



## **AVICANNA ANNOUNCES JOINT VENTURE WITH SIGMA ANALYTICAL SERVICES INC., TO ESTABLISH THE FIRST GMP/GLP LEVEL CANNABIS QUALITY ASSURANCE LABORATORY IN SOUTH AMERICA**

/NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES. ANY FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF UNITED STATES SECURITIES LAWS/

**Toronto, Ontario – August 8, 2019** – Avicanna Inc. ("**Avicanna**" or the "**Company**") (TSX: AVCN) a biopharmaceutical company focused on the development, manufacturing and commercialization of plant-derived cannabinoid-based products, is pleased to announce that it has entered into an agreement with Sigma Analytical Services Inc. ("**Sigma Analytical**") to establish a joint venture for the testing of cannabis and cannabis-based products in Colombia.

The joint venture will leverage Sigma Analytical's expertise, methodology, and intellectual property in cannabis and derived product testing to establish a laboratory to test cannabis genetics and products. Independent analytical services will be managed and operated by an operating company with complete adherence to techniques and procedures developed and implemented by Sigma Analytical. The laboratory is expected to be located within the SMGH facilities and testing services will be provided to Santa Marta Golden Hemp S.A.S. ("**SMGH**") and Sativa Nativa S.A.S. ("**Sativa Nativa**"), two subsidiaries of Avicanna, and are expected to also be offered to a variety of large licensed producers to small scale partner farmers. The parties anticipate that the laboratory will be the first cannabinoids-only, analytical laboratory and independent testing service in South America to meet Health Canada, European Pharmacopeia, US Pharmacopeia, and compliant to EU GMP standards. With technical transfer currently underway, the completion and launch of the laboratory services is expected to occur early in the fourth quarter of 2019.

The laboratory will provide a comprehensive suite of cannabis specific testing, which will include pesticides, heavy metals, residual solvents, aflatoxins, microbial, genotyping, and cannabinoid and terpene profiling.

Current and proposed legislation requires independent laboratory testing for cannabis extract for future medical sales and export. However, as full-suite testing in line with global standards is currently unavailable in Colombia, it requires many companies to go through the lengthy process to export samples for validated testing results.

### **Highlights of the Joint Venture:**

- Joint venture to be established through the creation of an Ontario based corporation, Sigma Analytical Magdalena Canada Inc. ("**HoldCo**"), to be initially owned approximately 61% by Avicanna and approximately 39% by a subsidiary of Sigma Analytical;
- HoldCo to own a 100% equity stake in a Colombian based operating company ("**OpCo**");
- Sigma Analytical to license intellectual property (being testing procedures and technical know-how) to OpCo for the testing of cannabis and cannabis-based products;
- SMGH and Sativa Nativa, collectively, to commit to purchase a minimum number of tests from OpCo on a quarterly basis;
- Services to be provided will include testing for: pesticides, heavy metals, residual solvents,



- aflatoxins, microbial, genotyping, and cannabinoid and terpene profiling;
- Expected to be the first cannabinoids-only, analytical laboratory and independent testing service in South America to meet Health Canada, European Pharmacopeia, US Pharmacopeia, and compliant to EU GMP standards;
- The laboratory will provide Avicanna with streamlined access to testing of its active pharmaceutical ingredients, which will provide it with expedited access to analysis and the analytical documentation required for the international export of its products;
- With technical transfer well underway, expected completion and launch of the laboratory services are slated for early in the fourth quarter of 2019.

Dr. Kaveh Kahen, Chief Executive Officer of Sigma Analytical, commented, "Sigma Analytical is excited to partner with Avicanna in establishing the first GMP testing facility in South America for cannabis and derived products to serve the growing cannabis industry in this region. With cannabinoids and terpenes being increasingly used as active pharmaceutical ingredients (APIs) in various types of products, it is imperative to establish the most accurate and precise methodologies for efficacy and safety of products. Sigma Analytical looks forward to bringing our years of experience in Canada and the US, proven methodologies, and know-how in cannabis testing to South America."

"This level of world class quality testing is a necessity for Avicanna's pharmaceutical development and clinical development programs, but will also be established as a minimum requirement for all of our product categories as we aim to establish a global standard for cannabinoid-based solutions." added Aras Azadian, Chief Executive Officer of Avicanna.

### **About Sigma Analytical**

Sigma Analytical Services, headquartered in Toronto, Canada, is a unique full-service testing and research GMP-compliant laboratory offering comprehensive testing and analytical services, research and development, and consulting in cannabis and derived products along with consulting and high-level training for set-up and operation of cannabis quality assurance/quality control (QA/QC) and research and development labs. Sigma Analytical maintains a global presence with projects and laboratories spanning Northern and Central America, as well as several strategic partnerships with major analytical instrument providers, testing labs, producers, service providers, and universities across Canada, Central America, United States, Europe and Australia.

