



New Mexico Hemp Services

NMHS Business Plan

New Mexico Hemp Services, LLC (NMHS) is a new company located in Santa Rosa, NM.

Our administrative office is located at 490 Corona Ave. Our administrative building was once a Wells Fargo bank building. It has office space, a lobby, meeting room and breakroom. Very important for storing our hemp oils will be the big bank vaults.

Our facility estate is located on S Hwy 91. It is connected by a paved road to I-40 (10 min drive) and has access to all services of Santa Rosa, including city water and electricity with power current. It is over 80 acres, 22 acres of which are irrigated. It is bound by the Pecos River. Currently, our irrigated acres are being leased and farmed with high quality hemp plants.

There are two new facility buildings on the facility estate:

The Mueller building, which is a 54,000 sq. ft. building, contains our state-of-the-art extraction equipment, a box dryer, office space and facilities. There is a space to store our biomass. Here, NMHS operates a highly sophisticated drying and extraction facility where state-of-the-art equipment will be used to produce the highest quality hemp products.

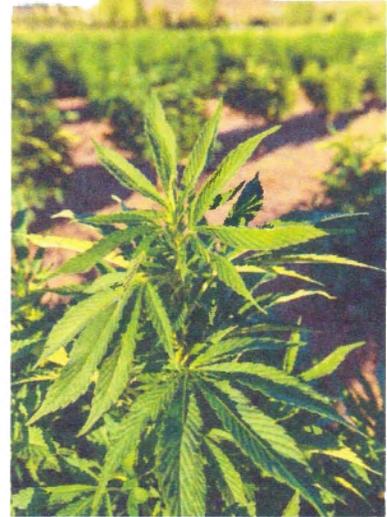
The second building, the Magnum building, contains our belt dryer which effectively dries larger quantities of biomass. The postprocessing of the dried biomass, including our milling machine, is also located in this building.

In purchasing our equipment, NMHS took great care in purchasing the highest quality, food grade equipment available. This enables us to participate in the pharmaceutical market.

Future plans for the Mueller building include a fully equipped lab, to multiply the drying and extraction capacity and to install end product manufacturing. The filling of droppers including bottle printing for major customers will be build up in 2021 and will be supplemented with further manufacturing processes over time.

In January 2021, we have acquired all permits and licenses needed for drying and extraction. It is very important to our company that we follow all State and Federal rules and guidelines. We are also working on becoming a certified organic producer and getting ISO 9001 and GMP certified. We will adhere strictly with all national and state safety and food quality standards when it comes to our products.

Our employees are highly motivated and excited to see the vision of this company come to life. We plan on hiring more employees when our business is growing. During planting and harvest season we are hiring seasonal workforce. We provide our employees with safety training to insure that we comply with all safety and OSHA guidelines.





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NMHS Production Planning

NMHS' production is based on the applicable state and national legislation and is designed to produce high-quality premium products. The closed loop cold ethanol extraction process was chosen for economic and quality reasons. The complete production process, including all machines, is state-of-the-art.

The intermediate and end products will be of pharmaceutical quality and will be manufactured and certified under the rules and regulations of ISO 9001:2015, cGMP and FDA (organic). All products will be distributed as white label to the pharmaceutical industry and manufacturing industry.

The initial product range includes CBD and CBG THC-free distillate, broad-spectrum oil and isolate. In the near future, the cannabinoid CBN will be marketed which results from the degradation of THC. Minor cannabinoids, such as CBC, will be gradually added to the product portfolio through selective processes. Crude oil, as the very first intermediate product, will never be sold.

The extraction plant, the Mueller building, will offer maximum flexibility in terms of production capacity. The current extraction process and the planned product manufacture provide the ideal basis for rapid adaptation to changing market conditions and customer requirements.

