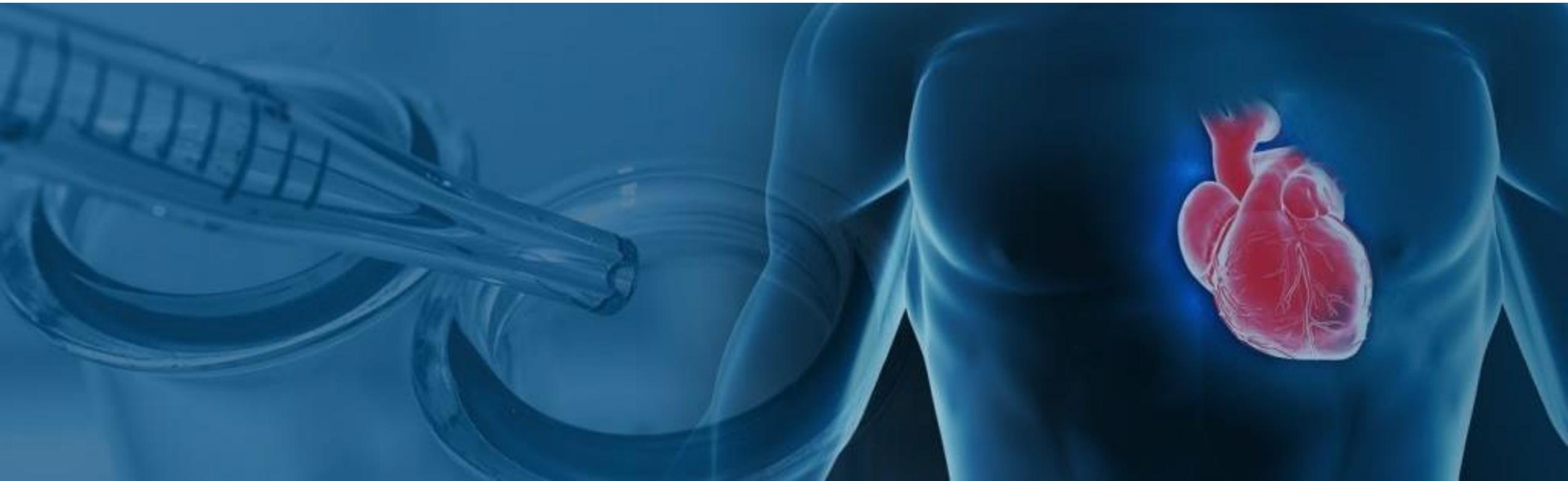




**Leader in Pharmaceutical Cannabinoids
for Heart Disease, Cancer, and Quality of Life**

December 2018



Disclaimer

Date: December 10, 2018

A third amended and restated preliminary prospectus containing important information relating to the securities described in this document has been filed with securities regulatory authorities in each province of Canada, except Québec. A copy of the third amended and restated preliminary prospectus, and any amendment, is required to be delivered with this document.

The third amended and restated preliminary prospectus is still subject to completion. There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final prospectus has been issued.

This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the third amended and restated preliminary prospectus, the final prospectus and any amendment for disclosure of those facts, especially risk factors relating to the securities offered, as well as consult their professional advisors, to ascertain and assess the income tax, legal, risk factors and other aspects of their investment in the Units, before making an investment decision.

GENERAL

Prospective investors should rely only on the information contained in the third amended and restated preliminary prospectus of Cardiol Therapeutics Inc. ("Cardiol", the "Corporation", "us" or "we") dated December 10, 2018 (the "Third A&R Preliminary Prospectus"). This presentation is qualified in its entirety by reference to, and must be read in conjunction with, the information contained in the Third Preliminary Prospectus. A prospective investor is not entitled to rely on parts of the information contained in this presentation to the exclusion of others.

Cardiol and the Underwriters have not authorized anyone to provide prospective purchasers with this presentation. Distribution of this presentation to any person other than the offeree, or those persons, if any, retained to advise the offeree in connection with the transaction contemplated herein, is unauthorized, and any disclosure of any of such information without the prior written consent of the Corporation is prohibited. Except as specifically provided herein, this presentation may not be copied or otherwise distributed, in whole or in part, by or to any person or in any medium whatsoever. Any unauthorized use of the presentation is strictly prohibited.

Cardiol and the Underwriters are not offering to sell units (the "Units") of the Corporation each comprising of a class A common share (a "Unit Share") and a class A common share purchase warrant (a "Warrant") in any jurisdiction where the offer or sale of such securities is not permitted. For prospective purchasers outside Canada, in the Territories or in Quebec, neither we nor the Underwriters have done anything that would permit this offering or possession or distribution of the Third A&R Preliminary Prospectus in any jurisdiction where action for that purpose is required, other than in Canada, not including Quebec or the Territories. Prospective purchasers are required to inform themselves about, and to observe any restrictions relating to, this offering and the possession or distribution of the Third A&R Preliminary Prospectus. Residents of the United States must refer to "United States Legal Disclaimer" below.

There is currently no market through which the Unit Shares and Warrants may be sold, and purchasers may not be able to resell the Unit Shares and Warrants purchased under the Third A&R Preliminary Prospectus. This may affect the pricing of the Unit Shares and Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Unit Shares and Warrants, and the extent of issuer regulations. See "Risk Factors" in the Third A&R Preliminary Prospectus. An investment in the Unit Shares and Warrants is subject to a number of risks that should be considered by a prospective purchaser. Investors should carefully consider the risk factors described under "Risk Factors" in the Third A&R Preliminary Prospectus before purchasing the Unit Shares and Warrants.

In this presentation, all amounts are in Canadian dollars, unless otherwise indicated. Capitalized terms that are not defined in this presentation have the meanings ascribed to them in the Third A&R Preliminary Prospectus. Any graphs, tables or other information in this presentation demonstrating the historical performance of Cardiol or any other entity contained in this presentation are intended only to illustrate past performance of such entities and are not necessarily indicative of future performance of Cardiol or such entities.

FORWARD-LOOKING INFORMATION

This presentation and the Third A&R Preliminary Prospectus contain forward looking statements, within the meaning of applicable securities laws in Canada, that relate to the Corporation's current expectations and views of future events. The forward looking statements are contained principally in the sections entitled "Prospectus Summary", "Our Business", "Use of Proceeds", "Management's Discussion and Analysis", and "Risk Factors" of the Third A&R Preliminary Prospectus.

In some cases, these forward looking statements can be identified by words or phrases such as "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict", or "likely", or the negative of these terms, or other similar expressions intended to identify forward looking statements. Statements containing forward-looking information are not historical facts. The Corporation has based these forward looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy, and financial needs. These forward looking statements may include, among other things, statements relating to: our financial position; our business strategy; our growth strategies; our operations; our financial results; our dividend policy; our plans and objectives; the successful completion of this Offering; our anticipated cash needs, the need for additional financing, and the use of the net proceeds from this Offering; our launch, marketing, and sale of a pharmaceutically-produced pure cannabidiol oil as a Cannabis Act product line; the ability for our nanotherapeutics to deliver cannabinoids and other anti-inflammatory drugs to inflamed tissue in the heart; our intention to initiate clinical trials during the first six months of 2019 ("H1, 2019"); our development of proprietary cannabidiol formulations for near-term commercialization; our expectation that we will be in a position to offer an advanced precise dosing sublingual spray form of cannabidiol upon the addition of concentrates to the Cannabis Act by October 17, 2019; the successful development and commercialization of our current product candidates and the addition of future products; our expectation that cannabinoids will be de-scheduled from Canada's Controlled Drugs and Substances Act ("CDSA") on October 17, 2018; our expectation of a significant increase in the market and interest for pure pharmaceutical cannabinoid products following de scheduling of cannabinoids from the CDSA; the expected growth in the size of the market for cannabidiol in Canada, the United States, and internationally; our intention to build a pharmaceutical brand and cannabidiol products focused on addressing heart failure; the expected medical benefits, viability, safety, efficacy, and dosing of cannabidiol; patents, including, but not limited to, our ability to have patents issued covering our drugs, drug candidates and processes, as well as oppositions and legal challenges; our expectation of a significant near-term revenue opportunity from the sale of pure cannabidiol products; our competitive position and the regulatory environment in which we operate; and expectations of future results, performance, achievements, prospects, opportunities or the markets in which we operate. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information.

