November 10, 2022

Skye Bioscience Closes Acquisition of Emerald Health Therapeutics

San Diego, California--(Newsfile Corp. - November 10, 2022) - Skye Bioscience, Inc. (OTCQB: SKYE) ("Skye" or the "Company"), a pharmaceutical company developing a proprietary, synthetic cannabinoid derivative to treat glaucoma, has concluded the merger transaction with Emerald Health Therapeutics ("Emerald"). Both companies' shareholders voted in favor of the transaction and the Supreme Court of British Columbia approved the transaction. On November 7, 2022, Skye and Emerald waived the condition that Skye obtain a conditional approval to list its shares on the Canadian Securities Exchange ("CSE") prior to closing the Arrangement. The closing of the Arrangement, among other things, has facilitated the sale of Emerald's remaining cannabis assets and will create funds to be utilized in Skye's Phase 1 clinical trial, which is expected to begin before the end of 2022. As of the date of closing, Skye has entered into agreements to divest certain remaining cannabis assets and licenses, including the Quebec cannabis production facility. Although the conditional listing requirement has been waived, the Company has covenanted that it will use its best efforts to obtain the listing of its shares on the CSE as soon as possible. The Skye listing application was submitted to the CSE on August 31, 2022 and is currently under review. Approval for the Plan of Arrangement was neither sought nor obtained from the CSE and approval, conditional or otherwise, has not been granted by the CSE for the listing of Skye. There is no assurance that any such listing approval will be obtained or the timing of that approval.

The common shares of Emerald ("Emerald Shares") held by broker dealers will be automatically exchanged for 1.95 shares of Skye, as per the plan of arrangement agreed to between the companies on May 11, 2022, as amended. This will take place over the next three business days. Registered shareholders of Emerald may submit a completed letter of transmittal along with their share certificate to Computershare Investor Services Inc., as per the instructions in the proxy package sent prior to the Emerald shareholder vote, to complete their share exchange.

"Completing this merger provides Skye with additional capital to advance its first clinical trials of SBI-100 Ophthalmic Emulsion, starting with our Phase 1 study, for which we expect to begin recruiting the first cohort of subjects shortly, as well as our Phase II study, for which we expect to file our Investigational New Drug application with the FDA by year-end," said Punit Dhillon, CEO and Chair of Skye. "I thank the shareholders of both Emerald and Skye for supporting this transaction. I also want to express the greatest appreciation to Jim Heppell, Emerald's Chairman, and Mohammed Jiwan, COO, for their stewardship of Emerald and focused effort to conclude Emerald's orderly pivot out of the Canadian cannabis industry and move this transaction to fruition.

"I welcome all Emerald shareholders as new Skye stockholders and want to emphasize to both our previously existing and new stockholders that we are wholeheartedly committed to building value through the discovery and validation of distinct therapeutic molecules and will do our best to achieve this goal."

Post-closing, Skye's Board of Directors comprises the existing directors including Punit Dhillon, Chair, Margaret Dalesandro, PhD, Praveen Tyle, PhD, and Keith W. Ward, PhD, the latter three all possessing extensive experience in the ocular drug space.

Newly appointed to Skye's board is Bobby Sukhwinder Rai, BSc. Biochem., BSc. Pharm., RPh., who was a member of Emerald's Board of Directors. Mr. Rai has over 20 years of experience operating "The Medicine Shoppe" Pharmacies in Greater Vancouver, Canada. In 1998, he and his partners pioneered the online pharmacy business in the USA. Mr. Rai introduced HIV point of care testing into community pharmacies and introduced lab testing to pharmacies, including chronic kidney disease screening using the HealthTab technology. Both were firsts in Canada. Mr. Rai is a member of the Alumni UBC Advisory Council representing the Faculty of Pharmaceutical Science. Mr. Rai is also Chairman and CEO of Canadian Pacific Global Pharmaceuticals and Chairman of its subsidiary PharmaCanada Inc.

Skye's executive team remains unchanged, consisting of Punit Dhillon, Chief Executive Officer, Kaitlyn Arsenault, CPA, Chief Financial Officer, and Tu Diep, MSc, Chief Development Officer.

A Letter from Skye's CEO

Dear stockholders and other stakeholders:

It has been just over two years since I formed a team to move Skye's intellectual assets forward and into the clinic. With a whirlwind effort to date and at an important juncture of adding capital to our company and initiating our first-in-human Phase 1 clinical trial, allow me to review our accomplishments and reiterate our vision, our plan, and our values in how we will advance our efforts.

