



# Kadima

Wholesale CBD Distillate & Isolate Production for South America.  
V2 February 2020



**Kadima**

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# Opportunity

# 12B Market

MASSIVE OPPORTUNITY

- LATAM Legal Cannabis Industry Set to be worth over \$12.7 Billion by 2028, (According to Prohibition Partners)
- The expansion of a Latin American market will significantly impact the global cannabis industry, undercutting producers and pricing worldwide.
- Latin America has a prospective market of over 500 million adult use customers and 4.3 million patients, making it a core priority in cannabis companies' global strategy.
- Medical cannabis will account for more than two thirds of the legal cannabis industry in Latin America, worth an estimated \$8.5 billion.
- Facility and construction costs are 80% lower than North America and Europe.



## Highlights

*"We are positioned to be a multi-country South American company presently operating in Uruguay, with expansion planned for Argentina, Paraguay, and Peru; satisfying domestic Mercosur and global demand".*

### CannaEden Uruguay

- Existing and operational cannabis extraction pilot plant.
- Current capacity = 9kg / day CBD isolate.
- Build-To-Suit extraction facility leased and under construction in the Uruguayan pharma free trade zone, completion April 2020.
- Anticipating first revenue Q3-2020: 1 extraction line, 1 shift.
- 10 hectares prime agricultural land for R&D contributed as a lease-to-own, with no lease payments for the first 2 years.

### Regional Strategy

- Trusted local teams in Argentina, Paraguay and Peru developing licensed cultivation and extraction operations.
- Pharma sales agents that are trilingual (Portuguese, Spanish, and English), engaged with extensive contacts into the South American pharma and consumer packaged goods sectors.
- An opportunity to be the only South American public company focused on wholesale distillate and isolate production providing input ingredients for pharmaceutical and consumer packaged goods manufacturers.

### Leadership

- Team with extensive capital markets, financing, cannabis, and South American operations experience.
- CannaEden vendor providing interim bridge financing for Uruguayan operations until TSX-V approval.
- An extraction and cultivation team having decades of experience operating in the U.S., Argentina and Uruguay.

# Uruguay

Pop: 3,500,000  
CBD: Legal 1% THC  
THC: Legal for export  
Focus: Export of CBD distillate and isolate to Brasil and EU  
License: In process

The Company is finalizing the acquisition of CannaEden, a Uruguayan cannabis company having an incredibly experienced team with a decades-long operating history in the cannabis sector.

## **Operational Capacity**

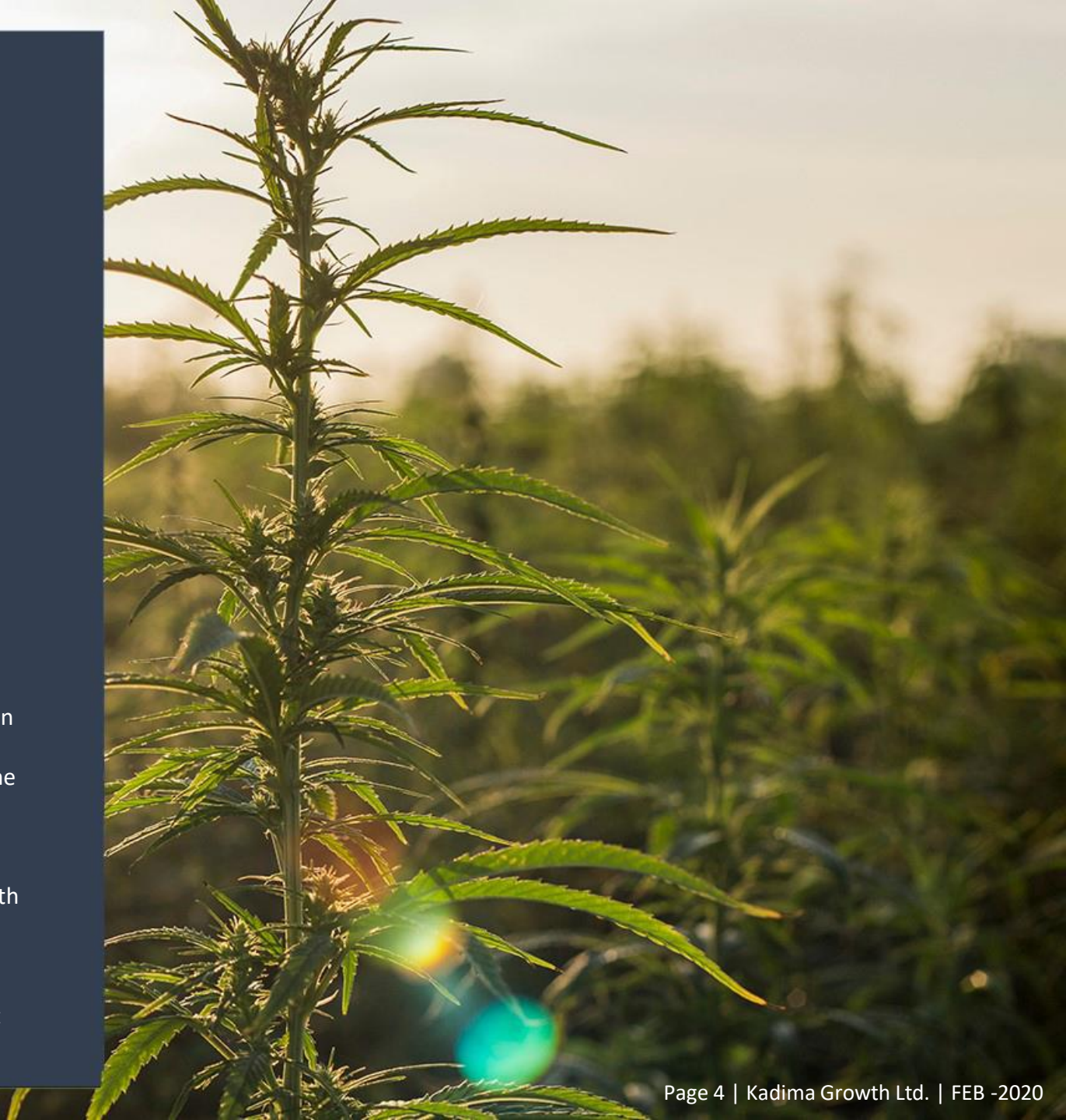
Currently constructing a state-of-the-art EU GMP extraction laboratory in a Montevideo free trade zone, the Parque de las Ciencias, with the capacity to process approximately 1 ton of biomass into 200 kg of raw cannabis extracts per day.

