



WAYLAND

## Wayland Provides Corporate Update on Transaction, Construction and Operational Progress

### Announces Agreement to Terminate Transfer of International Business to ICC International Cannabis Corp.

TORONTO, Oct. 31, 2019 -- Wayland Group (CSE:WAYL) (OTCQB:MRRCF) ("Wayland" or the "Company") is pleased to provide an update on its previously announced potential strategic transactions and on its construction and operational progress in Canada and internationally.

#### ***Transaction Update***

The Company announced that it continues its discussions with Cryptologic Corp. regarding the previously announced plan to sell of Wayland's Canadian business, including its Langton, Ontario production facility, to Cryptologic in exchange for common shares of Cryptologic. "We have been working daily with the Cryptologic team, and believe that their professional approach, experience and financial discipline provide a platform for unlocking additional value in the Canadian business. We look forward to continuing to work toward completion of this transaction with them," said Matt McLeod, CEO.

Wayland also announced that it has agreed to terminate the transactions relating to the sale of its international portfolio of assets to ICC International Cannabis Corp. Pursuant to this termination agreement, ICC will no longer have any right to acquire any of Wayland's portfolio of international assets and Wayland will cease to hold the common shares of ICC previously received by it. The termination agreement also provides that Wayland will retain certain assets previously transferred by Wayland to ICC, together with a mutual release. The implementation of the transactions under the termination agreement are subject to receipt of applicable approvals as may be required under applicable law.

Wayland continues its work to identify opportunities to unlock and create value for its shareholders and other stakeholders from its portfolio of international assets, though the Company can offer no assurance that any transactions will be identified or completed on terms acceptable to Wayland or at all in respect of these assets.

#### ***Langton Facility Update***

Construction of Phase 1A at Wayland's fully automated, purpose built, state-of-the-art cannabis production facility in Langton, Ontario is near completion. Like many companies in the cannabis industry, the Company experienced unanticipated regulatory delays in obtaining amendments to its licenses. The delays in respect of amendments relating to the Langton facility contributed to additional financial challenges for the Company. These factors were the primary cause of the construction delays in completing the construction of this phase of construction at the facility, which was previously expected to be completed earlier this year. Wayland had initially anticipated revenues of \$37,900,000 for 2019, the Company now anticipates that 2019 revenues will be 15-30% of that anticipated revenue. However, as previously disclosed, the receipt of bridge loan from Cryptologic has allowed the Company to continue to work towards completion of this state-of-the-art EU-GMP certified facility, but the Company can provide no assurances regarding the availability of additional funds in this regard or that additional construction work will proceed on the timelines anticipated by the Company or at all.

#### ***Phase 1A (refer to Construction Map)***

Cannabis plants are now growing in licensed rooms 801 to 808 using IAS New York Inc.'s intellectual property and Rockwell Automation control platforms developed with AI DATAGROW. Accordingly, the Company expects 864 new plants to be planted using the perpetual grow platform each week. The Company is expected to harvest approximately 250 kg of dried flower each month from now until the end of 2019.

#### ***Phases 1B, 1C, 1D (refer to Construction Map)***

With Phase 1A nearly completed and licensed, the Company expects to shift focus to complete Phase 1B, its Processing and Packaging area. Currently, all processing and packaging is completed at the Company's previously existing facility at 150, 8th Concession Road, Langton, Ontario, which is limited to approximately 70 kg per week. Completion of Phase 1B will help gain additional operational efficiencies in processing, drying and packaging resulting in a dramatic increase in finished goods production capacity. Phases 1C and 1D will then be completed sequentially. Once Phase 1 (A, B, C, D) is completed, it is estimated that annual production will be a minimum of 25,000 kg/year. No timeline for completion of these additional phases is available at this time. The Company continues to believe that this facility, once fully operational, will be an ultra low cost facility and that, given its automated design, water collection systems and on site power co-generation, it will be capable of consistently producing premium quality cannabis.

The Company also plans to host an open house for key customers, business partners and investors once Phase 1 is completed, to showcase this world-class automated Cannabis production facility.

