



Medcolcanna Announces that Dona Blanca has Elected to Enter Stage 2 of the Joint Venture with Medcolcanna

BOGOTÁ, Colombia, May 05, 2020 -- **Medcolcanna Organics Inc.** (TSX-V: MCCN) ("**Medcolcanna**", "**MCCN**" or the "**Company**"), a Canadian medical cannabis company with operations in Colombia, is pleased to announce that, further to its press release dated April 7, 2020, Dona Blanca Limited ("**Dona Blanca**"), has elected to enter stage 2 of the previously announced joint venture arrangement with Medcolcanna (the "**JV**") and will invest an additional \$483,000 USD which will complete Dona Blanca's total investment of \$1,000,000 USD on two hectares of greenhouse space on Medcolcanna's fully licensed cultivation property, which will earn Dona Blanca a 70% working interest ("**WI**") in those two hectares.

Pursuant to the definitive agreement with respect to the JV, Dona Blanca had agreed to invest up to \$1,000,000 USD (\$1,408,000 CAD), to build up to an additional two (2) hectares of greenhouses on Medcolcanna's fully licensed cultivation property, which would earn Dona Blanca a 70% working interest ("**WI**") in the economic rights to the output from such greenhouses. Dona Blanca previously earned into stage one of the project, which has now been fully funded. Dona Blanca has now elected to enter into stage two of the project whereby Dona Blanca will invest an additional \$290,000 USD (\$408,000 CAD) by May, 15, 2020 to earn an additional 20% WI or an aggregated 55% WI, or 1.1 net hectares in the aggregate; and stage 3 whereby Dona Blanca will invest an additional \$193,000 USD (\$272,000 CAD) to earn an additional 15% WI or net 1.4 hectares in the aggregate.

Management Commentary

"We are pleased to announce that Dona Blanca has elected to enter into stage two of the project and reconfirm their investment of \$483,000 USD (\$380,000 CAD), of which \$290,000 USD (\$408,000 CAD) will be funded within the next 10 business days," commented Felipe de la Vega, CEO of Medcolcanna. "Dona Blanca's entrance into stage two of this project further demonstrates MCCN's commitment to professionalism of our people and operations, as well as our commitment to monitoring and tightly controlling our capital and operational expenditures, as well as G&A, in order to produce a high quality product at a low cost. The climate and highly skilled, low cost labor available to MCCN in Colombia provides many cultivation advantages. We have effectively leveraged these advantages and continue our efforts to further reduce costs."

Mr. de la Vega further added, *"We are pleased that Dona Blanca has entered into the second phase as by increasing our area of cultivation, both MCCN and Dona Blanca will benefit from fixed costs that will be reduced on a per hectare or per plant basis as well as synergies and economies of scale."*

"We are pleased that Dona Blanca elected to deepen their commitment to the project by entering into stage 2, as the additional benefit that MCCN and its shareholders will receive is the non-dilutive financing of a 30% working interest that requires no capital investment from MCCN, but is awarded to MCCN to operate the project. We are very pleased that Dona Blanca is continuing to fund the project during this COVID-19 period. Medcolcanna continues to operate and execute during this period however MCCN's priority continues to be the health and safety of its employees, partners, and the communities in which it operates," commented Chris Reid, CFO of MCCN.

"MCCN is pleased that Dona Blanca has entered into this second phase. Our partners at Dona Blanca are not only investing 100% of the projected costs for the two hectares under greenhouse, but they are also bringing an experienced and knowledgeable management team into partnership with MCCN through this JV. MCCN believes that this relationship will bring additional strategic benefit to both parties within the growing cannabis industry," commented Medcolcanna Chief Corporate Development Officer, Daniel Herrera.

"Dona Blanca's commitment to entering stage 2 of the project, is another great milestone for our company. We are committed to the JV with MCCN. The partnership is a prudent investment for Dona Blanca. MCCN has all licenses and permits in place, so once the quick construction period of greenhouses is completed, MCCN will begin cultivation, which gives us a fast path to cash flow generation. Dona Blanca is confident that this will represent a great return on investment for our shareholders," added Rob Dzisiak, Managing Director of Dona Blanca.

HIGHLIGHTS OF THE AGREEMENTS

JOINT VENTURE AGREEMENT WITH DONA BLANCA

- Medcolcanna is to construct an additional 2.0 hectares (215,278 square feet) of greenhouse space at its El Candil farm located in Cota, Colombia.
- Medcolcanna to provide 2.0 hectares of fully licensed farmland, next to its current three (3) hectare farm at its El Candil location, which will allow Medcolcanna the ability to provide seamless operations and synergies with current operations. This land space is already fully licensed for cultivation and manufacturing, streamlining the path to commercialization.
- Dona Blanca will fund 100% of capital expenditures, start-up operational costs and administration costs in three phases which if all completed will earn it an aggregate 70% working interest in the newly constructed 2.0 hectares of commercial greenhouse space. Medcolcanna will retain a 30% working interest in the associated economic rights.

- The first cultivation is expected to begin in two months, with the first harvest in six months and revenue on the additional 2.0 hectares beginning in approximately seven months.
- These new facilities are conservatively estimated to be capable of producing approximately 1,300,000 grams of CBD/THC oil per year.
- Dona Blanca has advanced to Medcolcanna a total of \$517,000 USD (\$734,000) for the full funding of stage 1 of the project and will now advance \$290,000 USD (\$408,000).

In connection with the funding of the JV by Dona Blanca, the Company is paying a finders' fee to an arm's length party called Seacap Consulting SRL consisting of common shares in the capital of the Company equal to 3% of the cash value of the investment by Dona Blanca (being USD\$15,000) upon the receipt by the Company of those funds and based on the closing price of the shares on the date funds are advanced. The issuance of this finder's fee is subject to acceptance and approval by the TSX Venture Exchange.

ABOUT DONA BLANCA LIMITED

Dona Blanca is a private Australian company that operates in Colombia through its wholly owned subsidiary, Extractos Doña Blanca S.A.S. The company has the cultivation licenses and extraction licenses on 5.1 hectares of land near Santa Rosa de Cabal. Dona Blanca completed its first capital raise in October of 2019.

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 email as soon as they are published, please subscribe here: <https://medcolcanna.com/contact-us/> or write to info@medcolcanna.com.

Additional information about Medcolcanna can be found on its web site at www.medcolcanna.com

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Forward-Looking Statements

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