## **Raw, Full Spectrum Oil, CBD Isolate**

The company will have two main products coming out of the laboratory. The main product will be a resin with 99.8% of CBD isolate refined from a crude oil extract supplied by our Uruguayan biomass suppliers. The laboratory will also prepare the full spectrum resin (FSO) and THC Free FSO which would be a product derived from the refining of the first extraction resin (RAW) from the biomass with all cannabinoids (THC, CBD among others). The FSO has a concentration of CBD between 50% and 80%. Both products have significant consumer demand in South America with severely constrained supply.

## **CAPEX / OPEX**

The CAPEX for the 450 sqm laboratory, with EU GMP certification, is budgeted at CAD \$3 million, including all plant, equipment, and 6-month OpEx.





# Uruguay

## Biomass Supply

CannaEden is currently finalizing a cannabis supply agreement with Uruguay's 1st licensed producer, to acquire up to 100% of the company's biomass estimated to be 18-20 metric tons harvested April 2020, or a crude oil extract if extraction capacity is available.

The biomass supplier is dedicated to producing crude oil from cannabis. For this, the biomass is obtained from 100 hectares of owned capacity, and associated farmers for the April 2020 harvest, the company's 4<sup>th</sup> harvest.

## Free Trade Zone Extraction Facility:

The Company's operations are 100% exempt from Uruguayan tax, including:

- Exemption from Income Tax on Economic Activities, Assets Tax and any other national tax.
- Tax exemption for dividends paid to shareholders domiciled abroad.
- Option for foreign personnel (up to 25% of the total occupied) not to contribute to social security in Uruguay.
- Exports and Imports of goods and services to/from foreign countries are Value Added Tax (VAT) exempt.
- Exports and Imports of goods to/from foreign countries are exempt from customs duties.
- Free Trade Zones are part of the economic incentives promoted by Uruguay with the objective of boosting investment, exports, employment and international economic integration.

# South American Roll-Up Strategy

In addition to Kadima’s initial operation in Uruguay, the Company is currently underway with project scoping and license applications in Argentina, Paraguay and Peru, to provide supply-side wholesale B2B distillate and API isolate for an underserved continent with rapidly emerging legalization.

## Argentina

Pop: 44,300,000

CBD: Legal < 1% THC

THC: Medical

**Focus: Domestic consumer CBD flower B2B CPG distillate and API isolate**

License: Pending – CBD cultivation, processing and extraction

The Company has a two-year option to acquire 100% of the issued and outstanding shares of an Argentine SPV, ArgenCanna S.A. (“ArgenCanna”), for a nominal value. ArgenCanna will operate under Law #27.350 that regulates the scientific investigation of medical cannabis and its decree # 738/2017 creates the National Program for the study and investigation of cannabis plants for medicinal purposes and unconventional treatments.

