



Medcolcanna Organics Inc. Announces Financial Results for the Year Ended December 31, 2019 and for the First Quarter of 2020

BOGOTÁ, Colombia, June 02, 2020 -- Medcolcanna Organics Inc. (“**Medcolcanna**” or “the “**Company**”) (TSXV: MCCN) announces the filing of its annual financial and operating results for the year ended December 31, 2019 and for the three months ended March 31, 2020. All dollar values in this news release and the Company’s financial disclosures are in Canadian dollars, unless otherwise stated.

Key Development

- Completed the 2019 fiscal year with a \$2.8 million cash balance and was able to reduce its capital expenditure budget by \$2.3 million. Completed the first quarter as at March 31, 2020 with a cash balance of \$1.1 million.
- The Company’s G&A spend for the 2019 fiscal year was \$2.6M and \$1.0M for the first quarter of 2020. Through tight controls of expenditures, the Company was able to keep its G&A spend to a moderate level.
- The Company received the final approval for commercial production of certain strains of cannabis from its Colombian operations. The Company currently has five thousand kilograms of dried cannabis equivalent on hand as of June 1, 2020. As the Company has received final approval of commercial production, it plans to do some test exports in Q2, to ensure logistics and regulatory pathways which will also generate revenue for the quarter.
- Completed construction on its 12,900 square-foot Good Agriculture Collection Practice (“**GACP**”) compliant post-harvest facility and during Q3 expects to finalize the Good Manufacturing Practices (“**GMP**”) compliant certification which includes the addition of extraction, post-extraction and vaulted areas. This area is expected to have capacity to support the Company’s 2.6 hectares of fully automatized greenhouse facilities that are fully constructed, as well as significant expansion taking place with respect to cultivation.
- Within the Q1 period and subsequent to period end the Company completed stage one and stage two of the Joint Venture with Dona Blanca, who has advanced USD\$807,000 in total and has committed to fund the last USD\$193,000 to finalize the funding of the two hectares of greenhouse space. Dona Blanca has a 70% working interest (“**WI**”) in the economic rights to the output from such greenhouses.
- 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 December 2019 under the brand name “Cannav™”.

Financial Results & Balances

(\$CAD dollars)	Year ended December 31, 2019	Three months ended March 31, 2020
Cash and cash equivalents	2,800,665	1,121,360
Working capital	2,554,463	1,088,802
Property, plant and equipment & right-of-use assets	2,127,686	2,000,193
Intangible assets	1,150,811	1,150,811
Total assets	6,567,588	5,070,628
Cash used in operations	4,053,266	1,441,283
Net loss ¹	7,214,468	1,485,923
Net loss attributable to Medcolcanna shareholders	7,214,468	1,477,107
Net loss per share, basic & diluted ¹	0.10	0.02

1) The large difference in Net Loss to Cash used in operations in 2019 is due to non-cash costs incurred during the year, such as stock exchange listing costs, depreciation, share-based compensation and unrealized currency exchange loss.

Management Commentary

Felipe de la Vega, President and CEO of Medcolcanna, commented: “We are pleased to report further progress during the year end and Q1 financial reporting period, including completion of stage one and stage two of the Joint Venture with Dona Blanca. Subsequent to period end, the Company also received the final approval for commercial production of certain strains of cannabis from its Colombia operations. This is a major step for the Company, as it optimizes cultivation of oil extracts from Cannabis and readies the Company for international export sales in the second and third quarter of 2020. The Company currently has approximately 5,000 kilograms of dried flower equivalent, from which it will be extracting CBD extract and

preparing it for export.”

Chris Reid, CFO, commented: “We were able to keep our expenditures inline or below budget for both year end 2019 and the first quarter of 2020, including G&A expenditures of \$2.6M and \$1.0M, respectively. The Company is pleased with these expenditure amounts, along with what the Company accomplished operationally. Keeping expenditures low and within budget is always important, but with Coronavirus and other economic uncertainties, it is now more important than ever.”

Mr. Reid further added “We are also pleased that Dona Blanca has fully advanced the first and second phase of the Joint Venture and we believe one of the main reasons they entered the Joint Venture was the Company’s ability to contain spending, along with the quality of operations at Medcolcanna’s facilities in Colombia.”

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Forward-Looking Statements

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