

PharmaDrug Inc. Repays Amounts Owning Under Bridge Loan and Advisory Agreement, Completes Previously Announced Debt Restructuring and Provides Financial Update

Toronto, Ontario--(Newsfile Corp. - July 17, 2020) - PharmaDrug Inc. (CSE: BUZZ) (OTC: LMLLF) ("**PharmaDrug**" or the "**Company**") is pleased to announce that it has repaid amounts owing by the Company to the lender (inclusive of interest and fees) pursuant to a bridge loan (the "**Bridge Loan**") and amounts owing to a financial advisor under an advisory agreement (the "**Advisory Fee**").

In connection with the repayment of amounts owing under the Bridge Loan and the Advisory Fee, the Company has made a payment to the lender in the amount of \$1,481,158.29 and will issue to the financial advisor an aggregate of 9,566,014 common shares in the capital of the Company (a "**PharmaDrug Share**") at a deemed issue price of \$0.05 per share.

The Company also announced today that it has completed the debt restructuring announced in its press release dated July 9, 2020.

Under the terms of the restructuring \$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 was exchanged for an aggregate of \$1,005,619.94 principal amount of 12% convertible debentures ("**Replacement Debentures**") that mature on July 17, 2023 and are convertible into units ("**Units**") at the holder's option at a deemed issue price of \$0.05 per Unit.

Each Unit is 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 July 17, 2023.

\$200,000 principal amount of the Promissory Notes, being the balance of the Promissory Notes, together with \$69,604.49 of accrued interest thereon and \$452,250 of accounts payable were exchanged for Units at a deemed issue price of \$0.05 per Unit.

Holders of \$200,000 principal amount of the Convertible Notes, \$200,000 principal amount of Promissory Notes and \$62,150 of the payables are held by an insider of the Company. The restructuring of the debt 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. The debt restructuring was completed to improve the financial position of the Company and was approved by the independent directors of the Company. The material change report will be filed less than 21 days before the closing date of the restructuring, but believes that this shorter period is reasonable and necessary in the circumstances as the Company wishes to improve its financial position by reducing its accrued liabilities as soon as possible.

The Company relied 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.

As a result of the completion of the foregoing payments, together with the debt restructuring, the Company now has two outstanding long-term debt obligations comprised of, on an unaudited basis:

- \$1,005,620 principal amount of Replacement Debentures; and
- \$925,000 principal amount of senior secured convertible debentures issued in connection with the purchase of Interrobang (the "**Pharmadrug Debentures**").

The specific terms of the Pharmadrug Debentures were disclosed in the Company's press release dated June 15, 2020.

The repayment of the Bridge Loan and the Advisory fee, in conjunction with the debt restructuring,

will help provide the Company with the necessary financial flexibility to pursue its business plans. With the completion of these transactions, Pharmadrug has significantly improved its solvency and liquidity positions while positioning the Company for future growth. In particular, the Company would like to note that all of the short term debt and a significant portion of the accounts payable set forth in the recently released Q1 financial statements have been settled or repaid.

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

(647) 202-1824

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. 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/60039>