

The ABCs of the Hemp Industry

April 21, 2021

Presenters:

Rory Cruise, CEO, Sweetwater Hemp Co.

Andrew Potter, Co-Founder & CEO, Blue Sky Hemp Ventures

Wilson Johnson, Co-Founder & Chief Agronomist, Blue Sky Hemp Ventures



The Clear Choice To Our Future

Presented by: **Rory Cruise**

Chief Executive Officer, Sweetwater Hemp Company

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Our Sweet Vision

For Hemp **Farmer's** across Nebraska and the Nation



Together we will

Create a cultivation network of farmers to grow specific quality hemp strains for the World's Largest Solventless Extraction Facility in order to produce the world's highest quality products on the market.



Our guiding principles and fundamental beliefs

- We believe in building meaningful relationships that are built on trust and appreciation
- We believe in fostering a sustainable future

HEMP- A Farmer's Opportunity

FOR NEBRASKA AND OUR NATION



Another Agricultural Crop Commodity

Hemp grows quickly, demands less water than many other crops and provides a commodity that is protected under the Federal Crop Insurance Act.

This helps rural communities prosper by creating jobs not just on the farm, but also through providing new construction materials, clothing, packaging and paper made from hemp, and bio-fuels and bio-plastic manufacturing industries that exist in collaboration within the growing hemp marketplace.

Looking forward, it is not hard to imagine a world built from all the hemp-based products. In fact, most products exist in a hemp-based version. While a hemp utopia is within reach, it is not yet a reality.

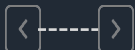
Moving forward, more farmers will need to band together in support of expanding the hemp-growing industry for a more ecologically-sound future.

50%

In 2020, hemp production fell 50% short of its projected production estimate.

**18-25
million
kilos**

Growers produced an incredible amount of hemp but it is not **YET** enough to build a fully sustainable utopia. *(40-56 million lbs)*





Our Unique Process

What Sets Sweetwater Hemp Company Apart



PREMIUM QUALITY HEMP STRAINS

We partner with select hemp farmers who grow quality specific strains using sustainable growing methods.



SOLVENTLESS EXTRACTION SYSTEM

Water, ice and patent protected proprietary agitation and flow pattern equipment allows full capture almost all trichomes found in the plant



TERPENE ENRICHMENT PROCESS

Oil is produced without drying ever involved in the process, this allows us to preserve and concentrate all the terpenes and cannabinoids in the hemp plant

