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HEMOSTEMIX INC.

Hemostemix Announces Engagement of PI Financial Corp., Rights Offering and Updates on Proposed Private Placement and Senior Secured Credit Financing

July 11, 2017, Blackfalds, Alberta - Hemostemix Inc. ("**Hemostemix**" or the "**Company**") (TSX VENTURE: HEM) is pleased to announce that it has entered into an agreement with PI Financial Corp. (the "**Agent**") pursuant to which the Agent has been appointed as the exclusive agent and sole bookrunner and exclusive soliciting dealer for and on behalf of the Company on a commercially reasonable best efforts agency basis with respect to the offering substantially as originally announced by the Company in April of 2017. The proposed offerings, as now amended (the "**Offering**") are of subscription receipts of the Company (the "**Subscription Receipts**") at a price of CDN$0.05 per Subscription Receipt, to raise gross proceeds of a minimum of CDN$5,000,000 (100,000,000 Subscription Receipts) (the "**Minimum Offering**") up to a maximum of CDN$8,000,000 (160,000,000 Subscription Receipts) (the "**Maximum Offering**"). In addition, PI shall have an option (the "**Agents Option**") to increase the size of the Offering by up to 12.5% of the number of Subscription Receipts sold under the Offering, which Agents Option is exercisable for a period of up to 48 hours prior to the closing of the Offering. The Offering will be comprised of: (i) a private placement (the "**Private Placement Offering**"); and (ii) a concurrent rights offering, pursuant to the prospectus exemption set forth in Section 2.1 of National Instrument 45-106 **–** Prospectus Exemptions (the "**Rights Offering**").

Rights Offering

The Company today confirmed the details of the Rights Offering, namely that it will be offering rights (each a "**Right**") to holders of its common shares at the close of business on the record date of July 18, 2017 (the "**Record Date**"), on the basis of one Right for every one and one-half (1.5) common shares held (the "**Rights Offering**"). Each Right will entitle the holder to subscribe for one subscription receipt (each a "**Subscription Receipt**") upon payment of the subscription price of CAD$0.05 per Subscription Receipt. Upon the completion of the escrow release conditions (as described below), the Subscription Receipts will automatically be converted into units ("**Units**") consisting of one common share in the capital of Hemostemix (each a "**Common Share**") and one-half of one transferable warrant (each whole warrant, a "**Warrant**"). Each Warrant entitles the holder thereof to purchase one Common Share (a "**Warrant Share**") at price of CAD$0.20 for a period of 2 years from the Release Date, with an accelerated exercise provision attached to each Warrant commencing on the day following (x) the conversion of the applicable Subscription Receipts into Units and (y) the expiry of any applicable hold period on the underlying Common Share, stating that if, for ten consecutive trading days, the closing price of the listed shares of the Company exceeds CDN $1.00, then the Company may elect to accelerate the expiry date by providing the Warrant holders, 30 days notice by way of a press release of the accelerated expiry date.

There are currently 74,583,119 Common Shares issued and outstanding. If all of the 49,722,119 Rights issued under the Rights Offering are validly exercised by the shareholders, the Rights Offering will raise gross proceeds of approximately CAD$2.48 million.

The Rights will expire at 3:00 p.m. (Calgary Time) on August 8, 2017 (the "**Expiry Time**"), after which time unexercised Rights will be void and of no value. Shareholders who fully exercise their Rights will be entitled to subscribe for additional Subscription Receipts, if available as a result of any unexercised Rights prior to the Expiry Time, subject to certain limitations as set out in the Company's Rights Offering circular (the "**Rights Offering Circular**"). The Company expects to close the Rights Offering on or about August 8, 2017.

