

Canntab Announces Closing of Convertible Debenture Private Placement

Toronto, Ontario--(Newsfile Corp. - December 31, 2020) - **Canntab Therapeutics Limited. (CSE: PILL) (OTCQB: CTABF) (FSE: TBF1) ("Canntab" or the "Company")**, the leading innovator in cannabinoid and terpene blends in hard pill form for therapeutic applications, is pleased to announce the closing of a non-brokered private placement (the "**Offering**") of secured convertible debentures of the Company ("**Convertible Debentures**"), pursuant to which the Company issued Convertible Debentures for gross proceeds of \$1,575,000 (the "**Convertible Debentures**"). The proceeds will be used to fund working capital for the Company, and for general corporate purposes.

The Convertible Debentures are convertible into common shares of the Company (each, a "**Share**") at a conversion price of \$0.80 per Share (the "**Conversion Price**"), and will mature two years from the date of issuance (the "**Maturity Date**"). Beginning on the date that is four months and one day following the closing date of the Offering (the "**Closing Date**"), the Company will have the right to prepay or redeem a part or the entire principal amount of the Convertible Debentures plus any accrued and unpaid interest at any time by providing a minimum of 20 days and a maximum 60 days of redemption notice prior to the redemption date. The Conversion Price will be subject to customary adjustments in certain events.

The Company also has the right to force the conversion of all of the principal amount of the then outstanding Convertible Debentures at the Conversion Price upon giving the Debentureholders not less than 30 days advance written notice, should the volume weighted average trading price of the Shares on the Canadian Securities Exchange be greater than \$1.20 per Share for the preceding 15 consecutive trading days.

The Convertible Debentures shall bear interest at a rate of 10.0% per annum from the Closing Date, paid upfront in cash for the initial 6 months, thereafter payable quarterly in cash on the last business day of each calendar quarter. Any accrued but unpaid interest is convertible into Shares, at the option of the holder at the Conversion Price at any time following the Closing Date.

"We are pleased to have closed this Offering so quickly and with only a few investors. We are also pleased to include our first institutional participation in this Offering. We are on the cusp of the most important developments in our short history and the capital raised from this Offering will provide us with the financial flexibility to achieve our short and long-term goals," states Larry Lotowsky, CEO at Canntab Therapeutics Inc.

The Convertible Debentures are secured by way of an agency and interlender security agreement made in favour of a collateral agent acting as agent for all of the holders of the Debentures, granting a security interest in substantially all of the Company's assets. The Company will have the right to prepay any or part of the Convertible Debentures at any time prior to the Maturity Date by paying the principal amount of the Convertible Debentures.

On closing, the Company issued to the purchasers of the Convertible Debentures one Share purchase warrants (a "**Warrant**") for each Share underlying the Convertible Debenture purchased. The Warrants are exercisable for a period of three (3) years from issuance into Shares of the Company with each Warrant entitling the holder thereof to acquire one Share at an exercise price of \$1.00 per Share (the "**Exercise Price**"). The Warrants are subject to an acceleration right exercisable by the Company at its option if, for the preceding 15 consecutive trading days, the volume weighted average trading price of the Shares is greater than \$2.00 per Share. If the Company provides notice that it intends to exercise its acceleration right, the accelerated expiry date of the Warrants will be the 30th calendar day following the date of such notice of exercise.

If at any time during the term of the Warrants and the Convertible Debentures, the Company issues

securities at a price deemed lower than the Conversion Price or Exercise Price then in effect or issues any warrants or options with an exercise price at a lower price than the Conversion Price or Exercise Price then in effect (but exclusive of options or other forms of equity issued under the Company's Stock Option Plan or warrants to employees or contractors of the Company, up to a maximum limit of 10% of the issued and outstanding Shares as of the Closing Date), then the Exercise Price and the Conversion Price, as the case may be, will be adjusted downward to such lower exercise price if warrants or options were issued, or 125% of the deemed issuance price of the securities if no warrants or options were issued.

