



Avicanna Announces Closing of Non-Brokered Convertible Debenture Financing

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Toronto, Ontario – November 2, 2020 – Avicanna Inc. ("**Avicanna**" or the "**Company**") (TSX: AVCN) (OTCQX: AVCNF) (FSE: ONN), a biopharmaceutical company focused on the development, manufacturing and commercialization of cannabinoid-based products, is pleased to announce the closing of a non-brokered convertible debenture financing (the "**Offering**"), pursuant to which the Company has issued convertible debentures of the Company (each, a "**Debenture**") with an aggregate Face Principal Amount (as defined herein) of \$1,100,000. In connection with the Offering, the Company also issued an aggregate of 550,000 common share purchase warrants (each, a "**Warrant**") to subscribers.

The Debentures bear interest at 8.0% per annum and will mature on the date that is 12 months from the date of issuance (the "**Maturity Date**"). The first year of interest is payable in advance on the date of issuance and has been capitalized and added into the principal amount (such aggregate amount being, the "**Face Principal Amount**"). Subscribers also received a commitment fee (the "**Commitment Fee**") in connection with their subscription for the Debentures, payable in cash on the closing of the Offering. The Commitment Fee payable to subscribers was 4% of the Face Principal Amount. The Face Principal Amount is convertible into common shares in the capital of the Company ("**Common Shares**") at the election of the holder at a conversion price of \$1.00 per Common Share (the "**Conversion Price**"), subject to customary adjustment provisions as well as a potential downward adjustment based on the price of certain subsequent securities issuances by the Company, with a minimum permitted Conversion Price of \$0.78. In addition to customary default provisions, any issuance of Common Shares for less than \$0.78 or securities convertible into Common Shares (excluding securities issued under the Company's long-term incentive plan) for less than \$0.78 will be considered a default under the terms of the Debentures. The Debenture issued to the lead investor in the Offering is secured by certain assets of the Company as set out in the certificate representing its Debenture and the related security documents.

For each \$2 of Face Principal Amount, a subscriber received one Common Share purchase warrant of the Company (each, a "**Warrant**"). Each Warrant is exercisable for a period of 24 months from the date of issuance, subject to the Company's ability to accelerate the expiry of the Warrant in the event that the daily volume-weighted average price of the Common Shares on the Toronto Stock Exchange is greater than or equal to \$2.00 for a minimum of 10 consecutive trading days. The exercise price of each Warrant is \$1.50 per Common Share (the "**Exercise Price**"), subject to customary adjustment provisions as well as a potential downward adjustment based on the price of certain subsequent issuances of Common Share purchase warrants by the Company, with a minimum permitted Exercise Price of \$0.98.

The net proceeds of the Offering are intended to be used for working capital and general corporate purposes.

The Debentures and Warrants issued pursuant to the Offering and any Common Shares issued on conversion of the Debentures and/or exercise of the Warrants will be subject to a statutory hold period in Canada of four months and one day following the closing of the Offering in accordance with applicable securities laws. Additional resale restriction may be applicable under the laws of other jurisdictions.



The Offering is subject to certain conditions including, but not limited to, the receipt of all necessary approvals, including the approval of the Toronto Stock Exchange.

About Avicanna

Avicanna is a diversified and vertically integrated Canadian biopharmaceutical company focused on the research, development, and commercialization of plant-derived cannabinoid-based products for the global consumer, medical, and pharmaceutical market segments.

Avicanna is an established leader in cannabinoid research and development, which it primarily conducts at its R&D headquarters in the Johnson & Johnson Innovation Centre, JLABS @ Toronto, Canada and in collaboration with leading Canadian academic and medical institutions. In addition to its developing pharmaceutical pipeline, Avicanna's team of experts have developed and commercialized several industry leading product lines, including:

- Pura H&W™: an advanced and clinically tested line of CBD consumer derma-cosmetic products; and,
- RHO Phyto™: an advanced line of medical cannabis products containing varying ratios of CBD and THC currently available nation-wide across Canada in partnership with Medical Cannabis by Shoppers™, a subsidiary of Shoppers Drug Mart. RHO Phyto is the first strictly medical formulary of advanced "Cannabis 2.0" products, containing oils, sprays, capsules, creams, and gels, all developed with scientific rigour, manufactured under GMP standards and supported by pre-clinical data.

With ongoing clinical trials on its derma-cosmetic (Pura H&W), medical cannabis (RHO Phyto) and a pipeline of pharmaceutical products, Avicanna's dedication to researching the important role that cannabinoids play in an increasingly wider scope of products has been at the core of the Company's vision since its inception. Furthermore, Avicanna's commitment to education is demonstrated through its annual medical symposium, the Avicanna Academy educational platform, and the My Cannabis Clinic patient program through its subsidiary company.

Avicanna manages its own supply chain including cultivation and extraction through its two majority-owned subsidiaries, Sativa Nativa S.A.S. and Santa Marta Golden Hemp S.A.S., both located in Santa Marta, Colombia. Through these sustainable, economical, and industrial scale subsidiaries, Avicanna cultivates, processes, and commercializes a range of cannabis and hemp cultivars dominant in CBD, CBG, THC, and other cannabinoids for use as active pharmaceutical ingredients. Avicanna's Avesta Genetica program specializes in the development and optimization of rare cultivars for commercial production along with feminized seeds for global export. In June 2020, Avicanna made history with a shipment of hemp seeds to the United States of America by completing the first ever export of hemp seeds from Colombia.

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For more information about Avicanna, visit www.avicanna.com, call 1-647-243-5283, or contact Setu Purohit, President by email info@avicanna.com.

Cautionary Note Regarding Forward-Looking Information and Statements

This news release contains "forward-looking information" within the meaning of applicable securities laws. Forward-looking information contained in this press release may be identified by the use of words such as, "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intend", "plan", "forecast", "project", "estimate", "outlook" and other similar expressions, and includes statements with respect to the use of proceeds of the Offering. Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors relevant in the circumstances, including assumptions in respect of current and future market conditions, the current and future regulatory environment; and the availability of licenses, approvals and permits.

Although the Company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because the Company can give no assurance that they will prove to be correct. Actual results and developments may differ materially from those contemplated by these statements. Forward-looking information is subject to a variety of risks and uncertainties that could cause actual events or results to differ materially from those projected in the forward-looking information. Such risks and uncertainties include, but are not limited to current and future market conditions, including the market price of the common shares of the Company, and the risk factors set out in the Company's annual information form dated April 15, 2020, filed with the Canadian securities regulators and available under the Company's profile on SEDAR at www.sedar.com.

The statements in this press release are made as of the date of this release. The Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.