

## Cardiol Therapeutics Closes \$10.5 Million Private Placement

**Press Release - Toronto, Ontario, May 24, 2018**

Cardiol Therapeutics Inc. (“Cardiol” or the “Company”), a nanotherapeutics company focused on advancing the treatment of heart failure by developing proprietary formulations designed to deliver cannabinoids and other drugs to inflamed tissue in the heart, is pleased to announce the successful closing of a brokered private placement (the “Private Placement”) of approximately \$10.5 million principal amount of unsecured convertible debentures of the Company. AltaCorp Capital Inc. acted as exclusive financial advisor to the Company and sole agent on the Private Placement.

“This placement represents a significant achievement for Cardiol Therapeutics, as it provides the Company with the financial resources to advance the development of important anti-inflammatory and anti-fibrotic therapies for heart failure and accelerate the commercial development of pharmaceutically-produced cannabidiol formulations for the growing medicinal cannabinoids market,” said David Elsley, President & CEO of Cardiol.

Heart failure is a chronic condition that affects more than 26 million people globally. Over six million adults in Canada and the United States 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), for which there have been no new therapies developed in over 20 years.

Inflammation and fibrosis are key contributing factors in the development and progression of HFpEF that are not being adequately addressed by available treatments. Cardiol is utilizing nanotechnology to improve the treatment options available to this large heart failure population by developing proprietary nanoformulations designed to optimize and maintain blood levels of anti-inflammatory and anti-fibrotic drugs and target their action to sites of inflammation and fibrosis in the failing heart.

In collaboration with the Company’s exclusive manufacturing partner Dalton Pharma Services, Cardiol is also developing unique manufacturing expertise in the production of pharmaceutically-produced cannabinoids. With the de-scheduling of cannabinoids from the Canadian Controlled Drug Substance Act expected to occur during the second half of 2018, Cardiol believes there is a significant opportunity to utilize this manufacturing expertise to produce pharmaceutical cannabinoids for commercial introduction to the growing market for medicinal cannabinoids.

The net proceeds of the Private Placement will be used to advance the Company’s nanotherapeutics pipeline into clinical development, to pursue the development of pharmaceutically-produced cannabinoid formulations for commercialization, and for general corporate purposes.

### **About Cardiol Therapeutics**

*Cardiol Therapeutics, [www.cardiolrx.com](http://www.cardiolrx.com), is a nanotherapeutics company focused on the research and commercial development of proprietary drug formulations for the treatment of heart failure. The Company is collaborating with researchers and opinion leaders at international centers of excellence to leverage multidisciplinary expertise in drug delivery, drug formulation, nanotherapeutics, cardiac physiology, and heart failure. These research collaborations provide Cardiol with the optimal platform on which to pursue the commercial development of important anti-inflammatory and anti-fibrotic therapies for heart failure. Heart failure is a chronic condition affecting over six million adults in Canada and the United States and it remains a leading cause of death and hospitalization, with associated healthcare costs exceeding \$30 billion annually. Approximately half of all heart failure patients have heart failure with preserved ejection fraction (HFpEF), 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,*

and CTX03, a proprietary nanoformulation of encapsulated Cyclosporine A (CsA), both for the treatment of heart failure. Additionally, in collaboration with the Company's exclusive manufacturing partner Dalton Pharma Services, Cardiol is developing unique manufacturing expertise in the production of pharmaceutically-produced cannabinoids. With the de-scheduling of cannabinoids from the Canadian Controlled Drug Substance Act expected to occur during the second half of 2018, Cardiol believes there is a significant opportunity to utilize this manufacturing expertise to produce pharmaceutical cannabinoids for commercial introduction to the growing market for medicinal cannabinoids.

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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.*