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Cardiol Therapeutics Granted Exclusive Global License to Nanotechnology for Heart Failure, Cardiovascular, and Cardiopulmonary Disease

On January 20th, 2017, Cardiol Therapeutics Inc. (“Cardiol” or the “Company”), a nanotherapeutics company focused on the research and commercial development of proprietary drug formulations for the treatment of heart failure, was granted the sole, exclusive, irrevocable license to patented nanotechnologies for use with any drugs or classes of drugs currently used or developed in the future to diagnose or treat heart failure and/or any cardiovascular disease and/or cardiopulmonary disease and/or cardiac arrhythmias, by Meros Polymers Inc. (“Meros”). Meros is a privately-held corporation based in Edmonton, Alberta, Canada focused on the advancement of nanotechnologies developed within the Faculty of Pharmaceutical Sciences at the University of Alberta.

As consideration for the exclusive licence, Cardiol issued 500,000 Class A common shares to Meros and agreed to make milestone payments in connection with the Company entering various stages of clinical development and upon receipt of regulatory approval from the U.S. Food and Drug Administration. Cardiol also agreed to issue an additional 500,000 Class A common shares, to be held in escrow pending certain performance-based milestones being achieved that result in the Company initiating Phase I clinical trials, and to pay royalties on future revenues generated from the sale of the licensed technology.

Cardiol’s exclusive license is based on discoveries made by Dr. Afsaneh Lavasanifar, Professor of Pharmaceutical Sciences, at the University of Alberta and one of the inventors of the University of Alberta patent. The advanced nanotechnologies developed by Dr. Lavasanifar are designed to improve solubilization, pharmacokinetics, and drug targeting of lipophilic drugs, and are the subject of a broad United States patent awarded to the University of Alberta, for which Meros holds the sole, exclusive, irrevocable license, with right to sublicense all rights associated therewith. The patent has also been granted in Canada, the major countries of Europe, and Japan.

In collaboration with Dr. Lavasanifar and the Faculty of Pharmaceutical Sciences at the University of Alberta, Cardiol plans initially to develop and optimize a proprietary nanoformulation of pharmaceutical cannabidiol, designed to avoid first-pass metabolism and improve bioavailability, for the treatment of heart failure. Cannabidiol is a non-psychoactive molecule with broad therapeutic potential in the treatment of chronic inflammatory disease including heart failure.

“The conclusion of this broad licensing deal for the use of proprietary nanotechnologies for the formulation of drugs focused on the treatment of cardiovascular diseases is a major step forward for Cardiol to facilitate our mission of improving the treatment of heart disease,” said David Elsley, President and CEO of Cardiol. “Our first product candidate under this licensing agreement will be an advanced formulation of cannabidiol, a drug that we believe has significant therapeutic potential to ameliorate the suffering of heart failure patients.”

“Collaborating with Cardiol to develop our proprietary technology into nanotherapeutic drug formulations has the potential to make a real impact in the treatment of a number of chronic inflammatory diseases,” stated Dr. Afsaneh Lavasanifar, Professor, Faculty of Pharmacy and Pharmaceutical Science at University of Alberta. “We are very pleased to have Cardiol supporting our research and the commercial development of our nanotechnology in heart disease.”

About Cardiol Therapeutics

Cardiol Therapeutics is a nanotherapeutics company focused on the research and commercial development of proprietary drug formulations for the treatment of heart failure. Heart failure is a chronic condition that affects more than 26 million people globally. Over five million adults in the U.S. suffer from heart failure, and it remains a leading cause of death and hospitalization with associated healthcare costs exceeding \$30 billion annually. People with heart failure experience shortness of breath, fatigue, rapid heart rate, edema, reduced exercise capacity and a marked reduction in quality of life. Approximately half of all heart failure patients have heart failure with preserved ejection fraction (HFpEF), which is often associated with diabetes, obesity and high blood pressure and for which there have been no new therapies developed in over 20 years. Cardiol is developing CTX01, a proprietary nanoformulation of pharmaceutical cannabidiol for the treatment of HFpEF. Cannabidiol has been shown to attenuate cardiac dysfunction in experimental models of diabetic cardiomyopathy and to decrease oxidative stress, fibrosis, and inflammation in other models relevant to HFpEF. CTX01 is designed to optimize and maintain blood levels of cannabidiol and target the drug to areas of inflammation in the heart. Cardiol is also developing CTX02, a proprietary nanoformulation of methotrexate for the treatment of heart failure. Recent experimental data have shown that methotrexate improves cardiac function after acute myocardial infarction and has anti-fibrotic properties.