

## **48North Cannabis Corp. Announces Third Consecutive EBITDA-positive Quarterly Results, Receives License from Health Canada to Operate One of the World's Largest Cannabis Farms**

TORONTO, May 20, 2019 — 48North Cannabis Corp. (“48North” or the “Company”) (TSXV:NRTH), a leading licensed cannabis producer focused on next-generation cannabis products, has released its financial and operating results for the three and nine months ended March 31, 2019. The Company’s financial statements and related management discussion and analysis for the period are available on the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.48nrth.com/investors](http://www.48nrth.com/investors).

### **Financial and Operating Highlights for Fiscal Q3 2019**

- 48North remained EBITDA positive for its third consecutive quarter with the Company’s three-month EBITDA totalling \$78,000, representing an 570% increase from Q2 to Q3. EBITDA for the nine months ended March 31, 2019 was \$696,000 compared to (\$4,429,000) for the comparative period in 2018. Third quarter revenues totaled \$689,000, with nine month revenues totalling \$4.3 million.
- Inventory increased from \$928,000 at December 31, 2018 to \$2,481,000 at March 31, 2019 as the Company positions for next-generation products expected to occur in Fall 2019.
- 48North announced that it signed Canada’s first-ever letter of intent for outdoor-grown cannabis with the Société Québécoise du cannabis (SQDC). Under the agreement, 48North will supply 1,200 kilograms of cannabis to the SQDC from its outdoor farm in Brant County, Ont., and 120 kilograms of indoor-grown cannabis from its facilities in Brantford, Ont., and Kirkland Lake, Ont.
- 48North announced that it signed an exclusive licensing agreement with U.S.-based Arbor Pacific Inc. to bring its premium Avitas cannabis brand to Canadian consumers.
- 48North received its Standard Processing Licence from Health Canada for its Good & Green facility in Brantford, Ont. This additional licence solidifies the Company’s ability to launch next-generation cannabis products for retail sale in fall 2019.

### **Events Subsequent to Q3 Fiscal 2019**

- 48North received its outdoor cultivation licence from Health Canada for its 100-acre (3.7-million-sq.-ft.) organic farm (“Good Farm”), located in Brant County, Ont. Good Farm is one of the largest-ever licensed cannabis facilities in the world. With Health Canada’s licensing of Good Farm, 48North is expecting to harvest 40,000 kg of dried cannabis in 2019 from Good Farm.
- 48North closed a bought deal for gross proceeds of \$28.75 million. The use of the proceeds is earmarked for the successful operation of Good Farm and the development

and distribution of next-generation cannabis products to consumers for retail sale in Canada in October 2019.

- 48North announced that it accelerated the expiry of certain common share purchase warrants, with gross proceeds to the company totalled \$13.6 million.
- 48North entered into a formal partnership with humble+fume to build a state-of-the-art cannabis extraction facility and packaging line at Good House. Upon completion of the extraction facility, 48North is expected to be able to process more than 30,000 kg of cannabis annually. The build-out of the extraction facility and packaging line is expected to be completed in summer 2019 and is being paid by humble+fume.
- Finally, 48North was recognized as “Brand of the Year,” at the annual O’Cannabiz Industry Awards Gala.

“48North successfully achieved all of the milestones it targeted in Q3 and is therefore well on its way accomplishing its goal of delivering next-generation products for fall 2019. This included receiving its outdoor cultivation licence from Health Canada for its Good Farm,” said Alison Gordon, co-CEO of 48North.

“To successfully deliver on the Company’s commitment to have next-generation products ready for retail sale by fall 2019, and with previous uncertainty with respect to the licensing of the outdoor farm, on a precautionary basis, 48North strategically withheld a significant percentage of its indoor-grown cannabis for next-generation cannabis products. This reserve product will now be sold as dried flower,” Ms. Gordon said.

### **Selected Financial Information for Three Months Ended March 31, 2019**

*All amounts are expressed in Canadian dollars*

	3-months ended March 31, 2019	9-months ended March 31, 2019
Revenue	689,203	4,347,652
Gross profit	2,598,586	6,461,030
EBITDA*	77,630	695,783
Net and comprehensive loss	(1,471,587)	(3,355,370)
Total assets	53,997,211	53,997,211
Total liabilities	4,723,223	4,723,223
Cash on hand	17,990,481	17,990,481
Proforma cash on hand post financing and warrants **	58,361,677	58,361,677

*\*EBITDA is a non-IFRS measure and defined as earnings before interest, tax, depreciation and amortization, and stock-based compensation expense, and is not a recognized measure for financial statement presentation under IFRS. EBITDA is not intended to be considered as an alternative to net earnings, cash flow from operations, or any other measure of performance prescribed by IFRS. The Company’s EBITDA may also not be comparable to EBITDA used by other companies, which may be calculated differently. The Company considers EBITDA to be a meaningful measure*

to assess its operating performance in addition to standardized IFRS measures. It is included because the Company believes it can be useful in measuring its ability to fund capital expenditures and expand its business.

*\*\*On April 2, 2019 the Company completed a financing for gross proceeds of \$28.75 million. On May 2, 2019, the Company completed the acceleration of 18 million warrants with gross proceeds of \$13.6 million.*

### **Third-Quarter 2019 Results Conference Call**

When: Tuesday, May 21, 2019

Dial-in number: 8:30 AM ET

Toll-free North American number: 1-888-231-8191 | 647-427-7450

The conference ID is 5033849 and you will be prompted to provide your name and company.

### **About 48North**

48North Cannabis Corp. (TSXV: NRTH) is a vertically integrated cannabis company focused on the health and wellness market through cultivation and extraction, as well as the creation of innovative, authentic brands for next-generation cannabis products. 48North is developing formulations and manufacturing capabilities for its own proprietary products, as well as positioning itself to contract manufacture similar products for third parties. 48North operates Good Farm, a 100-acre organic cannabis farm, expected to produce over 40,000 kg of organic, sun-grown cannabis securing a significant first-mover advantage in the production of low-cost, next-generation, extract-based cannabis products. In addition, 48North operates two indoor-licensed cannabis production sites in Ontario with more than 86,000 square feet of production capacity. 48North cultivates unique genetics at its wholly owned subsidiaries, DelShen Therapeutics Corp. ("DelShen") and 2599760 Ontario Corp. dba Good & Green ("Good & Green"), both Licensed Producers under the Cannabis Act. 48North has a growing portfolio of brands that include Latitude, a women's cannabis platform ([explorelatitude.com](http://explorelatitude.com)), Mother & Clone, a rapid-acting sublingual cannabis nanospray ([momandclone.com](http://momandclone.com)) and Avitas, a single strain vaporizer cartridge ([avitasgrown.com](http://avitasgrown.com)).

### **DISCLAIMER & READER ADVISORY**

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*herein will not be completed, that 48North may not derive the expected benefits from such business plans, or that applicable regulatory approvals will be obtained to carry out the activities contemplated herein. 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-party 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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