



# TERRANUEVA



**Terranueva Corporation**

**CSE : TEQ**

**Investment Opportunity**

*A responsible choice for our well-being!*

February 2019

### **Notice to reader / Warning**

*The information and the financial data presented in this document are based on assumptions and on anticipation of future events. Therefore, the results could differ significantly and the management warns the reader on the business decisions which would result from his analysis of these data. Readers are cautioned that this list of factors that may affect future growth, results and performance is not exhaustive and should not be unduly relied upon. The forward-looking statements described in this presentation reflect the Company's expectations as of the date of the presentation and are subject to change after this date. Unless otherwise required by applicable securities laws, the Company expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

### **Confidentiality**

*The information contained in this document is provided for informational purposes only. The information contained herein is not investment of financial advice and is not intended to be used as the basis for making an investment decision.*

*All amounts are in Canadian dollars unless otherwise indicated.*

*Prospective investors should consider the risks associated with an investment in the company. They should carefully consider the risks factors described in the circular information and management and discussion analysis reports of the company.*

## About us

*Terranueva Corporation is a public company trading on the Canadian Stock Exchange (CSE) under the symbol TEQ. We rely on research and development and operational efficiency to become a key player in the emerging cannabis industry. The company's purpose is to provide the Canadian and international markets with first-rate medicinal and recreational cannabis.*

*Our subsidiary Terranueva Pharma Corporation is wholly owned and holds the necessary licenses from Health Canada to meet its ambitions. Operating in L'Assomption (Quebec), its mission is to produce marijuana with the highest standards in terms of efficiency, quality and stability. To achieve its goal, Terranueva Pharma is implementing a modular production approach, integrating the latest advances and innovations in process automation.*

## The company and its market

### Terranueva

- Terranueva Pharma Corporation (“Pharma”) was awarded, on February 22, 2019, cultivation, transformation and sale (medical) licences by Health Canada.
  - Terranueva pursues its efforts to obtain the sales rights of flowers, dried and oil cannabis categories.
- Terranueva Corporation (“Terranueva”) is listed on the CSE since December 10, 2018 following a reverse take-over transaction under the symbol TEQ;
- Growing in clean room not in greenhouses;
- Certification, research and development unit building completed and ready for production;
- Procurement for the construction of modular production units is underway;
- Located in l’ Assomption, Quebec.

### Highlights

- Targeted market estimated at \$7B in 2021
  - Consumption for chronic pains, migraines, sleeping disorders and anxiety account for more than 80 % of the Canadian cannabis market (medicinal and recreational).
- Terranueva was awarded the first cultivation licence issued in Quebec since the entry into force of the new Cannabis Act, the 11th in Quebec.
- Terranueva is in a select group of only three Quebec licensees who hold all the three licences.

## Mission and vision

### Mission

- *Terranueva* is a company that leverages its innovative technologies and research and development initiatives to realize its greatest aspirations: provide the Canadian and international markets with high-quality medical cannabis and seize new opportunities created by the legalization of marijuana for recreational use.
- *Pharma* is a company whose mission is to produce cannabis with the highest standards in terms of efficiency, quality and stability.

### Business vision

- *Terranueva* : We rely on research and development and operational efficiency to become a key player in the emerging cannabis industry.
- *Pharma* : We rely on innovation, automation and operational efficiency to become a dominant producer in the emerging cannabis industry

## Value Proposition

- The range of products will come from strains that target the major motivations of consumers;
- Terranueva will develop alternatives to dried cannabis;
- Research and development will be the economic engine of the company;
  - 8% of sales invested in R&D;
  - Pre-clinical and clinical research in partnership with experts in the field will be pursued to innovate and improve the value proposition;
- Production and management processes will be efficient and modern. Modular Production Units ("MPU") of approximately 10,000 sq ft will be intelligent, relying heavily on automation and digital technology;
  - Each MPU will be dedicated to growing one strain of cannabis at a time;
  - Homogeneity of crops will be assured.
- Acting as a responsible licensed producer, a detailed traceability of every gram produced and sold (from seed to sale) will be maintained;

## Indoor production in clean room

Terranueva will cultivate its cannabis strains in clean rooms in an indoor and controlled environment. This approach will ensure a recreational or medical product with quality standards that is close to the pharmaceutical sector.

Harvest	Indoor	Greenhouses
Number of harvests	Higher	Lower
Contamination / infection / disease	Low risk	Medium risk
Odour	Total control	Control more difficult
Environment	Total control	Control more difficult
Genetics / quality	Superior	Inferior
Harvest risk	Low	High

Site development - Phase 1 – existing CRDU; Phase 2 in development



Tout droit réservé  
STRICTEMENT CONFIDENTIEL

## Project

### **PHASE 1** : Completed

Obtain a growing, processing and selling licence for the CRDU which will validate the site infrastructure with its equipment, the development of the best operating practices and the ratification of production and quality standards for each strain to be introduced in an MPU.

### **PHASE 2** : On-going

Construction of the first modular production units (« MPU »). To validate the industrial process.

