

November 12, 2015



Ceapro Inc. Reports Third Quarter 2015 Financial Results and Provides Corporate Update

- Company reports record sales with the highest quarterly revenue performance in its history
- Company poised to fully leverage its proprietary enabling technologies to enter well established and growing markets

EDMONTON, ALBERTA -- (Marketwired) -- 11/12/15 -- [Ceapro Inc. \(TSX VENTURE:CZO\)](#) ("**Ceapro**" or the "**Company**"), a growth-stage biotechnology company focused on the development and commercialization of active ingredients for healthcare and cosmetic industries, announced today its financial results for the three-month and nine-month periods ended September 30, 2015 and provided a corporate update.

Financial Highlights for the Third Quarter of 2015

- Total sales of \$3,079,000 in 3Q 2015 vs. \$2,445,000 in 3Q 2014, an increase of 26% and the highest quarterly revenue performance in the Company's history.
- Income from operations of \$1,168,000 in 3Q 2015 vs. \$731,000 in 3Q 2014.
- Gross margin of \$1,883,000 in 3Q 2015 vs. \$1,475,000 in 3Q 2014.
- Net profit of \$1,006,000 in 3Q 2015 vs. \$690,000 in 3Q 2014.
- Cash flows generated from operations for the nine month period ended September 30, 2015 of \$1,920,000 vs \$1,480,000 in 2014.

Gilles Gagnon, M.Sc., MBA, President and CEO of Ceapro, stated, "We are very pleased to report that our sales for the third quarter 2015 were the highest to date since the inception of the Company. I am very proud of our team for their achievements on all fronts as exemplified by the significant progress witnessed advancing our enabling technologies."

"Revenues from our de-risked cosmeceuticals business are now exceeding comparative revenues from the nine months for the year prior by 6%. We will continue to serve our growing base business in cosmetics through the use of our value drivers avenanthramides and beta glucan. The Company remains focused on its long-term vision to develop these products into different formulations to enable the transition into other sectors including nutraceuticals and pharmaceuticals," commented Mr. Gagnon.

Third Quarter 2015 and Recent Operational Highlights

- Received issuance of patents from the Canadian and Chinese Patent and Trade

- Offices for avenanthramides resulting from the use of an enabling malting technology;
- Presented a highly successful overview on the unique advantages of Ceapro's PGX drying technology platform at the Bio World Congress on Industrial Biotechnology conference held in Montreal in July 2015 and at the prestigious 2015 Composites at Lake Louise Conference in November 2015;
 - Advanced the strategic decision to redefine the scope of the planned production area for the upcoming new facility to take advantage of new process designs and to house a commercial and demonstration scale PGX skid as well as a new state-of-the-art ethanol recycling system in a 10,000 square feet expansion;
 - Utilized the Company's PGX platform to obtain favorable lab scale level results from samples provided by numerous sources;
 - Entered into a contribution agreement with the National Research Council of Canada-Industrial Research Assistance Program (NRC-IRAP) for non-repayable funding contribution of up to a maximum of \$350,000 for the design, implementation and testing of a demonstration skid for its proprietary PGX platform technology; and
 - Explored potential strategic alliances with multi-national companies related to the development of beta glucan as a nutraceutical as well as to the worldwide rights for PGX in all industrial applications.

"The successful production of our pharmaceutical grade powder formulation of beta glucan as well as the encouraging results we obtained at a lab scale level from samples from different sources confirmed the Company's decision to develop our unique PGX enabling technology at the commercial scale level," Mr. Gagnon added. "These promising results, combined with the support of our governments as well as partners, have triggered significant changes in terms of the scope and magnitude for our manufacturing project and are the basis of our decision to further expand our new facility by 10,000 square feet so we can host all of our enabling technologies under one roof."

"The implementation and commissioning of the production area of the new facility will remain our top priority through its expected completion in mid-2016. Given our change in scope, we are now planning for first validation trial runs during the first quarter of 2016 for both beta glucan and avenanthramides. Meanwhile, in order to continue to serve our current customers and prevent any disruption or product shortage, we will continue to produce sufficient levels of inventory in the existing facility to build a minimum one-year supply to satisfy the requirements of all customers without any gaps as witnessed by our impressive third quarter results," stated Mr. Gagnon.

