

Pharmadrug Inc. Enters Secured Loan Agreement and LOI for Possible Business Combination

Toronto, Ontario--(Newsfile Corp. - February 7, 2020) - Pharmadrug Inc. (CSE: BUZZ) (OTC: LMLLF) (the "Company") is pleased to announce that it has secured a private loan (the "Loan") of \$250,000 from an arm's length third party lender (the "Lender"). The Loan carries an interest rate of 9% per annum accruing every 90 days, payable on maturity with such interest increasing to 15% per annum from the date of the occurrence of an event of default. The Loan is secured by general security agreements from the Company and its material subsidiaries, a pledge of shares by the Company of its interest in Pharmadrug GmbH and guarantees from the Company's material subsidiaries.

The Loan is being provided in connection with a potential business combination transaction between the Company and the Lender that is in the process of being negotiated (the "Proposed Transaction"). At the present time the parties have entered into a non-binding letter of intent but have not yet entered into any binding agreement with respect to the Proposed Transaction but are in the process of negotiating the terms of such transaction and completing their respective due diligence. At this time there is no certainty that the Proposed Transaction will be completed in the near future or at all. As discussions with respect to the Proposed Transaction proceed the Company will provide further updates. The Loan will mature on the earlier of (i) the closing of the Proposed Transaction and (ii) 180 days following the termination of the above referenced letter of intent.

The net proceeds from the Loan will be used by the Company for general working capital purposes.

About PharmaDrug Inc.

PharmaDrug Inc. is building a vertically integrated cannabis business focused on Europe and Israel. The Company (i) owns 80% of Pharmadrug GmbH, a German medical cannabis distributor, with a Schedule I European Union narcotics license allowing for the importation and distribution of medical cannabis to pharmacies in Germany and throughout the EU, (ii) owns a convertible note convertible into 54% of the outstanding equity of HolyCanna Ltd., a cultivation and nursery license holder in Israel, and (iii) has an agreement to acquire 57% of CannabiSendak Ltd., the builder of a network of dispensaries in Israel. Additionally, through significant extraction IP, the Company is dedicated to building a high-margin, downstream business of end-user products.

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Caution Regarding Forward-Looking Information:

THE CANADIAN SECURITIES EXCHANGE HAS NOT REVIEWED NOR DOES IT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

This news release may contain forward-looking statements and information based on current expectations. These statements should not be read as guarantees of future performance or results of the Company. Forward looking statements in this press release relate to the potential to complete the Proposed Transaction and the timing thereof and there is no certainty the Proposed Transaction will be completed. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements. 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. The Company's securities have not been registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or applicable state securities laws, and may not be offered or sold to, or for the account or benefit of, persons in the United States or "U.S. Persons", as such term is defined in Regulations under the U.S. Securities Act, absent registration or an applicable exemption from such registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in the United States or any jurisdiction in which such offer, solicitation or sale would be unlawful. Additionally, there are known and unknown risk factors which could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained herein, such as, but not limited to dependence on obtaining regulatory approvals; the ability to locate additional supply of medical cannabis, owning interests in companies or projects that are engaged in activities currently considered illegal under United States federal law; changes in laws; limited operating history, reliance on management, requirements for additional financing, competition, hindering market growth; regulatory and political change. All forward-looking information herein is qualified in its entirety by this cautionary statement, and the Company disclaims any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events or developments,

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