



PAN ANDEAN MINERALS LTD. (TSX-V: PAD)  
Suite 520, 800 West Pender Street, Vancouver, BC V6C 2V6  
Telephone: (604) 681-2626 Fax: (604) 646-8088

***THIS NEWS RELEASE IS NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR  
DISSEMINATION IN THE UNITED STATES***

**Pan Andean Minerals Ltd. Announces Proposed Reverse Takeover by North Star Holdings**

**Vancouver, British Columbia – March 21 2019** – Pan Andean Minerals Ltd. (TSXV:PAD) (“**Pan Andean**” or the “**Company**”) is pleased to announce that it has entered into an arm's length binding letter of intent dated as of March 11, 2019 (the “**LOI**”) with North Star Holdings (“**North Star**”). North Star is a fully integrated producer, processor and distributor of medicinal and adult use cannabis with operations in various states in the U.S. including Colorado, California and Nevada. The LOI outlines the proposed terms and conditions pursuant to which Pan Andean and North Star will effect a business combination that will result in a reverse takeover of the Company by the securityholders of North Star (the “**Proposed Transaction**”).

**Terms of the Transaction**

The Proposed Transaction will be structured as an amalgamation, arrangement, takeover bid, share purchase or other similar form of transaction or a series of transactions that have a similar effect with Pan Andean acquiring all voting securities of North Star. The final structure for the Proposed Transaction is subject to satisfactory tax, corporate and securities law advice for both Pan Andean and North Star. The resulting issuer following closing of the Transaction (the “**Resulting Issuer**”) is expected to change its business from mining to the business of North Star and terminate its existing mining business. Upon the closing of the Transaction (the “**Closing**”) and the Concurrent Offering (defined below), it is expected that current shareholders of the Company will hold 5.8% of the common shares of the Resulting Issuer (the “**Resulting Issuer Shares**”) and current shareholders of North Star will hold 83.7% of the Resulting Issuer Shares (on a non-diluted basis) (the “**Consideration Shares**”), based upon a deemed post-consolidated price of \$0.75 per Pan Andean common share. The Consideration Shares held by the directors, officers, and insiders of North Star will be subject to escrow requirements by the applicable stock exchange.

Completion of the Proposed Transaction is subject to a number of conditions, including completion of the Concurrent Offering, receipt of all necessary shareholder and regulatory approvals, the execution of related transaction documents, approval of the TSX Venture Exchange (the “**TSXV**”), for the delisting of the common shares of Pan Andean from the TSXV, and conditional approval of the Canadian Securities Exchange (“**CSE**”) for the listing of the common shares of the Resulting Issuer following completion of the Proposed Transaction. Upon completion of the Transaction, the Board of Pan Andean will be comprised of four nominees of North Star, and one nominee of Pan Andean.

Pan Andean currently intends to complete a private placement (the “**Concurrent Offering**”) of subscription receipts to accredited investors (the “**Subscription Receipts**”) for gross proceeds of up to CAD\$20,000,000. Each Subscription Receipt will be automatically exchanged, without payment of any additional consideration and subject to adjustment, for one common share of Pan Andean (each an “**SR Share**”) upon satisfaction of certain escrow release conditions. The SR Shares will be issued concurrently with closing of the Proposed Transaction. Should the Conditions not be satisfied prior to the termination time, the Subscription Receipts will be cancelled and all proceeds from the Concurrent Offering will be returned to the subscribers, unless authorized by specific written agreement of each subscriber that the escrowed funds of a particular subscriber be released to Pan Andean. The net proceeds from the Offering will be used by the Resulting Issuer to advance the business of North Star and general working capital. On closing of the Proposed Transaction, it is anticipated that the Resulting Issuer will pay a finder's fee relating to the Transaction and/or Concurrent Financing.

In connection with the Proposed Transaction, the Company will be required to, among other things: (i) change its name to a name requested by North Star and acceptable to applicable regulatory authorities; (ii) consolidate its current issued and outstanding common shares on a basis of one (1) new post-consolidation common share for every five (5) pre-consolidation common share or such other ratio as determined by the parties (the "**Consolidation**"); and (iii) if determined to be necessary by North Star upon receipt of final tax, corporate and securities law advice, create a new class of compressed shares that are convertible into or exchangeable or redeemable for post-Consolidation common shares of the Company, with such terms and conditions as agreed to by North Star and Pan Andean to allow the Resulting Issuer to retain "foreign private issuer" status under applicable U.S. securities laws.

The Company intends to apply to the TSXV to have its common shares delisted from the TSXV before completion of the Proposed Transaction. The Company expects to seek 'majority of the minority' shareholder approval (meaning officers, directors and persons holding more than ten percent of the Company and their associates voting shares cannot vote to approve the delisting) at a special meeting of the shareholders of the Company.

Further details of the Proposed Transaction will be included in subsequent news releases and disclosure documents (which will include business and financial information in respect of North Star) to be filed by the Company in connection with the Proposed Transaction. There is no assurance the Proposed Transaction will be completed as planned or at all.

