

# **SPEAKEASY CANNABIS CLUB LTD.**

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For Immediate Release

January 27, 2020

## **SPEAKEASY SIGNS LOI WITH M&J ORCHARDS TO OPERATE**

### **A 50 ACRE HEMP FIELD**

**Vancouver, B.C. – SpeakEasy Cannabis Club Ltd. (CSE: EASY) (Frankfurt: 39H)** (the “**Company**” or “**SpeakEasy**”), a holder of a federal licence to cultivate, process and sell cannabis under the Cannabis Act, is pleased to announce that it has signed a non-binding letter of intent with M&J Orchards Ltd. (“**M&J Orchards**”) to plant 50 acres of hemp in 2020 on M&J’s property.

### **Industrial Hemp Regulations**

The production of industrial hemp follows a different, far less stringent set of regulations than those for the production of cannabis, allowing an easier licencing process for the production of hemp containing less than .3% THC. Industrial hemp producers can grow hemp of approved varieties, collect the biomass and sell to licenced producers that can then process into concentrated forms of CBD.

### **Reasons for Additional Land**

SpeakEasy’s property has already undergone stringent approval processes from the Agricultural Land Reserve, federal, provincial, municipal governments and Health Canada for the cultivation of THC bearing cannabis. The Company finds it necessary to lease land in order to grow industrial hemp and secure a supply of CBD bearing hemp which would meet its biomass standards. The demand for CBD is expected to be greater than SpeakEasy could possibly grow on its land package, therefore strategic partnerships with land owners and operators to produce industrial hemp is essential for us to keep up with demand.

Throughout the 2020 season, SpeakEasy will continue to develop its phase 2 outdoor grow facility on the remaining land suitable for growing cannabis on its 290 acre property and expects it to be licenced and ready for the 2021 grow season.

Founder Marc Geen states, "Between utilizing our location and excellent climate, unique to the industry harvest equipment and methods and our large scale, efficient processing and extraction facility, which we anticipate to come online this fall, we will be in an excellent position to participate competitively in markets here in Canada and around the world."

## **CBD Market Opportunity**

CBD markets have been expanding aggressively for the last two years and are expected to continue as countries around the world open up.

- BDS Analytics and Arcview Market Research project that the collective market for CBD sales in the U.S. will surpass \$20 billion by 2024.
- Canadian CBD Market expected to reach \$1 billion in the next 5 years – Forbes.

## **Competitive CBD Pricing for International Markets**

Projected harvest amounts will allow us to produce over 6,500 kilograms of CBD distillate from yields from the proposed 50 acre field with an expected selling price of \$10,000 per kilogram. Although recent sales of CBD distillate have been approximately \$30,000 per kilogram, SpeakEasy's management projects that those prices are not sustainable and will level out at around \$10,000 per kilogram, which is consistent with prices being obtained in the United States and Europe. SpeakEasy projects that its cost of production for a kilogram of distillate will be approximately \$485 which, if realized, will give the Company an important advantage in global markets.

## **Strategic Sales and Distributions**

SpeakEasy has been working on outlets for its CBD distillate production by fostering relationships throughout Canada, Mexico and throughout Europe.

Founder Marc Geen states, "Building relationships with clients and companies is an important part of any business. We have been building strong relationships for years in anticipation of beginning sales and distribution of SpeakEasy's products and it is finally time to enact these sales and Distribution Agreements." Over the next few months SpeakEasy intends to announce partnerships and supply agreements with companies it is proud to be working with. SpeakEasy's vision has always started with what the customer wants and working backwards from there, it is exciting to reveal the full scope of the plan that culminates in delivering to the customer exactly what they want.

## **About M&J Orchards Ltd.**

M&J Orchards is a Geen family company that owns land directly adjacent to the SpeakEasy property in Rock Creek, British Columbia, an area ideal for the production of cannabis. M&J Orchards will provide irrigated land, a hemp production license, equipment, storage and manpower for the project. Speakeasy will provide funding, know how, harvesting, processing and sales of material harvested from the proposed 50 acre field.

## **About SpeakEasy Cannabis Club Ltd.**

SpeakEasy Cannabis Club Ltd. holds a cultivation, processing and sales licence issued by Health Canada under the *Cannabis Act*. [SpeakEasy](#) owns 290 acres of land in Rock Creek, British Columbia, and leverages three generations of farming experience in B.C. as well as its favourable

location to grow and process high-quality cannabis products at low cost. SpeakEasy cultivates small batch, high quality craft cannabis in its 10,000 square foot indoor facility and has recently completed the development of its 60-acre outdoor field. The Company's intention, upon receipt of an amendment to its current licence to include the outdoor cultivation area, is to produce approximately 70,000kg of outdoor, sun grown cannabis in 2020.

For more information about SpeakEasy, visit [speakeasygrowers.com](http://speakeasygrowers.com).

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This news release contains statements that constitute "forward-looking statements." Such forward looking statements involve known and unknown risks, uncertainties and other factors that may cause SpeakEasy's actual results, performance or achievements, or developments in the industry to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements. Forward looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects," "plans," "anticipates," "believes," "intends," "estimates," "projects," "potential" and similar expressions, or that events or conditions "will," "would," "may," "could" or "should" occur.

Forward-looking statements in this document include statements concerning SpeakEasy's intention to complete the transactions contemplated in the letter of intent with M&J Orchards, its intention to complete the development of its Phase 2 facility, projections concerning CBD distillate harvest amounts and the timing thereof, costs to produce a kilogram of CBD distillate and anticipated prices to be received per kilogram of CBD distillate, its expectations with respect to the demand from CBD, its intention to announce partnerships and supply agreements, its intent to produce and sell high quality craft cannabis, its expected production output upon receipt of an amendment to its current licence and the timeframe associated with such production output, and all other statements that are not statements of historical fact.

Although SpeakEasy believes the forward-looking information contained in this news release is reasonable based on information available on the date hereof, by their nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements.

Examples of such assumptions, risks and uncertainties include, without limitation, assumptions, risks and uncertainties associated with general economic conditions; adverse industry events; future legislative and regulatory developments involving cannabis; the Company's ability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on

favorable terms; the cannabis and hemp industries and markets in Canada and generally; the demand for CBD distillate, cannabis and cannabis related products, the ability of SpeakEasy to implement its business strategies; competition; the ability of SpeakEasy to obtain and retain all applicable licences under the Cannabis Act and other assumptions, risks and uncertainties.

**THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS NEWS RELEASE REPRESENTS THE EXPECTATIONS OF THE COMPANY AS OF THE DATE OF THIS NEWS RELEASE AND, ACCORDINGLY, IS SUBJECT TO CHANGE AFTER SUCH DATE. READERS SHOULD NOT PLACE UNDUE IMPORTANCE ON FORWARD-LOOKING INFORMATION AND SHOULD NOT RELY UPON THIS INFORMATION AS OF ANY OTHER DATE. WHILE THE COMPANY MAY ELECT TO, IT DOES NOT UNDERTAKE TO UPDATE THIS INFORMATION AT ANY PARTICULAR TIME EXCEPT AS REQUIRED IN ACCORDANCE WITH APPLICABLE LAWS.**

*The Canadian Securities Exchange has not approved nor disapproved the contents of this news release.*

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