

# Medcolcanna Organics Announces Issuance of Shares Pursuant to Various Corporate Transactions and First Closing of Equity Offering

Bogotá, Colombia--(Newsfile Corp. - November 4, 2021) - Medcolcanna Organics Inc. (NEO: MCCN) ("**Medcolcanna**", "**MCCN**" or the "**Company**"), a leading Colombian and globally integrated cannabis company, announces a series of transactions resulting in the issuance of shares by the Company. The first transaction is a shares for debt transaction whereby the Company has issued an aggregate of 2,332,036 common shares in the capital of the Company ("**Common Shares**") with certain trade creditors and members of the Board of Directors in exchange for the forgiveness of a total amount of approximately \$198,223 worth of debt owed to such creditors. The Common shares issued to certain trade creditors is for outstanding liabilities initially incurred from August 2020 to June 2021. The Common shares issued to the Board of Directors is for the director fees owed to all independent directors of the Company for the second quarter of 2021. The Common Shares were issued at a price of \$0.085 per, such price being the 90 day volume weighted average trading price of the Common Shares on the facilities of the Neo Exchange Inc. leading up to and including June 30, 2021. The issuance of the Common Shares allows the Company to settle certain debt owing to various creditors and preserve its working capital for growing the business as it works towards achieving self-sufficiency and being self-financing. The Common Shares are subject to a four month and a day hold period under applicable securities laws, such hold expiring on March 4, 2022.

Medcolcanna is pleased to settle this outstanding debt through the issuance of Common Shares of the Company. In total there were 13 different debt holders that received Common Shares, including members of the Board of Directors, consultants, and vendors to the Company. MCCN believes that this demonstrates the commitment of the directors, consultants and suppliers of the Company, and their belief in the future of the Company.

The second transaction was the issuance of shares in exchange for interest owing on a loan by certain executives which was previously disclosed by the Company in January of 2021. Pursuant to a bridge loan arrangement (the "**Bridge Loan**") with certain executive officers of the Company (collectively, the "**Lenders**"), the Lenders provided a bridge loan financing amount of \$750,000 for a two-year term at an annual interest rate of 7.85%, with interest payments completed quarterly and with amortization of same commencing fifteen months from the date of the loan. The purpose of the Bridge Loan is to cover working capital requirements, including payroll and related business expenses, until the Company can become financially self-sustaining. A total of 58,306 Common Shares were issued at a price of \$0.115 per share to extinguish approximately \$6,700 worth of interest owing pursuant to the Bridge Loan for the period of January 2021 to March 2021, and 173,162 Common Shares were issued at a price of \$0.085 per share to extinguish approximately \$14,718 worth of interest payments pursuant to the Bridge Loan owing for the period of April 2021 to June 2021. The Common Shares being issued pursuant to the Bridge Loan are subject to a four month and a day hold period under applicable securities laws, such hold expiring on March 4, 2022.

Lastly, the Company is issuing a total of 1,021,328 Common Shares to the holders of the secured convertible debentures of the Company (the "**Debentures**") that were issued during fiscal 2020. Pursuant to the terms of the Debentures, interest can be paid either in cash or Common Shares, at the discretion of the Company. In order to conserve cash, the Company has elected to pay the interest owing for the period from January 1, 2021 to June 30, 2021 in Common Shares. The Common Shares are being issued at a price of \$0.085 per share, such price being based on the sixty day volume weighted average trading price of the Common Shares on the facilities of the NEO up to June 30, 2021.

Certain of the issuances described above are considered to be a "related party transactions" pursuant to Multilateral Instrument 61-101 as several of the creditors and recipients of Common Shares are related parties to the Company, but the Company is availing itself of the exemptions from obtaining a formal valuation and obtaining "majority of the minority" approval due to the exemptions available in Sections 5.5(a) and 5.7(1)(a) of said instrument.

In addition, the Company is pleased to announce that it has completed the first closing of its recently announced equity offering of common shares in the capital of the Company ("**Common Shares**") at a price of \$0.05 per-share for gross proceeds of \$155,000 (the "**Offering**"). The Offering was non-brokered and is subject to final approval of the Neo Exchange Inc. The Common Shares are subject to a four month and a day hold period, expiring on March 2, 2022. Commissions were paid to finders in connection with the Offering in an amount of \$3,500. The Company intends to use the proceeds for general working capital as well as the purchase of raw materials for use in the business and to cover manufacturing costs for the Company's products.

The Offering is considered to be a "related party transaction" pursuant to Multilateral Instrument 61-101 as one of the subscribers is a related party of the Company, but the Company is availing itself of the exemptions from obtaining a formal valuation and obtaining "majority of the minority" approval due to the exemptions available in Sections 5.5(a) and 5.7(1)(a) of said instrument.

## **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.

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*Additional information about Medcolcanna can be found on its web site at [www.medcolcanna.com](http://www.medcolcanna.com) (<https://www.newsfilecorp.com/redirect/5pqXGtMONa>)*

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## ***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", "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 any proposed transaction, including those discussed herein. 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.*

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