

48North Cannabis Corp. Announces Transformational Acquisition and \$10MM Private Placement

TORONTO, Oct. 30, 2018 /CNW/ - 48North Cannabis Corp. ("48North" or the "Company") (TSXV:NRTH) and 2599708 Ontario Inc. ("Good & Green") have entered into a letter agreement that became binding on October 29, 2018, whereby 48North will acquire all of the issued and outstanding common shares of privately-held Good & Green in an all-share transaction valued at \$18,000,000 (the "Acquisition"). 48North is also pleased to announce a \$10,000,000 non-brokered private placement of units, including an approximately \$7,000,000 lead order from a leading US-based private investment fund (the "Financing").

With the Acquisition, 48North acquires a second Licensed Producer, as defined under the *Cannabis Act*, positioning itself as one of the largest and lowest cost producers of dried cannabis, cannabis oil, as well as a leader in next-generation cannabis infused products including cosmetics, topicals, beverages, and edibles.

The Acquisition provides 48North with a total expected 2019 production of at least 45,000 kilograms of high-quality dried cannabis, assuming receipt of applicable regulatory approvals. Good & Green's cultivation and production facilities include an approximately 46,000 square foot indoor facility situated on five-acres of commercial land in Brantford, Ontario, as well as a 100-acre farm in Southwest Ontario. This significant production footprint includes 48North's existing 2019 indoor expected production of 2,500 kilograms from DelShen Therapeutics Corp., the Company's existing wholly-owned Licensed Producer.

"We are excited to acquire Good & Green, a company that shares our corporate values, strong management, and commitment to financial discipline," said Alison Gordon, Chief Executive Officer of 48North. "With now two licensed facilities, we are optimally positioned for the next phase of cannabis legalization with extensive cultivation experience in large-scale, low-cost production."

"48North continues to be a leader in developing cannabis brands and products with a future-focus that looks beyond flower and oil," said Jeannette VanderMarel, co-founder and President of Good & Green. "We look forward to adding our expertise and significant low-cost organic production profile to further develop this dynamic and innovative vertically-integrated cannabis company."

"We are pleased to be combining forces with 48North, a company that shares our commitment to the highest environmental, social and governance standards, to developing high-quality and consistent products and to achieving best-in-class financial performance," said Daniel Goldberg, co-founder and Chief Executive Officer of Good & Green.

After closing of the Acquisition, Alison Gordon and Jeannette VanderMarel will become co-CEOs of 48North. Ms. VanderMarel will also join the Board of Directors of 48North. Daniel Goldberg will become Senior Advisor of 48North and will focus on strategy, business and corporate development, strategic partnerships, communications, as well as investor and government relations.

The Acquisition is expected to be completed through a three-cornered amalgamation whereby 48North will acquire 100% of Good & Green's outstanding common shares from Good & Green's shareholders in exchange for \$18,000,000 of common shares (totalling 24,567,534 common shares) of 48North at a price of \$0.73 per common share. 48North and Good & Green have agreed to a mutual break fee of \$750,000. The Acquisition is expected to close on or before November 30, 2018 and is subject to, among other conditions, TSX Venture Exchange approval.

Acquisition Highlights

- **Further Strengthens a Values-Based Vertically-Integrated Cannabis Company:** 48North is a vertically-integrated cannabis company focused on building strong brands and developing innovative, next-generation cannabis products. The Acquisition provides a significant increase in indoor and low-cost outdoor cannabis production, a substantial expansion into organic cannabis production, and further strengthens 48North's brand portfolio.
- **Second Licensed Indoor Cultivation and Manufacturing Facility:** The Acquisition provides an additional ~46,000 square feet of licensed indoor cultivation and manufacturing facility, situated on five-acres of land in Brantford, Ontario. This site has an initial production area of ~14,000 square feet with another ~25,500 square feet immediately available for additional indoor cultivation, pre and post-production, laboratory, large-scale extraction, as well as next-generation product, research, development and manufacturing. The Brantford indoor facility is expected to produce 2,500 kilograms of dried cannabis in 2019.
- **Low-Cost 100-Acre Outdoor Cultivation Site to Provide an Expected 40,000 Kilograms of Organic Dried Cannabis in 2019:** The Acquisition provides 48North with a 100-acre organic farm situated in close proximity to the indoor Brantford, Ontario facility. This is in addition to 48North's existing licensed facility in Kirkland Lake, Ontario. The farm is expected to produce at least 40,000 kilograms of dried cannabis in 2019. This includes outdoor grow with a targeted per gram production cost of \$0.25, at a cost basis which is a fraction of the current, lowest-cost producer. Good & Green submitted a cultivation license application to Health Canada in relation to the farm in October 2018 and expects to receive that license by May 2019. The farm will provide 48North with organic, sun-grown cannabis and provides a significant first-mover advantage in the production of low-cost, next-generation, extract-based cannabis products.
- **Enhanced Management Team:** Good & Green's strong management team has best-in-class cultivation, facility development and construction, government relations, marketing, and branding experience, as well as M&A and corporate development capabilities. Good & Green's senior team have all been involved in the MMPR/ACMPR/Cannabis Act since its inception. Together they have 12-plus years of experience and have developed over a million square feet of federally-licensed cannabis cultivation space.
- **Strong Access to and Immediate Availability of Capital:** The concurrent Financing provides capital and liquidity to support the continued expansion of both companies, including the development of Good & Green's 100-acre farm and large-scale extraction capabilities to significantly increase 2019 production and facilitate the rapid development of innovative, next-generation cannabis products.
- **Complementary Portfolio of Brands:** The Acquisition provides 48North and Good & Green with the opportunity to leverage a combined portfolio of authentic, socially responsible, high-quality cannabis brands. The diversity and range of brands will increase access to multiple demographic segments through complimentary values-driven brands including 48North, Good & Green, Latitude and Mother & Clone.
- **Enhanced Liquidity and Continued Participation in Future Growth:** Good & Green shareholders, through their ownership of 48North shares, will have the opportunity to participate in the growth of 48North and will benefit from the enhanced prospects of the combined company. The Acquisition will provide substantial infrastructure and operational support to accelerate the growth strategy of both companies with a focus on future product development and innovation.

