

A copy of this amended and restated preliminary short form prospectus has been filed with the securities regulatory authorities in British Columbia, Ontario, Alberta and Québec, but has not yet become final for the purpose of the sale of securities. Information contained in this amended and restated preliminary prospectus preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, (the “U.S. Securities Act”), or any securities laws of any state of the United States. Accordingly, except as permitted under the Agency Agreement (as defined below), these securities may not be offered, sold or delivered, directly or indirectly, within the United States, or to or for the account or benefit of any U.S. person or any person in the United States, unless registered under the U.S. Securities Act and any applicable securities laws of any state of the United States or unless an exemption from such registration requirements is available. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See “Plan of Distribution”. “United States” and “U.S. person” are as defined in Regulation S under the U.S. Securities Act.

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of PharmaCielo Ltd. at Suite 805, 1 Toronto Street, Toronto, Ontario, M5C 2V6, telephone (647) 272-9242, and are also available electronically at www.sedar.com.

**AMENDED AND RESTATED PRELIMINARY SHORT FORM PROSPECTUS
(amending and restating the preliminary short form prospectus dated March 3, 2021)**

New Issue

March 4, 2021



PHARMACIELO LTD.

A minimum of \$12,000,010

5,581,400 Common Shares

This amended and restated preliminary short form prospectus (the “**Prospectus**”) qualifies the distribution (the “**Offering**”) by PharmaCielo Ltd. (“**PharmaCielo**” or the “**Company**”) of 5,581,400 common shares of the Company (the “**Offered Shares**”) at a price of \$2.15 per Offered Share (the “**Offering Price**”) for total gross proceeds of not less than \$12,000,010 (the “**Minimum Offering Size**”). The Offering is made on a commercially reasonable “best efforts” agency basis pursuant to the terms and conditions of an agency agreement (the “**Agency Agreement**”) to be dated as at the Closing Date (as defined herein) between the Company and Cormark Securities Inc. (“**Cormark**”) and a syndicate of agents to be named and led by Cormark (the “**Agents**”).

The Company is a corporation existing under the *Business Corporations Act* (British Columbia). The outstanding common shares in the capital of the Company (the “**Common Shares**”) are listed and posted for trading on the TSX Venture Exchange (the “**TSXV**”) under the symbol “PCLO” and on the OTCQX under the symbol “PCLOF”. On March 3, 2021, the last trading day prior to the announcement of the Offering and the filing of this Prospectus, the closing trading price of the Common Shares on the TSXV was \$2.58. The Offering Price was determined by negotiation between the Company and the Agents. See “*Plan of Distribution*”.

	Price to the Public	Agents’ Fee⁽¹⁾	Net Proceeds to the Company⁽²⁾⁽³⁾
Per Offered Share	\$2.15	\$0.1075	\$2.0425
Total	\$12,000,010	\$600,001	\$11,400,009

Notes:

- (1) The Company has agreed to pay the Agents a cash commission (the “**Agents’ Fee**”) equal to 5% of the gross proceeds from the offer and sale of the Offered Shares in the Offering. In addition, the Company has agreed to grant the Agents 320,931 non-transferable broker warrants (the “**Broker Warrants**”) to acquire the equivalent number of Common Shares (the “**Broker Warrant Shares**”), being 5% of the total number of Offered Shares sold pursuant to the

Offering, including upon exercise of the Over-Allotment Option (as defined below), exercisable at \$2.15 for a period of 24 months from the Closing Date (as defined below). This Prospectus also qualifies the distribution of the Broker Warrants. See “*Plan of Distribution*”.

- (2) After deducting the Agents’ Fee but before deducting expenses of the Offering, estimated to be approximately \$270,000. The Agents’ Fee will be paid to the Agents from the proceeds of the Offering on the Closing Date.
- (3) The Company has granted to the Agents an option (the “**Over-Allotment Option**”), exercisable in whole or in part at the sole discretion of the Agents at any time until the date that is 30 days following the Closing Date, to purchase up to an additional 837,210 Offered Shares (representing up to 15% of the number of Offered Shares sold pursuant to the base Offering) to cover over-allocations, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the Price to the Public, Agents’ Fee and Net Proceeds to the Company, before deducting expenses of the Offering, will be \$13,800,012, \$690,001 and \$13,110,011, respectively. This Prospectus also qualifies the grant of the Over-Allotment Option and distribution of any additional Offered Shares issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Offered Shares forming part of the Agents’ over-allocation position acquires those Offered Shares under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. Unless the context otherwise requires, references to Offered Shares include the securities issuable upon exercise of the Over-Allotment Option.

The following table sets forth the number of securities that may be issued by the Company pursuant to the Over-Allotment Option and the Broker Warrants:

Agents’ Position	Maximum Size or Number of Securities Available	Exercise Period or Acquisition Date	Exercise Price or Acquisition Price
Over-Allotment Option	837,210 Offered Shares	Exercisable at any time until the date that is 30 days following the Closing Date	\$2.15 per Offered Share
Broker Warrants	320,931 Broker Warrant Shares ⁽¹⁾	Exercisable until the date that is 24 months following the Closing Date	\$2.15 per Broker Warrant Share

Note:

- (1) Assuming the exercise of the Over-Allotment Option by the Agents in full.

The Offering is being conducted on a commercially reasonable “best efforts” agency basis without underwriter liability by the Agents who conditionally offer the Offered Shares for sale, if, as and when issued by the Company and accepted by the Agents, in accordance with the terms and conditions contained in the Agency Agreement referred to under “*Plan of Distribution*” and subject to the approval of certain legal matters on behalf of the Company by McMillan LLP and on behalf of the Agents by Fasken Martineau DuMoulin LLP. See “*Plan of Distribution*”.

Subject to applicable laws and in connection with the Offering, the Agents may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “*Plan of Distribution*”.

The Company has applied to list the Offered Shares to be distributed under this Prospectus, and the Compensation Shares, on the TSXV. Listing will be subject to the Company fulfilling all of the requirements of the TSXV.

Completion of the Offering is subject to receiving subscriptions for at least the Minimum Offering Size. Subscriptions for the Offered Shares will be received subject to rejection or allotment, in whole or in part, and the Agent reserves the right to close the subscription books at any time without notice. Subject to receiving subscriptions for at least the Minimum Offering Size, it is expected that the Closing of the Offering is expected to take place on or about March 18, 2021, or such other date as may be agreed upon by the Company and the Agents (the “**Closing Date**”). Pending closing of the Offering, all subscription funds will be deposited and held by the Agents in trust. If the Closing Date does not occur within 90 days from the date a receipt is issued for the (final) short form prospectus or such other time as may be permitted by applicable securities legislation and consented to by persons or companies who subscribed within that period and the Agents, the Offering will be discontinued and all subscription monies will be returned to subscribers without interest, set-off or deduction. See “*Plan of Distribution*”.

