

Cardiol Therapeutics Announces Filing of Year-End Financial Statements and MD&A

Press Release - Oakville, Ontario, March 28, 2019

Cardiol Therapeutics Inc. (TSX: CRDL) (“Cardiol” or the “Company”), a leader in the research and development of pharmaceutical cannabidiol and targeted therapies for inflammatory disease, today announced the filing of its audited year-end financial statements and management’s discussion and analysis for the year ended December 31, 2018. Both are available under the Company’s profile on SEDAR at www.sedar.com and on the Company’s website at www.cardiolrx.com.

“Cardiol Therapeutics achieved a number of important milestones during 2018 which have positioned the Company to commercialize our proprietary, ultra-pure CardiolRx pharmaceutical cannabidiol (CBD) later this year,” stated David Elsley, President and CEO. “We are planning to launch our unique CBD formulation in the billion-dollar, supply constrained, Canadian medicinal cannabinoids market where we see a significant opportunity to introduce a premium pharmaceutical brand. We believe that CardiolRx will represent the purest, safest, and most consistent cannabidiol product in a growing market predominantly supplied by low purity products that do not meet the quality standards physicians, pharmacists and consumers expect from medicine. We are also advancing the development of novel therapeutics targeting inflammatory diseases of the heart which are characterized by high mortality, morbidity, and extraordinary healthcare costs.”

Highlights during the 2018 Fiscal Period:

We made significant progress with our CardiolRx pharmaceutical CBD program in preparation for product launch in the billion-dollar Canadian market for medicinal cannabinoids. Key accomplishments included:

- Initializing manufacturing scale-up of our proprietary CardiolRx formulation at Dalton Pharma Services, our global exclusive Health Canada approved, FDA certified, cGMP manufacturer of pharmaceutical cannabinoids.
- Entering into an exclusive supply agreement for Canada and Mexico with US-based Noramco, Inc., a global leader in the manufacture and supply of pharmaceutical cannabinoids. The Noramco agreement provides Cardiol with access to large-scale metric ton (one million grams) production capacity for ultra-pure pharmaceutical cannabidiol that is unparalleled in the industry.
- Developing proprietary cannabidiol formulations in collaboration with our research partners at the University of Alberta; home of Canada’s Nanotechnology Institute.
- Filing comprehensive patent applications covering proprietary formulations that we believe will offer competitive advantages designed to meet the requirements of physicians, pharmacists and consumers.

We advanced our drug innovation program aimed at developing nanotherapeutics designed to target pharmaceutical cannabidiol and other important medicines at sites of inflammation in the heart. Key accomplishments included:

- Announcing results from our ongoing research program at the world-renowned Houston Methodist DeBakey Heart & Vascular Center, Texas, demonstrating the ability of our patented nanotherapeutics to target inflamed tissue in models of heart failure. This new data demonstrated that Cardiol’s propriety nanoparticles accumulate at regions of fibrosis in diseased hearts, offering the potential for an entirely new way to target effective medications to sites of disease.
- Filing a comprehensive provisional patent application in the United States covering new ways to target anti-inflammatory and anti-fibrotic drugs directly to the regions of the heart where they will be most effective.
- Entering into a USD\$3,000,000 research and development agreement with TecSalud and Nano4Heart, a vast private research network headquartered in Monterrey, Mexico with collaborative relationships with the Houston Methodist DeBakey Heart & Vascular Center, the University of Calgary and the Massachusetts Institute of Technology (MIT), to promote research and development in nanoscience and nanotechnology. The primary objective of this collaboration, which is being 70% funded by the Instituto Tecnológico y de Estudios Superiores de Monterrey’s Clinical Academic Research Organization, S.A. de C.V. , is to develop the experimental evidence necessary to support advancing breakthrough nanomedicines for heart failure into clinical development during 2019.

We made key appointments to our Management Team, Board of Directors, and Scientific Advisory Board, bringing together a wealth of experience and expertise in developing and commercializing novel therapeutics for poorly served areas of medicine. Key appointments included:

- Dr. Eldon Smith, OC, LLD (Hon), MD, FCAHS, FCCS, FRCPC, as Chairman of the Board of Directors. Dr. Smith’s extensive experience

in the cardiovascular field has led him from the Head of Cardiology and Dean of Medicine at the University of Calgary and the Foothills hospital in Calgary to the Chair of the Steering Committee for Canadian Heart Health Strategy. He is an Officer of the Order of Canada and has published more than 250 papers over the past 20 years. Dr. Smith has been a director of more than ten public companies, including Resverlogix Corp., Canadian Natural Resources and Zenith Capital Corp.