Disclaimer

FORWARD-LOOKING INFORMATION

Forward looking statements are based on certain assumptions and analyses made by the Corporation in light of the experience and perception of historical trends, current conditions, and expected future developments and other factors it believes are appropriate, and are subject to risks and uncertainties. Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and we cannot assure that actual results will be consistent with these forward looking statements. Given these risks, uncertainties, and assumptions, prospective purchasers of Units should not place undue reliance on these forward looking statements. Whether actual results, performance, or achievements will conform to the Corporation's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions, and other factors, including those listed under "Risk Factors", which include: the inherent uncertainty of product development; our requirement for additional financing; our history of losses; dependence on success of the sale of our pharmaceutically-produced pure cannabidiol oil as a Cannabis Act product line and our early-stage product candidates which may not generate revenue; reliance on Management, loss of members of Management or other key personnel, or an inability to attract new Management team members; our ability to develop a sublingual cannabidiol spray form; a delay in the Government of Canada's authorization of cannabis concentrates by October 17, 2019; our ability to successfully design, commence, and complete clinical trials, including the high cost, uncertainty, and delay of clinical trials and additional costs associated with any failed clinical trials; potential negative results from clinical trials and their adverse impacts on our future commercialization efforts; our ability to establish and maintain commercialization organizations in the U.S., Mexico, and elsewhere; our ability to receive and maintain regulatory exclusivities, including Orphan Drug Designations, for our drugs and drug candidates; delays in achievement of projected development goals; no prior public market for the Unit Shares or Warrants; management of additional regulatory burdens; volatility in the market price for the Unit Shares and Warrants; failure to protect and maintain and the consequential loss of intellectual property rights; third-party claims relating to misappropriation by our employees of their intellectual property; reliance on third parties to conduct and monitor our pre clinical studies and clinical trials; our product candidates being subject to controlled substance laws which may vary from jurisdiction to jurisdiction; changes in laws, regulations, and guidelines relating to our business, including tax and accounting requirements; lack of successful implementation of adequate internal controls over financial reporting; limited experience of our Management team with publicly-traded companies; our reliance on current early-stage research regarding the medical benefits, viability, safety, efficacy, and dosing of cannabinoids; claims for personal injury or death arising from the use of products and product candidates produced by us; uncertainty relating to market acceptance of our product candidates; our lack of experience in commercializing any products; the level of pricing and reimbursement for our products and product candidates, if approved; our dependence on Dalton Chemical Laboratories, Inc. operating as Dalton Pharma Services ("Dalton") and other contract manufacturers; unsuccessful collaborations with third parties; business disruptions affecting third-party suppliers and manufacturers; lack of control in future prices of our product candidates; our lack of experience in selling, marketing, or distributing our products; competition in our industry; our inability to develop new technologies and products and the obsolescence of existing technologies and products; unfavorable publicity or consumer perception towards cannabidiol; product liability claims and product recalls; expansion of our business to other jurisdictions; fraudulent activities of employees, contractors, and consultants; our reliance on key inputs and their related costs; difficulty associated with forecasting demand for products; operating risk and insurance coverage; our inability to manage growth; conflicts of interest among our officers and Directors; managing damage to our reputation and third-party reputational risks; relationships with customers and third-party payors and consequential exposure to applicable anti-kickback, fraud, and abuse and other healthcare laws; exposure to information systems security threats; no dividends for the foreseeable future; future sales of Common Shares by existing shareholders causing the market price for the Common Shares to fall; use of proceeds; and the issuance of Common Shares in the future causing dilution.

If any of these risks or uncertainties materialize, or if assumptions underlying the forward looking statements prove incorrect, actual results might vary materially from those anticipated in the forward looking statements.

Information contained in forward looking statements in this presentation and the Third A&R Preliminary Prospectus is provided as of the date of the Third A&R Preliminary Prospectus, and we disclaim any obligation to update any forward looking statements, whether as a result of new information or future events or results, except to the extent required by applicable securities laws. Accordingly, potential investors should not place undue reliance on forward looking statements or the information contained in those statements.

NON-IFRS MEASURES AND INDUSTRY METRICS

This presentation makes reference to certain non-IFRS measures including "EBITDA", and to certain operating metrics in the industry. Non-IFRS measures including industry metrics do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. Please refer to the Third A&R Preliminary Prospectus for further details on these non-IFRS measures including industry metrics, including relevant definitions and reconciliations.

UNITED STATES LEGAL DISCLAIMER

The Corporation may sell its Units in the United States on a private placement basis, pursuant to an exemption from the registration requirements of the United States Securities Act of 1933, as amended (the "Securities Act").

This presentation is being made available in the United States on a confidential basis only to persons reasonably believed to be (i) "accredited investors" within the meaning of Rule 501(a) of Regulation D under the Securities Act ("Accredited Investors") or (ii) "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act ("QIBs"), and specifically authorized to view this presentation. This presentation is being provided solely to enable the offeree to evaluate the Company and the Units. This information does not constitute an offer to any other person or a general offer to the public of, or the general solicitation from the public of, offers to subscribe for or purchase any Units in the United States. Purchasers of Units in the United States will be required to be Accredited Investors or QIBs, as applicable.

Purchasers of Units in the United States will be required to make certain representations and warranties, including with respect to certain restrictions on the resale of the Units.

Information concerning the assets and operations of the Corporation included in this presentation has been prepared in accordance with Canadian standards and is not comparable in all respects to similar information for United States companies. Any financial information included in this presentation has been prepared in Canadian dollars and is subject to applicable Canadian generally accepted accounting principles and Canadian auditing and auditor independence standards, which differ from United States generally accepted accounting principles and United States auditing and auditor independence standards in certain material respects.

THE UNITS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR ANY STATE SECURITIES LAWS. THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, BY ANY STATE SECURITIES REGULATORY AUTHORITY OR BY ANY CANADIAN PROVINCIAL SECURITIES COMMISSION OR SIMILAR REGULATORY AUTHORITY, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY SUCH STATE REGULATORY AUTHORITY, OR ANY CANADIAN PROVINCIAL SECURITIES COMMISSION OR SIMILAR REGULATORY AUTHORITY, PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PRESENTATION. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Corporation exists under the laws of the Province of Ontario, Canada. All of the Corporation's assets are located outside the United States. All of Corporation's officers and directors are non-residents of the United States. As a result, it may be difficult for investors to enforce civil liabilities under the United States federal and state securities laws.

