

XPhyto Therapeutics Corp.

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XPhyto Therapeutics strikes three-year cannabis supply deal with PharmaCielo for its German business

XPhyto Therapeutics Corp (CSE:XPHY)(OTCMKTS:XPHYF) has struck a three-year supply and distribution deal with Colombian cultivator, PharmaCielo Ltd, to serve XPhyto's German medical cannabis business.

Canada-headquartered PharmaCielo (CVE:PCLO) (OTCQX:PCLOF) is focused on the ethical and sustainable supply of natural, medicinal-grade cannabis oil extracts and related products to international markets. Its PharmaCielo Colombia subsidiary is based at its nursery and propagation centre in Rionegro, Colombia.

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As previously reported, for 2020 and beyond, XPhyto has prioritized near-term revenue generation via the import and distribution of medical cannabis products into Germany.

"XPhyto is extremely pleased with its new and growing relationship with PharmaCielo. There are clear synergies between our businesses," said Hugh Rogers, CEO of XPhyto.

"In our estimation, PharmaCielo is one of the highest-quality large-scale producers in the world combining an industry-leading cost per gram with global Good Agricultural Practice (GAP) and ISO 9001:2015 certifications that are difficult for large-scale producers to achieve.

"XPhyto looks forward to working with PharmaCielo as a preferred supplier for our European import and distribution business and to supply premium oils and isolates for our innovative medical cannabis products, such as oral films, transdermal patches, and topical treatments."

XPhyto wants to begin the commercial import of cannabis oils and isolates in mid-2020, with a three-year minimum sales target of around 30,000 kg for extracted products, including 99% pure CBD and THC isolates, broad-spectrum CBD oils, and full-spectrum THC oils.

In terms of the deal, PharmaCielo will buy C\$500,000 of unsecured convertible debentures of XPhyto and 500,000 common share purchase warrants.

The debentures will bear interest at 8% a year, payable semi-annually, and will mature two years from issue. They are convertible at the option of the holder into 500,000 company shares at any time prior to maturity.

XPhyto has also issued PharmaCielo with a further 500,000 share purchase warrants exercisable at C\$2 per share for two years from issue.

Price: 3.18

Market Cap: \$172.53 m

1 Year Share Price Graph



August 2019 January 2020 June 2020

Share Information

Code: XPHY

Listing: CSE

52 week High Low
3.55 0.73

Sector: Cannabis

Website: www.xphyto.com

Company Synopsis:

XPhyto is a science-based cannabis company focused on formulation, clinical validation, and emerging European markets. XPhyto's 100% owned German subsidiary, Bunker Pflanzenextrakte GmbH, has been granted a unique German cannabis cultivation and extraction licence for scientific purposes by the German Federal Institute for Drugs and Medical Devices (BfArM).

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PharmaCielo has agreed to subscribe for a minimum of C\$500,000 out of the total debenture financing of up to C\$2 million as set out in a price reservation filed with the CSE on January 9 this year.

Science-focused

XPhyto Therapeutics is a science-focused cannabis company developing analytical testing, processing, and formulation capability in Canada.

In addition to its subsidiary Vektor Pharma TF GmbH, XPhyto has also acquired German cannabis company Bunker Pflanzenextrakte GmbH. The company operates from a decommissioned German Air Force command center and nuclear bunker near Munich, hence its name, which is the largest cannabis laboratory in Germany.

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