



Palo Verde Global

Palo Verde Global, Inc.

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Our Mission

*Industrialize the Cannabis Market in a way that
Retailers and Consumers can Trust*

Cannabis: An Emerging Market Challenge!

Finding a scalable way to build a \$billion emerging market company

- **Licensing costs and structure** make scaling a retail business challenging
- **State by state regulations** and variable market evolution constrain typical multi-region wholesale business models
- Pent up demand has driven a **corner cutting, fast to market** mindset
- Current market dynamics **handicap “Big Brand”** leverage and value
- *Testing standards, higher quality expectations, competitive pricing and increased product scrutiny are coming!*

Our Approach



“In 2-3 years 80 % of the cultivation/processing facilities will fail either economically or from new mold or contaminate testing.”

---- Alfred Hermiz: Principal and Cannabis Expert with 18+ years Cannabis Cultivation/Extraction Experience

- **A retailer shall not accept cannabis goods that are not properly packaged and labeled 1**
- **The quality “bar” will jump again in coming months, when testing must also look for mycotoxins 2**
- **labs will check for: Potency, Pesticides, Heavy metals, Microbial contamination, Residual solvents 3**

The Palo Verde Grow[®]

Built on the latest horticultural, agronomy, processing (extraction), and packaging principles.



Purpose Built Proprietary Design

- Intelligent building controls (Ag/Efficiency/Process based BAS)
- Custom heating - cooling systems with built-in de-humidification
- Full redundancy for all heating - cooling & power applications
- Laboratory design (Testing & Industrial Processing (Extraction))
- Anti-Mold/Microbial construction materials with full wash-down rooms

Pharmaceutical Grade Processes









- Sealed and contained cleanrooms built to GMP and ISO standards
- Controlled access to facility w/ clean room entryways to all sensitive production areas
- Pharma Grade Multi-Level Product Testing and Controls
- Tracking , Tracing, Data Analytics