Cardiol Therapeutics Programs

Pharmaceutically Manufactured Cannabidiol

**Near-term
commercial**

- Pharmaceutical cannabidiol
- \$1.2 billion medicinal cannabinoid market⁽²⁾
- 2019 market launch

Heart Failure (HF)

**Mass market
potential**

- \$30 billion market for heart failure ⁽¹⁾
- No new therapeutics in diastolic heart failure in the past 20 years
- Collaborating with extensive research network

Glioblastoma Multiforme (GBM)

**Orphan drug
potential**

- Fast Track eligible Orphan Indication in the US & Europe
- Immunotherapy combined with cannabinoids
- Cannabinoid treatment has been shown to improve one year survival rate

(1) Cook et al. *International Journal of Cardiology* 171, 368–376 (2014)
(2) New Frontier Data



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Pharmaceutically Manufactured Cannabidiol Program

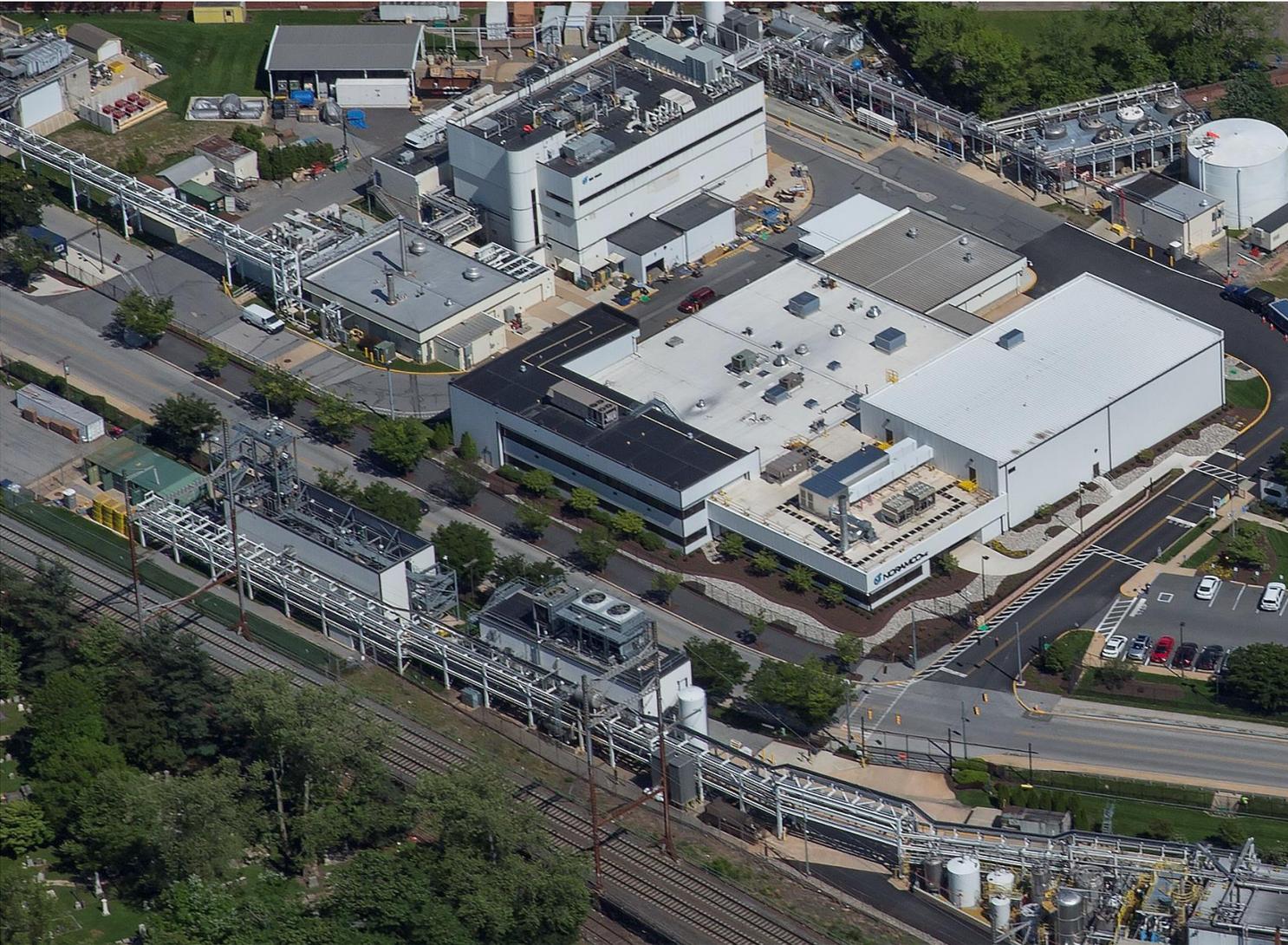
Near-Term
Commercial
Opportunity

Exclusive Partnership: Dalton Pharma Services

- Dalton Pharma Services (Dalton) is a Health Canada approved, FDA registered, cGMP manufacturer of pharmaceutical cannabinoids
- Cardiol is collaborating with Dalton to implement the necessary scale-up procedures to support the cGMP manufacturing of nanoformulations for heart failure
- Cardiol has entered into an exclusive global manufacturing agreement with Dalton for the supply of pharmaceutical cannabidiol for commercial introduction



Exclusive Partnership: Noramco



- Noramco is a global leader in the manufacture and supply of controlled drug substance APIs
- Cardiol has an exclusive supply agreement with Noramco for the manufacture and supply of pure pharmaceutical cannabidiol in Canada and Mexico
- Provides Cardiol with access to capacity to scale pharmaceutically-manufactured pure cannabidiol to metric tonnes per year



Pharmaceutical Cannabidiol Products

Pharmaceutical Cannabidiol Oil

Market
Introduction:
2019



- FDA & Health Canada certified cGMP manufacturer
- Pharmaceutically manufactured
- >99.5% purity
- THC Free (less than 10 ppm)