Sigma Analytical has emerged as a thought leader in advancing the understanding of cannabis chemistry and is establishing a global scientific network of pioneers to facilitate research and knowledge sharing in this new and promising field of science.

SOURCE Sigma Analytical Services Inc.

### **Stay Connected**

For further information about Sigma Analytical, visit [www.sigmaanalytical.com](http://www.sigmaanalytical.com), call 1-647-496-9919, or email [info@sigmaanalytical.com](mailto:info@sigmaanalytical.com).



## **About Avicanna**

Avicanna is an Ontario corporation focused on the development, manufacturing and commercialization of plant-derived cannabinoid-based products through its two main business segments, cultivation and research and development.

Avicanna's two majority-owned subsidiaries, Sativa Nativa S.A.S. and Santa Marta Golden Hemp S.A.S., both located in Santa Marta, Colombia are the base for Avicanna's cultivation activities. These two companies are licensed to cultivate and process cannabis for the production of cannabis extracts and purified cannabinoids including cannabidiol (CBD) and tetrahydrocannabinol (THC).

Avicanna's research and development business is primarily conducted out of Canada at its headquarters in the Johnson & Johnson Innovation Centre, JLABS @ Toronto. Avicanna's scientific team develops products, and Avicanna has also engaged the services of researchers at the Leslie Dan Faculty of Pharmacy at the University of Toronto for the purpose of optimizing and improving upon its products.

Avicanna's research and development and cultivation activities are focused on the development of its key products, including plant-derived cannabinoid pharmaceuticals, phyto-therapeutics, derma-cosmetics and Extracts (defined as plant-derived cannabinoid extracts and purified cannabinoids, including distillates and isolates), with a goal of eventually having these products manufactured and distributed through various markets.

SOURCE Avicanna Inc.

## **Stay Connected**

For more information about Avicanna, visit [www.avicanna.com](http://www.avicanna.com), call 1-647-243-5283, or contact Setu Purohit, President by email [info@avicanna.com](mailto:info@avicanna.com).

## **Cautionary Note Regarding Forward-Looking Information and Statements**

*This press release contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only Avicanna's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of Avicanna's control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved". The forward-looking information and forward-looking statements contained herein may include, but is not limited to, the timing and expected completion of the laboratory, the techniques and procedures to be utilized in the laboratory, the expected location of the laboratory, the offering of services to third*



*parties, the classification of the laboratory as the first cannabinoids-only, analytical laboratory and independent testing service in South America to meet certain quality standards and the services to be offered in the laboratory.*

*By identifying such information and statements in this manner, Avicanna is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Avicanna to be materially different from those expressed or implied by such information and statements. In addition, in connection with the forward-looking information and forward-looking statements contained in this press release, Avicanna has made certain assumptions.*

*Among others, the key factors that could cause actual results to differ materially from those projected in the forward-looking information and statements are the following: decreases in the prevailing prices for cannabis and cannabis products in the markets in which the Company operates; adverse changes in applicable laws; adverse changes in the application or enforcement of current laws, including those related to taxation; increasing costs of compliance with extensive government regulation; changes in general economic, business and political conditions, including changes in the financial markets and in particular in the ability of the Company to raise debt and equity capital in the amounts and at the costs that it expects; risks related to licensing, including the ability to obtain the requisite licenses or renew existing licenses for the Company's proposed operations; dependence upon third party service providers, skilled labor and other key inputs; risks inherent in the agricultural and retail business; intellectual property risks; risks related to litigation; dependence upon senior management; and the other risks disclosed in the Company's long form final prospectus dated July 8, 2019. Should one or more of these risks, uncertainties or other factors materialize, or should assumptions underlying the forward-looking information or statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected.*

*Although Avicanna believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements. Key assumptions used herein are that there will not be any unexpected costs or delays in the completion of the laboratory, the laboratory technicians will adhere to the techniques and procedures provided for analytical testing, the parties will not find a more suitable location for the laboratory, the parties will elect to provide, and will not be prohibited from offering, services to third party producers, no laboratories will be established, or have been established, that comply with the above noted quality standards prior to the completion of the laboratory to be established by OpCo and the equipment and expertise available to the laboratory will be sufficient for testing for pesticides, heavy metals, residual solvents, aflatoxins, microbial, genotyping, and cannabinoid and terpene profiling. The forward-looking information and forward-looking statements contained in this press release are made as of the date of this press release, and Avicanna does not undertake to update any forward-looking information and/or forward-looking statements that are contained or referenced herein, except in accordance with applicable securities laws. All subsequent written and oral forward-looking information and statements attributable to Avicanna or persons acting on its behalf is expressly qualified in its entirety by this notice.*