Why are we doing what we're doing, and what is our focus?

Our team thrives on the vision of making a strong impact on people's quality of life - by transforming a molecule into medicine. We are also motivated to build an enterprise with the people, strategies, processes, and capital to achieve this vision, that will operate in a manner that is fulfilling to the individuals collaborating to achieve this vision, and that will be rewarding for our stockholders.

Our focus is on the development of products that are revolutionary, not evolutionary, with an emphasis today on pioneering new treatments for acute and chronic eye diseases, initially glaucoma.

Our vision for Skye is grounded in the belief that the human endocannabinoid system, having only been discovered in recent decades, has not received the benefit of significant dedicated scientific research and investment. We believe that our research, and those of others, strongly suggest the pertinent role of endocannabinoid receptors in the eye and their potential to beneficially modify ocular diseases.

This domain is not without risk: it requires serious investment, well-conceived strategies, and effective execution against established ophthalmology drug development leaders. But we believe we have distinct intellectual property with clear development opportunities, and an

opportunity to position Skye as an attractive partner for pharmaceutical companies looking for collaborators with novel mechanisms of action representing new paradigms of efficacy and safety (i.e. with a positive therapeutic profile) and strong intellectual property which have not compromised quality standards in favor of speed or cost-cutting. We are designing clinical studies focused on achieving proof-of-concept in humans to potentially compel a pharmaceutical company to partner with Skye for commercialization.

Our team is experienced, motivated and focused on building, competing, and getting the job done. We want to succeed and create value for all our stakeholders.

Our progress: an overview

Over the past two years, we have worked toward making Skye stronger as we transition our lead product, SBI-100, from molecule to medicine. We are pleased where we are positioned against the competition. SBI-100 will be the first drug to move into the clinic that targets the CB1R receptor in the eye, while we also expand a pipeline of novel drugs that target the broader ocular endocannabinoid system.

At this point, our drug candidate, SBI-100, is ready to be shipped and received at the clinical trial site in Australia. Recruitment of subjects for this Phase I study will begin before the end of 2022 [corrected from Nov.10 news release, which stated 2023]. By year-end, our goal is to file an Investigational New Drug (IND) application with the US FDA in order to start our Phase II study in the first half of 2023. These two milestones will mark the culmination of a significant amount of work carried out by our team and today we can outline a long list of accomplishments on our development path:

a. Nonclinical Good Laboratory Practice (GLP) studies for Phase I and II:
    i. 14-day repeat-dose ocular toxicity studies in both rabbits and dogs
    ii. 28-day systemic toxicity studies in rats
    iii. Cardiac and respiratory safety pharmacology studies in rats and dogs
    iv. In vitro cardiotoxicity hERG studies
    v. In vitro genotoxicity studies
b. Clinical activities:
    i. Phase I clinical protocol
    ii. Engagements with Novotech and CMAX to support Phase I in Australia
    iii. Clinical manuals for Phase I clinical trial
    iv. Phase II clinical protocol synopsis
c. Good Manufacturing Practice (GMP) manufacturing of SBI-100 OE:
    i. Completion of clinical formulation development

ii. Completion of GMP process development

iii. Demonstrated 24-month stability of active pharmaceutical ingredient (API)

iv. Initiation of manufacture of a second batch to support Phase II study

v. Engagement of experienced ophthalmology contract drug manufacturing partner, NextPharma, for Phase II drug product

d. Regulatory milestones:

i. Completion of a pre-IND meeting with FDA for SBI-100 OE

ii. Finalization of Investigator's Brochure for SBI-100 OE

iii. Approval from HREC to initiate Phase I clinical trial in Australia

iv. Established internal quality management system

v. Audited key vendors for CMC, nonclinical and clinical activities

With our growing list of achievements, we are demonstrating our commitment to build a strong and lasting company. First, our goal is to cement our position as the first topical eye drop targeting CB1R for the treatment of glaucoma. Second, we aim to advance a broader pipeline based on an innovative class of medicines to disrupt the field of ophthalmology.

Our novel drug pipeline

Today we have two molecules licensed from the University of Mississippi with potential as drugs to treat ocular diseases based on the novel mechanism of action of targeting endocannabinoid receptors in the eye. For the future, we are also investing in expanding our pipeline by collaborating with preeminent researchers of endocannabinoid science. Outside of two approved drugs - Epidiolex® and dronabinol - that target the endocannabinoid system, little has been done to unlock the potential of this ubiquitous and critical biological system for health and disease. Skye's lead programs and discovery pipeline are aiming to unlock this potential, and we aspire to use the eye as a proving ground.