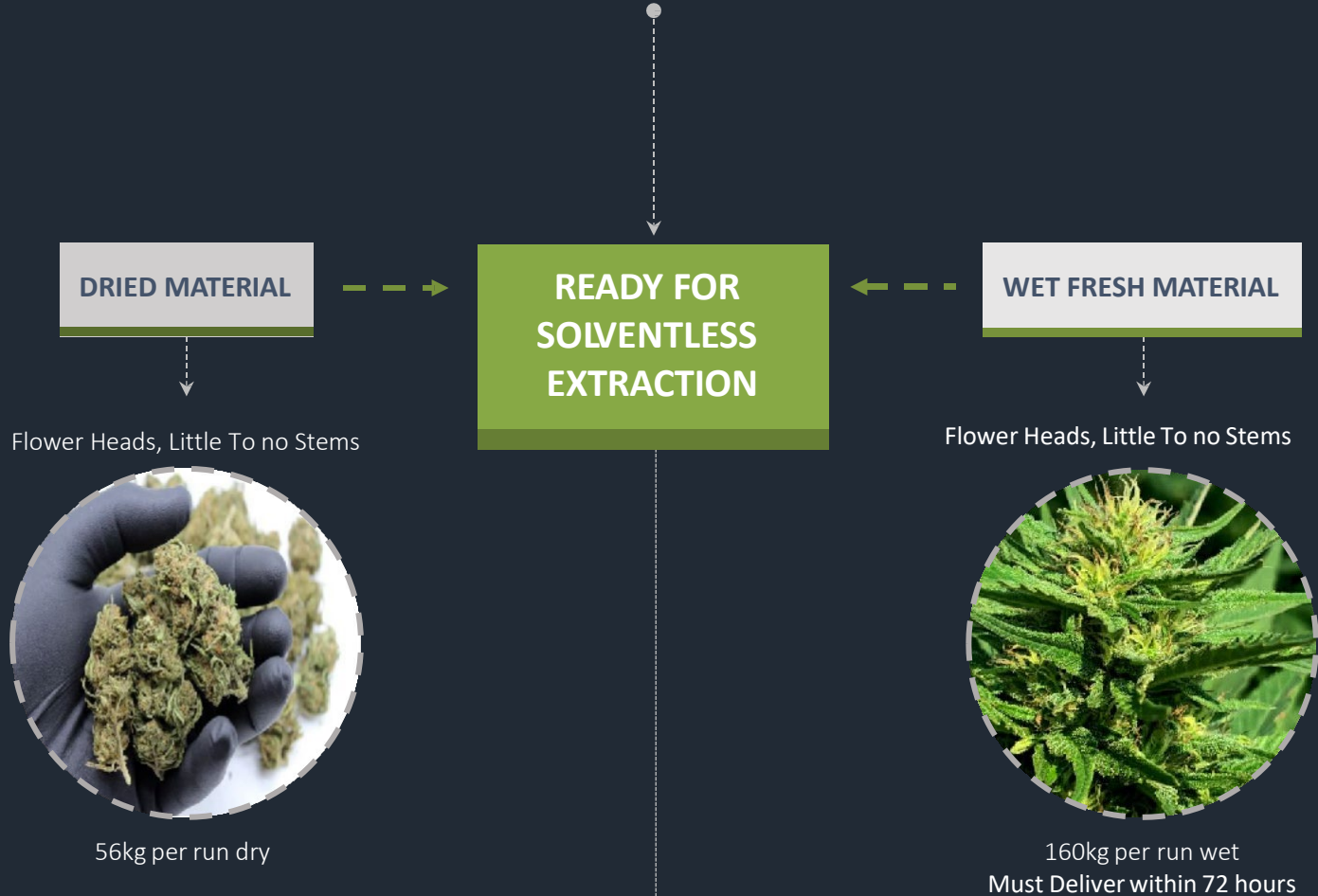


PREMIUM FORMULATION OF PRODUCTS

We are left with an amazing product as is but we are able to develop further products. We use organic ingredients to flavor our oils.

Solventless Extraction System

Flow Chart





AGITATION VESSEL

Using water and ice, biomass is introduced
(Proprietary agitation and flow pattern releases trichome's)

SEPARATION VESSEL

Is there still Trichomes left?

If Yes, we would cycle a second time through

YES

NO

BUBBLE HASH COLLECTION VESSEL

TERPENE ENRICHMENT VESSEL



What we are looking for in the plant?