A photo accompanying this announcement is available at <https://www.globenewswire.com/NewsRoom/AttachmentNg/ea3ecdcd-491f-45db-a6c5-db8a99f8b3a3>

## **Germany**

The Company has continued to support its operations to support the significant medical cannabis opportunity in Germany. All required licenses for dried cannabis import from its Langton facility are in place. On May 21, 2019, the Company announced that its joint venture DEMECAN GmbH ("DEMECAN"), was awarded three lots of domestic cannabis production in Germany by the Federal Institute for Drugs and Medical Devices ("BfArM"). With the tender process complete, DEMECAN is focusing on building and upgrading their respective operational units within Wayland's Ebersbach facility.

Wayland's Langton, Ontario facility is one of a select few EU-GMP licensed facilities globally. Using this unique capability, the Company has shipped a total 131 kg of dried cannabis to Cannamedical in 2019 from its Langton facility. Shipments were made in a mix of 10 g bottles and bulk shipments. The Company expects shipment volumes to during Q4 2019 to be greater than any previous quarter. "Cannamedical has been a very supportive partner, and their support and flexibility in developing this unique aspect of Wayland's business has been great," said Veronica Lesch, Director of Supply. She continued, "Cannamedical's Quality Assurance team has been an invaluable partner in ensuring both parties were meeting EU GMP requirements for all of our exports."

## **Italy**

Wayland Italia, the Company's Italian subsidiary, has submitted a request to register two high CBD strains with the Community Plant Variety Office (CVPO). The CVPO is a European Union agency created to administer The Plant Variety Rights System in Europe. This system, which is the largest in the world of its kind, provides protection with an intellectual property right for new plant varieties.

Wayland believes that Western Europe represents a significant medical cannabis opportunity, and the Company continues to execute its strategy in key markets throughout the region. With these two new registered strains, SIBARI (14-16% CBD) and DAMATO (6-8% CBD), the Company believes that it has strong intellectual property to develop high CBD medical and wellness markets. Through its partnership with Eastern Piedmont University, Wayland is also positioned to be a leader in product and research development in Italy and through Europe.

## **Provincial Supply Agreements**

The Company has also maintained constructive working relationships with its provincial partners throughout 2019, despite supply challenges. The Company shipped 344 kg of dried cannabis and 26,352 bottles of cannabis oil to Canadian provinces in 2019 and is planning on shipping a larger quantity in Q4 than any previous quarter. The Company is confident in its ability to compete against other brands in the industry, once supply is normalized upon completion of Phase 1 in Langton. "We are very appreciative of the collaboration with all of our provincial partners" said Sanjay Patel, National Sales Director. "Our sales team has worked to maintain complete transparency with all of our provincial partners throughout 2019, on both the challenges and progress in Langton. Our customers have visited Langton throughout 2019 to see our continued progress, and they are excited to see the facility, once Phase 1A is fully operational."

## **General Update**

"Wayland has faced a number of obstacles in 2019. Several issues that arose in 2018, together with the delays in filing the Company's audited annual financial statements and the Company's previously disclosed management changes have presented significant challenges for Wayland. However, we continue to work with our business partners and believe that we have identified a path forward for Wayland and its stakeholders, beginning with the proposed transaction with Cryptologic," said Matt McLeod. He continued, "I would like to thank our customers, investors and other business partners for sticking with Wayland through this transitional period."

## **About Wayland Group**

Wayland is a vertically integrated cultivator and processor of cannabis. The Company was founded in 2013 and is based in Oakville, Ontario, Canada with production facilities in Langton, Ontario where it operates a cannabis cultivation, extraction, formulation, and distribution business under federal licenses from the Government of Canada. The Company also has production operations in Dresden, Saxony, Germany, Regensdorf, Switzerland and, Allesandria, Piedmont, Italy. Wayland will continue to pursue new opportunities globally, including in Argentina and Colombia, in its effort to enhance lives through cannabis.

## **About Cryptologic Corp.**

Cryptologic Corp. is currently a cryptocurrency mining company that is focused on divesting of its crypto mining assets and exploring acquisition opportunities in sectors outside of cryptocurrency mining.

