



XPHYTO THERAPEUTICS TO ACQUIRE GERMAN NARCOTICS COMPANY

Vancouver, Canada (August 26, 2019) - XPhyto Therapeutics Corp. (CSE:XPHY; FSE:4XT) (“XPhyto” or the “Company”) is pleased to announce that it has entered into a definitive share purchase agreement (the “Agreement”) with Vektor Pharma TF GmbH (“Vektor”), a German narcotics manufacturer, to acquire 100% of the issued and outstanding shares. XPhyto has also entered into an equipment purchase agreement (the “Equipment Agreement”) with an affiliated company to purchase thin film drug delivery manufacturing equipment.

Vektor is a German-based narcotics company focused on the research, development and production of therapeutic films for pharmaceuticals, cosmetics and food. The company has established itself as an expert in the design, testing and manufacture of thin film drug delivery systems, including transdermal patches and sub-lingual (oral) strips. Vektor also holds a number of valid narcotics licences pursuant to EU GMP certification and other governing regulations: Import Permit for drug dosage forms; Import Permit for cannabis; Manufacturing Permit for clinical samples; Manufacturing Permit for final drug product release; Analytical Permit for chemical and physical testing; Permit to handle narcotic drugs; and a Permit to handle animal tissue. Vektor’s various narcotics licences include authorizations related to conventional and cannabis-related prescription medications, including but not limited to: Buprenorphine, cannabis, Dronabinol, Fentanyl, Hydromorphone, Oxycodone, and THC.

“XPhyto is building a next generation cannabis company focused on medical formulation, clinical validation and emerging European markets,” said Hugh Rogers, CEO of XPhyto. “We believe that Vektor will add significant long-term value at every level of our business, from clinical trial expertise and drug manufacturing capability to their German cannabis and narcotics import licences and strong relationships with the German health authority.”

Pursuant to the Agreement and the Equipment Agreement, the consideration is as follows: 1) 350,000 € cash due upon closing; 2) 200,000 common shares due upon closing; 3) 400,000 € units in the capital of the Company at CAD \$1.00 per unit (the “Payment Units”) due upon closing. Each Payment Unit consists of one common share and one common share purchase warrant. The common shares are subject to a three-year escrow matrix. The warrants are exercisable into one common share of the Company at an exercise price of CAD \$1.00 per share for a period of three years from closing; 4) 200,000 € in a convertible debenture with a maturity date that is six months from closing bearing an annual interest rate of 2.5%. The debenture is convertible into Payment Units at the option of the holder, at any time prior to the maturity date. Accrued interest will be paid in cash. Each common share purchase warrant is exercisable into one common share at an exercise price of CAD \$1.00 per share for a period of three years from the conversion date; and 5) 150,000 € in a convertible debenture with a maturity date that is twelve months from closing bearing an annual interest rate of 2.5%. The debenture is convertible into Payment Units at the option of the holder, at any time prior to the maturity date. Accrued interest will be paid in cash. Each common share purchase warrant is exercisable into one common share at an exercise price of CAD \$1.00 per share for a period of three years from the conversion date.

Pricing of the securities set out in the Agreement and Equipment Agreement was established pursuant to a price reservation filed with the Canadian Securities Exchange on August 6, 2019, and a non-binding letter of intent signed August 7, 2019.



The acquisition remains subject to certain regulatory approvals and closing conditions, and if satisfied, is expected to close on or about September 16, 2019.

In connection with the transaction, a consulting fee of 200,000 common shares will be paid to an arms-length consultant on closing.

About XPhyto Therapeutics Corp.

XPhyto is a science-based cannabis company focused on medical 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). XPhyto is pursuing additional opportunities in Germany including cultivation, processing, manufacturing, import, and distribution. In Canada, two exclusive 5-year engagements with the Faculty of Pharmacy at a major Canadian university provide certified extraction, isolation, and formulation facilities, drug research and development expertise, as well as commercial analytical testing capability.

For further information, please contact:

Hugh Rogers
CEO & Director
+1.780.818.6422
info@xphyto.com
www.xphyto.com

Robert Barth
VP European Corporate Development
+49 8331 99481 10
info@xphyto.com
www.xphyto.com

Forward looking statements

This news release includes statements containing forward-looking information within the meaning of applicable Canadian securities law ("forward-looking statements"). Forward-looking statements are frequently characterized by words such as "develop", "plan", "continue", "expect", "project", "intend", "believe", "anticipate", "estimate", "potential", "propose" and other similar words, or statements that certain events or conditions "may" or "will" occur, and in this release include the statement regarding the Company's goal of building an industry leading medical cannabis company. Forward-looking statements are only predictions based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements, including: that the Company may not derive the expected, or any, benefits from the Licence; that the Company may be unable to scale its business; product liability risks; frequent changes to cannabis regulations in Canada and internationally; general economic conditions; adverse industry events; future legislative and regulatory developments; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms; competition; international risks; and other risks beyond the Company's control. The Company is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.

Neither the CSE nor its Market Regulator (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this news release.