Importance of Trichomes



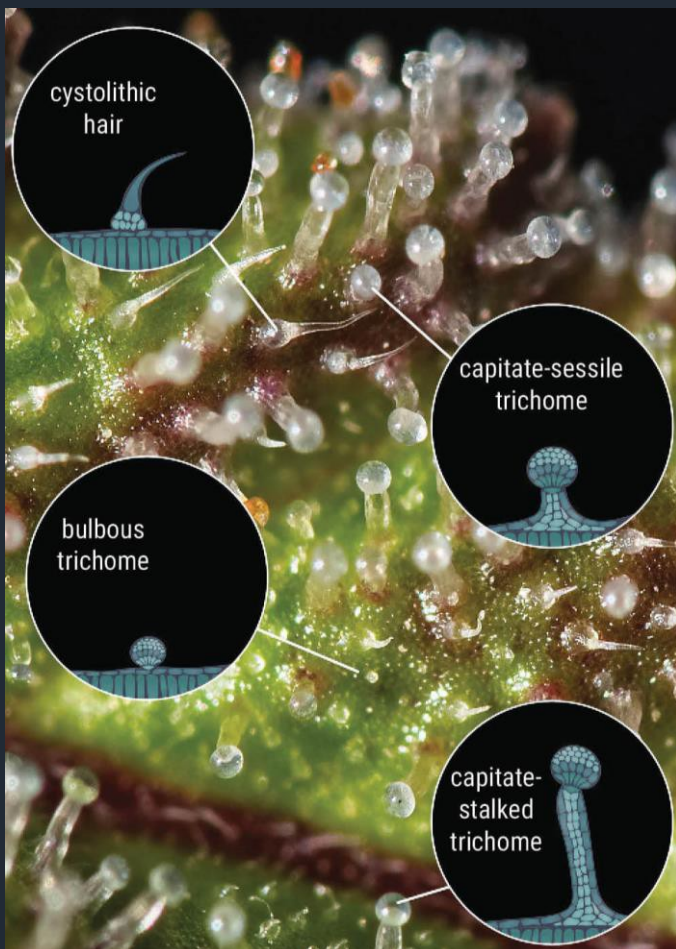


Image by Royal Queen Seeds



Image by Bubbleman

Trichomes

Cannabinoids and terpenes collect in glandular trichomes

Important Glandular Trichomes

Capitate Stalked
Sessile Stalked
Bulbous

Trichomes most abundant in unfertilized female flowers

The exact nature/ratio of the cannabinoids and terpenes secreted is determined by the genetics in the original cannabis seed, as well as the environment.

