



GLOBAL HEMP GROUP
A HEALTHIER FUTURE THROUGH SUSTAINABLE BUSINESS STRATEGIES

CSE: GHG

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OTC: GBHPF

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Global Hemp Group Provides Update on its Industrial Hemp Division

Vancouver, BC -- (Feb 14, 2024) -- GLOBAL HEMP GROUP INC. (“GHG” or the “Company”) ([CSE: GHG](#) / [OTC Markets: GBHPF](#) / [FRANKFURT: GHG](#)) wishes to provide an update on its Industrial Hemp Division and current hemp initiatives being explored in the province of Quebec.

GHG has been committed to exploring the vast potential of industrial hemp since its establishment, with a focus on sustainable applications such as hemp-based building materials and bio-energy sources. The company has long recognized the valuable contributions that hemp can make to society. In the past year, GHG has expanded its Health and Wellness Division through the acquisition of exclusive licensing for patents and Intellectual Property related to the use of cannabinoids from hemp and cannabis plants. Additionally, the company has secured an exclusive option to acquire a Multi-Faceted, Vertically Integrated Cannabis Operator in New Brunswick. GHG's R&D division will play a pivotal role in supporting product development for both divisions.

Hemp Agro-Industrial Zone Development in Quebec

In line with its ongoing commitment to hemp-related business ventures, GHG is in advanced planning stages for the development of a project to establish a Hemp Agro-Industrial Zone ("HAIZ") in Quebec. This initiative aims to focus on developing a variety of building materials for constructing affordable housing in the region. GHG has been engaging in discussions with potential partners, government entities, funding sources, farmers, builders, and other stakeholders to advance this project.

GHG is actively pursuing strategic partnerships, joint ventures, and acquisitions with like-minded companies that share a vision for the transformative potential of industrial hemp. The HAIZ is specifically focused on harnessing the potential of the hemp hurd (inner woody core) and fiber to develop products with substantial environmental benefits. The design of the HAIZ is intended to be scalable and adaptable to regions where hemp cultivation is viable.

Background

Quebec is currently grappling with two significant challenges: an immediate housing crisis and the long-term, but equally critical, climate crisis. Vacancy rates in Quebec have reached historically low levels, with many cities experiencing rates as low as 0.3%, far below the recognized equilibrium rate of 3.0%. The urgent need to construct approximately 860,000 homes in Quebec over the next six years has been acknowledged by both federal and provincial governments. While the recent budget announcement of \$1.8 billion by the Quebec government for the construction of 8,000 affordable housing units is a step forward, it falls short of making a meaningful impact on this pressing issue. The current housing situation in Quebec presents a compelling opportunity to enter the market, given the widespread public support for affordable housing, competitive conditions offered by municipal industrial parks, a thriving agricultural community, and access to lime sources for hempcrete production.

The Intergovernmental Panel on Climate Change has estimated that climate change has cost Canada between \$0.5 billion and \$1.9 billion per year since 1983. Decarbonizing the economy stands as a key objective of the Quebec government.

In 2022, the building sector accounted for 18% of Canada's greenhouse gas emissions. These emissions consist of both an operational component and an embedded component. The operational component encompasses heating, ventilation, lighting, and mechanical functions, and varies across provinces based on the primary source of energy. The embedded component, which accounts for approximately one third of the total emissions, is a significant factor.

The carbon footprint of building materials is influenced by the nature and sourcing of raw materials, their transportation to manufacturing sites, and the distribution of these materials to construction sites. An often-overlooked aspect of the construction sector's carbon footprint is the disposal of waste, which according to the World Bank, constitutes 30% of all waste disposal.

The solution lies in the production of natural building materials, such as hempcrete, located as close as possible to the building sites. Hempcrete construction is gaining traction globally, although North America is currently trailing behind Europe. The publication of the 2024 International Residential Code's (IRC) appendix for hempcrete construction is anticipated to foster greater acceptance of this building material in North America. This method of construction only requires hemp hurd, lime and water. Currently there is approximately 1,500 ha hemp grown in Quebec, and no industrial facilities east of Alberta available to process the hemp. GHG's current endeavour in Quebec looks to change that.

Bringing Hemp Processing to Quebec

Revenue Sources for the Project - The bulk of the revenue of this project will be derived from hemp-based construction capitalizing on the urgency of the housing crisis. One third of decortication revenues are estimated to come from the sale to construction projects under the management of GHG and its associates and partners.

