

PharmaCielo Announces Financial Results for the Three and Nine Months Ended September 30, 2019

- *“All-in” cost to produce dried cannabis of \$0.04¹ per gram in Q3 – 20% better than targeted.*
- *Net loss significantly reduced to \$3.8 million compared to \$10.7 million in Q2-2019.*
- *Well capitalized with cash and short-term investments of \$20.7 million as of September 30, 2019.*
- *Initiating commercial sales – Completed sales negotiation in Q3-2019 to ship a minimum of \$3 million worth of bulk CBD isolate to a distributor in the U.S. during Q4-2019.*
- *Nearing completion of extraction and processing center (“RTC”), which will expand the Company’s extraction capacity to 265 tonnes of dried flower per year (processed equivalent volume of 28,900 kg of cannabis oil per year).*

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

TORONTO, Canada and RIONEGRO, Colombia (November 25, 2019) – **PharmaCielo Ltd.** (“PharmaCielo” or the “Company”) (TSXV:PCLO, OTC:PHCEF), 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 three- and nine-month periods ended September 30, 2019.

“As we approach the end of 2019, our team is on track to deliver on the key objectives outlined for shareholders at the time of our public listing in January, positioning PharmaCielo for a strong close to the year and solid growth in 2020,” said David Attard, Chief Executive Officer of PharmaCielo Ltd. “Our focus in Q4 and through 2020 will be on a continued ramp up of our processing facilities and on generating revenue at commercial scale both through the expansion of global sales relationships, and the signing of commercial supply agreements in jurisdictions where we are present today. While it has taken several years to bring our infrastructure and team to this point, I would challenge anybody watching the cannabis space today to identify another company with the capability to consistently produce high quality medicinal-grade cannabis extracts at an immediate capacity of 265 tonnes of dried flower per year, and an all-in cost of \$0.04 per gram^{Error! Bookmark not defined.}. Today, we are truly ready to embark on our journey to becoming the world’s preferred provider of naturally-grown, medicinal-grade cannabis extracts & wellness-related formulations.”

Mr. Attard continued, “With many global producers facing oversupply and intransigent per-gram production costs, we see the PharmaCielo model as the future of cannabis. There is substantial operating leverage embedded in this business as start-up expenses begin to roll off. This is a business that can get cash flow positive and generate meaningful profitability as it scales. We are excited to get working with our global customers at scale and to show our shareholders the financial power of the platform we have built as we progress through 2020.”

Financial Highlights – Q3

Operating Results

All comparisons below are to the quarter ended September 30, 2018, unless otherwise noted

- Total Revenue of \$130,000 compared to \$nil in Q2-2019 and \$nil in Q3-2018
- Total Cost of Sales of \$60,000 compared to \$nil
- “All-in” cost to produce dried cannabis of \$0.04 per gram¹ during Q3-2019
- Total operating expenses of \$6.1 million compared to \$8.8 million in Q2-2019 and \$10.3 million in Q3-2018
- Net loss of \$3.8 million compared to \$10.7 million in Q2-2019 and \$9.5 million in Q3-2018

Balance Sheet

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

- Cash and short-term investments of \$20.7 million as compared to \$45.9 million
- Total assets of \$55.6 million as compared to \$66.3 million
- Total liabilities of \$7.5 million as compared to \$3.0 million

Q3 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 Three and Nine Months Ended September 30, 2019* (the “**MD&A**”).

- On July 22, 2019, PharmaCielo Colombia Holdings S.A.S. appointed Andres Felipe Botero as Chief Operations Officer. Mr. Botero will help drive the growth of the Company's production capacity as it readies to feed global supply channels.
- On July 25, 2019, the Company was the first to receive Colombian government export approval for commercial sale of CBD isolate. Completion of commercial export permit process clears the way for the Company to initiate shipment of its medicinal-grade CBD extracts to wholesale distributors and product manufacturers.
- On July 26, 2019, the Company completed the acquisition of Ubiquo Telemedicina S.A.S., a leading provider of telemedicine services in Colombia. The acquisition will enable the Company expanded access to medicinal cannabis expertise among the Colombian medical community.
- On August 1, 2019, the Company announced it had achieved a twelvefold increase in dried cannabis processing capacity to meet global demand for medicinal oil extracts.
- On August 2, 2019, PharmaCielo Colombia Holdings S.A.S. appointed a new and diversified board of directors. The new board of directors consists of diversified experts with domestic and international business, academia, agriculture, trade and healthcare expertise. Half of the

new board members are businesswomen, reflecting the overall balance of Company's workforce and commitment to inclusivity.

