



To Our World-Class Shareholders, Employees, Partners, and Stakeholders:

2020 marks the beginning of an exciting new decade and coming of age for cannabis and hemp oil production, opening the industry to an entirely new selection of legal product offerings. We have seen consumer sales continue to shift from smoking cannabis flower towards product offerings of oil-based cannabis products. We believe extraction represents a large – if not the largest – growth sector in the industry. Extraction is the fundamental first step to produce these value-added cannabis/hemp-derivative products – and World-Class is poised to capitalize on this shifting consumer preference.

World-Class is driven by innovation. For over half a decade, our team has worked tirelessly to build a solid technological foundation based on research and development. Today, World-Class is working to deploy and operate the extraction equipment and processes that it has developed over the years in order to create revenue-generating, purpose-built cannabis and hemp extraction and processing centres in Canada and the United States.

The merger of World-Class Extractions Inc. and Quadron Cannatech Corporation in 2019 was a significant milestone, as the combination of capital, experience, and technology has laid the foundation for our plans in 2020 and beyond. Thank you all for your support – I am pleased to provide insights into our business strategies and initiatives that will propel us through 2020.

From developing leading-edge extraction equipment and technologies,
to deploying purpose-built extraction and processing centres,
World-Class is uniquely positioned to meet the demands of the rapidly evolving cannabis and hemp
industries.



Merger of World-Class and Quadron – A Powerful Team

World-Class is innovating, investing and influencing the future of the cannabis and hemp extraction and processing industry.

Quadron began R&D on advanced proprietary cannabis and hemp extraction and processing systems in 2014. Since then, it has developed proprietary industrial-grade manufacturing equipment and innovative processes to deliver consistent and high-quality cannabis extracts. In 2019, Quadron and World-Class merged, combining Quadron's extraction expertise and operational experience with World-Class' strong financial background. Together, World-Class has the expertise to deliver its industry-leading extraction and processing technology and services in Canada, the United States, and internationally.

Upon merging, we have been working diligently on integrating the two companies. Our senior leadership team has been optimizing corporate needs, integrating both companies and subsidiaries, and harmonizing our technologies and advancements in order to deliver best-in-class extraction and processing centres. This includes better alignment of our key talent along with recruiting new talent to support our growing company.

World-Class has a scalable business model. We are constantly evaluating opportunities to further penetrate emerging high-value markets as a key driver for our long-term growth strategy and revenue generation.

World-Class Initiatives – Moving Forward in 2020

The legal global cannabis market size is expected to reach USD \$66.3B by the end of 2025¹, and the legal cannabidiol (CBD) market size predicted to be worth USD \$9.69B by 2025²

Cannabis extraction represents a huge growth opportunity. From a supply-chain stand-point, concentrates are considerably more shelf-stable, easier to test analytically and more convenient to transport as compared to cannabis flower. For consumers, a large diversity of final products – from tinctures and capsules, to vape pens, edibles, creams, bath bombs, and beverages, to name a few – can be created using cannabis and hemp extracts. Our key performance indicators continue to point to the growth of cannabis and hemp-derived oils.

¹ According to a new report by Grand View Research, Inc.: <https://www.grandviewresearch.com/press-release/global-legal-marijuana-market>

² According to a December 2019 report by Grand View Research, Inc.: <https://www.grandviewresearch.com/press-release/global-cannabidiol-cbd-market>



With market size predictions validating our forecasts over the last five years, our key performance indicators continue to point to the growth of cannabis and hemp-derived oils. As cannabis and hemp continue to commoditize, price will matter. Our team has always taken into consideration the fact that there will be price compression in the marketplace for cannabis and hemp biomass and their extracts. World-Class believes that the quality and efficiency of cannabinoid extraction will be paramount.

In the U.S., we are seeing hemp flower prices dropping to unprecedented lows despite the incredible value of CBD concentrates. The lack of processing capacity in the U.S. has led to the market being saturated with flower. This has created a glut of hemp biomass in the U.S., which will deteriorate rapidly if not processed or extracted. The same problem is happening in Canada where processing bottlenecks, compounded by insufficient development of retail capacity have led to huge build-ups of cannabis and hemp inventory that companies must store and risk deterioration. The [Health Canada](#) chart reproduced below illustrates how serious this issue has become in Canada.

