Chesapeake Alternatives, LLC

Medical Cannabis Processing
Centreville, Maryland

November 21, 2016

NOTE: ALL INFORMATION IS SUBJECT TO THE IMPORTANT LEGAL DISCLAIMER AT THE END OF THIS DOCUMENT

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Overview of Presentation

- **Maryland State Medical Cannabis Program**
  - Program Overview
  - Licensing Program
- **Chesapeake Alternatives, LLC**
  - Who We Are
  - Mission and Guiding Principles
  - Processing & Products
  - Facility & Operation
- **Summary**

Maryland Medical Cannabis Program

Program Overview – Legal Structure

- State law authorized use of cannabis for medical purposes, implemented under the direction of the "Natalie M. LaPrade Maryland Medical Cannabis Commission"
- Qualified health care providers are allowed to recommend medical cannabis for patients with qualifying medical conditions Doctors, dentists, NP
- Rigorous testing, tracking and security requirements are included to ensure patient safety and prevent unauthorized diversion of product
- Private companies are licensed by the State to own & operate facilities

Maryland Medical Cannabis Program

Program Overview – Medical Conditions & Patients

- What medical conditions are covered?
  - Cachexia, anorexia, wasting syndrome, severe nausea
  - Severe or chronic pain
  - Seizures; epilepsy
  - Severe or persistent muscle spasms
  - Glaucoma
  - Post traumatic stress disorder
  - Severe condition for which other treatments have been ineffective, and the symptoms may be relieved by medical cannabis
- How many patients will be served?
  - Estimate about 120,000 (2% of total state population)
  - Estimate based on experience in other states

Maryland Medical Cannabis Program

Program Overview -- Authorized Providers

- Health care providers – who is authorized?
  - Physicians
  - Dentists
  - Podiatrists
  - Nurse midwives
  - Nurse practitioners
- Providers must be licensed & in good standing
- Providers must specifically register with the State to participate in this program

Maryland Medical Cannabis Program

Program Overview -- Licensing

- Regulations establish 3 categories of licenses:
  - **Growers**
  - **Processors** —* No interaction w/ public.
  - **Dispensaries**

- August 15, 2016 -- License "Pre-Approvals" awarded for growers (15) and processors (15); geographically dispersed
- Chesapeake Alternatives -- Awarded processor license pre-approval and assigned to Queen Anne's County (CA was ranked #7 of 124 processor applications)
- August 14, 2017 – Deadline for State inspection & certification of CA processing facility necessary to receive final "License"

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Who We Are

- CA was started by members of 2 Maryland families that have been friends for 30 years:
  - Rebecca Brown: University of Virginia JD degree; tax and transactional attorney
  - Laura Brown: Duke University MBA degree; consulting & finance experience
  - Michael Cardozo: U of Miami BA degree; family real estate business; volunteer firefighter & paramedic
  - Harolyn Cardozo: real estate & business experience; currently employed in Major League Baseball
  - Diane Solomon (Brown), MD: retired from 30 year career as physician-scientist at GW; Johns Hopkins & NIH

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Mission & Guiding Principles

- Mission: The mission of Chesapeake Alternatives is to produce safe, reliable, high-quality medical cannabis products, verified by independent testing, for sale to Maryland licensed dispensaries.
- Guiding Principles:
  - Focus on meeting the needs of patients
  - Strive to produce the highest quality products
  - Use safe and reliable manufacturing processes
  - Fully comply with all applicable laws and regulations
  - Contribute to the community in which we operate

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Processing & Products

- Raw material is the cannabis plant (wet or dried) which must be purchased only from licensed growers in Maryland
- Some plant material will be dried, trimmed, and securely packaged as "flower"
- Some plant material will be processed into concentrate or "oil" using different techniques (e.g., pressing; alcohol based distillation; or CO_2 extraction)
- Oil is used to create a variety of medicinal products that can be <u>inhaled</u> (vaporized or smoked), <u>swallowed</u> (pills, capsules), or <u>absorbed</u> (patches & lotions)
- <u>Note:</u> "edibles" are NOT allowed

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Quality & Inventory Control

- Products may only be sold to Maryland licensed dispensaries
  - No sales directly to patients or health care providers
  - No out of state sales
- "Seed to Sale Tracking"
  - All Maryland licensees required to use **"Marijuana Enforcement Tracking Reporting Compliance" or "metrc"** for inventory control
  - **metrc** is designed to prevent unauthorized diversion of product and also to allow for tracking of product batches to ensure patient safety
- Quality Assurance Testing
  - State requires all cannabis material to be tested for safety, chemical composition, etc. by a certified independent laboratory
  - Testing is required both for raw material and processed product before sale to patients

