

# Medcolcanna Organics Announces Second Bridge Loan Arrangement and Second Closing of Equity Financing

Bogotá, Colombia--(Newsfile Corp. - November 12, 2021) - Medcolcanna Organics Inc. (NEO: MCCN) ("**Medcolcanna**", "**MCCN**" or the "**Company**"), a leading Colombian and globally integrated cannabis company, announces a second bridge loan arrangement (the "**Bridge Loan**") with certain executive officers of the Company as well as some additional arm's length lenders (collectively, the "**Lenders**"). Under the terms of the Bridge Loan, the Lenders provided an initial bridge loan financing amount of \$290,000 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 and with an additional \$460,000 to be borrowed (the "**Override Amount**"), bringing the total available loan amount to \$750,000. 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.

Payments on the principal of the Bridge Loan are deferred until fifteen months after the commencement of the Bridge Loan, unless certain financing events or positive cash flow milestones are achieved by the Company wherein repayment of the Bridge Loan would be accelerated. As part of the Bridge Loan arrangement, 2.9 million warrants with an exercise price of \$0.10 over a two-year term will be issued to the Lenders, with an additional 4.6 million warrants (the "**Warrants**") on the same terms issuable when the Override Amount is advanced. Final details of the Bridge Loan and the issuance of the Warrants referred to above are subject to acceptance of Neo Exchange Inc. ("**NEO**").

This loan is considered to be a "related party transaction" pursuant to Multilateral Instrument 61-101, 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, pursuant to the policies of the NEO, disinterested shareholder approval will be required for the exercise of the Warrants as they would result in certain of the holders thereof receiving greater than 10% of the issued and outstanding shares of the Company in a twelve month period and that should such approval not be obtained at the annual general and special meeting of shareholders to be held in 2022, these Warrants shall expire.

In addition, the Company is pleased to announce that it has completed the second 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 additional gross proceeds of \$205,000, bringing the total gross proceeds raised to \$355,000 (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/bARjvhzQDN>)*

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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.*

*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.*



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