

InSight >

Quality Canadian Cannabis



Rosebud

Site Evidence package to
Health Canada

Build-out continues

The Road Ahead

**LETTER FROM THE CEO AND PRESIDENT
JUSTIN DHALIWAL AND ARON TEGENFELDT**

National Green Biomed (NGB) remains focused on the path to positive cash-flow by completing first phase operations at Rosebud Productions “Richmond Rosebud” facility. As the first Company zoned for cannabis in the City, there have been many additional hurdles compared to a regular construction project, and our team remains in close conversation with city staff towards mutually understanding the process.

Consumer trends throughout the second half of 2020 continue to favour ultra-premium quality flower throughout the pandemic, and cannabis sales have been consistent – taking the shelf beside alcohol and tobacco in the pantry, as a staple for weathering the storm. ¹

NGB is considering the option to sell or refinance the Mission property. Also, participation from the founders and related parties in the Mission property has and will continue to be relied upon for providing financial assistance to fund NGB to complete the submission of the ‘Evidence Package’ for Rosebud, and to cover operating costs.

Throughout 2020, NGB’s CEO Justin Dhaliwal has made Fundraising his primary focus. Thanks to the exemplary contributions of our leadership team, your Company continues to grow towards the light of a warm Gavita bulb. Weekly meetings with our team of founding members and advisors has provided both guidance and financial support towards keeping our projects within scope for timely completion.



Aron Tegenfeldt



Justin Dhaliwal

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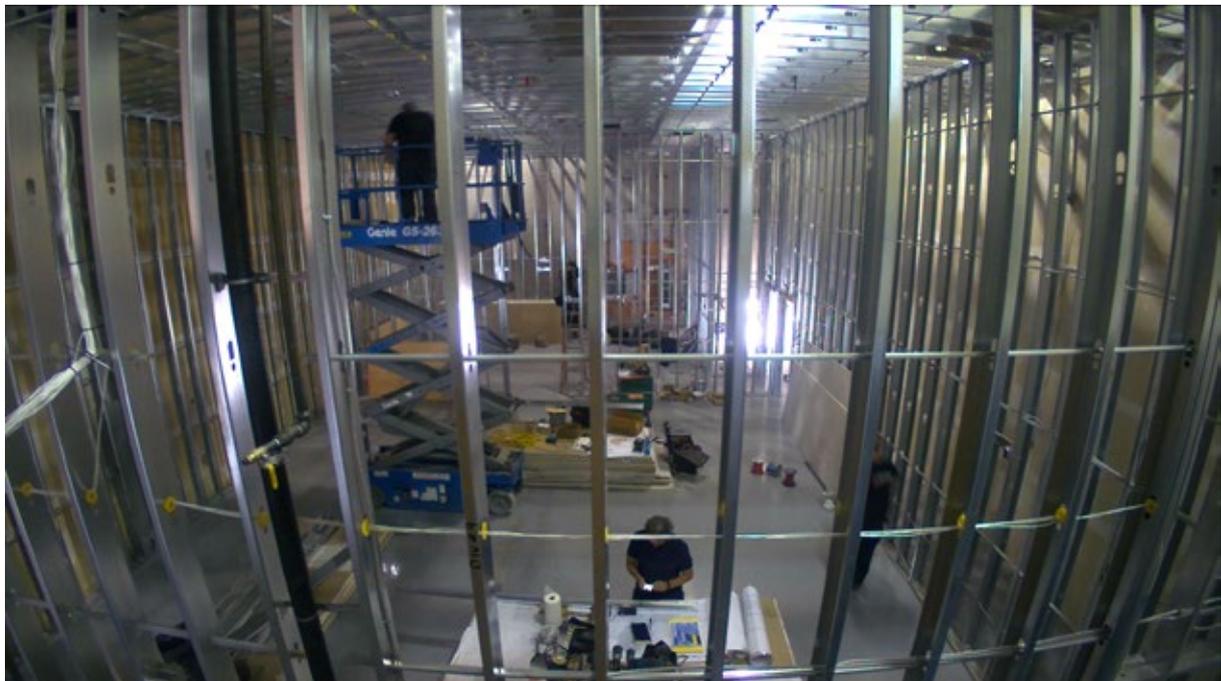
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Growing Rosebud

