



MEDCOLCANNA ORGANICS INC. ANNOUNCES FINANCIAL RESULTS
FOR THE THIRD QUARTER OF 2019

Bogota, Colombia, December 2, 2019 – Medcolcanna Organics Inc. (“**Medcolcanna**” or “the “**Company**””) (TSXV: MCCN) announces the filing of its financial and operating results on November 29, 2019 for the three and nine months ended September 30, 2019. All dollar values in this news release and the Company’s financial disclosures are in Canadian dollars, unless otherwise stated.

Key Development

- Completed the quarter with a \$4.7 million cash balance and was able to reduce its capital expenditure budget by \$2.3 million.
- Started construction on its 12,900 square-foot Good Agriculture Collection Practice (“**GACP**”) and Good Manufacturing Practice (“**GMP**”) compliant post-harvest facility which includes extraction, post-extraction and vaulted areas. This area will have capacity to support the Company’s 2.2 hectares of fully automatized greenhouse facilities that are fully constructed, as well as any significant expansion of cultivation.
- Completed the construction of administrative areas at the farm, greenhouses specialized for mother plants and cloning, and support infrastructure areas with a capacity to attend up to 40 hectares. This will support Medcolcanna’s operations and its ability to meet contracts signed to supply clones to third parties. The areas include 19,400 square feet for mother plants, 15,500 square feet for rooting of clones, and 8,600 square feet for research and development. This gives the Company an additional revenue stream in supplying the Colombian market with clones. Medcolcanna has executed agreements with over 20 Colombian private cultivators that are currently working through the regulatory process.
- Established a tissue culture laboratory for invitro propagation of mother plants and received approval as a breeding laboratory, which allows the Company to cross breed and develop proprietary genetic strains of cannabis, favoring higher yields and improved cannabinoid content further reducing costs of cultivation from increased environmental tolerance.
- Signed a letter of intent with the University Medical Center of Groningen in July 2019, to collaborate and conduct research studies concerning the effects of different cannabinoid formulations on human diseases, with clinical trials for 12 formulations having commenced. Each of the 12 formulations focus on targeting uses and clinical indications for autism, rheumatoid arthritis, osteoarthritis, fibromyalgia, neuropathic pain, endometriosis, menstrual pain, psoriasis, eczema, Crohn’s disease, insomnia and anxiety.
- Executed an agreement in August 2019 with Herbolea Biotech S.r.l. (“**HBT**”) for a term of 7 years, with the possibility of extensions. Under the agreement, 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. The equipment from HBT will be GMP and EU-GMP certified equipment to the specific requirements of Medcolcanna. The equipment will allow the Company to process wet material, which will allow the Company to reduce labor costs and permitting costs as well as eliminate the need for drying rooms. As there will be excess capacity over the expected production, Medcolcanna will also provide extraction services for third party companies, and the profit of this new revenue stream is expected to be a profit-share between Medcolcanna and HBT.

- Established a pilot extraction lab, with the objective of characterizing extracts by different extraction methods (bioherbolisis, rosin, ethanol and supercritical CO₂ extraction). The lab is equipped to evaluate the extraction methods, develop new formulations, run stability tests, and compare different storage and drying methods.
- Established MCCN SA, a company based in Switzerland, for the purposes of entering into the cannabis vaping industry in Europe. MCCN SA began marketing and selling its vaping products in October 2019 under the brand name of Cannav.

Financial Results & Balances

(\$CAD dollars)	Nine months ended September 30, 2019
Cash and cash equivalents	4,705,672
Working capital	4,705,021
Property, plant and equipment & right-of-use assets	1,335,966
Intangible assets	1,338,860
Total assets	8,109,348
Cash used in operations	2,071,491
Net loss ¹	5,606,053
Net loss per share, basic & diluted ¹	0.09

1) The large difference in Net Loss to Cash used in operations is due to non-cash costs incurred in the first 6 months of 2019, such as listing costs, depreciation, share-based compensation and unrealized FX loss.

Management Commentary

Felipe de la Vega, Medcolcanna President and CEO, commented: "We are pleased to report significant progress during the Q3 financial reporting period, including completion of 2.2 hectares of commercial greenhouses and administrative areas as well as the start of our post-harvest facility. We were also able to complete construction of additional greenhouses for mother plants and cloning, which will give us an additional revenue stream supplying clones and seeds to Colombian Cultivators. I am also excited to begin our operations in Europe promoting our brand Cannav, selling cannabis vaping products."

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 also able to establish a pilot extraction lab which will prepare the Company and reduce execution risk when we are able to harvest our first crop."

Chris Reid, CFO, commented: “We were able to exit the quarter with a strong working capital balance of \$4.7 million, as well as an overall reduction in our planned 2019 capex of \$2.3 million due to the executed agreement with HBT as well as other costs reductions that we were able to achieve. As well, the Company has successfully created two additional revenue streams by way of 1) the excess extraction capacity that will allow the Company to provide extraction services to other Colombian cannabis cultivators, and 2) the sale of clones to cultivators that are now being cultivated within our fully-functional greenhouses and auxiliary facilities. The Company expects to commence selling clones and extraction services in the first and second quarters of 2020, respectively.”

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Forward-Looking Statements

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