

April 20, 2018

TSX-V: HEMP

Hempco Reports Q2 2018 Results

Positive momentum from new initiatives

Vancouver, British Columbia, Canada – April 20, 2018 - Hempco Food and Fiber Inc. (“Hempco” of the “Company”) (TSX-V: HEMP) today announced its results for the second quarter fiscal 2018 period ended February 28, 2018.

Q2 2018 and Subsequent Operational and Strategic Highlights

- **Revenues:** revenues for the quarter continue to reflect the Company’s temporary exit from the negative margin Korean market. While bulk sales continue to be the main contributor to revenues, a shift in product mix towards higher margin products in the consumer packaged goods (CPG) and animal food supplement market is starting to occur, with the Company’s PLANT HEMP and Praise brands showing strong positive momentum, now accounting for 11% and 8% of revenues, respectively.
- **Capacity:** During the quarter, significant progress with the Company’s new Nisku facility was made. Management anticipates the new facility to be operational this summer, which will add 240,000 lbs per month in capacity. The added capacity, quality assurance programs and certifications will enable Hempco to pursue additional revenue streams, as well as target larger customers to drive revenue growth.
- **Diversification:** the opening of the Nisku facility will enable the Company to target additional revenue streams, such as the fibre market. Furthermore, the Company is working on a number of product innovations that it anticipates launching in the coming quarters, such as showcasing the PLANET HEMP CBD oil product line at the Natural Expo Show in the UK on April 22 and 23, 2018.
- **Sales Channel Development:** The Company continued its initiatives to develop new sales channels for its retail product line PLANET HEMP.
 - Subsequent to the quarter, the Company announced a distribution agreement with Kane Vet, a supplier to pet stores (1,900) and veterinarian clinics throughout the country.
 - Additionally, implementation of the Company’s CPG e-commerce strategy commenced in 2018 with product launches on Amazon.com and Well.ca, two of the most heavily visited sales channels for natural health products.
- **Aurora Partnership:** The strategic investment by Aurora has capitalized Hempco for the completion of its Nisku facility, as well as provide funds for organizational development and innovations to develop new product lines, increase the sales and marketing team, as well as launch marketing campaigns. Subsequent to the quarter, Aurora exercised its warrants, increasing its holding in Hempco to 35%, for proceeds of \$4.3 million, further strengthening the Company’s balance sheet.
- **Balance Sheet Strengthened:** In addition to the Aurora warrant exercise, further warrant and option exercises resulted in a total \$5.6 million inflow of funds, partially offset by cash flows used for operations. On a net basis, the Company’s balance sheet was strengthened by \$4.4 million increase in total assets, providing liquidity for the implementation of Hempco’s strategic initiatives.

- **Management Change:** Effective December 11, 2017, Diane Jang was appointed as CEO, succeeding Charles Holmes, who continues to serve the Company as its President.
- **Strengthened Board:** Steve Dobler, President of Aurora Cannabis, and Allan Cleiren, COO of Aurora Cannabis, were appointed to Hempco's Board of Directors.

Management Commentary

“While we continued to experience the effects of the temporary exit from the Korean market, as well as some customer transition in the U.S., our strategic initiatives are starting to generate strong positive momentum,” said Diane Jang, CEO. “We are witnessing encouraging growth of our CPG brand PLANET HEMP, in part driven by greater consumer awareness of the benefits of hemp as a food supplement and as an important source of plant-based protein. The launch of PLANET HEMP on Amazon.com and Well.ca, as well as a growing number of highly visible and well-connected distributors are expected to drive continued growth into Q2 and beyond. The support from our strategic partner Aurora, the imminent completion of our Nisku facility, the pending change in legislation allowing Hempco to pursue a whole plant utilization strategy and further product diversification, positions Hempco very well to pursue the many opportunities in our markets, and we look forward to reporting on our progress in the coming quarters.”

Financial Review

A more detailed discussion of financial results is provided in the Company's Management Discussion and Analysis, filed on www.sedar.com

Net loss for the 3-month period ended February 28, 2018 came in at \$0.9 million, a \$0.6 million increase due mainly to lower gross profit resulting from reduced sales volumes. Operating costs increased marginally by \$0.1 million as the Company is investing in growth initiatives related to its new product lines and its new Nisku facility.