First significant revenues will be generated.

Establishment of a research chair.

### **PHASE 3** :

Large scale deployment.

Terranueva will be in position to exploit the full capacity on its L'Assomption site. The deployment may reach sixteen MPU on the actual site to provide for the medical and recreational demands.

## Investment and Timetable – Phase 1

### **PHASE 1 : *Implementation cost of CRDU:***

- Objective: Establish the certification, research and development Unit
- Annual anticipated production capacity of 150 kg of dried cannabis
- Anticipated Annual sales at full capacity and \$8/g : \$1.2M

### ***Major milestones:***

Work completed and equipment installed:	Q4 - 2018
Health Canada authorizes production: 2019	Q1 -
Cultivation begins:	Q1 - 2019
First harvest: 2019	Q2 -
Final transformation and sale licence from Health Canada:	Q2 - 2019

## Investment and Timetable – Phase 2

### **PHASE 2 : *Implementation cost of first two MPUs***

- Objective : Validation of the industrial and production processes in first Modular Production Units
- Construction will begin in 2019
- Annual anticipated capacity 2,800 kg of dried cannabis (1,400 kg/MPU)
- Annual anticipated sales at full capacity and \$8/g : \$22.8M

## Investment and Timetable – Phase 3

### **PHASE 3 : *Implementation of additional MPU and a warehouse and processing plant:***

- Objective: Full scale industrial production with 14 additional MPU
- A warehouse and processing plant must also be built to support the additional MPU
- Annual anticipated capacity of 14 MPU is 19.9 metric tonnes of dried cannabis
- Annual sales at full capacity of 14 MPU at \$8/g : \$160M additional (\$11.4M per unit)
- Modular deployment over a four-year horizon

## Market capitalisation

### Corporation Terranueva (CSE:TEQ)

Common shares outstanding	32 396 265
Options and warrants	5 017 300
Market capitalisation	16 M\$

## Management and Board of Directors

MANAGEMENT	TITLE	BIOGRAPHIES
<b>Pierre Ayotte</b>	President and Chief Executive Officer (CEO) / Director	A flight test engineer with a background in mechanical engineering, Pierre Ayotte is a passionate entrepreneur with more than 40 years of experience in the aeronautical industry. His extensive expertise in engineering and operations management, business development, and corporate management will serve Terranueva well. An ardent advocate of smart manufacturing, he is bringing his industry expertise into play in shaping Terranueva's approach to cannabis production. Mr. Ayotte has also successfully led corporate recovery and turnaround efforts at a number of businesses, including Mechachrome Canada, DCM Aerospace, and a GE plant in Mirabel, Quebec. In addition to heading up Terranueva, he currently serves as Chief Operational Officer at Alta Precision, a leading Montreal-based landing gear manufacturer.
<b>Francisco Perez Jr.</b>	Chief Operating Officer (COO) / Director	Francisco Perez Junior, the founder and COO of Terranueva, brings 15 years of experience in operations management to the company, including specialized expertise in policy integration, certification, and technology integration. A programmer analyst by training, Mr. Perez Junior has a solid grounding in preventive management techniques, which he has used throughout his career to tackle issues affecting operational fluidity. He also acquired valuable experience in human resources, logistics management (shipping, customs clearance, support), and administration.
<b>Pierre Monet</b>	Chief Financial Officer (CFO)	Pierre Monet, Chief Financial Officer at Terranueva, is a chartered professional accountant (CPA) and certified administrator (ASC) with over 30 years of experience working in public companies. A graduate of Montreal's HEC, he has acquired a solid track record in financing, acquisitions, and restructuring. Mr. Monet has honed his leadership skills in various management positions over the course of his extensive career, including a ten-year stint as president and CEO of Malaga Inc., a publicly traded tungsten-mining company. Other positions include VP Finance and CFO at Pershimco Resources Inc., VP Finance and CFO for Dynacor Gold Mines and for high-tech firm Avestor LLC, and VP Finance at Alliance Forest Products.
<b>Rafael Percopo</b>	Quality Assurance, Manager and Director	Rafael Percopo draws upon his nearly quarter-century in the generic pharmaceutical industry to oversee quality assurance and certification at Terranueva. His QA experience leaves him eminently qualified to ensure best practices are implemented at Terranueva, and to direct product development at the clinical trial phase. In addition, the Concordia University chemistry graduate has acquired valuable skills in workforce training and development. Mr. Percopo has held several key positions in the course of his career, including Pilot Plant Manager at Pharmascience's scientific affairs division and Production Director at Odan Laboratories and Pangeo Pharma. He has also worked in quality assurance, validation, and engineering at a number of other companies.
<b>Maxime Bastien</b>	Chief scientific Officer	<p>Mr. Bastien has worked for 17 years in plant research in academia. Over the years his work has focused on phytopathology, genetics, molecular biology, high throughput sequencing technologies, genomics, and the synthesis of volatile compounds in plants.</p> <p>His research experience will be used in the deployment of R &amp; D activities at Terranueva. Mr. Bastien obtained a master's degree in plant biology in 2004 from Laval University and a PhD in plant biology in 2013 from the same university.</p>

