



2265 Upper Middle Road East, Suite 602
Oakville, ON L6H 0G5, Canada

Cardiol Therapeutics Signs Exclusive Agreement With Dalton Pharma Services to Supply Pharmaceutical Cannabidiol

On June 14th, 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, entered into an exclusive supply agreement with Dalton Pharma Services of Toronto (“Dalton”) to provide Cardiol’s research and development program with pharmaceutical cannabidiol.

As consideration for the grant of the exclusive supply agreement, Cardiol agreed to issue Dalton 200,000 Class A common shares in the capital of Cardiol. Cardiol expects to utilize Dalton’s manufacturing services and expertise to provide pharmaceutical cannabidiol in support of the Company’s research and development program being conducted at Faculty of Pharmaceutical Sciences at the University of Alberta.

“Securing an exclusive agreement with Dalton Pharma Services to provide pharmaceutical cannabidiol is a significant milestone for our Company. Dalton is a leading cGMP manufacturer to the pharmaceutical and biotechnology industry and is the only Health Canada approved and FDA registered company in Canada licensed to produce pharmaceutical cannabidiol. We look forward to working closely with Dalton as we advance the development of our proprietary nanotherapeutics for the treatment of heart failure,” said David Elsley, President and CEO of Cardiol Therapeutics.

Dalton was founded in 1986 by Mr. Peter Pecos, a veteran of the pharmaceutical services industry who continues to serve as its President and CEO. Over a period of 30 years, Dalton has grown to be a world-class stand-alone 42,000 square foot facility in Toronto with more than 110 employees in the heart of one of North America’s largest biomedical clusters. In 2016 and 2017, Dalton Pharma Services received the Leadership Award for Contract Manufacturing Organizations (CMO) in the following categories: Quality, Capabilities, Expertise, Compatibility, and Development.

Mr. Pecos, President and CEO of Dalton stated: “I am delighted to have signed an exclusive agreement with Cardiol and to have the opportunity of working with such an exceptional management team lead by David Elsley and Drs. Bolton and Smith. I look forward with great anticipation to integrating our manufacturing expertise with the innovative nanotherapeutics being developed at Cardiol.”

Dalton Pharma Services is a Health Canada approved and FDA registered cGMP manufacturer of over 200 Active Pharmaceutical Ingredients (APIs), including pharmaceutical cannabinoids, with manufacturing capability scalable to support all stages of the regulatory process (Phase I,

II, III or commercial). As a manufacturer with expertise in custom synthesis, Dalton is ideally positioned to support Cardiol's lead program of developing formulations of cannabidiol to treat heart failure. Dalton Pharma Services will be collaborating with Cardiol to plan and implement the necessary scale-up procedures to support the cGMP manufacture of proprietary cannabidiol formulations in preparation for clinical trials.

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.