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HEMOSTEMIX INC.

Hemostemix Inc. Announces Update on Status of Agreement with Hemostemix (Asia) Corporation (HEMA)

June 9, 2017, Blackfalds, Alberta - Hemostemix Inc. ("Hemostemix" or the "Company") (TSX VENTURE: HEM) today announced that it has determined to reinstate the agreement between the Company and Hemostemix (Asia) Corporation ("**HEMA**") previously announced as voided by the Company on August 29, 2016.

On July 23, 2015, the Company announced that it had formed a strategic alliance by way of a binding term sheet with "Hemostemix Asia, Inc.", a private, independent company based in Taipei, Taiwan, controlled by Mr. James (Jim) Brown. On September 14, 2015, the Corporation announced that a further strategic alliance agreement had been entered into with HEMA (the "**HEMA Agreement**"). The proper English legal name of HEMA as described on the HEMA Agreement is "Hemostemix (Asia) Corporation". The HEMA Agreement was to provide for a manufacturing and commercial license to HEMA of the Company's ACP-01 technology for treating critical limb ischemia patients in Taiwan, China, and South Korea on the condition that: (a) HEMA was required to raise U.S. \$5 million towards the funding and contribution of up to 20 participants from three (3) to five (5) clinical sites in Taiwan for the Company's multicenter, phase 2 clinical trial for patients with critical limb ischemia then being conducted in South Africa and in Canada (the "**Phase 2 Trial**"); and (b) HEMA was also required to establish a manufacturing hub in Taiwan to serve the Asian market upon successful commercialization of the Company's ACP-01 technology. As part of the HEMA Agreement, the Company was to become an equity partner with a 35% ownership in HEMA. Mr. Brown was shortly thereafter appointed as a director of the Company on October 26, 2015. Definitive agreements for the Company to realize its equity interest in HEMA have not been executed and details of the Corporation's ACP-01 technology necessary for HEMA to commence operations in Asia have not been provided to HEMA. Mr. Brown resigned as a director of the Company on May 19, 2016.

With the advent of the proxy contest related to the Annual and Special Meeting of the Shareholders held on August 8, 2016 (the "**Contested Meeting**"), Mr. Brown was one of the concerned shareholders opposed to the management of the Company at that time, including the management nominees for the board of directors proposed for the Contested Meeting. On August 29, 2016, following the mailing of the concerned shareholders' dissident proxy circular related to the Contested Meeting, the Company announced it had voided the strategic alliance agreement with HEMA and that it considered HEMA to be in default of its obligations. On October 21, 2016, HEMA issued a statement of claim against the Company in connection with the HEMA Agreement seeking various remedies, including declarations that the HEMA Agreement is in full force and effect and not terminated and, in the alternative, damages for expenses incurred and for loss of profit in the amount of \$50,000,000 (the "**HEMA Litigation**"). The Company has disputed the claims made by HEMA in the HEMA Litigation but has also been actively engaged in seeking to settle the HEMA Litigation.

Current management of the Company has determined that to further enable the Company to meet its ongoing obligations and further develop and execute on its business plan, the HEMA Agreement is to be reinstated. Amongst other things, this step by the Company is expected to wholly mitigate the principal remedy being sought in the HEMA Litigation, being declaratory relief that the HEMA Agreement be deemed not to have been terminated. Further, this step by the Company is expected to eliminate the basis for HEMA seeking the alternative claim (for the event that it was determined that the HEMA Agreement is terminated), which is the claim for loss of profit in the amount of \$50,000,000.

The Company looks forward to formalizing arrangements with HEMA to arrange for the current court action to be discontinued and for the parties to work collaboratively towards performing their respective obligations under the HEMA Agreement.

To the extent that further formal steps should be taken in relation to the current court action or to the extent there are further disputes between the Company and HEMA in relation to the HEMA Agreement, the Company expects that such disputes will be settled pursuant to the arbitration provisions in the HEMA Agreement.

ABOUT HEMOSTEMIX INC.

Hemostemix is a public clinical-stage biotechnology company that develops and commercializes innovative blood-derived cell therapies for medical conditions not adequately addressed by current treatments. It is the first clinical-stage biotech company to test a stem-cell therapy in an international, multicenter, phase 2 clinical trial for patients with critical limb ischemia (CLI), a severe form of peripheral artery disease (PAD) caused by reduced blood flow to the legs. The phase 2 trial targets a participant's diseased tissue with proprietary cells grown from his or her blood that can support the formation of new blood vessels.

Hemostemix Inc. is traded on the TSX Venture Exchange under the trading symbol HEM. To find out more visit hemostemix.com or email office@hemostemix.com.

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