



Medcolcanna Organics Inc. Announces Financial Results for the Second Quarter of 2020

BOGOTÁ, Colombia, Oct. 15, 2020 -- Medcolcanna Organics Inc. (“**Medcolcanna**” or “the “**Company**” or “**MCCN**”) (TSXV: MCCN) (FRA: MO2) announces the filing of its financial and operating results for the three and six months ended June 30, 2020. All dollar values in this news release and the Company’s financial disclosures are in Canadian dollars, unless otherwise stated.

Key Developments

- Medcolcanna completed the quarter with a \$0.4 million cash balance, working capital of \$379,558, and recognized revenue of \$1,192,920 from an earn-in agreement and product sales. MCCN had a net profit of \$18,151 for the 3 months ended June 30th, 2020.
- The Company recorded revenue of \$855,008 USD (\$1,187,086 CAD) as it sold a working interest (“**WI**”) in 2 hectares of cultivation property with newly constructed greenhouses to Dona Blanca Limited (“**Dona Blanca**”), an unlisted Australian corporation with operations in Colombia.
- The Company received final approval for commercial production of certain strains of cannabis from its Colombian operations. This allows the Company to grow certain varieties of cannabis for commercial purposes. As at June 30, 2020, the Company recognized \$115,789 of biological assets and had approximately 5,681 kg of dry cannabis equivalent on hand.
- The Company received approval for domestic sales from the Colombia National Food and Drug Surveillance Institute, which gives Medcolcanna the ability to sell its line of cosmetics and magistral preparations in the Colombian market.
- Medcolcanna currently has 5.7 hectares under greenhouse and has expanded its cultivation to include 2 additional hectares outdoors, for a total cultivation of 7.7 hectares. Of this total 7.7 hectares, the economic benefits of 1.4 hectares will be owned by Dona Blanca per the earn-in agreement, leaving Medcolcanna with a net beneficial interest of 6.3 hectares.
- Subsequent to the second quarter, MCCN raised total funds of \$2.6M CAD. Medcolcanna issued 10,000,000 common shares at a value of \$0.08 per share to Greenstein Capital Ltd. (“**Greenstein**”) for total proceeds of \$800,000. Greenstein also subscribed for \$800,000 worth of convertible secured debentures. In August 2020, the Company also closed the first tranche of its convertible debenture financing raising approximately \$997,000 and announced the upsizing of the offering to a maximum size of \$1.25 million.
- In September 2020, the Company entered into a joint venture agreement for the development and commercialization of cannabis-based pharmaceutical products with Grupo Curativa SAS (“**Curativa**”), an interdisciplinary group of physicians and scientists, internationally recognized for their development and commercialization of various carefully researched products with varying ratios of THC, CBD and other cannabinoids across human and veterinary populations.
- The Company has also announced that it has received final approval to have the common shares of the Company listed on Neo Exchange Inc. (“**NEO**”). The Company’s common shares began trading on the NEO at the open of trading on October 14, 2020. The Company also received approval to voluntarily delist its common shares from the TSXV, effective at the close of business on October 13, 2020.

Financial Results & Balances

(\$CAD dollars)	Three months ended June 30, 2020	Six months ended June 30, 2020
Cash and cash equivalents	423,873	423,873
Working capital	379,558	379,558
Property, plant and equipment & right-of-use assets	2,997,985	2,997,985
Intangible assets	1,150,811	1,150,811
Total assets	5,949,235	5,949,235
Cash generated from (used in) operations	194,757	(1,246,526)
Revenue	1,192,920	1,192,920
Net income (loss) ¹	18,151	(1,467,772)
Net loss per share, basic & diluted ¹	0.00	0.02

1) The difference in Net income (loss) to Cash generated from (used in) operations is due to non-cash costs incurred during the six months ended June 30, 2020, such as share-based compensation, depreciation, and unrealized gain on fair value of biological assets

Management Commentary

Felipe de la Vega, Medcolcanna President and CEO, commented: "We are pleased to report further progress during the Q2 financial reporting period, including the expansion of additional hectares of commercial greenhouses, recognition of a significant amount of revenue from the sale of a working interest to Dona Blanca, a small net income for the 3 months ended June 30th, 2020, and approval for listing on the NEO."

Chris Reid, CFO, commented: "We were able to exit the quarter with a working capital balance of \$0.4 million, we also raised \$2.6M subsequent to quarter end, further increasing the Company's treasury. We are pleased that the Company was able to break even for the 3 months ended June 30, 2020, with a small net income due to the non-recurring revenue sale of a working interest to Dona Blanca. The Company also received its final approvals for commercial production of cannabis during the quarter and thus was able to begin commercial harvests and record inventory related to those harvests.

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Forward-Looking Statements

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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.