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POCML 4 Inc. Agrees to Qualifying Transaction With MediPharm Labs Inc.

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TORONTO, May 15, 2018 (GLOBE NEWSWIRE) -- POCML 4 Inc. (TSXV:POCM) (“**POCML**”) announces that it has signed a binding letter agreement (the “**Letter Agreement**”) with MediPharm Labs Inc. (“**MediPharm**”), a privately held corporation existing under the laws of Ontario, which outlines the general terms and conditions pursuant to which POCML and MediPharm have agreed to complete a transaction that will result in a reverse take-over of POCML by the shareholders of MediPharm (the “**Transaction**”). The Letter Agreement was negotiated at arm’s length and is effective as of May 15, 2018.

MediPharm is a pioneer in the cannabis industry as it is the first company in Canada to successfully become a Licensed Producer for cannabis oil production without first receiving a cannabis cultivation license. This focus on cannabis concentrates allows MediPharm to work with its established, Health Canada approved, cultivation partners to produce pharmaceutical grade cannabis oil with a competitive advantage focused on downstream secondary extraction methodology, distillation and cannabinoid isolation and purification. MediPharm will provide contract processing of cannabis to Canadian authorized licensed producers and appropriate international growers and supplies cGMP cannabis oil to qualified companies for sale under their own brand. In addition, MediPharm will supply raw materials and processing for the creation of ready-to-sell cannabis products. The registered office of MediPharm is located at 151 John Street, Barrie, Ontario, L4N 2L1. MediPharm was incorporated on January 26, 2015.

Terms of the Transaction

Prior to the completion of the Transaction, POCML shall file articles of amendment to effect a name change (the “**Name Change**”) to a name chosen by MediPharm and acceptable to the applicable regulatory authorities and the TSX Venture Exchange (the “**TSXV**”), and to effect a consolidation (the “**Consolidation**”) of its common shares (the “**POCML Pre-Consolidation Shares**”) on the basis of one (1) “new” common share (a “**POCML Post-Consolidation Share**”) for every two “old” POCML Pre-Consolidation Shares then outstanding.

The Transaction is then expected to proceed by way of a three cornered amalgamation (the “**Amalgamation**”) pursuant to which MediPharm shall amalgamate with a wholly-owned

subsidiary of POCML, and POCML will acquire all of the issued and outstanding Class A common shares of MediPharm (the “**MediPharm Shares**”), in exchange for POCML Post-Consolidation Shares on the basis of 12.68 POCML Post-Consolidation Shares for every one MediPharm Share issued and outstanding (the “**Exchange Ratio**”), reflecting a deemed price of C\$0.85 per POCML Post-Consolidation Share or such other value that is acceptable to POCML, MediPharm and the TSXV, such that MediPharm will be a wholly-owned subsidiary of POCML as it exists following the completion of the Transaction (the “**Resulting Issuer**”). The Amalgamation will also provide that all outstanding options, warrants and broker warrants to purchase MediPharm Shares shall either be exchanged for economically equivalent securities of the Resulting Issuer or remain outstanding and thereafter entitle the holders thereof to acquire equivalent securities of the Resulting Issuer in lieu of MediPharm on the same terms and conditions, in each case subject to adjustment in number and exercise price based on the Exchange Ratio.

Prior to the completion of the Transaction, MediPharm will complete a brokered private placement co-led by Canaccord Genuity Corp. and PowerOne Capital Markets Limited (“**PowerOne**”) (the “**Agents**”) of up to approximately 1,391,956 units (the “**Units**”) at a price of C\$10.778 per Unit for aggregate gross proceeds of up to approximately C\$15,002,500 (the “**Offering**”). Each Unit will consist of one MediPharm Share and one half of one share purchase warrant (each whole warrant a “**Warrant**”). Each Warrant will entitle the holder thereof to acquire an additional MediPharm Share at a price of C\$15.216 until the date that is 24 months following the completion of the Transaction, subject to customary anti-dilution provisions. The Units will be exchanged for Post-Consolidation Shares and share purchase warrants based on the Exchange Ratio in connection with the Transaction with the result that the effective price paid per Post-Consolidation Share and one half of one share purchase warrant after giving effect to the Transaction is C\$0.85, with each whole share purchase warrant entitling the holder to acquire an additional Post-Consolidation Share at C\$1.20. The Agents will receive a cash commission (the “**Cash Commission**”) equal to 7% of the gross proceeds raised in the Offering and such number of broker warrants (the “**Broker Warrants**”) that is equal to 7% of the number of Units sold, provided that no Cash Commission will be payable or Broker Warrants issuable for purchasers that are on MediPharm’s president’s list. Each Broker Warrant will be exercisable to acquire one Unit at a price of C\$10.778 until the date which is 24 months following the completion of the Transaction, subject to customary anti-dilution provisions.

The net proceeds from the Offering will be used to expand MediPharm’s business and for general corporate purposes.

Insiders, Officers and Board of Directors of the Resulting Issuer

Upon completion of the Transaction, all directors and officers of POCML will resign and be replaced by nominees of MediPharm. The following sets out the names and backgrounds of the persons that are currently proposed to be the directors and officers of the Resulting Issuer. A sixth proposed director of the Resulting Issuer will be determined at a later date.

