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Cronos Group and MediPharm Labs Enter \$30 Million Multi-Year Private Label Cannabis Concentrate Supply Agreement with Potential to Increase to \$60 Million

Cronos Group and MediPharm Labs Enter Additional Multi-Year Tolling Arrangement

TORONTO, May 14, 2019 (GLOBE NEWSWIRE) -- **MediPharm Labs Corp. (TSXV: LABS) (OTCQX: MEDIF)** ("**MediPharm Labs**") a leader in specialized, research-driven cannabis extraction and cannabinoid isolation, is pleased to announce that it has entered into a multi-year supply agreement with **Cronos Group Inc. (NASDAQ:CRON) (TSX:CRON)** ("**Cronos Group**"). MediPharm Labs will supply Cronos Group with approximately \$30 million of high-quality private label cannabis concentrate over 18-months, and, subject to certain renewal and purchase options, potentially up to \$60 million over 24-months. In addition, Cronos Group has selected MediPharm Labs' state of the art extraction facility in Barrie, Ontario, as a preferred partner to fulfill certain of its processing needs, under a separate tolling arrangement.

"With the continued evolution of the Canadian cannabis industry, we are excited to partner with Cronos Group in their journey to launch new products and secure MediPharm Labs' high-quality private label supply of concentrates," said Patrick McCutcheon, CEO, MediPharm Labs. "We look forward to supporting the team at Cronos Group with our specialized extraction capabilities and expertise to address a rapidly expanding cannabis market and growing consumer demand."

"As the industry develops and matures, we see opportunity to work with companies like MediPharm Labs that provide specialized, high-quality services and inputs for our products," said Mike Gorenstein, CEO of Cronos Group. "Along with our internal capabilities, we are pleased to be working with MediPharm Labs to bring great products to consumers in anticipation of the derivative market launching in Canada this fall."

Bulk Resin Supply Agreement

Under the terms of the Bulk Resin Supply Agreement (the "Agreement") dated May 13, 2019, Peace Naturals Project Inc. ("**Peace Naturals**"), a wholly-owned subsidiary of Cronos Group, will purchase a minimum of approximately \$30 million of cannabis concentrate from MediPharm Labs Inc. ("**MediPharm**"), a wholly-owned subsidiary of MediPharm Labs, over the course of 18-months. Peace Naturals will also have a right of first offer to purchase an additional approximately \$18 million of cannabis concentrate over the same period, subject to the availability of such supply from MediPharm. The Agreement includes an option for a mutual extension where, if extended, Peace Naturals would additionally purchase a minimum of approximately \$6 million over 6 months, and would have a right of first offer to purchase an additional approximately \$6 million over the same period, subject to the availability of such supply from MediPharm, bringing the total potential aggregate value of the Agreement to over \$60 million to the end of April, 2021.

Cannabis Concentrate Program Agreement

Under the terms of the Cannabis Concentrate Program Agreement (the "Tolling Agreement") dated May 13, 2019, Peace Naturals will supply bulk quantities of dried cannabis to MediPharm for processing on a fee for service basis into bulk resin or other premium cannabis oil derivative products to be sold by Cronos Group under its brands. The Tolling Agreement has a two-year term.

About Cronos Group Inc.

Cronos Group is an innovative global cannabinoid company with international production and distribution across five continents. Cronos Group is committed to building disruptive intellectual property by advancing cannabis research,

technology and product development. With a passion to responsibly elevate the consumer experience, Cronos Group is building an iconic brand portfolio. Cronos Group's portfolio includes PEACE NATURALS™, a global health and wellness platform, and two adult-use brands, COVE™ and Spinach™. To learn more about Cronos Group and its brands, please visit: www.thecronosgroup.com; www.peacenaturals.com; www.covecannabis.ca; www.spinachcannabis.com

About MediPharm Labs Corp.

Founded in 2015, MediPharm Labs has the distinction of being the first company in Canada to become a licensed producer for cannabis oil production under the ACMPR without first receiving a cannabis cultivation licence. This expert focus on cannabis concentrates from being built to cGMP (current Good Manufacturing Practices) and ISO standard-built clean rooms and critical environments laboratory, allows MediPharm Labs to produce purified, pharmaceutical-like cannabis oil and concentrates for advanced derivative products. MediPharm Labs has invested in an expert, research-driven team, state-of-the-art technology, downstream extraction methodologies and purpose-built facilities to deliver pure, safe and precisely-dosed cannabis products to patients and consumers. MediPharm Labs' private label program is a high margin business for the company, whereby it opportunistically procures dry cannabis flower and trim from its numerous product supply partners, to produce cannabis oil concentrate products for resale globally on a private label basis.

Through its subsidiary, MediPharm Labs Australia Pty. Ltd., MediPharm Labs has also completed its application process with the federal Office of Drug Control to extract and import medical cannabis products in Australia.

For further information, please contact:

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION:

This news release contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, 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 statements. In this news release, forward-looking statements relate to, among other things, among other things, statements regarding new product launches, expanding cannabis market, growing consumer market, the establishment and licensing of operations in Australia, and expectations that the transactions pursuant to the Agreement and the Tolling Agreement will be completed as planned. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to 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 statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; the inability of MediPharm Labs to obtain adequate financing; the delay or failure to receive regulatory approvals; and other factors discussed in MediPharm Lab' filings, available on the SEDAR website at www.sedar.com. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release. Except as required by law, MediPharm Labs assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change.

MediPharm logo.jpg



Source: MediPharm Labs Corp.