Subject to certain exceptions, no certificates evidencing the Offered Shares will be issued. Instead, the Offered Shares sold pursuant to the Offering will be issued in electronic form to CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominees. A purchaser of Offered Shares will receive only a customer confirmation from the registered dealer from or through which the Offered Shares are purchased and who is a CDS participant. CDS will record the CDS participants who hold Offered Shares on behalf of owners who have purchased Offered Shares in accordance with the book-based system. See “*Plan of Distribution*”

An investment in the securities of the Company is highly speculative and involves significant risks that should be carefully considered by prospective investors. The risks outlined in this Prospectus and in the documents incorporated by reference herein should be carefully reviewed and considered by prospective investors in connection with an investment in such securities. See “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements”. Potential investors are advised to consult their own legal counsel and other professional advisers in order to assess income tax, legal and other aspects of this investment.

Some directors of the Company reside outside of Canada. The persons named below have appointed the following agent for service of process:

Name of Person	Name and Address of Agent
Simon Langelier	McMillan LLP, Brookfield Place, Suite 4400, 181 Bay Street, Toronto, Ontario Canada M5J 2T3
Matteo Pellegrini	
Henning von Koss	
Claudia Jimenez	

Purchasers of the Offered Shares are advised that it may not be possible to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

The Company’s head office is located at Suite 805, 1 Toronto Street, Toronto, Ontario, M5C 2V6. The Company’s registered office is located at 1500 Royal Centre, 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7.

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GENERAL MATTERS

In this Prospectus, references to the Company refer to PharmaCielo Ltd. and, where applicable, its subsidiaries; “**Common Shares**” means the common shares of the Company; and “**Offered Shares**” means the Common Shares qualified for distribution under this Prospectus.

All capitalized terms referred to above are defined elsewhere in this Prospectus including under “*Glossary of Terms*”.

Unless the context otherwise requires, references to “**management**” in this Prospectus means the persons acting in the capacities of the Company’s Chief Executive Officer and Chief Financial Officer. Any statements in this Prospectus or incorporated by reference herein made by or on behalf of management are made in such persons’ capacities as officers of the Company and not in their personal capacities.

Readers should rely only on information contained or incorporated by reference in this Prospectus. The Company has not authorized anyone to provide the reader with different information. The Company is not making an offer of these securities in any jurisdiction where the offer is not permitted. Readers should not assume that the information contained or incorporated by reference in this Prospectus is accurate as of any date other than the date on the front of this Prospectus or the respective dates of the documents incorporated by reference herein. The Company does not undertake to update the information contained or incorporated by reference herein, except as required by applicable securities laws.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus and all documents incorporated by reference herein contain “forward-looking statements” or “forward-looking information” within the meaning of applicable securities legislation. Forward-looking information is provided as of the date of this Prospectus and the Company does not intend, and does not assume any obligation, to update this forward-looking information, except as required by applicable securities law.

In some cases, these forward-looking statements can be identified by words or phrases such as “may”, “believe”, “expects”, “will”, “intends”, “projects”, “anticipates”, “estimates”, “continues”, “plan”, “believe”, “aim”, “seek” or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on current expectations and projections about future events and financial trends that they believe may affect the Company’s financial condition, results of operations, business strategy and financial needs, as the case may be.

Forward-looking statements relating to the Company include, among other things, statements relating to:

- the use of the net proceeds of the Offering;
- the Company’s intention to grow the business and its operations;
- the expansion of the Company’s contract growing operations;
- expectations with respect to the Company’s ability to export cannabis from Colombia;
- the Company’s ability to obtain TSXV approval for the export of its products to foreign markets outside of Colombia;
- the projected cash burn rates, projected cash in from sales and anticipated financial projections and the minimum amount of revenue the Company believes it requires to enable it to continue operations for at least the next 12 months;
- the Company’s intention to apply for Novel Foods Certification;

- continued COVID-19 related logistical challenges affecting the Company's product distribution, delay of Company sales related travel and customer and potential customer visits to its Processing and Extraction Centre during 2021 due to the COVID-19 pandemic;
- anticipated cash needs and its needs for additional financing; and
- the future growth of the cannabis industry.

Forward-looking statements are based on certain key assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments and other factors the Company believes are appropriate, and are subject to risks and uncertainties. Such assumptions include, among others, those relating to the Company's ability to generate revenue as projected, the market demand for the Company's products, the ability of contract counterparties to fulfill contractual obligations, general economic conditions, Canadian and Colombian legislative and regulatory environment, the ability to execute on its stated business objectives internationally, logistical issues related to COVID-19 affecting the distribution of the Company's products are materially resolved and no additional logistical hurdles related to distribution arise, the Company's ability to respond to COVID-19 logistical challenges should such challenges remain unresolved, receiving all necessary approvals for any cannabis licensing or regulatory requirements including obtaining necessary Quotas relating to its Cannabis and Psychoactive Plants Cultivation License and Cannabis Derivative Manufacturing License, and receiving all the necessary approvals from securities regulators, security holders, and stock exchanges in order to execute its business objectives. Although management believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect. Given these risks, uncertainties and assumptions, shareholders and prospective purchasers of the Company's securities should not place undue reliance on these forward-looking statements. The above list of forward-looking statements is not exhaustive and whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed factors discussed in the sections entitled "*Risk Factors*" in this Prospectus and in the Company's annual information form dated May 4, 2020 which is incorporated by reference herein.

FINANCIAL INFORMATION

The financial statements of the Company incorporated by reference in this Prospectus have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and are reported in Canadian dollars.

All currency amounts in this Prospectus are expressed in Canadian dollars, unless otherwise indicated. References to "US\$" are to United States dollars. On March 3, 2021, the average daily rate of exchange for the United States dollar in terms of Canadian dollars, as quoted by the Bank of Canada, was US\$1.00 = C\$1.2631.

ELIGIBILITY FOR INVESTMENT

In the opinion of McMillan LLP, counsel to the Company, and Fasken Martineau DuMoulin LLP, counsel to the Agents, based on the provisions of the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the "**Tax Act**") as of the date hereof, the Offered Shares, if issued on the date hereof, would be "qualified investments" under the Tax Act for a trust governed by a "registered retirement savings plan", "registered retirement income fund", "registered education savings plan", "registered disability savings plan", "tax-free savings account" (collectively, "**Registered Plans**") or "deferred profit sharing plan" (each as defined in the Tax Act), provided that the Offered Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes Tier 1 of the TSXV).

Notwithstanding that the Offered Shares may be a qualified investment for a Registered Plan, if the Offered Shares are a "prohibited investment" within the meaning of the Tax Act for a Registered Plan, the holder, annuitant or subscriber of the Registered Plan, as the case may be, (the "**Controlling Individual**") will be subject to a penalty tax as set out in the Tax Act. The Offered Shares generally will not be a prohibited investment for a Registered Plan if the Controlling Individual of the Registered Plan (a) deals at arm's length with the Company for the purposes of the Tax Act, and (b) does not have a "significant interest" (as defined in subsection 207.01(4) of the Tax Act) in the

Company. In addition, the Offered Shares will not be a prohibited investment if the Offered Shares are “excluded property” (as defined in subsection 207.01(1) of the Tax Act) for a Registered Plan.

