

PharmaCielo Announces Financial Results for the Fourth Quarter and Fiscal Year Ended December 31, 2019

- *PharmaCielo generated a record \$657,000 in revenue during Q4. Generated revenue of \$786,901 in fiscal 2019.*
- *\$13.7 million in cash and cash equivalents at December 31, 2019; Subsequent to the end of the quarter, the Company closed a private placement financing for gross proceeds of approximately \$8 million.*

All figures are in Canadian dollars (\$) unless otherwise specified

TORONTO, Canada and RIONEGRO, Colombia (April 30, 2020) – **PharmaCielo Ltd.** (“**PharmaCielo**” or the “**Company**”) (**TSXV:PCLO, OTC:PCLOF**), the Canadian parent of Colombia’s premier cultivator and producer of medicinal-grade cannabis oil, PharmaCielo Colombia Holdings S.A.S., today announced financial results for the fourth quarter and year ended December 31, 2019.

“During 2019, our team focused on achieving three primary objectives: cultivation expansion, growth in our processing and extraction capabilities, and laying the groundwork for meaningful commercial sales growth in 2020. Because of these efforts, as well as additional progress made early this year, PharmaCielo is well-positioned to achieve its 2020 goals despite COVID-19 related disruptions,” said David Attard, Chief Executive Officer of PharmaCielo Ltd. “Our objectives this year are straightforward and achievable. We plan to complete construction of, and increase production output at, our Phase I processing and extraction centre; expand our offering of extracted product to include broad and full spectrum oil; begin to take the necessary steps to prepare for further production expansion in 2021 to coincide with market demand; and most importantly generate significant growth in commercial sales through the year based on agreements in-hand as well as in the pipeline, to drive cash flow breakeven by the end of the year.”

Financial Highlights – Q4-2019

Operating Results

All comparisons below are the quarter ended December 31, 2018, unless otherwise noted

- Total Revenue of \$657,000 compared to \$nil in Q4-2018 and \$130,000 in Q3-2019
- Total Cost of Sales of \$672,000 compared to \$nil and \$70,000 in Q3-2019
- “All-in” cost to produce dried cannabis of under \$0.04 per gram during Q4-2019

- Total Selling, General and Administrative expenses of \$10.5 million compared to \$5.9 million and \$6.1 million in Q3-2019
- Net loss of \$12.4 million compared to \$8.3 million in Q4-2019 and \$3.8 million in Q3-2019

Balance Sheet

All comparisons below are to December 31, 2018, unless otherwise noted

- Cash and cash equivalents of \$7 million as compared to \$45.9 million
- Total assets of \$50.2 million as compared to \$66.3 million
- Total liabilities of \$4.7 million as compared to \$3.0 million

Financial Highlights – Fiscal 2019

All comparisons below are to the year ended December 31, 2018, unless otherwise noted

- Total revenue of \$786,901 compared to \$nil in 2018
- Total cost of sales of \$741,600 compared to \$nil
- Total Selling, General and Administrative expenses of \$30.1 million compared to \$28.9 million in 2018
- Net loss of \$7 million compared to \$31.6 million in 2018

Q4 Highlights and Recent Developments

For a more comprehensive overview of these highlights and recent developments, please refer to PharmaCielo's *Management's Discussion and Analysis of the Financial Condition and Results of Operations for the year ended December 31, 2019* (the "MD&A").

- On December 2, 2019, the Company announced that it had qualified to trade on the OTCQX® Best Market in the United States under an updated ticker symbol of "PCLOF", and secured Depository Trust Company eligibility.
- On January 20, 2020, it was announced that PharmaCielo Colombia Holdings S.A.S. had received the global Good Agricultural Practices (GAP) certification for its propagation, flowering and medical cannabis production operations in Colombia.
- On January 22, 2020, the Company announced that it had been included in the newly created S&P/TSX Cannabis Index (XCAN).
- On January 24, 2020, the Company announced it had signed a three-year pan-European distribution agreement (the "CBD Export Global Agreement"), in which the Company's high-grade CBD isolate and broad-spectrum CBD oil will be sold to wholesalers and medicinal CPG product manufacturers through GMP certified lab owner, CBD Export Global. The CBD Export Global Agreement expands PharmaCielo's distribution network in Europe

with shipments into the EU to commence in 2020 with increased volumes during the duration of the agreement as B2B markets are expanded. A minimum target volume of 2,000 kg has been agreed to in the first year of the three-year performance-based agreement.

