

Xanthic Biopharma Inc. Issues News Release Clarifying Management Information Circular of October 12, 2018

/THIS NEWS RELEASE IS INTENDED FOR DISTRIBUTION IN CANADA ONLY AND IS NOT INTENDED FOR DISTRIBUTION TO UNITED STATES NEWswire SERVICES OR DISSEMINATION IN THE UNITED STATES./

TORONTO, Oct. 23, 2018 /CNW/ - Xanthic Biopharma Inc. ("**Xanthic**" or the "**Company**") issues this clarifying news release, as requested by the Ontario Securities Commission (the "**OSC**") with respect to the Company's notice of annual and special meeting of shareholders to be held on November 2, 2018, and accompanying management information circular dated October 12, 2018 (the "**Information Circular**"). In the Information Circular, reference is made to Xanthic common shares ("**Common Shares**") and the proposed creation of a new class of proportionate voting shares ("**Proportionate Voting Shares**").

The Proportionate Voting Shares and Common Shares have the same rights, are equal in all respects and are treated by the Company as if they were shares of one class only. Proportionate Voting Shares may at any time, at the option of the holder, be converted into Common Shares at a ratio of 500 Common Shares for each Proportionate Voting Share. Prior to conversion, each Proportionate Voting Share carries 500 votes per share (compared to 1 (one) vote per Common Share) and is entitled to dividends, when declared by the board of directors of the Company, and liquidation distributions in an amount equal to 500 times the amount distributed in respect of each Common Share. The Proportionate Voting Shares are being created in order for the Company to meet the definition of a "foreign private issuer", as such term is defined in Rule 405 of Regulation C under the U.S. *Securities Exchange Act of 1934*.

On October 12, 2018, Xanthic applied to the OSC for exemptive relief pursuant to National Policy 11-203 in order to obtain relief from the following: section 12.2 of National Instruments 41-101 – *General Prospectus Requirements* ("**NI 41-101**") pursuant to section 19.1 of NI 41-101, part 2 of OSC Rule 56-501 – *Restricted Shares* ("**Rule 56-501**") pursuant to section 4.2 of Rule 56-501, and part 10 of National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**", together with the requirements under NI 41-101, Rule 56-501, the "**Restricted Security Rules**") pursuant to section 13.1 of NI 51-102. Below is a brief description of the Restricted Security Rules.

Restricted Security Rules

Pursuant to the Restricted Security Rules, a "restricted security" means an equity security of a reporting issuer if any of the following apply: (a) there is another class of securities of the reporting issuer that carries a greater number of votes per security relative to the equity security; (b) the conditions of the class of equity securities, the conditions attached to another class of securities of the reporting issuer, or the reporting issuer's constating documents have provisions that nullify or significantly restrict the voting rights of the equity securities; (c) the reporting issuer has issued another class of equity securities that entitle the owners of securities of that other class to participate in the earnings or assets of the reporting issuer to a greater extent, on a per-security basis, than the owners of the first class of equity securities or (d) as further required in NI 41-101, except in Ontario and British Columbia, the regulator determines the equity security is a restricted security.

Rule 56-501 imposes certain disclosure requirements on issuers distributing securities that are considered to be restricted shares (as such term is defined in Rule 56-501), prohibits the reference to a share that includes the word "common" if such share is not a "common share" as such term is

defined in Rule 56-501, and, subject to available exemptions, removes the availability of prospectus exemptions under Ontario securities law for distributions of securities that are considered to be restricted shares (as such term is defined in Rule 56-501).

Pursuant to Rule 56-501, "common shares" means shares to which are attached voting rights exercisable in all circumstances, irrespective of the number or percentage of shares owned, that are not less, on a per share basis, than the voting rights attaching to any other shares of an outstanding class of shares of the issuer, unless the Director makes a determination under section 4.1 that the shares are restricted shares.

Part 10 of NI 51-102 requires a reporting issuer that has outstanding restricted securities, or securities that are directly or indirectly convertible into or exercisable or exchangeable for restricted securities or securities that will, when issued, result in an existing class of outstanding securities being considered restricted securities, to provide specific disclosure with respect to such securities in its information circular, a document required by NI 51-102 to be delivered upon request by a reporting issuer to any of its securityholders as well as in any other document that it sends to its securityholders.

Section 12.2 of NI 41-101 requires restricted securities to be referred to in a prospectus using a term or a defined term that includes the appropriate "restricted security term" (as defined in NI 41-101) and section 12.3 requires, subject to available exemptions, an issuer to obtain prior majority approval of issuer's securityholders in order to file a prospectus under which restricted securities are distributed.

The purpose of Xanthic's exemptive relief application is to relieve the Company from the Restricted Security Rules in order to permit the Company to refer in the Information Circular to common shares rather than subordinate voting shares or other restricted security designation. As at the date hereof, this relief has not been granted and there is no certainty the OSC will grant this relief. Without this relief, the common shares would need to be referred to as "subordinate voting shares".

About Xanthic:

Xanthic, through its wholly-owned operating subsidiary, Xanthic Biopharma Limited, provides valuable intellectual property to cannabis industry participants, enabling its strategic partners to produce high quality, innovative, non-combustible cannabis and cannabis-infused products. Xanthic is a developer of a patent-pending proprietary process to make tetrahydrocannabinol and cannabidiol, the two key active ingredients in cannabis, water soluble. Subject to completion of the Company's business combination with Green Growth Brands Ltd. ("**GGB**"), Xanthic will combine its business with GGB and thereafter be engaged in the business of cultivation, processing, and retailing of cannabis and cannabis-infused products augmented by Xanthic intellectual property.

SOURCE Xanthic BioPharma

View original content: <http://www.newswire.ca/en/releases/archive/October2018/23/c4900.html>

%SEDAR: 00002910E

For further information: Xanthic Biopharma Inc., Tim Moore, Chief Executive Officer, (877) 564-5440 ext. 200, timm@xanthicbiopharma.com

CO: Xanthic BioPharma

CNW 13:43e 23-OCT-18