



PREVECEUTICAL MEDICAL INC.
Suite 2200, 1177 West Hastings Street
Vancouver, British Columbia V6E 2K3

FOR IMMEDIATE RELEASE

News Release

September 21, 2017

PreveCeutical Announces Strategic R&D Supply Agreement

Vancouver, British Columbia: PreveCeutical Medical Inc. (the “**Company**” or “**PreveCeutical**”) (CSE: PREV, OTCQB: PRVCF, Frankfurt: 18H) is pleased to announce that it has entered into a strategic research and development supply agreement dated effective September 18, 2017 (the “**Supply Agreement**”) with a licensed producer of medical cannabis (the “**LP**”) under Health Canada’s *Access to Cannabis for Medical Purposes Regulations*, whereby the LP will supply samples of cannabis-derived products and ingredient information for use by PreveCeutical in its research and development program for the commercialization of sol-gels for the nasal delivery of medical compounds, including cannabinoids (the “**Sol-Gel Program**”).

PreveCeutical’s Chairman and CEO, Mr. Stephen Van Deventer commented, “We are extremely pleased with the agreement between PreveCeutical and the LP. The LP is an acknowledged industry leader in Canada in terms of its high-quality, high-margin derivative products that are manufactured under rigorous standards regarding processes, testing and transparency. We believe that having access to high quality cannabis oil and dried cannabis plant extracts from the LP will greatly assist PreveCeutical with the continued development of the Sol-Gel Program.”

Commercial Terms of Supply Agreement

Under the terms of the Supply Agreement, the LP will provide the Company with prescribed strains of cannabis oil and dried cannabis plant extract along with certain ingredient and excipient specifications (the “**Deliverables**”). As consideration for the Deliverables and subject to acceptance by the Canadian Securities Exchange, the Company will grant to the LP:

- non-transferable options (the “**Options**”) to acquire that number of common shares in the capital of the Company (being 2,565,000 common shares) having an aggregate value of CAD 2 million at an exercise price equal to the closing price of PreveCeutical’s common shares on the Canadian Securities Exchange on the date of execution of the Supply Agreement, which Options will be exercisable for a period of 24 months from the effective date of the Supply Agreement;
- a right of first refusal (the “**Financing ROFR**”) to subscribe for the whole or a portion of any equity financing conducted by the Company for a period of 24 months from the effective date of the Supply Agreement; provided that if the LP exercises the Financing ROFR, then any Options that have not yet been exercised by the LP will expire within 15 days of the date of such exercise; and
- a right of first refusal (the “**Licensing ROFR**”) to negotiate a non-transferable license for the non-exclusive use by the LP of the sol-gel technology developed by the Company; provided

that in the event that the LP declines to exercise the Licensing ROFR, it will have the non-assignable right to receive a royalty on the gross revenues of the Company from the sale of the Company's sol-gel technology in Australia and/or Canada to a maximum of CAD 2 million as follows:

Aggregate Gross Revenues (CAD)	Royalty Payable (%)
0 to 500,000	8%
500,001 to 1,000,000	6%
1,000,001 to 5,000,000	5%
5,000,001 to 10,000,000	3%
Over 10,000,000	2%

The provision of the Deliverables by the LP to the Company is conditional on the LP obtaining an export licence and complying with any other applicable regulatory requirements for the delivery of the Deliverables to Australia, as well as on the Company obtaining an import license and complying with any other regulatory requirements for the same. The Supply Agreement does not grant or transfer to the Company any intellectual property rights in the Deliverables, and *vice versa* does not transfer to the LP any intellectual property rights in the sol-gel technology.

Sol-Gel Nasal Delivery System

The Sol-Gel Program is focused on developing what the Company believes will be the first FDA approved, nose-to-brain delivery system of cannabinoids intended to provide relief for a range of ailments, such as pain, inflammation, seizures, and neurological disorders. The Company is seeking to design universally-patient friendly proprietary nasal formulations that can be used in children and adults alike.

