XPhyto Therapeutics Corp.: COVID-19 Rapid Screening Test Prototype Validation

Vancouver, British Columbia--(Newsfile Corp. - July 6, 2020) - **XPhyto Therapeutics Corp. (CSE: XPHY) (FSE: 4XT) (OTC Pink: XPHYF)** ("XPhyto" or the "Company") is pleased to announce that its exclusive diagnostic partner, 3a-Diagnostics GmbH ("3a"), has confirmed successful function of its novel and proprietary COVID-19 (SARS-CoV-2) RNA probes and its universal coronavirus RNA probes in prototype lateral flow assay (the "LFA") testing. Visual confirmation of test results (probe activation) was observed in five to seven minutes.

XPhyto and 3a are working to develop and commercialize a real-time, low-cost and easy-to-use oral screening test to concurrently detect COVID-19 and non-COVID-19 coronaviruses. 3a is particularly focused on detection of viruses during the early stages of infection when patients are highly contagious and often asymptomatic. The LFA is designed for use with saliva samples and is also expected to function effectively using test solutions from throat and nasal swabs.

Prototype testing has confirmed successful activation of both the COVID-19 specific probes and the universal coronavirus probes at viral RNA levels that are equivalent to those levels that have been clinically documented in saliva samples from infected human patients. Prototype testing was carried out at 3a's laboratory in Baden-Württemberg, Germany.

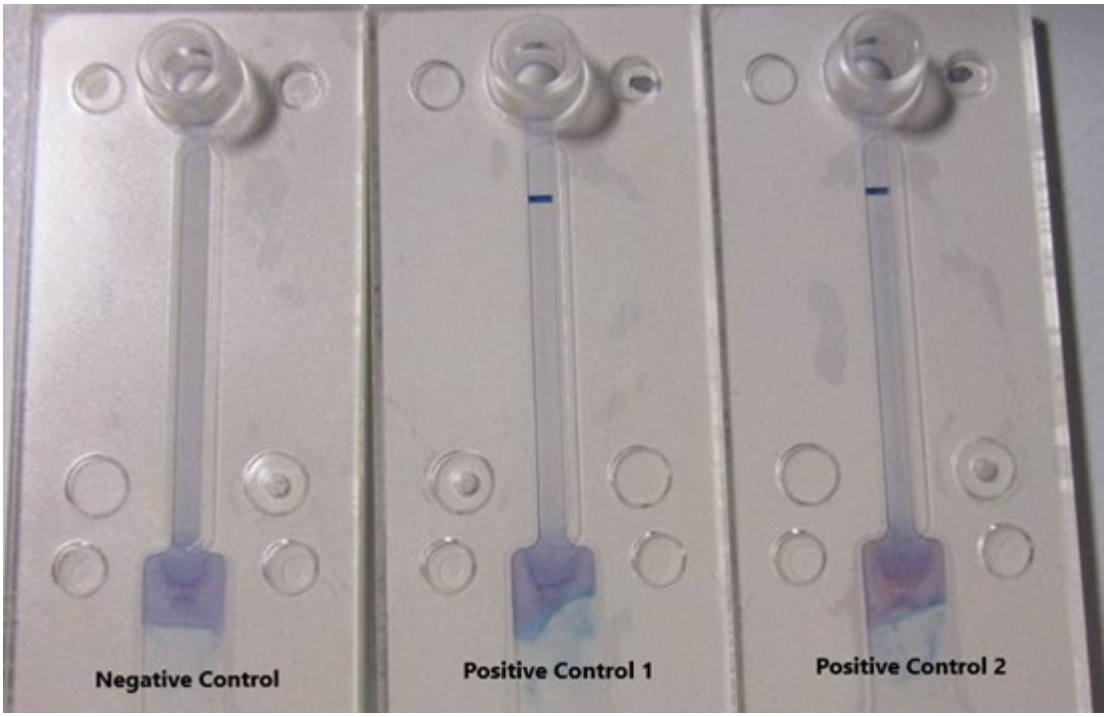

Figure 1: Positive Prototype Results for COVID-19 and Universal Coronavirus Probes.

To view an enhanced version of Figure 1, please visit:
https://orders.newsfilecorp.com/files/6452/59161_633dd895541e489b_002full.jpg

Positive Control 2 demonstrates activation of COVID-19 probes in the presence of COVID-19 specific RNA. Positive Control 1 demonstrates activation of the universal coronavirus probes in the presence of non-COVID-19 coronavirus RNA. Negative Control demonstrates no probe activation in the absence of viral RNA.