Water-Like Pharmaceutical Cannabidiol

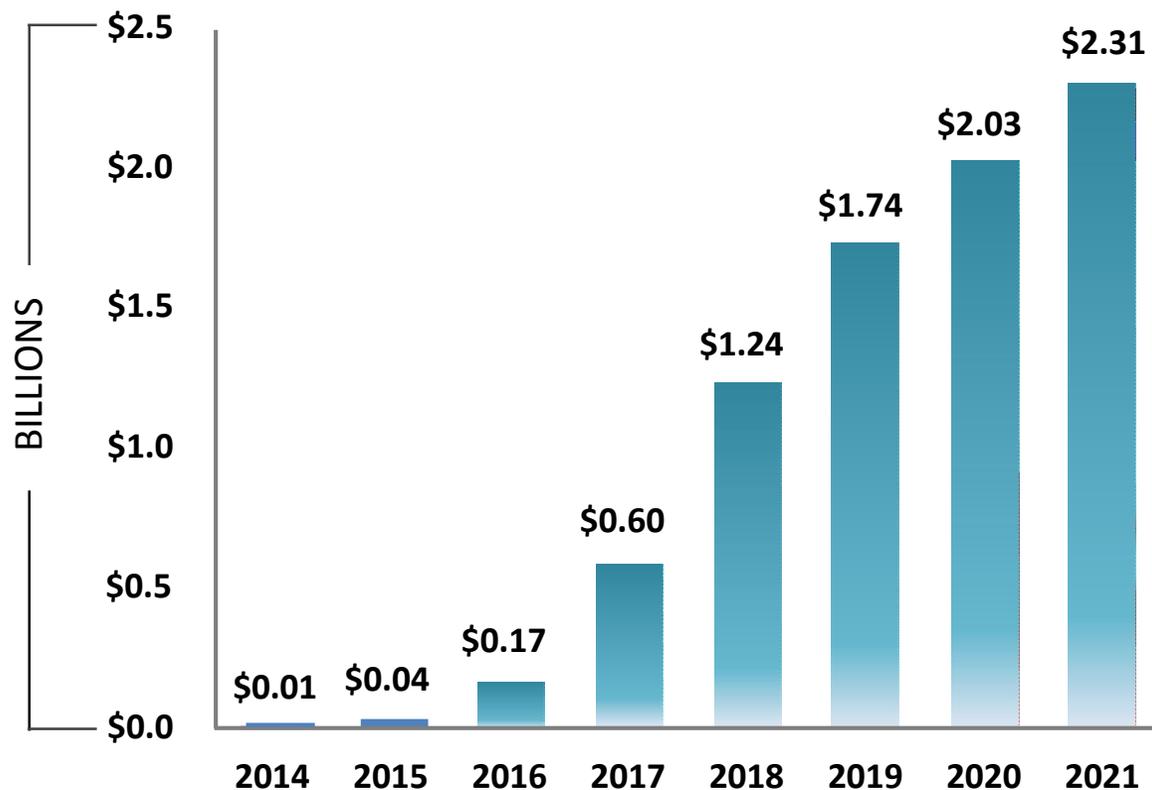
Market
Introduction:
H2, 2019



- Ease of administration
- Water-like consistency
- Sublingual spray
- FDA & Health Canada certified cGMP manufacturer
- >99.5% purity
- THC Free (less than 10 ppm)

Market for Medicinal Cannabinoids

Canadian Medical Market Demand (CAD\$)



Consumer Demographics

Years of Age	1990	2017	Annual Growth Rate
15 to 17 yrs.	194,300	291,300	1.5%
18 to 24 yrs.	932,400	1,341,700	1.4%
25 to 44 yrs.	961,300	2,104,800	2.9%
45 to 64 yrs.	105,900	1,138,800	9.2%
Total Consumers	2,193,900	4,876,600	3%

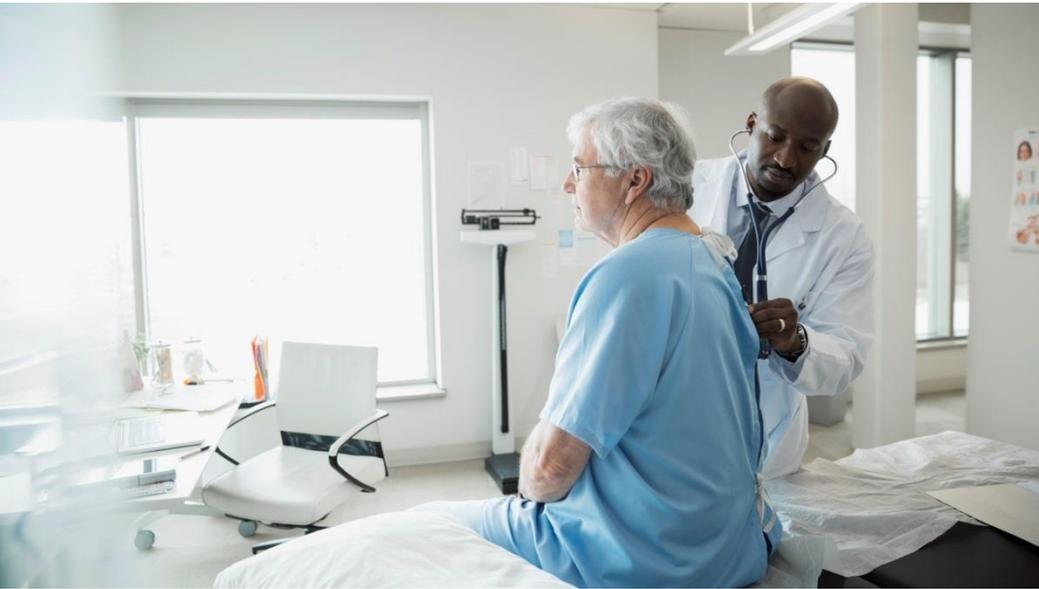
Fastest growth: health-conscious consumers with the greatest disposable income



Heart Failure Program

**Mass Market
Potential**

Heart Failure Market Opportunity



Over 6 million adults in Canada and the U.S. suffer from heart failure (HF)⁽¹⁾

30% of patients with HF die within 1 year, 50% within 5 years, and 90% within 10 years of diagnosis⁽²⁾

Heart failure: leading cause of hospitalization with health-care costs **exceeding \$30+ billion annually in U.S.**⁽³⁾

- 50% of all HF patients have heart failure with preserved ejection fraction (HFpEF or **diastolic HF**)
- No significant treatment advances in HFpEF in over 20 years; main therapy is diuretics
- Chronic inflammation leads to a decrease in blood vessel function, impairment of heart muscle function, and fibrosis
- Fibrosis results in stiffening of heart muscle and reduction in pumping efficiency

(1) Blair et al. *Current Cardiology Reviews* 9, 128–146 (2013).

(2) Taylor et al. *European Journal of Heart Failure* 14, 176–184 (2012).

(3) Cook et al. *International Journal of Cardiology* 171, 368–376 (2014).

Nanotherapeutics Designed to Deliver Pharmaceuticals to the Heart

CTX01 – Proprietary Pharmaceutical CANNABIDIOL

- Cannabidiol has anti-inflammatory and anti-fibrotic properties
- Evidence of safety and efficacy in numerous clinical trials
- Current approaches to Cannabidiol administration require high dose therapy

CTX02 – Proprietary Formulation of METHOTREXATE

- Methotrexate is an anti-inflammatory therapy with anti-fibrotic properties
- Commercially used in Rheumatoid Arthritis and cancer treatment
- Therapeutic potential in new areas of medicine, including heart failure

CTX03 – Proprietary Formulation of CYCLOSPORINE A

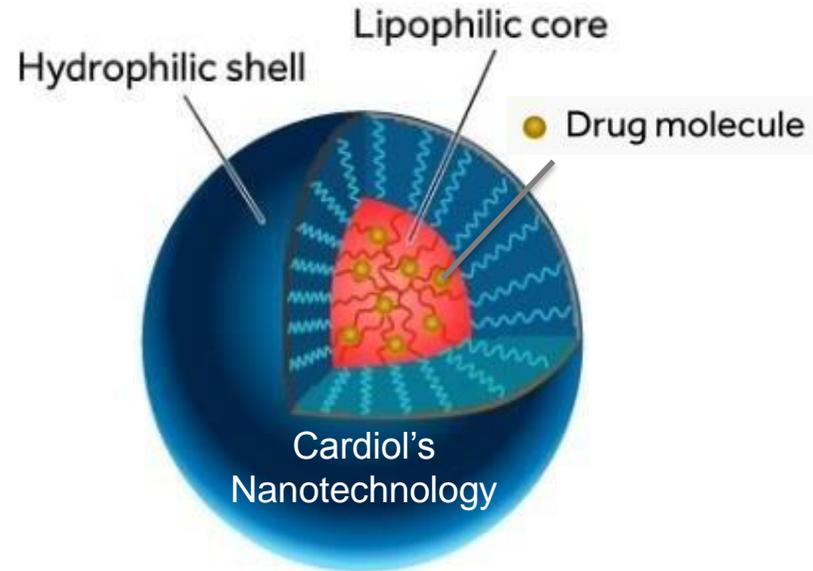
- Immunosuppressant therapy with anti-fibrotic properties
- Commercially used in transplantation rejection treatment
- Therapeutic potential in reducing heart muscle cell death and fibrosis



