

PharmaCielo Announces \$15.0 Million Non-Brokered Private Placement of Debenture Units

All amounts expressed in Canadian dollars unless otherwise noted

TORONTO and RIONEGRO, Colombia, Dec. 22, 2021 /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. ("Holdings"), today announced that it has plans to issue up to 15,000 debenture units (each a "Unit") in a non-brokered private placement (the "Offering"). The Units will be issued at a price of \$1,000 per Unit for aggregate gross proceeds of up to \$15,000,000. Insiders, including directors and management, plan to participate in the Offering.

The Company expects to issue the Units on or about December 30, 2021, in one or more closings, subject to the approval of the TSX Venture Exchange.

The Company intends to use the proceeds from the sale of the Units for operations, working capital and the build-out of its international psychoactive dry flower sales program.

Debenture Units

Each will Unit consist of \$1,000 principal amount of 11% secured debentures ("Debentures") and 250 non-transferable common share purchase warrants ("Debenture Warrants"). Each Debenture Warrant will entitle the holder for a period of 36 months from the initial closing date to acquire one common share of the Company (each a "Common Share") at an exercise price equal to a 50% premium over the market price of the Common Shares at the time of the initial closing. The Debentures will bear interest at a rate of 11.0% per annum, will mature 36 months from the date of initial closing date, and will be guaranteed by Holdings. Holdings' guarantee of the Debentures will be secured by mortgages on the real property of the Company and its subsidiaries.

The Company will have the right to redeem any or all of the Debentures from time to time at the following percentages of face value: (i) 105% at any time prior to the first anniversary of the initial closing date; (ii) 103% at any time on or after the first anniversary of the initial closing date and prior to the second anniversary of the initial closing date; and (iii) 101% thereafter, in each case together with accrued and unpaid interest to, but not including, the date of redemption.

Upon a change of control of the Company, holders will have the right to have their Debentures repurchased at 105% of face value plus accrued and unpaid interest to, but not including, the date of repurchase.

The Debentures, Debenture Warrants and any Common Shares issuable upon exercise of the Debenture Warrants will be subject to a four-month hold period under applicable Canadian securities laws, starting from the date of issuance of the corresponding Units.

Management Commentary

Bill Petron, CEO of PharmaCielo, commented, "We expect 2022 to be a very important year for PharmaCielo, as Colombian dried flower exports begin, and as global acceptance of and demand for imported cannabinoids continues to grow. Since I assumed the CEO role in August, our team has

successfully streamlined the Company's overall cost structure to align expenses with sales forecasts and re-focused the global sales strategy towards high-margin products, leaving us ready to execute. This Offering gives us the necessary capital to deliver on current sales opportunities, while strategically building our global sales organization to expand our pipeline."

Mr. Petron continued, "The fact that we were able to obtain debt financing at a very reasonable cost, represents a strong vote of confidence from investors and insiders regarding both our team's progress to date as well as in PharmaCielo's growth potential over the next twelve months. As a management team and board of directors, we strongly believe in alignment with shareholders. In addition to participating in the Offering, I intend to purchase additional common shares of the Company on the open market once the internal trading blackout has lifted, and I know that several members of our senior team and board of directors intend to do the same. We appreciate the support and continued confidence of our shareholders and are committed to continuing to advance our strategies during 2022, which we expect will result in significant value creation."

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 cultivation and processing center located in Rionegro, Colombia.

The board of directors and executive team of PharmaCielo 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 plays 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 news release contains forward-looking statements. Forward-looking statements can be identified by the use of words such as "expects", "is expected", "intends", "anticipates", "believes", or variations of such words and phrases or state that certain actions, events or results "may" or "will" be taken, occur or be completed or achieved. Forward-looking statements in this news release include, without limitation, statements regarding the issuance of the Units, including the terms thereof and the closing date therefor.

The forward-looking statements in this news release are necessarily based on assumptions, including assumptions with respect to PharmaCielo's ability to obtain necessary approvals for the issuance of the Units.

Forward-looking statements can be affected by known and unknown risks, uncertainties and other factors, including changes to PharmaCielo's development plans, the failure to obtain and maintain all necessary regulatory approvals relating to the export of cannabinoid products and the import of these products into other countries, TSX Venture Exchange approval, the inability to export or distribute commercial products through sales channels as anticipated due to economic or operational circumstances, risks associated with operating in Colombia, fluctuation of the market price for the Company's products, risks associated with global economic instability relating to COVID-19 or other developments, risks related to retention of key Company personnel, currency exchange risk, competition in PharmaCielo's market and other risks discussed or referred to under the heading "Risk Factors" in PharmaCielo's Annual Information Form for the financial year ended December 31, 2019, which is available at www.sedar.com. 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.

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

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CNW 07:45e 22-DEC-21