



AURUM **AF** FARMS

**enviro**  | BUILDING  
SYSTEMS

CONSTRUCT – OPERATE -PRODUCE – PROCESS - MARKET - SALE

Medical &  
Commercial  
OR

Bellingham, WA 98226

c. 425-202-5651

Jeremy@ClimaGrow.com  
www.ClimaGrow.com

# Executive Summary

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\*\*This is not a formal business plan, only a brief project summary. We are currently in the process of completing the final business plan and will have it available shortly.

**ClimaGrow** is an established industry leader in the medical and recreational production, processing, and retail of cannabis. We are an established business with an outstanding reputation that has designed hundreds of medical & recreational production facilities “grows” in Washington and Oregon over the last 11 years. Having had the benefit of being submerged in the industry initially as a designer and not a grower, we have seen every type of operation out there from soil based, hydroponic, aeroponic, LED, HID, Plasma, etc. Not only have we seen which facilities out there were most successful compared to those who failed, we know why and learned how to duplicate their success. Our customers are High Times Cannabis Judges, not participants. Having been a consultant in the industry for many years, we have been on the ground floor in up and running facilities more than anyone else in the industry, and have teamed up with those in the industry who have demonstrated the same workmanship and professionalism. We are a “Seed to Sell” organization and will be able to do 100% of the operation all in-house.

**Aurum Farms** was founded by Shane Gagnon who like most producers started off growing as a hobbyist in 1996 when California first approved medical marijuana. Shane continued to grow on a small scale until in 2009 when he decided to expand his small hobby production, into a slightly larger facility, roughly the size of a standard car garage. By 2011 Shane made the decision to turn his hobby into a full time profession. Over the last 6 years Shane has turned a 1600w garage grow into a 100,000w much established and respected company now known as Aurum Farms LLC. Shane is the founder and CEO who oversees production, marketing and sales. Last year in 2014 Aurum Farms won 3rd place at the Seattle High Times Magazine Cannabis Cup Event with their Girl Scout Cookie Strain. This award earned Shane and Aurum Farms much prestige in the international cannabis community due to the high level of competition and popularity of the Girl Scout Cookie strain, which is has notoriously been a very competitive and difficult class to excel in. Following the amazing 3rd place win, Shane was invited to be a judge for High Times Magazine at their 26th annual and final High Times Cannabis Cup Event in Amsterdam, which he was honored to accept and attend the event. Today Aurum Farms stands as a leader in the industry, who’s accomplishments stretch back over a decade in the making, from legalized Medical production, to now a completed and successful Commercial i-502 operation here in WA state.

**PSBS/Enviro Building System** owner Rick Safko been self-employed Producing Healthy Productive Built Environments starting in 1986 originally in Residential/Light Commercial HVAC, Indoor Air Quality, Air Purification and Solar fields. In the mid 90's he expanded into commercial TelCo Hotel and HiTech Cleanroom construction, remodeling and full interior build-outs services..

Over the past 15+ years he has enjoyed success in Pre-Engineered – Prefabricated Steel Building Supply and Construction Management services as Prefab Steel Building Solutions Co., LLC. He represents the NCI and Nucor group of manufacturers with factories around the country, Canada and Mexico.

He has Project Management and General Contractor experience with professional resources for the following: Architectural, Civil & Structural & Foundation Engineering, Design & Build, Site Work & Foundation, Fire Suppression, Indoor Environmental Quality, Interior Build-Out, Thermal Insulation, Electrical and Mechanical.

Our unique combined production grow and process extraction experience coupled with our capability to design supply and build our unique Hybrid Controlled Environment Greenhouse System will empower us to produce structured environments far ahead of the class. Enviro Building System will set the trends for others to follow.

**Our Mission** is to streamline the production and processing of cannabis for the purposes of extraction for retail sales. Construct and operate a facility that will streamline the operation reducing labor costs, increasing production/potency, minimize risks, decrease production time, and ultimately develops new industry standards.

We will achieve this by bringing the best and brightest in the industry all together in order to revolutionize how cannabis is produced and processed. The first step will be to secure and construct a i-502 commercial facility capable of satisfying the needs of all parties involved.

**Our Aim** will be to build out an initial 100 light operation for the purpose of producing recreational cannabis using the most efficient and productive technology available designed around traditional growing methods. By limiting the production initially to only 100 lights in a facility, it will allow us to accomplish the following goals:

1. Design and construct the first working prototype operation that all future facilities will be modeled after.
2. Train core staff members in key positions who will be able to manage future departments once new facilities are ready to be built.
3. Obtain all necessary equipment needed for the extraction process of the cannabis, and establish a working relationship with the industries' leading processors.
4. Expand marketing and distribution channels for our products, and for new brands by future customers who purchase our facilities.
5. Minimizing monthly expenses.
6. Identify areas of the operation that can be improved on before additional facilities are built.
7. Generate an income through actual production of cannabis, while simultaneously having a showcase model of our completed and operational facility.