Details of the Rights Offering will be set out in the Rights Offering notice (the "**Rights Offering Notice**") and Rights Offering Circular which will be available under Hemostemix's profile at www.SEDAR.com shortly after the Record Date. The Rights Offering Notice and accompanying Rights certificate will be mailed to each registered eligible shareholder as at the Record Date. Registered shareholders who wish to exercise their Rights must forward the completed Rights certificate, together with the applicable subscription funds, to the Company's rights agent, Computershare Investor Services, Inc. ("**Computershare**"), on or before the Expiry Time. Shareholders who own their Common Shares through an intermediary, such as a bank, trust company, securities dealer or broker, will receive materials and instructions from their intermediary.

The Rights Offering will be conducted in jurisdictions of Canada only. However, certain holders of Common Shares in jurisdictions outside of Canada may be able to participate in the Rights Offering where they can establish that the transaction is exempt under applicable legislation. If you are a holder of Common Shares and reside outside of Canada please see the Rights Offering Notice and Rights Offering Circular to determine your eligibility and the process and timing requirements to receive and, or, exercise your Rights. The Company requests any U.S. shareholder or other ineligible holder interested in exercising their Rights to contact the Company at their earliest convenience.

Funds raised through the Rights Offering will be used to pay for general and administrative (G&A) expenses as well as the Company's multicenter, phase 2 clinical trial for patients with critical limb ischemia (the "**Phase 2 Trial**").

As described in part above, the Rights Offering is part of a broader financial plan for the Company (collectively, the "**Financings**") comprised of: (i) a CAD$4,400,000 secured credit transaction (the "**Secured Credit Transaction**"), (ii) the Rights Offering, (iii) a private placement of Subscription Receipts (the "**Private Placement Offering**"); and (iv) a series of shares for debt transactions with certain of the Company's creditors to issue Common Shares to such creditors in full satisfaction of trade payables and other debts payable (the "**Shares for Debt Transactions**"). The Financings, are expected to generate proceeds of up to CAD$12,400,000, without accounting for the Agent's Option. If the Agent's Option were to be fully exercised, that would provide for additional gross proceeds of CAD$1,000,000 and the generation of overall proceeds pursuant to the Financings of CAD$13,400,000.

There is no minimum amount of Subscription Receipts which may be issued in connection with the Rights Offering, however the Rights Offering is subject to the Minimum Offering (CAD$5,000,000) for the Offering (i.e. the Rights Offering together with the Private Placement Offering). The Offering (of which, the Rights Offering is a part), is also subject to the Maximum Offering (CAD$8,000,000), subject to the possible exercise of the Agent's Option, pursuant to which the Agent may increase the size of the Offering by up to 12.5% of the number of Subscription Receipts sold under the Offering.

The Minimum Offering of CAD$5,000,000 represents a CAD$1,000,000 increase from what was contemplated by the announcement of the Company made on April 10, 2017 in relation to the Secured Credit Transaction and has been based on negotiations between the Company, Wood Capital Ltd. ("**Wood Capital**"), the lender under the Secured Credit Transaction, and the Agent. This was based in part on the Financings being established to be sufficient to provide the Company with at least 12 months of working capital based on its current budget expectations and the ability to proceed to deliver interim analysis results for its Phase 2 Trial. It was in connection with making these adjustments that it was also determined that the exercise price of the Warrants would be reduced to CAD$0.20 from the CAD$0.25 announced by the Company on April 10, 2017.

It is expected that the remainder of the Offering not filled based on the Rights Offering (whether fully subscribed for or not) is expected to be filled based on the Private Placement Offering. If the Company does not raise the Minimum Offering, the Company will not close on any exercise of Rights for Subscription Receipts.

