

**SG SPIRIT GOLD INC.**  
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## **NEWS RELEASE**

### **SG SPIRIT GOLD TO REVIEW STRATEGIC ACQUISITION OPPORTUNITIES ENTERS INTO LETTER OF INTENT WITH NORTHERN LIGHTS MARIJUANA COMPANY**

VANCOUVER, BRITISH COLUMBIA--(January 3, 2017) - SG Spirit Gold Inc. (TSXV:SG) ("Spirit Gold" or the "Company") is pleased to announce that its board of directors has initiated a review of potential strategic acquisition opportunities for the Company, both within the resource sector and outside. To commence the review, the Company has signed a non-binding letter of intent (the "LOI") with Northern Lights Marijuana Company Limited ("Northern Lights") in order to evaluate the existing operations of Northern Lights with a view to pursuing an acquisition (the "Transaction").

Northern Lights is a private biotech company based in West Kelowna, British Columbia that is committed to becoming a licensed producer under the Access to Cannabis for Medical Purposes Regulations ("ACMPR") and building a fast growing, modern brand that offers patients an enriched experience with craft cannabis strains. Northern Lights has successfully advanced past the security clearance stage and is currently in the review stage of the licensing process. Northern Lights anticipates notifying Health Canada in the first quarter of 2017 that its' proposed site is ready for a pre-license inspection.

#### **Northern Lights Background**

After founding and building SAXX underwear into an internationally recognizable brand, Trent Kitsch co-founded Northern Lights in 2013 on the shared belief that the medicinal benefits of cannabis could no longer be overlooked and an incredible business opportunity existed to be at the forefront of the emerging medical marijuana industry in Canada.

#### *ACMPR Application Status*

- In October 2013, Northern Lights applied for a licence to cultivate and sell medical marijuana pursuant to the Marijuana for Medical Purposes Regulations, now the ACMPR.
- Northern Lights successfully advanced past the security clearance stage in November 2014.
- In March 2016, Northern Lights received notification from Health Canada that, upon confirmation that the proposed site and storage security measures are in place, and functional and comply with the requirements of the ACMPR and the Directive on Physical Security Requirements for Controlled Substances, Northern Lights can request a pre-license inspection. The issuance of a license to cultivate under the ACMPR is in part dependent upon the completion of a satisfactory inspection by Health Canada.
- Since receiving notice from Health Canada in March 2016, Northern Lights has made the following significant advancements towards requesting a pre-license inspection:

- 1) Purchased the land and 7,100 square foot commercial building associated with its ACMPR application.
- 2) Commenced the Phase I build-out of a state-of-the-art-facility, consistent with ACMPR standards, capable of producing 650 kilograms of medical grade marijuana annually, that is scheduled for completion in February 2017.
- 3) Bolstered its executive team with the addition of a Chief Operating Officer who was formerly an Alternate Responsible Person In Charge for THC Biomed International Ltd. and played an integral role in guiding the company through the ACMPR licensing process.

Consistent with Northern Lights' aggressive growth strategy, planning of a 43,000 square foot Phase II production facility expansion at its current site is underway, and upon completion, total annual production capacity would be in excess of 5,000 kilograms of medical grade marijuana.

Northern Lights' brand will be built around its craft cannabis approach, whereby its master grower will develop artisanal strains that will be exclusive to Northern Lights, grown in small-batches in the Okanagan, non-irradiated, hand-trimmed and packaged, and will appeal to the ever more discerning consumer.

### **Conditions to the Transaction**

Readers are cautioned that the letter of intent entered into with Northern Lights is non-binding, and that completion of the Transaction is subject to a number of conditions, including but not limited to, completion of due diligence, negotiation of definitive agreements in respect of the transaction, the availability of financing on terms acceptable to the Company, and receipt of any required regulatory and shareholder approvals. The Transaction cannot be completed until these conditions are satisfied. There can be no assurance that the Transaction will be completed as proposed or at all.

The TSX Venture Exchange has in no way passed upon the merits of the proposed Transaction and has neither approved nor disapproved the contents of this press release.

For further information, contact Richard Grayston, Chief Executive Officer of the Company at [rwgrayston@telus.net](mailto:rwgrayston@telus.net) or Jeff Barber, Chief Financial Officer of Northern Lights at [investors@nlmco.ca](mailto:investors@nlmco.ca).

On behalf of the Board,

### **SG Spirit Gold Inc.**

Richard Grayston, Chief Executive Officer

*Neither the 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.*

*This news release includes certain "forward-looking statements" under applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to the terms and conditions of the proposed Transaction; and future developments and the business and operations of Northern Lights. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties, uncertain capital markets; and delay or failure to receive board, shareholder or regulatory approvals. There can be no assurance that the Transaction will proceed on the terms contemplated above or at all and that such*

*statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. In addition, the fact that Northern Lights has cleared the security screening of Health Canada's ACMPR application process does not guarantee that Northern Lights will obtain its license to cultivate under the ACMPR. Accordingly, readers should not place undue reliance on forward-looking statements. Spirit Gold and Northern Lights disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.*