PharmaCielo Issues Statement Regarding Misleading Short Seller Report

TORONTO, March 3, 2020 /CNW/ - **PharmaCielo Ltd.** ("**PharmaCielo**" or the "**Company**") (**TSXV: PCLO, OTCQX: PCLOF**), the Canadian parent of Colombia's premier cultivator and producer of medicinal-grade cannabis extracts, PharmaCielo Colombia Holdings S.A.S., announced that it is aware that a short seller report targeting PharmaCielo has been promoted this week. The Company believes that this report represents a malicious attempt to manipulate PharmaCielo's common shares by spreading false, distorted and misleading statements about the Company.

David Attard, CEO, commented, "I would encourage all of our shareholders to exercise caution in relying on the blatant misrepresentations contained within the short seller report in question. This report was written with the express intention of manipulating market opinion, to reward a select group of short sellers at the expense of all honest market participants. As a Company, we are right on track to achieve our objectives this year. We expect 2020 to be an important year for PharmaCielo, as we transition from building one of the most scalable cultivation, processing and extraction footprints in the global cannabis sector today to selling at commercial scale. We have made significant progress on the sales side since Q3-2019 and are in the process of ramping up production to fulfill the requirements of sales agreements signed in late-2019 and early-2020."

Mr. Attard continued, "Our processing and extraction centre is running at a rate of 500 kg of isolate per month, aligned with the guidelines provided to the market when we reported Q3-2019, and we are on track to reach 2,000 kg per month later this year. We fully expect to deliver sequential revenue growth through 2020 as we focus both on delivering against current sales agreements and on signing additional deals, to drive cash flow breakeven by the end of the year."

Simon Langelier, Chair of the Board of Directors stated, "The Board of Directors has unanimous confidence in the management team and its ability to continue progressing the business toward the achievement of the Company's ultimate objective to become the world's preferred source of naturally grown cannabis. Having been involved with large public companies both at the senior management and board levels, we see the same ingredients for success at PharmaCielo that we have seen in other successful global companies. The analysis provided in the short seller report has chosen to ignore many of the key factors that determine operational success. This team has successfully built a cultivation platform that is among the largest in the world, while maintaining rigorous quality standards and delivering product at $0.04 per gram in Q3-2019. With a strong foundation in place, management is set to deliver a significant step-up in sales for 2020, and I am impressed by what we have seen so far over the past three months."

The Company would like to clarify that Anthony Wile, the Company's co-founder, has not been an officer, director or consultant of PharmaCielo since December 2018. As a result, the Company cannot speak for Mr. Wile.

PharmaCielo has already made meaningful strategic progress in the first quarter of 2020:

- On January 17, 2020 the TSX Venture Exchange approved the Company to export medicinal-grade CBD isolate to the U.S. market;
- On January 20, 2020 the Company announced that it was the first Colombian cannabis cultivator to receive the Global Good Agricultural Practices (GLOBALG.A.P.) certification, issued by SGS, one of the world's leading inspection, verification, testing and certification companies. GLOBALG.A.P. certification is a testament to PharmaCielo's safe and sustainable cultivation practices at its propagation, flowering and medical cannabis production operations in Colombia;
- On January 24, 2020 PharmaCielo signed a Pan-European distribution agreement with a minimum 2,000 kg target volume in the first year; and
- On January 27, 2020 the Company announced its most significant sales agreement to date – a three-year agreement to deliver 30,000 kg of medicinal-quality extract oils and isolates for distribution in the German market.

PharmaCielo believes the short seller report contains numerous false and misleading statements and is libelous. The report is being reviewed by outside advisors, including legal counsel. The Company will respond to the report in a timely and appropriate manner. The Company looks forward to reporting its Q4-2019 and fiscal 2019 financial results in the second half of April 2020, in accordance with regulatory timelines.

About PharmaCielo
PharmaCielo Ltd. (TSXV: PCLO, OTCQX: 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 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.

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. Certain statements contained in this news release, such as those relating to ramping of production and fulfilling the requirements of sales agreements, reaching 2,000kg a month of production, revenue growth in 2020, breaking even and profitability of the Company, increasing sales and reporting of financial results are "forward-looking statements" as such term is used in applicable Canadian securities laws. Forward-looking statements are based on plans, expectations and estimates of management at the date the information is provided and are subject to certain factors and assumptions, including the Company's ability to fulfill product production goals, obtaining necessary regulatory approvals related to its business, executing its ability to execute anticipated sales volumes and fulfilling its obligations under the sales agreements to which it is party. 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 levels of production may be less than anticipated which could impact revenue and profitability of the Company, that necessary regulatory approvals may not be able to be obtained or there may be a delay in obtaining these approvals, that the market for the Company's products may be subject to volatility, that there may be less than anticipated demand for the Company's products, that there may be higher than anticipated competition in the cannabis market, risks associated with operating in Colombia, as well as the other risks and uncertainties applicable to cannabis producing companies. The Company undertakes no obligation to update these forward-looking statements, other than as required by applicable law.

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