- On January 27, 2020, the Company announced that it had entered into a three-year agreement (the "XPhyto Agreement") with XPhyto Therapeutics Corp. ("XPhyto") (CSE:XPHY; FSE:4XT), whereby PharmaCielo will supply medicinal-quality cannabis extract oils and isolates, including those containing THC, to XPhyto for analysis, further processing, product development and manufacturing at its European Union Good Manufacturing Practice-certified ("EU GMP") facility in Biberach in the state of Baden-Württemberg, and thereafter for sale into the German market.
- On April 15, 2020, the Company announced that it had closed its previously announced "best efforts" private placement financing of 12,428,002 special warrants of the Company (the "Special Warrants") (inclusive of the broker Special Warrants at \$0.65 per Special Warrant for aggregate gross proceeds of approximately \$8 million).

Summary of Quarterly Financial Performance

PharmaCielo Ltd.				
Selected Quarterly Information				
In Cdn \$ (000's)	31-Dec-19	30-Sep-19	30-Jun-19	31-Mar-19
Sales	\$ 657	\$ 130	\$ -	\$ -
COGS	672	70	-	-
Gross Margin	(15)	60	-	-
Unrealized Gain on biological asset value	(1,474)	2,073	-	-
Operating Expenses	(121)	121	1,397	906
SG&A	10,482	6,124	8,774	4,763
Net Loss	(12,423)	(3,820)	(10,686)	(7,738)
Net Comprehensive Loss	(14,574)	(2,221)	(11,469)	(8,332)
Weighted average number of common shares outstanding	98,196,739	96,666,354	96,264,358	92,782,399
Net loss per common share	\$ (0.13)	\$ (0.04)	\$ (0.11)	\$ (0.08)
In Cdn \$ (000's)	31-Dec-18	30-Sep-18	30-Jun-18	31-Mar-18
Sales	\$ -	\$ -	\$ -	\$ -
COGS	-	-	-	-
Gross Margin	-	-	-	-
Unrealized Gain on biological asset value	-	-	-	-
Operating Expenses	828	618	529	332
SG&A	5,905	10,307	3,152	9,558
Net Loss	(8,265)	(9,497)	(3,818)	(10,047)
Net Comprehensive Loss	(8,339)	(9,559)	(4,592)	(9,137)
Weighted average number of common shares outstanding	80,161,732	77,906,560	77,792,185	77,133,903
Net loss per common share	\$ (0.11)	\$ (0.12)	\$ (0.05)	\$ (0.13)

Discussion of Operations – Fiscal 2019

The Company's net loss totaled \$34.7 million for the year ended December 31, 2019 (compared to \$31.6 million in the year ended December 31, 2018), with a basic loss per share of \$0.36 for the year ended December 31, 2019 versus a basic loss per share of \$0.40 in the year ended December 31, 2018.

This net loss was primarily due to higher professional fees of \$5.7 million for the year ended December 31, 2019 (compared to \$2.9 million in the year ended December 31, 2018), higher salaries and wages of \$4.9 million for the year ended December 31, 2019 (compared to \$1.2 million in the year ended December 31, 2018), higher consulting fees of \$3.0 million for the year ended December 31, 2019 (compared to \$1.6 million in the year ended December 31, 2018) and listing expense of \$2.4 million for the year ended December 31, 2019 (compared to \$Nil million in the year ended December 31, 2018). The net loss was partially offset by lower share-based compensation expense of \$11.3 million for the year ended December 31, 2019 (compared to \$18.8 million in the year ended December 31, 2018).