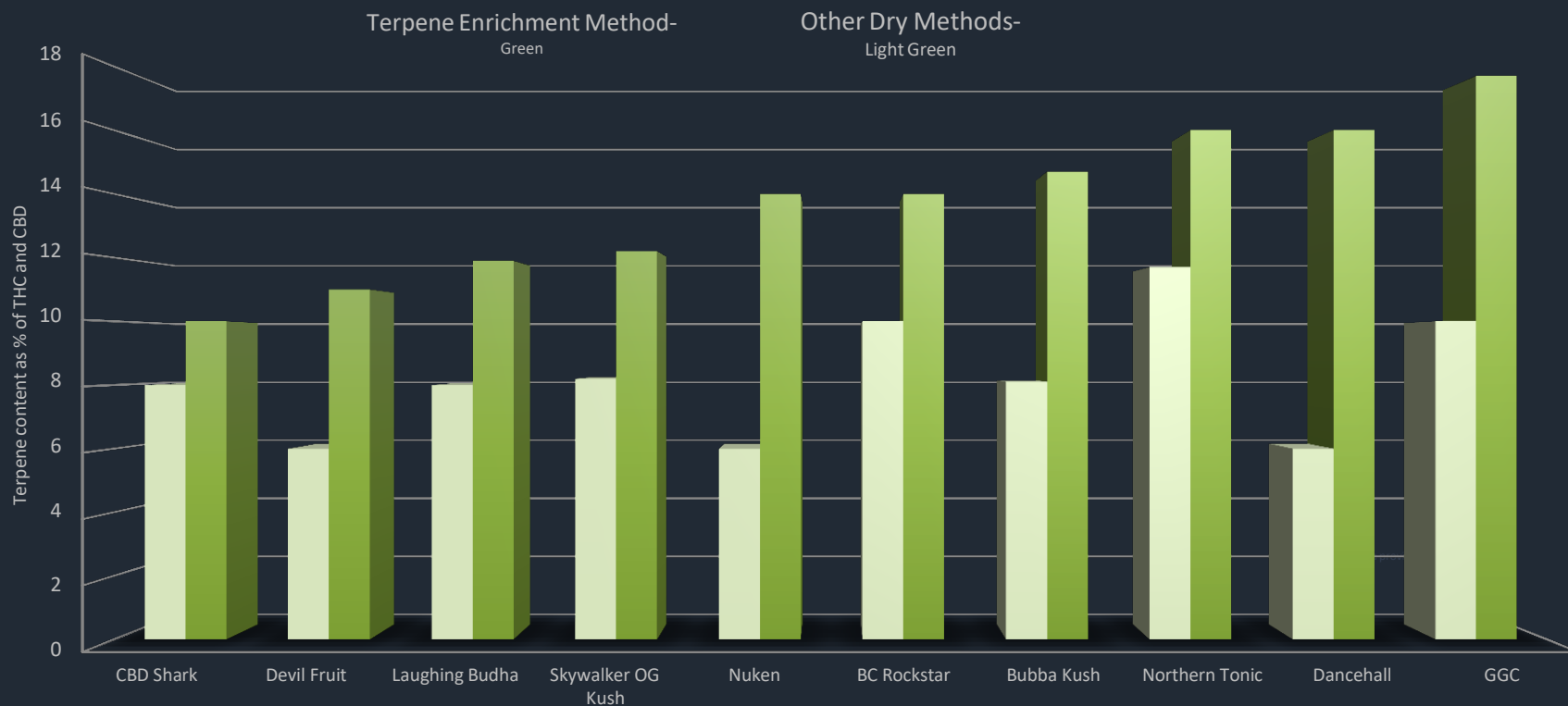
Best Practices to Preserve Trichomes

Preserving Trichomes
Harvest by Hand
Bucking Machine

Sweetwater Terpene Enriched Oils

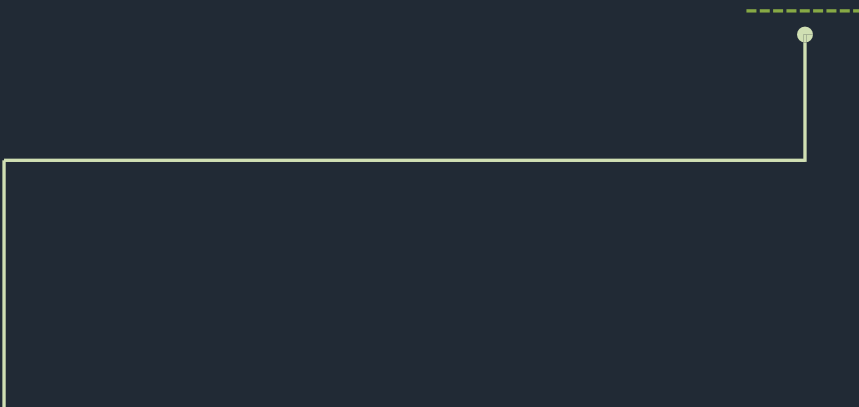
Sweetwater Hemp Company process allows the capture of terpenes lost in other methods

Terpene Content in Other Methods and Terpene Enriched Oil



Interested in Growing with Us?

