

## **Organto Acquires 100% of the Shares of Colombian Cannabis Company and Appoints Todd Dalotto as Global Cannabis Division President**

**Vancouver, BC, Canada, November 20, 2018 - Organto Foods Inc. (TSX-V: OGO, OTC: OGOFF) (“Organto”).** Further to the press release of November 1<sup>st</sup>, 2018, Organto is pleased to report that it has completed the acquisition of 100% of the outstanding shares of Medicannabis S.A.S. (“**Medicannabis**”), a privately held Colombian medicinal cannabis company that is a late stage applicant for licenses to enable it to cultivate and process cannabis in Colombia. Organto is also pleased to announce that Mr. Todd Dalotto, a seasoned horticulturalist with deep experience in cannabis has agreed to join Organto as the President of its newly formed Global Cannabis Division.

“We are excited to have entered the medicinal cannabis market via the acquisition of 100% of the outstanding shares of Medicannabis” commented Steve Bromley, Chair and Interim Chief Executive Officer of Organto Foods Inc. “Legalization of cannabis is a global trend presenting significant opportunities, and we believe that Latin America presents a unique opportunity to establish low-cost natural growing operations. We believe that the addition of medicinal cannabis to our portfolio of products is a logical and complimentary extension to our existing business, leveraging our diverse sourcing, processing, import, export, retail and organic certification expertise.”

### **TERMS OF ACQUISITION OF MEDICANNABIS**

In connection with the acquisition Organto will, subject to the final acceptance of the TSX Venture Exchange, issue up to 8,000,000 shares (the “Shares”) to the original shareholders of Medicannabis upon receipt of a cultivation license, which is one of a number of licenses that Medicannabis has applied for. Organto will seek shareholder approval via shareholder consent resolutions, and is confident this can be obtained in a timely manner. The Shares will be subject to a four month hold period under applicable securities regulations and also be subject to contractual release limitations over a three-year period. Organto intends to pay a finder’s fee in connection with the acquisition of Medicannabis via the issuance of common shares in accordance with the policies of the TSX Venture Exchange.

### **APPOINTMENT OF TODD DALOTTO AS GLOBAL CANNABIS DIVISION PRESIDENT**

Mr. Todd Dalotto has been appointed President of Organto’s Global Cannabis Division. Mr. Dalotto is a horticultural scientist, public policy consultant, and court-qualified expert witness specializing in cannabis. His experience includes horticultural research, teaching, and consulting businesses on the horticultural science and public policy of cannabis. His cannabis activities during the past nineteen years include breeding of in-bred lines, morphology, sustainable practices, mutualisms, and hoop-house cannabis production. He created the curriculum for the Cannabis Horticultural



Science Course, which is a certificate course on core horticultural science topics such as Soil Science, Seed Biology, Plant Pathology, Breeding & Genetics, and more.

Mr. Dalotto has a horticultural research degree with an emphasis on sustainable agriculture and plant breeding from Oregon State University. He is the former Chair of the Oregon Health Authority's Advisory Committee on Medical Marijuana (ACMM), and of the ACMM's Horticulture, Research & Safety Committee. He currently serves on Americans for Safe Access' Patient-Focused Certification Review Board, on the Cannabis Certification Council's Technical Advisory Committee, and on various legislative advisory committees for the State of Oregon. Mr. Dalotto was instrumental in the drafting of the regulations for Oregon's Medical Marijuana Dispensary Program, and he founded one of Oregon's first cannabis medical clinic.

### **ORGANTO'S UNIQUE AND PROPRIETARY CANNABIS VARIETIES**

As part of the Medicannabis transaction, Organto has acquired 18 unique and proprietary cannabis varieties and breeding lines developed by Todd Dalotto over the past 19 years for Pacific Northwest environments. These varieties and breeding lines are being cross-bred with Colombian varieties that have been developed for tropical mountain climates by Medicannabis and other breeders, in order to develop varieties that perform well in equatorial regions around the world and exhibit qualities of aroma, flavor, and medicinal efficacy that cannabis connoisseurs expect. These proprietary breeds and strains, uniquely adapted for the region, will allow for a more successful and trouble-free crop.