SBI-100 OE - CB1R agonist - glaucoma and ocular hypertension

Glaucoma is an optic nerve condition characterized by progressive degeneration of the retina that results in a progressive loss of vision. Glaucoma affects more than 70 million people worldwide (Glaucoma Research Foundation) and is the leading cause of irreversible blindness. Glaucoma is caused by inflammation and blockage of the channels (the trabecular meshwork or TM) that drain liquid from the front of the eye, leading to an increase in internal pressure that damages the optic nerve. SBI-100 OE, which is topically applied, represents a potential new class of treatment for glaucoma.

In preclinical studies, Skye's SBI-100 Ophthalmic Emulsion demonstrated potential to significantly reduce intraocular pressure (IOP), which we believe may exceed the capabilities of leading commercialized drugs in the current glaucoma market:

a. SBI-100 OE's unique chemical structure and formulation enabled better entry into various compartments of the eye versus natural THC.

b. SBI-100 OE was shown to lower IOP better than leading current prescribed drugs in animal models.

c. In an ex vivo model of a human trabecular meshwork, we demonstrated that THC reduces IOP by targeting CB1R in the trabecular meshwork.

d. The ex vivo model also demonstrated that CB1R activation reduces markers of fibrosis in the trabecular meshwork, indicating an important and meaningful mechanism for reducing IOP through this tissue.

Ocular hypertension is a precursor to glaucoma that affects a significant number of people (approximately 3%[1] people in the US). This condition shares with glaucoma the related factor of increased intraocular pressure. We intend to concurrently assess patients diagnosed with ocular hypertension as well as those with glaucoma in our Phase II study.

We completed multiple GLP nonclinical studies designed to not only support regulatory submissions in Australia for our Phase I, but to also allow us to prepare our Investigational New Drug application (IND) for the FDA. Our opportunity and plan, with the FDA's clearance, is to initiate and enroll our Phase II study before the completion of our Phase I study.

SBI-200 - undisclosed indication

SBI-200 is a proprietary synthetic molecule derived from cannabidiol (CBD) and has shown potential to modulate endocannabinoid-related receptors and pathways in vitro. Preliminary data demonstrated that a basic emulsion formulation of SBI-200 penetrated the front and back of the eye, including the retina, suggesting utility to treat eye diseases in both the anterior and posterior compartments of the eye such as, ocular pain, keratitis, uveitis, dry eye syndrome, macular degeneration, and diabetic retinopathy. We continue to assess the potential utility and application of SBI-200.

CPIP - undisclosed targets

In October 2021, we launched a research initiative, the Cannabinoid Pharmaceutical Innovation Program (CPIP), focused on discovering new cannabinoid derivative molecules. Skye expects to screen up to 100 molecules by mid-2023 to build a library of novel cannabinoid derivatives and small molecules capable of modulating the endocannabinoid system. The molecules will be screened using a proprietary platform developed by Skye to analyze key molecular targets related to a range of disease pathways in the eye.

In early June, Skye expanded CPIP with research agreements with the University of Eastern Piedmont in Italy and Spanish Research Council (CSIC), adding to its relationships with the University of Mississippi and University of Cordoba. Skye is sponsoring all research with its collaborators and all intellectual property developed under its established contract research agreements will be solely owned by Skye.

Goals for remainder of 2022 and 2023

Our aim is to prioritize investments that we deem to have potential for a strong return on

capital for our stockholders. Currently, we are focused on the following key milestones:

a. SBI-100 OE - Phase I safety study in healthy volunteers
    i. Enroll first arm of trial: single ascending dose (SAD)
    ii. Enroll second arm of trial: multiple ascending dose (MAD)
    iii. Analyze and report data
b. SBI-100 OE - Phase II safety and efficacy study in primary open angle glaucoma and ocular hypertension
    i. Submit IND
    ii. Complete scale-up and on-going process development of SBI-100 manufacturing with Purisys
    iii. Complete production of drug product for Phase II clinical trial with NextPharma
    iv. Engage CRO to manage Phase II clinical trial
    v. Begin enrollment in H1 2023
c. R&D
    i. Achieve clear outcomes of CPIP screening program with further optimization of molecule candidates, supported by relevant data, to expand clinical pipeline
    ii. Present research from CPIP at relevant industry conference(s)
    iii. File patents related to CPIP discovery activities
    iv. Finalize a plan to leverage the Avalite Sciences facility in Canada, which is equipped and licensed to conduct research on controlled substances. This facility may add flexibility and cost savings for our research of molecules classified as Schedule 1 under the US Controlled Substances Act (CSA).

