

Newstrike Resources Ltd. Announces \$40 Million Bought Deal Public Offering

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TORONTO, May 24, 2018 - [Newstrike Resources Ltd.](#) (TSXV:HIP) (the "Company" or "HIP") is pleased to announce that it has entered into an agreement with a syndicate of investment dealers co-led by Cormark Securities Inc. and INFOR Financial Inc. (the "Underwriters") pursuant to which the Underwriters have agreed to purchase 53,350,000 units ("Units") from the treasury of the Company, at a price of \$0.75 per Unit and offer them to the public by way of short form prospectus for total gross proceeds of approximately \$40 million (the "Offering"). Each Unit will consist of one common share (each a "Common Share") of the Company and one-half of one Common Share purchase warrant (a "Warrant") of the Company. Each Warrant will entitle the holder thereof to purchase one Common Share at a price equal to \$1.00 for a period of 60 months following the closing of the Offering.

In addition, the Company has granted the Underwriters an option ("Over-Allotment Option") to purchase up to an additional 15% of the Units of the Offering on the same terms exercisable at any time up to 30 days following the closing of the Offering, for market stabilization purposes and to cover over-allotments, if any.

The net proceeds of the Offering shall be used for growth initiatives, working capital and general corporate purposes.

"As adult recreational use moves rapidly towards legalization, we recognize the importance of establishing a national brand with a footprint in each of the key Canadian markets," commented Jay Wilgar, Newstrike's CEO. "With the proceeds of this Offering, Newstrike will have access to over \$115 million to deploy into our facility expansion, a variety of transformational branding and product development initiatives and potential new investment and acquisition opportunities, with the goal of building Canada's premier recreational cannabis company. This Offering ensures that we are able to fully capitalize on the tremendous growth opportunities in front of us," added Mr. Wilgar.

Closing of the Offering is expected to occur on or about June 14, 2018 and is subject to regulatory approval including that of the TSX Venture Exchange.

The Units to be issued under the Offering will be offered by way of a short form prospectus in each of the provinces of Canada, except Quebec, and may be offered in the United States on a private placement basis pursuant to an exemption from the registration requirements of the United States Securities Act of 1933, as amended, and applicable state securities laws, and certain other jurisdictions outside of Canada and the United States.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This news release does not constitute an offer of securities for sale in the United States. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and such securities may not be offered or sold within the United States absent registration under U.S. federal and state securities laws or an applicable exemption from such U.S. registration requirements.

ABOUT NEWSTRIKE AND UP CANNABIS

Newstrike is the parent company of Up Cannabis Inc., a licensed producer of cannabis that is licensed to both cultivate and sell cannabis in all acceptable forms. Up Cannabis is in turn the parent company of Up Cannabis Niagara Inc. Newstrike, through Up Cannabis and together with select 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](#) or [www.newstrike.ca](#).

FORWARD-LOOKING STATEMENTS

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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