



## **Open Letter to Stakeholders from Newly Appointed Chief Executive Officer, Charles Vennat**

TORONTO, ON: March 24, 2020 – 48North Cannabis Corp. (TSXV:NRTN) (“48North” or the “Company”), announced today that Chief Executive Officer Charles Vennat issued an open letter to stakeholders to provide a corporate update of 48North.

To the stakeholders of 48North:

I write to you as 48North’s recently appointed Chief Executive Officer to provide an update on our company’s state of affairs, corporate strategy, and path to improved results.

Without question it has been a challenging month for our company, our country, and the industry more broadly. Like others, our team has had to confront both the health risks and threats to business continuity posed by the spread of COVID-19. We have done this while navigating a leadership transition and refocusing our business on improving operations and investing in product development. I will provide an update on all these matters within this letter.

### **COVID-19**

The health and safety of 48North staff is our company’s top priority. From 48North’s origin, we have set out to be an employer who is committed to treating people the right way. But we also know that many of our employees depend on us to make ends meet and have worked diligently, informed by best practices in agriculture and manufacturing, to continue operating in a responsible way, particularly as demand for our products increases.

Yesterday, the Government of Ontario and the Government of Quebec confirmed that cannabis production facilities and retail/online distribution are permitted to remain open as the production and distribution of cannabis has been deemed an essential service. I applaud both jurisdictions for making this historic decision.

In response, we have cut density at our production and cultivation facilities by scheduling rotating shifts and reducing contact among personnel. We have redoubled our efforts to clean our facilities, along with more regular inspections and reminders to employees. We have encouraged all employees who can work from home to do so. For employees who are experiencing symptoms and need to take leave, we are a supplement to the government’s Employment Insurance commitments.

For those who are able and willing to continue working, we are offering a top up to existing hourly rates. We feel that this combination of measures gives our employees a reasonable set of options and maintains our operations as we seek to build momentum cultivating cannabis and delivering next-generation products for Canadian consumers.

## Leadership Change

My appointment as Chief Executive Officer comes with great expectations that I intend to surpass. Having worked with the organization previously as Chief Corporate Officer, I have a tremendous appreciation for the vision of the company, that natural and high-quality products can create thought-provoking experiences that nurture well-being. And that good cannabis can give people the latitude to live well.

But I also know that as an organization, we have not always lived up to expectations in delivering that vision. We have not been focused thoroughly enough on the steps needed to cultivate our outdoor-grown cannabis and to bring our products to market. We need to do better, and as CEO, I can promise we will be a more operationally-focused company.

We need to maintain connection with our original idea, and we will do so by focusing on products and consumers. I believe that my experience working in highly-regulated sectors provides me with the necessary operational rigour to drive that sense of focus across our organization. Our brands are well received, our products are popular, but we need to prioritize getting more to the market. And that's exactly what we are doing.

## Product Updates

48North knows that high-quality and consistent products create trust and brand loyalty with consumers. And we're seeing that our brand is cutting through. We launched the first topical in Ontario and have a number of the top-selling pre-rolls across the country. But we need to build on this with more products and dependable supply in the Canadian recreational market.

We are making progress.

In the coming days, we expect to announce additional contract manufacturing partnerships at *fume labs*. 48North-branded products and white-labelled products for other brands will be manufactured at our cutting-edge facility, Good:House, which we expect to be a hub for future-focused products.

Further, by the end of the week, we are looking forward to launching our First Harvest brand of high-quality dried outdoor flower, as well as our natural, additive-free Avitas vape pens, using high-quality, low-cost extracted product.

Getting these products to market and maintaining adequate supply will require hard work. We learned important lessons from last year's Good:Farm harvest and are working diligently on our 2020 licensing application for additional Good:Farm drying space. Combined with our state-of-the-art manufacturing capabilities at *fume labs*, we believe we are one of the most advanced cannabis companies in our combination of low-cost, high-quality inputs, and scalable operational capacity.

In Q3, you will see our first revenues from our extraction facility, that uses outdoor-grown cannabis from the Good:Farm. Future growth stemming from advancements at *fume labs* and Good:House will result in both increased supply for consumers and revenues for the company.

We know that it's a challenging time for our industry--with many players and limited capital.

But we believe we have the fundamentals right, we have the right idea, and we have our priorities straight. Buoyed by the resolve of our indefatigable team, I look forward to showing you that we are putting actions behind our words. We are confident that the results will follow.

I look forward to providing continued updates on the next era of 48North.

Yours truly,

Charles Vennat, Chief Executive Officer

## **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 which produces organically-grown, 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](#)); Avitas, a single-strain vaporizer cartridge ([avitasgrown.com](#)); Quill, a leader in the manufacturing of beautifully designed, lifestyle-focused and sleek vape products ([quill.me](#)) and Sackville & Co, a leading U.S.-based cannabis brand focused on design-forward cannabis accessories and CBD products ([sackvilleandco.com](#)).

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*coronavirus (COVID-19) pandemic, could have significant economic and geopolitical impacts that may adversely affect the Corporation's business, financial condition and/or results of operations.*

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