Persons who intend to hold the Offered Shares in a trust governed by a Registered Plan or a deferred profit sharing plan should consult their own tax advisors with respect to the application of these rules in their particular circumstances.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with the securities commissions or similar authorities in British Columbia, Ontario, Alberta and Québec. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of PharmaCielo Ltd. at Suite 805, 1 Toronto Street, Toronto, Ontario, M5C 2V6, and are also available electronically at www.sedar.com. The filings of the Company through the System for Electronic Document Analysis and Retrieval (“SEDAR”) are not incorporated by reference in this Prospectus except as specifically set out herein.

The following documents, filed by the Company with the securities commissions or similar authorities in British Columbia, Ontario, Alberta, and Québec, are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- (a) the annual information form (the “**Annual Information Form**”) of the Company dated May 4, 2020, for the financial year ended December 31, 2019;
- (b) the audited annual financial statements of the Company for the year ended December 31, 2019, together with the auditor’s report thereon and the notes thereto (the “**Audited Annual Financial Statements**”);
- (c) the interim financial statements of the Company for the three and nine-month periods ended September 30, 2020 and the notes thereto (the “**Interim Financial Statements**”, and together with the Audited Annual Financial Statements, the “**Financial Statements**”);
- (d) the management’s discussion and analysis of the Company for the financial year ended December 31, 2019 (the “**Annual MD&A**”);
- (e) the management’s discussion and analysis of the Company for the three and nine-month periods ended September 30, 2020 (the “**Interim MD&A**”, and together with the Annual MD&A, the “**MD&A**”);
- (f) the management information circular of the Company dated July 10, 2020 prepared in connection with the annual general and special meeting of shareholders of the Company held on August 6, 2020 (the “**Circular**”);
- (g) the material change report of the Company dated April 3, 2020 announcing a private placement offering of special warrants (the “**Special Warrant Financing**”) and adjustments to its subsidiary operations in Colombia;
- (h) the material change report of the Company dated April 27, 2020 announcing the completion of the Special Warrant Financing;
- (i) the material change report of the Company dated June 12, 2020 announcing a \$4,000,000 underwritten public offering of Common Shares (the “**Bought Deal**”);
- (j) the material change report of the Company dated July 6, 2020 announcing completion of the Bought Deal; and
- (k) the material change report of the Company dated November 24, 2020 announcing the closing of private placement financing of 20,000,000 units (the “**Private Placement Units**”) of the Company

at a price of \$0.50 per Private Placement Unit, with each Private Placement Unit comprised of one Common Share and one half of one Common Share purchase warrant (each full warrant, a “**Private Placement Warrant**”), for gross proceeds of \$10M (the “**Private Placement Financing**”).

Any document of the type referred to in section 11.1 of Form 44-101F1 – *Short Form Prospectus*, if filed by the Company after the date of this Prospectus and prior to the distribution of the Offered Shares, shall be deemed to be incorporated by reference in this Prospectus.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document that also is, or is deemed to be, incorporated by reference herein modifies, replaces or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes.

The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

MARKETING MATERIALS

Any “template version” of any “marketing materials” (as such terms are defined in National Instrument 41-101 – *General Prospectus Requirements*) that are utilized by the Agents in connection with the Offering are not part of this Prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this Prospectus. Any template version of any marketing materials that has been, or will be, filed on SEDAR before the termination of the distribution under the Offering (including any amendments to, or an amended version of, any “template version” of any marketing materials) are deemed to be incorporated herein by reference.

SUMMARY DESCRIPTION OF THE BUSINESS

PharmaCielo is a Canadian integrated medicinal cannabis company with its core operations at its facility in Rionegro, Colombia. The Company is focused on cultivating, processing and supplying all natural, medicinal-grade cannabis oil extracts and related products to large channel distributors, including pharmacies, medical clinics, and cosmetic companies. As the Colombian market currently allows for the commercial production and distribution of medicinal cannabis products, PharmaCielo sells its products in Colombia and exports them to foreign markets. To date the Company has had sales in the United States, Colombia, Czech Republic, Italy, Switzerland and the United Kingdom. PharmaCielo’s ability to export its products to foreign markets outside of Colombia is subject to the regulatory regime in such foreign jurisdiction and the approval of the TSXV.

Licenses

PharmaCielo Colombia holds the following licenses granted by the Colombian government: (i) the Cannabis Psychoactive Plants Cultivation License; (ii) the Cannabis Non-Psychoactive Plants Cultivation License; and (iii) the Cannabis Derivatives Manufacturing License. In November 2020, the Company received the Good Agricultural and Collection Practices designation for the production of medicinal cannabis, which is based on World Health Organization guidelines.

With respect to cultivation, for the 2021 calendar year, PharmaCielo applied to the Colombian Ministry of Justice and Law (the “**Ministry of Justice**”) for both a quota for non-commercialization purposes and commercialization purposes regarding the cultivation of psychoactive cannabis.

In accordance with Resolution 0137 dated February 19, 2021, PharmaCielo was granted a quota for 2021 for the cultivation of psychoactive cannabis for non-commercialization purposes using the cannabis seed varieties that were approved by the Ministry of Justice.

With respect to manufacturing, for the 2021 calendar year, PharmaCielo also applied to the Colombian Ministry of Health and Social Protection (the “**Ministry of Health**”) for both a quota for non-commercialization purposes and commercialization purposes regarding the manufacturing of psychoactive cannabis.

In accordance with Resolution 157 dated February 12, 2021, PharmaCielo has received 2021 ordinary commercial quotas for psychoactive cannabis from the Colombian Ministry of Health and the Ministry of Justice, permitting it to produce and extract 50.220 kg of dry flowers to export the corresponding cannabis derivatives. In accordance with Resolution 156 dated February 12, 2021, PharmaCielo was granted a manufacturing ordinary quota for research and development purposes.

PharmaCielo has not sold and does not intend to sell psychoactive cannabis or any other form of cannabis that is illegal under U.S. federal law inside the United States.

The Company is a reporting issuer in British Columbia, Ontario, Alberta, and Québec.

For further information regarding PharmaCielo, see the Annual Information Form and other documents incorporated by reference in this Prospectus available at www.sedar.com under the Company’s profile.

Litigation

Delon Human, a former director of the Company, and his company, Health Diplomats Pte Ltd. (“**HD**”), have filed a Statement of Claim in Ontario’s Superior Court of Justice against the Company in connection with Mr. Human’s alleged employment by the Company and the consulting relationship between the Company and HD. The Company filed a Statement of Defence on February 4, 2021. Mr. Human and HD have until March 5, 2021 to file a Reply to the Company’s Statement of Defence. The Company intends to vigorously defend this matter.