Patrick McCutcheon, President and Chief Executive Officer, MediPharm Labs Inc., Proposed Director - In his 15 years in the pharmaceutical industry, Pat has successfully launched a wide range of medicinal products. Before arriving at MediPharm, Pat most recently worked at Jansen Pharmaceuticals (Johnson & Johnson), where he led the hospital division for renal and mental health products.

Keith Strachan, Business Development, VP, MediPharm Labs Inc., Proposed Director - Keith is a supply chain management expert and has held numerous positions in the public sector. With a focus on procurement, Keith has worked for ministries and agencies including correctional services, policing, transportation and healthcare.

Christopher Hobbs, Chief Financial Officer, MediPharm Labs Inc., Proposed Director - Chris has over 25 years of diversified finance and accounting experience with a focus on assisting growth companies raise capital and listing in Canada. Chris has acted as Chief Financial Officer for several public and private companies operating in the resource, health sciences and technology sectors. Chris is a Chartered Professional Accountant (CPA), qualifying as a Chartered Accountant (CA) in 1992 while at KPMG LLP and holds a Bachelors of Business Administration from the Schulich School of Business at York University.

Maruf Raza, Partner, National Director Public Companies, MNP LLP, Proposed Director - Maruf serves as an advisor to public companies and private companies planning on going public through direct initial public offerings or reverse mergers. Maruf is one of the leaders of MNP LLP's Access to Cannabis for Medical Purposes Regulation (ACMPR) team. His principal role has been auditing these companies as well as assisting them in their going public process. He has also helped in securing financing for some of the companies in this sector. Maruf is considered a thought leader in the practical application of the IFRS biological asset standard and measurement of fair value of the assets. He has experience with the medical marijuana sector internationally and has assisted with these companies listing in Canada. Maruf has helped numerous Canadian and international companies go public in Canada. He has worked around the globe, with a special focus on Latin America and Africa and specializes in helping finance these companies in Canada, either through public or private transactions. Maruf has extensive experience working with clients in the technology, mining, pharmaceutical and gaming sectors. He is also involved with investment funds and Exempt Market Dealers. Maruf is a Chartered Professional Accountant (CPA), qualifying as a Chartered Accountant (CA) in 2001. He currently serves on the PDAC-CPA Canada joint Mining Task Force for IFRS. He also serves as a director to several TSX and TSX-V listed companies.

Miriam McDonald, Administrative Director, Pharmacy Health Sciences North, Proposed Director - Miriam is currently the Director of Pharmacy at Health Sciences North, Northern Ontario's largest hospital located in Sudbury. She holds a Bachelor of Science in Pharmacy from the University of Toronto and a Master of Science in Pharmacology from Queens University. Her career has encompassed positions as the Executive Director of Community Development at the Northern Ontario School of Medicine, and CEO of the Northeastern Ontario Medical Education Corporation (NOMECE) wherein she worked throughout northern Ontario to facilitate community-based medical clinical education. She also served as Director of Planning and Development of Cambrian College, Executive Director of Cambrian Foundation, and Director of Pharmacy, Director of Rehabilitation Services and Assistant Executive Director of Therapeutic Services at Laurentian Hospital. She was Project Coordinator for the planning and construction of the Glenn Crombie Special Needs Centre, the Northern Centre for Advanced Technology (NORCAT), and the Northeastern Cancer Centre. She is the author and co-author of a number of health-related papers and studies and is very active in the community both on a personal and professional level. She has been recognized by Northern Ontario Business as a "Woman of Influence",

was the recipient of the Sudbury Business and Professional Women's Club highest honour – the Bernardine Yackman Award, and has served on the Women's Health Council of Ontario and Ontario Judicial Appointment Advisory Committee. Raised in northern Ontario, her strongest interest is in projects that address accessibility to health, education and information technology in northern Ontario.

As at the date hereof, the above individuals collectively own, in the aggregate, directly or indirectly, approximately 23.94% of the issued and outstanding MediPharm Shares. To the knowledge of MediPharm, the only persons who holds more than 10% of the voting securities of MediPharm currently outstanding are The McCutcheon Family Trust (who own 12.90% of the issued and outstanding MediPharm shares and is expected to own 8,071,625 POCML Post-Consolidation Shares on completion of the Transaction), The Strachan Family Trust (who own 10.75% of the issued and outstanding MediPharm shares and is expected to own 6,340,000 POCML Post-Consolidation Shares on completion of the Transaction) and The Binns Family Trust (who own 11.29% of the issued and outstanding MediPharm shares and is expected to own 7,120,625 POCML Post-Consolidation Shares on completion of the Transaction).

Capitalization

As of the date hereof, (i) POCML has 10,000,000 POCML Pre-Consolidation Shares issued and outstanding, as well as 140,000 broker warrants (each exercisable to acquire one POCML Pre-Consolidation Share and one share purchase warrant of POCML) and options to acquire an aggregate of 1,000,000 POCML Pre-Consolidation Shares; and (ii) MediPharm has 4,649,801 MediPharm Shares issued and outstanding together with an aggregate of 796,259 share purchase warrants, 464,980 stock options, 47,043 finder's warrants and convertible notes in the principal amount of \$1,305,000 (convertible into an aggregate of 477,153 MediPharm Shares at maturity).

