

PharmaDrug Announces Non-Brokered Offering of \$650,000 of Convertible Secured Debentures and Issuances of Common Shares

Toronto, Ontario--(Newsfile Corp. - August 2, 2022) - PharmaDrug Inc. (CSE: PHRX) (OTCQB: LMLLF) ("**PharmaDrug**" or the "**Company**"), a specialty pharmaceutical company focused on the research, development and commercialization of controlled-substances and natural medicines such as psychedelics and naturally-derived approved drugs, is pleased to announce that it has raised \$650,000 through the sale of debenture units ("**Units**"). Each unit is comprised of a \$1,000 principal amount convertible secured debenture (a "**Debenture**") and 20,000 common share purchase warrants (each a "**Warrant**").

Each debenture bears interest at a rate of 15% per annum payable monthly in arrears, matures one year from the date of issue and is convertible into common shares at a price of \$0.05. Each debenture is secured by a general security agreement from the Company and its wholly-owned subsidiary Sairyo Therapeutics Inc. Each subscriber is entitled to a closing fee in the amount of 8% of their aggregate subscription price which fee was paid by way of a set off against the \$1,000 Unit purchase price. The Company has agreed that 50% of the proceeds realized from the sale of the consideration received from the sale of Pharmadrug GmbH to Khiron Life Sciences Corp. will be paid to the holders of the debentures until such time that the debentures are repaid. As previously announced in a press release dated May 31, 2022, the Company has agreed to sell 100% of the securities of Pharmadrug Production GMBH for consideration consisting of 5,500,000 common shares in the capital of Khiron and a non-interest bearing promissory note in the principal amount of \$1,100,000 which note will be payable one year from the date of issue. The debentures are meant to serve as a bridge financing until such time that the transaction closes and PharmaDrug can monetize the shares and debenture. The sale is scheduled to close this week.

Each Warrant entitles the holder to acquire one common share at a price of \$0.05 per share (subject to adjustment) for a period of two years following the issuance thereof. The net proceeds from the offering will be used for working capital purposes.

The Company also announces today that it will be issuing 2,089,963 common shares to the holders of its 12% convertible debentures as an agreed payment to delay current interest payments due by 12 months and 200,000 common shares for the satisfaction of an outstanding payable. The shares will be issued at a deemed price of \$0.05.

Daniel Cohen, Chairman and CEO, will be receiving 883,219 of the common shares issued in satisfaction of the penalty and the issuance will therefore constitute a related party transaction under applicable securities laws. 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 Company believes that the payment of the penalty to alleviate cash constraints is in the best interests of the Company. The independent members of the board of directors of the Company have reviewed and approved the terms of the payment.

About PharmaDrug Inc.

PharmaDrug is a specialty pharmaceutical company focused on the research, development and commercialization of controlled-substances and natural medicines such as psychedelics, cannabis and naturally-derived approved drugs. PharmaDrug owns 100% of Pharmadrug Production GmbH ("**Pharmadrug Production**"), a German medical cannabis distributor, with a Schedule I European Union

narcotics license and German EuGMP certification allowing for the importation and distribution of medical cannabis to pharmacies in Germany and throughout the European Union. PharmaDrug owns 100% Sairiyo Therapeutics ("Sairiyo"), a biotech company that specializes in researching and reformulating established natural medicines with a goal of bringing them through clinical trials and the associated regulatory approval process in the US and Europe. Sairiyo is currently developing its patented reformulation of cepharanthine, a drug that has shown substantial third party validated potential for the treatment of infectious disease and rare cancers. Sairiyo is also conducting R&D in the psychedelics space for the treatment of non-neuropsychiatric conditions. The Company also owns 100% of Super Smart, a company building a vertically integrated retail business with the goal to elevate the use of functional mushrooms as natural based medicines.

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 press release contains "forward-looking information" within the meaning of applicable securities legislation. All statements, other than statements of historical fact, included herein are forward-looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "proposed", "is expected", "budgets", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. In particular, this press release contains forward-looking information in relation to: the use of proceeds of the private placement, the sale of Pharmadrug GmbH and the development of the business. This forward-looking information reflects the Company's current beliefs and is based on information currently available to the Company and on assumptions the Company believes are reasonable. These assumptions include, but are not limited to the ability of the Company to successfully market the offering, execute on its plans for the Company and its affiliated entities; the ability to obtain required regulatory approvals and the Company's continued response and ability to navigate the COVID-19 pandemic being consistent with, or better than, its ability and response to date.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; the actual results of the Company's future operations; competition; changes in legislation affecting the Company; the ability to obtain and maintain required permits and approvals, the timing and availability of external financing on acceptable terms; lack of qualified, skilled labour or loss of key individuals; risks related to the COVID-19 pandemic including various recommendations, orders and measures of governmental authorities to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, service disruptions, quarantines, self-isolations, shelters-in-place and social distancing, disruptions to markets, economic activity, financing, supply chains and sales channels, and a deterioration of general economic conditions; and a deterioration of financial markets that could limit the Company's ability to obtain external financing.

A description of additional risk factors that may cause actual results to differ materially from forward-

looking information can be found in the Company's disclosure documents on the SEDAR website at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated.

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.

Forward-looking information contained in this press release is expressly qualified by this cautionary statement. The forward-looking information contained in this press release represents the expectations of the Company as of the date of this press release and, accordingly, are subject to change after such date. However, the Company expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.



To view the source version of this press release, please visit <https://www.newsfilecorp.com/release/132544>