

Xanthic Biopharma Completes Acquisition of Nevada Organic Remedies

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TORONTO, Sept. 7, 2018 /CNW/ - Xanthic Biopharma Inc. (formerly Aurquest Resources Inc.) ("**Xanthic**" or the "**Company**") (CSE: xTHC) is pleased to announce that it has completed the previously announced acquisition (the "**NOR Acquisition**") of Nevada Organic Remedies LLC ("**NOR**"). The NOR Acquisition was completed on September 4, 2018 for aggregate consideration of US\$56.75 million (the "**Purchase Price**"). The Purchase Price was satisfied by GGB Nevada LLC ("**GGB Nevada**"), a subsidiary of Xanthic, by payment of a US\$2 million deposit on July 16, 2018 (the "**NOR Deposit**"), a closing cash payment of US\$30.47 million (the "**NOR Closing Payment**") and delivery of a secured promissory note (the "**NOR Note**") in the principal amount of US\$21.565 million. The balance of US\$2.715 million owing to NOR's members will be satisfied by the issuance of common shares of the resulting issuer (the "**Resulting Issuer**") following completion of Xanthic's previously announced proposed business combination (the "**Business Combination**") with Green Growth Brands Ltd ("**GGB**").

Tim Moore, Xanthic's Chief Executive Officer, commented "The acquisition of NOR marks a significant milestone for Xanthic by adding a fully integrated cannabis company with established products and revenue in a major US market. We appreciate the contribution of the many participants who made this transaction a reality."

The cash required to satisfy the NOR Deposit was loaned to Xanthic by GGB pursuant to a promissory note dated July 16, 2018 (the "**Deposit Note**"). The Deposit Note is a simple, unsecured note that bears interest at the rate of 6% per annum and matures December 1, 2018. The cash required by Xanthic to satisfy the NOR Closing Payment was loaned to Xanthic pursuant to a loan agreement ("**Loan Agreement**") dated August 30, 2018 among Xanthic, GGB Nevada and GGB. The Loan Agreement bears interest at 12% per annum, matures 180 days from September 4, 2018, contains no prepayment privilege and includes customary events of default. As security for the amounts advanced pursuant to the Loan Agreement, GGB has been granted an irrevocable option from Xanthic to elect to satisfy Xanthic's obligations under the Loan Agreement by acquiring GGB Nevada from Xanthic and assuming Xanthic and GGB Nevada's obligations thereunder.

The trading of Xanthic's common shares on the Canadian Securities Exchange (the "**CSE**") remains halted. This trading halt was imposed by the CSE upon announcement of the proposed Business Combination and is expected to remain in effect until completion of the Business Combination which is anticipated to be during the 4th quarter of 2018.

About the Parties:

Xanthic

Xanthic, through its wholly-owned operating subsidiary, Xanthic Biopharma Limited, provides valuable intellectual property to cannabis industry participants, enabling its strategic partners to produce high quality, innovative, non-combustible cannabis and cannabis-infused products. Xanthic is a developer of a patent-pending proprietary process to make tetrahydrocannabinol ("**THC**") and cannabidiol ("**CBD**"), the two key active ingredients in cannabis, water soluble, and its operation will continue to be run by current management. Subject to completion of the Business Combination, Xanthic will combine its business with GGB and thereafter be engaged in the business of cultivation, processing, and retailing of cannabis and cannabis-infused products augmented by Xanthic

intellectual property.

Nevada Organic Remedies LLC

Nevada Organic Remedies LLC is a vertically integrated medical and retail marijuana company based in Las Vegas, Nevada and holds four Nevada marijuana licenses including dispensary, cultivation, production and distribution. The company's dispensary, The + Source, was voted "Best of the City" for Las Vegas in 2018 by NPR's Desert Companion magazine. Additionally, NOR produces a line of high quality medical and recreational products under the name 8|fold. More information can be found at www.thesourcenv.com.

Further Information:

Further details about the proposed Business Combination and the Resulting Issuer will be provided in the disclosure document to be prepared and filed in respect of the Business Combination.

Completion of the proposed Business Combination is subject to a number of conditions, including but not limited to, Canadian Securities Exchange acceptance. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or listing statement to be prepared in connection with the proposed Business Combination, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Xanthic will remain halted until further notice.

The Canadian Securities Exchange has in no way passed upon the merits of the Business Combination and has neither approved nor disapproved the contents of this press release.

Cautionary Statements:

Certain statements contained in this press release constitute forward-looking information. These statements relate to future events or future performance. The use of any of the words "could", "intend", "expect", "believe", "will", "projected", "estimated" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Company's current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. In particular, this release contains forward-looking information relating to, among other things, the completion of the proposed Business Combination. Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the Company. Although such statements are based on management's reasonable assumptions, there can be no assurance that the Business Combination will occur, or that if the Business Combination does occur, it will be completed on the terms previously disclosed.

The forward-looking information contained in this release is made as of the date hereof and the Company disclaims any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information contained herein.

This announcement does not constitute an offer, invitation or recommendation to subscribe for or purchase any securities and neither this announcement nor anything contained in it shall form the basis of any contract or commitment. In particular, this announcement does not constitute an offer

to sell, or a solicitation of an offer to buy, securities in the United States, or in any other jurisdiction in which such an offer would be illegal.

*The securities referred to herein have not been and will not be registered under the Securities Act of 1933, as amended (the "**Securities Act**"), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States, unless the securities have been registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available.*

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