Based upon the number of issued and outstanding shares in each of POCML and MediPharm on the date hereof, upon completion of the Consolidation, Transaction and the Offering (assuming that it is fully subscribed), it is expected that the Resulting Issuer will have approximately 87,659,777 POCML Post-Consolidation Shares issued and outstanding (non-diluted), of which the current shareholders of POCML will hold 5,000,000 POCML Post-Consolidation Shares representing approximately 5.7%, the former shareholders of MediPharm will hold 65,009,777 POCML Post-Consolidation Shares representing approximately 74.2% (assuming no exercise of any convertible securities of POCML prior to closing), and the purchasers under the Offering will hold 17,650,000 POCML Post-Consolidation Shares representing approximately 20.1%.

In addition, upon completion of the Consolidation, Transaction and the Offering, the Resulting Issuer will also have outstanding approximately 6,395,946 stock options, 18,921,564 share purchase warrants (inclusive of the Warrants), and 1,572,593 broker warrants (not accounting for any exercises thereof).

Financial Information for MediPharm

POCML will provide further details in respect of the Transaction and financial information regarding MediPharm, in due course by way of press release. However, POCML will make available to the TSXV, all financial information as required by the TSXV and will provide, in a

press release to be disseminated at a later date, summary financial information derived from such statements.

Upon completion of the Transaction, it is the intention of the parties that the Resulting Issuer will continue to focus on the current business and affairs of MediPharm and will be an Industrial or Technology Issuer listed on the TSXV.

Conditions to Transaction

The Transaction is subject to various conditions, including as follows:

- completion of satisfactory due diligence;
- completion of the Offering;
- POCML and MediPharm entering into a definitive agreement (the **‘Definitive Agreement’**) in respect to the Transaction; and
- all requisite shareholder and regulatory approvals relating to the Consolidation and Transaction, including, without limitation, TSXV approval, will have been obtained.

Additional Information Regarding the Transaction

The final legal structure for the Transaction will be determined after the parties have considered all applicable tax, securities law, and accounting efficiencies.

The Letter Agreement contains standard confidentiality provisions, and standstill provisions. In the event of a breach by either party of such standstill provisions, it shall be required to pay the other party the sum of \$250,000 as a penalty.

The Transaction is expected to be completed in July, 2018. The Letter Agreement may be terminated upon mutual written agreement of the parties, in the event of any breach by MediPharm of the standstill provisions, in the event the Definitive Agreement is not entered into by the date which is 60 days following the date of the Letter Agreement, or in the event that the Transaction has not been completed by the date which is 120 days following the date of the Letter Agreement.

POCML exists under the provisions of the *Business Corporations Act* (Ontario) with its registered and head office located at 2210-130 King Street West, Toronto, Ontario M5X 1E4. It is a capital pool company and intends for the Transaction to constitute its “Qualifying Transaction” as such term is defined in the policies of the TSXV. POCML is a “reporting issuer” within the meaning of the *Securities Act* (Ontario), *Securities Act* (British Columbia) and *Securities Act* (Alberta).

Since the Transaction is an arm’s length transaction, POCML is not required to obtain shareholder approval for the Transaction, however it will be required to obtain shareholder approval of the Name Change and Consolidation. The Transaction is also subject to shareholder approval of MediPharm.

POCML may be considered to be a related or connected issuer to PowerOne as a result of the following: (i) officers and directors of PowerOne are also serving as officers and/or

directors of POCML; and (ii) an officer and director of PowerOne is also a controlling shareholder of POCML. The terms of the Offering were determined by MediPharm as agreed to by the Agents, and no proceeds from the Offering will be specifically applied for the benefit of PowerOne.

Sponsorship

POCML proposes to make an application for exemption from the sponsorship requirements of the TSXV in connection with the Transaction, however there is no assurance that the TSXV will exempt POCML from all or part of applicable sponsorship requirements.

Further Information

All information contained in this news release with respect to POCML and MediPharm was supplied by the parties respectively, for inclusion herein, without independent review by the other party, and each party and its directors and officers have relied on the other party for any information concerning the other party.

For further information regarding the Transaction, please contact:

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Completion of the Transaction is subject to a number of conditions, including but not limited to, TSXV acceptance and if applicable pursuant to the requirements of the TSXV, majority of the minority shareholder approval. Where applicable, the Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The TSXV has in no way passed upon the merits of the proposed Transaction and has neither approved nor disapproved the contents of this press release.

NEITHER THE TSXV NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSXV) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

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, among other things, to: the terms and conditions of the proposed Consolidation and Transaction; the terms and conditions of the proposed Offering; use of funds; and the business and operations of the Resulting Issuer after the proposed Transaction. 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; and the delay or failure to receive board, shareholder or regulatory approvals. 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, POCML and MediPharm assume no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change, except as required by law.