## **Forward Looking Information**

*This news release includes forward-looking information and statements, which may generally be identified by the use of the words "will", "expects", "believes", "estimated", "proposed" and variations or similar expressions and which include, but are not limited to, information and statements regarding or inferring the future business, operations, financial performance, prospects, and other plans, intentions, expectations, estimates, and beliefs of the Company. Such statements include those relating to*

*the negotiation and entering into by the Company of definitive transaction documents with Cryptologic, the terms and completion or non-completion of the proposed transaction with Cryptologic, the expected financial and other benefits of the proposed transaction with Cryptologic for Wayland and its shareholders and other stakeholders, the satisfaction of the conditions to implementing the termination agreement with ICC, the entering into by the Company of agreements with ICC relating to cannabis processing, asset conveyances and otherwise, the status and potential outcomes of the Company's strategic review with respect to its international business, the value of Wayland's remaining international business, the consideration to be received by Wayland for a potential sale of its remaining portfolio of international assets, the anticipated timeline and results of the build-out of Wayland's Langton facility, the availability of additional financing to fund Wayland's ongoing operations and build-out of its Langton facility, the exercise by Wayland of financial and operational discipline, the achievement of Wayland's anticipated revenue for 2019. Forward-looking information and statements involve and are subject to assumptions and known and unknown risks, uncertainties, and other factors which may cause actual events, results, performance, or achievements of the Company to be materially different from future events, results, performance, and achievements expressed or implied by forward-looking information and statements herein. Such assumptions, risks, uncertainties and other factors include, but are not limited to, that the proposed transactions with Cryptologic and the transactions contemplated by the termination agreement with ICC will be completed on the timelines or on the terms anticipated by the Company or at all, that a definitive agreement with Cryptologic will be successfully negotiated and entered into, that all conditions to closing outlined in such definitive agreement will be satisfied and/or waived on the terms and timelines anticipated by Wayland or at all, that all necessary third party, regulatory, stock exchange, securityholder and other consents and approvals will be received in connection with the proposed transactions with Cryptologic and ICC on the timelines anticipated or at all, that all other conditions to closing will be received in connection with the proposed transactions with Cryptologic and ICC on the timelines anticipated or at all, that Wayland will be able to distribute the Cryptologic common shares received under the proposed transaction with Cryptologic to Wayland's shareholders in a cost-effective manner and on the timelines anticipated, that the sale of Cryptologic's existing business and its establishment as a single-purpose cannabis company will proceed on the timelines and terms anticipated or at all and that it will establish and maintain the required minimum \$25 million cash balance (less amounts advanced to Wayland under the bridge loan agreement (excluding interest)) on the timelines anticipated or at all, that the conditions precedent to the funding of further facilities under the bridge loan will be satisfied and that such facilities will be advanced to Wayland on the timeline anticipated or at all, that Wayland will be able to deploy the funds received pursuant to the bridge loan in the manner, to the effect and on the timelines anticipated and that Wayland's financial, operational and capital requirements can be met in the manner and on the timelines anticipated or at all. Although the Company believes that any forward-looking information and statements herein are reasonable, in light of the use of assumptions and the significant risks and uncertainties inherent in such information and statements, there can be no assurance that any such forward-looking information and statements will prove to be accurate, and accordingly readers are advised to rely on their own evaluation of such risks and uncertainties and should not place undue reliance upon such forward-looking information and statements. In particular, the completion of the proposed transaction with Cryptologic and the transactions contemplated by the termination agreement with ICC are subject to the satisfaction of a number of conditions and uncertainties (including those noted above) and the Company can offer no assurance that any of such transactions will be completed on the terms, conditions and/or timelines anticipated by the Company or at all, nor can any assurance be offered that any other transaction in respect of the Company or its businesses will be identified or successfully completed. Any forward-looking information and statements herein are made as of the date hereof, and except as required by applicable laws, the Company assumes no obligation and disclaims any intention to update or revise any forward-looking information and statements herein or to update the reasons that actual events or results could or do differ from those projected in any forward looking information and statements herein, whether as a result of new information, future events or results, or otherwise, except as required by applicable laws.*

The Canadian Securities Exchange has not reviewed, approved or disapproved the content of this news release

For more information about Wayland, please visit our website at [www.waylandgroup.com](http://www.waylandgroup.com)

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