Our team has taken into consideration that there will be price compression in the marketplace for cannabis and hemp biomass and their extracts. Without extraction, cultivators are at risk of watching their inventory degrade and spoil. To unlock the value of this biomass and create shelf-stable products, extraction and processing is necessary. We look forward to being part of the solution to this serious industry problem.

World-Class has advanced equipment and extraction technology and is positioned to solve these very real issues facing the cannabis and hemp industry. After extensive research and testing, our goal is to deploy extraction and processing centres to provide relief to licensees who are faced with backlogs of hemp or cannabis or unable to generate strong returns from supplying raw flower.

Figure 1. Canada - Total Inventories and Sales – Dried Cannabis (Kilograms)

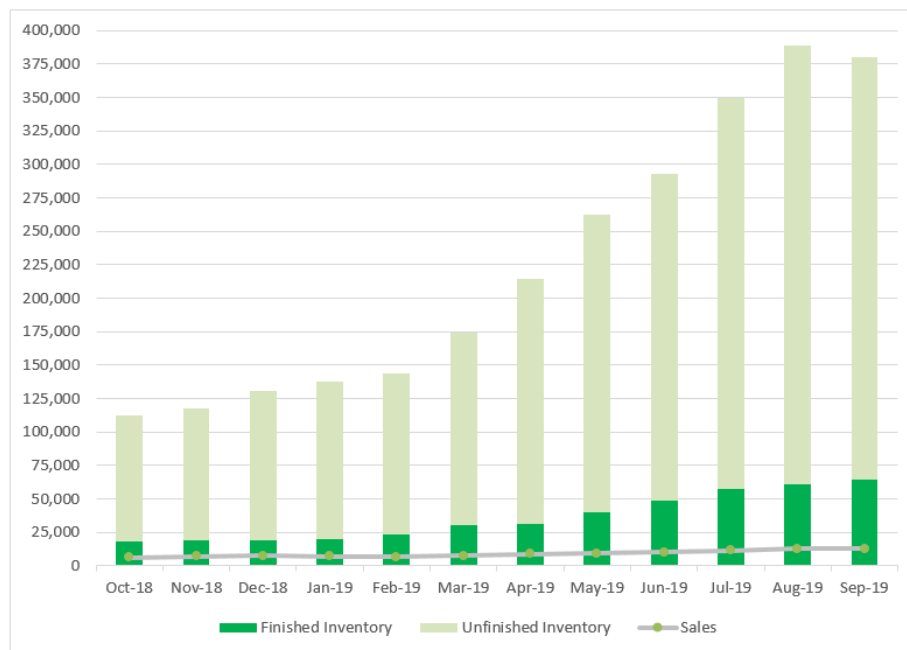


Figure 1: *Cannabis Demand and Supply Chart* from the Government of Canada website, accessed January 7, 2020 at <https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/licensed-producers/market-data/supply-demand.html>



World-Class is implementing the following initiatives in 2020 to achieve diversified revenue:

Deployment and Operation of World-Class Extraction and Processing Centres

World-Class designs, builds, and operates full-scale extraction and processing centres on a revenue-sharing basis. Our state-of-the-art facilities and equipment are designed for large scale processing of cannabis and hemp, including storage, preparation, extraction, refinement, distillation, formulation, and packaging.

World-Class extraction and processing centres will develop, produce, and distribute a wide variety of cannabis and hemp concentrates as well as value-added products. Strategic relationships with industry participants are expected to provide World-Class with ongoing revenue streams and reduce investment risk, while allowing us to leverage existing infrastructure and core commercialization that competitors lack.

World-Class focuses on integrating and optimizing equipment and technologies to maximize production throughput and cost reductions for competitive performance. This offers significant competitive advantages, driving profitably for our clients and partners regardless of varying market conditions and price fluctuations.

To maximize profitability in 2020 and beyond, World-Class will continue to provide fee-based services to industry participants including: biomass storage; oil production (biomass preparation and extraction technologies); crude oil processing and refinement (premium concentrates and isolates, including THC, CBD and full-spectrum oils); and end-product manufacturing (formulation, hardware and packaging).

