



CANNTAB ANNOUNCES CLOSING OF CONVERTIBLE DEBENTURE PRIVATE PLACEMENT, WARRANT EXPIRY EXTENSION AND CORPORATE UPDATE

TORONTO, Feb. 1, 2022 /PRNewswire/ -- **Canntab Therapeutics Limited ("Canntab" or the "Company") (CSE:PILL) (OTCQB:CTABF) (FRA:TBF1)**, the leading innovator in cannabinoid and terpene blends in hard pill form for therapeutic applications, is pleased to announce the closing of a non-brokered private placement (the "**Offering**") of secured convertible debentures of the Company ("**Debentures**"), pursuant to which the Company issued and will issue Debentures for gross proceeds of \$1,312,000. The proceeds will be used to fund working capital for the Company, and for general corporate purposes.

The Debentures are convertible into common shares of the Company (each, a "**Share**") at a conversion price of \$0.70 per Share (the "**Conversion Price**"), and will mature two years from the date of issuance (the "**Maturity Date**"). Beginning on the date that is four months and one day following the closing date of the Offering (the "**Closing Date**"), the Company will have the right to prepay or redeem a part or the entire principal amount of the Debentures plus any accrued and unpaid interest at any time by providing a minimum of 20 days and a maximum 60 days of redemption notice prior to the redemption date. The Conversion Price will be subject to customary adjustments in certain events.

The Company also has the right to force the conversion of all of the principal amount of the then outstanding Debentures at the Conversion Price upon giving the debenture holders not less than 30 days advance written notice, should the volume weighted average trading price of the Shares on the Canadian Securities Exchange be greater than \$1.05 per Share for the preceding 15 consecutive trading days.

The Debentures shall bear interest at a rate of 10% per annum from the Closing Date, paid upfront in cash for the initial 6 months, thereafter payable quarterly in cash on the last business day of each calendar quarter. Any accrued but unpaid interest is convertible into Shares, at the option of the holder at the Conversion Price at any time following the Closing Date.

The Debentures are secured by way of an agency and interlender security agreement made in favour of a collateral agent acting as agent for all of the holders of the Debentures, and ranking *pari passu* with the secured convertible debentures issued by the Company on December 30, 2020 (the "**2020 Debentures**"), granting a security interest in substantially all of the Company's assets.

On closing, the Company issued to the purchasers of the Debentures one Share purchase warrants (a "**Warrant**") for each Share underlying the Convertible Debenture purchased. The Warrants are exercisable for a period of two (2) years from issuance into Shares of the Company with each Warrant entitling the holder thereof to acquire one Share at an exercise price of \$0.90 per Share (the "**Exercise Price**"). The Warrants are subject to an acceleration right exercisable by the Company at its option if, for the preceding 15 consecutive trading days, the volume weighted average trading price of the Shares is greater than \$1.05 per Share. If the Company provides notice that it intends to exercise its acceleration right, the accelerated expiry date of the Warrants will be the 30th calendar day following the date of such notice of exercise.

The Offering constituted a "related party transaction" as defined under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") as First Republic Capital

Corporation ("**FRCC**") subscribed for an aggregate of \$200,000 of Debentures pursuant to the Offering. Richard Goldstein, the Company's Chief Financial Officer and Director, is President of FRCC. The Company is relying on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101, as the fair market value of the participation in the Offering by insiders does not exceed 25% of the market capitalization of the Company, as determined in accordance with MI 61-101. The Company did not file a material change report in respect of the related party transaction at least 21 days before the closing of the Offering, which the Company deems reasonable in the circumstances so as to be able to avail itself of the proceeds of the Offering in an expeditious manner.

There were no broker warrants issued or commission paid in connection to the Offering.

All securities issued pursuant to this Offering are subject to a statutory hold period of four months and one day from the closing date of the Offering.

Warrant Expiry Extension

In addition, the Company announces the extension to the expiry date of a total of 5,687,000 outstanding common share purchase warrants (the "**Prior Warrants**") originally issued as part of a private placement that closed on February 27, 2020 and on March 12, 2020. The Prior Warrants entitle the holders to purchase one Share per Prior Warrant at a price of \$0.75 per Share until February 27, 2022 and March 12, 2022, respectively. The Company has amended the expiry date of the Prior Warrants to May 18, 2022. All other terms of the Prior Warrants will remain unchanged.

Prior Warrant holders are advised that replacement warrant certificates will not be issued and that the original warrant certificate must be presented to the Company in order to effect the exercise of such Prior Warrants.

An insider of the Company holds an aggregate of 244,000 Prior Warrants. The insider Prior Warrants extension is exempt from the valuation and minority shareholder approval requirements of Multilateral Instrument 61-101 ("**MI 61-101**") by virtue of the exemptions contain in section 5.5(a) and 5.7(1) (a) of MI 61-101 in that the fair market value of the Prior Warrants held by the insider does not exceed 25% of its market capitalization.

Corporate Update

The Company would like to further announce that Barry Polisuk has resigned as corporate secretary of the Company which will reduce the extent of his administrative duties. The Company has appointed Richard Goldstein, the Company's current CFO to fill the vacancy of corporate secretary. Mr. Polisuk remains active with the Company as its Chairman of the Board of Directors.

Furthermore, pursuant to the terms of the 2020 Debentures and the warrants issued pursuant to that prior offering (the "**2020 Warrants**"), the conversion price for the 2020 Debentures have been adjusted to match the Conversion Price, and the exercise price of the 2020 Warrants have been adjusted to match the Exercise Price. All other terms of the 2020 Debentures and the 2020 Warrants remain unchanged.

ABOUT CANTAB THERAPEUTICS

CanTAB Therapeutics is a Canadian phytopharmaceutical company focused on the manufacturing and distribution of a suite of hard pill cannabinoid formulations in multiple doses and timed-release combinations. CanTAB's proprietary hard pill cannabinoid formulations provide doctors, patients and consumers with medical grade solutions which incorporate all the features one would expect from any

prescription or over the counter medication sold in Canadian pharmacies. These will include the following formulations: once a day and extended release, both providing an accurate dose and improved shelf stability. Canntab holds a Cannabis Standard Processing & Sales for Medical Purposes Licence, and a Cannabis Research Licence from Health Canada.

Canntab trades on the Canadian Securities Exchange under the symbol PILL, on the OTCQB under the symbol CTABF, and on the Frankfurt Stock Exchange under the symbol TBF1.

FORWARD-LOOKING INFORMATION DISCLAIMER

Neither the Canadian Securities Exchange nor its Market Regulator (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this release. Certain information in this press release constitutes forward-looking statements under applicable securities laws. Any statements that are contained in this news release that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are often identified by terms such as "may", "should", "anticipate", "expect", "potential", "believe", "intend" or negatives of these terms and similar expressions. Forward-looking statements are based on certain assumptions, including that the Company will meet its short term and long term goals, continue to grow revenues through domestic channels and international expansion, and general business, economic, competitive, political and social uncertainties will not prevent the Company from conducting its business. The Debentures, if converted upon the term thereof, can result in substantial dilution to investors.

While Canntab considers these assumptions to be reasonable, based on information currently available, they are inherently subject to significant business, economic and competitive uncertainties and contingencies and they may prove to be incorrect. Readers are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements also necessarily involve known and unknown risks, including without limitation, risks related to capital markets, general economic conditions, loss of markets, future legislative and regulatory development, the regulatory approval process, and the medical and recreational cannabis industry in Canada and internationally in general. Readers are cautioned that the foregoing is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ from those anticipated. Forward-looking statements are not guarantees of future performance. Except as required by law, Canntab disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, events or otherwise. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement

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