Professional fees of \$2 million were incurred as a result of the Creso Pharma Ltd. transaction and contributed to the increase in 2019. Other increases in professional fees included audit fees and other public company costs for the first time of approximately \$0.5 million as this was the first year as a public company.

Salaries and wages increased in 2019 as the Canadian office was expanded from 3 staff for the last quarter of 2018 to 7 staff for the year in 2019 to support finance and regulatory requirements. Canadian salaries increased from \$0.3 million to \$2.2 million. In Colombia, administrative functions were expanded in procurement, human resources, health and safety and product management. Also, in Q4 2019, \$0.5 million of selling and marketing expenses were reclassified to salaries and wages. Total salaries in Colombia increased from \$1.0 million to \$2.7 million.

Consulting fees increased \$0.7 million for support of the Creso Pharma Ltd. transaction. The balance of the \$1.4 million increase coming from SAP ERP project of \$0.4 million, capital markets consulting \$0.3 million and the balance in cannabis grow and extraction consulting.

About PharmaCielo

PharmaCielo Ltd. (TSXV:PCLO, OTC:PCLOF) is a global company, headquartered in Canada, with a focus on ethical and sustainable processing and supplying of all natural, medicinal-grade cannabis oil extracts and related products to large channel distributors. PharmaCielo's principal (and wholly owned) subsidiary is PharmaCielo Colombia Holdings S.A.S., headquartered at its cultivation and processing centre located in Rionegro, Colombia.

The boards of directors and executive teams of both PharmaCielo and PharmaCielo Colombia Holdings are comprised of a diversely talented group of international business executives and specialists with relevant and varied expertise. PharmaCielo recognized the significant role that Colombia's ideal location will play in building a sustainable business in the medical cannabis industry, and the Company, together with its directors and executives, is executing on a business plan focused on supplying the international marketplace.

Forward Looking Statements

Certain statements contained in this news release, such as those relating to anticipated commercial sales in 2019, growing commercial sales channels and networks, expansion of sales in Europe, expansion of Company's operating platform in 2020, projected increased market demand in 2021, the timing of the cash flow breakeven point, product development and expansion of product selection to include broad and full spectrum oil, the performance of

obligations under the distribution and supply agreements with CBD Export Global and Xphyto and the completion of the Colombian processing facility and progressing toward production, may contain "forward-looking information" as such term is used in applicable Canadian securities laws. Forward-looking information is based on plans, expectations and estimates of management at the date the information is provided and is subject to certain factors and assumptions, including the ability to obtain all necessary governmental regulatory and TSXV approval related to the exportation of PharmaCielo's CBD products from Colombia, that the Company's financial condition and development plans do not change as a result of unforeseen events, operations at the processing facility could continue to be negatively impacted by disruptions related to COVID 19 and these disruptions could have an impact on, the Company's ability to produce its cannabis products and generate revenue, and the Company's ability to achieve its 2020 goals, and management's ability to execute its business plan. Forward-looking information is subject to a variety of risks and uncertainties and other factors that could cause plans, estimates and actual results to vary materially from those projected in such forward-looking information. Factors that could cause the forward-looking information in this news release to change or to be inaccurate include, but are not limited to, the risk that any of the assumptions referred to prove not to be valid or reliable, that occurrences such as those referred to above are realized and result in delays, or cessation in planned work or construction projects, that the Company's financial condition and development plans change, failure to obtain necessary TSXV or applicable government regulatory approvals, the Company is unable to export or distribute commercial product to its sale channels due to economic or operational circumstances, risks associated with operating in Colombia, risks associated with global economic instability relating to COVID-19 and currency exchange risk, as well as the other risks and uncertainties applicable to cannabis producing companies and to the Company. The Company undertakes no obligation to update these forward-looking statements, other than as required by applicable law.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this press release.