



For Immediate Release

**TWEED MARIJUANA INC. COMPLETES ACQUISITION OF BEDROCAN CANNABIS CORP.,  
RELEASES Q1 FISCAL 2016 FINANCIALS**

**August 31, 2015 – Smiths Falls, Ontario** - Tweed Marijuana Inc. (TSXV: TWD) (“TMI” or “the Company”), parent company of licensed medical marijuana producers Tweed Inc. (Tweed) and Tweed Farms Inc. (Tweed Farms), is pleased to announce it has officially closed an all-stock transaction to fully acquire Bedrocan Cannabis Corp. (“Bedrocan”). The transaction has united the two strongest brands in Canadian cannabis under one roof, and signals the Company’s intention to further solidify its position as the leading player in the industry.

“We have established the clear market leader, and are driving the evolution of the cannabis sector in Canada,” said Bruce Linton, Chairman and CEO of TMI. “The acquisition of Bedrocan is the first step, and we intend to continue to take the initiative, growing our portfolio of brands, expanding clinical research on cannabis, adding new products and services, and introducing additional innovations for patients and consumers.”

Combined, Tweed and Bedrocan launch into priority of client generation, with more than 5,600 active registered customers. The Company’s priority is now to build on the unique strengths of each brand, with their distinct customer segments, to accelerate patient acquisition and the rate of market growth.

The combination of Tweed and Bedrocan creates new advantages for registered cannabis patients. Customers who choose either producer will have access to both product lines – as of September 1, 2015 for dried cannabis strains, and soon for cannabis oils as well. This enhances traditional horizontal integration by adding a broader range of product choices and services without switching producers, a benefit that will give consumers more flexibility and improve the customer experience.

Market expansion requires an integrity-based approach to medical education, outreach, and research. Tweed has led the industry by strategically investing in medical outreach to familiarize physicians with cannabis. The Company has created an accredited Continuing Medical Education (CME) program for physicians, to ensure that the healthcare community can confidently incorporate cannabis into their practices. Bedrocan’s standardized, pharmaceutical-grade product line is a direct extension of the product grown in the Netherlands for more than a decade and used in medical trials. This history and consistency appeals to the medical community, because doctors and patients can trust that each batch of medical cannabis contains the same percentage and ratio of cannabinoids (the active pharmaceutical ingredients) over the duration of a prescription, which makes titration and dosing more reliable. Both Tweed and Bedrocan have demonstrated a commitment to research by contributing funding for the launch of the Quebec Cannabis Registry, projected to be the largest initiative of its kind in the world. Additional clinical research initiatives are expected to be announced soon.

Integration of the respective operations is underway, and cross-training and system amalgamation are progressing on an ambitious schedule, to ensure the front-end experience is

seamless for new and existing customers. Back-end synergies and cost-savings will provide value to investors as duplicated expenses are phased out.

### **Financial Highlights**

Revenue for the first quarter was \$1,710,157. The Q1 revenue is reflective of operations in 12 of an eventual 30 climate-controlled indoor growing rooms at the Tweed facility and utilizing 34,000 sq. ft. of greenhouse growing space at Tweed Farms. Q1 revenue increased by 39% from the previous quarter and was 9 times the reported sales in the corresponding quarter last year.

The total product sold in the first quarter was 215,929 grams at an average price of \$7.74 per gram, up from the last quarter of Fiscal 2015 when 166,657 grams were sold at an average price of \$7.25 per gram, and up from 26,205 grams sold at an average price of \$6.90 per gram in the comparative quarter ended June 30, 2014.

Gross margin was \$4,094,607 or 239% for the three-month period ended June 30, 2015. The gross margin includes the gain on the changes in fair value of biological assets since the end of Fiscal 2015. In the three months ended June 30, 2014, last year, the reported gross margin was 58% and reflected the very early days of commencement of operations.

Sales, branding and medical outreach and education costs for the three-month period ended June 30, 2015 were \$1,008,590 (three months ended June 30, 2014 - \$664,802). These costs are strategic investments designed to educate the healthcare community, build brand awareness and attract and retain customers through diverse acquisition and retention strategies. Management considers these costs to be key differentiators in an industry consisting of many companies producing similar products.

Research and Development (R&D) costs were \$82,573 before deducting Scientific Research and Experimental Development credits ("SREDS") of \$44,162 for net R&D of \$38,411 for the three-month period (three months ended June 30, 2014 - \$60,415 with no SREDS). General and Administrative expenses were \$1,415,372 for the three-month period ended June 30, 2015 compared to \$362,706 in the same quarter last year. The increase in G&A reflects the Company's growth from the early start-up of last year, building commercial capacity and capability as a public company and meeting all compliance requirements with Health Canada.

The Company reported net income of \$1,011,783, or \$0.02 per share on a diluted basis, for the three months ended June 30, 2015, up from a net loss of \$1,160,317 and a net loss of \$0.03 per share on a diluted basis in the corresponding quarter of Fiscal 2015.