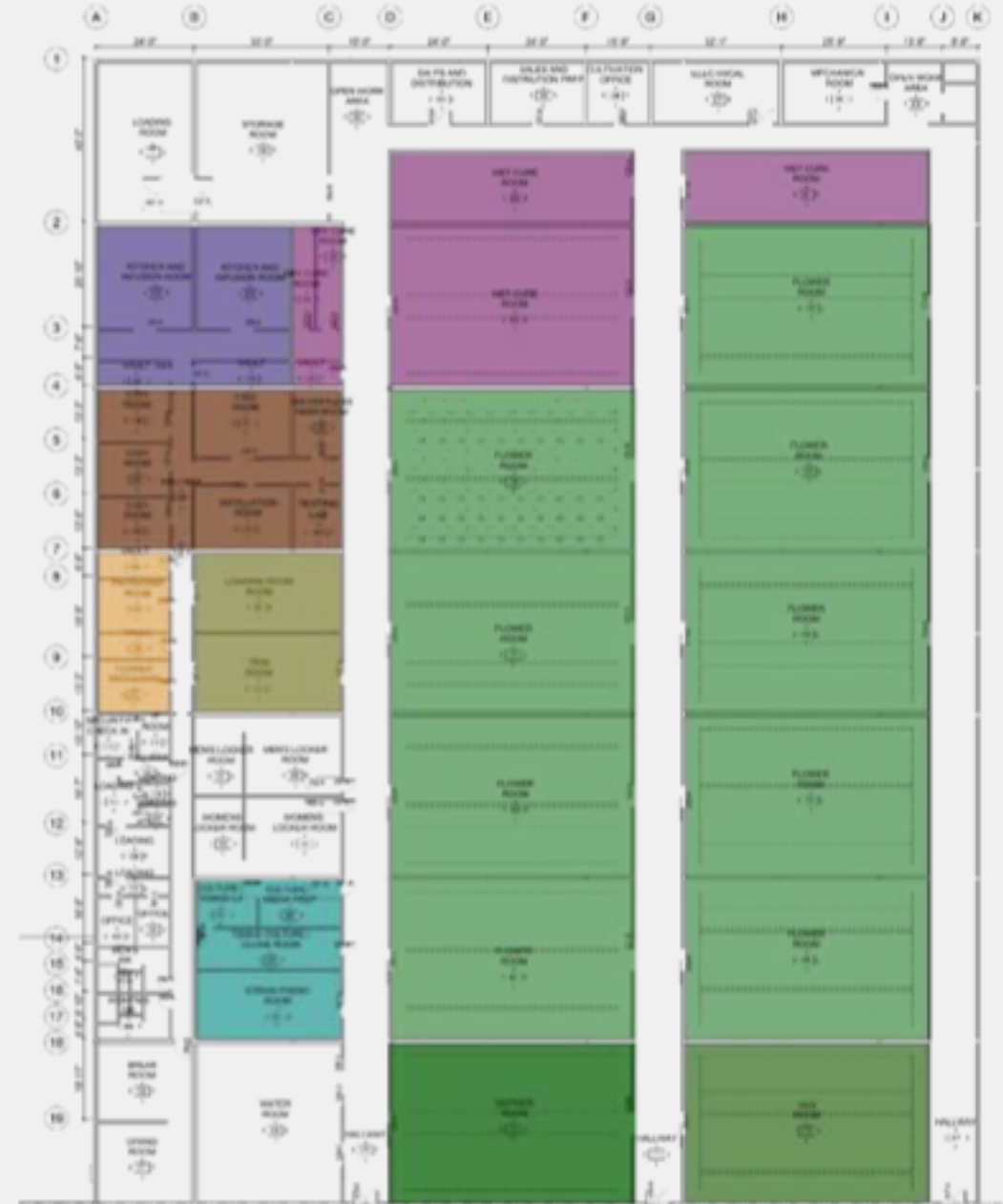
Flexible Scalable Manufacturing

- Multiple product forms factors with innovative delivery mechanisms
- Hosting/Licensing with co-packing capacity
- Inert-Gas packing to increase the "Natural Shelf Life"
- Automated production w/ high volume manufacturing capabilities

Inside a Palo Verde Grow[©]

Prototype of 40,000 square foot facility

-  Tissues Culture
-  Mother rooms Clone
-  Veg Rooms
-  Grow Rooms
-  Dry and Cure
-  Trim Rooms
-  Oil Extraction
-  Infusion and Processing
-  Packaging and Distribution



Where is the FDA?

They are Coming!

“The national food and drug related agencies in the US and Globally have an organized process already in place, to plan and implement standards, thorough testing, approvals, and regulations adapted to the Cannabis market. “

“The roller-coaster is nearing the top, for unsafe, low quality providers (and their investors), and the ride down will be fast.”

---Sean McLelland – Regulatory and Compliance Expert,
Director at FOCUS Standards, Advisor to Gov't Agencies

“Future Proofing”- Cultivation & Processing

Evolution to Pharma Grade (GMP, ISO, & FOCUS)

How have cultivators (extractors) and cultivation (extraction) sites/labs evolved to compete in today's competitive market and with the regulatory and public safety concerns in the legal cannabis industry? Do future Cultivation and Processing sites need to be at Pharma Grade, GMP, ISO standards?

- **Increasing Pressures on Producers:**
 - Lack of Knowledge
 - Economies of Scale (Cost)
 - Technology (Ag/Horticultural Science)
 - Harvest Viability (Mold/Mildew/Contamination)
 - Regulatory Changes and Public Safety (Contaminant Testing)
- **Generations of Cultivation Site based on Cultivation & Processing (Extraction) Design, Knowledge, and Industry Progression:**
 - **Gen 1:** Home growers or closet cultivations using basic cultivation practices and home made extraction methods
 - **Gen 2:** Outdoor and mid-size commercial underground cultivations with in-house methods to produce cannabis during the early years of the legal Cannabis market
 - **Gen 3:** Cultivators taken from Gen 1 & 2 operations cultivating in legal large scale commercial facilities' using “home grower techniques”
 - **Gen 4:** Cultivators from Big Ag/Horticultural Industries running legal commercial facilities' using “Big Ag/Horticulture Techniques”
 - **Gen 5:** Cultivators with Gen 1-4 experience and understanding managing large scale highly regulated commercial facilities' with industrial processing