To date, we have announced the deployment of three cannabis processing centres – two in Canada and one in California:

- *Canntab Therapeutics Limited*, Markham, Ontario. World-Class entered into a binding letter of intent with Canntab to set-up, manage and operate a cannabis and hemp extraction and processing facility, at Canntab's licensed facility in Markham, Ontario. Deployment includes two BOSS CO2 Extraction Systems and the peripheral equipment required. Each BOSS CO2 Extraction System can process up to 200 pounds of biomass per day, which can produce high-potency cannabis and hemp concentrates (yield will vary depending on concentration levels of the input biomass). Canntab is a late-stage Standard Processing applicant under the *Cannabis Act* and deployment is subject to Canntab's receipt of a Standard Processing License from Health Canada.
- *FV Pharma Inc.*, Cobourg, Ontario. In September World-Class announced an arrangement whereby World-Class, under the FV Pharma umbrella, would set-up and assist with the operations of a large capacity cannabis and hemp extraction and processing facility at FV Pharma's licensed facility in Cobourg, Ontario. World Class expected to be able to install the necessary equipment to commence operations at the Cobourg facility prior to January 2020. During the latter part of 2019, FSD Pharma Inc., the parent company of FV Pharma Inc. was pursuing a listing on NASDAQ and as a result, World Class experienced unanticipated delays with the deployment of this extraction and processing facility. Since FSD Pharma Inc.'s listing on NASDAQ in January 2020, World Class continues to wait for FSD Pharma Inc. to decide on the direction it will be taking with its Cobourg facility. World Class is hopeful that it will be able to complete the deployment of this extraction and processing facility in the future and will update shareholders on developments accordingly.



- *Nutralife Holdings LLC.*, Imperial County, California. World-Class entered into a binding letter agreement with Nutralife Holdings, LLC and Nutralife Extraction Limited Partnership to establish a joint venture to develop, manage and operate a hemp extraction and processing facility in Imperial County, California. Together, the companies expect to extract hemp oil in compliance with the U.S. Agriculture Improvement Act of 2018 (also known as the Farm Bill). Deployment of World-Class equipment to the Nutralife facility is expected to begin in Summer 2020. Under the terms of the Nutralife agreement, the parties will share the economic benefits through a profit share structure reflective of the respective interest of each party (Nutralife Holdings, 60% and World-Class, 40%).

U.S. Expansion. The expansion of World-Class' operations to the U.S. market represents a significant milestone. California has well-established supply chains and less regulation on extracted product than Canada. Our joint venture with Nutralife, a leading natural wellness company, validates our equipment, technology and business model in a large and competitive market such as California.

European Expansion. We are currently in negotiations for the expansion of our extraction and processing centres (equipment and technologies) to the European market. The expansion will include extraction and processing of hemp and cannabis (as jurisdictions allow) and branded product manufacturing.

Brand & Product Development

World-Class extraction and processing centres will offer toll processing services to develop, produce, and distribute a wide variety of cannabis and hemp concentrates, as well as white-label services to create value-added formulated products.

These services create diversified revenue streams, allowing World-Class to build a strong, well-balanced product and service portfolio, produced, and distributed through license agreements (such as royalty arrangements).

- *Ingestibles* - Drops, Capsules and Pills. Market entry targeted for mid-2020*
- *Vaporization* - Vape Pen, Cartridges, Batteries and Related Accessories. Hardware sales since 2017. Filled vape pen market entry mid-2020*
- *Topicals* - Creams, Serums and Balms. Market entry targeted for late-2020*
- *Edibles* - Cookies, Candies and Chocolates. Market entry targeted for early-mid-2021*

*Note: Market entry targets are subject to market conditions, regulation, and regulatory approval.

World-Class Technology - Patent Application

World-Class has filed, and will continue to file, patent applications for its proprietary systems and methods for producing cannabis extracts in every major industrialized country of economic significance. We believe in the novelty and uniqueness of our systems & technology to process incredibly large volumes of cannabis and hemp plant material and to produce extracts that have greater concentrations of target cannabinoids and possess minimal contaminants.



Alkaline Spring Investment

Alkaline Springs intends to launch a brand of cannabis and hemp-infused beverages on a white label basis in markets outside of Canada. The World-Class investment into Alkaline Springs is a strategic investment which includes a right of first refusal to supply any cannabis or hemp extracts required in Alkaline Spring's business and the exclusive right to license future formulations of Alkaline Springs.

World-Class R&D - Continuously Optimizing Extraction & Processing Technologies

It's not just the equipment
but the integration of processes that is most valuable

Our ongoing R&D has produced the strongest manufacturing processes in the industry by upgrading our extraction capacity and increasing the efficiency of our extraction and processing technologies – a cornerstone to our success and ongoing demonstration that World-Class is in the solutions business. We are also creating alliances with global companies in the manufacturing of our equipment – the BOSS was just the beginning.