In the Company’s Interim MD&A, the Company provided an overview of the two proposed securities class actions filed against the Company, David Attard, the Company’s former Chief Executive Officer and Scott Laitinen, the Company’s Chief Financial Officer. On August 21 2020, the Plaintiffs filed an amended complaint and named David Gordon and Andres Botero as additional defendants (together with the Company, David Attard and Scott Laitinen, the “**Defendants**”). The proposed class actions remain at a very early stage and the Defendants intend to contest this matter. On October 22, 2020, the Defendants filed a motion to dismiss the U.S. action. On December 21, 2020, the Plaintiffs filed opposition to the motion to dismiss. On February 5, 2021, the Defendants filed a reply in support of their motion to dismiss. The Motion to Dismiss is scheduled to be heard on April 19, 2021.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company as at September 30, 2020, the date of the Company’s most recently filed financial statements, adjusted to give effect to the Offering and the Private Placement Financing. The following table should be read in conjunction with the Financial Statements and the MD&A, each of which are incorporated by reference into this Prospectus:

	As at September 30, 2020 before giving effect to the Offering and the Private Placement Financing	As at September 30, 2020 after giving effect to the Offering and the Private Placement Financing ⁽¹⁾
Common Shares (Authorized unlimited)	118,716,160	145,134,770
Warrants	199,212	11,520,143 ⁽²⁾
Stock Options	14,056,000	14,056,000
RSUs	368,000	368,000
Fully diluted issued and outstanding	133,339,372	171,078,913

Notes:

- (1) Assuming a completion of an offering of the Minimum Offering Size and that the Over-Allotment Option is exercised in full.
- (2) Includes: (i) 10,000,000 Private Placement Warrants, each entitling the holder thereof to purchase one Common Share at an exercise price of \$0.65 until November 20, 2022; (ii) 1,000,000 non-transferable broker warrants, each broker warrant entitling the holder thereof to purchase one Common Share at an exercise price of \$0.50 until November 20, 2022; and (iii) the issuance of 320,931 Broker Warrants in connection with the Offering.

There have been no material changes to the Company's share and loan capitalization on a consolidated basis since the date of the Interim Financial Statements other than as described above and as follows:

- (a) On November 20, 2020, David Attard and Scott Laitinen surrendered to the Company for cancellation and the Company cancelled 2,250,000 stock options exercisable for Common Shares ("**Stock Options**") and 500,000 Stock Options, respectively, each such Stock Option having an exercise price of \$3.35 per Common Share;
- (b) On November 23, 2020, in connection with his appointment to the Board, Marc Lustig was granted 3,000,000 Stock Options and 2,000,000 restricted share units ("**RSUs**"). Each Stock Option is exercisable for one Common Share at an exercise price of \$0.63 per Common Share for five years;
- (c) On December 2, 2020, in connection with his appointment as Chief Executive Officer of the Company, Henning von Koss was granted 200,000 Stock Options. Each Stock Option is exercisable for one Common Share at an exercise price of \$1.11 per Common Share for ten years. Additionally, the Company amended the vesting terms of 333,333 Stock Options granted to Henning von Koss on May 4, 2020 (the "**Milestone Options**"). Each Milestone Option is exercisable for one Common Share at an exercise price of \$1.02 per Common Share. The Milestone Options were originally scheduled to vest in May 2021, but were amended to vest immediately;
- (d) On December 7, 2020, the Company announced that PharmaCielo Colombia received a COP\$8,500,000,000 billion (approximately C\$3,000,000) loan from Banco Agrario de Colombia S.A. The loan has a term of 84 months and will bear interest at a rate of 10.14% per annum, subject to a capital amortization grace period of up to 24 months. The loan is secured against part of the Company's La Margarita property, which comprises less than 25% of the Company's total assets; and
- (e) On December 18, 2020, in connection with her appointment to provide investor relations services to the Company with a focus on retail investment, Caroline Lenardon was granted 100,000 Stock Options. Each Stock Option is exercisable for one Common Share at an exercise price of \$2.18 per Common Share for three years.

USE OF PROCEEDS

Assuming completion of the Minimum Offering Size, but no exercise of the Over-Allotment Option (in whole or in part), the net proceeds of the Offering, after deducting the Agents' Fee and the estimated expenses of the Offering in the amount of \$270,000, are estimated to be approximately \$11,130,009.

Use of Proceeds	Amount
Accelerate expansion of Company organizational structure in key targeted geographical areas	\$2,782,502
Business development and marketing including market activation activities	\$2,782,502
Operational expenses	\$2,782,502
Working capital and general corporate purposes	\$2,782,502
Total	\$11,130,009

If the Minimum Offering Size is reached and the Over-Allotment Option is exercised in full, the net proceeds received by the Company from the Offering, after deducting the Agents' Fee and the estimated expenses of the

Offering of approximately \$270,000 are estimated to be \$12,840,011. The net proceeds from the exercise of the Over-Allotment Option, if any, will be used for the purposes described above.

The Company currently intends to spend the funds available as stated in this Prospectus, however, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary. The actual amount that the Company spends in connection with each of the intended uses of proceeds may vary significantly from the amounts specified above and will depend on a number of factors, including those referred to under “*Risk Factors*”.

Until applied, the net proceeds of the Offering will be held as cash balances in the Company’s savings bank account. Unallocated funds from the Offering will be added to the working capital of the Company, and will be expended at the discretion of management. The Chief Financial Officer of the Company is responsible for the supervision of and executing the Company’s investment policies.

As of February 28, 2021, the Company had a cash balance of \$5,300,000.

In response to the COVID-19 pandemic, the Colombian government adopted a nation-wide essential business policy (“**Decree 457**”) on March 25, 2020. While the Company remains exempt from Decree 457, it is committed to implementing adjustments to operations to protect the health and safety of its staff and the community.

Projected Cash Flow

The Company believes that the increase of the Company’s sales of its products will not be linear; lower in first two quarters of 2021 due to limited access to new clients and continued anticipated logistical issues due to COVID and a strong increase in sales in the second two quarters of 2021 due to a gradual return to economic and societal normalcy in key markets as a result of increased vaccination of their respective populations.

Company cash outlays will be primarily for operational expenditures with minimal capital expenditures as all material investments in the Processing and Extraction Centre have been made.

Without the Offering proceeds, the Company anticipates a high cash burn rate in the first two quarters of 2021 due to lower sales expectations with a strong cash recovery after that and projects cash availability by the end of February 2022 of approximately \$1M. The Company expects that by March 2022 it will have high recurring revenue levels and will be commencing a positive net cash flow situation.

Assuming closing of the Offering, attaining the Minimum Offering Size and a minimum net proceeds to the Company of \$11.1M, considering the cash position of the Company of \$5.3M as at February 28, 2021 and deducting fixed and variable costs, the Company anticipates it needs to generate \$9.5M of revenue during March 2021 to February 2022 to enable it to continue operations for this period.

