

July 5, 2017

NEWS RELEASE**For Immediate Release****UMBRAL ENTERS INTO DEFINITIVE AGREEMENT TO ACQUIRE ADDITIONAL 25% INTEREST IN LATE STAGE ACMRP APPLICANT PHYEINMED AND PROVIDES CORPORATE UPDATE**

Vancouver, B.C., July 5, 2017 – UMBRAL ENERGY CORP. (CSE: UMB) (the “**Company**” or “**Umbral**”) is pleased to announce that it has entered into a share purchase agreement dated effective June 21, 2017 (the “**SPA**”) among Umbral, its wholly-owned subsidiary 1005477 B.C. Ltd., Estek Ventures Corp. (the “**Vendor**”) and Debra Senger (“**Senger**”). Umbral and the Vendor currently each own 50% of the issued and outstanding common shares of PhyeinMed Inc. (PhyeinMed”), a late stage Health Canada Access to Cannabis for Medical Purposes Regulations (“**ACMRP**”) applicant for the purpose of growing, selling and distributing medical cannabis. Pursuant to the terms of the SPA, Umbral has agreed to acquire 50% of the Vendor’s holdings in PhyeinMed, representing 25% of PhyeinMed’s issued and outstanding share capital (the “**Acquisition**”), such that on closing of the Acquisition (the “**Closing**”), the resulting shareholdings in PhyeinMed will be 75% for Umbral and 25% for the Vendor.

Jag Bal, President and Chief Executive Officer, states: “this definitive agreement is the completion of yet another milestone for Umbral as it continues to build tangible value for shareholders. Our meaningful forward progress, as well as recent changes announced by Health Canada for the marijuana industry, make us extremely excited about our future with PhyeinMed, and assisting them in becoming a licensed producer in Canada in the very near future.”

In consideration for the Acquisition, the Company has agreed to the following terms and conditions:

- The Company will pay a total of \$120,000 (\$50,000 of which has been paid, \$50,000 of which will be paid on Closing and \$20,000 of which will be paid upon completion by the Company of equity financing(s) that have raised gross proceeds of at least \$1,500,000);
- The Company will issue 7,000,000 common shares in the capital of the Company (“**Shares**”) at Closing. Such shares will be subject to a four month hold period under applicable securities laws, and will be subject to a voluntary escrow period pursuant to which 10% of the Shares will be released on Closing and an additional 15% of the Shares will be released every six months thereafter;
- The Company will issue an additional 4,000,000 Shares upon final award of an ACMRP production license;
- The Company will grant 2,000,000 stock options to Senger to acquire up to 2,000,000 Shares at an exercise price no higher than \$0.09 per Share;
- The Company will award to Senger 2,400,000 restricted stock units to Senger and an additional 1,600,000 RSU’s to eligible recipients; and

- The Company will commit up to an additional \$3,000,000 to fund PhyeinMed’s efforts in the medical marijuana business (the “**Loan**”).

Completion of the Acquisition is subject to a number of conditions, including but not limited to, regulatory approval, including acceptance by the Canadian Securities Exchange (the “**CSE**”).

PhyeinMed's Chief Executive Officer, Debra Senger, and owner of Estek Ventures, states: "This transaction creates greater alignment between Umbral and Estek as we combine our efforts within PhyeinMed towards becoming a Licensed Producer of cannabis in Canada. The entire PhyeinMed team and I are very encouraged by the recent progress being made by Health Canada to streamline the licensing process to meet the expected high future demand."

Umbral Business Update

The Company through its partner PhyeinMed has applied to become a licensed producer under the ACMRP. The licensing process involves a strict and thorough review. Effective May 25, 2017, Health Canada abridged and amended the application process for prospective licensed producers. There are many stages to the application process for becoming a licensed producer of cannabis for medical purposes as described below (for further information please visit Health Canada’s website at <https://www.canada.ca/en/health-canada/services/drugs-health-products/medical-use-marijuana/licensed-producers/application-process-becoming-licensed-producer.html>):

1. Intake and Initial Screening
2. Detailed Review and Initiation of Security Clearance Process
3. Issuance of Licence to Produce
4. Introductory Inspection (as cultivation begins)
5. Pre-Sales Inspection
6. Issuance of Licence to Sell

The company has successfully completed the Security Clearance Process and is now in the Detailed Review stage. An applicant may be sent back to a stage previously cleared if new information affecting the application is received by Health Canada. Also, an application can be refused at any stage of the process.

At this time, the Company is being permitted to complete the Acquisition and to build out a grow facility, and upon completion, it is expected to receive permission from Health Canada to cultivate initial crops. Once the Company has completed a property acquisition for such facility and received further clarity from Health Canada, it intends to undertake a “change of business” transaction pursuant to CSE policies.

In addition, Umbral also plans to conduct a 2017 work program on its 100% owned Letourneur Gold Project in Quebec. Umbral is also in discussions with potential joint venture partners to further develop and explore the Letourneur Gold project. The Company expects to allocate up to \$1,000,000 dollars for expenditures on the property.



As such, the Company currently remains a resource issuer and plans to continue its principal business of mineral exploration until it can gain better certainty surrounding the Health Canada licensing process. As there can be no guarantee that such milestones will be achieved and significant risks still exist in the application approval process, until such time, the Company will simultaneously pursue both medical marijuana and mineral exploration businesses.

ON BEHALF OF THE BOARD OF DIRECTORS OF UMBRAL ENERGY CORP.

“Jag Bal”

Jagdip Bal
President and CEO

The Canadian Stock Exchange does not accept responsibility for the adequacy or accuracy of this release.

This news release contains forward-looking information, which involves known and unknown risks, uncertainties and other factors that may cause actual events to differ materially from current expectation. Important factors - including the availability of funds, the results of financing efforts, the results of exploration activities -- that could cause actual results to differ materially from the Company's expectations are disclosed in the Company's documents filed from time to time on SEDAR (see www.sedar.com). Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. The company disclaims any intention or obligation, except to the extent required by law, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

