

**ASX RELEASE**

11 December 2020

**Embark Health – Investment Update**

**MMJ Group Holdings Limited (ASX:MMJ) ("MMJ")**, is an Australian-listed company whose core business is holding minority investments along the cannabis value-chain in Australia, Canada and Europe. MMJ is also able to make investments in sectors outside of cannabis, such as but not limited to, natural resources, pharmaceuticals and software services technology,

**Embark Health Update**

In the attached release Embark Health Inc. ("Embark" or the "Company") announced that it has entered into a definitive agreement with Mesa Exploration Corp. ("Mesa").

The agreement will govern the business combination between Mesa and Embark (the "Transaction"). As previously announced on 21 October 2020, the Transaction will result in a reverse take-over of Mesa by the shareholders of Embark.

The outside date for the Transaction is 31 March 2021 which would result in MMJ's investment in Embark being valued using the listed TSXV price of the listed entity.

Embark Health Inc. is an emerging leader in cannabis extraction, with a focus on the formulation and production of advanced 2.0 products for the B2B and Adult-use markets. Embark continues to be at the forefront of production of solventless concentrate products including Bubble Hash, Traditional Pressed Hash, Rosin and Dry Sift. With the recent acquisition of Embark Nano ("Nano", formerly, Axiomm Technologies Ltd.) Embark is preparing to launch the next generation of Cannabis 2.0 products. The acquired portfolio of products and formulations support the mass production and distribution of advanced 2.0 products including cannabis-infused beverages, topicals, edibles and water-soluble powders.

MMJ holds approximately 12.41% of Embark with a current book value of \$13.6m (refer below).

Further detail on the operations of Embark Health may be found on the MMJ website [www.mmjgh.com.au/portfolio/](http://www.mmjgh.com.au/portfolio/).

**MMJ's investment in Embark Health**

MMJ was a foundation investor in Embark Health in July 2018 – the investment has a book value of \$13.6m and now comprises:

- i. 3.697m ordinary shares (approximately 12.41% shareholding) in Embark Health with a book value of CAD2.44 per share.
- ii. Warrants that provide the option for MMJ to acquire a further 1.0m shares at CAD1.75 each up with maturity date of two years after a Liquidity Event<sup>1</sup>.
- iii. Warrants that provide the option for MMJ to acquire a further 1.2m shares at CAD1.20<sup>2</sup> each up with maturity date of two years after a Liquidity Event.
- iv. Warrants that provide the option for MMJ to acquire a further 1.125m shares at CAD4.80 each up with maturity date of two years after a Liquidity Event.

<sup>1</sup> A Liquidity event is an initial public offering or a material sale event

<sup>2</sup> Exercise price has based on MMJ book value of CAD2.44 per share

v. MMJ had generated a total return<sup>3</sup> of 1.8 times on its investment.

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**Investor and Media Enquiries**

Announcement authorised for release to ASX by:  
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<sup>3</sup> The return comprises all cash income, sale proceeds, accrued income and fair value of investment at date of calculation

### **About MMJ**

MMJ is a global cannabis investment company (ABN 91 601 236 417). MMJ's core business is holding minority investments across the full range of emerging cannabis-related sectors including healthcare, technology, infrastructure, processing, cultivation, and retail. MMJ is also able to make investments in sectors outside of cannabis, such as but not limited to, natural resources, pharmaceuticals and software services technology.

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.

### **Glossary**

<b>ABBREVIATION</b>	<b>Definition</b>
<b>AUD</b>	means Australian dollars.
<b>AASB</b>	Australian Accounting Standards Board.
<b>ACMPR</b>	means Access to Cannabis for Medical Purposes Regulations.
<b>ASX</b>	means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.
<b>ASX Listing Rules</b>	means the Listing Rules of ASX.
<b>B2B</b>	Business to business
<b>CAD</b>	means Canadian dollars.
<b>CBD</b>	means Cannabidiol (CBD) is a crystalline, nonintoxicating cannabinoid in cannabis and hemp.
<b>CBG</b>	means Cannabigerol is the non-acidic form of cannabigerolic acid, the parent molecule from which other cannabinoids are synthesized.
<b>Company or MMJ</b>	means MMJ Group Holdings Limited (ACN 601 236 417).
<b>EBITDA</b>	means Earnings before Interest, Tax, Depreciation and Amortisation.
<b>GMP</b>	GMP stands for Good Manufacturing Practices and refers to a system of manufacturing that guarantees reproducibility of product quality to set specifications.
<b>LPs</b>	Canada's Licensed Producers of Cannabis Products
<b>M</b>	means million
<b>MMPR</b>	means Marihuana for Medical Purposes Regulation
<b>MOIC</b>	means multiple on invested capital
<b>NTA</b>	means net tangible assets.
<b>Option</b>	means an option to acquire a Share usually at predetermined price.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means a registered holder of a Share.
<b>THC</b>	means THC is the principal psychoactive constituent of cannabis
<b>TSXV</b>	Toronto Stock Exchange Venture
<b>Warrant</b>	means an option to acquire a Share usually at predetermined price.
<b>WST</b>	means Western Standard Time as observed in Perth, Western Australia.