Basic Expectations



PEOPLE BUILD THE BUSINESS

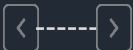
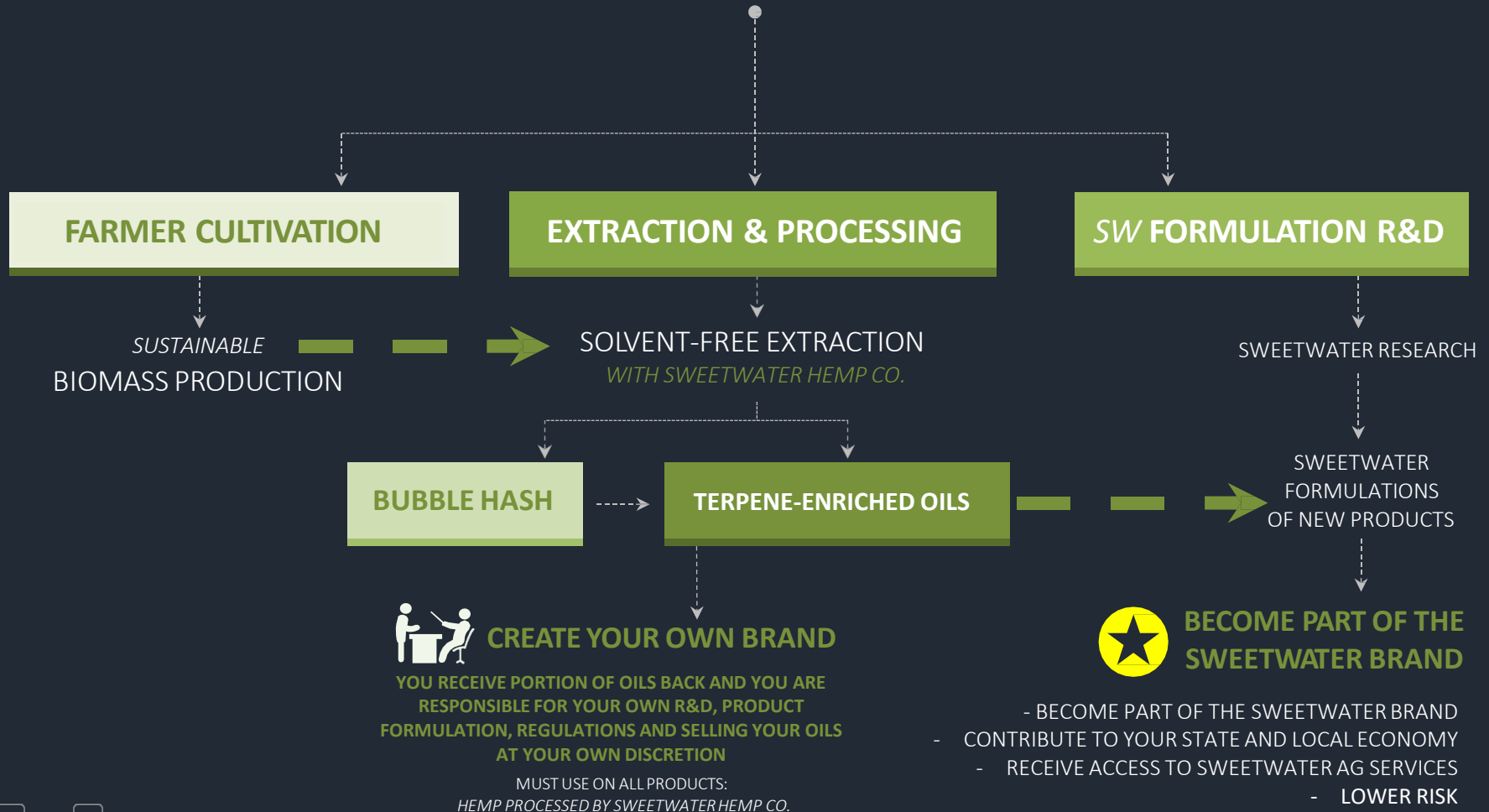
BECOMING A PARTNER WITH SWEETWATER HEMP CO. IS MADE EASY

- 1) *Grow Hemp using Specific Premium Approved Growing Strains*
- 2) *Organic and Sustainable Regenerative Methods*
- 3) *Harvesting at the Right Time*
- 4) *Delivering Product Fresh at the Right Time*
- 5) *Supporting the Sweetwater Hemp Company Brand*