Our values and our conviction

What we do requires tremendous conviction, effort, and a strong set of personal standards to achieve the goals we strive for. Here are the values that we share to achieve the goals we have set out:

a. Lead with Innovation - This speaks to our science, but also in how we conduct our business. We seek not to make just small steps, but to revolutionize, and close large gaps by applying the best science.
b. Be Bold - Nobody has ever made a difference without taking risks. Our decisions will be calculated, but we will not let the fear of failure hold us back from pursuing our goals.

c. Execute with Integrity - We operate with a fiduciary responsibility for all stakeholders, prioritizing innovation and performance with a commitment to transparency and accountability.

d. Be Better than Yesterday - We will continue to strengthen and challenge ourselves and how we do things. We will rigorously measure the outputs of our plans, and continuously improve how we operate.

e. Be Resilient - Setbacks are an opportunity to learn and grow. We must have the grit to continue forward, and at times the courage to abandon any program that does not provide value.

I promise you that we will work to the best of our abilities to realize the potential of our science. And let me make a further comment about that potential. We can be and are enthusiastic about encouraging nonclinical results showing the pharmaceutical potential of cannabinoids, and specifically of our distinct cannabinoid derivative molecules. That does not guarantee a particular outcome from our clinical studies. It is rare in biotechnology for a molecule to accelerate from nonclinical work to a Phase 2 study in a year or less. That is precisely where Skye is now. We could not be more enthusiastic as a Company and a team to be at this transition point with the opportunity unfolding in real-time to potentially validate important new pharmaceutical applications involving the endocannabinoid system.

To our stockholders, we know you have many investment options. Thank you for your belief in Skye. To our other stakeholders, Skye is a company to watch. We look forward to keeping you updated.

Best regards,

Punit Dhillon

CEO and Chair

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REQUIRED EARLY WARNING REPORT INFORMATION

Immediately prior to the completion of the transaction, Skye did not own any securities of Emerald. An early warning report in respect of the Company's acquisition of 213,472,095 Emerald Shares pursuant to the transaction (representing all of the outstanding shares of Emerald) will be filed on SEDAR and will be available under Emerald's issuer profile at www.sedar.com. The transaction represented an aggregate consideration of C$21.3 million (or C$0.10 per Emerald Share).

Skye intends to cause the Emerald Shares to cease to be listed on the CSE and Emerald will submit an application to cease to be a reporting issuer under applicable Canadian securities laws.

To obtain a copy of the early warning report, you may also contactKaitlyn Arsenault, CFO, at (858) 410-0266. Skye's address is 11250 El Camino Real, Suite 100, San Diego, CA 92130, and Emerald's address is 4226 Commerce Circle, Unit 101, Victoria, BC V8Z 6N6.

FORWARD-LOOKING STATEMENTS

This letter contains forward-looking statements, including statements regarding our product development, business strategy, the timing of clinical trials, and commercialization of cannabinoid-derived therapeutics. Such statements and other statements in this press release that are not descriptions of historical facts are forward-looking statements that are based on management's current expectations and assumptions and are subject to risks and uncertainties. If such risks or uncertainties materialize or such assumptions prove incorrect, our business, operating results, financial condition, and stock price could be materially negatively affected. In some cases, forward-looking statements can be identified by terminology including "anticipated," "plans," "goal," "focus," "aims," "intends," "believes," "can," "could," "challenge," "predictable," "will," "would," "may" or the negative of these terms or other comparable terminology. We operate in a rapidly changing environment, and new risks emerge from time to time. As a result, it is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements the Company may make. Risks and uncertainties that may cause actual results to differ materially include, among others, our capital resources, uncertainty regarding the results of future testing and development efforts and other risks that are described in the Risk Factors section of Skye's most recent annual or quarterly report filed with the Securities and Exchange Commission. Except as expressly required by law, Skye disclaims any intent or obligation to update these forward-looking statements

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[1] Company estimates based on analysis of epidemiology of ocular hypertension and literature assessing the prevalence. Kelly. British Journal of Ophthalmology. 2020; 104:1406-1411

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