## Mesa Exploration and Embark Health Enter Into Business Combination Agreement

Toronto, Ontario — (December 10, 2020) – Mesa Exploration Corp. (“Mesa” or the “Company”) and Embark Health Inc. (“Embark”) are pleased to announce that they have entered into a definitive acquisition agreement dated December 10, 2020 (the “Agreement”) pursuant to which Mesa will acquire all of the securities of Embark by way of a three-cornered amalgamation, subject to the terms and conditions of the Agreement (the “Transaction”). Completion of the Transaction is subject to several conditions, including, but not limited to, closing conditions customary to transactions of this nature, receipt of all necessary regulatory approvals, including the TSX Venture Exchange, and receipt of all necessary shareholder approvals. The outside date for the completion of the Transaction is March 31, 2021, subject to a three-month extension if agreed to by the parties. A copy of the Agreement will be made available on Mesa’s profile on [www.sedar.com](http://www.sedar.com).

A comprehensive news release will be subsequently issued by Mesa and Embark setting out the terms of the Transaction, which shall include information about Mesa upon closing of the Transaction and the proposed financing to be completed by Embark in connection with the Transaction.

### About Embark Health Inc.

Embark Health Inc. is an emerging leader in cannabis extraction, with a focus on the formulation and production of advanced 2.0 products for the B2B and Adult-use markets. Embark continues to be at the forefront of production of solventless concentrate products including Bubble Hash, Traditional Pressed Hash, Rosin and Dry Sift. With the recent acquisition of Embark Nano (formerly, Axiomm Technologies Ltd.) Embark is preparing to launch the next generation of Cannabis 2.0 products. The acquired portfolio of products and formulations support the mass production and distribution of advanced 2.0 products including cannabis-infused beverages, topicals, edibles and water-soluble powders. For more information, please visit [www.embarknano.com](http://www.embarknano.com).

Embark’s mandate is to pursue best in class production processes resulting in premium quality commercial and consumer extraction products. Embark is dedicated to unleashing the full potential of the cannabis plant through scientific approaches to extraction and the production of quality products to enhance everyday life. For more information, please visit [www.embarkhealthinc.com](http://www.embarkhealthinc.com).



# About Mesa Exploration

Mesa was incorporated under the Business Corporations Act (British Columbia) on December 16, 1965. Immediately prior to the closing of the Transaction, it is expected that Mesa will have no commercial operations and no assets other than cash.

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## For Further Information Contact

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### CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This press release contains statements that constitute “forward-looking information” (“forward-looking information”) within the meaning of the applicable Canadian securities legislation. All statements, other than plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as “expects”, or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends” or variations of such words and phrases or stating that certain actions, events or results “may” or “could”, “would”, “might” or “will” be taken to occur or be achieved) are not statements of historical fact and may be forward-looking information. In disclosing the forward-looking information contained in this press release, the Company has made certain assumptions, including that: the Transaction will be completed on acceptable terms or at all; all applicable shareholder, and regulatory approvals for the Transaction will be received. Although the Company believes that the expectations reflected in such forward-looking information are reasonable, it can give no assurance that the expectations of any forward-looking information will prove to be correct. Known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information. Such factors include, but are not limited to: availability of financing; delay or failure to receive board, shareholder or regulatory approvals; and general business, economic, competitive, political and social uncertainties. Accordingly, readers should not place undue reliance on the forward-looking information contained in this press release. Except as required by law, the Company disclaims any intention and assumes no obligation to update or revise any forward-looking information to reflect actual results, whether as a result of new information, future events, changes in assumptions, changes in factors affecting such forward-looking information or otherwise.