"We believe that a low-cost, portable and easy to use screening tool that provides rapid on-the-spot results would be a disruptive tool in the fight against pandemic threats," said Hugh Rogers, CEO or XPhyto. "We see an enormous global market opportunity that includes individual households, schools,

hospitals, public transportation, airports and border services as well as many private employers."

3a has designed, engineered and tested RNA-probes to detect specific viral RNA sequences and provide immediate visual confirmation of the reaction in a prototype LFA screening device. Coronaviruses, like many disease-causing viruses, encode their genome using RNA (not DNA). Two viral RNA probes have been developed: 1) a COVID-19 specific RNA sequence, and 2) a universal coronavirus RNA sequence (shared by all known members of the coronavirus family).

As per the screening test design and the positive prototype test results, patients infected with COVID-19 are expected to activate the COVID-19 probes and the universal coronavirus probes. Patients infected with an alternate coronavirus strain or a highly mutated form of COVID-19 are expected to activate only the universal coronavirus probes. These patients could be selected for further investigation.

The LFA test is based on technology employed in many low-cost, simple, rapid and portable detection devices popular in medicine for home and point-of-care testing. LFAs typically operate by running a liquid test sample across a matrix that contains one or more reactive compounds that provide a visual indication of a positive or negative result (i.e. pregnancy test).

Research and development is ongoing and updates on product development will be released periodically as the program advances. The next significant development milestones are the design and manufacture of LFA screening tests for use in clinical evaluation followed by a pilot study using human saliva from healthy and COVID-19 infected patients. 3a expects to begin the pilot study within 30 to 60 days.

3a is a research-based biotechnology company located approximately 50 kilometers Southeast of Stuttgart, Germany, specializing in the development, production and marketing of point-of-care test systems. 3a refers to their approach as "anywhere" (no power or additional equipment required), "anytime" (decentralized and rapidly deployable), and "anyone" (no specialized training required).

On April 20, 2020, the Company announced an exclusive definitive development, technology purchase and licence agreement with 3a for the development and commercialization of real-time, low-cost and easy-to-use screening tests using 3a's pathogen specific biosensors and XPhyto's oral dissolvable drug delivery platform (the "Agreement"). On July 2, 2020, 3a and the Company signed an addendum to the Agreement which incorporates 3a's RNA probes (for use in LFA test systems) and related IP into the Agreement.

On June 10, 2020, XPhyto announced that 3a and their contract research collaborators received a €254,200 grant from the German Federal Ministry of Education and Research ("BMBF"). Proceeds of the grant are committed to the development and commercialization of enzyme activated biosensors for use in real-time, low-cost and easy-to-use oral screening tests for the rapid detection of influenza A virus and specific variants that are high-risk pandemic threats such as H1N1 (swine flu) and H5N1 (avian flu).

All parties will continue to review and pursue additional opportunities for non-dilutive funding for infectious disease screening test development.

The Company is not making any express or implied claims that it has the ability to eliminate, cure or contain the COVID-19 (or SARS-2 coronavirus) at this time.

About XPhyto Therapeutics Corp.

XPhyto is a biopharma, diagnostics and cannabis science company focused on formulation, clinical validation, and European imports, distribution and sales. XPhyto's 100% owned subsidiary, Vektor Pharma TF GmbH, a German narcotics manufacturer, importer and researcher has expertise in the design, testing and manufacture of thin film drug delivery systems, particularly transdermal patches and sub-lingual (oral) strips. Vektor also holds a number of narcotics licences issued by the German Federal Institute for Drugs and Medical Devices (BfArM), including import and manufacturing permits, as well as

EU GMP lab certification. XPhyto's 100% owned German subsidiary, Bunker Pflanzenextrakte GmbH, has been granted a unique German cannabis cultivation and extraction licence for scientific purposes by BfArM. Bunker has two exclusive R&D collaboration agreements with the Technical University of Munich, Chair of beverage and brewing technology and the Faculty of Chemistry. XPhyto is pursuing additional opportunities in Europe including commercial cannabis 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. XPhyto signed a supply, import and distribution agreement for cannabis oils and isolates with one of the largest, highest quality, and lowest cost cannabis cultivators in the world.

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