

PharmaCielo Provides Update on Latin American Sales Progress and Non-Brokered Private Placement of Debenture Units

- *PharmaCielo is actively working with, and has recently shipped product to, established companies in Argentina, Brazil, Colombia and Paraguay.*
- *The Company's sales and technical teams are providing support to these customers as they conduct testing and advance product registrations using PharmaCielo APIsⁱ, to market.*

TORONTO and RIONEGRO, Colombia, Feb. 4, 2022 /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 provided investors with an update on its Latin American sales progress and its non-brokered private placement of debenture units.

Management Commentary

Bill Petron, CEO of PharmaCielo, commented, "The pharmaceutical industry represents one of the largest long-term opportunities for APIⁱ suppliers, as the sophisticated players in this global industry begin to develop cannabinoid-based products over the next several years. At the same time, there are very few organizations worldwide with the professionalism, scale and product development expertise to meet the needs of this sector, and even fewer in Latin America. PharmaCielo has all the necessary capabilities in place to become a valued long-term partner to these organizations, and, we have made Latin America's vibrant pharmaceutical and wellness sector a core area for investment."

Mr. Petron continued, "The pharmaceutical sales cycle is long-tail by nature. Over the long-term, as new products come online, they also tend to exhibit highly profitable, recurring revenue streams. It is our strong belief that suppliers who are involved in the product development and registration process early, will be winners as this massive market develops. We expect revenue from these initial relationships to add to PharmaCielo's top line in the short-term, to augment other focus areas of our business such as high THC dried flower and THC distillates. However the real benefit will be longer term, as PharmaCielo maintains a poll position as this industry continues to develop."

Argentina

PharmaCielo is currently working with a pharmaceutical company in Argentina that has over 80 years of history in the country (the "Argentina Customer"). This Argentina Customer is currently in the process of introducing two products in the domestic market: one is an antiepileptic agent indicated for the treatment of seizures associated with Lennox-Gastaut syndrome ("LGS") or Dravet syndrome ("DS") in patients over two years old. This would be the first medicinal cannabis product produced in Argentina. The second product is a topical cream with cannabidiol. The Company has already shipped a commercial quantity of CBD isolate to this customer and will continue shipping product through the remainder of the year, to assist with product development. Ahead of the Argentina Customer's product launch, PharmaCielo is in the process of negotiating a multi-year sales agreement to support expected volumes.

Brazil

PharmaCielo is actively working with an established Phytotherapeutic company in the Brazilian market (the "Brazilian Customer"). The Brazilian Customer is working toward the registration of a product with the Brazilian Health Regulatory Agency ("ANVISA") for sale in the domestic market. PharmaCielo has sent multiple shipments of APIs to the Brazilian Customer, to support this process and expects to formalize a sales agreement once the product is approved and launched.

Brazil is becoming one of the fastest growing cannabis markets in the region, with approximately 20,000 patients (up from approximately 5,000 patients two years ago). Currently there are more than 10 ANVISA-approved products in various stages of commercialization.

Colombia

PharmaCielo has been actively working with a Colombia-based global technology and healthcare company (the "Colombian Customer"), to utilize the Company's APIs in one well-established, registered product, and in the development of others. The Colombian Customer is also one of the largest pharmaceutical contract development and manufacturing organizations in Latin America.

Paraguay

In Paraguay, the Company is working with a pharmaceutical company that actively performs contract research & development for some of the largest pharmaceutical players globally. The Company has shipped small initial quantities of high THC product to this customer, to support its R&D efforts.

Issuance of Debenture Units

As announced on December 31, 2021, the Company has completed the issuance of \$5,000,000 principal amount of its debenture units ("Units") via a non-brokered private placement. The Company is in ongoing discussions with specific parties and expects to close the issuance of up to an additional \$10,000,000 principal amount of Units on or before March 4, 2022.

Each Unit consists of \$1,000 principal amount of 11% secured debentures ("Debentures") and 250 non-transferable common share purchase warrants ("Debenture Warrants"). Each Debenture Warrant entitles the holder to acquire one common share of the Company (each a "Common Share") at an exercise price of \$1.44 per Common Share until December 24, 2024 (subject to customary anti-dilution adjustments). The Debentures bear interest at a rate of 11% per annum, mature on December 24, 2024, and are guaranteed by the Holdings. The Holdings' guarantee of the Debentures will be secured by mortgages on the real property of the Company and its subsidiaries. Interest payable on the Debentures may be paid by the Company in Common Shares at the Company's option, subject to approval of the TSX Venture Exchange.

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.

ⁱ Active Pharmaceutical Ingredients

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For further information: Ian Atacan, Chief Financial Officer, +1 416-562-3220, i.atacan@pharmacielo.com; Media and Investor Inquires: investors@pharmacielo.com

CO: PharmaCielo Ltd.

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