- Dec 2019** City of Richmond: Zoning Bylaw amendment allowing cannabis activates at NGB's Rosebud production facility (Richmond Zoning Bylaw 8500 Amended Bylaw 9978).
- Jan 2020** City of Richmond: Rosebud Building Permit granted.
- Feb 2020** Rosebud Build-out: Geo-scanning completed, concrete cut, plumbing installed, concrete poured.
- Mar 2020** Rosebud Facility and Office: Framing installed, HVAC plans updated.
- April 2020** Rosebud Build-out: Floors finished, electrical rough-in, security rough-in.
- May 2020** City of Richmond: Building Plan amendment approved for an increased load-bearing ceiling.
Rosebud Build-out: Security device and access control wiring.
Rosebud License Application Documents: Supporting documentation audited and updated to meet additional requirements for cannabis Licensing (Quality Assurance, Good Production Practices, Site Details, Security).
- June 2020** City of Richmond: Mechanical and Electrical inspector engaged.
- Aug 2020** Rosebud Build-out: Secure Storage + Quarantine Room – Built to meet RCMP Secure Storage specifications (G13)
City of Richmond: Building Permit amendment for change to Plans
- Sept 2020** City of Richmond: Building Inspections Passed – Plumbing rough-in, Framing rough-in, Electrical rough-in, Sprinkler [Partial], Security.
Rosebud Build-out: Grow Rooms PVC Boarding commenced.
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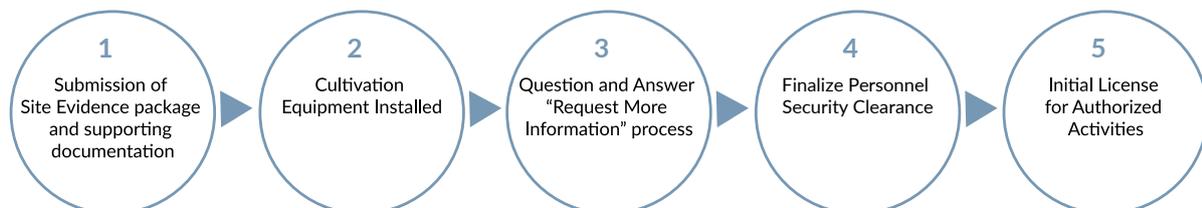
The City of Richmond staff continue to provide their assistance and support despite the obstacles of COVID-19, bringing clarity and transparency to the Building Permit and Inspection process.

Upcoming Milestones:

NGB will issue a special bulletin once the 'Evidence Package' has been submitted.

NGB is on track to spend \$562k pre 'Evidence Package' and a further \$857k post 'Evidence Package' for a total spend of \$1.4m to complete the build-out of the 3,500 square foot Rosebud facility. Projections see the site generating revenue over six months upon receiving a Sales License. To submit the Site Evidence Package to Health Canada the facility must be completed to a level of readiness to grow the first

crop. Upon receiving the Site Evidence Package, NGB may receive further 'Requests for More Information' from Health Canada to verify any compliance queries.



Mission Greens



MISSION GREENS

Your Company's leadership team made the tough choice to list two of three parcels of land for sale. By selling the real estate, NGB may crystalize the gains and reduce overhead costs of its foothold in Mission, B.C., thereby focusing resources on the cultivation of ultra-premium flower at the Rosebud site. After successfully achieving positive revenue in Richmond, NGB can scale up productions to include outdoor cultivation of cannabis and CBD-producing Hemp. The Company continues to lease one of three parcels in Mission, B.C. while maintaining access to the fields to improve the soil and structural integrity.