In connection with the Offering, the Company paid fees to three arm's-length third parties (the "**Finders**") comprised of cash fees of \$17,000 and issued 47,813 finder's warrants, which each entitle the holder thereof to purchase one Share at a price of \$0.80 for a period of 24 months.

The Company also issued 50,000 warrants to an arm's-length consultant at an exercise price of \$0.80 for a period of 2 years from the date of grant.

The Offering constituted a "related party transaction" as defined under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") as Richard Goldstein, Chief Financial Officer and Director of the Company, subscribed for an aggregate of \$100,000 of Convertible Debentures pursuant to the Offering. The Company is relying on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101, as the fair market value of the participation in the Offering by insiders does not exceed 25% of the market capitalization of the Company, as determined in accordance with MI 61-101. The Company did not file a material change report in respect of the related party transaction at least 21 days before the closing of the Offering, which the Company deems reasonable in the circumstances so as to be able to avail itself of the proceeds of the Offering in an expeditious manner.

The Company has also issued to Richard Goldstein, Chief Financial Officer and Director of the Company, 150,000 stock options ("**Options**") in accordance with the Company's incentive stock option plan. Each Option is exercisable into one Share at a price of \$0.82 per Share, for a period of 3 years from the date of grant.

All of the securities issued pursuant to this Offering are subject to a statutory hold period of four months and one day from the closing date of the Offering.

ABOUT CANNTAB THERAPEUTICS

Canntab therapeutics is a Canadian biopharmaceutical company focused on the manufacturing and distribution of a suite of hard pill cannabinoid formulations in multiple doses and timed-release combinations. Canntab's proprietary hard pill cannabinoid formulations provide doctors, patients and consumers with medical grade solutions which incorporate all the features one would expect from any prescription or over the counter medication sold in Canadian pharmacies. These will include the following formulations: once a day and extended release, both providing an accurate dose and improved shelf stability. Canntab holds a Cannabis Standard Processing & Sales for Medical Purposes Licence, a Cannabis Research Licence, and an Industrial Hemp Licence from Health Canada.

Canntab trades on the Canadian Securities Exchange under the symbol PILL, on the OTCQB under the symbol CTABF, and on the Frankfurt Stock Exchange under the symbol TBF1.

FOR FURTHER INFORMATION PLEASE CONTACT:

Larry Latowsky
Chief Executive Officer
Canntab Therapeutics Limited
Email: larry@Canntab.ca
Phone: +1 833-301-3812

FORWARD-LOOKING INFORMATION DISCLAIMER

Neither the Canadian Securities Exchange nor its Market Regulator (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this release. Certain information in this press release constitutes forward-looking statements under applicable securities laws. Any statements that are contained in this news release that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are often identified by terms such as "may", "should", "anticipate", "expect", "potential", "believe", "intend" or negatives of these terms and similar expressions. Forward-looking statements are based on certain assumptions, including that the Company will meet its short-term and long-term goals, continue to grow revenues through domestic channels and international expansion, and general business, economic, competitive, political and social uncertainties will not prevent the Company from conducting its business. The Convertible Debentures, if converted upon the term thereof, can result in substantial dilution to investors.

While Canntab considers these assumptions to be reasonable, based on information currently available, they are inherently subject to significant business, economic and competitive uncertainties and contingencies and they may prove to be incorrect. Readers are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements also necessarily involve known and unknown risks, including without limitation, risks related to capital markets, general economic conditions, loss of markets, future legislative and regulatory development, the regulatory approval process, and the medical and recreational cannabis industry in Canada and internationally in general. Readers are cautioned that the foregoing is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking statements 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 from those anticipated. Forward-looking statements are not guarantees of future performance. Except as required by law, Canntab disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, events or otherwise. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement

This press release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. Not for distribution to U.S. Newswire Services or for dissemination in the United States. Any failure to comply with this restriction may constitute a violation of U.S. Securities laws.

No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.



To view the source version of this press release, please visit <https://www.newsfilecorp.com/release/71227>