The following are risk factors that may cause the Company to not be able to find a market for larger volumes of its products as the Company grows and, accordingly, such cash flows may not be realized:

- logistical issues caused by COVID-19 may continue to hinder shipment of the Company’s products;
- lead time to enter new markets and develop business relationships; and
- delays in obtaining regulatory approval for the distribution of cannabis products may affect the Company’s ability to produce and distribute the product.

Business Objectives and Milestones

The primary business objectives for the Company over the next six months are to fully leverage the Company’s investments made to date in its agricultural facilities and the Processing and Extraction Centre. The net

proceeds of the Offering will be primarily used to increase the Company's commercial, business development resources and capabilities. See "*Use of Proceeds*".

In November 2020, the Company entered into a renewable, interim sales agreement with a well-established bulk distributor and white label manufacturer based in the United Kingdom, with sales and distribution operations in the United Kingdom and the European Union. Under the agreement, the Company can ship up to 1,000kg of CBD Isolate and Broad-Spectrum CBD during the first quarter of 2021.

The Company is in the process of applying for Novel Foods Certification that will allow it to expand both volume and exported consumable product types during 2021 in the United Kingdom and the European Union.

The Company will require additional financing over and above the Offering in order to meet its long-term business objectives and there can be no assurances that such financing sources will be available as and when needed. The Company will have further capital requirements and other expenditures as it proceeds to expand its business or take advantage of opportunities for acquisitions or other business opportunities that may be presented to it. The Company may incur major unanticipated liabilities or expenses. The Company can provide no assurance that it will be able to obtain financing to meet the growth needs of its operations. There can be no assurance that such financing will be available in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. See "*Risk Factors*".

During the last financial year, the Company had negative operating cash flow because its revenues did not exceed its operating expenses. In addition, as a result of the Company's business plans for the expansion of the Processing and Extraction Centre and continuation of contract growing, the Company expects cash flow from operations to be negative until revenues improve to offset its operating expenditures. The Company's cash flow from operations may be affected in the future by expenditures incurred by the Company to continue to progress its business objectives. The net proceeds are expected to be used for working capital to offset this anticipated negative operating cash flow. See "*Risk Factors*".

PLAN OF DISTRIBUTION

The Company has engaged the Agents pursuant to the Agency Agreement to offer for sale to the public on a "best efforts" agency basis without underwriter liability, and the Company has agreed to issue and sell a minimum of 5,581,400 Offered Shares at the Offering Price, for aggregate gross consideration of not less than \$12,000,010 payable in cash to the Company against delivery of the Offered Shares subject to the terms and conditions of the Agency Agreement. The Offering Price was determined by arm's length negotiation between the Company and the Agents with reference to the prevailing market price of the Common Shares. The obligations of the Agents under the Agency Agreement are subject to certain closing conditions and may be terminated at their discretion on the basis of "material change out", "disaster out", "regulatory out", "market out", "due diligence out" and "breach out" provisions in the Agency Agreement and may also be terminated upon the occurrence of certain other stated events. The Agents are not obligated to purchase any of the Offered Shares.

The Company has granted the Agents the Over-Allotment Option, exercisable in whole or in part in the sole discretion of the Agents for a period of 30 days following the Closing Date, to purchase up to 837,210 Offered Shares to cover over-allotments, if any, and for market stabilization purposes. This Prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Offered Shares issuable upon exercise of the Over-Allotment Option. A purchaser who acquires securities forming part of the Agents' over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Pursuant to the Agency Agreement, the Company has agreed to pay to the Agents the Agents' Fee which is equal to 5% of the gross proceeds from the issue and sale of the Offered Shares (including in respect of any exercise of the Over-Allotment Option) and to issue the Broker Warrants to the Agents in an amount equal to 5% of the aggregate number of the Offered Shares (including in respect of any exercise of the Over-Allotment Option, if applicable). Each Broker Warrant is exercisable to purchase one Broker Warrant Share at the Offering Price for a period of 24 months following the closing date. The Company has also agreed to reimburse the Agents for their reasonable out-of-pocket fees and expenses, including the fees and expenses of their legal counsel whether or not the

Offering is completed. This Prospectus also qualifies the distribution of the Over-Allotment Option and the Broker Warrants.

The Offered Shares will be offered in the Provinces of British Columbia, Alberta, Ontario and Québec through the Agents or their affiliates who are registered to offer the Offered Shares for sale in such provinces and such other registered dealers as may be designated by the Agents. Subscriptions for the Offered Shares will be received subject to rejection or allotment, in whole or in part, and the Agents reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about March 18, 2021, or such other date as may be agreed upon by the Company and the Agents. Pending closing of the Offering, all subscription funds will be deposited and held by the Agents in trust pursuant to the terms and conditions of the Agency Agreement. If the Closing Date does not occur within 90 days from the date a receipt is issued for the (final) short form prospectus or such other time as may be permitted by applicable securities legislation and consented to by persons or companies who subscribed within that period and the Agents, the Offering will be discontinued and all subscription monies will be returned to subscribers without interest, set-off or deduction. The Offering will be conducted under the book-based system. Except for certain Offered Shares issued to, or for the account or benefit of, persons within the United States or U.S. Persons (as defined below) who are acquiring Offered Shares pursuant to the registration exemption in Rule 506(b) of Regulation D under the U.S. Securities Act, which will be issued in each case in certificated form, no certificates evidencing the Offered Shares will be issued. Instead, the Offered Shares sold pursuant to the Offering will be issued in electronic form to CDS or nominees thereof. A purchaser of Offered Shares will receive only a customer confirmation from the registered dealer from or through which the Offered Shares are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Offered Shares on behalf of owners who have purchased Offered Shares in accordance with the book-based system.

In order to facilitate the Offering, the Agents may engage in transactions that stabilize, maintain or otherwise affect the market price of the Common Shares in accordance with applicable securities laws.

Pursuant to policies of certain Canadian securities regulatory authorities, the Agents may not, throughout the period of distribution under the Offering, bid for or purchase Common Shares for its own accounts or for accounts over which it exercises control or direction. The foregoing restriction is subject to certain exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in or raising the price of the Common Shares. These exceptions include a bid or purchase permitted under Universal Market Integrity Rules for Canadian marketplaces administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities, a bid or purchase made for or on behalf of a customer where the order was not solicited during the period of distribution, and a bid or purchase to cover a short position entered into prior to the distribution.

The Company has agreed, pursuant to the Agency Agreement, to indemnify the Agents and each other member of any syndicate, each of their subsidiaries and affiliates and each of their directors, officers, employees, unitholders and agents against certain liabilities including liabilities under Canadian securities legislation in certain circumstances or to contribute to payments the Agents may have to make because of such liabilities.

The Company has applied to list the Offered Shares to be distributed under this Prospectus, and the Compensation Shares, on the TSXV. Listing will be subject to the Company fulfilling all of the requirements of the TSXV.

The Offering is being made concurrently in each of British Columbia, Alberta, Ontario and Québec. The Offered Shares will be offered in Canada through the Agents either directly or through their agents, as applicable. Offers and sales of Offered Shares outside of Canada will be made in accordance with applicable laws in such jurisdictions.