Nanotechnology for Targeting Drugs to the Heart

Cardiol's Patented Nanotechnology for Drug Formulation and Delivery

Majority of drugs in development including cannabinoids are fat soluble (lipophilic), and are incompatible with the water based blood circulation



Cardiol's nanotechnology combines a fat compatible core for drug solubilization and customized drug release, with a water compatible (hydrophilic) shell to facilitate drug transport in the blood

Polymeric nanostructures are designed to encapsulate Active Pharmaceutical Ingredients to:

- Enhance solubilization of fat soluble drugs
- Enhance circulating drug levels
- Target drugs to sites of disease

Cardiol's Nanotechnology Targets the Failing Heart

Experimental Model of Heart Failure Houston Methodist DeBakey Heart & Vascular Center

Epifluorescence
Scale

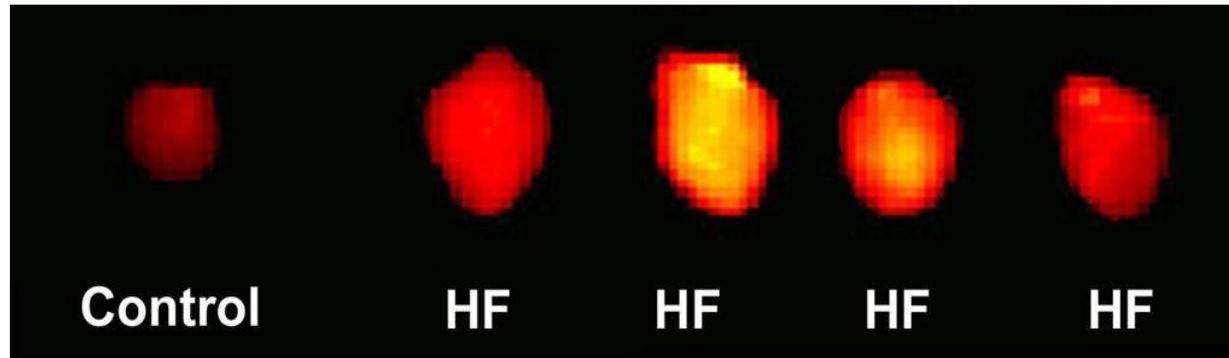
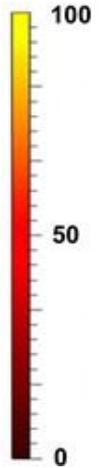


Image of fluorescently-labeled nanoparticles (orange) following administration in a model of heart failure – **showing accumulation of nanoparticles in inflamed hearts**

- Cardiol's nanotechnology preferentially accumulating in an experimental model of Heart Failure associated with heart inflammation
- Cardiol's nanotechnology is designed to target sites of inflammation
- Potential for nanotherapeutics that direct drugs to sites of disease



University of Alberta

- Cardiol's research program at the University of Alberta is focused on the development of proprietary nanoformulations of anti-inflammatory and anti-fibrotic drugs designed to improve pharmacokinetics and target drugs to sites of disease
- In 2001, the University of Alberta, the National Research Council of Canada and the Government of Alberta collaborated to create the National Institute for Nanotechnology, the mission of which is to transform nanoscience ideas into novel, sustainable nanotechnology solutions



DeBakey Heart & Vascular Center

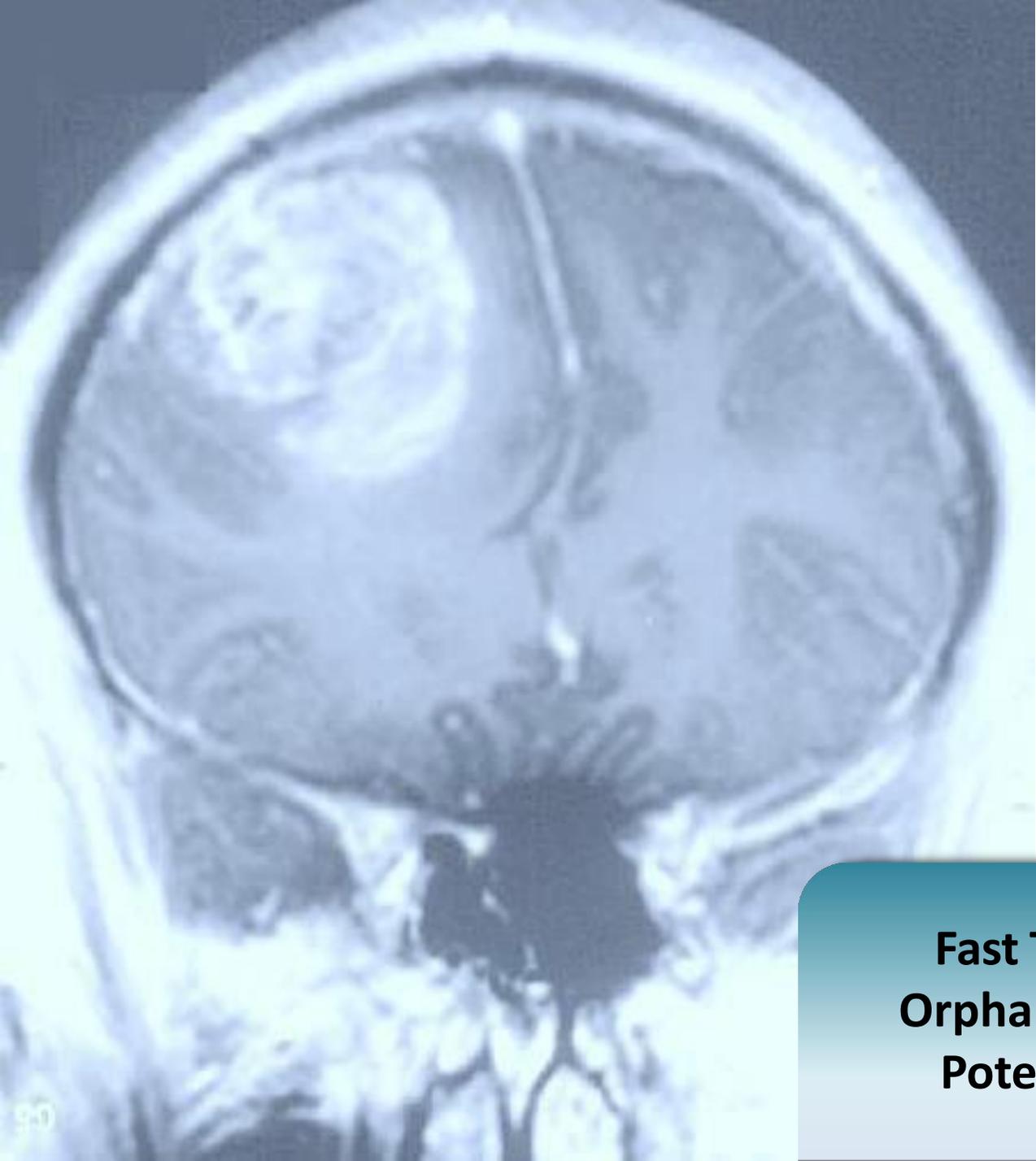
- Cardiol is conducting experimental research at The Houston Methodist DeBakey Heart & Vascular Center (DHVC) designed to investigate the activity of the Company's proprietary nanotechnology in models of heart failure
- DHVC is recognized internationally as a center of excellence for the treatment of heart failure and is currently ranked 14th best hospital for care in cardiology and heart surgery out of 5,028 hospitals in the United States by US News



