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Khiron Signs Letter of Intent to Acquire Colombia's Leading Health Network

Acquisition to deliver network of 100,000 patients that meet Khiron's indicated targets

TORONTO, Aug. 7, 2018 /CNW/ - Khiron Life Sciences Corp. ("**Khiron**" or the "**Company**") (TSXV: KHRN), a Canadian integrated medical cannabis company with its core operations in Colombia, announced today that it has entered into a non-binding letter of intent ("**LOI**") with the Latin American Institute of Neurology and the Nervous System ("**ILANS**"), one of the most respected, fastest growing, and largest health service provider networks in Colombia and Latin America. Through the proposed acquisition of the Bogota clinic platform, the ILANS network represents an estimated 100,000 patients, and once closed, will position Khiron with approximately \$10.5 million of revenue and \$1.8 million of EBITDA (audited for the year ended December 31, 2017). The LOI sets forth the terms whereby Khiron will acquire all the issued and outstanding shares of ILANS through Khiron's wholly-owned subsidiary, Khiron Colombia SAS.

Alvaro Torres, CEO of Khiron, comments, "This acquisition represents one of the most significant developments for Khiron to date. We will secure a significant revenue stream from patients within our target market and see multiple opportunities to further scale revenue and drive profitability from introducing medical cannabis to ILANS patients."

Dr. Jairo Espinoza, Neurosurgeon and Legal Representative of ILANS, comments, "This transaction with Khiron allows us to enter the cannabis market with one of the leading medical cannabis companies in Colombia. We also view the Khiron business model as perfectly aligning with the core values of ILANS. This includes giving patients needs the utmost attention and providing detailed educational materials to support them in making informed decisions. We look forward to completing this transaction with Khiron."

Dr. Danial Schecter, Khiron advisory board member and one of Canada's largest prescribing pain doctors, comments, "I applaud Khiron for seizing on the opportunity to learn from the Canadian model, and to include the prescribing doctors in the process, and re-write the model of federal deregulation with doctor education, patient safety, and compliance as a core mission."

Transaction Rationale

The rationale for the transaction includes the following:

- Positions Khiron with approximately \$10.5 million of revenue from neurological clinics, including pain and epilepsy treatments, in Colombia. Revenue to be transitioned and complemented by providing medical cannabis products to patients that is anticipated to significantly increase revenues and drive margins;

- Advances Khiron clinic model with two well-established and large neurological clinics located in Bogota totaling more than 16,000 square feet. Khiron views clinics as a core element of its overall strategy to create doctor/patient and brand loyalty through in-person education and consultation;
- Provides direct distribution channel for the planned increase of medical cannabis supply by Khiron as announced on August 2, 2018. ILANS patient base aligns perfectly with the stated objective of the Company to focus on the target market conditions for medical cannabis, as their patient base suffers from conditions where medical cannabis treatment can be applicable; and
- Expands Khiron's internal medical team with the addition of approximately 46 physicians from various disciplines. This complements the team led by Dr. Maria Fernanda, Khiron's Medical Director, and provides human resource skills and scale to address the medical needs of patients.

Transaction Terms

Terms of the transaction include the following:

- Khiron will provide consideration of \$7.0 million to acquire 100% of ILANS:
 - 70% of the transaction will be funded in cash and 30% of the transaction will be funded in shares of the Company;
 - Khiron will make the cash-based payments totalling \$4.9 million
 - 19.9% on closing of the transaction
 - 81.1% over a period of 24 months after closing;
 - Khiron will make the share-based payment totalling \$2.1 million, based on the 20 day volume weight average price on the TSX Venture Exchange. All shares issued will be subject to a 2-year lockup agreement; and
- Khiron will provide additional cash consideration totalling \$5.0 million for the attainment of milestones pertaining to patient acquisition over a period of two (2) years after closing of the transaction.

Conditions to Closing

Material conditions of closing including the following:

- The execution of a definitive agreement setting forth the terms and conditions of the transaction;
- Approval of respective boards of directors; and
- Approval of the TSX Venture Exchange.

About the Latin American Institute of Neurology and the Nervous System

Latin American Institute of Neurology and the Nervous System ("ILANS") is a network of health service providers. In 2017, ILANS treated 100,000 patients with neurological, psychiatric, respiratory, urological and orthopedic diseases, among others. ILANS patients are serviced by the Colombian health system and other countries.

Services are provided through programs with content, objectives and budgets. ILANS has various clinics, which bring together specialists and technicians from specific neurosciences and related specialties. The activities of each clinic provide for medical and surgical treatments. Patient clinical information is utilized develop diagnostic studies from which medical and surgical treatments are derived.

About Khiron Life Sciences Corp.

Khiron Life Sciences Corp. is positioned to be the dominant integrated medical cannabis company in Latin America. Khiron has core operations in Colombia and is fully licensed in the country for the cultivation, production, domestic distribution, and international export of both tetrahydrocannabinol (THC) and cannabidiol (CBD) medical cannabis. In May 2018, Khiron listed on the TSX Venture Exchange, becoming the first Colombian based medical cannabis company to trade on any exchange globally.

With a focused regional strategy and patient oriented approach, the Company combines global scientific expertise, agricultural advantages, branded product market entrance experience and education to drive prescription and brand loyalty to address priority medical conditions such as chronic pain, epilepsy, depression and anxiety in the Latin American market of over 620 million people. Khiron is led by Co-founder and Chief Executive Officer, Alvaro Torres, together with an experienced executive team, and a knowledgeable Board of Directors that includes former President of Mexico, Vicente Fox.

Further information on Khiron Life Sciences can be found at www.khiron.ca.

Forward-Looking Statements

This press release may contain certain forward-looking information and statements ("forward-looking information") within the meaning of applicable Canadian securities legislation, that are not based on historical fact, including without limitation statements containing the words "believes", "anticipates", "plans", "intends", "will", "should", "expects", "continue", "estimate", "forecasts" and other similar expressions. Readers are cautioned to not place undue reliance on forward-looking information. Actual results and developments may differ materially from those contemplated by these statements. Khiron undertakes no obligation to comment analyses, expectations or statements made by third-parties in respect of Khiron, its securities, or financial or operating results (as applicable). Although Khiron believes that the expectations reflected in forward-looking information in this press release are reasonable, such forward-looking information has been based on expectations, factors and assumptions concerning future events which may prove to be inaccurate and are subject to numerous risks and uncertainties, certain of which are beyond Khiron's control, including the risk factors discussed in Khiron's Filing Statement which is available on Khiron's SEDAR profile at www.sedar.com. The forward-looking information contained in this press release is expressly qualified by this cautionary statement and are made as of the date hereof. Khiron disclaims any intention and has no obligation or responsibility, except as required by law, to update or revise any forward-looking information, whether as a result of

new information, future events or otherwise.

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SOURCE Khiron Life Sciences Corp.

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