TMI had cash and cash equivalents of \$15,166,512 as at June 30, 2015, with the reduction of cash since the end of Fiscal 2015 reflecting the capital applied to building out and expanding the Tweed Farms greenhouse in Niagara in anticipation of increasing the licensed production platform from 34,000 square feet to approximately 350,000 square feet. Construction at Tweed Farms was completed on time and on budget subsequent to Q1 2016. Health Canada inspected the site August 19, 2016.

The Unaudited Condensed Interim Consolidated Financial Statements and Management's Discussion and Analysis documents have been filed with SEDAR and are available on [www.sedar.com](http://www.sedar.com).

## **Subsequent to the Quarter**

### License to Produce Cannabis Extractions

On August 19, 2015, the Company announced that Tweed has received authorization from Health Canada to begin the production of cannabis extracts in the Company's state-of-the-art facility in Smiths Falls, Ontario. Tweed will use preeminent pharmaceutical grade extraction methods to produce purified cannabis derivatives. Seven new precision climate-controlled drying rooms, a dedicated trimming room, extraction room and processing room were also all approved for use by Health Canada. Enhanced infrastructure will allow the Company to continue providing access to premium, dried cannabis while simultaneously scaling for diversified derivative production.

### Bedrocan Acquisition Closed on August 28, 2015

Tweed Marijuana Inc. announced it had entered into a definitive arrangement agreement for an all-stock transaction to acquire Bedrocan Cannabis Corp. (Bedrocan) on June 24, 2015, subject to approval by Bedrocan shareholders, regulatory approvals, and certain other conditions precedent. On August 24, 2015, Bedrocan shareholders voted in favour of the transaction. Regulatory and legal requirements were satisfied on August 28, 2015 and the transaction became effective on that date. In connection with the acquisition TMI issued 35,202,818 common shares in exchange for all of the outstanding Bedrocan shares in connection with the acquisition.

Bedrocan will operate as a separate division of TMI and offer customers a distinct experience and product line represented by its standardized, pharmaceutical-grade cannabis products. Bedrocan's production facility is fully licensed by Health Canada, including 34 vegetative and growing rooms, three dispensing rooms, a two-floor, Level 9 security vault, and the ability to dispose of cannabis refuse via composting. The facility is licensed to produce and sell up to 2,000 kilograms of medical cannabis over the current license period ending on February 17, 2016. Bedrocan is also licensed to sell up to 240 kilograms of cannabis from its second licensed facility. These sales can be sourced from imports into Canada from its Dutch partner and licensor Bedrocan Beheer BV, or from any other licensed producer. With Tweed and Bedrocan Canada combined, the Company is licensed to produce and sell 5,740 kilograms per year.

INFOR Financial Inc. acted as financial advisor to TMI. Dundee Securities Ltd. acted as financial advisor to the Special Committee of the Board of Directors of Bedrocan. PowerOne Capital Markets Limited acted as financial advisor to Bedrocan. LaBarge Weinstein LLP acted as legal counsel to TMI and Cassels Brock & Blackwell acted as legal counsel to Bedrocan in connection with the transaction.

### **Conference Call Details**

Bruce Linton, Chairman and CEO and Tim Saunders, CFO will host a conference call to discuss these results.

Time and Date: 8:30 a.m. ET, Monday August 31, 2015.  
Toll-Free Dial-In Number: 888-231-8191

## **About Tweed Marijuana Inc.**

Tweed Marijuana is Canada's first publicly traded medical marijuana company and the first geographically diversified producer with dual licenses under the Marihuana for Medical Purposes Regulations. Through its wholly owned subsidiaries, Tweed, Tweed Farms, and Bedrocan Canada, the Company operates three state-of-the-art production facilities in Ontario and distributes marijuana across the country to Canadian patients managing a host of medical conditions.

The Company is dedicated to educating healthcare practitioners, providing consistent access to high quality medication, and furthering the public's understanding of how marijuana is used for medical purposes. [www.tweed.com](http://www.tweed.com)

## **Notice Regarding Forward Looking Statements**

*This news release contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Tweed Marijuana Inc., Tweed Inc., Tweed Farms Inc. or Bedrocan Cannabis Corp. to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include future operational and production capacity, the success of the acquisition of Bedrocan Cannabis Corp., the impact of enhanced infrastructure and production capabilities, and forecasted available product selection. The forward-looking statements included in this news release are made as of the date of this news release and Tweed Marijuana Inc. does not undertake an obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless required by applicable securities legislation. Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

###

## **Further information:**

Jordan Sinclair  
Communications Manager  
Tweed Marijuana Inc.  
[Jordan@tweed.com](mailto:Jordan@tweed.com)  
613-706-2185 ex 309  
[www.tweed.com](http://www.tweed.com)