The Subscription Receipts issued under the Rights Offering and the Private Placement Offering will be issued pursuant to, and will be governed by, the terms of one or more subscription receipt agreement (the "**Subscription Receipt Agreement**") to be entered into between the Company and Computershare Trust Company of Canada, as escrow agent, or other escrow agent, acceptable to the Company and the Agent (the "**Escrow Agent**"). The gross proceeds of the Offering (the "**Escrowed Funds**"), will be held in escrow on behalf of the subscribers by the Escrow Agent and invested in short term investment grade debt obligations as agreed to by the Company and the Agent. Each Subscription Receipt will entitle the holder thereof to receive one Unit, without payment of additional consideration or further action on the part of the holder, upon delivery by the Corporation and the Agent to the Escrow Agent, on or prior to 3:00 p.m. (Calgary time, or 5:00 p.m. Toronto time) on August 15, 2017 or such other date as mutually agreed between the Agent and the Company (the "**Escrow Deadline**"), of a joint notice (the "**Release Notice**"), confirming that:

(1) the conditions precedent to the closing of the Secured Credit Transaction and the Shares for Debt Transactions have been satisfied or waived to an extent satisfactory to the Company and the Agent; and

(2) any necessary shareholder, regulatory and other approvals have been obtained or the requirement for such approvals have been waived by the Agent.

and in addition to the Release Notice having been delivered:

(3) the Agent is fully satisfied in their sole discretion with the results of their due diligence investigations.

(collectively, the "**Release Conditions**")

Upon delivery of the Release Notice, each holder of a Subscription Receipt will be deemed to have exercised such Subscription Receipt to acquire one Unit (without any further action on the part of the holder, all in the manner as set forth in the Subscription Receipt Agreement.

If the Release Conditions are not satisfied on or before the Escrow Deadline, then the Escrowed Funds shall be used to repurchase the Subscription Receipts issued pursuant to the Offering from the purchasers on a pro rata basis (including any interest thereon) on August 15, 2017 (the "**Termination Date**"). To the extent that the Escrowed Funds are not sufficient to purchase all of the Subscription Receipts, the Company has agreed to contribute such amounts as are necessary to satisfy any shortfall.

Private Placement

The Company today confirmed the details of the Private Placement Offering, namely that it will be offering Subscription Receipts at a price of CDN$0.05 per Subscription Receipt, to raise gross proceeds of a minimum of CDN$5,000,000 (100,000,000 Subscription Receipts, the Minimum Offering) up to a maximum of CDN$8,000,000 (160,000,000 Subscription Receipts, the Maximum Offering). In addition, the Agent will have an option (the Agents Option) to increase the size of the Offering by up to 12.5% of the number of Subscription Receipts sold under the Offering, which Agents Option is exercisable for a period of up to 48 hours prior to the closing of the Offering. The Offering will be comprised of: (i) the Private Placement Offering; and (ii) the concurrent Rights Offering. As previously noted, it is expected that the remainder of the Offering not filled based on the Rights Offering (whether fully subscribed for or not) is expected to be filled based on the Private Placement Offering.

Each Subscription Receipt issued pursuant to the Private Placement Offering will be exercisable into a Unit upon the Release Conditions being satisfied, as previously described. The Subscription Receipts will be non-transferable.

If the Release Conditions are not met by August 15, 2017 or such date as mutually agreed between the Agent and the Company,· the Company will repurchase the Subscription Receipts issued pursuant to the Offering (including the Private Placement Offering from the purchasers on a pro rata basis (including any interest thereon).

The Subscription Receipts to be issued pursuant to the Private Placement Offering will be offered by way of (1) private placement pursuant to exemptions from prospectus requirements to residents of the Provinces of British Columbia, Alberta, Ontario and such other Canadian jurisdictions as may be agreed to by the Company and the Agent. The Subscription Receipts may also be offered in jurisdictions other than the noted Canadian jurisdictions in which the Agent or their affiliates qualify to so offer in accordance with applicable laws and regulations and in accordance with available exemptions from prospectus or registration requirements.

The Company expects to close the Private Placement Offering on or about August 15, 2017.

Agency Agreement and Soliciting Dealer Agreement

Without restricting the generality of the foregoing, PI will act as the exclusive soliciting dealer for the Rights Offering and as agent for the Private Placement Offering on a commercially reasonable efforts basis. PI will be entitled to appoint a syndicate consisting of other investment dealers acceptable to the Company (PI and such other investment dealers being collectively referred to in this Agreement as the "Agent"). PI will also be entitled to appoint a selling group and/or soliciting dealer group subject to the prior approval of the Company, as appropriate to ensure a broad distribution of the Subscription Receipts. Without limiting the generality of the provisions provided for herein in relation to the President's List (defined herein), PI will not unreasonably withhold, condition or delay the inclusion of other investment dealers as part of a syndicate, selling group and/or soliciting dealer group, whether introduced to PI by the Company or otherwise.

