

Aphria Inc.

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OTCQB : APHQF



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Aphria Launches US Expansion Strategy

Announces 37% interest in entity to be branded Aphria USA

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Aphria Inc. ("Aphria" or the "Company") (TSX:APH)(OTCQB:APHQF) is pleased to announce the launch of its US expansion strategy through a strategic lead investment in an entity to be renamed Liberty Health Sciences Inc. ("**Liberty**") that will operate in the United States under the brand "Aphria USA". While the initial investment relates to the State of Florida, the intention of the US expansion strategy is to target key states that have approved medical use of marijuana and meet the Company's stringent investment criteria.

Aphria will invest \$25 million into DFMMJ Investment Ltd., a new special purpose private company which will acquire all or substantially all of the assets of Chestnut Hill Tree Farm LLC ("**Chestnut**") and subsequently amalgamate into a subsidiary of SecureCom Mobile Inc., a public company listed on the Canadian Securities Exchange, as part of a business combination (the "**Business Combination**"). The funds, when combined with an additional \$35 million to be raised in a brokered private placement led by Clarus Securities Inc. will allow Liberty, on completion of the Business Combination, to indirectly hold and operate the assets of Chestnut. Chestnut is a licensed holder in the state as an authorized dispensing organization of low-THC medical cannabis to patients in need in the State of Florida.

As part of the transaction, Aphria has agreed, upon completion of the Business Combination, to licence its Aphria medical brand to Liberty, in exchange for a perpetual 3% royalty on all sales of marijuana and related products. Further, Aphria has agreed, upon completion of the Business Combination, to licence its greenhouse growing intellectual property system to Liberty in exchange for additional common shares in Liberty. As part of the investment in Liberty and Business Combination, Aphria will be entitled, among other customary rights, to appoint two nominees as board members to Liberty's proposed five-person board. It is the intention of the Company to appoint Vic Neufeld and John Cervini as nominees to Liberty's board of directors; it is also expected that they will be joined by Aaron Serruya of Serruya Private Equity, effective

upon the completion of the Business Combination. Once the transaction is completed, Aphria will own approximately 37.6% of the issued and outstanding common shares of Liberty. Aphria received transactional advisory services from the Delavaco Group, who arranged the acquisition of Chestnut and who is participating as a significant shareholder in Liberty. "Aphria's success story is no longer limited to Canada," said Vic Neufeld, Chief Executive Officer. "Aphria's footprint expansion provides significant growth opportunities for our shareholders. The royalty agreement provides an additional cash flow stream to our industry leading cash flow from operations. The additional equity received for our intellectual property continues the validation of our greenhouse model. We will continue to examine other US opportunities and strive to introduce new states to Liberty's business model."

About Aphria

Aphria Inc., one of Canada's lowest cost producers, produces, supplies and sells medical cannabis. Located in Leamington, Ontario, the greenhouse capital of Canada. Aphria is truly powered by sunlight, allowing for the most natural growing conditions available. We are committed to providing pharma-grade medical cannabis, superior patient care while balancing patient economics and returns to shareholders. We are the first public licenced producer to report positive cash flow from operations and the first to report positive earnings in consecutive quarters.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS: Certain information in this news release constitutes forward-looking statements under applicable securities laws. Any statements that are contained in this news release that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are often identified by terms such as "may", "should", "anticipate", "expect", "believe", "intend" or the negative of these terms and similar expressions. Forward-looking statements in this news release include, but are not limited to, expectations related to the Company's future expansion and growth strategies, timing and completion of the Business Combination, the completion of the acquisition of Chestnut, the completion of the private placement, the completion of the branding and licensing of Aphria's intellectual property, the expected composition of the board of directors of Liberty, shareholder approvals and the parties' ability to satisfy closing conditions and receive necessary approvals. Forward-looking statements necessarily involve known and unknown risks, including, without limitation, risks associated with general economic conditions; adverse industry events; marketing costs; loss of markets; future legislative and regulatory developments involving medical marijuana; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms; the medical marijuana industry in Canada generally, income tax and regulatory matters; the ability of Aphria to implement its business strategies; competition; crop failure; currency and interest rate fluctuations and other risks. Readers are cautioned that the foregoing list is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

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