

# Pharmadrug Inc. Provides Update on Debt Restructuring

Toronto, Ontario--(Newsfile Corp. - July 9, 2020) - PharmaDrug Inc. (CSE: BUZZ) (OTC Pink: LMLLF) ("PharmaDrug" or the "Company") is pleased to announce that further to its press release dated May 20, 2020, that it proposes to complete a restructuring of certain of its outstanding indebtedness.

Under the terms of the restructuring the outstanding \$400,000 principal amount of convertible notes due in November, 2020 (the "Convertible Notes"), together with the \$66,410.96 of accrued interest thereon, and \$400,000 of the \$600,000 short term promissory notes (the "Promissory Notes"), together with the \$139,208.98 of accrued interest thereon, owing by the Company to the holders thereof will be exchanged for an aggregate of \$1,005,619.94 principal amount of 12% convertible debentures ("Replacement Debentures") that mature on the third anniversary of their issuance and will be convertible into Units at the holder's option at a deemed issue price of \$0.05 per Unit.

Each Unit will be comprised of one Pharmadrug Share and one Pharmadrug Share purchase warrant with each such warrant being exercisable into one-half of one Pharmadrug Share at a price of \$0.07 per share at any time on or before the third anniversary of the issuance of the Replacement Debentures.

The Company anticipates that (i) \$200,000 principal amount of the Promissory Notes together with \$69,604.49 of accrued interest thereon and (ii) \$452,250 of accounts payable will be exchanged for Units at a deemed issue price of \$0.05 per Unit.

Holders of \$200,000 principal amount of the Convertible Notes, \$400,000 principal amount of Promissory Notes and \$124,300 of the payables are held by insiders of the Company. The restructuring of the debt will therefore constitute a related party transaction under applicable securities laws. Chairman and CEO Daniel Cohen holds \$200,000 principal amount of the Convertible Notes and \$200,000 principal amount of the Promissory Notes and is owed \$62,150 of the accounts payable. Former COO Howard Brass holds \$200,000 principal amount of the Promissory Notes and \$62,150 of the accounts payable.

The Company will be relying upon the exemptions in sections 5.5(b) (*Issuer Not Listed on Specified Markets*) and 5.7(1)(a) (*Fair Market Value Not More Than 25 Per Cent of Market Capitalization*) of Multilateral Instrument 61-101.

The restructuring is being completed to improve the financial situation of the Company and the Company believes that restructuring the debt in this manner will provide it with additional financial flexibility to pursue its business plans. The independent members of the board of directors of the Company have reviewed and approved the terms of the restructuring.

## About PharmaDrug Inc.

PharmaDrug Inc. is building an international controlled substance and natural medicine company with a focus on Europe. The Company 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. The Company also owns 100% of Super Smart, an early-stage retail company focused on consolidating the fragmented Dutch smartshop market. Smartshops are retail establishments in The Netherlands that specialize in the sale of psychoactive substances including psychedelic truffles.

**For further information, please contact:**

**Daniel Cohen, Chairman and CEO**

[dcohen@pharmadrug.co](mailto:dcohen@pharmadrug.co)

**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 completion of the proposed debt restructuring. 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, except as required by law.

To view the source version of this press release, please visit

<https://www.newsfilecorp.com/release/59447>