Risk Reduction: Our “In-House” Design/Build Team

Combined 30 Cannabis Facility Designs Endo Farms



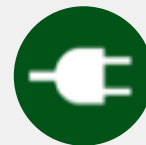
Alfred Hermiz Principal and Lead Designer with
18+ years Cannabis Cultivation/Extraction Experience



Navin Pathangay
Lead Architect that has
worked on over 3 dozen
Cultivation/Extraction
projects



Brad Hindes
HVAC Designer with
custom systems
exclusively built for the
Cannabis Industry

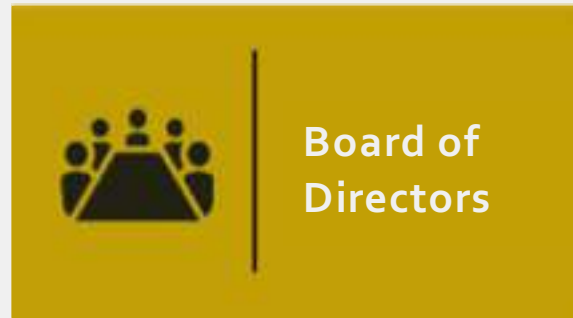


Omid Ardebilli
Lead Electrical Engineer and
has worked on over 3 dozen
Cultivation/Extraction
projects



Greg (James) Ringle
Lead General Contractor
specializes in building of
highly controlled & purpose
built facilities

The Palo Verde Team



- **R. Gary Mesch | CEO, Co-Founder**
CEO, Chmn \$2Bill via Nasdaq, EuroNext, 100X investor returns, Telecoms, FDA Medical Products
- **Stephen E. Smith | Office of CMO, Marketing and Merchandising, Co-Founder**
30 Years in consumer marketing, VP Quaker Oats, VP Ahold USA, VP Gartner Research
- **Marc van der Heijden | Board, Co-Founder**
Regulatory Atty, Entrepreneur, VC, co-founded Versatel Telecom, Chmn Teleena MVNE
- **Ulf Sandberg | Board, Cp-Founder**
VP Telia, Director Unisource NV, Owner Paradyme Communications UK



- **R. Gary Mesch | CEO, Co-Founder**
- **Stephen E. Smith | Office of CMO**
- **Alfred Hermiz | CSO Cultivation Facilities Design and Operation, Co-Founder**
Owner of Endo Farms Cannabis Facilities Design, Build, Operate. Expert in Cannabis
- **Jeremy Schoenfelder | COO & Biz Dev and Facilities Financing, Co-Founder**
Expert in RE acq. and finance, Managed \$4B in RE facilities, seasoned COO
- **John Gustafson, CFA | Office of Biz Dev Team**
Former VC, CEO, CFO. Develops financing strategy and works with Broker/Dealer teams



- **Sean McClelland | Advisor Related to Licensing, Regulation, Standards**
Owns Compliance Advisory, Dir FOCUS Standards for Cannabis, Advises Gov't Agencies
- **David Valociek | Advisor S/W, Systems and Processes, integrating M/A**
Oracle Global Head of Service for Hyperion and other Oracle companies
- **Jerald S. Chesler, Esq. | Advisor related to Cannabis Law and Direction**
Atty and Cannabis Advocate, Trains Lawyers in Cannabis Laws

Capitalization Strategy

Capital needs:

Series A - \$15 million for initial Arizona facilities

Series B - Raise capital for additional facilities – Amount TBD

Currently pursuing convertible note financing to bridge to Series A round

Proceeds to secure building and begin construction

- \$100K units – EU and US Angels and Cannabis Funds
- Protection via 20% discount to Series A round

Series A Uses:

- Building: \$ 3M (~50,000 f-s Phoenix AZ)
- Build-out: \$ 9M
- Working capital: \$ 3M