This cross-breeding of northern-latitude and equatorial varieties represents the beginning of Organto's diverse and exclusive IP seed library, which includes high-THC, high-CBD, and auto-flowering varieties, as well as those that exhibit important minor cannabinoids, such as CBG and THCV. Organto's advanced breeding program will allow unique and proprietary varieties to be used in production, while simultaneously positioning Organto as a global supplier of high-quality cannabis cultivars adapted for equatorial regions.

"The cultivars we develop from our diverse genetic library will exhibit both the horticultural qualities that make for a successful crop in equatorial regions as well as the high potency, flavor, aroma and medicinal properties that consumers have come to expect from North American and European producers." said Todd Dalotto, President of Organto's Global Cannabis Division. "As cannabis production expands in the world's equatorial regions in the coming years, Organto will be poised to be an important supplier of high-quality, equatorially-adapted cannabis seeds around the world."

### **LOCATION AND LAND**

Organto's applications provide for initial growing and processing operations to be carried-out on the 1.23-hectare Buena Vista Farm located within the Municipality of Guasca, in Guavio Province, Cundinamarca Department. Under certain conditions, the regulatory framework allows for land to be added to an existing licence in the same location or at a different location, with a simple amendment. A lease for the Buena Vista Farm has been executed, to take effect on the day that a



cultivation licence is granted. The lease carries a 5-year term with up to four automatic renewals. Organto intends to expand growing in the region beyond the Buena Vista Farm as operations are scaled over the next twelve to eighteen months. Guasca is located approximately 50 km from Bogota the capital and largest city in Colombia, with a population of approximately 10 million people. The main highway between Guasca and Bogota is presently being upgraded and when completed is expected to reduce the drive time in half, to approximately 45 minutes. Agriculture is an important employer in the area providing for ready access to qualified labour. Extensive agricultural infrastructure exists in Colombia from the flower industry, which supplies approximately 17% of global cut-flower imports and approximately 70% of cut-flowers imported into Canada and the United States.

### **ORGANTO'S CAPEX AND OPEX ADVANTAGE**

While the standard models for cannabis production facilities in the United States and Canada are characterized as higher cost indoor growing facilities and automated greenhouses, Organto is set to demonstrate how its original ecological and sustainable hoop-house cultivation design produces high-quality crops with lower production costs & higher profits than the standard model facility. In contrast with expensive standard-model production facilities common to competitors in North America, Organto's innovative model, designed by Todd Dalotto a horticultural scientist, utilizes an inexpensive and simple hoop-house design, which maximizes light and heat from the sun, instead of from electrical lights & heaters, and cools by passive ventilation and efficient fans, instead of with chillers and air conditioners.

Organto believes their fully-equipped hoop-houses can be constructed at under 33% of the cost of the conventional cannabis production facilities of Canada and the United States. Also, by utilizing free and abundant natural resources, such as planting in native soils instead of purchasing new shipments of potting media for each crop, and utilizing captured rainwater instead of exclusively municipal sources, Organto expects to benefit from significant savings in operating expenses.

Organto's greatest operating expense is labor, which in Colombia tends to be approximately 15% of the labour cost in Canada and the United States, hence eliminating the need for expensive automation systems and equipment.

### **ORGANTO'S CULTIVATION PHILOSOPHY**

Organto believes that the current business plan pursued by the majority of Canadian and American cannabis producers to grow indoors and in sealed greenhouses in cleanroom conditions, is a higher cost approach both economically, as well as ecologically, as pests and disease thrive in indoor environments, away from their enemies.

Organto's philosophy is to grow "*Naturally*" by planting directly in well managed native fertile soils, which provides efficient access to nutrients and moisture from a renewable resource. Through probiotic soil management, and sustainable and self-sufficient agricultural practices (permaculture), a hoop-house system is managed as an ecosystem within a broader ecosystem. Rather than creating a cleanroom environment that is very difficult to maintain, and instead



enhancing mutualistic relationships between plants, insects, soil organisms, and humans, the dynamic relationship results in good control of pest populations. Use of an innovative semi-passive ventilation system, contributes to effective disease control. Irrigating from a pure natural water source such as rain water, enhances plant health and reduces the risk of contamination. These methods, combined with 120-day growth cycles from natural light (12hrs every day in Colombia), is expected to deliver high-yield, premium quality product, with minimal light supplementation, at low cost.

