



## NEWS RELEASE

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### **EXMceuticals Inc. Announces Closing of Oversubscribed Private Placement and Strategic Debt to Equity Conversion Strengthening the Corporation's Balance Sheet**

VANCOUVER, BRITISH COLUMBIA, July 22nd, 2020 – [EXMceuticals Inc. \(CSE: EXM\) \(FSE: A2PAW2\)](#), (the "Company" or "EXM") is pleased to announce that it has completed the sale of 5,180,000 units on a private placement basis at a price of \$0.20 per unit for total cash proceeds of \$1,036,000 (the "Private Placement"). Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.30 per share for a period of 18 months from closing of the Private Placement. The proceeds from the oversubscribed Private Placement will be used for general working capital and ongoing R&D and refinery project development at the Company's Portugal based operations. All shares are issued subject to a four month hold period.

In connection with the Private Placement, the Company agreed to issue 71,400 units as finder's fees, with the units having the same terms as the Private Placement units. Each finders warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.30 per share for a period of 18 months. The securities issued pursuant to the Private Placement are subject to a statutory four month hold period expiring on November 23, 2020.

The Company also announces that pursuant to certain loan agreements previously entered into between the Company and certain lenders, such lenders may participate in a qualifying equity financing for no less than the full amount of the principal under the applicable loan agreement, provided that such amount would be for shares only (no warrants). The Private Placement constitutes a qualifying equity financing, and as such lenders may subscribe for up to 23,050,855 common shares at a price of \$0.20 per share for gross proceeds of up to \$4,610,171, being an amount equal to the principal outstanding under such loan agreements. Upon closing, if the lender has participated in acquiring shares, the principal amount of their loan will be deemed repaid in full. In addition, the participation of the lenders would trigger the conversion of special warrants into shares, that were previously issued as a loan bonus under the loan agreements. Completion of the participation right is subject to lenders entering into subscription agreements as described above. Any shares issued are issued subject to a four month hold period.

#### **Loan Updates**

The Company further announces that Mr. Summers agreed to refinance amounts due and owing under a loan agreement dated June 7, 2019 in the principal amount of \$600,000 to the Company (the "June Loan"). The June Loan was due and payable on December 7, 2019. Mr. Summers has agreed to enter into a new loan agreement to refinance the obligations under the June Loan in the amount of \$664,500 as at July 1, 2020. In addition, the new loan (the "2020 Loan") will include accrued and unpaid expenses of Mr. Summers in the amount of \$25,671, and accrued and unpaid interest on the July Loan Facility Agreement (defined below) in the amount of \$164,000 as at July 1, 2020. The total principal amount of the 2020 Loan is \$854,171. The 2020 Loan will be for a term of 6 months, and bear interest at 10% per annum. In connection with the 2020 Loan, the Company agreed to issue



427,085 bonus special warrants, with each such special warrant being convertible into a common share of the Company for no additional consideration, subject to the principal amount of the loan being applied to a subsequent equity financing.

The Company previously entered into a separate loan facility agreement dated July 5, 2019 (the “**July Loan**”) with Mr. Summers, for the principal amount of \$1,400,000, which was fully advanced to the Company. The July Loan is due and payable on January 5, 2021 and bears an interest rate of 12% per annum until the July Loan maturity date. Mr. Summers received 207,407 special warrants in connection with the July Loan. Pursuant to the July Loan Mr. Summers is also entitled to receive share purchase warrants exercisable at \$1.35 per share on the maturity date with the number of warrants being based on coverage ranging from 10% and 50% of the principal amount using \$1.35 per share, with the percentage depending on the fair market value of the shares of the Company as at that maturity date. In connection with the agreement of Mr. Summers to include \$164,000 of interest due under the July Loan as part of the 2020 Loan, the Company agreed to amend the warrant coverage to 700,000 bonus warrants exercisable at a price of \$0.40 per share for a period of 5 years until July 4, 2024.

Pursuant to Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”) the Company advises that the loan agreements and the Private Placement are related party transactions under MI 61-101 and are exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 pursuant to section 5.5(a) and section 5.7(1)(a) of the instrument.

#### **Other Share Transactions**

The Company further announces that it has issued an aggregate of 251,096 common shares of which 220,859 shares were issued to Luminous Capital Inc. for financial services provided to the Company, and 30,237 were issued in total to multiple parties to correct errors on a prior private placement. All shares are issued subject to a 4-month hold period.

The Company also announces that pursuant to the terms of an employment agreement with Mr. Jonathan Summers in connection with his agreement to act as an executive officer of the Company, it had agreed to grant incentive stock options to purchase up to 5,000,000 common shares of the Company, which have now been granted at a price of \$0.40 per share for a period of 5 years.

#### **On behalf of the Board of Directors of EXMceuticals Inc.**

Jonathan Summers, Chairman and Chief Executive Officer

For further information contact:

Investor Relations

Email: [investors@xmceuticals.com](mailto:investors@xmceuticals.com)

Media Enquiries:

Email: [media@xmceuticals.com](mailto:media@xmceuticals.com)



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## **ABOUT EXMCEUTICALS**

EXM is an emerging bio-sciences company targeting the wellness and medical applications of cannabinoids and terpenes. EXM Portugal was recently granted the required authorizations and permits in Portugal for its existing laboratory and pilot refinery for cannabis research. EXM has previously completed research projects with its university partners, Universidade Nova de Lisboa and Universidade Lusofona as well as applying for P2020 research grants. Following receipt of these unique Portuguese cannabis authorizations and permits, EXM Portugal is proceeding with its planned R&D program, lab work and testing.

In addition to this more scientific mandate, EXM is now projecting and building a significantly larger and additional facility in Portugal which will operate as an EU-GMP refinery. Once complete and licensed this industrial refinery will be used by EXM as its base for the distribution of cannabis ingredients in the EU and North America on a commercial basis. EXM's activities are focused on the production of high-grade cannabis and hemp ingredients for the pharmaceutical, therapeutical, nutraceutical and cosmetic industries. The Company proposes to sell the produced ingredients to international markets. EXM is not a recreational cannabis company.

### **CSE: EXM | FSE: A2PAW2**

Neither the CSE nor the FSE has approved nor disapproved of the contents of this news release. Neither the CSE nor the FSE accepts responsibility for the adequacy or accuracy of this release.

Certain information contained herein may constitute "forward-looking information" under Canadian securities legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as, "will be", "expected", "proposes", "intends" or variations of such words and phrases or statements that certain actions, events or results "will" occur. Forward-looking statements regarding the Company's business operations, the extraction of cannabis ingredients and the exportation of the extracts, the results of testing at our facilities established for the European market, future laws and regulations governing the sale of our products in Europe and elsewhere, and the potential to generate sales, and completion of a Qualifying Financing, are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of EXM to be materially different from those expressed or implied by such forward-looking statements or forward-looking information. 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 forward-looking statements and forward-looking information. EXM will not update any forward-looking statements or forward-looking information that is incorporated by reference herein, except as required by applicable securities laws.