



Emerald Health Therapeutics, Inc. Reports 2022 Q1 Results

VANCOUVER, BC, July 11, 2022– Emerald Health Therapeutics, Inc. ("Emerald" or the "Company") (CSE: EMH; OTCQB: EMHTF) has reported financial results for the quarter ended March 31, 2021.

Through the first quarter of 2022 the Company continued to execute on its transition from the recreational and medical cannabis business to pharmaceutical development, as announced on November 29, 2021.

Selected Financial Information

The financial information presented for the years below was derived from financial statements prepared in accordance with IFRS and is expressed in Canadian dollars.

Reported in (000s)	Q1 2022 (\$)	Q1 2021 (\$)
Total revenue	3,040	2,653
Net loss attributable to the Company	(3,137)	(2,894)
Net loss per share (basic and diluted)	(0.02)	(0.01)
Total assets	39,268	81,943
Total liabilities	8,935	11,232
Cash & cash equivalents	16,152	31,297

Key Activities

Strategic process

The board of directors of Emerald (the "Board") engaged Vantage Point Advisors, Inc. ("Vantage Point") of San Diego, California, as announced on December 21, 2021, to carry out a thorough review of companies in Canada and the United States engaged in the pharmaceutical development of cannabinoid-derived product candidates that may be interested in carrying out a strategic merger with the Company. In Q1 2022, Vantage Point identified and analysed 21 companies and presented a short list of ten companies to the Board. Pursuant to discussions between Vantage Point and the Board, the short list was decreased to seven companies and Vantage Point reached out to each of these companies to determine whether there was interest in a strategic transaction with the Company. The Board met with and carried out initial due

diligence with respect to several potential targets. The Board conducted an initial due diligence review and financial analysis of all the targets with the assistance and advice of Vantage Point.

Proposed plan of arrangement

As a result of the strategic process described above, on May 11, 2022, the Company entered into an arrangement agreement (the "Arrangement Agreement") with Skye Bioscience Inc. ("Skye") with respect to a transaction to be completed by way of a Plan of Arrangement (the "Arrangement") whereby Skye would acquire all the issued and outstanding shares of the Company. Under the Arrangement, Skye will issue the Company's shareholders 1.95 shares of Skye's common stock (the "Exchange Ratio") in exchange for each Company share. Skye is a San Diego-based pharmaceutical company developing proprietary, synthetic cannabinoid derivatives to treat glaucoma and other diseases with significant unmet needs and is listed on the OTCQB under the symbol SKYE.

Based on the number of outstanding shares as of the date of the Arrangement Agreement, it is expected that Skye would issue approximately 416M Skye shares to the Company's shareholders. Upon the closing of the Arrangement, current Skye stockholders would own approximately 54% of the common stock of Skye and former shareholders of the Company would own approximately 46% of Skye's common stock. All stock options and warrants of the Company will be exchanged for replacement options and warrants of Skye on identical terms, as adjusted in accordance with the Exchange Ratio.

Each of the Board of Directors of the Company and Skye unanimously approved the Arrangement and recommend that their respective shareholders vote in favour of the Arrangement. Evans & Evans, Inc. has provided an opinion to the Board of Directors of the Company stating that as of the date of the opinion and based upon and subject to the assumptions, limitations, and qualifications set forth therein, the Exchange Ratio to be received by the holders of the Company's common shares pursuant to the Arrangement is fair from a financial point of view to such holders.

The proposed Arrangement is subject to approval by each company's common shareholders and by the Supreme Court of British Columbia. Completion of the Arrangement is subject to other customary terms and conditions and to listing Skye's common shares on the CSE. The Company expects to hold a shareholder meeting to approve, among other matters, the Arrangement on August 19, 2022, and the Arrangement is anticipated to close in the third quarter of 2022.

Discontinuation and realization of prior operations

At its Victoria, BC operation, the lease on one of the Company's two facilities expired on February 28, 2022, and the lease on the other facility expired on May 31, 2022. The Company continues to rent both facilities on a month-to-month basis to maintain its Health Canada-issued license under the Cannabis Act to produce and sell cannabis products. The Company fully wound down all operations at the Victoria facilities as of June 1, 2022. The Company is pursuing the sale of its licenses, brands and processing equipment in relation to its Victoria locations.

At its St. Eustache, QC operation, growing and processing of cannabis continued until June 30, 2022. In the first quarter of 2022, the Company retained agents to assist in the sale of the cannabis production operation as a continuing operation. The Company has not yet entered into a binding sale agreement with respect to this facility and the sale process is ongoing.

Throughout the discontinuation process, the Company retained its cannabis sales agreements with the various provinces and continued to sell newly produced and inventoried cannabis dried flower and oils at a reduced volume until June 30, 2022.

On April 14, 2022, the Company entered into an agreement with the landlord for its Metro Vancouver greenhouse facility under which the lease obligation related to the facility, which extends to 2047, would be terminated effective December 31, 2022, in exchange for transfer to the landlord of the non-leased equipment and greenhouses owned by the Company at the site. The Company also has an option to early termination of this agreement.

On April 28, 2022, the Company entered into an amending agreement with FlowerPod LLC, amending the December 28, 2021, binding term sheet payment schedule to US\$0.75 million on closing and a US\$0.75 million promissory note bearing 10% interest per annum. The Company continues to retain the two-year interest-bearing promissory note issued by FlowerPod on May 6, 2021, in the amount of US\$0.35 million.

Emerald's complete unaudited financial statements and management discussion and analysis for the three months ended March 31, 2022, are available on the Company's [website](#) and SEDAR.

Please visit www.emeraldhealth.ca for more information or contact:

Moe Jiwan, Chief Operating Officer
1(800) 757 3536 Ext. #5

Emerald Investor Relations
(800) 757 3536 Ext. #5
invest@emeraldhealth.ca

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Cautionary Note Regarding Forward-Looking Statements: Certain statements made in this press release that are not historical facts are forward-looking statements and are subject to important risks, uncertainties and assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking statements. Such statements include but are not limited to: the timing for the meeting of the shareholders of the Company to approve the Arrangement, the anticipated closing of the Arrangement, the sale of the Company's licenses, brands and processing equipment related to its Victoria, BC locations, the sale of its facilities in St. Eustache, QC, or the termination, including the early termination option, of the lease for the Company's Metro Vancouver greenhouse.

We cannot guarantee that any forward-looking statement will materialize, and readers are cautioned not to place undue reliance on these forward-looking statements. Such statements are subject to the risks that the Company may not obtain the necessary consents and approvals or satisfy the necessary conditions precedent to complete the Arrangement, that the Company may not be able to enter into agreements to sell its assets in Victoria, BC or St. Eustache, QC at all or on terms that are acceptable to the Company as well as the risk factors described in Emerald's annual financial statements, management's discussion and analysis and other regulatory filings. These statements are not historical facts but instead represent management beliefs regarding future events, many of which, by their nature are inherently uncertain and beyond management control.

The forward-looking statements contained in this press release represent our expectations as of the date hereof. Forward-looking statements are presented for the purpose of providing information about management's current expectations and plans and allowing investors and others to obtain a better understanding of our anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes. Emerald undertakes no obligations to update or revise such statements to reflect new circumstances or unanticipated events as they occur unless required by applicable law.