Avenanthramides Update

Due to an enabling technology in-licensed from Agriculture Canada, the Company successfully produced three batches at the commercial level in its current facility for a next generation of avenanthramides extracted from malted oat. Ceapro is currently preparing for this new product to be assessed from a safety and efficacy perspective.

A bioavailability study has been initiated with a U.S.-based university whereby the Company will compare low-dose of avenanthramides against a high-dose of avenanthramides. If positive trends are observed, the Company expects to commence its clinical program as early as the second quarter of 2016. This study will pave the way for future clinical study protocols.

As seen in previously published data, this bioavailability study is expected to provide a hint of efficacy as an anti-inflammatory compound as evidenced by the lack of appearance of inflammation biomarkers related to exercise induced inflammation experienced by elderly people.

Mr. Gagnon commented, "We are very pleased with the specifications and appearance of this next generation of avenanthramides and expect to present it to our customers in the coming months. We are confident that this not only represents a new line extension but truly a new generation of avenanthramides and very much look forward to the outcome of our bioavailability study."

The Company has recently been granted patents in Canada and China for avenanthramides resulting from the enabling malting technologies.

Beta Glucan Update

Following the successful impregnation study conducted at MIT, Ceapro has initiated a study with the University of Alberta for the development of a prototype functional drink whereby the Company has impregnated beta glucan with well-known co-enzyme Q10 as an energy booster.

The Company aims to develop beta glucan as a cholesterol reducer beginning in the first quarter of 2016. There is existing data on safety and toxicology studies obtained many years ago by an industry partner who is currently commercializing beta glucan as a carrier in a urinary incontinence device. Given the strong existing safety data and experience in humans, Ceapro will conduct its own safety studies to assess high purity beta glucan when taken orally in parallel with the planned pilot clinical trial program on cholesterol reduction.

"We are very enthusiastic to move our beta glucan programs forward especially into the development of a functional drink and further expansion as a potential meaningful product addressing cholesterol treatment shortcomings," stated Mr. Gagnon. The positive safety profile in more than 200,000 individuals that were implanted with a device that contains our beta glucan, reinforces our decision to expand the depth and breadth of our reach with beta glucan. We believe these initial programs are just the beginning of our entry into large, global markets."

PGX Research Programs Update

Ceapro has conducted research with PGX at lab scale since it has in-licensed this enabling technology for all industries and all applications. The Company has analyzed samples from various multinational companies in a broad range of industries and has obtained encouraging results in producing the end products from these samples at lab scale.

The Company is now looking forward to the next step in collaborating with these companies as well as discussing potential alliance opportunities.

"We believe PGX will play an important role in the exponential growth of Ceapro over time. The tremendous opportunities and alliances we envision establishing utilizing our enabling technologies globally further validates our decision to strategically invest in our PGX platform and expand the footprint of our new facility to ensure we leverage the fullest

potential of this proprietary asset," added Mr. Gagnon.

Financial Results for the Three Month and Nine Month Periods Ended September 30, 2015

