



WAYLAND

Wayland Group Provides Corporate Update

TORONTO, ON, February 20, 2019 – Wayland Group (CSE:WAYL) (FRANKFURT: 75M) (OTCQB:MRRCF) (“Wayland” or the “Company”) is pleased to announce a corporate update on its operational progress in Canada and internationally.

Langton Production Facilities

The Company is now completing a third harvest at its new facility in Langton, ON, Canada, with licenses for cultivation and business to business sales received in April 2018 and December 2018 respectively. The Company, in partnership with Industrial Automation Solutions (IAS New York Inc.), of Rochester NY, and their partner Rockwell Automation, have completed a proof of concept (“POC”) for both the facility and automation platform. Average yields from such POCs, among three different strains are 50 grams per plant. The cultivation concept has been modified to a Screen of Green where greater plant density and thereby greater yield is achievable per square foot at the facilities. Throughout these POCs, each cultivation period totaled 17 weeks from start to finish (the “Periods”). These Periods consist of ten (10) days for clones to root, 5 weeks for vegetation to complete and 11 weeks for the flower cycle prior to harvesting. All stages of cultivation were completed in the same rooms, demonstrating the facility’s versatility to conduct every stage of cultivation in each room. As the plants on average produced 50 grams per plant, with 9,000 plants in 8,800 sq. ft rooms annual production average for flowering areas is now 286 grams per sq. ft. per year. The POCs have demonstrated that on an annualized basis, the Company’s Langton facility, once fully licensed for Phase 1-A through Phase 1-D (set out in Graphic 1 below), will be able to produce 23,731 kg of dry cannabis flowers to be used in the production and sale of packaged dry flower and cannabis oil. It is expected that with further phenotyping of genetics, in addition to nutrient optimization, such yields will continue to increase.

The Company is currently harvesting 8,200 plants, with product from these plants anticipated to be ready for the market no earlier than April. In addition to the current harvest, the Company has planted an additional 21,700 plants and will re-fill the current harvested room with 8,300 plants in mid-March in order to fill the balance of the currently licensed area. The Company expects to request inspection for readiness by Health Canada of the Phase 1-A area in March of this year. As the timeline for the required amendments to such licenses has ranged from 30-45 days to approximately 120 days for the Company’s last request for an amendment, the Company has updated its timing expectations for amendments to its licenses. Due to this potential for significant delay, the Company has made necessary changes to its internal processes.

Graphic 1 – Phase I of Wayland’s Langton, Ontario Facility



Revenues

In Q4 of 2018 the Company generated revenues of \$1,305,033 net of discounts and returns. Full financials for the quarter will be released during the first week of April. Looking forward into 2019, the Company anticipates revenues of \$2,700,000 in the 1st quarter, \$6,900,000 in the 2nd quarter, \$7,700,000 in the 3rd quarter, and growing to \$20,600,000 in the 4th quarter of 2019. The Company also anticipates that its revenues will increase substantially quarter over quarter as more of the facility is filled with plants, and consecutive harvests are completed. The Company maintains supply agreements with four Canadian Provinces, and a German importer of cannabis. As noted in the Company’s press release of February 7, 2019, Wayland was awarded their second Good Manufacturing and Good Distribution Practices certified facility from the State of Saxony, in Germany. These certifications provide Wayland with the foundation to start selling product into the lucrative German and other developing European markets with drastically shorter lead times and greater margins.

Financing

Wayland has also entered into an agreement to obtain additional funds to support the expansion of the Company’s global footprint and fund development of its flagship Langton facility. This agreement is with certain investment funds managed by Alpha Blue Ocean

Inc. (“Alpha Blue”) a money manager based in London, United Kingdom with a strong track record of partnering with public companies and delivering meaningful value to their shareholders.

Alpha Blue has agreed to subscribe for up to \$20,000,000 aggregate principal amount of senior unsecured convertible debentures across up to five facilities. The first facility for C\$4,000,000 principal amount of debentures has closed. Wayland expects to draw on additional facilities in the coming weeks.

Pierre Vannineuse, Founder & CEO of Alpha Blue Ocean declared, “ABO could not be prouder to have selected Wayland as a long-term investment to our portfolio. We are particularly convinced by their European endeavors to replicate their successes in Canada and capture meaningful market share as they are first movers in the world’s most exciting medical cannabis market. We will work tirelessly to provide Wayland the support they need, both financially and commercially, to capitalize on their leading position in Europe.”

