

Hiku Brands Expands Nationwide Retail Presence into Newfoundland & Labrador Strategic Investment in Oceanic Releaf Inc. widens Hiku’s retail footprint into Eastern Canada

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TORONTO, May 17, 2018 /CNW/ - Hiku Brands Company Ltd. (CSE: HIKU) (“**Hiku**” or the “**Company**”) is pleased to announce it has entered into a binding letter of intent (“**LOI**”) with Oceanic Releaf Inc. (“**Oceanic**”), a Newfoundland & Labrador-based late-stage applicant under the *Access to Cannabis for Medical Purposes Regulations* (“**ACMPR**”). Under the terms of the LOI, Hiku will invest up to \$1,000,000 in cash and up to \$2,000,000 worth of common shares of Hiku in exchange for 25% of the post-closing aggregate issued and outstanding shares of Oceanic on a fully-diluted basis (the “**Strategic Investment**”). In connection with the Strategic Investment and pursuant to the LOI, Hiku and Oceanic intend to become licensed for up to five cannabis retail locations within the province, and will enter into a retail agreement governing the operation of these stores. The Strategic Investment will be contingent upon securing retail licenses from the Government of Newfoundland & Labrador allowing Hiku to operate stores within Newfoundland & Labrador.

Oceanic is a proud Newfoundland & Labrador company and intends to play a key role in the growth of the province’s cannabis industry. Oceanic is focused on retrofitting 15,000 square feet (“**Phase 1**”) within an existing 63,000 square-foot facility in the heart of the Burin Peninsula (“**Burin Facility**”), and is dedicated to supporting local employment, infrastructure and innovation. Proceeds from the Strategic Investment will be used towards the completion of the Phase 1 retrofit, with a cultivation licence anticipated to be received by the end of the year.

“We are excited to be a cornerstone investor in Oceanic, a true pioneer in the Newfoundland & Labrador cannabis industry. Taylor Giovannini and her team’s entrepreneurial operating and partnership philosophy aligns perfectly with Hiku’s”, said **Alan Gertner**, CEO of Hiku. “This expansion to the East Coast marks a critical milestone for us, and we are thrilled to be able to bring our first-class retail experience across Canada.”

“This was a vision that started simply – a desire to help people along their medical journey; remove the stigma around this misunderstood industry; as well as help out with the rural revitalization of my home on the Burin Peninsula,” said **Taylor Giovannini**, co-founder and CEO of Oceanic. “I am so excited by the opportunity to work with a brand of Hiku’s stature, to learn from them, and to see their significant investment in our province. It’s a recognition of the compelling value that the cannabis industry sees in our potential – fresh, clean products from one of the last unspoiled areas in North America.”

“News of economic diversification on the Burin Peninsula is welcome news,” said Carol Anne Haley, Member of the House of Assembly, Burin-Grand Bank. “I am pleased, as MHA for Burin-Grand Bank, to work along with entrepreneurs to foster greater economic growth, as I have been pleased to work along with Oceanic. I extend congratulations to all involved on this important step and look forward to continue this working relationship to advance this significant venture.”

Hiku and Oceanic intend to work collaboratively with the Government of Newfoundland & Labrador to secure an agreement (the “**Government Agreement**”), which is anticipated to include the licensing of up to five cannabis retail locations throughout the province with a farm gate store at the Oceanic Burin Facility. The Strategic Investment is contingent upon securing retail licenses allowing Hiku to operate stores within Newfoundland & Labrador and the entry into of the Government Agreement on terms satisfactory to Hiku. Pursuant to the LOI, upon completion of the Strategic Investment, Hiku and Oceanic have also agreed to enter into a supply agreement, providing Hiku with the right to purchase up to 25% of Oceanic’s annual production of cannabis and cannabis derivative products from Oceanic’s Burin Facility.

In addition, Hiku and Oceanic have agreed to enter into a shareholders’ agreement in connection with the closing of the Strategic Investment. It is contemplated that for so long as Hiku maintains a 10% equity ownership stake in Oceanic, Hiku will be granted anti-dilution rights, the right to appoint 25% of Oceanic’s Board of Directors, a right

of first refusal in respect to third party offers and will have consent rights over certain fundamental corporate actions.

Completion of the Strategic Investment is subject to customary conditions for an investment of this nature, including satisfactory due diligence and the receipt of all required regulatory approvals and consents.

About Oceanic

Ahead of the impending legalization of adult-use cannabis in Canada, Oceanic is one of only a few applicants with Health Canada under the ACMPR in the province of Newfoundland & Labrador. Based in the rural Newfoundland setting of the Burin Peninsula, Oceanic's growing facility will be housed in a converted 63,000 square-foot building, with a Phase I retrofit of an initial 15,000 square feet.

Oceanic is primarily focused on the wellness consumer segment within the recreational cannabis market. Partnering with local lifestyle brands and wellness practitioners, Oceanic seeks to bring positive change to rural communities through employment and wellness initiatives. The recreational market for Oceanic's planned growth strategy includes multiple lines of business, including a packaged goods "Oceanic" brand available for purchase by consumers and its own branded Oceanic retail storefront locations.

About Hiku

Hiku is focused on building a portfolio of engaging cannabis brands, unsurpassed retail experiences and handcrafted cannabis production. With a national retail footprint led by Tokyo Smoke, craft cannabis production through DOJA's ACMPR licensed grow, and Van der Pop's female-focused educational platforms, Hiku houses an industry-leading portfolio that aims to set the bar for cannabis brands in Canada.

Hiku's wholly-owned subsidiary, DOJA Cannabis Ltd., is federally licensed to cultivate and sell cannabis pursuant to the ACMPR, owning two production facilities in the heart of British Columbia's Okanagan Valley. Hiku's wholly-owned subsidiary, Tokyo Smoke, has been conditionally awarded one of four master retail licenses in Manitoba. Hiku also operates a network of retail stores selling coffee, clothing and curated accessories, across British Columbia, Alberta and Ontario.

Forward-looking statements

This news release contains statements that constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Hiku's actual results, performance or achievements, or developments in the industry to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects," "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur.

Forward-looking statements in this document include, among others, Hiku's expansion to the East Coast, the completion of the Strategic Investment and the timing thereof (if at all), including the entering into of certain agreements in connection with the Strategic Investment, the terms of the Strategic Investment and the consideration to be paid by Hiku, the Company's expectations related to the Government Agreement and the terms thereof, the issuance of retail licenses allowing Hiku and/or Oceanic to operate retail locations within the province and the timing and amount thereof (if at all), the use of proceeds of the Strategic Investment, the receipt by Oceanic of a cultivation license and the timing thereof, the terms of the supply agreement to be entered into between Hiku and Oceanic, the terms of the retail agreement to be entered into between Hiku and Oceanic, the receipt of any necessary third-party consents or approvals in connection with the Strategic Investment, the Phase I retrofit of Oceanic's Burin Facility, Oceanic's planned business lines. By their nature, forward-looking statements are based on the opinions and estimates of management at the date the information is made, and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. Hiku is not under any obligation, and expressly disclaims any intention or

obligation, to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.

The Canadian Securities Exchange has not approved nor disapproved the contents of this news release.

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