



## MEDCOLCANN ORGANICS INC. ANNOUNCES FINANCIAL RESULTS FOR SECOND QUARTER OF 2019

**Bogota, Colombia, August 29, 2019** – Medcolcanna Organics Inc. (the “**Company**” or “**Medcolcanna**”) (TSXV: MCCN) announces the filing of its financial and operating results for the three and six months ended June 30, 2019. All dollar values in this news release and the Company’s financial disclosures are in Canadian dollars, unless otherwise stated.

### *Key Developments*

- Completed the quarter with a \$6.4 million cash balance and was able to reduce its capital expenditure budget by \$1.5 million.
- Completed construction of 2.1 hectares (226,000 square feet) of greenhouse in Cota Colombia.
- Advanced the evaluation of 20 different varieties of Cannabis seeds with Instituto Colombiano Agropecuario (“**ICA**”). The Company expects to finalize the evaluation of the first ten seeds by October 2019 and the next ten by December 2019. The Company currently has a total of 50 seeds registered with ICA.
- In May 2019, entered into a Master Agreement with Greenstein Capital Ltd. (“**GCL**”), with plans to construct and operate a refinery in Germany for cannabis oil derivatives.
- In May 2019, closed an agreement to purchase 100% of the issued and outstanding shares of Innovative CBD Products B.V. (“**ICP**”) subsequent to period end for 4,701,240 common shares in Medcolcanna and a 10% royalty granted to the previous owner of ICP. ICP owns various CBD formulations and related intellectual property with respect to the development of cannabis and cannabis by-products as it pertains to Crohn’s disease, insomnia and rectal inflammation.
- In July 2019, signed a letter of intent with the University Medical Center of Groningen, to collaborate and conduct research studies concerning the effects of different cannabinoid formulations on human diseases, with clinical trials for 12 formulations having commenced. The 12 formulations include autism, rheumatoid arthritis, osteoarthritis,

fibromyalgia, neuropathic pain, endometriosis, menstrual pain, psoriasis, eczema, Crohn’s disease, insomnia and anxiety.

- Advanced Colombian operations and reduced capital expenditure budgets by signing an agreement with Herbolea Biotech S.r.l (“**HBT**”) for a term of 7 years, with the possibility of extensions. HBT will provide extraction equipment that will allow the Company to process 200 tonnes of dry or wet biomass per year, with a target of 100,000 kg of processed botanical raw material.

### **Financial Results & Balances**

<b>(\$CAD dollars)</b>	<b>Six months ended June 30, 2019</b>
Cash and cash equivalents	6,379,365
Working capital	6,057,618
Property, plant and equipment	741,487
Right-of-use and intangible assets	476,959
Total assets	7,970,141
Cash used in operations	586,416
Net loss	4,382,523
Net loss per share, basic & diluted	0.08

### **Management Commentary**

Felipe de la Vega, Medcolcanna President and CEO, commented: "We are pleased to report significant progress during the Q2 financial reporting period, including completion of 2.1 hectares of commercial greenhouses, moving forward the seed evaluation process, acquiring cannabis medical formulations with the ICP transaction, entering the European market with GCL through the German refinery, and obtaining key extraction technology for the Colombian market through the transaction with HBT and obtaining an agreement with one of the top 100 ranked Universities in the world for clinical trials." Chris Reid, CFO, commented: "We were able to exit the quarter with a strong cash balance of \$6.4 million, with a modest \$0.6 million in cash used in operating activities. We were also able to reduce our planned capital expenditure budget by \$1.5 million because of the HBT transaction. Moreover, the excess extraction capacity of the HBT extraction equipment over the expected production will allow the Company to provide extraction services to other Colombian cannabis cultivators with a profit-share arrangement with HBT of 50%, giving the Company an additional revenue stream."

Mr. de la Vega continues "We continue to work towards our commercial cultivation of cannabis with the expectation of harvesting our first crop in Q4 2019. We were able to position the Company in the European market with the ICP and GCL transactions, as well as with the University Medical Center of Groningen to be ready for business as regulations continue to open. Our

leadership, medical, research, and operational teams are focused to be a Latin American cannabis leader with global growth.”

### **About Medcolcanna**

Medcolcanna is a Canadian integrated medical cannabis company, whose fully licensed operations are based in Colombia. Led by a proven and successful management team, Medcolcanna has facilities in optimal growing locations which positions the Company to become a global leader in the medical cannabis market.

Medcolcanna employs state of the art organic agricultural technology and innovative pharmaceutical processes to produce high-quality products. The Company’s scalable production model and network of pharmaceutical partnerships globally ensures that they remain at the forefront of the medical cannabis industry.

*If you would like to receive News Releases via e-mail as soon as they are published, please subscribe here: <https://medcolcanna.com/contact-us/>*

*Additional information about Medcolcanna can be found on its web site at [www.medcolcanna.com](http://www.medcolcanna.com)*

### **Medcolcanna Investor Relations Contact:**

Chris Reid, CFO  
Carrera 49b # 93-62  
Bogotá, Colombia  
Phone: +571 642-9113  
Email: [info@medcolcanna.com](mailto:info@medcolcanna.com)

Camila Mendoza, Marketing Director  
Carrera 49b # 93-62  
Bogotá, Colombia  
Phone: +571 642-9113  
Email: [info@medcolcanna.com](mailto:info@medcolcanna.com)

### **Forward-Looking Statements**

*This news release contains “forward-looking information” and “forward-looking statements” (collectively, “**forward-looking statements**”) within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as “expects”, or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends” or variations of such words and phrases or stating that certain actions, events or results “may” or*

*“could”, “would”, “might” or “will” be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. 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 the delay or failure to receive board, shareholder or regulatory approvals for the various transactions referenced herein, to the extent applicable, or failure of the transactions described herein to achieve the expected economic impact for the Company. There can be no assurance 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 the forward-looking statements and information contained in this news release.*

*Medcolcanna assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change, except as required by law.*

***Neither the TSX Venture Exchange Inc. 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.***