The Common Shares of the Company will remain halted until all necessary filings have been accepted by applicable regulatory authorities, and delisting from the TSXV and listing on the Canadian Securities Exchange has been completed.

### **About North Star**

North Star Holdings is a rapidly growing U.S.-based, vertically integrated, multi-state, enterprise-level cannabis operator in states where medical and/or adult-use cannabis is legal. The Company has over 1,000,000 (one-million) square feet of cultivation and manufacturing facilities in operation, or under definitive purchase agreement, including 900,000 square feet of greenhouses in a single contiguous location in California; making this location one of the largest cannabis cultivation and manufacturing facilities in the United States. North Star also operates or licenses (through subsidiaries, affiliates, management agreements, licensing agreements, royalty agreements or direct ownership—depending on applicable state laws) multiple dispensary brands and locations, manufactures several brands of craft volatile and non-volatile oil and concentrates products in our manufacturing and extraction facilities, and owns and operates a dynamic sales, packaging, and distribution center servicing hundreds of dispensaries in multiple states.

The North Star related cannabis enterprises are operated by commercial craft cannabis cultivation horticulturalists, industrial manufacturing and extraction experts with years of experience, multi-location dispensary retailing operators, seasoned cannabis sales and marketing professionals, and global cannabis entrepreneurs with decades of corporate business experience. North Star's core focus is to continue to develop and build our dynamic and intensive craft cannabis strain inventory and library, comprised of over 130 high-grade cannabis strains that have been time-tested and proven to produce consistent and predictable quality, potency, and marketability. The company is continuing to build and scale operations to become one of the largest producers of premium cannabis in the U.S. and globally.

### **For Further Information Please Contact:**

North Star Holdings  
Travis Vincent  
Executive Vice President, Finance  
travis@northstarholdings.co  
(805) 200-4417

## About Pan Andean Minerals Ltd.

Pan Andean is a Vancouver-based junior resource company that has been listed on the TSX Venture Exchange for 11 years, with a focus on copper and gold exploration. The Company acquires prospective gold and copper-gold exploration properties considered to have significant mineral potential by staking, option or purchase agreements. The Company currently has a portfolio of properties in Peru and Yukon with the focus being Peru. The Company is currently pursuing alternative business opportunities.

On behalf of the Board of Directors

Sung Bum "Spencer" Huh  
CEO, Director  
604-355-6463  
sbhuh1450@gmail.com

*All information contained in this news release with respect to North Star was supplied by North Star for inclusion herein and the Company has relied on the accuracy of such information without independent verification.*

*As noted above, completion of the Proposed Transaction is subject to a number of conditions, including but not limited to, majority of the minority shareholder approval of the voluntary delisting of the common shares of Pan Andean from the TSXV and TSXV acceptance of such delisting. The Proposed Transaction cannot close until the required shareholder approval is obtained in respect of the applicable matters. There can be no assurance that the Proposed Transaction will be completed as proposed or at all. Investors are cautioned that, except as disclosed in the management information circular or listing statement of the Company to be prepared in connection with the Proposed Transaction, any information released or received with respect to the Proposed Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Pan Andean 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 news release.*

*This news release does not constitute an offer to sell, or a solicitation of an offer to buy, any securities under the Concurrent Offering in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.*

## Forward-Looking Information and Statements

This press release contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the Company's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved". The forward-looking information and forward-looking statements contained herein may include, but are not limited to, information concerning the Proposed Transaction and the Concurrent Financing, expectations regarding whether the Proposed Transaction will be consummated, including whether conditions to the consummation of the Proposed Transaction will be satisfied, the timing for holding the annual general and special meeting of shareholders of the Company and the timing for completing the Proposed Transaction, expectations for the effects of the Proposed Transaction or the ability of the combined company to successfully achieve business objectives, expectations regarding whether the Concurrent Financing will be consummated, and expectations for reaching over one-million square feet of cultivation and extraction facilities under roof by the fourth quarter of 2019 or other economic, business, and/or competitive factors.

Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information and statements are the following: the ability to consummate the Proposed Transaction and the Concurrent Financing; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other conditions to the consummation of the Proposed Transaction on the proposed terms and schedule; the ability to satisfy the conditions to the consummation of the Concurrent Financing or to the conversion of the Subscription Receipts; the potential impact of the announcement or consummation of the Proposed Transaction on relationships, including with regulatory bodies, employees, suppliers, customers and competitors; changes in general economic, business and political conditions, including changes in the financial markets; changes in applicable laws; compliance with extensive government regulation; and the diversion of management time on the Proposed Transaction and the Concurrent Financing. Should one or more of these risks, uncertainties or other factors materialize, or should assumptions underlying the forward-looking information or statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected.

Although the Company believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements. The forward-looking information and forward-looking statements contained in this press release are made as of the date of this press release, and the Company does not undertake to update any forward-looking information and/or forward-looking statements that are contained or referenced herein, except in accordance with applicable securities laws. All subsequent written and oral forward-looking information and statements attributable to the Company or persons acting on its behalf is expressly qualified in its entirety by this notice.