TecSalud del Tecnológico de Monterrey

- TecSalud has collaborative relationships with the Houston Methodist DeBakey Heart & Vascular Center, University of Calgary, and an agreement with Massachusetts Institute of Technology (MIT) to promote research and development in nanotechnology
- Established research collaboration for the development of novel therapeutics for heart failure providing:
 - Research and development program valued at USD \$3 million
 - Access to additional intellectual property
 - Access to broad research infrastructure and expertise





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Glioblastoma Multiforme Program

**Fast Track
Orphan Drug
Potential**

GBM Market Opportunity

- Most frequent malignant tumor of the central nervous system
 - Disease recently took the lives of Gordon Downie of The Tragically Hip and U.S. Senator John McCain
- Highly aggressive, with the worst prognosis of all brain tumors (gliomas)
- Standard treatment involves surgery (complete removal of tumor is near impossible) followed by radiation and chemotherapy with temozolomide (TMZ)
 - Treating with TMZ increases median survival to ~15 months and 2 year survival to ~30%⁽²⁾
- Average life expectancy after diagnosis is less than 1 year⁽³⁾, with fewer than 5% of patients surviving longer than 5 years⁽⁴⁾

GBM is eligible for orphan drug status providing Fast Track regulatory review

The number of new cases of GBM diagnosed in the U.S. is ~12,000⁽¹⁾ per year

There Remains No Effective Treatment for This Tumor

(1) American Brain Tumor Association.
(2) Stupp et al, Lancet Onc. 2009; 5: 59–66.

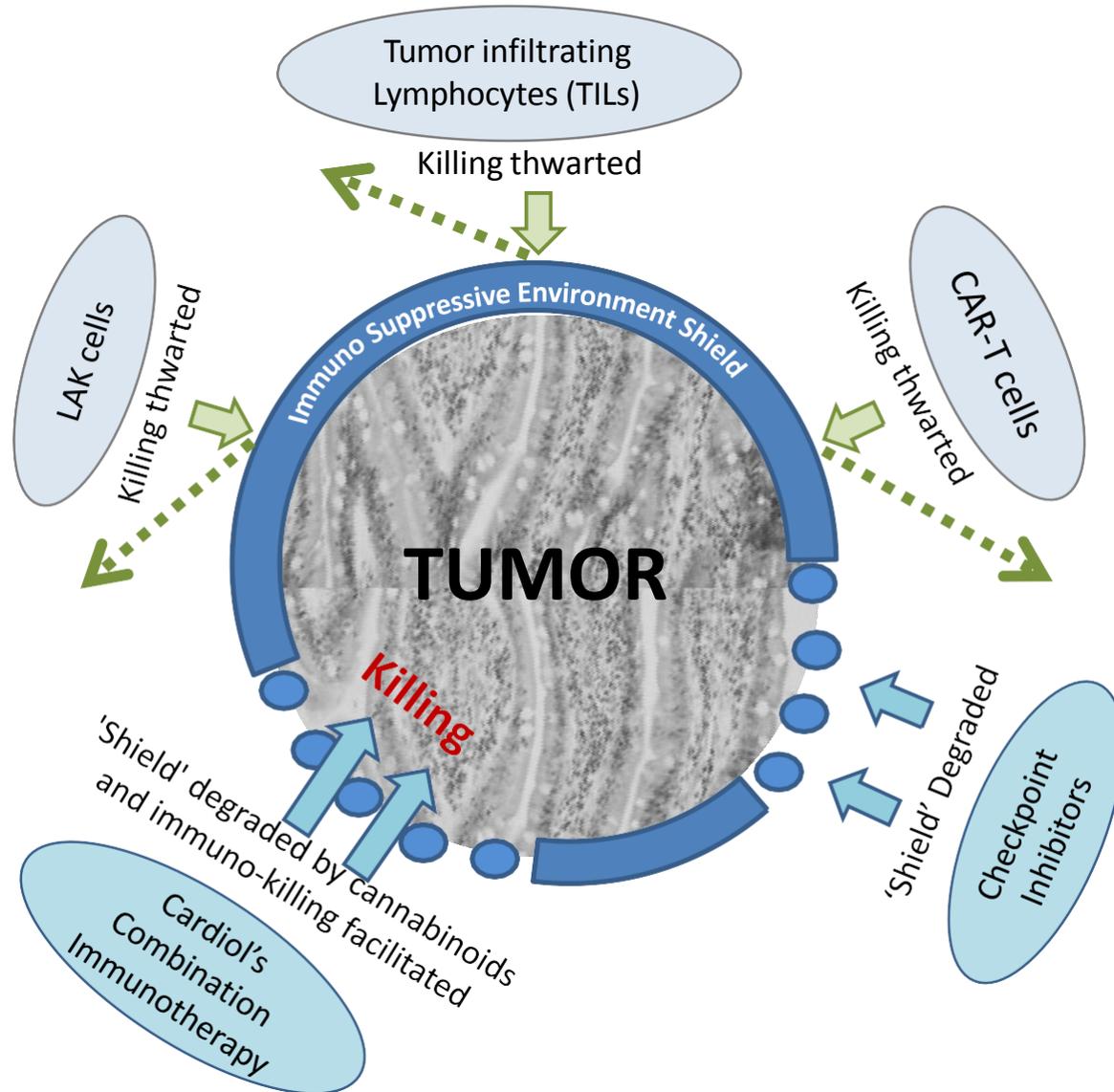
(3) Nieder et al, Cancer Treat Rev. 2000; 26: 397–409.
(4) Thakkar et al, Cancer Epid Bio Prev. 2014; 23.

Cell-based Immuno-therapeutics and Cannabinoids in GBM Treatment

- Physiologically, cancers are controlled by immune system cells e.g. TILs, LAK cells, dendritic cells
- Pre-clinically, activating such cells can induce increased GBM tumor cell killing
- Clinically, small improvements in survival of GBM patients has been shown for cell-based immunotherapies⁽¹⁾
- Pre-clinically, cannabinoids can reduce the invasiveness and progression of GBM by:
 - Increasing oxidative stress and apoptotic cell death in tumor cells
 - Decreasing tumor vascularization
- Clinically, in a small (21 patient) study, CBD:THC 1:1 showed a significant ($p=0.042$) increase in one year survival rate in GBM patients (GW Pharma)
- Potential for synergy between cannabinoids and cell-based immunotherapies to improve treatment of GBM

(1) Eagles et al, Ther Clin Risk Manag. 2018; 14: 1299–1313.

Rationale for Combining Immune Modulator and Cannabinoid Therapies



- Cancers, including GBM, exhibit an immuno-suppressive environment, which can be conceptualised as a protective 'shield'
- The kynurenine pathway leads to immunosuppression in tumors⁽¹⁾ and is an important component of this 'shield'
- Interferon gamma (IFN-gamma) drives the kynurenine pathway⁽¹⁾
- Cannabinoids have been shown to down-regulate IFN-gamma⁽²⁾, thus potentially obstructing this protective environment and facilitating tumor killing by immune cells

(1) Adams et al, PLoS ONE. 2014;9(11):e112945.