The debentures under each of these facilities will be non-interest bearing, have a maturity date of one year from issuance and will be convertible by Alpha Blue into common shares of Wayland until maturity at a conversion price determined based on the market price of Wayland’s common shares from time to time. The debentures may also be reimbursed in cash prior to the maturity (i) upon certain events of default and (ii) subject to a 10% premium at the option of Wayland, and, at maturity at the election of Wayland. Pursuant to its agreement with Alpha Blue, in connection with the first closing Wayland issued 1,851,851 warrants to Alpha Blue having a three-year term and 740,740 warrants having a five-year term. Each of these warrants is exercisable for one whole common share at an exercise price of C\$1.35. In connection with the closing of each subsequent facility, Wayland will issue warrants to Alpha Blue having a five-year term and entitling Alpha Blue to acquire C\$1 million of common shares, with the number of warrants to be determined based on the market price of Wayland’s common shares at the relevant time. The subscription price for each debenture under the facilities is 95% of its face amount. Wayland has paid a commitment fee of 2.5% of the full aggregate principal amount of the debentures and a facility fee of 2.5% of the aggregate principal amount of debentures issuable under the first facility. A 2.5% facility fee for the subsequent facilities will be payable on that facility’s closing date. The funds under these facilities may be used for capital expenditures and for general corporate purposes. Further information regarding the financing can be found in the subscription agreement posted on SEDAR.

This financing ensures the Company has adequate financing through to cash flow from its operations, including what is received as a result of cultivation from its Langton facilities.

International Spin-Out and Strategic Review

Although the previously announced exclusivity period with International Cannabis Corp. (“ICC”) has come to an end, the Company continues to pursue a transaction with ICC. The Company’s previously announced strategic review continues to assess this opportunity while exploring other strategic alternatives.

About Wayland Group

Wayland is a vertically integrated cultivator and processor of cannabis. The Company was founded in 2013 and is based in Burlington, Ontario, Canada and Munich, Germany, with production facilities in Langton, Ontario where it operates a cannabis cultivation, extraction, formulation, and distribution business under federal licenses from the Government of Canada. The Company also has production operations in Dresden, Saxony, Germany, Regensdorf, Switzerland and, Allesandria, Piedmont, Italy. Wayland will continue to pursue new opportunities globally, including the consummation of its previously announced transactions in the United Kingdom, Australia, Colombia, and Argentina, in its effort to enhance lives through cannabis.

Forward Looking Information

This news release includes forward-looking information and statements, which may include, but are not limited to, information and statements regarding or inferring the future business, operations, financial performance, prospects, and other plans, intentions, expectations, estimates, and beliefs of the Company. Such statements include but are not limited to statements regarding the expected higher than anticipated yields at the Company’s Langton facility, the expected level of production at the Langton facility, the timelines for completing the flowering, drying and processing areas at the Langton facility and for calling for an inspection, the timeline for further buildout at the Langton facility, the anticipated uses of cash by the Company, the Company’s abilities to store and service the German market, its ability to package products at certain speeds, the Company’s anticipated improved margins, the expected draw of additional facilities under the Company’s agreement with Alpha Blue and the setting of conversion and exercise prices and the anticipated payment of fees in connection with that agreement, the Company’s ability to achieve the projected revenues for each of the quarters in 2019 or at all, and its effect on the Company’s global platform. Forward-looking information and statements involve and are subject to assumptions and known and unknown risks, uncertainties, and other factors which may cause actual events, results, performance, or achievements of the Company to be materially different from future events, results, performance, and achievements expressed or implied by forward-looking information and statements herein. Such assumptions, risks, uncertainties and other factors include, but are not

limited to, that the proposed financing transaction with Alpha Blue will be completed on the terms and timelines anticipated by the Company or at all, the effect that the proposed financing transaction, when completed, will have on the Company's global platform, and that all other conditions precedent to the draw of additional facilities under the agreement will be satisfied in the manner and on the timelines anticipated and that the Company will be able to shorten its lead times and improve its margins and packaging speeds as anticipated, and the Company's ability to achieve the projected revenues for each of the quarters in 2019, or at all. Although the Company believes that any forward-looking information and statements herein are reasonable, in light of the use of assumptions and the significant risks and uncertainties inherent in such information and statements, there can be no assurance that any such forward-looking information and statements will prove to be accurate, and accordingly readers are advised to rely on their own evaluation of such risks and uncertainties and should not place undue reliance upon such forward-looking information and statements. Any forward-looking information and statements herein are made as of the date hereof, and except as required by applicable laws, the Company assumes no obligation and disclaims any intention to update or revise any forward-looking information and statements herein or to update the reasons that actual events or results could or do differ from those projected in any forward looking information and statements herein, whether as a result of new information, future events or results, or otherwise, except as required by applicable laws.

The Canadian Securities Exchange has not reviewed, approved or disapproved the content of this news release

For more information about Wayland, please visit our website at www.waylandgroup.com

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