

Pharmadrug Signs Major Canadian Supply Agreement with Canada House Wellness for German Distribution as German Governing Party Moves Closer to Recreational Cannabis Legislation

Toronto, Ontario--(Newsfile Corp. - October 31, 2019) - Pharmadrug Inc. (**CSE: BUZZ**) (**OTC: LMLLF**) (the "**Company**" or "**Pharmadrug**") is pleased to announce a multi-year supply agreement (the "**Supply Agreement**") between 80% owned subsidiary Pharmadrug Production GmbH and Canada House Wellness Group Inc. (**CSE: CHV**) (the "**Grower**" or "**Canada House**").

Under the Supply Agreement, all medical cannabis will be sold through Pharmadrug's own 'Cannabion' brand. Terms for the first year are 250 kg of dry flower or oil equivalent with a right of first refusal on another 250 kg at EUR4,00 per gram. Pharmadrug is currently distributing to pharmacies in Germany at EUR9,50 per gram. Minimum quantities for the second year are 500 kg of dry flower or oil equivalent with a right of first refusal on another 500 kg. In following years, Pharmadrug will have access to up to 3,000 kg of dry flower or oil equivalent per year at mutually agreed upon prices. The supply will initially consist of THC strains, which comprises the majority of the demand for medical cannabis in Germany. The parties have also agreed to plan on importing high CBD/trace THC strains for other Eurozone countries that are CBD-only jurisdictions.

Canada House's wholly owned subsidiary Abba Medix Corp. ("**Abba**") has a 22,000 square foot cultivation facility in Pickering, Ontario that received its Canadian Sales License on October 1, 2019. The facility is ramping to a capacity of 2,000 to 3,000 kg per year. Pharmadrug will sponsor Abba in getting EuGMP certification and will also assist in registering its strains with German regulators. Abba has already utilized a third party EuGMP consultant and Pharmadrug will assist Abba in completing its EuGMP SOPs. As such, Pharmadrug believes the process can be completed in a relatively timely manner, with shipments beginning as early as Q2 2020.

Management Commentary

Daniel Cohen, CEO of Pharmadrug, commented, "We are excited to enter this strategic partnership with Canada House and believe this sets the stage for a very significant development of our business in Germany next year. With a new sales team and strategic plan now in place, management is confident it will be able to achieve profitability with our current Bedrocan business by the end of Q1 2020. With the introduction of Cannabion-branded supply from Abba in Q2 and from Israel in the second half of 2020, Pharmadrug is set to ramp its business to a significant level of revenue, profitability, and strategic relevance in 2020."

German Cannabis Market Development

The nascent German cannabis market continues to grow at a fast pace and social acceptance is gaining momentum. It was widely reported this week that Angela Merkel's ruling Christian Democratic Union Party is considering introducing legislation allowing adult use of marijuana. The country's new drug commissioner also expressed a more liberal view on cannabis policy. This is occurring on a backdrop where all other major political parties in Germany already have internal policies that are friendlier to cannabis.

While adult use legislation in Germany is not guaranteed and if it were introduced could be years away, it is clear that social acceptance of cannabis is growing in the Country. As in Canada, this evolution is a fundamental precondition for market growth to continue and even accelerate.

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Pharmadrug's ability to increase supply of cannabis and expand into additional European Union markets, the roles of Canada and Israel as a major supplier of medical cannabis, and the ability of the Company to building a high-margin, downstream business of end-user products. There is no certainty that any of these events will occur. Although such statements are based on management's reasonable assumptions, there can be no assurance that such assumptions will prove to be correct. We assume no responsibility to update or revise them to reflect new events or circumstances.

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