Co-founders have invested an aggregate of \$2.0 million to-date

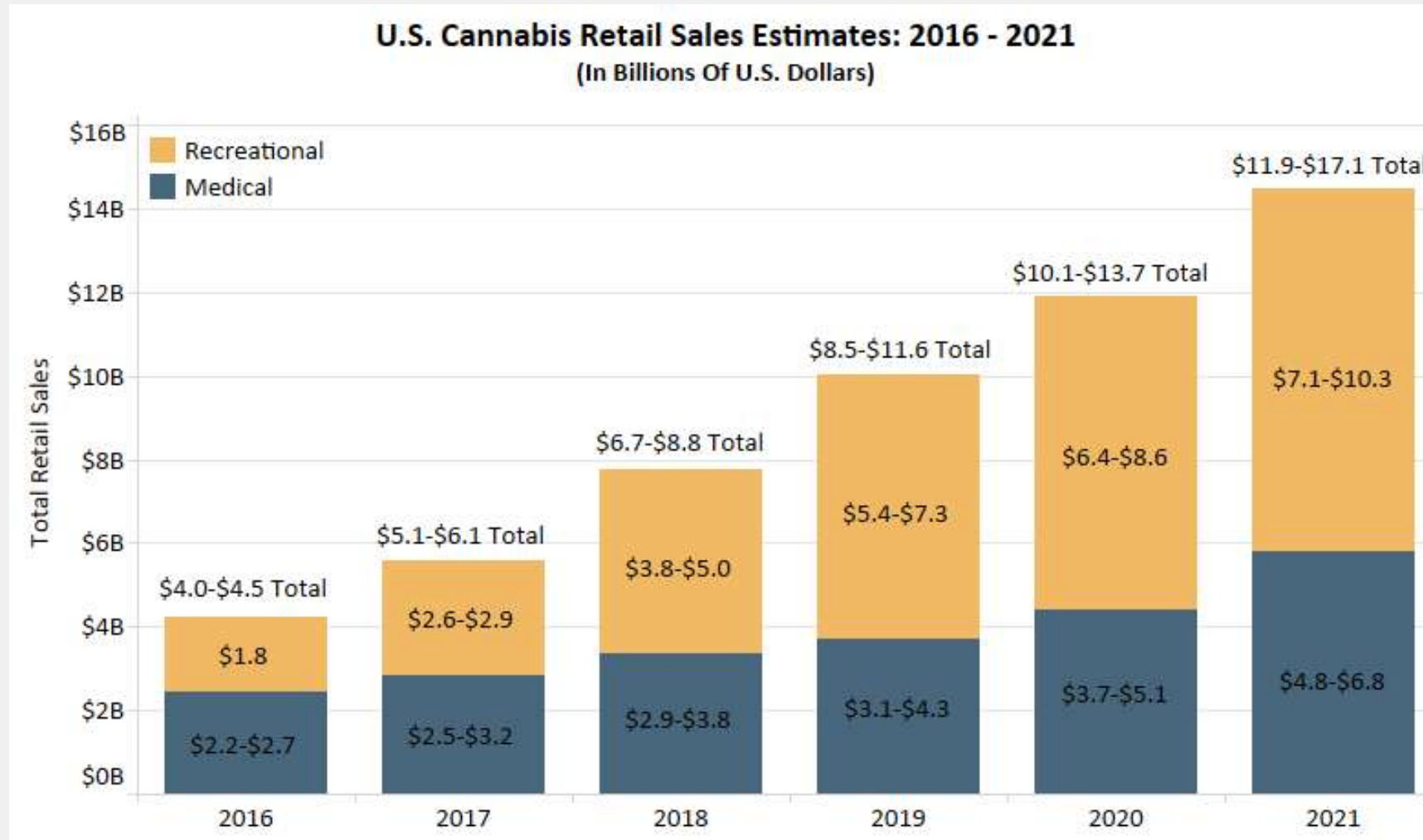


Thank you!

