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MediPharm Labs Closes \$37.8 Million Private Placement

TORONTO, June 08, 2020 (GLOBE NEWSWIRE) -- **MediPharm Labs Corp. (TSX: LABS) (OTCQX: MEDIF) (FSE:MLZ)** ("**MediPharm Labs**" or the "**Company**") a global leader in specialized, research-driven pharmaceutical-quality cannabis extraction, distillation and derivative products, is pleased to announce that it has today closed a private placement with an institutional investor (the "**Investor**"), for aggregate gross proceeds of \$37,822,500 (the "**Offering**"). All dollar amounts in this news release are in Canadian dollars.

\$18,911,250 of the Offering is related to the placement of a \$20.5 million unsecured convertible note (the "**First Note**") and a warrant (the "**First Warrant**") to purchase up to 3,601,427 common shares of the Company (the "**Common Shares**"); and \$18,911,250 of the Offering is currently being held in escrow and is related to the placement of a subscription receipt (the "**Subscription Receipt**") entitling the holder to receive, upon satisfaction of certain Escrow Release Conditions (as defined below), a further \$20.5 million unsecured convertible note (the "**Second Note**" and, together with the First Note, collectively, the "**Notes**") and a further warrant (the "**Second Warrant**" and, together with the First Warrant, collectively, the "**Warrants**") to purchase up to 3,601,427 Common Shares.

The Company intends to use the net proceeds from the Offering for general corporate purposes, including building on the launch of its Cannabis 2.0 offerings with new product formats and expanding its product and Active Pharmaceutical Ingredient exports. Additionally, the net proceeds will strengthen the Company's balance sheet as it successfully navigates the economic recession created by the COVID-19 pandemic.

"With this strategic capital, MediPharm Labs moves forward confidently with a position of increased financial strength and flexibility to deliver on the longer-term opportunities available to us domestically and internationally that will diversify our revenue and drive long term earnings growth," said Pat McCutcheon, Chief Executive Officer, MediPharm Labs. "I continue to be excited about the global market opportunity and leveraging our multi-jurisdictional pharmaceutical-quality manufacturing platform in a nascent cannabis market. We are building on our global customer partnerships and market share, providing international distribution expertise and delivering innovative products and brands. Importantly, we are excited to expand our participation across a wide range of clinical trials that offer potential upside towards future development of cannabis-based prescription RX products. We look forward to creating value for all shareholders as we build out our capabilities to drive future sustainable growth."

The Notes have a three-year term, were issued at an original issue discount of 7.75% and

are convertible at the option of the Investor at a price of \$2.28 per share (the “**Conversion Price**”). The Notes amortize through bi-monthly installment payments of approximately \$320,000 (the “**Bi-Monthly Installment Payments**”), payable in Common Shares, subject to the satisfaction of equity conditions, at a price per Common Share equal to 90% of the market price of the Common Shares (being the 5-day VWAP of the Common Shares on the Toronto Stock Exchange (the “**TSX**”)) or 87% of such market price where that market price is less than \$1.00 (each an “**Installment Percentage**”) or, at the option of the Company, in whole or in part, in cash. Upon receipt of approval of the Offering by the Company’s shareholders in accordance with the requirements of the TSX (the “**Shareholder Approval**”), the price for such Common Shares shall be adjusted to the lesser of (i) the then existing Conversion Price; and (ii) the Installment Percentage.

The Warrants expire on October 9, 2023 and are exercisable to acquire Common Shares at a price of \$2.28 per share.

The gross proceeds from the placement of the Subscription Receipt have been delivered to a licensed Canadian trust company, in its capacity as subscription receipt agent, and will be delivered to the Company net of certain fees and expenses upon satisfaction of certain escrow release conditions, specifically, the receipt of Shareholder Approval, and there existing no event or pending event of default under the Notes (the “**Escrow Release Conditions**”). Upon satisfaction of the Escrow Release Conditions, the Subscription Receipt will convert automatically into the Second Note and the Second Warrant.

In connection with the Offering, Roth Capital Partners, LLC acted as sole placement agent and will receive a cash fee equal to 5.5% of the gross proceeds of the Offering.

The Offering remains subject to final approval of the TSX, and prior to receipt of Shareholder Approval no more than 25% of the Company’s issued and outstanding Common Shares may be issued in connection with the Offering. The Notes, the Warrants, the Subscription Receipt and any underlying securities issued pursuant to the Offering are subject to a statutory four month and one day hold period, ending on October 9, 2020.

This news 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 any state in which such offer, solicitation or sale would be unlawful. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the United States Securities Act of 1933, as amended, and applicable state securities laws.

The terms of the Notes, Warrants and Subscription Receipt described herein are qualified in their entirety by the Company's documents that will be filed on SEDAR at www.sedar.com.

About MediPharm Labs Corp.

Founded in 2015, MediPharm Labs specializes in the production of purified, pharmaceutical quality cannabis oil and concentrates and advanced derivative products utilizing a Good Manufacturing Practices certified facility with ISO standard built clean rooms. MediPharm Labs has invested in an expert, research-driven team, state-of-the-art technology, downstream purification methodologies and purpose-built facilities with five primary

extraction lines for delivery of pure, trusted and precision -dosed cannabis products for its customers. Through its wholesale and white label platforms, they formulate, consumer-test, process, package and distribute cannabis extracts and advanced cannabinoid-based products to domestic and international markets. As a global leader, MediPharm Labs has completed commercial exports to Australia and is nearing commercialization of its Australian Extraction facility. MediPharm Labs Australia was established in 2017.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION:

This news release contains “forward-looking information” and “forward-looking statements” (collectively, “forward-looking statements”) within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as “expects”, or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends” or variations of such words and phrases or stating that certain actions, events or results “may” or “could”, “would”, “might” or “will” be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. In this news release, forward-looking statements relate to, among other things, among other things, statements regarding the use of proceeds, the successful navigation of the economic recession, diversifying revenue and driving long term earnings growth, expanding participation in clinical trials and upside potential of such involvement, receipt of shareholder approval, satisfaction of Escrow Release Conditions and conversion of the Subscription Receipt. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; the inability of MediPharm Labs to obtain adequate financing; the delay or failure to receive regulatory approvals; and other factors discussed in MediPharm Lab’ filings, available on the SEDAR website at www.sedar.com. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release. Except as required by law, MediPharm Labs assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change.



Source: MediPharm Labs Corp.