



EMERALD HEALTH AND VILLAGE FARMS ANNOUNCE STRATEGIC VENTURE TO LEVERAGE LARGE-SCALE GREENHOUSE INFRASTRUCTURE AND CANNABIS PRODUCTION EXPERTISE

Transformational combination of expert medicinal cannabis grower with a leading North American greenhouse produce grower. Optimizes path to rapidly and cost effectively scale to prominent competitive position for high quality, low cost Canadian cannabis production.

Vancouver, BC, June 6, 2017 – Emerald Health Therapeutics Inc. (“Emerald”) (TSXV: EMH) and Village Farms International, Inc. (“Village Farms”) (TSX: VFF; OTC: VFFIF) today announced that they have entered into a definitive agreement to form a Joint Venture (the “JV”) for large-scale, high-quality, low-cost cannabis production. Under the terms of the agreement, Village Farms has contributed a 1.1 million-square foot (25-acre) greenhouse facility located on a 50-acre parcel of land in Delta, British Columbia (with ancillary buildings) (the “Initial Greenhouse”). Subject to obtaining necessary licensing, the Initial Greenhouse will be converted to ACMPR (Access to Cannabis for Medical Purposes Regulations)-compliant production and, if permitted by applicable law and stock exchange requirements, production for the non-therapeutic adult-use market. Emerald will initially contribute, an aggregate of \$20 million in cash (of which \$2 million was advanced at closing and the remaining \$18 million will be advanced in tranches upon satisfaction of certain milestones to be determined by the board of directors of the JV) to fund conversion of the Initial Greenhouse and each party will have a 50% ownership stake in the JV. (All figures are presented in Canadian dollars.)

Highlights of the JV Agreement

- Village Farms is one of the largest and most experienced and technically advanced greenhouse produce growers in North America, with its master grower team having a combined 750 years of experience and an ingrained culture of high-quality, low-cost greenhouse agricultural production;
- Emerald has significant cannabis industry experience and assets, including a portfolio of diverse genetics and refined standard operating procedures, with a flawless record of operations under Health Canada’s stringent ACMPR regime;



- Formation of the JV strategically positions Emerald for rapid production capacity expansion in partnership with world-class greenhouse operators, positioning it for the expected future adult-use market and existing undersupplied medical cannabis market;
- The JV has the goal to be the lowest-cost producer of high quality cannabis in Canada;
- 1.1 million square feet of initial potential greenhouse cannabis production (estimated to yield more than 75,000 kg of product annually) upon completion of full licencing and conversion;
- The JV has options to acquire from Village Farms up to 4.8 million square feet of greenhouse capacity, which is estimated to yield more than 300,000 kg of cannabis annually and could supply a considerable portion of expected future cannabis demand in Canada or for export abroad;
- Formation of the JV is a transformational opportunity for Village Farms that will initially see the conversion of one of its existing Delta, BC greenhouse assets to grow a substantially more profitable agricultural product;
- The JV will help Emerald optimize raw material supply and cost for downstream product development, specifically extraction-based products, which is a rapidly growing segment of the Canadian medical cannabis market and expected to be a meaningful part of the non-therapeutic adult use market; and,
- Emerald continues to advance Phase 1 of its 32-acre Lower Mainland (BC) property, with plans for a modular advanced indoor growing operation (initially 50,000 square feet, expected to be constructed by Q1 2018) aimed at cultivating premium quality cannabis and housing a lab, processing facility, and other required facilities for downstream product development.

“Diversification into cannabis production is a transformational opportunity for Village Farms, with a portion of its Canadian assets, to apply our core capabilities and expertise as a technology-driven, low-cost, high-quality greenhouse grower and our significant investment in our existing facilities to a product that is vastly more profitable,” said Michael DeGiglio, Chief Executive Officer, Village Farms International, Inc.



“Partnering with Village Farms, one of North America’s largest and most technologically driven greenhouse growers, on this tremendous opportunity, is a very exciting development for Emerald,” said Avtar Dhillon, MD, Executive Chairman, Emerald Health Therapeutics. “Village Farms is a global leader in greenhouse growing and, importantly, an expert in the complex matter of safety for agricultural consumables, which is a critical competency in the production of cannabis. Together we have the experience, expertise, and capital to become not only Canada’s, but one of the world’s, premier greenhouse cannabis growers.”

The transaction closed concurrently with the signing of a definitive agreement, at which time the JV leased (with the option to buy) the Initial Greenhouse. The JV also entered into an agreement with Village Farms for options to lease or purchase from Village Farms a second 1.1 million square foot greenhouse (25 acre) and a 2.6 million square foot (60 acre) greenhouse, both located adjacent to the Initial Greenhouse. Combined, these three greenhouse assets could provide the JV with total potential aggregate production capacity of approximately 4.8 million square feet (110 acres).

