



Emerald Health Therapeutics Updates on its Differentiated Strategy and Progress

VICTORIA, British Columbia, July 12, 2018 – Emerald Health Therapeutics, Inc. (TSXV:EMH; OTCQX:EMHTF) (Emerald) is providing an update on its differentiated strategy to excel in the growing cannabis industry.

“In Emerald’s view, the most compelling opportunities and growth in the cannabis industry will arise in serving the unmet needs of individuals seeking medicinal and wellness benefits. We also have evidence that adults using cannabis for purely recreational benefits desire products with predictable characteristics. Our vision is to enable both medicinal and recreational users to ‘consume with confidence’,” said Chris Wagner, CEO of Emerald.

“Our expectation of being in this business is to develop unique, protected products that are preferred by consumers, command high margins, and achieve attractive profit for the company and its shareholders. Our seasoned team, having cumulatively spent hundreds of years in medicine, pharmaceutical development and sales, biotechnology R&D and clinical development, as well as natural health product development, knows how to run the marathon of developing high quality products based on the processes, tools, and quality standards of the life sciences industry. Critically, we also have tremendous consumer sales and marketing expertise, know-how to position and brand products, and are adept at navigating the ins and outs of dealing with large buyers.”

Emerald’s business plan is based on three pillars:

- **Product Innovation:** Our focus is to conceive and patent novel ideas, license or develop proprietary products, and display thoughtful leadership to position these products to the marketplace. These products may be protected by unique formulations, delivery methods, and applications. Even our recreational products, often based on unique cannabis strains, will benefit from our focus on delivering predictable doses and more sophisticated delivery methods. These initiatives will be confidential until appropriate turning points, but we have filed for patents and are making great strides toward human studies. The dealer license held by Northern Vine Labs, in which we own a majority stake, provides valuable latitude to enable an array of research and product development initiatives.
- **Branding & Sales:** Executive Vice President of Sales, Marketing, and Operations, Paul Dillman is well-versed in international consumer product marketing and complemented by an expert internal team as well as the acclaimed branding and advertising agency, DDB Canada. We are composing a highly creative campaign that will uniquely and strongly position Emerald products in the marketplace. We will initiate our communication around this product line in August.

We have been in frequent and active discussions with all the provincial cannabis distribution agencies across Canada, and have had multiple tours of high-level executives of these agencies to allow them to see first-hand the magnitude and quality of our production capabilities. Our analysis and strategy is based on the reality that demand will

clearly outweigh supply in the near-term. We have excellent relationships with the provincial distributors and are very well-positioned to engage in supply agreements. We do believe that sales growth under the existing medical framework represents an attractively high margin and preferable sales channel. While the initial awards of supply agreements do represent tangible evidence of a relationship, we are confident in our marketing strategy and we have elected to defer the formalization of these types of agreements.

We are taking a powerful strategic step to launch the non-cannabis Endo product line into natural health product, grocery, and pharmacy retail channels across Canada. With our first-hand learning that six of 10 cannabis users are also natural health product users, we are motivated by this unique opportunity to sell non-cannabis products that, like cannabis products, affect the endocannabinoid system, are complementary to our cannabis product line, and create an avenue for very proactive, widespread advertising that is not allowable for cannabis based products. Cross-branding is a marketer's delight. Our branding for this product line will be powerful and pervasive.

- **Production and Raw Material Sourcing:** While we avoided risking investor capital prior to the Canadian government's proclamation in April 2017 about cannabis legalization plan, we moved quickly to consummate a unique production joint venture with one of the largest, most experienced growers of plants in greenhouses in North America, Village Farms International. In creating the joint venture (JV), Pure Sunfarms, we did not just want a structure of glass and metal, we wanted the opportunity to combine and share our deep knowledge of cannabis and cannabis growing with Village Farms' deep knowledge of growing plants in very large greenhouses. This JV has resulted in an optimal design and implementation of a world-class cannabis growing facility. We have completed and have our cultivation license for one quarter of the 1.1 million square feet. We are in commercial production and will be harvesting and inventorying product for the October 17 legal adult-use launch date. We have had a positive experience with Health Canada and believe that with our track record and our high standards in our operations we will receive our sales license for Pure Sunfarms in a timely manner.

We have also not only gained an expanded and differentiated 75,000 square foot indoor production capability but also exposure to a new market – the second largest in Canada – with our acquisition of Agro-Biotech in Quebec.

Based on our view of the market and our business strategy, we will be agile and will ensure that we have access to all potential sources of cannabis raw material that will assure suitable quality and low-cost inputs for the value-added, downstream products we are working to develop. These sources may involve outdoor growing in Canada and could also involve sourcing dried flower or extracted product from other global sources. The sourcing of non-dried-flower raw material (e.g. oils) from international sources would also be enhanced by our ownership of a dealer's license through Northern Vine Labs.

Emerald's focus is on great execution and delivering highly appreciated, high margin products.

About Emerald Health Therapeutics, Inc.

Emerald Health Therapeutics (TSXV: EMH; OTCQX: EMHTF; Frankfurt: TBD) is a Licensed Producer under Canada's Access to Cannabis for Medical Purposes Regulations and produces

and sells dried cannabis and cannabis oil for medical purposes. Emerald is preparing to serve the fully legalized Canadian adult-use cannabis market starting October 17, 2018. Emerald owns 50% of Pure Sunfarms, which is converting a licensed existing 1.1 million square foot greenhouse in Delta, BC and is now in commercial production. It owns Agro-Biotech, a Québec-based licensed cannabis grower with a 75,000 square foot indoor facility and is planning to add a 500,000 square foot greenhouse in Metro Vancouver. Emerald's team is highly experienced in life sciences, product development, large-scale agri-business, and marketing, and is focused on developing value-added cannabis-based products with potential wellness and medical benefits. Emerald is part of the [Emerald Health group](#), which is broadly focused on developing pharmaceutical, botanical, and nutraceutical products that may provide wellness and medical benefits by interacting with the human body's endocannabinoid system.

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We cannot guarantee that any forward-looking statement will materialize, and readers are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements involve risks and uncertainties related to, among other things, failure to obtain regulatory approvals; failure to obtain necessary financing; results of production and sale activities; results of scientific research; regulatory changes; changes in prices and costs of inputs; demand for labour; demand for products; as well as the risk factors described in the Company's annual information form and other regulatory filings. The forward-looking statements contained in this press release represent our expectations as of the date hereof. Forward-looking statements are presented for the purpose of providing information about management's current expectations and plans and allowing investors and others to obtain a better understanding of our anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes. The Company undertakes no obligations to update or revise such statements to reflect new circumstances or unanticipated events as they occur, unless required by applicable law.