Farming – Farming will be done on a contract basis. Under the current vision for the project, the Company will look to cultivate up to 450 ha (1,111 acres) by 2028. The region under consideration for this cultivation covers more than 16,000 ha over 150 farms and is currently focused on dairy production of which a significant portion of the acreage is required for feed. Hemp's regenerative/bioremediation qualities make it an ideal crop rotation plant for the area. It is within this farming community that GHG's initial hemp tests were conducted on four farms, over a three-year period. These tests yielded more than 5 tons/ha of dried straw and provides the baseline for the project. The anticipated hemp farm area is within 50 km of where the production facilities are likely to be located.

Primary Processing - The core of the division is the decortication plant, where fibre and hurd are separated. Several options are under consideration with capacity varying from 0.5 tonne/hr to 1.5 tonne/hr. A capacity of one tonne/hr would be able to process the output of approximately 400 ha of hemp and provide sufficient quantities of hurd to build 600 apartments, assuming the whole output being dedicated to that purpose.

Secondary Processing - GHG intends to fully integrate its production from farm to the building site. This will call for the establishment of two additional manufacturing facilities, one for hempcrete blocks and one for hemp insulation panels. The planned block plant will reach its annual capacity of 6,000 m³ of blocks on one shift only by 2028, and could be doubled with the addition of an additional shift. This is compatible with the anticipated growth in construction of housing units. Hemp fibre will be processed into insulation matts in a separate plant to meet the insulation requirements (roofs) of GHG's construction projects. Excess output will be marketed locally as insulation matts or into alternate products.

A small pellet plant will complete the Hemp Agro-Industrial Zone to process the dust and waste recovered from the decortication plant into pellets as a bio-energy source.

Construction - GHG has initiated discussions with prospective partners of the housing development industry that are dedicated to green building. As these green building materials are not well known in the building industry at large, it makes sense that GHG develops its own construction arm to market its products. In addition to being a profit center on its own, the construction unit will provide a showcase for the industry at large and broaden the market for the Company's hemp-based building products.

Funding - Financial models and budgeting are currently being developed and will largely depend on the final capacity of the processing facilities chosen for the project. Once complete, this will determine the final debt to equity ratio that the Company will seek for the project. Funding will come from three sources; funds raised by GHG (current and future funding initiatives), participating farmers wanting to be a part of the processing facilities where they will be selling their hemp, and Quebec and Regional Government Financing Agencies. Certain agencies have programs to provide loans at competitive rates to support up to 100% of capital expenditures and allow applicants to focus their own resources on covering operational expenses. The Company is in contact with various agencies for project funding.

GHG has identified a niche in the global hemp market where new hemp-based building materials can be manufactured and utilized in a region that has a chronic housing shortage that will take years of ongoing development to solve. Couple that with bringing together partners/developers in the region that share GHG's vision and commitment to green construction, will provide an end use for the Company's products. This will create perfect synergies and an opportunity to generate multiple revenue streams for the Company and build shareholder value in the years to come.

About Global Hemp Group Inc.

Global Hemp Group Inc. (CSE: GHG / OTC: GBHPF / FRANKFURT: GHG) is a dynamic company currently focused on two key business segments - Industrial Hemp and Biopharma.

The Industrial Hemp division's primary focus lies in the environmental uses of hemp for construction and hemp for sustainable bio-energy sources, both contributing to a carbon-negative footprint. Our R&D team is engaged in developing Intellectual Property that can be patented and implemented within our projects and beyond.

The Health and Wellness Division is focused on the acquisition of exclusive patents and IP through licensing agreements. The Company acquired exclusive rights to key patents and IP of Apollon Formularies plc., a UK-based international pharmaceutical company whose formulations and patents specialize in developing cancer treatments from natural biologics, including cannabinoids and functional mushrooms. More recently, the Company has signed a Letter of Intent with B-Organic R&D Corp. relating to the use of their Bioactive Lipid Agents ("BLA") technology with cannabinoids, terpenes, flavonoids and mushroom extracts. BLA enhances the solubility and bioavailability of various "poorly soluble pharma ingredients".

These strategic alliances form the basis for the commercialization of promising independently pre-clinically tested formulations, underscoring our commitment to cutting-edge innovation in the commercial biopharma sector.

For Further Information Contact Global Hemp Group

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Cautionary Note Regarding Forward Looking Statements

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The CSE has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.