What a Sweetwater Hemp Co. Partnership Flow Chart Looks Like

AGRICULTURE IS OUR WISEST PURSUIT



**Keep asking questions
in the chat box!**

We'll be sure to answer after the presentations

Private & Confidential



Blue Sky
HEMP VENTURES

A BETTER WORLD FUELLED BY HEMP

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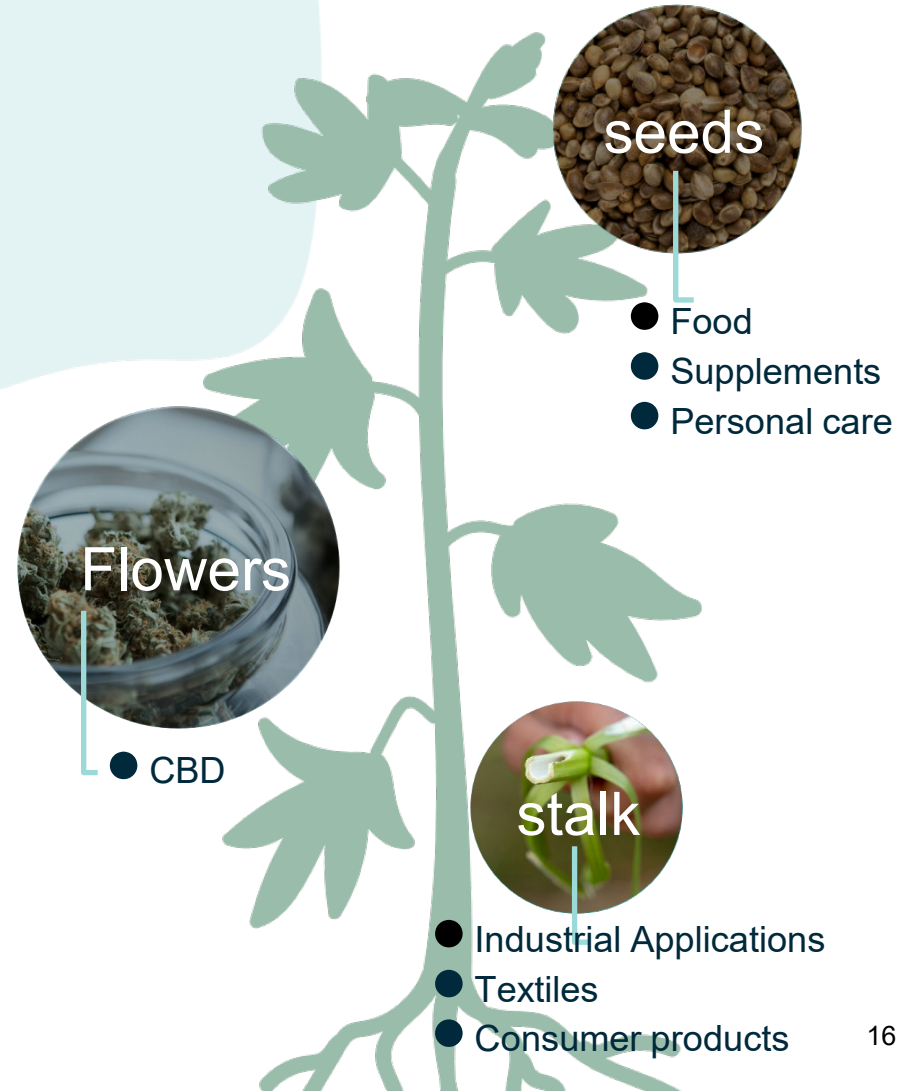
Strategy

Whole Plant Utilization

Blue Sky's **'whole plant utilization'** approach seeks to harness the full value of the grain for superfoods, flower for CBD extraction and the stalks for a wide variety of industrial products. Our triple bottom line philosophy creates more value for our shareholders, customers, at a lower cost to our planet.

By focusing on whole plant utilization we:

- Secure the lowest cost inputs into each value chain
- Sustainable advantage – difficult to replicate
- Negative carbon footprint





What's an acre worth?

What's an acre worth?

- Typical contract price: ~\$500/acre
- Grain ~600 lbs sold as de-hulled seed = \$720/acre of value
- Flower ~700 lbs through RFL & Extraction = \$19,000/acre of value
- Fibre ~3,000 lbs of decorticated fibre & hurd = \$489/acre of value
- CO2 sequestered ~ 10-20 tonnes @ \$50/tonne = \$500-\$1,000/acre of value

By focussing on whole plant utilization we will have a more stable cash flow stream (uncorrelated assets) that can generate more value than competing producers. This is the key to low cost and sustainable production.