The 2019 outdoor growing season did not produce a quality high-yield Hemp crop. Therefore, the NGB engaged a consulting team in Mission towards improving the soil quality of the virgin fields

and is pursuing the necessary permits with the Agricultural Land Commission towards bringing in allowable limits of clean fill.

2020 did not see an Industrial Hemp crop in Mission Greens. Due to such a small margin on CBD hemp on account of limited extractor licenses (processing the crop would give a far better mark-up on yields than selling raw material), this season your Company focused on improving the infrastructure on the property.

The province of British Columbia and Health Canada continue to improve access to the cannabis lifestyle, including upcoming provincial allowances for licensed growers to sell directly from their fields:



Province to allow craft cannabis direct delivery and farm-gate sales

Craft cannabis growers in B.C. will soon be able to deliver directly to stores and sell from their production sites. ²

NGB will respond to industry conditions as the gap between illegal and licensed market continues to close.

[CLICK HERE TO READ ARTICLE](#)



Market Potential

The aggregate amount of retail trade sales for Canadian Cannabis Stores was \$1.3B January - July 2020, more than double the \$527M reported sales for the same period in 2019 ³. A quick look in our backyard on the BC Cannabis Stores website sees ultra-premium flower selling for upwards of \$18 a gram, which is the target retail-price for flower produced at Rosebud. ⁴

As at the end of September, 484 businesses have been authorized for activities under the Cannabis Act, and many companies hold multiple license classes. At this time, 222 licences have been issued for Medical Sales, 95 issued for Edible cannabis, and 77 licenses authorize production of oil. ⁵ As the pool of processing and edibles permits grow, the flexibility for growers nation-wide increases. NGB will continue to look closer at the addressable market quarterly, exploring the potentials in our locale based on our peers, competitors, and the BC Cannabis store's trends, as the finish line for licencing gets closer.

Cocos Pure

Cocos Pure Beverage operations carry forward, and the Company continues to explore distribution networks for its regular beverage line domestically and abroad this quarter, with a shipment loaded from the Vietnam production facility expected to arrive in the EU in October.

Cocos Pure was acquired for its expertise in coconut water with an opportunity to transition into the Edibles and other products. Upon the successful licensing of Rosebud and with additional financing, Cocos Pure is positioned to make a footprint in the edibles and related markets.



Financials

NGB's finance team will start to work with the audit team in Q4 2020 to complete the 2019 financials, which were deferred during the early stages of COVID-19.

As at the end of September, the cash required to complete Rosebud Site-Evidence and fund operations to December 2020 is \$367K. The cash flow shortfall is to be financed by:

- (1) Founders
- (2) Related parties
- (3) Sale or financing of Mission Farm

We look forward to regularly building upon our updates on our cumulative spend in future editions of InSight, as we move to generate revenue from the sale of cannabis.

The full "Detailed Consolidated Interim Statements of Financial Position" for National Green Biomed Ltd. until September 2019 are located in our preliminary non-offering Prospectus, on www.sedar.com.

Going Public

NGB has been preparing the groundwork for a public listing, maintaining admissions documents and financial audits. This preparation allows the Company to achieve Public listing in as short a time as possible once a decision is reached.

Exchange approvals and potential financing will be the only remaining hurdles. Given the current state of the markets, NGB is taking a patient approach to listing, waiting for the right window to go public to maximize the return of a successful listing and allowing for an opportunity to grow value to support the highest possible share price on the listing.

Fundraising

NGB's plan is to establish a fundraising strategy post 'Evidence Package' submission. In the meantime, founders, related parties, and exploring the sale of the Mission farm or refinancing opportunities with the Mission property will support the build-out at Rosebud and its operating costs.



RICHMOND ROSEBUD



MISSION GREENS



Get In Touch

To take a tour of the facility, we welcome you to contact a member of our leadership team or head to our website.

NGB welcomes the input of its stakeholder community. If you have any questions or feedback, please feel free to get in touch.



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