

NAVION CAPITAL INC.

NAVION ANNOUNCES LETTER OF INTENT AND INTENTION TO COMPLETE ITS QUALIFYING TRANSACTION

Press Release – For Immediate Dissemination

August 22, 2018 – Calgary, Alberta – NAVION CAPITAL INC. (TSXV - NAVN.P) (the “**Corporation**”), a capital pool company, is pleased to announce that it has signed a letter of intent dated August 17, 2018, (the “**LOI**”) with Hollyweed North Cannabis Inc. (“**Hollyweed North**”), a private Canadian company incorporated in British Columbia, established in 2016, with operating subsidiaries specializing in the growth, manufacturing, licensing and production of cannabis and other pharma-grade products. Hollyweed North’s subsidiaries include Hollyweed Manufacturing and Extracts Inc. (“**Extracts**”), federally dealers’ licensed company incorporated in British Columbia specializing in cannabis extraction and product manufacturing, Hollyweed Grow Inc. (“**Grow**”), a late stage federal ACMPR Applicant, also a private company incorporated in British Columbia specializing in the growth of medical cannabis and cannabis products, Hollyweed Retail Inc. (“**Retail**”), a retail strategies provider and supply chain management company incorporated in British Columbia, Hollyweed Bakery Inc. (“**Bakery**”), a developer and manufacturer of unique cannabis baked goods and edibles incorporated in British Columbia, and Terracube International Inc. (“**Terracube**”), a manufacturer and developer of proprietary scalable, sanitary grow facilities incorporated in British Columbia (collectively, the “**Business**”). Hollyweed North is currently restructuring its capital such that, upon execution of the Definitive Agreement (defined below), all of the subsidiaries will be wholly-owned by Hollyweed North.

The LOI outlines the general terms and conditions pursuant to which the Corporation and all its constituent companies intend to complete a transaction that will result in a reverse take-over of the Corporation by the security holders of Hollyweed North and is intended to constitute the “qualifying transaction” of the Corporation under Policy 2.4 – *Capital Pool Companies* of the TSX Venture Exchange (the “**TSXV**”). The Corporation expects to be classified as a Life Sciences issuer upon completion of the transaction.

The transaction is expected to result in the security holders of Hollyweed North exchanging all securities, consisting of 84,902,686 common shares (following completion of the Financing, as defined below), 4,181,843 stock options and 56,000 purchase warrants for 84,902,686 shares, 4,181,843 stock options and 56,000 warrants of the Corporation, on the same terms, at a deemed price of \$1.00 per share for a total deemed consideration of \$84,902,686. The transaction will be structured by way of a plan of arrangement, amalgamation, merger, takeover bid, reorganization or other similar form of transaction, as determined following a review of all relevant legal, regulatory and tax matters (the “**Transaction**”). The LOI contemplates the Corporation and Hollyweed North entering into a definitive agreement (the “**Definitive Agreement**”) prior to August 31, 2018 (or such other date as may be agreed to by the parties). The Transaction is conditional upon the parties completing successful due diligence reviews of each other, the completion by Hollyweed North (with the assistance of Navion) of an interim financing yielding at least \$2 million in gross proceeds, requisite regulatory approvals, including the approval of the TSXV, and standard closing conditions, including the approval of the Transaction by directors of each of the parties Corporation and those conditions outlined below. The legal structure for the Transaction will be confirmed after the parties have considered all applicable tax, securities law and accounting efficiencies although it is not anticipated that the Transaction will require shareholder approval..

The Corporation is incorporated under the provisions of the *Business Corporations Act* (Alberta) with its registered and head office in Calgary, Alberta and is a “reporting issuer” in the provinces of British Columbia and Alberta.

The Transaction is not a Non-Arm's Length Qualifying Transaction within the meaning of the policies of the TSXV. Trading in the shares of the Corporation on the TSXV has been halted and will remain halted pending receipt by the TSXV of applicable documentation.