Appendix

US MARKET PROJECTIONS

Total Marijuana Sales in \$US Billions



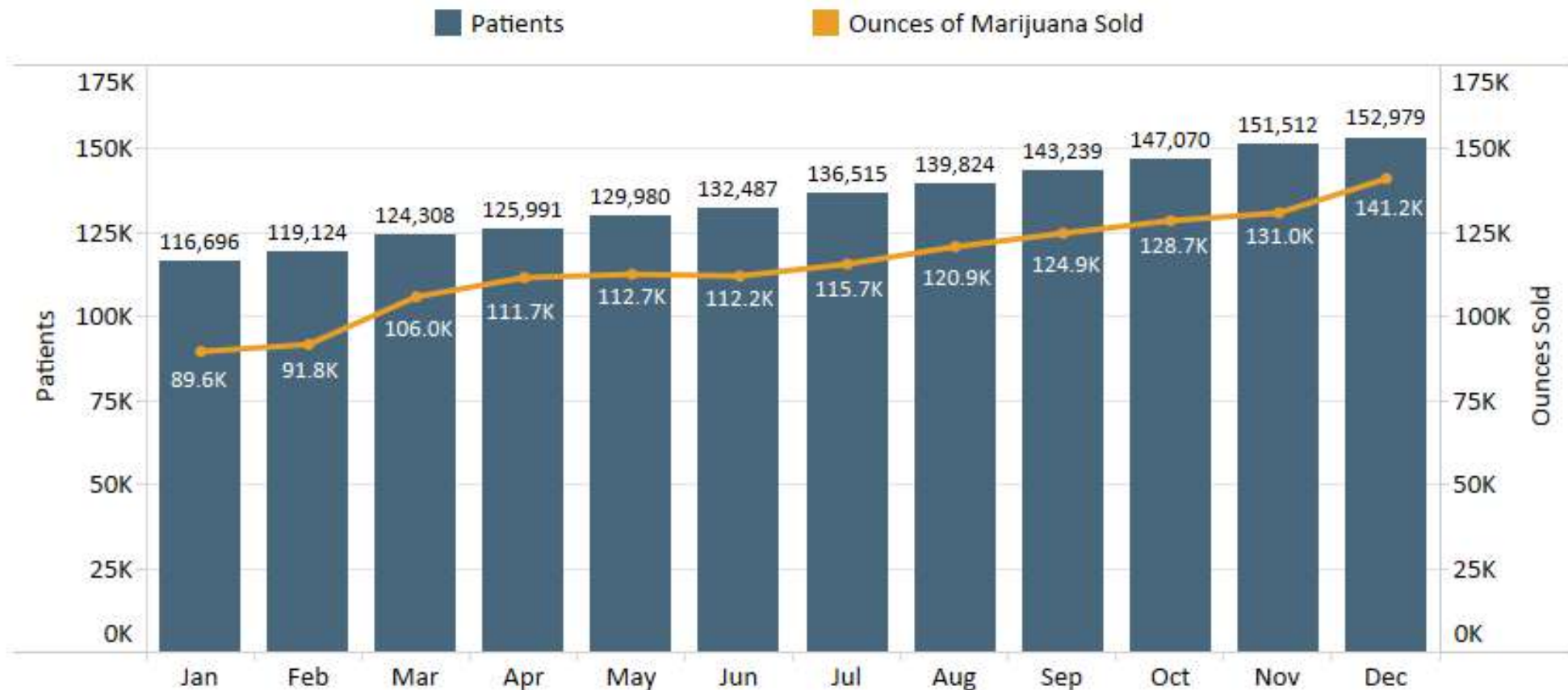
ARIZONA MARKET growing strong



Chart of the Week



2017 Medical Marijuana Sales & Patient Growth in Arizona

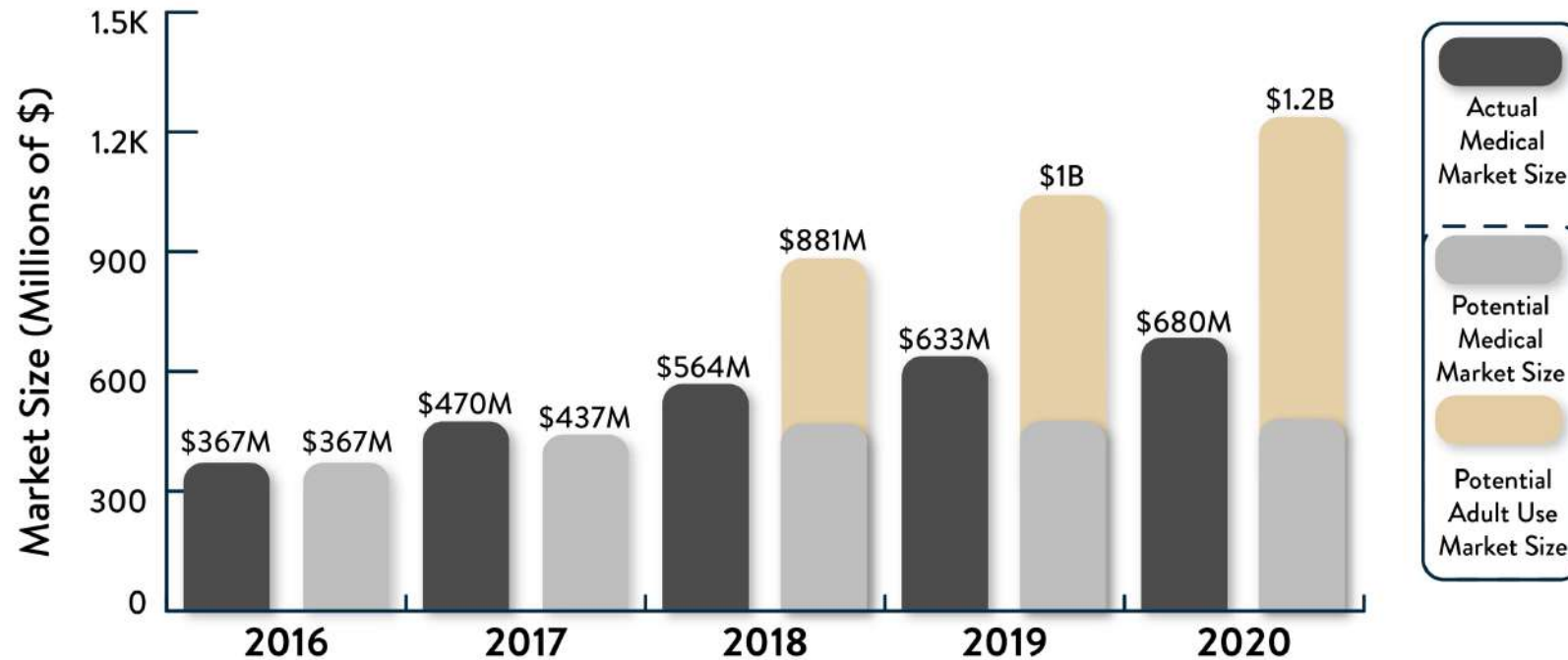


Source: Arizona Department of Health Services

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ARIZONA MARKET with passage of Adult Usage?

Arizona's Cannabis Market Expected vs. Missed Potential Under Prop 205



On November 8th, the voters of Arizona rejected Proposition 205, which would have allowed for the development of an adult use cannabis market starting in 2018. This decision limits the state's total cannabis market size, though it is expected to encourage steady growth in the state's already established medical cannabis market. Projected sales under the current medical market are expected to reach \$681 million by 2020. If Prop. 205 had passed, the total market size projected would have been \$1.24 billion by 2020. The difference between these two scenarios is lost potential market sales of \$556 million.

For more insights like this, go to: www.frontierfinancials.com

ARIZONA MARKET

Legal for medical-use since 2012

7MM Arizona state population

US\$300MM Cannabis sales for 2017

US\$681MM Projected cannabis sales 2021 (~17% CAGR)

130 Licensed dispensaries*

US\$35MM Tax revenue to state in 2017

US\$100MM Projected tax revenue to state in 2021

*Arizona's MMJ market is very secure, unlike Wash. and Oregon which have had market crashes due to the high number of dispensary licenses issued, due to Arizona DHS's cap on licenses issued and the process and factors that dictate how many licenses the state will issue for the MMJ program. It is highly likely that the current ~130 licensed dispensaries may be the only licenses issued for the next 3-4 years or until adult-use laws pass, putting those with licenses in a very protected position for the next 3-4 years.

