

ASX RELEASE

26 September 2019

MMJ Group Invests CAD6m in WeedMD Inc.

MMJ Group Holdings Limited (ASX: MMJ) ("MMJ"), an Australian-listed company that specialises in managing a portfolio of investments along the cannabis value-chain, has invested CAD6m in the Canadian-listed company WeedMD Inc. (TSX-V:WMD) ("WeedMD or WMD").

"This is another example of MMJ's strong market and financial discipline identifying opportunities and bottlenecks in the cannabis value-chain in markets and acting quickly," MMJ's Chairman, Mr Peter Wall, said.

Mr. Wall stated, "WeedMD was an opportunity for MMJ to invest in a highly attractive manner and which allows WeedMD to capitalise on being sufficiently funded for current cultivation operations and to build out its extraction facility. WeedMD has executed its business plan quite well and has now expanded into outdoor cultivation and has well capitalized plans to become a provider of extracted cannabis products."

MMJ worked with its specialist management company, Embark Ventures, to evaluate the investment opportunity and WeedMD is the third investment made for MMJ.

WeedMD Inc. (the Company) is the publicly-traded parent company of WeedMD Rx Inc., a federally-licensed producer of cannabis products for both the medical and adult-use markets. The Company owns and operates a 158-acre state-of-the-art greenhouse and outdoor facility located in Strathroy, ON. The Company also operates CX Industries, a wholly-owned subsidiary of WeedMD Inc. CX Industries operates out of the Company's fully-licensed 26,000 sq. ft. Aylmer, Ontario production facility which specializes in cannabis extraction and processing. WeedMD has a multi-channeled distribution strategy that includes selling directly to medical patients, strategic relationships across the seniors' market and supply agreements with Shoppers Drug Mart as well as six provincial distribution agencies where WeedMD's adult-use brand Color Cannabis is sold. WeedMD had a market capitalisation of CAD153m¹.

MMJ's investment consists of CAD6m in 8.5% unsecured convertible debenture units issued by WeedMD which may be converted into 3.75m shares within three years.

MMJ has also secured the right to make further investments in WeedMD through warrants that allow MMJ to acquire an additional 3.75m shares for CAD1.80 each for a period of 3 years.

Settlement of the WeedMD investment is expected on or about 26 September 2019 and will be funded from MMJ's existing cash reserves of AUD20m.

A copy of the WeedMD' press release in respect of the closing of the offering of debentures is attached to this press release.

Investor and Media Enquiries

Jim Hallam
Chief Financial Officer and Company Secretary

¹ As at 25 September 2019 AEST

About MMJ

MMJ is a global cannabis investment company (ABN 91 601 236 417). MMJ owns a portfolio of minority investments and aims to invest across the full range of emerging cannabis-related sectors including healthcare, technology, infrastructure, logistics, processing, cultivation, equipment and retail. For MMJ's latest investor presentation and news, please visit: <https://www.mmjgh.com.au/investors/>

Important Notice

This announcement contains reference to certain intentions, expectations, future plans, strategy and prospects of MMJ. Those intentions, expectations, future plans, strategy and prospects may or may not be achieved. They are based on certain assumptions, which may not be met or on which views may differ and may be affected by known and unknown risks. The performance and operations of MMJ may be influenced by a number of factors, many of which are outside the control of MMJ. No representation or warranty, express or implied, is made by MMJ, or any of its directors, officers, employees, advisers or agents that any intentions, expectations or plans will be achieved either totally or partially or that any particular rate of return will be achieved. Given the risks and uncertainties that may cause MMJ's actual future results, performance or achievements to be materially different from those expected, planned or intended, recipients should not place undue reliance on these intentions, expectations, future plans, strategy and prospects. MMJ does not warrant or represent that the actual results, performance or achievements will be as expected, planned or intended. Nothing in this material should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities. It does not include all available information and should not be used in isolation as a basis to invest in MMJ. This document does not constitute any part of any offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of any "US person" as defined in Regulation S under the US Securities Act of 1993 ("Securities Act"). MMJ's shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to any US person without being so registered or pursuant to an exemption from registration including an exemption for qualified institutional buyers.



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WeedMD Closes its \$13.1 Million Bought-Deal Offering

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Toronto, Canada, September 25, 2019 – **WeedMD Inc. (TSX-V:WMD) (OTCQX:WDDMF) (FSE:4WE)** (“**WeedMD**” or the “**Company**”), a federally-licensed producer and distributor of medical-grade cannabis, is pleased to announce that it has closed its previously-announced bought-deal short-form prospectus offering of convertible debenture units (the “**Convertible Debenture Units**”) at a price of \$1,000 per Convertible Debenture Unit for aggregate gross proceeds of \$13,115,000 (the “**Offering**”), which includes proceeds from the over-allotment option. The Offering was led by Mackie Research Capital Corporation, and included Haywood Securities Inc. (together, the “**Underwriters**”).

The Underwriters were granted a 15% over-allotment option until October 25, 2019. In connection with the Offering, WeedMD is pleased to announce additional gross proceeds of \$1,115,000 from the over-allotment option. An additional 1,115 Convertible Debenture Units (the “**Additional Convertible Debentures Units**”) were issued today representing additional gross aggregate proceeds of \$1,115,000 and the total gross proceeds from Convertible Debenture Units sold in the Offering, including the 12,000 Convertible Debenture Units sold initially and the 1,115 Additional Convertible Debenture Units sold pursuant to the over-allotment option, is \$13,115,000.