Emerald and Village Farms believe the potential conversion of all of Village Farms’ Delta, BC greenhouse operations, if the options were exercised, could yield more than 300,000 kg of cannabis annually. Emerald and Village Farms believe this has the potential to fill a substantial portion of the potential Canadian production gap for both medical and non-therapeutic adult-use cannabis.

The JV will as soon as possible initiate the process to obtain a Health Canada license to grow cannabis under ACMPR regulations and concurrently commence the process of converting the Initial Greenhouse for cannabis cultivation.

Any additional capital requirements of the JV are to be contributed on a pro-rata basis by Village Farms and Emerald, or by outside third-party funding.

Conference Call

Village Farms’ and Emerald’s management teams will host a joint conference call tomorrow, Wednesday, June 7, 2017, at 10:00 a.m. ET to discuss today’s announcement. Participants can access the conference call by dialing (647) 427-7450 or (888) 231-8191, or via the Internet at <http://bit.ly/2qXtHYQ>.



For those unable to participate in the conference call at the scheduled time, it will be archived for replay both by telephone and via the Internet beginning approximately one hour following completion of the call. To access the archived conference call by telephone, dial (416) 849-0833 or (866) 859-2056 and enter the passcode 35029750 followed by the pound key. The telephone replay will be available until Wednesday, June 14, 2017 at midnight.

About Village Farms International, Inc.

Village Farms International, Inc. is one of the largest and longest-operating vertically integrated greenhouse growers in North America and the only publicly traded greenhouse produce company. With more than 750 years of accumulated master grower experience coupled with advanced proprietary technology and environmentally sustainable growing practices, Village Farms is highly resource efficient and is one of the lowest-cost, highest-quality growers of hydroponic produce in the U.S. and Canada.

About Emerald Health Therapeutics Inc.

Emerald Health Therapeutics wholly owns Emerald Health Botanicals, which holds a License under the ACMPR to cultivate and sell medical cannabis and oils out of its facility located in Victoria, British Columbia. Emerald's focus is on extraction and downstream product development, with a strategy of purchasing cannabis from high quality low cost producers, such as the JV. Emerald is also developing an indoor production facility on 32 acres in the Lower Mainland (BC) to grow its unique strains of cannabis with the intention of treating medical conditions and developing consumer products.

Financial and Legal Advisors

National Bank Financial acted as financial advisor to Village Farms and Torys LLP acted as legal advisor to Village Farms and McCullough O'Connor Irwin LLP acted as legal advisor to Emerald with respect to the JV transaction.

Cautionary Statements Regarding Forward Looking Information

Certain statements in this press release constitute forward-looking statements, within the meaning of applicable securities laws. All statements that are not historical facts, including without limitation, statements regarding future estimates, plans, programs, forecasts, projections, objectives, assumptions, expectations or beliefs of future performance, are "forward-looking statements".



We caution you that such "forward-looking statements" involve known and unknown risks and uncertainties that could cause actual and future events to differ materially from those anticipated in such statements. Forward-looking statements include, but are not limited to, completion of licensing for the Initial Greenhouse and the additional facilities discussed herein; conversion of the Initial Greenhouse and the additional facilities discussed herein to ACMPR-compliant cannabis production; rapid production capacity expansion; estimates of production of cannabis at the Initial Greenhouse and the additional facilities discussed herein; the development and potential size of a non-therapeutic adult-use market for cannabis and cannabis extracts; growth of demand for cannabis extracts in the medical and non-therapeutic adult-use market; build out of Phase 1 of the Company's indoor growing facility and the details thereof; contributions of cash to the JV; the JV becoming one of the world's premier greenhouse cannabis growers; the production gap for medical and non-therapeutic adult-use cannabis; and expected timing of any of the above matters.

Emerald Health Therapeutics Inc. does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. These forward-looking statements involve risks and uncertainties relating to, among other things, failure to obtain required approvals under the ACMPR and other applicable laws and regulation; failure to obtain necessary financing; failure of the Canadian federal government to approve legislation legalizing sales of non-therapeutic adult-use cannabis; other regulatory changes; demand for cannabis generally in Canada; competition in the Canadian market for cannabis; difficulties in construction or in obtaining qualified contractors to complete greenhouse retrofits; actual operating and financial performance of facilities, equipment and processes relative to specifications and expectations; and other risk factors described in the Company's annual information form and other filings with the applicable Canadian securities regulators, which may be viewed at www.sedar.com. Actual results may differ materially from those expressed or implied by such forward-looking statements.

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