PreveCeutical's Sol-Gel Program is being conducted by the Company through UniQuest Pty Limited ("UniQuest") pursuant to a research and development agreement dated April 22, 2017. For further information regarding the Company's research and development agreement with UniQuest, please refer to the Company's news release dated April 24, 2017. Any common shares of PreveCeutical issued upon the exercise of the Options will be subject to a hold period in Canada of four months and one day from the date of issuance.

About PreveCeutical Medical Inc.

PreveCeutical is a health sciences company that develops innovative preventive therapies utilizing organic and nature identical products.

PreveCeutical aims to be a leader in preventive health sciences and currently has five research and development programs, including: dual gene therapy for curative and prevention therapies for diabetes and obesity; a Sol-gel platform for nose to brain delivery of medical compounds including cannabinoids; Nature Identical™ peptides for treatment of various ailments; non-addictive analgesic peptides as a replacement to the highly addictive analgesics such as morphine, fentanyl and oxycodone; and a therapeutic product for treating athletes who suffer from concussions (mild traumatic brain injury).

PreveCeutical sells CELLB9®, an Immune System Booster. CELLB9® is an oral solution containing polarized and potentiated essential minerals extracted from a novel peptide obtained from Caribbean Blue Scorpion venom.

For more information about PreveCeutical, please visit <https://preveceutical.com/>, follow us on Twitter: <https://twitter.com/PreveCeuticals> and Facebook: www.facebook.com/PreveCeutical.

On Behalf of the Board of Directors

“Stephen Van Deventer”
Chairman & CEO

For further information, please contact:

Deanna Kress
Director of Corporate Communications & Investor Relations
+1-778-999-6063
deanna@PreveCeutical.com

Forward-Looking Statements:

This news release includes certain statements that constitute “forward-looking statements” within the meaning of applicable Canadian securities laws. Readers are cautioned that forward-looking statements are not guarantees of future performance or events and, accordingly, are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty of such statements. Statements in this news release that are not purely historical are forward-looking statements and include any statements regarding beliefs, plans, expectations and orientations regarding the future. Often, but not always, forward-looking statements can be identified by words such as “pro forma”, “plans”, “expects”, “may”, “should”, “budget”, “schedules”, “estimates”, “forecasts”, “intends”, “anticipates”, “believes”, “potential” or variations of such words including negative variations thereof and phrases that refer to certain actions, events or results that may, could, would, might or will occur or be taken or achieved. Such forward-looking statements include, among others, statements as to the terms and conditions or other matters related to the Supply Agreement, the Company’s research and development programs, including the Sol-Gel Program, the ability of the LP to provide the Deliverables to the Company and the Company’s ability and success in executing its proposed business plans. Actual results could differ from those projected in any forward-looking statements due to numerous factors including risks and uncertainties relating to the inability of the Company, to, among other things, complete its proposed research project, including the Sol-Gel Program, as planned or the inability of the Company or the LP, as applicable, to obtain any required governmental, regulatory or stock exchange approvals, permits, consents or authorisations required, including Canadian Securities Exchange acceptance of the Supply Agreement and the option grant thereunder, or obtain the financing required to carry out its planned future activities. Other factors such as general economic, market or business conditions or changes in laws, regulations and policies affecting the biotechnology or pharmaceutical industry, may also adversely affect the future results or performance of the Company. These forward-looking statements are made as of the date of this news release and, unless required by applicable law, the Company assumes no obligation to update the forward-looking statements or to update the reasons why actual results could differ from those projected in these forward-looking statements. Although the Company believes that the statements, beliefs, plans, expectations, and intentions contained in this news release are reasonable, there can be no assurance that those statements, beliefs, plans, expectations, or intentions will prove to be accurate. Readers should consider all of the information set forth herein and should also refer to other periodic reports provided by the Company from time-to-time. These reports and the Company’s filings are available at www.sedar.com.

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