Revenues

Revenues of \$0.3 million for the quarter ended February 28, 2018 decreased by \$1.6 million, attributable to the Company's temporary exit from the Korean market and one major U.S. customer seeking alternative third-party supply, offset partially by strong early growth across the Company's new product lines PLANET HEMP and PRAISE.

Hempco's product improvement initiatives, launched in 2017, will enable the Company to begin marketing its new SAFE quality assurance program once its Nisku facility is up and running. This will strengthen Hempco's brand positioning and product diversification, as well it will allow for the pursuit of larger customers.

Cost of Sales and Gross Profit

The cost of sales for the three-month period ended February 28, 2018 came in at \$0.3 million, resulting in a slight negative gross profit of \$0.1 million. In comparison, cost of sales for the same period in the prior

year was \$1.9 million with a profit recorded of \$0.4 million. The negative gross profit in the current quarter is due to the lower sales not being sufficient to offset fixed costs and adjustments made for slower moving product.

Expenses

Overall operating expenses increased to \$0.9 million for the three-month period ended February 28, 2018, as compared to \$0.8 million for the same quarter in the prior year. Contracts related to investor relations and corporate development were not renewed. However, lease and personnel monitoring costs related to Nisku resulted in an increased contribution to selling, general and administrative expenses, as compared to the February 2017 quarter.

Outlook

Hempco continued executing on its strategy to reposition the Company in the three months ended February 28, 2018, by focusing on three key initiatives:

- Become a major supplier to the retail market of a well-diversified portfolio of health-related products through its premium brand PLANET HEMP, as well as to the animal feed supplement market through its newly launched brand PRAISE
- Expand its bulk wholesale business through the development of a new facility in Nisku, Alberta
- Become a supplier of CBD-based raw material upon the introduction of the new Cannabis Act, which currently is going through the Canadian Senate

The PLANET HEMP CPG brand is growing steadily in Canada since its launch in fiscal 2017, with the product line currently carried in over 70 retail stores. Further retail expansion and new product innovations are expected in 2018, targeting natural/specialty food and grocery retailers. Implementation of the Company's CPG e-commerce strategy commence in 2018 with product launches on Amazon.com and Well.ca., two of the most heavily visited sales channels for natural health products.

The Company continues to work on the completion of its new hemp hurd processing capacity. Once operational, this facility will extract fibers from the hemp "stalk" for sale into a ready market. Hurd processing is anticipated to provide an additional revenue stream for both the Company and the farmers Hempco deals with.

One of the biggest recent developments for the hemp market is the anticipated ability under the new Cannabis Act, expected to be implanted in the summer of 2018, to start processing hemp for the extraction of CBD oils. The Company estimates it will be able to source in excess of 5 million pounds of chafe for potential sale through its farmer contacts, which would benefit the Company, as well as hemp farmers and the Company's partners, Aurora and Aurora's extraction partner Radient Technologies.

The partnership with Aurora provides Hempco with a highly visible partner. Leveraging of Aurora's expanding infrastructure and growing constellation of trusted partners, management expects it will contribute to the Company's ability to accelerate its commercial development into new markets and revenue streams.

The potential addition of hurd and chafe processing would move the Company toward its vision of whole plant utilization, to the benefit of consumers, farmers and shareholders.

About Hempco

For more than 12 years Hempco has been a trusted and respected pioneer, innovator and provider of premier hemp seed foods. Hempco is committed to developing hemp foods, hemp fiber and hemp nutraceuticals, a “tri-crop” opportunity for producers and processors. Hempco is expanding its processing ability to meet global demands in a 56,000sq. ft. facility located at Nisku, Alberta. Hempco’s common shares trade on the TSX Venture Exchange under the symbol “HEMP”. Hempco® has grown its business significantly and is generating value and profits for shareholders.

On behalf of the Board of Directors

Diane Jang
Chief Executive Officer
+1.604.431.8787

For further information

John Ross
Chief Financial Officer
+1.647.291.4234
john@hempcocanada.com

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