

May 18, 2016



Ceapro Inc. Reports 2016 First Quarter Financial Results and Provides Corporate Update

Ceapro Posts Highest Quarterly Revenues Reported in Company's History

Expected Commencement of Clinical Program With Avenanthramides as Anti-Inflammatory Compound Before Year End

Pilot Clinical Study to Develop Beta Glucan as a Cholesterol Reducer on Track to Initiate in Q3 2016

EDMONTON, ALBERTA -- (Marketwired) -- 05/18/16 -- [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, today announced its financial results for the three-months ended March 31, 2016 and provided a business update.

Financial Highlights for the First Quarter 2016

- Best first quarter performance with revenues reaching historical highs;
- Total sales of \$4,064,000 for the quarter ended March 31, 2016 compared to \$1,714,000 in 2015, an increase of 137% quarter-over-quarter revenue performance;
- Record income from operations of \$1,910,000 for the quarter ended March 31, 2016 compared to a loss from operations of \$226,000 in 2015;
- Net profit after taxes of \$1,213,000 for the quarter ended March 31, 2016 compared to a net loss of \$194,000 for 2015; and
- Cash flows generated from operations for the quarter ended March 31, 2016 of \$2,273,000 compared to a cash burn of \$173,000 for the same period in 2015.

Gilles Gagnon, M.Sc., MBA, President and CEO of Ceapro, stated, "We are very pleased with ending the first quarter of 2016 with these exceptional results and aim to continue to drive value in our high-value de-risked base business in cosmeceuticals, which has shown to be a proven result of the effectiveness of our business strategy."

"With these results combined with the recent announcement of the renewal of a long-term agreement with our major distributor, Symrise AG, Ceapro has established a solid base for year-over-year growth. Beyond these excellent financial results, we will continue to develop our pipeline and execute our projects rigorously toward market expansion into the profitable

nutraceutical and pharmaceutical sectors as we anticipate top-line data from our beta glucan study and our avenanthramides bioavailability study, and our expected launch of Ceapro's first two clinical studies this year with these two important value drivers."

Recent Corporate Highlights

- Presented its PGX Technology at the prestigious 15th European Meeting on Supercritical Fluids;
- Received issuance of a U.S. patent for Ceapro's unique and disruptive enabling Pressurized Gas Expanded (PGX) technology covering proprietary methods and use of micro- and nano-sized particles generated by applying PGX supercritical fluid technology;
- Signed a Research Agreement with McMaster University for testing of materials using PGX Technology; and
- Renewed a major distribution agreement with long-time partner, Symrise AG.

"We fully believe our unique and disruptive enabling PGX technology will expand our reach into additional high-value programs and facilitate beneficial strategic collaborations in a broad range of industrial applications. The broad utility of this technology is an important part of Ceapro's growth strategy," concluded Mr. Gagnon.

Avenanthramides Update

Due to an enabling technology in-licensed from Agriculture Canada, Ceapro successfully produced three batches at the commercial level in its current facility for a next generation of avenanthramides extracted from malted oat. As part of the International Application of the Patent Cooperation Treaty (PCT), the Company has already been issued patents in both Canada and China for avenanthramides resulting from this enabling malting technology.

Ceapro is currently assessing avenanthramides in a bioavailability study with a U.S.-based university to compare low-dose and high-dose avenanthramides. The Company fully expects the bioavailability study to further demonstrate the efficacy of avenanthramides in alleviating exercise-induced inflammation as evidenced by a lack of inflammation biomarkers shown previously in published data from a study in elderly people. If additional positive trends are observed, Ceapro expects to commence its clinical program with avenanthramides as an anti-inflammatory compound before year end.

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 formulation for a functional drink whereby the Company has impregnated beta glucan with the well-known co-enzyme Q10 as an energy booster. Ceapro anticipates that the development of the impregnated prototype for functional drink will be completed by the end of 2016.

The Company plans to initiate a pilot clinical study to develop beta glucan as a cholesterol reducer in the third quarter of 2016. Previously existing safety and toxicology studies demonstrate a positive safety profile for beta glucan in more than 200,000 individuals from an industry partner currently commercializing beta glucan as a carrier in a urinary incontinence device. Ceapro will also conduct its own safety studies to assess high purity

oral beta glucan during the second quarter of 2016.

PGX Research Programs Update

Ceapro is developing its in-licensed PGX enabling technology at the commercial scale level for all industries and all applications. The Company has been issued a U.S. patent covering proprietary methods and use of micro- and nano-sized particles generated by applying PGX supercritical fluid technology.

The Company has conducted encouraging lab scale research with PGX and analyzed biopolymer samples from commercially available starch, pectin, gums, alginate, and other polymers from various multi-national companies in a broad range of industries. Ceapro is evaluating potential collaborations and alliance opportunities with these companies.