By anticipating and interpreting the needs and aspirations of the industry, World-Class continues to develop disruptive solutions for a rapidly growing industry.

Our Proprietary Technology

- **The BOSS CO2 Extraction System.** Incredibly efficient - 5X smaller footprint and 1/5 the energy consumption than other systems - installation and training in hours, not weeks. 66 pounds of biomass processing per cycle (200 pounds/day if running 3-cycles). Clean-in-Place (CIP) system at the touch of a button (vs machine disassembly for cleaning in others). One employee can run three machines simultaneously. **Available for commercial sales.**
- **The BEAST Ethanol Extraction System.** High extraction efficiencies and low ethanol use. Industrial-scale, nitrogen biomass cooling with Energy Recovery Exchange (ERE). Less ethanol recovery required (a very expensive portion of ethanol extraction systems) with advanced filtration stacks. CIP system meets stringent GPP (Good Production Practices) and GMP (Good Manufacturing Practice) requirements. Exclusive to World-Class extraction and processing centres.

In Development

- **The BIG BOSS Co-Solvent Extraction System.** CO₂ and ethanol; 3 x 150 L capacity. Under development.
- **The BIG BEAST Ethanol Extraction System.** 20,000 kg estimated daily processing capacity (over 5 million kg per year). Late-stage development. Deployment to Nutralife facility in Imperial County, California expected in mid-late 2020.



Our Future

2019 has proved to be a monumental year – it marked the year of the merger of World-Class and Quadron, and World-Class' entry into the cannabis and hemp extraction and processing business. This past year has shown us that we are at the very beginning of a rapidly expanding – and what we believe is the largest – segment of the cannabis and hemp industry, as access to oil-based products around the world continues to grow.

We are targeting a multi-billion dollar high-growth market characterized by considerable barriers to entry and increased outsourcing need. This represents a long-term opportunity wherein World-Class expects to generate rich margins and significant returns on capital, ultimately unlocking shareholder value.

We are motivated to continuously develop cutting-edge solutions for a rapidly growing industry by anticipating and interpreting its needs. I am extremely optimistic about the growth and profitability of our opportunities.

Thank you again to our shareholders, partners, stakeholders, and supporters for your continued commitment to our collective success. To our highly qualified, motivated, and committed staff, each of whom is critical to our long-term success, I extend my sincerest appreciation.

After years of dedication and hard work, World-Class is strategically positioned to capitalize on the opportunities that lie ahead. Our team is hyper-focused and ready to make 2020 a milestone year for World-Class and its shareholders.

This is our company and together, we will succeed. We're definitely PUMP'd!

Rosy Mondin
CEO & Director
World-Class Extractions Inc.

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Cautionary Note Regarding Forward-Looking Statements

Except for the statements of historical fact contained herein, the information presented in this release constitutes “forward-looking statements” as such term is used in applicable United States and Canadian laws. These statements involve known and unknown risks, assumptions, uncertainties and other factors that may cause actual results or events to differ materially. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Any other statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “estimates” or “intends”, or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved) are not statements of historical fact and should be viewed as “forward-looking statements”. Forward-looking statements in this release include statements regarding: the completion and capacity of certain cannabis and hemp processing centres in Ontario and California; the development, production and distribution of a wide variety of cannabis and hemp concentrates, as well as value-added products by the Company; and the Company’s expansion into Europe. The Company believes there is a reasonable basis for the expectations reflected in the forward-looking statements, however these expectations may not prove to be correct. Such statements are only projections and predictions, are based on assumptions known to management at this time, and are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the forward-looking statements, certain of which may be beyond the control of the Company, including that the Company may not deploy the cannabis and hemp oil extraction centres in the expected timeframe, or at all; that legislative changes may have an adverse effect on the Company’s business and product development; that the Company may not be able to obtain adequate financing to pursue its business plan; general business, economic, competitive, political and social uncertainties; failure to obtain any necessary approvals in connection with the proposed extraction centres, and other factors beyond the Company’s control. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements contained in this release and in any document referred to in this release. The Company assumes no obligation to update or supplement any forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable law. This release shall not constitute an offer to sell or the solicitation of an offer to buy securities.

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