Each Convertible Debenture Unit issued pursuant to the Offering consists of one \$1,000 principal amount of 8.5% interest bearing unsecured convertible debenture of the Company (each a “**Convertible Debenture**”) and 25 common share purchase warrants (each a “**Warrant**”). Each Warrant entitles the holder thereof to purchase one common share (“**Common Share**”) in the capital of the Company at an exercise price of \$1.80 until September 25, 2022. Provided that, if at any time prior to the expiry date of the Warrants, the volume weighted average trading price of the Common Shares on the TSX Venture Exchange (“**TSXV**”) is greater than \$3.60 for 20 consecutive trading days, the Company may, within 10 business days of the occurrence of such event, deliver a notice (including a press release) to the holders of Warrants accelerating the expiry date of the Warrants to the date that is 30 days following the date of such notice (the “**Accelerated Exercise Period**”). Any unexercised Warrants shall automatically expire at the end of the Accelerated Exercise Period.

The Convertible Debentures bear interest at a rate of 8.5% per annum from the date of issue, payable semi-annually in arrears on the last day of June and December in each year and mature on September 25, 2022 (the “**Maturity Date**”). The principal amount of each Convertible Debenture is convertible for no additional consideration, into Common Shares at the option of the holder at any time prior to the earlier of: (i) the close of business on the Maturity Date, and (ii) the business day immediately preceding the date specified by the Company for redemption of the Convertible Debentures upon a change of control at a conversion price equal to \$1.60 per Common Share (the “**Conversion Price**”). The Company may force the conversion of the principal amount of the then outstanding Convertible Debentures at the Conversion Price on not more than 60 days’ and not less than 30 days’ notice should the daily volume weighted average trading price of the Common Shares on the TSXV be greater than \$3.20 for the consecutive 20 trading days preceding the notice.

In consideration for the services provided by the Underwriters, the Company has paid a cash commission equal to 6% of the gross proceeds of the Offering and issued to the Underwriters an

aggregate of: (i) 491,812 non-transferable broker warrants, which are exercisable into Common Shares at a price \$1.60 per Common Share until September 25, 2022; and (ii) 491,812 non-transferable broker warrants, which are exercisable into Common Shares at a price \$1.80 per Common Share until September 25, 2022.

The net proceeds received by the Company from the Offering will be used for purchasing new equipment and retrofitting the Aylmer Facility, building an outdoor processing facility at the Strathroy facility, working capital requirements and other general corporate purposes.

The TSXV has conditionally accepted the Offering and the listing of the Convertible Debentures and Warrants. It is expected that the Convertible Debentures and Warrants will commence trading on the TSXV on September 27, 2019 under the symbols "WMD.DB" and "WMD.WT", respectively.

About WeedMD Inc.

WeedMD Inc. is the publicly-traded parent company of WeedMD Rx Inc., a federally-licensed producer of cannabis products for both the medical and adult-use markets. The Company owns and operates a 158-acre state-of-the-art greenhouse and outdoor facility located in Strathroy, ON. The Company also operates CX Industries, a wholly-owned subsidiary of WeedMD Inc. CX operates out of the Company's fully-licensed 26,000 sq. ft. Aylmer, Ontario production facility which specializes in cannabis extraction and processing. WeedMD has a multi-channelled distribution strategy that includes selling directly to medical patients, strategic relationships across the seniors' market and supply agreements with Shoppers Drug Mart as well as six provincial distribution agencies where WeedMD's adult-use brand Color Cannabis is sold.

Follow WeedMD & Color Cannabis:



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To learn more, visit us at

Forward Looking Information

This press release contains "forward-looking information" within the meaning of applicable Canadian securities legislation which are based upon WeedMD's current internal expectations, estimates, projections, assumptions and beliefs and views of future events. Forward-looking information can be identified by the use of forward-looking terminology such as "expect", "likely", "may", "will", "should", "intend", "anticipate",

"potential", "proposed", "estimate" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may", "would" or "will" happen, or by discussions of strategy.

The forward-looking information in this news release is based upon the expectations, estimates, projections, assumptions and views of future events which management believes to be reasonable in the circumstances. Forward-looking information includes estimates, plans, expectations, opinions, forecasts, projections, targets, guidance or other statements that are not statements of fact. Forward-looking information in this news release include, but are not limited to, statements with respect to internal expectations, expectations with respect to actual production volumes, expectations for future growing capacity and the completion of any capital project or expansions. Forward-looking information necessarily involve known and unknown risks, including, without limitation, risks associated with general economic conditions; adverse industry events; loss of markets; future legislative and regulatory developments; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms; the cannabis industry in Canada generally; the ability of WeedMD to implement its business strategies; competition; crop failure; and other risks.

Any forward-looking information speaks only as of the date on which it is made, and, except as required by law, WeedMD does not undertake any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise. New factors emerge from time to time, and it is not possible for WeedMD to predict all such factors. When considering this forward-looking information, readers should keep in mind the risk factors and other cautionary statements in WeedMD's Annual Information Form dated June 21, 2019 (the "AIF") and other disclosure documents of WeedMD filed with the applicable Canadian securities regulatory authorities on SEDAR at The risk factors and other factors noted in the AIF and other disclosure documents could cause actual events or results to differ materially from those described in any forward-looking information.

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