

# Newstrike to Receive \$14.1 Million and Strengthen Balance Sheet with Debt Conversion Following Termination of Arrangement Agreement

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## **CanniMed agrees to exercise all warrants and fully convert secured debenture in addition to payment of \$9.5 million Break Fee**

TORONTO, ONTARIO--(Marketwired - Jan 24, 2018) - [Newstrike Resources Ltd.](#) (TSX VENTURE:HIP) ("Newstrike" or the "Company") and Up Cannabis Inc. (wholly-owned licensed producer of Newstrike) ("Up Cannabis" or "Up"), announces that Newstrike has agreed with CanniMed Therapeutics Inc. ("CanniMed") to terminate the previously announced Arrangement Agreement, dated November 17, 2017 (the "Arrangement Agreement").

"With this transaction quickly behind us and a renewed balance sheet, we look forward to deploying the \$14.1 million received from CanniMed to bring our 160,000 s.f. automated Niagara Facility greenhouse into licensed production ahead of schedule and accelerate and expand the roll-out of Up Cannabis across Canada," said Jay Wilgar, Newstrike's CEO. "These additional resources will immediately help us solidify Up as the leading cannabis brand in the emerging adult-use market," added Wilgar.

The Arrangement Agreement will be terminated effective upon payment by CanniMed of \$9.5 million to Newstrike (the "Break Fee"). Upon termination, the Arrangement Agreement will be null and void and as a result, the previously announced plan of arrangement will not proceed. CanniMed will also:

- fully convert the \$4.0 million secured convertible debenture issued by Newstrike on September 29, 2017 (the "Debenture") into approximately 11 million Newstrike common shares, simultaneously with the payment of the Break Fee; and,
- exercise the 10,958,904 common share purchase warrants ("Warrants") issued to CanniMed at the same time as the Debenture, providing Newstrike with aggregate proceeds therefrom of \$4.6 million, on or before February 15, 2018.

CanniMed has also granted Newstrike a right for three-business days to place those common shares issued upon conversion of the Debenture or exercise of the Warrants, that CanniMed wishes to sell.

### About Newstrike and Up Cannabis

Newstrike is the parent company of Up Cannabis Inc., a licensed producer of cannabis that received its cultivation license on December 19, 2016, and was granted an amendment to begin sales on January 5, 2018. Newstrike, together with its strategic partners, including Canada's iconic musicians *The Tragically Hip*, is developing a diverse network of high quality cannabis brands. For more information visit [www.up.ca](http://www.up.ca) or [www.newstrike.ca](http://www.newstrike.ca).

### Forward-Looking Information

This news release contains forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Newstrike to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, but are

not limited to, statements relating to Newstrike's expectations with respect to legislative developments regarding cannabis, sales, the adult-use cannabis market and the exercise of the Warrants. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

There can be no assurance that the legalization of adult-use cannabis will occur or the exercise of the Warrants, or that either will occur on the terms and conditions contemplated in this news release. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this press release. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties.

Actual results could differ materially from those currently anticipated due to a number of factors and risks. Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking statements contained in this news release are made as of the date of this release and, accordingly, are subject to change after such date.

Newstrike does not assume any obligation to update or revise any forward-looking statements, whether written or oral, that may be made from time to time by us or on our behalf, except as required by applicable law.

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

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