



48North Enters U.S. Market with Acquisition of Quill, a Leading Multi-State Cannabis CPG Brand

August 23, 2019 — Toronto, Ont.: 48North Cannabis Corp. (“**48North**” or the “**Company**”) (TSXV:NRTH) is pleased to announce that it has entered into a definitive agreement dated August 22, 2019 (“**Definitive Agreement**”) to acquire Rare Industries, Inc. (“**Quill**”), a U.S. multi-state Vape Technology brand (“**Acquisition**”) with product distribution in Oregon and Washington and near-term expansion plans for California and Nevada. The acquisition marks 48North’s first foray into the United States.

Quill, a leader in the manufacturing of beautifully designed, lifestyle-focused and sleek vape products, specializes in the development of easy-to-use, controlled-dosage and health-focused disposable vape pens.

Quill distributes its unfinished branded proprietary vape delivery hardware to licensed cannabis processors who finish the products (including by filling the hardware with cannabis extracts) and distribute the finished products to licensed cannabis retailers. Quill is not itself engaged in the cultivation, distribution or possession of cannabis in the United States.

This year, in addition to Quill’s established products, the company is launching a full-spectrum, hemp based, CBD-specific, internationally distributed, all-in-one vaporizer pen. As a result, 48North-owned products will now have multi-state distribution and the ability to be licensed globally, where legally permitted.

“48North recognizes the importance of entering the burgeoning U.S market. I believe that authentic brands and next-generation products distributed at scale, particularly in the emerging U.S. market, will be one of the major keys to success in the cannabis industry,” said Alison Gordon, co-CEO of 48North.

“Without question, the Quill suite of products aligns closely with 48North’s growing portfolio of brands. This acquisition marks a critical step in the Company’s goal to become the trusted leader in the development, manufacturing and distribution of next-generation cannabis products and brands,” Ms. Gordon continued.

“48North’s industry-leading focus on next-generation cannabis products and its brand-first consumer strategy will undoubtedly elevate Quill, its brand and products to the next-level. The U.S-based Quill team is eagerly looking forward to joining with 48North’s experienced and dedicated management team,” said Ian Van Vaughan Shaughnessy, co-founder of Quill.

48North intends to leverage Quill's expanding distribution network to accelerate the distribution of the Company's brand portfolio into the United States. 48North also intends to pursue opportunities to sell Quill products throughout its existing distribution network in Canada.

The total consideration payable on closing of the Acquisition by 48North is approximately USD\$2,100,000 consisting of the following: (i) USD\$641,000 paid in cash; and (ii) USD\$1,459,000 paid in common shares of 48North ("**Common Shares**") at a price of approximately \$0.86 per Common Share ("**Issue Price**"). The Issue Price was calculated based on the volume weighted average price of the Common Shares on the TSXV for the 10 trading days immediately prior to the execution of the Definitive Agreement. In addition, 48North will pay a conditional earn-out in Common Shares based on overall operating performance of Quill in 2019 and 2020 up to USD\$3,150,000.

In addition to customary closing conditions, the transaction is subject to approval from the TSX Venture Exchange ("**TSXV**"). The Transaction is expected to constitute an Expedited Acquisition in accordance with Policy 5.3 of the TSXV.

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 that is expected to produce more than 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. 48North cultivates unique genetics at its wholly owned subsidiary, DelShen Therapeutics Corp. ("DelShen") and processes cannabis and manufactures next-generation cannabis products at Good & Green Corp. ("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); Mother & Clone, a rapid-acting sublingual cannabis nanospray (momandclone.com); and Avitas, a single-strain vaporizer cartridge (avitasgrown.com).

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Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accept responsibility for the adequacy or accuracy of this release. 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 beliefs or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. There is no assurance that the proposed Quill transaction will be completed on the terms or within the timeframe contemplated herein or at all. Assuming the transaction is completed, the Company may face risks and uncertainties associated with the integration of the Quill business. Please refer to the Company's SEDAR filings for further details concerning the risks associated with the Company's business. 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.

SOURCE: 48North Cannabis Corp.

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