(2) Gaffal et al, Allergy 2013; 68: 994-1000.

Our Product Pipeline

Cardiol is leveraging its expertise in nanotherapeutics and pharmaceutical cannabinoids to commercially develop proprietary products for important medical markets

Therapeutic	Active Molecule	Discovery	Formulation	Pre-Clinical	Phase I	Phase II	Phase III	Phase IV Commercialization
Pharmaceutical Cannabidiol	Cannabidiol	CARDIOLRX						2019
Heart Failure	Cannabidiol	CTX01*			H1/2019			
Heart Failure	Methotrexate	CTX02*			H1/2019			
Heart Failure	Cyclosporine	CTX03*			H1/2019			
Glioblastoma Multiforme	Cannabidiol / Immunotherapies	CRxIMT			H1/2020			

* Cardiol will advance the most promising nanoformulations for HF into clinical development.

Commercial Development Strategy 2019

Commercialize pharmaceutical cannabidiol in 2019 with potential to set new Industry standards for product purity and consistency

Advance lead product candidate from the CTX series nanoformulations for heart failure into clinical development

Advance Glioblastoma program combining pharmaceutical cannabidiol with proprietary immunotherapeutic into clinical development during 2019



CARDIOL
THERAPEUTICS

Management Team



David Elsley, MBA, President and CEO

Founder and CEO of Vasogen Inc., with 25 years experience developing, financing and managing all aspects of corporate development of biotechnology and high-growth organizations.



Anthony E. Bolton, PhD, DSc, Chief Scientific Officer

Immunologist, 20+ years experience in biotechnology, Chief Scientific Officer of Vasogen Inc.; former Professor and Department Head of Biomedical Sciences, Sheffield, UK.



Eldon R. Smith, OC, LLD (Hon), MD, FCAHS, FCCS, FRCPC, Chairman and Chief Medical Officer

Cardiologist; former Head of Cardiology, former Chairman of Medicine, former Dean of Medicine, University of Calgary; Chair Steering Committee, Canadian Heart Health Strategy; recipient of Order of Canada.



Anne Tomalin, BA, BSc, RAC, Director of Regulatory Affairs

Founder of CanReg Inc and TPIreg, regulatory firms previously sold to Optum Insight and Innomar Strategies respectively. An expert in regulatory affairs in Canada, United States and Europe.



Blagoja Ristevski, BSc, Director of Chemical Engineering and Manufacturing

Chemical Engineer, 25+ years experience in the biopharmaceutical industry, senior exec. roles in eight Canadian biopharmaceutical Co.'s in the research/discovery of drug products; VP Product Dev., AMRIC Institute, Ontario, Canada.



Dolly Kao, BSc, JD, Intellectual Property Counsel

Co-Founder of PCK LLP. Highly experienced IP lawyer with a practice focused primarily on patent and trademark matters (procurement, oppositions, and opinions) for clients in the chemical, pharmaceutical, and biotechnology industries.



Chris Waddick, CPA, MBA, Chief Financial Officer

Thirty years of experience in financial and executive roles in the biotechnology and energy industries, former Chief Financial Officer and Chief Operating Officer of Vasogen Inc.

Board of Directors



Eldon R. Smith

OC, LL.D (Hon), MD, FCAHS, FCCS, FRCPC, Chairman and Chief Medical Officer

Cardiologist; former Head of Cardiology, former Chairman of Medicine, former Dean of Medicine, University of Calgary; Chair Steering Committee, Canadian Heart Health Strategy; recipient of Order of Canada.



Guillermo Torre-Amione

MD, PhD

President of TecSalud academic medical center and school of the Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM), Mexico. Former director of Cardiac Transplantation at the Houston Methodist DeBakey Heart & Vascular Center.



Iain Chalmers

BA, MBA

Strategic Marketing and Innovation. Former Vice-President marketing and innovation at Diageo, the world's largest spirits company. Professor of Marketing at Centennial College Business School.



Peter Pekos

BSc, MSc

President, CEO and Founder at Dalton Pharma Services with broad experience in the research, development and commercialization of pharmaceuticals, products and services.



Deborah Brown

BSc, MBA

Partner at Accelera Canada with multiple years advising pharmaceutical clients in strategy and initiatives, market research, market access and regulatory affairs. Previously President, EMD Serono Canada (division of Merck KGaA, Merck Serono).



Terry Lynch

BBA (Hon)

Chairman, Chilean Metals Inc., Founder of Pallet Pallet and Partner with Kingsmill Capital; entrepreneur with extensive experience and expertise in financing the development of new technologies.



David Elsley

MBA, President and CEO

Founder and CEO of Vasogen Inc., with 25 years experience developing, financing and managing all aspects of corporate development of biotechnology and high-growth organizations.

Scientific Advisory Board

James Young , MD, Chairman, Cardiol's Scientific Advisory Board



Professor of Medicine at Cleveland Clinic Lerner College of Medicine of Case Western Reserve University and Chairman of the Cleveland Clinic Endocrinology & Metabolism Institute. A Medical Director of the Kaufman Center for Heart Failure and holds a joint appointment in the Cleveland Clinic Multi-Organ Transplant Center. Dr. Young is certified by the American Board of Internal Medicine as well as the subspecialty of Cardiovascular Disease, has participated in more than 150 clinical trials, and published more than 550 manuscripts and several textbooks.

Jonathan Howlett, MD, FRCPC, FACC



Clinical Professor of Medicine at University of Calgary, at the Foothills Medical Centre and Director of Heart Failure. Currently doing clinical research in heart failure, evaluation of health care delivery. Chair of the Canadian Cardiovascular Society Heart Failure Guidelines Primary Panel, co-Chair of the CCS Heart Failure Workshop Initiative, and a member of the recent Canadian Heart Health Strategy initiative. Created over 80 abstract presentations and over 70 peer-reviewed articles published or in press.

Afsaneh Lavasanifar, PharmD, PhD



Professor in the Pharmaceutical Sciences division of the Faculty of Pharmacy and Pharmaceutical Sciences, University of Alberta. Recognized expert in pharmaceuticals and drug delivery. Her research is on the design and development of polymer-based delivery systems that can increase the efficacy of different therapeutic agents. She has more than 120 peer-reviewed published/in press manuscripts and named inventor on five patent applications on novel polymer based formulations for drug and siRNA delivery.

Graham Pockley, PhD



Professor of Immunobiology & Director of the John van Geest Cancer Research Centre at Nottingham Trent University, UK. Previously, directed the experimental transplantation program in the Professorial Surgical Unit at the Medical College of St. Bartholomew's Hospital, London, and later was appointed Professor of Immuno-biology at the University of Sheffield where he retains an Honorary Professorship in the Dept. of Oncology; research focus is the development of innovative therapeutics and diagnostics in the area of immuno-oncology, and he has over 170 peer-reviewed publications.

In accordance with Section 13.7(4) of National Instrument 41-101 - *General Prospectus Requirements*, all the information relating to Cardiol's comparables and any disclosure relating to the comparables, which is contained in the presentation to be provided to potential investors, has been removed from this template version for purposes of its filing on the System for Electronic Document Analysis and Retrieval (SEDAR).

