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## **Newstrike Resources Ltd. and HPI Holdings Ltd. Complete Business Combination**

**TORONTO, ONTARIO--(Marketwired - May 29, 2017)** - Newstrike Resources Ltd. (TSX VENTURE:NR) ("**Newstrike**" or the "**Company**") is pleased to announce that it has closed its previously announced business combination (the "**Transaction**") with HPI Holdings Ltd. ("**HPI**") pursuant to the master agreement entered into between Newstrike, HPI and 2559595 Ontario Inc. ("**Subco**") as of February 3, 2017, as amended (the "**Master Agreement**"). The common shares of Newstrike ("**Newstrike Shares**") are expected to commence trading on a post-closing basis on the TSX Venture Exchange at the open of markets on Thursday, June 1, 2017, under the new symbol "HIP".

Following the completion of the Transaction, Newstrike is well positioned to execute its strategy, which is initially focused on the (i) production and distribution of cannabis in all acceptable forms; and (ii) investment in and development of products and services for the evolving cannabis market; with a focus on the expansion of existing production space and the acquisition of complementary production and manufacturing facilities. The Company's production and operations are anchored in its state-of-the-art facility located in Brantford, Ontario.

"With this Transaction completed, Newstrike, under the leadership of our incoming CEO, Jay Wilgar, and his highly accomplished executive team, is now well-positioned to build significant value by successfully executing our growth strategy for the developing cannabis market - a market with exponential potential. Our incoming management team bring operational and strategic experience in regulated pharmaceutical manufacturing and consumer products, the cultivation of cannabis at scale and a proven track record in building value in a highly-regulated industry. This team will be complemented by an expanded and responsive shareholder-base and a board and advisory team experienced in guiding public companies and effectively responding to the requirements of the capital markets," noted Scott Kelly, the Executive Chair of Newstrike. Kelly added that, "this new chapter for Newstrike would not have been possible without the dedication and many years of stewardship provided by Mr. John Pollock and the other outgoing Directors: Tom Flynn and Barrie Hancock, who provided the guidance and tenacity that allowed us to first identify and now close this exciting and paradigm changing opportunity for Newstrike and its shareholders."

"Closing this Transaction expands and accelerates our growth strategy in the best possible ways," said Jay Wilgar, incoming CEO of Newstrike and founder of HPI. "We emerge at an extraordinary time: the dawn of a new consumer category and all the related opportunities that it presents. We also emerge with the best possible team, possessing the right expertise, and supported by a very strong shareholder base with a track record of investing in some of the most successful companies in the emerging cannabis sector. I look forward to continuing to realize on the opportunities that are presented and building value for our shareholders in doing so," added Wilgar.

### **The Transaction**

In connection with the completion of the Transaction, Newstrike completed a non-brokered private placement of 25,000,000 subscription receipts ("**Subscription Receipts**") on March 7, 2017 at a price of \$0.125 per Subscription Receipt to raise aggregate gross proceeds of

\$3,125,000 (the "**Subscription Receipt Financing**"). In connection with the closing of the Transaction, each Subscription Receipt automatically converted into one Newstrike Share without any further consideration on the part of the purchasers, and the gross proceeds from the Subscription Receipt Financing were released to Newstrike from escrow. The majority of the Newstrike Shares underlying the Subscription Receipts are subject to a voluntary escrow period commencing on the date of issuance thereof until the later of (i) September 30, 2017 (being the date that is four months and a day following the closing date of the Transaction); and (ii) such longer period as may be imposed by the applicable stock exchange, all in accordance with the terms and conditions thereof.

Also in connection with the completion of the Transaction, HPI completed a non-brokered private placement (the "**Debenture Financing**") of unsecured, non-interest bearing convertible debentures (the "**Debentures**") in the aggregate principal amount of Cdn\$1,500,000. The Debentures entitled the holders thereof to acquire 1.13 common shares of HPI (each one such common share, an "**Underlying HPI Share**") for each Cdn\$1.00 in principal amount thereof, and were automatically converted into Underlying HPI Shares, without any further action or formality on the part of the holders thereof, immediately prior to the completion of the Transaction. The Underlying HPI Shares are subject to a voluntary escrow period commencing on the date of issuance thereof until the later of (i) September 30, 2017 (being the date that is four months and a day following the closing date of the Transaction); and (ii) such longer period as may be imposed by the applicable stock exchange, all in accordance with the terms and conditions thereof.

The Transaction was structured as a three-cornered amalgamation (the "**Amalgamation**") pursuant to which HPI amalgamated with Subco, a wholly-owned subsidiary of Newstrike, to form an amalgamated entity ("**Amalco**") which will continue as a wholly owned subsidiary of Newstrike, and all of the issued and outstanding common shares of HPI ("**HPI Shares**"), other than the Underlying HPI Shares, were converted into an aggregate of 268,999,998 Newstrike Shares which were distributed proportionately amongst the holders of such HPI Shares. In addition, (i) each Underlying HPI Share was converted into approximately 7.077 Newstrike Shares resulting in the issuance of an aggregate of 11,996,052 Newstrike Shares; (ii) an aggregate of 1,611,215 Newstrike Shares were issued upon conversion of certain convertible notes of HPI which were issued in connection with a share purchase transaction completed effective April 30, 2017 amongst HPI, 2512867 Ontario Inc., Arnd Enderlein, Jorg Enderlein, Andrew Clark and Jason Sparaga; and (iii) an aggregate of approximately 15,994,746 Newstrike Shares were reserved for issuance upon exercise of 2,260,000 share purchase warrants of HPI, with each such HPI share purchase warrant entitling the holder to acquire approximately 7.077 Newstrike Shares in lieu of one HPI Share, at an exercise price of \$0.125 per Newstrike Share.

As of the date hereof, Newstrike has 364,181,846 Newstrike Shares outstanding and has issued stock options and share purchase warrants to acquire an aggregate of 27,104,746 Newstrike Shares at exercise prices ranging from \$0.075 to \$0.20 per share.

Upon closing of the Transaction, the board of the Newstrike was reconstituted to be comprised of Jay Wilgar, Scott Kelly, Peter Hwang, Nik Van Haeren and Liam Scott. In addition, all officers of Newstrike resigned, and the following officers were appointed: (i) Jay Wilgar as Chief Executive Officer; (ii) Scott Kelly as Executive Chair; (iii) James Macpherson as Chief Financial Officer; (iv) Jennifer Maccarone as Chief Quality Officer; (v) Kevin Epp as Chief Operating Officer; and (vi) Jonathan Wolch as Corporate Secretary.

The Transaction remains subject to the final approval of the TSX Venture Exchange.

## **Further Information**

For further information regarding the Transaction, please refer to the filing statement of Newstrike and HPI dated as of May 18, 2017, available on SEDAR at [www.sedar.com](http://www.sedar.com). Investors are cautioned that, except as disclosed in such filing statement any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Newstrike should be considered highly speculative. The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed Transaction and has neither approved nor disapproved the contents of this press release.

## **Forward-Looking Information**

This press release contains forward-looking information based on current expectations. Statements about the closing of the Transaction, the commencement of trading and the parties' ability to receive necessary approvals are all forward-looking information. These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements. Although such statements are based on management's reasonable assumptions, there can be no assurance that the Transaction will be completed on the terms described above. Newstrike assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by 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.***

## **CONTACT INFORMATION**

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