Concurrent Non-Brokered Private Placement

Concurrent with the Acquisition, 48North is pleased to announce the Financing, for minimum gross proceeds of \$10,000,000. In connection with the Financing, 48North is expected to issue Preferred Units and Common Units.

Each Preferred Unit will, subject to shareholder approval, be comprised of one Preferred Share and one quarter of one Preferred Share Purchase Warrant (each whole Preferred Share Purchase Warrant, a "Preferred Warrant"). In connection with issue of the Preferred Shares, the Company is expected to seek shareholder approval to permit the creation of the Preferred Shares at its upcoming Annual General Meeting, expected to be held on January 2, 2019 (the "AGM").

The Preferred Shares will be convertible into Common Shares of the Company and will rank *pari passu* with the Common Shares in all respects, other than the holder's right to redeem at par if certain provisions concerning confidentiality and restrictions against unlawful U.S. operations are breached by 48North. Additional information with respect to the Preferred Shares will be provided in the meeting materials to be delivered to shareholders of the Company in connection with the AGM.

Each Common Unit will be comprised of one Common Share and one quarter Common Share Purchase Warrant (each whole Common Share Purchase Warrant, a "Common Warrant"). Each full Common Warrant will entitle the holder to acquire an additional Common Share of 48North for a period of 12 months from the date of issue at a strike price of \$1.15, provided that, the expiry of the warrants can be accelerated if the closing price of the company's common shares on the TSX Venture Exchange ("TSXV") is at least \$1.50 for a minimum of 10 consecutive trading days and a notice of acceleration is provided in accordance with the terms of the warrant, may accelerate the expiry date to the warrants to a date 30 days after the date of the notice.

The Preferred Warrants will have the same terms as the Common Warrants but be exercisable for a Preferred Share instead of a Common Share.

Certain of the Units issued in the Financing may be subject to a four-month hold period under provincial securities laws in Canada and the TSXV policies and may be subject to additional resale restrictions based upon the jurisdiction in which the purchaser is resident.

The Financing is expected to close in tranches, with the Common Unit tranche of the Financing expected to close on or about November 30, 2018, and the Preferred Share tranche of the Financing expected to close in early January 2019.

The Acquisition is at arm's length and definitive documentation is expected to be signed ahead of closing, scheduled for November 30, 2018.

About 48North Cannabis Corp.

[48North Cannabis Corp.](#) is a TSXV listed company who cultivates premium dried flower to create next-generation cannabis products for the health and wellness market. Assets include a cultivation, sales and extraction license by Health Canada, unique genetics sourced from MariPharm B.V. in the Netherlands, a large-scale, low-cost, sun-grown 100-acre outdoor farm; two modern indoor licensed cultivation and production facilities; and partnerships with leaders in cannabis, manufacturing and consumer packaged goods. 48North also has a growing portfolio of brands that include Latitude: a women's cannabis platform ([explorelatitude.com](#)), Good & Green: a socially-responsible, organic cannabis brand ([goodandgreen.com](#)) and Mother & Clone: a rapid-acting sublingual cannabis nanospray ([momandclone.com](#)).

About Good & Green

Good & Green is a federally licensed, socially responsible, organic cannabis company co-founded by Jeannette VanderMarel (co-founder The Green Organic Dutchman) and Daniel Goldberg (formerly PharmaCan, Macquarie, CIBC, and National Bank). The company is focused on developing high quality, consistent, homogeneous organic cannabis and cannabis products. Good &

Green operates from a 46,000 square foot indoor facility situated on five acres of land in Brantford, Ontario. Good & Green has also applied for a cultivation license for its 100-acre farm in southwest Ontario, which is capable of producing at least 40,000 kg of dried cannabis. The company anticipates beginning production on the farm in the early spring of 2019.

Good & Green's Advisory Panel includes Trina Fraser (Partner, Brazeau Seller LLP), Steve Kroft (CEO, Conviron), Anita Wortzman (President, Farmers Edge), and Dr. Gillian Davidson (CEO, Wild Horse Consulting Ltd.).

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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 parties' current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. Forward looking statements in this news release include statements relating to the expected benefits of the Acquisition. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the forward-looking statements, including the possibility that the Acquisition will not be completed, or that 48North may not derive the expected benefits from the Acquisition described in this news release. Additionally, this release contains forward-looking information relating to the Financing, including the timing and ability of the Company to obtain an outdoor cultivation license through Health Canada, close the Financing, if at all, the gross proceeds of the Financing, and the timing and ability of the Company to obtain all necessary approvals, including shareholder approval of the creation of the Preferred Shares. The business of the Company is subject to a number of material risks and uncertainties. Please refer to the Company's SEDAR filings for further details. 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 parties. The material factors and assumptions include the Company being able to obtain the necessary corporate, regulatory and other third parties approvals, and licensing and other risks associated with the Cannabis Act. The forward-looking information contained in this release is made as of the date hereof and the parties are not obligated 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.

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