Hemp Foods

Opportunities

Huge growth potential for plant-based foods

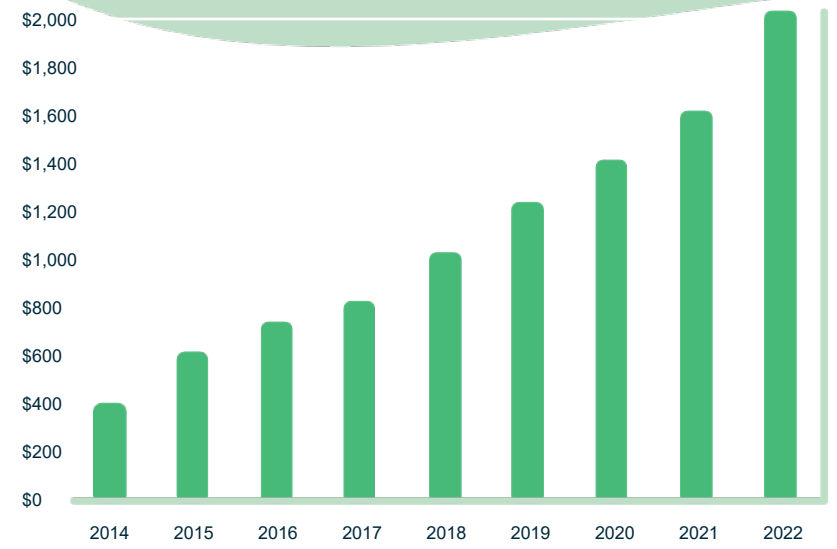
- Growth in plant based foods 27% in 2020
- Meat Analogues
- Plant based dairy alternatives
- Hemp checks all the boxes: Sustainability, health benefits, versatility

Challenges:

- Access to market
- Lab testing / standardization issues
- In spec grain
- Export licenses
- Huge demand for Organic - Low supply
- Educating market on hemp uses, sustainability
- Hemp for animal feed - regulatory issues



U.S Hemp-Based Products Sales, 2013-2022



Source: Hemp Business Journal estimates (\$ mil. consumer sales)



Hemp Biomass

Overcoming the Challenges of Broad Acre Farming Hemp

While broad-acre farmed industrial hemp offers significantly lower biomass costs, the large volume of plant material and low potencies represent the barrier to commercial production. Blue Sky's Reduced Flower & Leaf™ (RFL) system reduces plant volume by 50-90% while boosting potency 1.5x – 4.0x. IE the lowest cost CBD biomass while also preserving grain and stalks for food and fibre applications

Opportunities

- Huge added value to our contract farming partners - turns bales into 3 value streams
- much more sustainable farming practices vs greenhouse / orchard style farming

Challenges:

- CBD potency challenges

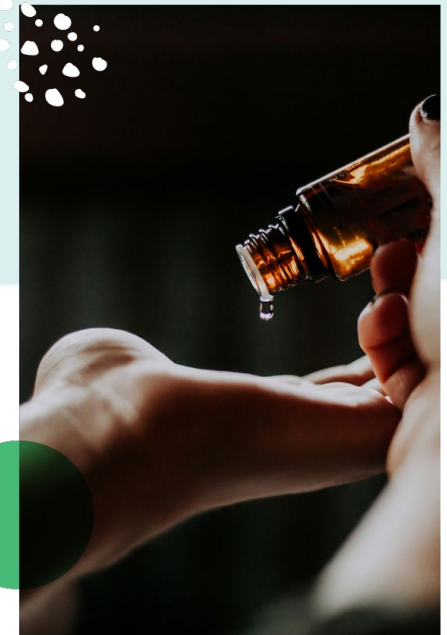




CBD Extracts

The first facility designed for broad-acre low potency hemp

In 2020, we began CBD extraction at our state of the art facility, built specifically for industrial hemp. As one of very few extractors, we have direct access to the high-value CBD market, estimated at \$3.9 billion, which will generate significant revenue that hemp growers can't get to alone.