- Chris Waddick, MBA, CPA, as Chief Financial Officer. Mr. Waddick has thirty years' experience in financial and executive roles in the biotechnology and energy industries, with substantial knowledge of public company management and corporate governance, and in designing, building, and managing financial processes, procedures, and infrastructure. Chris spent more than twelve years at Vasogen Inc., a biotechnology company focused on the research and commercial development of novel therapeutics for the treatment of heart failure and other inflammatory conditions that raised over \$200 million, completed international multi-center pivotal trials involving 2500 patients and reached a market capitalization of over US\$1 billion.
- Anne Tomalin, BA, BSc, RAC, to Director Regulatory Affairs. Ms. Tomalin is the founder and currently Executive Director at TPIreg, a division of Innomar Strategies Inc. She has a strong background in business, government, regulations and reimbursement policies and has practiced exclusively in regulatory affairs since 1971. Anne has participated in the Regulatory Initiative Advisory Committee for the Pharmaceutical Manufacturers Association Canada (PMAC). Ms. Tomalin has also served on the executive of the Pharmaceutical Sciences Group (PSG) and the Canadian Association of Pharmaceutical Sciences Group (PSG) and the Canadian Association of Pharmaceutical Regulatory Affairs (CAPRA).
- Dolly Kao, BSc, JD, as Intellectual Property Counsel. Ms. Kao is an intellectual property lawyer, a registered patent agent, and a registered trademark agent with over 20 years of experience gained at several leading IP firms in Toronto, Canada. She has been practising exclusively in intellectual property (IP) for clients primarily in the chemical, pharmaceutical and biotech industries. Ms. Kao is well versed with Canada's Patented Medicines (Notice of Compliance) Regulations, which provide an avenue for innovative drug companies to gain time-limited freedom from generic competition by listing patents on the Patent Register maintained by the Minister of Health.
- Dr. Guillermo Torre-Amione, MD, PhD, to the Board of Directors. Dr. Torre-Amione is former Chief of the Heart Failure division and former medical Director of Cardiac Transplantation at the Houston Methodist DeBakey Heart and Vascular Centre. Now as President of TecSalud, an academic medical center and medical school of the Instituto Tecnológico y de Estudios Superiores De Monterrey in Mexico, he spearheads the Gene and Judy Campbell Laboratory for cardiac transplant research where his primary areas of research include heart failure, cardiac transplantation and the role of immune response in modulating the progression of heart failure.
- Deborah Brown, BSc, MBA, to the Board of Directors. Deborah is Managing Partner of Accelera Canada Ltd., a specialty consultancy firm that assists emerging biopharma ventures with the development and implementation of their Canadian market strategy. She has extensive North American leadership experience from 15 years at EMD Serono (a division of Merck KGaA, Merck Serono) where she reached President and General Manager of the Company's Canadian operations. Currently, she sits on the Boards of Life Sciences Ontario, Oncolytics Biotech Inc., and the Strategic Executive Advisory Council for Canadian Cancer Trials Group.
- Iain Chalmers, BA, BEd, MBA, to the Board of Directors. Iain is a professor of Marketing and Alcohol Business Management at Centennial College in Toronto, Ontario. He has an impressive thirty years' experience in product marketing and the Consumer Packaged Goods business with eight years as Vice President of Marketing and Innovation for Diageo Canada, and eleven years at Gillette/Procter & Gamble, including General Sales and Marketing Director for the Gillette Grooming Division.
- Dr. James Young, MD, as Chair of the Company's Scientific Advisory Board. Dr. Young is the Chief Academic Officer at the Cleveland Clinic. He is also the George and Linda Kaufman Endowed Chair in the Kaufman Center for Heart Failure, Heart & Vascular Institute. Dr. Young is Professor of Medicine and Vice Dean for Academic Affairs at the Cleveland Clinic Lerner College of Medicine of Case Western Reserve University. During his career, he has contributed substantially to the areas of heart failure and cardiac transplantation both clinically and through his extensive research career. Dr. Young has participated in more than 150 clinical trials as an investigator and published almost 600 manuscripts and several textbooks.

We raised gross proceeds of over \$28 million to support the manufacturing scale-up and commercial launch of our CardiolRx pharmaceutical cannabidiol products and to advance novel formulations of cannabidiol and other pharmaceuticals designed to target inflammation in poorly served areas of medicine. Key corporate finance accomplishments included:

- Closing a brokered private placement totaling approximately \$12.9 million principal amount of unsecured convertible debentures of the Corporation. In December 2018, the principal plus accrued and unpaid interest was converted into common shares.
- Completing our IPO on the Toronto Stock Exchange (TSX) which was led by Noramco, our US pharmaceutical partner, and raised gross proceeds of \$15,000,000 through the placement of 3,000,000 units at \$5.00. Each unit consisted of one Class A common share and one common share purchase warrant exercisable into one Common Share at the price of \$6.50 per share for a period of two years.