Current Capitalization and Use of Proceeds

Current Capitalization

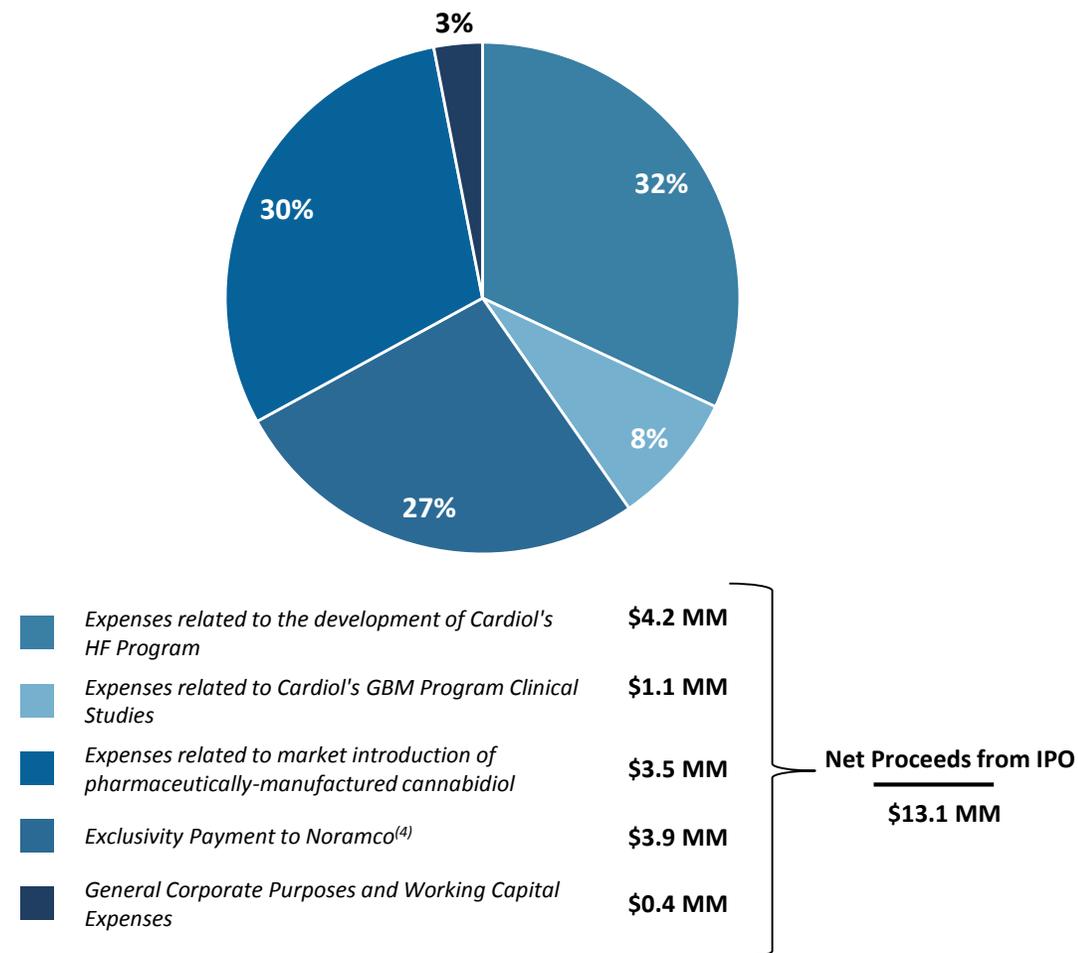
Unit Offer Price	\$5.00
<i>Basic Shares Outstanding</i>	15,213,100
<i>Forced Conversion of the Unsecured Convertible Debentures⁽¹⁾</i>	4,497,737
<i>Other Dilutive Securities⁽²⁾</i>	2,700,000
Fully Diluted Shares Outstanding	22,410,837
Pre Money Fully Diluted Market Cap	\$112,054,186
Cash and Cash Equivalents as of 30 June 2018	\$11,178,824
<i>Net Proceeds from Convertible Debenture Closed August 1st</i>	\$2,320,475
Current Debt ⁽³⁾	-
Net Debt	(\$13,499,299)
Pre Money Enterprise Value	\$98,554,887

(1) Represents the May and August 2018 unsecured convertible debenture, force converting into the common shares at IPO (Triggering Event)

(2) Includes the conversion of January 2017 convertible debt and excludes 824,000 CARO Warrants to be issued based on CARO Development Activities and also excludes 1,020,000 special warrants issued to Meros under Meros License Agreement

(3) Assumes all convertible debentures will be converted into common shares upon IPO

Use of Proceeds



(4) USD\$3Million converted into CAD based on an exchange rate of CAD\$1 = US\$1.2965

Term Sheet

ISSUER:	Cardiol Therapeutics Inc. (“ Cardiol ”, “ TSX:CRDL ” or the “ Company ”).
ISSUE:	Initial public offering of approximately 3,000,000 units of the Company (the “ Units ”) which will be comprised of one Class A common share (a “ Common Share ”) and one full Class A common share purchase warrant of the Company (each whole Class A common share purchase warrant, a “ Warrant ”) from the treasury of the Company, before giving effect to any exercise of the Over-Allotment Option (as defined below) (the “ Offering ”). The Units will separate into Common Shares and Warrants at closing.
AMOUNT OF OFFERING:	\$15.0 Million before giving effect to any exercise of the Over-Allotment Option.
WARRANT:	Each Warrant will be exercisable to acquire one Class A common share of the Company (a “ Warrant Share ”) for a period of two years following the Closing Date (as hereinafter defined) at an exercise price of \$6.50 per Warrant, subject to adjustment in certain events.
OVER-ALLOTMENT OPTION	The Company has granted the Underwriter the option, exercisable in whole or in part and at any time up to 30 days after closing of the Offering, to purchase up to an additional 15% of Units (or 15% of the Common Share or Warrants, or combination thereof) to cover over allocations, if any (the “ Over-Allotment Option ”).
OFFERING PRICE:	\$5.00 per Unit.
BUSINESS OF THE COMPANY:	Cardiol is a Canadian-based, biopharmaceutical company specializing in the research and commercial development of novel drug therapies utilizing proprietary drug delivery systems.
USE OF PROCEEDS:	The net proceeds of the Offering will be used to fund commercialization, distribution and marketing of a pharmaceutically-manufactured cannabidiol oil product; clinical trials for Heart Failure drugs and GBM therapy; working capital; and general corporate purposes.
ELIGIBILITY:	The Common Shares and the Warrants exercisable into Common Shares will be eligible for RRSPs, RRIFs, RESPs, RDSPs, TFSAs, and DPSPs, subject to customary qualifications and provided they are listed on the Exchange.
CLOSING:	Expected week of December 17 th , 2018.
COMMISSION:	6.0% Cash + 6.0% Warrants.
LEAD UNDERWRITER:	AltaCorp Capital Inc.

Key Investment Highlights

-  Leveraging expertise and exclusive supply agreement with Noramco for pharmaceutical cannabinoids to develop formulations for near-term commercialization
-  Exclusive partnership with Dalton Pharma Services, a Health Canada approved, FDA registered, cGMP manufacturer of pharmaceuticals including cannabinoids
-  Focused on the research and commercialization of nanotechnologies for the delivery of cannabinoids and other anti-inflammatory drugs to the failing heart
-  Research programs in nanomedicine and heart failure underway at international centers of excellence with world-class researchers
-  Developing cell-based cancer therapeutics for use in combination with cannabinoids for Glioblastoma Multiforme
-  Experienced Leadership Team with extensive expertise in the research and commercial development of novel therapeutics



**Leader in Pharmaceutical Cannabinoids
for Heart Disease, Cancer, and Quality of Life**

December 2018