The Agents and their affiliates have performed investment banking, commercial banking and advisory services for the Company from time to time for which they have received customary fees and expenses. The Agents and their affiliates may, from time to time, engage in transactions with and perform services for the Company in the ordinary course of their business.

Pursuant to the Agency Agreement, the Company will agree that it shall not, without the prior written consent of the Agents after discussion therewith, which consent shall not be unreasonably withheld, directly or indirectly offer,

issue, pledge, sell, contract to sell, announce an intention to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise lend, transfer or dispose of, directly or indirectly, any common shares or securities convertible into or exchangeable for Common Shares other than: (i) the issuance of Common Shares in connection with the exercise of any currently outstanding Stock Options; (ii) the issuance of Stock Options pursuant to the Company's Stock Option plan, and the issuance of Common Shares in connection with the exercise of any such Stock Options, (iii) the issuance of awards (including but not limited to RSUs and deferred share units) pursuant to the Company's incentive award plan, and the issuance of Common Shares in connection with any such awards; (iv), any acquisition of shares or assets of arm's length persons; (v) to satisfy any other currently instruments or other contractual commitments outstanding; or (vi) in connection with any strategic transactions or investments between the Company and a third party, for a period ending 120 days after the Closing Date. Such consent shall not be unreasonably withheld by the Agents.

As a condition of closing of the Offering, senior management directors of the Board and the Principal Securityholders (as hereinafter defined) of the Company shall agree, in a lock-up agreement to be executed concurrently with the Closing Date that, for a period of 120 days, they will not, directly or indirectly, offer, sell, dispose of or otherwise monetize the economic value of any securities in the Company beneficially owned by such shareholder, without the prior written consent of the Agents, subject to the following exceptions: (i) if the Company receives an offer, which has not been withdrawn, to enter into a transaction or arrangement, or proposed transaction or arrangement, pursuant to which, if entered into or completed substantially in accordance with its terms, a party could, directly or indirectly acquire an interest (including an economic interest) in, or become the holder of, 100% of the total number of Common Shares, whether by way of takeover offer, scheme or plan of arrangement, shareholder approved acquisition, capital reduction, share buyback, securities issue, reverse takeover, dual-listed Company structure or other synthetic merger, transaction or arrangement; (ii) in respect of sales to affiliates of such shareholder; and (iii) as a result of the death of any individual shareholder. "Principal Securityholders" shall be defined to include all securityholders of the Company that own securities representing 10.0% or more of the outstanding equity of the Company, after giving effect to the exercise of convertible securities owned or controlled by them.

United States Offering Restrictions

The Offered Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws, and the Offered Shares may not be offered, sold or delivered, directly or indirectly, to, or for the account or benefit of, persons in the United States or U.S. Persons, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Agents have agreed that, except as permitted by the Agency Agreement and as expressly permitted by applicable United States federal and state securities laws, they will not offer or sell any of the Offered Shares to, or for the account or benefit of, persons in the United States or U.S. Persons.

The Agency Agreement permits the Agents to offer the Offered Shares outside the United States to non-U.S. Persons in compliance with Regulation S under the U.S. Securities Act. The Agency Agreement also permits the Agents, acting through their registered United States broker dealer affiliates, to offer and resell the Offered Shares in the United States to "accredited investors", within the meaning of Rule 501(a) of Regulation D, provided such offers and sales are made in accordance with Rule 506(b) of Regulation D and in compliance with similar exemptions under applicable state securities laws. Any Offered Shares that are sold in the United States will be restricted securities within the meaning of Rule 144 of the U.S. Securities Act, and may only be offered, sold or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Offered Shares to, or for the account or benefit of, persons in the United States or U.S. Persons. In addition, until 40 days after the commencement of the Offering, an offer or sale of such securities within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act, unless such offer or sale is made pursuant to an exemption from registration under the U.S. Securities Act.

"United States" and "U.S. Person" shall have the respective meanings ascribed to them by Regulation S under the U.S. Securities Act.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Common Shares

The Company is authorized to issue an unlimited number of Common Shares. As of date of this Prospectus, there are 139,525,664 Common Shares issued and outstanding. The holders of Common Shares are entitled to receive notice of, attend, and vote at any general meeting of the Company, and to cast one vote for each Common Share held on the applicable record date in respect of any matter put to vote at such a meeting, except meetings at which only holders of a specified class of shares are entitled to vote. Subject to the special rights or restrictions attached to the preferred shares of the Company, the holders of Common Shares are entitled to receive dividends if, as, and when declared by the Board, such dividends as may be declared thereon by the Board on a *pro rata* basis. Subject to the special rights or restrictions attached to the shares of any other class of shares of the Company, the holders of Common Shares are entitled to share equally in the remaining property of the Company upon the liquidation, dissolution or winding-up of the Company.

PRIOR SALES

Common Shares

The following table summarizes details of the Common Shares issued by the Company during the 12-month period prior to the date of this Prospectus:

Date of Issuance	Security	Price Per Security	Number of Securities
April 15, 2020	Common Shares	\$0.73	74,906
May 20, 2020	Common Shares	\$0.65	12,578,002 ⁽¹⁾
May 27, 2020	Common Shares	\$0.96	125,000
June 9, 2020	Common Shares	\$0.85	25,000
July 3, 2020	Common Shares	\$0.72	6,388,940
September 11, 2020	Common Shares	\$0.59	150,000
September 30, 2020	Common Shares	\$0.46	300,000
November 20, 2020	Common Shares	\$0.50	20,000,000
November 23, 2020	Common Shares	\$0.00	22,500
December 7, 2020	Common Shares	\$0.59	9,000
January 7, 2021	Common Shares	\$2.07	15,000
January 18, 2021	Common Shares	\$2.00	10,000
January 18, 2021	Common Shares	\$2.00	90,000
January 25, 2021	Common Shares	\$1.70	50,000
January 29, 2021	Common Shares	\$1.82	172,501
February 2, 2021	Common Shares	\$1.97	50,000
February 10, 2021	Common Shares	\$2.68	200,000
February 11, 2021	Common Shares	\$2.42	190,503
Total:			40,451,352

Note:

- (1) Common Shares issued on May 20, 2020 in connection with the deemed conversion of special warrants qualified under a prospectus of the Company dated May 15, 2020.

Warrants

The following table summarizes details of Warrants issued by the Company during the 12-month period prior to the date of this Prospectus:

Month of Issuance	Security	Price Per Security	Number of Securities
April 15, 2020	Broker Warrants ⁽¹⁾	\$0.65	190,212
November 20, 2020	Private Placement Warrants ⁽²⁾	\$0.65	10,000,000
November 20, 2020	Broker Warrants ⁽⁴⁾	\$0.50	1,000,000
Total:			11,190,212

Note:

- (1) Warrants exercisable to purchase one Common Share at a price of \$0.65 per Common Share until April 15, 2022 issued to the agents as partial compensation in connection with the Special Warrant Offering.
- (2) Private Placement Warrants exercisable to purchase one Common Share at a price of \$0.65 per Common Share until November 20, 2022 issued to investors pursuant to the Private Placement Financing.
- (3) Warrants exercisable to purchase one Private Placement Unit at a price of \$0.50 per unit until November 23, 2022 issued as partial compensation in connection with the Private Placement Financing.