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Facility Design Team Overview

- **Calyx King Consulting** for laboratory design and specialized technical expertise. www.*calyxking.com*
- **Torchio Architects** for necessary architectural plans and designs. www.torchioarchitects.com
- **Joseph Stevens, Esq.** for legal advice about zoning, permitting, leasing, etc. www.spp-law.com
- CA intends to use local general contractor(s) with relevant commercial and industrial building experience – TBD
- **General Plan**: 6,000 – 9,000 sq/ft processing laboratory built inside an existing commercial warehouse flex building

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Key Elements of Processing Facility

- Interior & perimeter security, including 24/7 video monitoring & 100% controlled access to facility (no public access)
- Some interior spaces will have special finishes & systems to ensure product cleanliness and safety
- Rooms with unprocessed plant material will be sealed with dedicated, closed-loop filtered mechanical systems. Exhaust scrubbed to neutralize odor
- Standard operating procedures ("SOP") will be documented in writing and submitted to State for approval as part of licensing
- All product transported by secure courier (in & out); limited traffic
- Waste disposal per State requirements – Plant material – ground & mixed w/ other materials. Disposal site yet to be det. by state.
- Anticipate 5 – 10 employees in first year of operation
- Estimated construction costs $750,000 to $1.25 million

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Summary

- Maryland medical cannabis program offers therapeutic benefits to patients with serious medical conditions
- CA intends to produce safe, reliable, high-quality, medical cannabis products
- CA processing facility will be a good neighbor and a good citizen for Queen Anne's County and Centreville –
  - Safe and secure, high-quality build-out of an existing warehouse building, with minimal public impact or visibility
  - Secure transportation of material – in and out
  - No sales to the public and no public access to the facility
  - No dangerous emissions, noxious odors, toxic waste or other harmful impacts on surrounding properties
  - No significant noise or traffic impact; one small truck per day
  - Will bring jobs and economic activity to area

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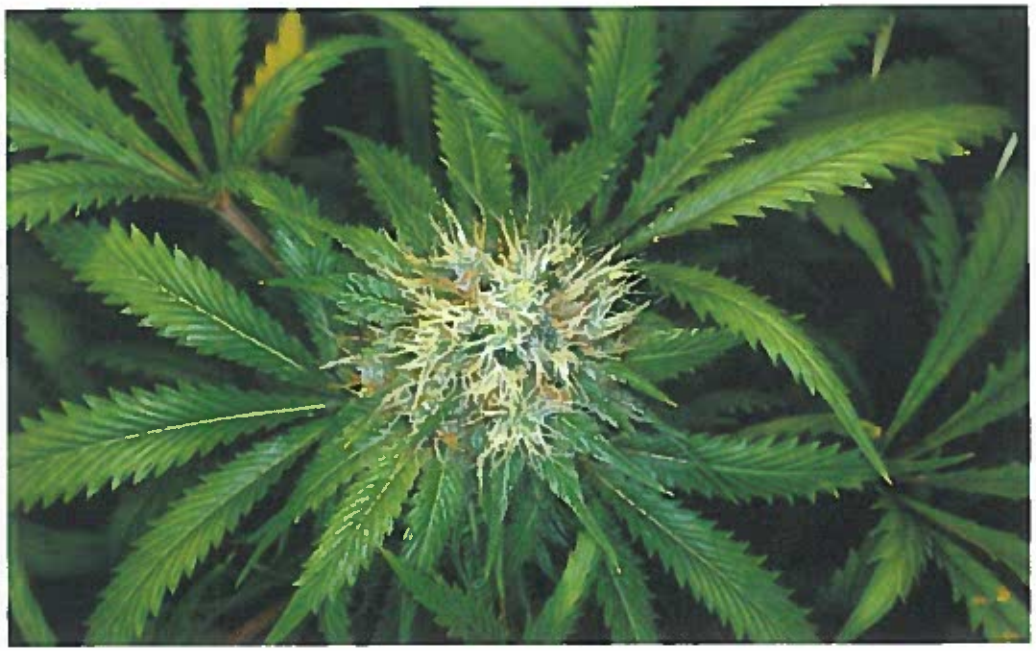
Important Legal Disclaimer

This document is for informational purposes only. This document includes many "forward looking statements" of plans, intentions or anticipated actions or results. These statements are made in good faith and believed to be correct as of the date of this document; however such statements inherently involve known and unknown risks, uncertainties and other factors and no assurances can be made that such plans, intentions, aims or anticipated actions or results will be realized or achieved.



Above: raw cannabis plant
Above right: CO_2 Processor
Below right: Extracted oil