ArgenCanna is currently finalizing a collaboration agreement with a provincial university and National Institute of Industrial Technology (“INTI”) combining efforts to implement a program for the study and investigation of cannabis plants for medicinal purposes. ArgenCanna will be developing this project, and undertaking further investment in the Province of Santiago Del Estero, specifically the Municipality of Termas de Rio Hondo.

## Paraguay

Pop: 6,800,000

CBD: Legal < 1% THC

THC: Not permissible

**Focus: Domestic consumer CBD flower  
B2B CPG distillate and API isolate**

License: Submitted and Pending

## Peru

Pop: 40,000,000

CBD: Legal < 1% THC

THC: Medical

**Focus: Domestic consumer CBD flower  
B2B CPG distillate and API isolate**

License: Scoping in Process

In both Paraguay and Peru the Company intends to acquire SPV’s incorporated by local partners for the sole purpose of project scoping, land lease/acquisition, licensing and permitting. Assuming licenses are issued, the Company intends to acquire the SPV’s moving forward with development of a large-scale cultivation and processing operation in each country.





# Leadership



## David Tafel,

Director, President & CEO  
Canada, Vancouver

Mr. Tafel holds a B.A. in Economics from the University of Western Ontario and contributes over 30 years of corporate structuring, strategic planning, financing and management experience to the Company. He has been an officer and director of a number of private and publicly listed companies. He has been instrumental in raising well over \$100 million for life sciences, technology, and resource companies. Mr. Tafel managed private investment funds at the largest independent Canadian securities firm.



## Maurizio Zlatkin,

General Manager  
Uruguay, Punta del Este

Mr. Zlatkin, holding a law degree from Rio de Janeiro State University (UERJ), specialized in Finance and Derivatives Trading in Chicago and New York. He was a member of the São Paulo Commodities and Futures Exchange (BM&F, 1987 – 2007), and the Chicago Mercantile Exchange (CME, 1995 to Present), as a Floor Trader, Broker, Fund Manager and Private Investor. Following a move to Uruguay in 2002, Mr. Zlatkin's business interests expanded to include Real Estate, Aviation Services, Hospitality and Winemaking industries.



## Jeremy Wright, CPA, CMA

Director, CFO  
Canada, Vancouver

Mr. Wright brings over 20 years' experience to the Company as President and CEO of Seatrend Strategy Group. Mr. Wright currently serves as the CFO for: Portofino Resources, **Ecoland Biosciences**, AmWolf Capital, Freeform Capital, and previously served as CFO for **GTEC Holdings** a Canadian cannabis consolidation. He is a CPA (CMA), has extensive negotiation training, and also holds a Bachelor of Arts, with honours in Environmental Economics from Brock University.



## Sebastian Cattaneo,

General Manager  
Argentina, Buenos Aires

Mr. Cattaneo is responsible for tactical delivery of the Argentine operations, including community relations, vendor management, and local administration. Mr. Cattaneo has over 15 years of experience in the oil & gas and mining industries along with a degree in environmental engineering from the University of Buenos Aires. Mr. Cattaneo lived in Vancouver for over ten years returning to Argentina in 2010 supporting Argentine operations for 3 Canadian public companies.

# Operations



**Silvia Sanchez**, Senior Person in Charge

Ms. Sanchez is a Pharmaceutical Chemist (2003) and Master's in Industrial Pharmacy candidate (Present) at the Uruguay National University. Having 20 years' experience in Quality Assurance and Comprehensive Good Practices (GMP/GAP), she served as Quality Inspector at the Uruguayan Ministry of Health, responsible for Permit Issuance, GMP Certifications. Ms. Sanchez has also acted as: Director at QARight, a GMP/GAP consultancy; Board Member of Dircon, a quality consultancy; Formulator of Projects for the Research and Innovation Agency; and Member of the Ethics and Legal Committee of the Faculty of Chemistry (UDELAR).



**Holis Heldrich**, Controller

Mr. Hedrich has more than 25 years' experience advising companies and individuals over two decades as a corporate CFO. Prior to CannaEden, he was the CFO for Fotmer Life Sciences, a Uruguayan Cannabis producer, and he is a strong advocate for cannabis reform. Mr. Heldrich has a degree in Investment Finance from Long Beach State University, earned a Certified Financial Planners designation from the College of Financial Planning and an MBA from Pepperdine University.



**Alejandro Amaro**, Extraction Specialist

In 1999 Mr. Amaro founded Urunetworks, a company providing IT and networking solutions throughout Uruguay, including: the Departments of Montevideo, Canelones, Maldonado, Rocha, Cerro Largo; the Uruguay National Plan Ceibal School network; and various TV networks throughout Uruguay. Mr. Amaro has a decades-long history in the Uruguayan cannabis industry, until recently as the Head of Extraction for Innovaterra (Salto, Uruguay) focused on techniques and industrial processes of extraction and purification.