Special Warrants

The following table summarizes details of Special Warrants issued by the Company during the 12-month period prior to the date of this Prospectus:

Date of Issuance	Security	Price Per Security	Number of Securities
April 15, 2020	Special Warrants ⁽¹⁾	\$0.65	12,428,002
April 20, 2020	Special Warrants ⁽¹⁾	\$0.65	150,000
Total:			12,578,002

Note:

- (1) All Special Warrants were automatically exercised for Common Shares on May 20, 2020.

Stock Options

The following table summarizes details of Stock Options issued by the Company during the 12-month period prior to the date of this Prospectus:

Month of Issuance	Security	Price Per Security	Number of Securities
May 4, 2020	Stock Options	\$1.02	1,500,000
July 2, 2020	Compensation Options	\$0.72	383,336
November 23, 2020	Stock Options	\$0.63	3,000,000
December 2, 2020	Stock Options	\$1.11	200,000
December 18, 2020	Stock Options	\$2.18	100,000
Total:			5,183,336

Note:

On November 20, 2020, the Company cancelled 2,750,000 Stock Options previously held by David Attard and Scott Laitinen.

Restricted Stock Units

The following table summarizes details of RSUs issued by the Company during the 12-month period prior to the date of this Prospectus:

Date of Issuance	Security	Price Per Security	Number of Securities
May 24, 2020	RSU	Nil	15,000
September 27, 2020	RSU	Nil	300,000
November 23, 2020	RSU	Nil	2,000,000
February 1, 2020	RSU	Nil	200,000
Total:			2,515,000

TRADING PRICE AND VOLUME

The Common Shares are listed and posted for trading on the TSXV under the symbol “PCLO” and on the OTCQX under the symbol “PCLOF”. The following table sets forth information relating to the trading of the Common Shares on the TSXV for the months indicated.

Period	High(\$)	Low (\$)	Volume
March 1 to March 3, 2021	2.79	2.36	673,086
February 2021	2.94	1.69	8,917,173
January 2021	2.17	1.42	5,582,003
December 2020	2.29	1.03	9,314,842
November 2020	1.88	0.56	10,899,417
October 2020	0.78	0.41	4,050,357
September 2020	0.62	0.44	4,618,280
August 2020	0.74	0.52	4,571,317
July 2020	0.72	0.57	3,017,149
June 2020	0.95	0.67	4,243,585
May 2020	1.09	0.81	2,578,590
April 2020	1.39	0.62	3,840,620
March 2020	1.72	0.50	8,280,961
February 2020	3.11	1.82	3,274,559
January 2020	3.69	2.79	2,364,517
December 2019	3.12	2.61	2,013,512

At the close of business on March 3, 2021, the last trading day prior to the date of filing this Prospectus, the price of the Common Shares as quoted by the TSXV was \$2.58.

RISK FACTORS

An investment in securities of the Company is highly speculative and involves significant risks. Any prospective investor should carefully consider the risk factors and all of the other information contained below and elsewhere in this Prospectus (including, without limitation, the documents incorporated by reference, and specifically under the section entitled “*Risk Factors*” in the Annual Information Form) before purchasing any of the securities distributed under this Prospectus. The risks described herein and in the documents incorporated by reference in this Prospectus are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also materially and adversely affect its business.

Discretion in the Use of Proceeds

Management will have discretion concerning the use of proceeds of the Offering as well as the timing of their expenditures. As a result, holders of the Offered Shares will be relying on the judgment of management as to the application of the proceeds of the Offering. Management may use the net proceeds of the Offering in ways that holders of the Offered Shares may not consider desirable. The results and effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Company's results of operations may suffer.

Future Sales or Issuances of Securities

The Company may sell additional Common Shares or other securities in subsequent offerings. The Company may also issue additional securities to finance future activities. The Company cannot predict the size of future issuances of securities or the effect, if any, that future issuances and sales of securities will have on the market price of the Common Shares. Sales or issuances of substantial numbers of Common Shares, or the perception that such sales could occur, may adversely affect prevailing market prices of the Common Shares. With any additional sale or issuance of Common Shares, holders of Common Shares will suffer dilution to their voting power and the Company may experience dilution in its earnings per Common Share.

Common Shares are Subject to Market Price Volatility

The market price of the Common Shares may be adversely affected by a variety of factors relating to the Company's business, including fluctuations in the Company's operating and financial results, the results of any public announcements made by the Company and the Company's failure to meet analysts' expectations. In addition, from time to time, the stock market experiences significant price and volume volatility that may affect the market price of the Common Shares for reasons unrelated to the Company's performance. Additionally, the value of the Common Shares is subject to market value fluctuations based upon factors that influence the Company's operations, such as legislative or regulatory developments, competition, technological changes, global capital markets activity and changes in interest and currency rates. There can be no assurance that the market price of the Common Shares will not experience significant fluctuations in the future, including fluctuations that are unrelated to the Company's performance.

The value of the Common Shares will be affected by the general creditworthiness of the Company. The Annual Information Form and the MD&A are incorporated by reference in this Prospectus and discuss, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on the Company's business, financial condition or results of operations. The market value of the Common Shares may also be affected by the Company's financial results and political, economic, financial and other factors that can affect capital markets generally, the stock exchanges on which the Common Shares are traded and the market segment of which the Company is a part.

INTEREST OF EXPERTS

The Company's auditor is MNP LLP, Chartered Professional Accountants and is located at 111 Richmond Street West, Suite 300, Toronto, Ontario M5H 2G4. Such auditor is independent in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

Each of McMillan LLP, counsel for the Company and Fasken Martineau DuMoulin LLP, counsel for the Agents, have provided their respective opinion on certain matters contained in this Prospectus. As of the date hereof, partners and associates of McMillan LLP and Fasken Martineau DuMoulin LLP, each as a group, own, directly or indirectly, in the aggregate, less than 1% or no securities of the Company.