NMHS Drying and Post Drying Plan

NMHS operates 2 different drying machinery and equipment:

1. The Harter dryer, a stainless-steel box dryer, which dries the biomass very smooth and clean and is pharma grade.
The capacity is 5,000 pounds biomass per day.
2. The Chinese Dryer is a belt dryer which dries 14,400 pounds of biomass.
3. Our postprocessing of the dried biomass includes the shucking, the milling, and the packing of the dried biomass, which has been tested to be without mold and tested for moisture to be safely stored.

Acquisition of biomass

In exchange of the drying and post drying processing NMHS offers the farmers to pay for the processing cost by taking a percentage of their dried, tested, and packaged biomass. The percentage that owns may be picked up by the farmer or it may be sold to NMHS.

The drying and post drying process costs for green biomass with a CBD or CBG content of 8% or more will be 50%/50%. NMHS will keep 50% of the dried biomass and the farmer owns 50% of the dried, tested, and packed biomass.

If there is postprocessing to be done by NMHS, the percentage NMHS will keep covering the postprocessing costs depends on the quality of the farm dried biomass.



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- The farmer may take home the 50% owned dried, packed, and tested biomass or
- The farmer might sell the 50% of his biomass to NMHS at market value or
- The farmer may make a contract with NMHS to extract his biomass to high quality hemp oil (see below).

NMHS Extraction Plan

The installed extraction capacity (2 shifts) is 1,000 lbs. of biomass daily. Financial restrictions due to the Corona Virus force us to start the production with 1 shift only, 500 lbs. biomass daily. That will be approx. 10,000 lbs. monthly. If the financial restrictions will be overcome, we can install a 2-shift-system within weeks as workers are trained and available.

In February 2021, we started to process the biomass dried in 2019 and the new harvest of 2020 to CBD and CBG THC-free distillate, broad-spectrum oil and isolate.

100% corresponds to a monthly production capacity (1 shift) of 374 kg high quality hemp oil in regard to an average cannabinoid (CBD or CBG) potency of 8% of the initially used biomass for extraction. The potency of the used biomass determines the final kg output of our oils. The calculation is linear and gives, for example, at 5% input potency 233 kg of oil and correspondingly at 10% 466 kg oil at 10,000 lbs. of biomass used. We anticipate raising the monthly production capacity according to experience and process optimization after the first three months of production.

NMHS may buy dried biomass from a farmer at market price but prefers to use the very common method (split deals) in the US market which is a win-win situation for both sides.

Below is an excerpt from our drying/processing/extraction contract, which represents this split deal:

As Compensation for Services: NMHS agrees to provide the labor and equipment to extract the dried hemp biomass, and in exchange NMHS will be compensated for the extraction, testing and packaging (bulk) and other processing serviced by accepting:

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|-------------------------------------|--------------------------------|
| 1. Processed to Isolate | NMHS 75% and farmer/seller 25% |
| 2. Processed to distillate with THC | NMHS 76% and farmer/seller 24% |
| 3. Processed to distillate THC-free | NMHS 85% and farmer/seller 15% |

NMHS may offer the farmer/seller its processed hemp oil

1. to store the extracted hemp oil of the farmer/seller until sold or taken by charging 0.02% of the actual market price per month or
2. to sell with its own sales organization at market price the extracted hemp oil by taking a sales and storage commission of 25%

NMHS may offer also to extract crude oil

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|-------------------------------------|--------------------------------|
| 1. Processed to Isolate with THC | NMHS 55% and farmer/seller 45% |
| 2. Processed to distillate with THC | NMHS 57% and farmer/seller 43% |
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3. Processed to distillate THC-free NMHS 85% and farmer/seller 15%

03/23/2021 Santa Rosa, NM

A handwritten signature in blue ink that reads "A. Behrens". The signature is written in a cursive style and is positioned above a solid black horizontal line.

Andrea Behrens

Manager

A handwritten signature in blue ink that reads "Robert Grodde". The signature is written in a cursive style and is positioned above a solid black horizontal line.

Robert Grodde

Chief Technology Officer