**Eduardo Frydman**, Regulatory and Licensing

Mr. Frydman is a licensed pharmacist with a Bachelor in Biochemical - Pharmaceutical Ind., PDD in Business from the IAE, with a history of more than 35 years in the pharmaceutical production, logistics, regulatory affairs and quality assurance areas. Mr. Frydman is also a Director of Operations at Astrazeneca, Glenmark Generics, and Abbott Argentina. Being a technical advisor to numerous local and international pharmaceutical companies in matters associated with logistics, quality, production and productivity, he will play an instrumental role in shaping Kadima's future.



**Ivan Lerman**, Master Grower

Mr Lerman is a high profile public figure in the LATAM cannabis community, and prolific cannabis cultivator with more than 18 years of experience, and a winner of more than 20 cannabis cups. Mr. Lerman has developed a large number of cannabis strains (CBD and THC) and is a cannabis entrepreneur having seed banks, soil mediums, and numerous licensed Cannabis Clubs. He also contributes to multiple cannabis publications, including: Haze and THC magazines.



**Marcello F. Warnes**, Agronomist

Mr. Warnes has a MSc in Soil Biology with 25 years' experience in sustainable agricultural production and development in Argentina, Uruguay, Paraguay, Brazil and Bolivia. He is an International Certification Parabiologist specialized in Mastozology at the Center for Higher Studies and Training for Alternate Ecodevelopment. Author of: Biological regeneration of agricultural soils; Biological regeneration of degraded natural areas; Saline soils and biological load; New paradigm living soil; and Microbial consortia and humic substances.





# Proof Positive

The Company's General Manager in Uruguay and Founder of CannaEden, established Viña Eden in 2008. The knowledge gained developing a sensitive agricultural fruit for a controlled-substance finished consumer packaged good, while generating an effective sales-focused market strategy, will be invaluable to Kadima and our Uruguayan operating subsidiary, CannaEden.

As background, Viña Eden is located in the rolling hills inland from Punta del Este; a region of steep slopes, mineral soil and breathtaking landscapes.

The winery has received several international awards while focusing on minimal intervention in the vinification process; a philosophy of respect for nature; and a 100% renewable energy profile generated from wind and solar installations on the property.

Viña Eden is recognized by international critics, hosting more than 10,000 visitors annually; recent awards include:

- Ranked by TripAdvisor as the #2 attraction of Punta del Este; and
- Descorchados Guide considers the sparkling wine elaborated with the Methode Champenoise to be "the best of Uruguay".



# Immediate Opportunity

## Current Capacity

- 9 kg of isolate per day can be produced from the existing pilot plant.
- 4,400 sq. ft. facility under construction, completion April 2020.
- 65 kg of isolate per 8 hour shift commencing Q3-2020.
- Up to 18% CBD (<1% THC) biomass supply agreement with cultivator having consistent stabilized and feminized cultivars allowing greater efficiency for extraction.

## Opportunity

- Uruguay free trade zone extraction facility offers scalable lease arrangement.
- Extraction capacity can be doubled every 6 months based on customer demand.
- 10 Ha R&D facility for strain and clone development Q4-2020, including cannabis tourism possibilities partnering with Vina Eden.

## Near Term Projection

Kadima is projecting annualized results for Phase 1 of the Uruguayan operation to be:

- \$260k USD revenue per day (\$4,000 per kg)
- \$62m USD revenue per annum
- 80% + gross margin projected
- EBITDA > \$40m

# Share Structure

As at February 1, 2020

**Common Shares Outstanding:** 33,639,473

**Options:** 416,667

**Warrants:** 22,580,909

**Fully Diluted Shares Outstanding:** 56,637,049

The pro forma share structure for Kadima is as follows:

Uruguay – CannaEden Acquisition		Shares
CLOSING		11,080,000
MILESTONES		6,000,000
<b>TOTAL</b>		<b>17,080,000</b>
	<b>Current i/o =</b>	33,639,473
	<b>\$500k SAFE at 25% Discount =</b>	2,500,000
	<b>\$4m Concurrent at \$0.25 =</b>	20,000,000
	<b>TOTAL i/o =</b>	<b>73,219,473</b>

*Pro forma share structure is subject to change without notice.*



**Kadima**

# Contacts

## **David Tafel**

Director, President, CEO

604.484.2161

[info@centurionminerals.com](mailto:info@centurionminerals.com)

## **Jeremy Wright** CPA, CMA

Director, CFO

604.837.7990

[jwright@seatrendstrategy.com](mailto:jwright@seatrendstrategy.com)

Suite 520 – 470 Granville Street  
Vancouver, British Columbia  
V6C 1V5