EXEMPTIONS

Pursuant to a decision of the Autorité des marchés financiers dated March 2, 2021 the Company was granted relief from the requirement that the Interim Financial Statements, the Interim MD&A, and the Circular, which are incorporated by reference in the preliminary short form prospectus, be in both the French and English languages. This relief was conditional upon the Company filing French versions of these documents no later than the date of filing the final short form prospectus.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

GLOSSARY OF TERMS

“Agency Agreement” means the agency agreement dated of even date herewith between the Company and the Agents whereby the Agents acted as Agents for the Offering on a “best efforts” basis;

“Agents” means Cormark Securities Inc. and a syndicate of agents to be named and led by Cormark;

“Agents’ Fee” means a fee equal to 5% of the gross proceeds of the Offering;

“Amended and Restated Special Warrant Indenture” means the special warrant indenture dated April 15, 2020, as amended as of April 20, 2020, between the Company and Computershare Trust Company of Canada, as Special Warrant agent;

“Annual Information Form” means the annual information form of the Company dated May 4, 2020 for the financial year ended December 31, 2019;

“Annual MD&A” means the management’s discussion and analysis of the Company for the financial year ended December 31, 2019;

“Audited Annual Financial Statements” means the audited annual financial statements of the Company for the year ended December 31, 2019, together with the auditor’s report thereon and the notes thereto;

“Broker Warrants” means the non-transferable broker warrants to acquire that number of Broker Warrant Shares equal to 5% of the total number of Offered Shares sold pursuant to the Offering, including upon exercise of the Over-Allotment Option, exercisable at the Offering Price for a period of 24 months from the Closing Date;

“Broker Warrant Shares” means the Common Shares issuable upon the exercise of the Broker Warrants;

“Board” means the board of directors of the Company;

“Bought Deal” means \$4,000,000 underwritten public offering of Common Shares which closed on July 3, 2020;

“Cannabis Derivative Manufacturing License” means the Cannabis Manufacturing License granted to PharmaCielo Colombia by the Colombian Ministry of Health on April 16, 2018 pursuant to Resolution 1357 as amended by Resolution 227, approved by the Ministry of Health on January 30, 2019;

“Cannabis Non-Psychoactive Plants Cultivation License” means the Cannabis Non-Psychoactive Cultivation License granted to PharmaCielo Colombia by the Colombian Ministry of Justice on August 19, 2017 pursuant to Resolution 842;

“Cannabis Psychoactive Plants Cultivation License” means the license granted to PharmaCielo Colombia by the Colombian Ministry of Justice on October 19, 2017 pursuant to Resolution 843;

“CBD” means cannabidiol;

“CDS” means the CDS Clearing and Depository Services Inc.;

“Closing Date” means March 18, 2021;

“Common Shares” means fully paid and non-assessable common shares in the capital of the Company as presently constituted;

“Company” means PharmaCielo Ltd.;

“Controlling Individual” has the meaning set forth under “*Eligibility for Investment*”;

“**Cormark**” means Cormark Securities Inc.;

“**Circular**” means the management information circular of the Company dated July 10, 2020 prepared in connection with the annual general and special meeting of shareholders of the Company held on August 6, 2020;

“**Defendants**” means the Company, David Attard, Scott Laitinen, David Gordon and Andres Botero;

“**Financial Statements**” means the Interim Financial Statements together with the Audited Annual Financial statements;

“**HD**” means Health Diplomats Pte Ltd;

“**Interim Financial Statements**” means the interim financial statements of the Company for the three and nine-month periods ended September 30, 2020 and the notes thereto;

“**Interim MD&A**” means the management’s discussion and analysis of the Company for the three and nine-month periods ended September 30, 2020;

“**MD&A**” means the Interim MD&A together with the Annual MD&A;

“**Milestone Options**” means the 333,333 Stock Options granted to Henning von Koss which had their vesting terms amended on May 4, 2020;

“**Ministry of Health**” means the Colombian Ministry of Health and Social Protection;

“**Ministry of Justice**” means the Colombian Ministry of Justice and Law;

“**Minimum Offering Size**” means gross proceeds of a minimum of \$10,000,000;

“**Novel Foods Certification**” means a certification obtained from the Food Standards Agency, which confirms that consumable CBD products meet the strict quality and production process standards in accordance with United Kingdom and European Union regulatory requirements regarding consumer protection;

“**Offered Shares**” means the Common Shares qualified for distribution under this Prospectus;

“**Offering**” means the offering of the Common Shares on a “best-efforts” basis pursuant to the Agency Agreement;

“**Offering Price**” means \$2.15 per Offered Share;

“**Over-Allotment Option**” means an option exercisable in whole or in part at the sole discretion of the Agents at any time until the date that is 30 days following the Closing Date, to purchase up to an additional 837,209 Offered Shares (representing up to 15% of the number of Offered Shares sold pursuant to the base Offering);

“**PharmaCielo**” means PharmaCielo Ltd.;

“**PharmaCielo Colombia**” means PharmaCielo Colombia Holdings S.A.S, a wholly-owned subsidiary of PharmaCielo Holdings, existing under the laws of Colombia;

“**PharmaCielo Holdings**” means PharmaCielo Holdings Ltd. (formerly, PharmaCielo Ltd.), a wholly-owned subsidiary of the Company, existing under the laws of the Canada Business Corporations Act, RSC 1985, c C-44;

“**Private Placement Financing**” means the November 23, 2020 private placement financing of the Company of 20,000,000 units at \$0.50 per Private Placement Unit for aggregate gross proceeds of approximately \$10,000,000 (each Private Placement Unit issued by the Company in the Private Placement Financing comprised of one Common Share and one-half of one Private Placement Warrant);

“Private Placement Unit” means a unit of the Company issued pursuant to the Private Placement Financing comprised of one Common Share and one-half of one Private Placement Warrant;

“Private Placement Warrant” means a warrant of the Company issued pursuant to the Private Placement Financing;

“Processing and Extraction Centre” means the Company’s 2,300 m² (24,757 ft²) cannabis oil processing and extraction facility in Rionegro, Colombia;

“Prospectus” means this amended and restated preliminary short form prospectus dated March 4, 2021;

“Registered Plan” has the meaning set forth under *“Eligibility for Investment”*;

“RSUs” means the restricted share units of the Company;

“Special Warrants” means the special warrants issued by the Company on April 15, 2020 and April 20, 2020, pursuant to the terms of the Amended and Restated Special Warrant Indenture;

“Special Warrant Financing” means the private placement offering of special warrants of the Company which closed on April 15, 2020;

“Stock Options” means stock options of the Company exercisable for Common Shares;

“Tax Act” has the meaning set forth under *“Eligibility for Investment”*; and

“TSXV” means the TSX Venture Exchange.

CERTIFICATE OF THE COMPANY

Dated: March 4, 2021

This amended and restated short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated short form prospectus as required by the securities legislation of British Columbia, Ontario, Alberta and Québec.

“Henning von Koss”

Henning von Koss
Chief Executive Officer

“Scott Laitinen”

Scott Laitinen
Chief Financial Officer

On Behalf of the Board of Directors

“Simon Langelier”

Simon Langelier
Director

“Doug Bache”

Doug Bache
Director

CERTIFICATE OF THE AGENTS

Dated: March 4, 2021

To the best of our knowledge, information and belief, this amended and restated short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated short form prospectus as required by the securities legislation of British Columbia, Ontario, Alberta and Québec.

CORMARK SECURITIES INC.

“Alfred Avanesy”

Alfred Avanesy

Managing Director, Head of Investment Banking

STIFEL NICOLAUS CANADA INC.

“Harris Fricker”

Harris Fricker

President