Challenges:

- Red-Tape / Regulations / Delays
- Lab Errors
- Pesticide Challenges

Opportunities

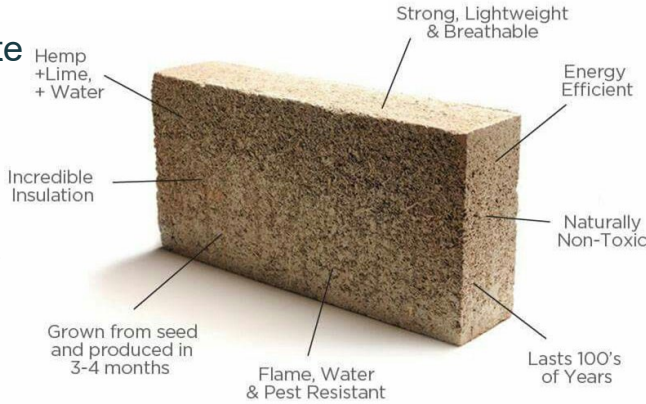
- Cannabis Health Product regulations
- New CBD products coming online
- Price and Environmental advantage of broad acre grown CBD
- Export



Unlock the stalk!

A profitable fibre opportunity will complete our journey to ‘whole plant utilization’

- Decortication is required to separate hemp fibre from hemp hurd. Each product has very different uses / markets.
- BSHV plans to fast-track a 1 tonne/hour decorticator with a view of adding substantial additional capacity over the next 1-2 years.
- We believe the hemp fibre market will emerge as big, or bigger, than CBD. BSHV is well positioned to emerge as a leader in this area – and round out our vision of ‘whole plant utilization’.



Hemp Fibre is seeing explosive demand in textiles, sustainable auto-parts...and more!

“Levi’s sees a future in hemp as a sustainable cotton alternative” - Business Insider

“The most sustainable building material isn’t concrete or steel — it’s fast-growing hemp.” - NY Times





“From Farm to freeway: Alberta company makes car parts out of hemp, flax. The lightweight panels are already being tested by BMW, Audi and Mercedes” - CBC





Canada vs. US

	Canada 	US 
Hemp Farming Regulation	Cannabis Act: Consistent federal regulations for production, processing and sale of hemp & CBD	2018 Farm Bill legalized hemp cultivation federally but regulations different for each state - reviewed and approved by USDA
Specifics	<ul style="list-style-type: none"> ● Growers do not need to pass criminal background check ● Cannot propagate clones ● CBD extracts must come from flower & leaves - highly regulated ● Hemp must contain < 0.3% total THC 	<ul style="list-style-type: none"> ● Growers must pass criminal background check ● can propagate clones and not restricted to seed ● CBD extract can be made from any part of the plant with little regulation ● Differs state to state (up to 1% THC)
Focus	Mainly grown for food & fibre	Mainly grown for CBD
CBD regulation	Highly regulated - Health Canada Cannabis Act	Unregulated
Livestock feed	working out regulatory kinks	working out the kinks
Hemp Fibre	permitted	permitted
Imports/ Exports	Federal regulations set a high - but consistent standard. Able to sell nationwide and export internationally to other legal / regulated markets.	Difficult to ship between state lines. And into other markets due to a lack of coherent and globally accepted standards.



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The Team



Andrew Potter, CEO & Director

With over 15 years of capital markets and strategic planning experience, Andrew is well known for early identification of major trends & themes. In 2017, he co-founded Blue Sky Hemp Ventures, seizing the opportunity provided by Canada's emerging hemp industry and a growing demand for healthy foods, sustainable industrial products and legal cannabis. 4 years on, Blue Sky Hemp Ventures is rapidly emerging as a world leader in whole plant utilization delivering on Andrews vision for a zero waste operation that drives value for partners, people and planet.



Wilson Johnson, Chief Agronomist & Director

Wilson brings deep agronomic knowledge coupled with a locals 'lay of the land' and is responsible for watching over up to 20,000 acres of hemp through Blue Sky's farmer-partner network, along with the 8000 acres that have been in his family for 4 generations. A Bachelor of Plant Science graduate from the University of Saskatchewan, Wilson is an accomplished agronomist and entrepreneur. Wilson founded consulting firm Soil Sense Inc. in 2004, and co-founded precision ag-tech software company FieldAlytics Solutions Canada in 2017, just prior to joining Blue Sky Hemp Ventures as chief agronomist. Wilson has a strong passion for sustainable agriculture and is extremely excited about the opportunities that hemp brings to producers, processors, consumers. Wilson is also a board member at the Canadian Hemp Trade Alliance.

Questions?

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