## Management and Board of Directors

DIRECTORS	COMPANY	BIOGRAPHIES
<b>Sylvain Aird</b>	Borex	Sylvain Aird is a seasoned law practitioner who has been acting as legal counsel for almost 25 years of which the last 13 years have been at Borex Inc., a TSX listed company and a renewable energy company present in both North America and Europe. From September 2012 to June 2017, Mr. Aird held the position of Vice-President, Europe, Chief Legal Officer and Secretary at Borex Inc. He also held the position of Vice President Business Development at Borex Inc. from June 2017 to March 2018. During his career, Mr. Aird has acted in multiple transactions and financings which value has reached more than \$2 Billion, both in Canada and internationally and, has acquired an unparalleled experience in mergers and acquisitions, financing, securities and corporate governance sectors. His years in the business have given him significant experience and understanding of the corporate world by being in contact with entrepreneurs, founders, executives of large and medium-sized corporations, operators, financial advisors as well as board of directors' members. Since April 2018, Mr. Aird is a lawyer at Séguin Racine, Avocats.
<b>Marc-André Aubé</b>	Walter Surface Technologies	Marc-André Aubé holds since January 2017 the position of President and COO of Walter Surface Technologies, a leader in surface treatment technologies established in 7 countries in North America, South America and Europe. He oversees the company's strategic corporate direction with a focus on global expansion. Before joining Walter, Mr. Aubé was, from May 2007 to January 2017, President and Chief Operating Officer of GardaWorld Protective Services. He also has experience in various industry sectors including chemical products with Nalco Canada, oil and gas with Petro-Canada, and finance with the Caisse de dépôt et placement du Québec and Scotia Capital Inc. Mr. Aubé is a CFA and also holds an MBA from the HEC Montréal and an engineering degree from the Montréal Polytechnic School.
<b>Patrice Boily</b>	Lune Rouge 360	Patrice Boily is currently Chief Executing Officer of Lune Rouge 360 since January 2017 after he joined it as a consultant in January 2016. From May 2003 till June 2014, Mr. Boily was strategic advisor, Cash Services, Canada and United-States, for the multinational Garda World Security Corporation. Previously, he held the position of Chief Operating Officer for the same corporation. He has extensive North American experience in the security field. Patrice Boily is an industrial engineer graduated from the École Polytechnique of Université de Montréal. He has over 25 years of experience in operations management, specializing in business process reengineering. Prior to joining Garda, Mr. Boily served as Vice President of Operations for Touchtunes Digital Music. Prior to that, he led the operations of Dentalmatic and Discreet Logic.

## Management and Board of Directors

DIRECTORS	COMPANY	BIOGRAPHIES
<b>Alain Bureau</b>	Toachi Mining	Alain Bureau is currently President and Chief Executive Officer of Toachi Mining since January 2018, a mineral exploration company listed on the TSX Venture Exchange. Alain Bureau was trained as an officer in the Canadian Armed Forces and holds a Bachelor of Engineering degree from Royal Military College of Canada. Mr. Alain Bureau is a member of the Ordre des Ingénieurs du Québec. Mr. Bureau has over 15 years of mining and construction experience in Canada and Latin America. In the past, he has been involved in major international projects such as Pinos Altos Mexico, La Ronde, Raglan, Altonorte, Izcaycruz, Yauliyacu and Escondida, the largest copper mine in the world, located in Chile. He has also worked in Peru on mining projects, as well as for several major Canadian mining companies of international scale. Mr. Bureau was also National Construction Manager in Venezuela and in the Dominican Republic for the Canadian engineering and construction firm Dessau-Soprin International. From November 2006 till December 2016, Mr. Bureau acted as a director and President and Chief Executive Officer of Pershimco Resources Inc. (now Orla Mining Ltd.).
<b>Louis Doyle</b>	Québec Bourse	Louis Doyle is the Chief Compliance and Security Officer (CSO) of Terranueva Pharma since May 2018. Mr. Doyle has over 30 years of experience in the capital markets with expertise in operations management, stock market listing and governance problem resolution. Since January 2016, Louis Doyle is actively engaged as a Executive director of Québec Bourse Inc., an association regrouping Quebec based listed companies and other market stakeholders. Since December 2015, Mr. Doyle, also holds the position of President at Doyle Gestion Conseils Inc., a company providing consulting and administrative services to private and public companies. From October 1999 to December 2015, Mr. Doyle was Vice President, Montreal, of the TSX Venture Exchange. In this capacity, he was responsible for all business development and listing activities for Quebec and the Maritime Provinces. Until his departure from the TSX Venture Exchange, he was Chair of the Registration Committee, a member of the Policy Committee and also responsible for the TSX Venture Exchange mentorship program at a national level. Louis Doyle is also a director of Abitibi Royalties Inc., a corporation listed on the TSX Venture Exchange.