than 16 years. I started with AstraZeneca and launched a number of primary care products and then I moved over and spent six years at Sanofi-Aventis, where I headed up the Specialty Hospital division for distribution across Canada, and I was recruited by Jansen Pharmaceuticals, the pharmaceutical arm of Johnson & Johnson, where I headed up the renal and mental health divisions. I was lead strategist and lead negotiator for the account management/ hospital national team for nearly 8 years. With this kind of background, I gained a great deal of experience in the world of large pharmaceuticals. With my background, I have a deeper understanding of how pharmaceutical products are manufactured with an additional perspective and lens of sales and marketing, i.e., how products were distributed and looking at new ways to access new patient groups through indications with products.

During my last few years at Jansen, I was the sales award winner while we were actually building MediPharm's business plan. I then transitioned over to MediPharm Labs about a year ago, full time. On the operation side I previously mentioned our COO David Mayers, and he has over 25 years of pharmaceutical manufacturing and operations experience. He

has been the CEO of two smaller pharmaceutical companies focused on respiratory delivery systems. Before that he worked with Purdue Pharma for just over 15 years, where he was the Global Head of Quality and was the VP of Operations, of the Canadian affiliate of Purdue. He was producing large volumes of product annually and conducted under his watch all of the major expansions of Purdue Canada. We have our quality team set up by Dr. Chris Talpas, who has 24 years of experience in biopharmaceutical manufacturing on the quality side. He was the head of quality for a biopharmaceutical company called TheraPure for most of his career. He heads up our quality division, which is the most important perspective of our business, where we can continue to position ourselves as a sustainable GMP pharmaceutical focused company. We have a great leadership and executive team. We have Dr. Ina Dubinsky from a company called Avanti Labs. She came to MediPharm just over three months ago and heads up our secondary extraction program. She has a diverse career in distillation and secondary extraction methodology and takes responsibility for developing cannabinoid resin from 75% to 99.9%. Dr. Dubinsky is our inhouse specialist in terms of distillation, as well as chromatography, which is the methodology to isolate and fractionate cannabinoids.

CEOCFO: *Who on your team is tasked with keeping up with government regulations and laws?*

Mr. McCutcheon: I'm extremely pleased that we have built the company from what started as a two-person operation, to almost 60 people today. I do not head up our global regulatory division. Anuja Siwakoti, was a fantastic addition to our team recently. She began her cannabis career at Aphria Inc. where she worked for four years heading up regulatory affairs and then moved to a company called CCI (Canada Compliance Inc.), where she was a regulatory specialist. She has been instrumental in several key regulatory conversations with Health Canada since her joining us.

CEOCFO: *You mentioned you were the founder, or co-founder, how did MediPharm come about?*

Mr. McCutcheon: I have always been a supporter of cannabis as a medical option for different patients and different ailments especially in situations where pharmaceutical products are not an option given certain side-effects and prohibitively expensive pharmaceutical product costs. There is a special place in my heart for cannabis. The industry itself was evolving as a vertically integrated industry where the cultivators would operate seed to sales. Coming from the healthcare industry, myself and our co-founder Keith Strachan, agreed that vertical integration didn't make sense for the new cannabis sector. We struggled to find a parallel in another industry that has evolved over five or ten years, like the pharmaceutical industry, where a company operates as a fully vertically integrated company. We couldn't find one example, where the farmer of ingredients to make products, is also acquiring patients and manufacturing advanced science-based products. It was clear to us that we had identified a real opportunity to create a business model that sat within a specialized segment in the value chain. A specialized company would also have the ability to create checks and balances between different points in the production chain between seed to sale. We saw our business model as the perfect opportunity to offer the highest a quality while generating healthy margins. It's clear when you look at entities that provide specialized expertise, in particular within the cannabis industry, the value proposition is significantly greater. We were

able to build the business to command better EBITDA margins versus the other vertically integrated companies. And we are very pleased with that.

CEOCFO: *MediPharm Labs has been named the Cannabis Start-up of the Year at the recent Canadian Cannabis Awards, hosted by Lift & Co. Corp. ("Lift & Co.") (TSXV: LIFT). Why was that an important award?*

Mr. McCutcheon: We are thrilled and very proud that the Lift & Co. panel selected MediPharm as Cannabis Start Up of the year. Although we were the lead, as we had some pretty stiff competition. This was a very important achievement for our entire team even though we have been building MediPharm for the last five years. This positions us as a unique company as the first and only extraction-only or specialty play in the sector. The award was identified on the basis of being the company exemplifies the qualities that define promising startups that have innovation and activity, with a top-notch team that identifies and solves industry problems and contributes to the cannabis sector at large. I think it is fitting to how our company has positioned itself not only as an approved producer, manufacturer and distributor but also that we broke the mold of the Health Canada licensing procedure or protocol and are really trailblazing in our segment within cannabis. So I think it is an appropriately named award and we could not be more thrilled to win it.