Financial Results for Three Month Period Ended March 31, 2016

- Total revenue of \$4,064,000 for the three months ended March 31, 2016 compared to \$1,714,000 for the three-month period ended March 31, 2015, an increase of 137% primarily as a result of higher sales volumes of beta glucan in Europe and Asia and strong sales of the Company's flagship product, avenanthramides. Total revenues were also positively impacted by a stronger U.S. dollar relative to the Canadian dollar.
- Net income before tax was \$1,734,000 for the three months ended March 31, 2016 compared to a loss of \$230,000 for the same period in 2015.
- Net profit after taxes of \$1,213,000 for the quarter ended March 31, 2016 compared to a net loss of \$194,000 for 2015;
- Research and Development investments of \$328,000 for the three month period ended March 31, 2016 compared to \$106,000 in the 2015 period.
- General and Administration expenses of \$496,000 for the three months ended March 31, 2016 compared to \$802,000 for the same period in 2015. The decrease in G&A in 2016 compared to 2015 is mostly due to lower salaries and benefits expense as the Company did not have a significant option granting so the share-based payment charges were considerably lower. The other significant decrease is related to lower legal fees as the AVAC trial was completed in the first quarter of 2015 and there were no corresponding legal fees in the first quarter of 2016.
- Sales and Marketing expenses for the three-months ending March 31, 2016 of only \$2,000 compared to \$3,000 in 2015, due to the Company's sales strategy to sell mostly through a distribution network.
- As of March 31, 2016, the Company had cash and cash equivalents of \$1,999,194 as compared to \$1,681,125 as of December 31, 2015.

CEAPRO INC.

Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)

Unaudited

	2016	2015
	\$	\$
Three Months Ended March 31,		
Revenue (note 15)	4,063,576	1,714,485
Cost of goods sold	1,229,763	922,386

Gross margin	2,833,813	792,099
Research and product development	327,832	105,907
General and administration	495,646	801,933
Sales and marketing	2,186	3,167
Finance costs (note 14)	98,481	106,750
Income (loss) from operations	1,909,668	(225,658)
Other operating loss (note 13)	(175,692)	(4,430)
Income (loss) before tax	1,733,976	(230,088)
Income taxes		
Current tax expense	(458,006)	-
Deferred tax (expense) recovery	(62,578)	36,250
Income tax (expense) recovery	(520,584)	36,250
Total comprehensive income (loss) for the period	1,213,392	(193,838)
Net income (loss) per common share (note 20):		
Basic	0.02	(0.00)
Diluted	0.02	(0.00)
Weighted average number of common shares outstanding (note 20):		
Basic	62,583,239	61,543,874
Diluted	65,676,833	61,543,874

CEAPRO INC.

Consolidated Balance Sheets

Unaudited

	March 31, 2016	December 31, 2015
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	1,999,194	1,681,125
Trade receivables	144,898	538,995
Other receivables	58,547	124,132
Inventories (note 4)	1,140,316	1,242,417
Prepaid expenses and deposits	141,148	259,560
	3,484,103	3,846,229
Non-Current Assets		
Investment tax credits receivable	348,854	603,302
Deposits	93,264	93,264

Licenses (note 5)	32,589	33,329
Property and equipment (note 6)	11,378,419	9,868,676
Deferred tax assets	1,258,674	1,258,674
	13,111,800	11,857,245
TOTAL ASSETS	16,595,903	15,703,474
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	1,900,633	2,005,611
Deferred revenue (note 9)	844,640	1,172,198
Current portion of long-term debt (note 7)	987,989	984,318
Convertible debentures (note 8)	893,056	872,355
Current portion of CAAP loan (note 11)	75,677	72,942
Income tax payable	298,738	95,180
	5,000,733	5,202,604
Non-Current Liabilities		
Long-term debt (note 7)	2,020,375	2,277,186
CAAP loan (note 11)	244,507	235,529
Deferred tax liabilities	174,199	111,621
	2,439,081	2,624,336
TOTAL LIABILITIES	7,439,814	7,826,940
Equity		
Share capital (note 10)	6,824,626	6,800,018
Equity component of convertible debentures (note 8)	106,200	106,200
Contributed surplus	1,071,119	1,029,564
Retained earnings (deficit)	1,154,144	(59,248)
	9,156,089	7,876,534
TOTAL LIABILITIES AND EQUITY	16,595,903	15,703,474

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 Pressurized Gas eXpanded Liquid Technology (PGX)

PGX is a unique and disruptive technology with several key advantages over conventional drying and purification technologies that can be used to process biopolymers into high-value, nano-sized polymer structures and novel bio-nanocomposites. PGX is ideally suited for processing challenging high-molecular-weight, water-soluble biopolymers. It has the ability to make ultra-light, highly porous polymer structures on a continuous basis, which is not possible using today's conventional technologies. PGX was co-invented by Ceapro researcher Dr. Bernhard Seifried and University of Alberta professor, Dr. Feral Temelli.

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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