Terms of the LOI and Conditions to the Transaction

The LOI provides that completion of the Transaction is subject to a number of conditions including:

- A concurrent private placement to raise a minimum CDN\$2 million in additional funds by the issuance of common shares of Hollyweed North (the “**Financing**”) at an effective price of \$1.00 per share. The proceeds of the Financing will be used by the Resulting Issuer for improvements to the Facility, the purchase of equipment, and general and administrative expenses. The Financing will be offered to persons who qualify as “accredited investors” or who similarly qualify in the jurisdiction in which they reside to purchase subscription receipts on a prospectus-exempt basis.
- The completion of satisfactory due diligence by each party by August 31, 2018;
- The approval of the Transaction by the board of directors of each of Hollyweed North and Navion;
- The Corporation will have obtained all necessary approvals, consents and acceptances, including all necessary approvals from the applicable securities regulatory authorities.
- The parties will prepare a filing statement or information circular in accordance with the rules of the TSXV, outlining the terms of the Transaction.
- Hollyweed will obtain the requisite securityholder approvals, as applicable, for the Transaction.
- All requisite regulatory approvals relating to the Transaction, including, without limitation, meeting the minimum listing requirements of the TSXV and obtaining TSXV approval.

It is a further term of the LOI that upon completion of the Transaction the resulting issuer's board will be comprised of directors that will be nominated by Hollyweed North and Navion jointly.

About Hollyweed North Cannabis Inc.

Hollyweed North Cannabis Inc. was founded December 2016 and incorporated February 2017 to enter into the Canadian federally regulated cannabis production and manufacturing space, legislated for the adult-use recreational market October 2018. Initiated and led by Renee Gagnon, the founder of one of Canada’s original licensed producers (Thunderbird Biomedical (Federal License 005) now Emerald Health (TSXV:EMH.V)), Hollyweed North provides economies of scale to other licensed participants such as existing licensed producers lacking these abilities (100+) as well as the new upcoming micro producer marketplace.

The business and its subsidiaries to date has been the planning, preparation and application for two federal licenses (ACMPR and Licensed Dealer) and development of its core proprietary technology, Terracube™ and various pre-license business development activities. To date over \$6 million CAD has been deployed on activities relating to these activities.

The Hollyweed North group of subsidiaries includes: Hollyweed Manufacturing and Extracts Inc. (Licensed Dealer June 2018), Hollyweed Grow Inc. (late stage ACMPR applicant), Hollyweed Retail Inc.

(retail solutions provider and supply chain management), Hollyweed Bakery Inc. (manufacturer of cannabis baked goods and edibles) and Terracube International Inc. (scalable, sanitary grow technology manufacturer).

Further information relating to Hollyweed North and its subsidiaries, including financial information, will be included in a subsequent press release in connection with the Transaction.

Renee Gagnon, CEO of the Hollyweed North, said “I’ve never been prouder of a team. I’ve been able to assemble the best possible group of experts in global cannabis, pharma and technology. With our extensive international reach and abilities, we are able to pursue an aggressive roadmap to success.”

Sponsorship

Sponsorship may be required by the TSXV unless exempt in accordance with TSXV policies. The Corporation is currently reviewing the requirements for sponsorship and intends to apply for a waiver from the sponsorship requirements. There is no assurance that a waiver from this requirement will be obtained. The Corporation intends to include any additional information regarding sponsorship in a subsequent press release.

All information contained in this news release with respect to the Corporation, Hollyweed North and its subsidiaries was supplied by the parties, respectively, for inclusion herein, and each party and its directors and officers have relied on the other party for any information concerning the other party.

For further information regarding the Transaction, please contact:

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Completion of the Transaction is subject to a number of conditions, including but not limited to, TSXV acceptance and, if applicable, pursuant to the requirements of the TSXV, majority of the minority shareholder approval. Where applicable, the Transaction cannot close until the required shareholder and regulatory approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Transaction, 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 the Corporation should be considered highly speculative.

This press release is not an offer of securities for sale in the United States. The securities described in this press release have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act of 1933, as amended) absent registration or an exemption from registration. This press release shall not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction where such offer, solicitation, or sale would be unlawful.

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.

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.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION: 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; the terms and conditions of the proposed Financing; future developments and the business and operations of the "Resulting Issuer" after the proposed Transaction. 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; and delay or failure to receive board, shareholder or regulatory approvals. There can be no assurance that the Transaction will proceed and that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Corporation and Hollyweed North 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.