- Total sales of \$3,079,000 and \$7,233,000 in Q3 and the nine-months ended September 30, 2015 respectively compared to \$2,445,000 and \$6,831,000 in 2014.
- Net profit of \$1,006,000 and \$1,470,000 in Q3 and the nine-months ended September 30, 2015 respectively compared to a net profit of \$690,000 and net profit of \$1,497,000 in 2014. Taking into account the non-cash item related to share based compensation costs of \$490,000 for the nine month period of 2015 vs \$82,000 in 2014, net profits amounts to \$1,960,000 in 2015 vs 1,579,000 for the same period in 2014.
- Research and Development investments of \$142,000 and \$485,000 in Q3 and the nine-months ended September 30, 2015 respectively compared to \$179,000 and \$593,000 in 2014.
- General and Administration expenses of \$521,000 and \$1,953,000 in Q3 and the nine-months ended September 30, 2015 respectively compared to \$492,000 and \$1,376,000 in 2014. The increase in G&A in 2015 compared to 2014 is mostly due to higher depreciation expense and higher share based compensation costs due to the granting of options to all employees at a time when the Company's share price was higher. Share based expense is an accounting charge that does not impact cash flows as no actual payment is made. Although it decreases net profit, it also increases the Company's equity component.
- Sales and Marketing expenses of only \$1,000 and \$7,000 in Q3 and the nine-months ended September 30, 2015 respectively compared to \$6,000 and \$13,000 in 2014, due to the Company's sales strategy to sell mostly through a distribution network.
- The Company had cash and cash equivalents of \$811,083 as of September 30, 2015 as compared to \$272,845 as of December 31, 2014.

"While this year has not been without challenges, I am extremely pleased with our progress on all fronts, and based on our current order book, believe we will continue this significant momentum into 2016. We have positioned Ceapro for transformational opportunities and we continue to move forward in earnest to realize the full potential of our enabling technologies and unlock significant value in the near and long term," concluded Mr. Gagnon.

Consolidated Statements of Net Income and Comprehensive Income to Follow

CEAPRO INC.

Consolidated Statements of Net Income and Comprehensive Income

Unaudited

| | Quarters | | Nine Months | |
|----------------------------------|---------------------|-----------|---------------------|-----------|
| | Ended September 30, | | Ended September 30, | |
| | 2015 | 2014 | 2015 | 2014 |
| | \$ | \$ | \$ | \$ |
| Revenue (note 15) | 3,079,159 | 2,444,956 | 7,233,010 | 6,831,039 |
| Cost of goods sold | 1,195,744 | 970,410 | 2,808,359 | 2,852,316 |
| Gross margin | 1,883,415 | 1,474,546 | 4,424,651 | 3,978,723 |
| Research and product development | 141,788 | 178,870 | 484,530 | 592,837 |
| General and administration | 521,498 | 491,580 | 1,952,656 | 1,375,647 |
| Sales and marketing | 697 | 6,063 | 7,370 | 12,730 |

| | | | | |
|---|------------|------------|------------|------------|
| Finance costs (note 14) | 51,159 | 67,055 | 194,933 | 219,415 |
| Income from operations | 1,168,273 | 730,978 | 1,785,162 | 1,778,094 |
| Other operating loss (note 13) | (161,819) | (40,981) | (351,072) | (280,702) |
| Income before tax | 1,006,454 | 689,997 | 1,434,090 | 1,497,392 |
| Income taxes | | | | |
| Deferred tax recovery | - | - | 36,250 | - |
| Total comprehensive income for the period | 1,006,454 | 689,997 | 1,470,340 | 1,497,392 |
| Net income per common share (note 20): | | | | |
| Basic | 0.02 | 0.01 | 0.02 | 0.02 |
| Diluted | 0.02 | 0.01 | 0.02 | 0.02 |
| Weighted average number of common shares outstanding (note 20): | | | | |
| Basic | 61,843,151 | 61,228,948 | 61,685,724 | 60,725,817 |
| Diluted | 64,712,580 | 62,996,492 | 65,199,635 | 61,762,838 |

The complete financial statements are available for review on SEDAR at <http://sedar.com/Ceapro> and on the Company's website at www.ceapro.com .

About Ceapro Inc.

Ceapro Inc. is a Canadian biotechnology company involved in the development of proprietary extraction technology and the application of this technology to the production of extracts and "active ingredients" from oats and other renewable plant resources. Ceapro adds further value to its extracts by supporting their use in cosmeceutical, nutraceutical, and therapeutics products for humans and animals. The Company has a broad range of expertise in natural product chemistry, microbiology, biochemistry, immunology and process engineering. These skills merge in the fields of active ingredients, biopharmaceuticals and drug-delivery solutions. For more information on Ceapro, please visit the Company's website at www.ceapro.com.

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