CEOCFO: *Emerald Health Therapeutics is one of your partners. Why is that partnership important for you and are there any other partnerships you would like to mention?*

Mr. McCutcheon: Emerald Health is one of the largest LPs and very recently was approved for expansion of almost 700,000 square ft. of additional greenhouse that has just come online. Emerald really looks at that quality and commercial capacity of cultivation volume very seriously and we think they are one of the major players that can differentiate themselves in the amount of quality products they are growing successfully. With such a large greenhouse cultivation capacity, we were able to sign successfully a three-year deal for cannabis concentrate program. Emerald is currently sending us products and we extract that product and then we send them back the concentrated oil either for their final production, packaging and filling for distribution or we put it in tincture bottles or gel caps for them and sending it back to their company for distribution across their national distribution platform. We very much appreciate our relationship with Emerald. They are one of the few companies that is accelerating and executing at such a large volume and that is why they are a perfect partner.

Another really valued partnership we have is with Supreme (TSXV: FIRE) or Seven Acres. They are an ultra-high-quality greenhouse producer in Kincardine, Ontario. We are doing a number of cool projects on the processing side with cannabis concentrate program, which is also a three-year program with Supreme. We are doing a number of recreational products for them for their provincial distribution, as well as working on a very unique wellness line. Supreme has some of the highest quality products in the space. We also have partnerships with James E. Wagner Cultivation Corp and Indiva; all which are mid-tier growers, and all have a unique position in the industry. They are focused on craft genetics, craft grow, and high-level quality. Then we are also purchasing from a company called Cronos, as well as Up Cannabis Inc. or Newstrike (TSX:V-HIP), among others.

CEOCFO: *Where will future growth come from?*

Mr. McCutcheon: We see a future in Canada especially as more licensed cultivators are coming online, as well as from our existing cultivation partners expanding their cultivation footprints. That really brings wide growth in terms of our ability to move large volumes of capacity. Currently we have 150,000 kg annual capacity a year which enables us to extract from 150,000 Kg of trim flower into cannabis oil. We are currently running at just over 20-30% capacity and we are ramping up and hoping to be at 40-50% capacity by Q2 of 2019. We are very excited to look at the export opportunity as well as imports. Importing will be an opportunity where we can access different jurisdictions of the world where they can-do large-scale greenhouses closer to the equator and where we can import crude resin from some of these areas of the world. Literally every week there is a new jurisdiction coming online for medical cannabis. We are active in pursuing opportunities for joint ventures in newly approved jurisdictions, as well as, opportunities for exporting product to a number of areas with a specific focus on European countries that are now coming online for cannabis and medical opportunities.

CEOCFO: *Do you have funds currently in place to continue growth or will you be reaching out to investors or more partnerships in the future?*

Mr. McCutcheon: We are growing organically now in terms of our ability to bring capital in from our revenue stream. We are already generating revenue following the completion of our sales license in mid-November 2018. We have a fairly low operating capital costs for our space. As of September 30th, we had \$6.3 million in cash on our balance sheet. Not only are we fully funded and fully operational, we also own our property and building and have also funded our first expansion that is going to bring us up to almost 250,000Kg of annual capacity, which we are expecting to come online in late Q2 of 2019. We are a uniquely positioned company in that out of the gate, we'll be able to deliver a relatively strong initial revenue, positioning us well for profitability.

CEOCFO: *In closing, address our readers in the investment, health and cannabis communities. Why is MediPharm Labs an important company in this growing industry?*

Mr. McCutcheon: MediPharm Labs is a proven and trusted specialist in the industry that ensures expertise, leadership, and commercial scale. We are the leader in purified cannabis concentrates, which represent the fastest growing segments of the cannabis sector and the future of the industry as a broader range of infused products are allowed and demanded. We are the company to watch, we have significant growth opportunities ahead of us to deliver superior shareholder value. MediPharm provides a unique value creation and re-rating opportunity compared to our competitors and within the overall industry as a whole; especially when you look at our ability to create relatively strong revenue in month one of sales while working with a number of different partners across the country. We are very pleased with the exponential growth we have seen in such a short period of time since receiving our production and sales licenses.