

PharmaCielo Establishes Joint Venture with Mino Labs to Bring Medicinal Cannabis Oil to Mexico

- *Joint venture secures PharmaCielo's foothold in world's largest legalized medicinal cannabis marketplace with population of 130-million and over 33,000¹ medicinal distribution points*
- *Marks key step in PharmaCielo's plan to become a leading global exporter of medicinal-grade cannabis oils and derivative products and in bringing economic value to individual global markets*

TORONTO and MEXICO CITY, MEXICO, Jan. 28, 2019 /CNW/ - **PharmaCielo Ltd.** ("**PharmaCielo**" or the "**Company**") (TSXV:PCLO), the Canadian parent of Colombia's premier cultivator and producer of medicinal-grade cannabis oil, PharmaCielo Colombia Holdings S.A.S., announced today its entry into the Mexican market through an equity joint venture (the "JV") with MINO Labs S.A. de C.V. ("MINO Labs"), a specialty pharmaceutical company and medical supply distributor based in Mexico, based on an agreement signed on January 25, 2019. The JV is called PharmaCielo S.A. de C.V. ("PharmaCielo Mexico").



Left to Right: Mr. Carlos Alaman Volnie (COO of MINO), Mr. Manuel Cosme Odabachian (CEO of MINO), Mr. David Attard (CEO of PharmaCielo, LTD) and Mr. David Gordon (COO of PharmaCielo, LTD) (CNW Group/PharmaCielo)

The announcement marks a key milestone in PharmaCielo's plan to become a leading global exporter of high-quality medicinal-grade cannabis oils and derivative products. Cannabis oil delivery under the JV to the Mexican market is expected to commence in Q4 2019, subject to the JV and PharmaCielo obtaining the requisite registrations and licences. PharmaCielo's ability to carry out the contemplated business under the JV will be subject to the approval of the TSX Venture Exchange (the "TSXV").

"We are thrilled about the opportunity to join forces with MINO. Ultimately, our plan is to bring our high-quality cannabis oils to Mexico," says David Attard, Chief Executive Officer of PharmaCielo. "Our premium quality oils are extracted from proprietary strains of dried flower at flower cost levels below \$0.05 per gram. This enables us to focus our efforts and financial investment on the creation of the highest-quality oil-based health and wellness products, which when combined with the expertise of Mino Labs, will enable the JV to participate in the advancement of the medicinal cannabis industry in Mexico."

PharmaCielo Mexico is owned equally by PharmaCielo and MINO Labs. The board of directors (the

"JV Board") of PharmaCielo Mexico is to be comprised of three directors nominated by PharmaCielo and three directors nominated by MINO Labs. PharmaCielo and MINO Labs are required to develop in good faith a business plan within 90 days and submit it to the JV Board for approval. The business of the JV is intended to include the sales, distribution, marketing, research, and product development of medicinal cannabis products in Mexico. The JV must prepare and submit all necessary regulatory applications and registrations required to conduct the contemplated business of the JV in Mexico. Within 90 days, the JV and PharmaCielo are to negotiate and enter into a long term supply agreement pursuant to which the JV would exclusively purchase from PharmaCielo cannabis oils and other cannabis products to be used for developing, manufacturing, marketing, and selling. Also within 90 days, the JV and PharmaCielo are to enter into a co-branding license agreement that would govern the use of PharmaCielo trademarks used by the JV. PharmaCielo and Mino Labs have also entered into a non-competition agreement not to compete with the JV in Mexico.

MINO Labs has more than 20 years of experience in the pharmaceutical and medical distribution sector with dedicated and experienced sales staff. With access to distribution, warehousing and commercialization facilities throughout the Mexican territory, MINO supplies large retail chains, independent and retail drugstores alike, as well as government-owned outlets with pharmaceutical, biological and additional revenue-generating over-the-counter (OTC) products. MINO has access through a sister company to an independent and fully licensed state-of-the-art warehouse with 64,500 feet² located in San Antonio La Isla, State of Mexico. This facility complies with the mandatory infrastructure regulations and is licensed for pharmaceutical products in the Mexican marketplace.

Manuel Cosme Odabachian, CEO of MINO says, "We are proud to partner with PharmaCielo in order to attempt to bring unique, cannabinoid-based wellness products to the Mexican market. Our experienced sales team has experienced an accelerating demand from both pharmacies and doctors across the country for medicinal-grade cannabis products, and with this partnership, we believe we are well positioned to meet that demand with top-quality cannabis oil health and wellness products prepared based on the specific formulation needs of the market."

PharmaCielo's CEO, David Attard, added, "Today's announcement also satisfies our ultimate objective to identify a strategic path to make a positive economic impact on any country we choose to enter. Ultimately, the opportunity with Mexico should combine the value of equatorial Colombian cultivation with the local expertise to create market-specific formulations and products, building and staffing second-stage operational facilities with the advanced expertise required, all without cannibalizing the value that Colombia brings to the table."

¹ <http://www.rilenio.com/negocios/cadenas-de-farmacias-acaparan-el-mercado>

About PharmaCielo

PharmaCielo Ltd. 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 nursery and propagation 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.

About Mino Labs

Mino Labs S.A. de C.V. is a specialty pharmaceutical company and medical supply distributor based in Mexico with more than 20 years of experience. The company has distribution, warehousing and commercialization facilities throughout the Mexican territory supplying strategic chain, independent and retail drugstores as well as government-sector institutions with pharmaceutical, biological and OTC products. MINO has a fully operational license through its sister company BODEGAS CERO GRADOS S.A. de C.V. (COFEPRIS License 15 040 08 0001) and a state-of-the-art 64,500 feet² warehouse in compliance with appropriate infrastructure requirements and licences for pharmaceutical products.

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

Forward-Looking Statements

This press release contains forward-looking statements. Forward-looking statements can be identified by the use of words such as, "expects", "is expected", "intends", "believes", or variations of such words and phrases or state that certain actions, events or results "may" or "will" be taken, occur or be achieved. Forward-looking statements include statements with respect to the timing of delivery of cannabis to the Mexican market under the JV, the entering into of a long term supply agreement, the timing of obtaining necessary regulatory applications and registrations required to conduct the contemplated business of the JV in Mexico, the entering into of a co-branding license agreement, the timing of revenue generated from the sale of cannabis and developing business relationships domestically and internationally including under the JV. Forward-looking statements are based on assumptions, including with respect to PharmaCielo's planned products, and the ability to execute its business plan that management believes are reasonable in the circumstances, but the actual results, performance or achievements of PharmaCielo's business may be materially different from any future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements can be affected by known and unknown risks, uncertainties and other factors, including, but not limited to, the equity markets generally, risks associated with early stage companies, risks associated with the regulation of cannabis and cannabinoid derivatives, failure to obtain necessary TSXV approval, competition for PharmaCielo's planned products, risks associated with operating in Colombia and Mexico, and currency exchange risk. Accordingly, readers should not place undue reliance on forward-looking statements.

Except as required by law, PharmaCielo undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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<http://www.newswire.ca/en/releases/archive/January2019/28/c0955.html>

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