**Our facility will produce 1% extracted oil in two different manners (BHO and Dry Ice), and 99% flower. For every 454 grams of flower produced, it will leave available 45 grams of trim for processing, which of will generate 4.5 grams of extracted oil.**

Right now in today's market, BHO is out selling Co2 extraction 10 to 1 in both medical & recreational outlets, which is the primary reason for using BHO in place of Co2. BHO extraction equipment is also far less expensive, and has been approved for use by Washington and Oregon State. Regardless of which extraction method will be most viable in the future, the facility will be able to accommodate. The build out of this operation will include all necessary equipment for extraction, and will be extracted by the well-known company X-Tracted Labs.

Once we have a fully operational facility and have established our presence in the marketplace with our new facility design, we will be able to tour new potential customers through the operational facility, showing them first-hand what they can expect. In addition to being able to use this facility as a working model for future customers, we will be generating an annual income through product sales of legalized commercial cannabis.

## Highlights

**Startup Budget:** This amount will cover the cost for the build out of the facility and first year's operating expenses. \$1,200,000, and additional \$700,000 an year will be needed for operating expenses until the production is able to turn a profit.

**Phase ONE:** 100 light facility for medical/commercial production and processing.

\*\*The following financial overview is based conservatively off of where most experts in the industry believe the market to be by 2018. Operating expenses are based off of owning a facility. Operational costs include; utilities, staff wages, nutrients, medium, disposal, packaging, and testing.

## Today's Recreational Market Performance Projections:

- 1 gram of extracted oil is for up to \$125 per gram from the retailer to the consumer, this inflated number is purely due to the lack of supply in the market. At this price, the producer generates \$35 per gram selling to the retail outlets.
- Extracted oil by 2018 will be selling retail for \$40-\$50 and wholesale for \$10-\$15 per gram.

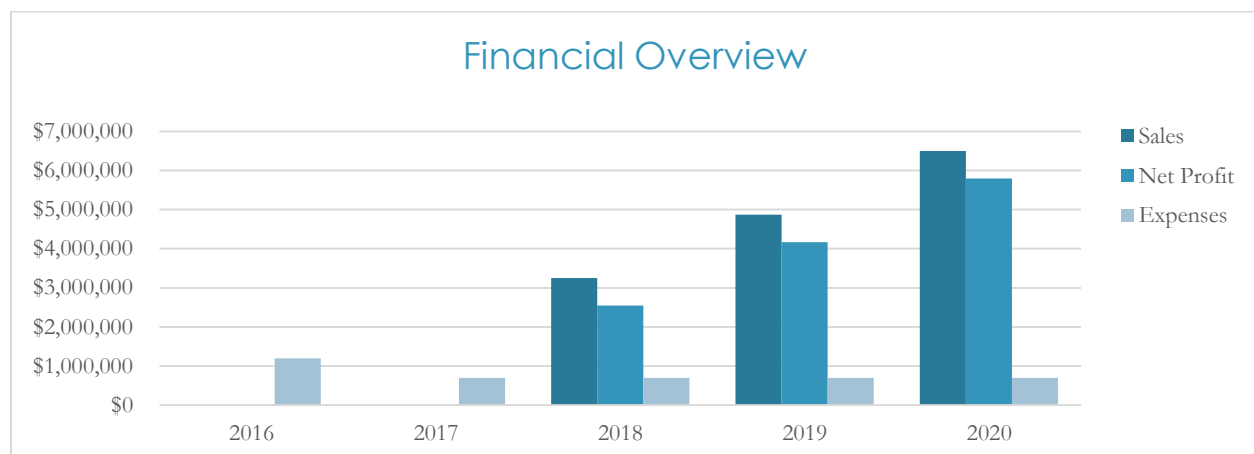
- Flower to be sold around \$5-\$7 per gram wholesale.
- Recreational 2018: Produce 454,000 grams flower and 4,540 grams of oil
- **Sales of \$3,247,000 – Yearly**
- **Expenses of \$700,000**
- **Net Profit of \$2,683,000**
- **5,000 sf Lease Revenue not included**

\* The Conservative projection above is based on 100 lamp; 1lb/Lamp; 5x/year

\*\* Our Current documented production is performing at 2.5 lb/lamp; 6.5X/yr

\*\*\* Expected increase of up to 50% in productivity in 2019 from that projected in 2018

\*\*\*\* Expected increase of up to 100% in productivity in 2020 from that projected in 2018



## Objectives

Enviro Building System, ClimaGrow and Aurum Farms are available to start the project immediately. The time line for this project will be two fold. The first timeline will be to have the project completed and operational within 12-18 months from start date. The second timeline will be to make a full and successful startup of the facility in order to complete our first harvest of production. We expect this to take part within 4-6 months after construction and build out.