### **SYNERGIES WITH ORGANTO'S EXISTING OPERATIONS**

Organto is an international vertically integrated provider of value-added organic vegetables and fruits, with extensive logistical expertise, including trading, sourcing, processing, packaging, shipping, distribution, and marketing. Organto sources produce product from low-cost growing regions in Latin America, Africa and Asia and currently sells in a number of European countries. Organto also has considerable experience in the organic certification process.

Organto has extensive European market expertise, and with the global trend to legalize cannabis rapidly modifying the global landscape, it is expected that over time the European landscape will also evolve and open-up a potential US\$65 billion cannabis market of some 740 million people. When that happens Organto should be very well positioned to leverage their marketplace knowledge to take advantage of the enormous market opportunity. In the interim, Organto's Cannabis Division will focus on offering its future cannabis products locally in the Colombian medicinal market, and globally in markets where cannabis related imports and sales are fully legalized.

In addition, many consumers are seeking "socially acceptable and healthier" ways to ingest cannabis for medicinal and recreational purposes. Organto is well positioned for the future to become a significant player in the cannabis-infused food industry. Organto continues to expand its product offerings which presently include organic blueberries, passion fruit, avocados, ginger, asparagus, green beans, snow peas and sugar snaps. These are basic ingredients in many recipes and processed foods, and they are sourced by Organto directly from the producer, hence giving Organto a very significant cost advantage over competitors when it eventually enters the edibles segment of the cannabis market. Edibles are forecast to be a rapidly expanding many-billion-dollar global market.

### **PLANS FOR 2019**

Organto expects to receive its first cultivation licence in Q1 2019 and plans to erect hoop-houses in mid-2019 for planting of non-psychoactive (i.e. CBD) cannabis seeds and breeding trials in late summer 2019. Under the proposed timeline the first harvest would occur in December 2019 for initial revenues in Q1 2020. Planting of psychoactive (i.e. THC) cannabis seeds is not expected until 2020.

Organto intends to provide further operational and organizational updates as expected expansion plans are finalized and the Global Cannabis leadership and advisory team is expanded.



ON BEHALF OF THE BOARD

*Steve Bromley*

Chair and Interim Chief Executive Officer

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.*

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## ABOUT ORGANTO

Organto is an integrated provider of year-round value-added branded organic vegetables and seasonal organic and non-GMO fruit and vegetable products serving a growing socially responsible and health conscious consumer around the globe. Organto employs a business model that is integrated from the “table to the field”. Driven by consumer demand for healthy and organic food products, it operates an integrated business model with sourcing, logistical and processing capabilities, providing complete traceability from the table back to the field. Operations are currently located in Guatemala, The Netherlands and the USA, as well as third-party supply from a variety of regions, with plans to continue to expand supply capabilities via strategic third-party growers and processors in other growing regions. Organto’s business model is rooted in its commitment to sustainable business practices focused on environmental responsibility and a commitment to the communities where it operates, its people and its shareholders.

## FORWARD LOOKING STATEMENTS

This news release may include certain forward-looking information and statements, as defined by law including without limitation Canadian securities laws and the “safe harbor” provisions of the US Private Securities Litigation Reform Act of 1995 (“forward-looking statements”). In particular, and without limitation, this news release contains forward-looking statements respecting Organto’s current business model and related expertise; Organto’s belief that the acquisition of Medicannabis is a logical and complementary extension to Organto’s business; Organto’s belief that legalization of cannabis is a global trend and Latin America presents a low-cost natural growing opportunity; Organto’s belief that they will be an important supplier of high-quality, equatorially-adapted cannabis seeds around the world; Organto’s intention to expand growing regions beyond the Buena Vista Farm; Organto’s belief that their fully equipped hoop-house facilities can be constructed at a significant discount to conventional facilities in Canada and the USA; Organto’s belief that they are well-positioned to enter the edibles space when that market opens up; ; Organto’s belief that shareholder approval via a shareholder consent resolution will be received in a timely manner; the timing of receipt of the first cultivation license, build-out, planting and harvest;; management’s beliefs, assumptions and expectations; and general business and economic conditions. Forward-looking statements are based on a number of assumptions that are subject to a variety of risks and uncertainties and may prove to be incorrect, including without limitation assumptions about the following: the continued growth in global demand for cannabis products and the continued increase in jurisdictions legalizing cannabis, and the timely processing of regulatory





approval for the acquisition of Medicannabis and the license applications. The foregoing list is not exhaustive and Organto undertakes no obligation to update any of the foregoing except as required by law.