- On August 8, 2019, the Company joined a Canadian market cannabis tracking and verification initiative. This technology offers full transparency and traceability of medical cannabis from the plant's cultivar DNA through to the final product – ensuring quality, standardization and enhanced product safety.
- On August 13, 2019, the Company expanded further into Latin America with a sales agreement to supply CBD extracts, oils and veterinary products to Laboratorios Adler (“Adler”). The Company's CBD extracts and oils are to be used in Adler's portfolio of veterinary products for pain and cancer treatment in large and domestic animals. The agreement covers sales and distribution in Uruguay, Paraguay, Bolivia and Southern Brazil.
- On August 19, 2019, the Company completed its first commercial export of CBD from Colombia to Europe. The inaugural shipment of the high quality CBD isolate was delivered to the Swiss headquarters of Creso Pharma Limited, a global pharmaceutical company with expertise in cannabis- and hemp-derived products for human and veterinarian use.

Discussion of Operations

The Company's net loss totaled \$3.8 million and \$22.2 million for the three and nine months ended September 30, 2019, respectively (compared to \$9.6 million and \$23.4 million for the three and nine months ended September 30, 2018, respectively), with a basic loss per share of \$0.04 and \$0.23 for the three and nine months ended September 30, 2019, respectively versus a basic loss per share of \$0.12 and \$0.30 for the three and nine months ended September 30, 2018, respectively.

This net loss was primarily due to higher professional fees of \$1.9 million and \$3.3 million for the three and nine months ended September 30, 2019, respectively (compared to \$(22,251) and \$1.8 million in the three and nine months ended September 30, 2018, respectively), higher salaries and wages of \$1.0 million and \$2.8 million for the three and nine months ended September 30, 2019, respectively (compared to \$218,094 and \$595,023 in the three and nine months ended September 30, 2018, respectively), and higher agricultural pre-operational costs of \$121,491 and \$2.4 million for the three and nine months ended September 30, 2019, respectively (compared to \$617,926 and \$1.5 million in the three and nine months ended September 30, 2018, respectively). The net loss was partially offset by an unrealized gain in fair value of biological assets of \$2.1 million for the three and nine months ended September 30, 2019 (compared to \$Nil in the three and nine months ended September 30, 2018), and share-based expense of \$844,168 and \$7.0 million for the three and nine months ended September 30, 2019, respectively (compared to \$8.0 million and \$16.5 million in the three and nine months ended September 30, 2018, respectively).

About PharmaCielo

PharmaCielo Ltd. (TSXV:PCLO, OTC:PHCEF) 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.

For further information:

www.PharmaCielo.com

David Gordon

Chief Corporate Officer

Direct: +1.416.864.6116

Mobile/ WhatsApp: +1.416.315.8741

www.PharmaCielo.com

Investor Inquiries:

Jonathan Ross

LodeRock Advisors Inc., PharmaCielo Investor Relations

+1.416.283.0178

jon.ross@loderockadvisors.com

Media Relations:

International: Gal Wilder, Cohn & Wolfe

+1.647.259.3261

gal.wilder@cohnwolfe.ca

Colombia:

María Paula Peña Fdz., SPR GROUP S.A.

PBX: 57-1 2877234

mariapaula.pena@sprgroup.biz

Forward Looking Statements:

Certain statements contained in this news release, such as those relating to anticipated commercial sales in 2019, growing sales channels, expansion of sales and the Company's operating platform in 2020, product development, the completion of the Colombian processing facility and progressing toward production, and the U.S. market as a prospective market for CBD products in the near-term 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, 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, 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.

¹ The Company produced and sold 12 kilogram equivalents during Q3-2019 at an all-in cost of \$0.04 per gram of dried cannabis. All-in cost is a non-GAAP measure