About Cardiol Therapeutics

Cardiol Therapeutics Inc. is a leader in the research and commercial development of pharmaceutical cannabidiol products and targeted therapies for inflammatory disease. The Company is leveraging its expertise in pharmaceutical cannabinoids to develop: (1) an ultra-pure pharmaceutical cannabidiol (CBD) product for commercialization in the billion dollar market for medicinal cannabinoids in Canada; (2)

nanotechnologies designed to deliver cannabinoids and other anti-inflammatory drugs for the treatment of heart failure, a leading cause of death and hospitalization with associated healthcare costs exceeding \$30 billion annually in the U.S. alone; and (3) immunotherapeutics in combination with cannabinoids for the treatment of Glioblastoma Multiforme, the most malignant and deadly form of cancer of the central nervous system and a Fast Track eligible Orphan Indication. For further information about Cardiol, please visit the Company's website at www.cardiolrx.com.

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Cautionary statement regarding forward-looking information:

This news release contains "forward-looking information" within the meaning of applicable Canadian securities laws which may include, but is not limited to, statements with respect to: future events; the future performance or the intended business strategy of Cardiol Therapeutics Inc. ("Cardiol"); the potential for Cardiol's licensed drug encapsulation and delivery technologies to enhance the bioavailability of pharmaceuticals; management's expectations regarding estimated future pharmaceutical research and development opportunities, collaborations and prospects; the success and proposed timing of Cardiol's product development activities, including, but not limited to, the proposed timeline of Cardiol's product candidate pipeline for commercial introduction; the ability of Cardiol to develop its product candidates; Cardiol's plans to research, discover, evaluate and develop additional products; Cardiol's proposed future collaborations to advance Cardiol's lead nanoformulations into clinical development; and the potential for Cardiol's cannabinoid-based products to provide sources of future revenue. All statements, other than statements of historical fact that address activities, events or developments that Cardiol believes, expects or anticipates will, may, could or might occur in the future are "forward-looking information". Forward-looking information is frequently identified by the use of words such as "plans", "expects", "projects", "intends", "believes", "anticipates", "forecasts", and other similar words and phrases, including variations (and negative variations) of such words and phrases, or may be identified by statements to the effect that certain actions, events or conditions "may", "could", "should", "would", or "will" be taken, occur or be achieved. Forward-looking information contained herein reflects the current expectations or beliefs of Cardiol based on information currently available to it and is subject to a variety of known and unknown risks and uncertainties and other factors that could cause the actual events or results to differ materially from any future results, performance or achievements expressed or implied by the forward-looking information. These risks and uncertainties and other factors include that the success of Cardiol's product candidates will require significant capital resources and years of clinical development efforts; the results of clinical testing and trial activities of Cardiol's products; Cardiol's ability to obtain regulatory approval and market acceptance of its products; Cardiol's ability to raise capital and the availability of future financing; Cardiol's lack of operating history; unforeseeable deficiencies in the development of Cardiol's product candidates; uncertainties relating to the availability and costs of financing needed in the future for Cardiol's research and development initiatives; Cardiol's ability to manage its research, development, growth and operating expenses; the potential failure of clinical trials to demonstrate acceptable levels of safety and efficacy of Cardiol's product candidates; Cardiol's ability to retain key management and other personnel; risks related to fluctuations in medicinal cannabinoid markets in Canada and worldwide; uncertainties regarding Cardiol's ongoing collaborative and manufacturing partnerships; uncertainties regarding results of researching and developing products for human use; Cardiol competes in a highly competitive and evolving industry; Cardiol's ability to obtain and maintain current and future intellectual property protection; and other risks and uncertainties and factors. These risks, uncertainties and other factors should be considered carefully, and investors should not place undue reliance on the forward-looking information. Any forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, Cardiol disclaims any intent or obligation to update or revise such forward-looking information, whether as a result of new information, future events or results or otherwise. Although Cardiol believes that the expectations reflected in these forward-looking statements are reasonable, they do involve certain assumptions, risks, and uncertainties and are not (and should not be considered to be) guarantees of future performance. It is important that each person reviewing this news release understands the significant risks attendant to the operations of Cardiol.