At or before any closing date of the Offering, the Company and the Agent shall enter into: (i) an agency agreement with respect to the Private Placement Offering (the "**Agency Agreement**"); and (ii) a soliciting dealer agreement with respect to the Rights Offering (the "**Soliciting Dealer Agreement**"), the forms of which shall be mutually satisfactory to the Company and the Agent. The Agency Agreement and the Soliciting Dealer Agreement will include the terms and conditions provided herein, and industry standard covenants, representations and warranties, and provisions regarding legal opinions, indemnification, contribution, termination clauses and other relevant matters as the Agent and the Company may so determine. The Soliciting Dealer Agreement and the Agency Agreement will also contain customary "disaster-out", "market-out", "material adverse change-out", "due diligence-out" and "regulatory proceedings out" provisions.

Pursuant to the Agency Agreement and the Soliciting Dealer Agreement, the Company will pay a cash commission of 7.5% of the gross proceeds from the Private Placement Offering and 5% of the Rights Offering, other than any Subscription Receipts sold to subscribers listed on the president's list of the Company (the "**President's List**") for which the Company will pay a 3% cash commission. All cash commissions are to be paid upon the Release Conditions being satisfied (the "**Release Date**"). In addition, the Company will pay the Agent a corporate finance fee of up to $30,000 + $1,500 GST for a total of $31,500. Whether or not the Offering is completed, the Company will pay all reasonable costs and expenses related to the Offering.

Upon the Release Date, the Company will also issue to the Agent warrants (the "**Agent's Warrants**") equal in number to: (a) 7.5% of the aggregate number of Units underlying the Subscription Receipts sold under the Private Placement Offering, other than any Subscription Receipts sold to subscribers listed on the President's List, (b) 3% of the aggregate number of Units underlying the Subscription Receipts sold under the Private Placement Offering sold to subscribers that are listed on the President's List, and (c) 5% of the aggregate number of Units underlying the Subscription Receipts sold under the Rights Offering, each of which will each entitle the Agent to purchase, at an exercise price equal to $0.05, one unit (each an "A**gent's Unit**") consisting of one Common Share (each an "**Agent's Share**") and one-half of one warrant (each whole warrant an "**Agent's Unit Warrant**"). Each Agent's Unit Warrant shall be exercisable into one additional Common Share for two years from the Release Date at an exercise price of $0.20 per Common Share, with an accelerated exercise provision attached to each Agent's Unit Warrant commencing on the day following (x) the conversion of the applicable Agent's Unit and (y) the expiry of any applicable hold period on the underlying Common Share, stating that if, for ten consecutive trading days, the closing price of the listed shares of the Issuer exceeds CDN $1.00, then the Company may elect to accelerate the expiry date by providing the Agent's Unit Warrant holders, 30 days notice by way of a press release of the accelerated expiry date. The Agent's Warrants may be exercised at any time and from time to time for a period of three years following the Release Date.

Secured Credit Financing

As first announced on April 10, 2017, an agreement has been reached with Wood Capital, a Barbados-based private equity investment firm, on a non-brokered senior secured debt financing of CAD$4,400,000 (the "**Loan**") in one or more tranches (the Secured Credit Transaction). The Secured Credit Transaction consists of four possible tranches of financing being advanced in four rounds of (i) CDN$1,000,000 (the "**Bridge Financing Advance**"); (ii) CDN$2,400,000 (the "**Bridge Refinancing Advance**"); (iii) up to CDN$4,400,000 less amounts advanced in rounds (i) and (ii) (the "**Additional Bridge Financing Advance**"); and (iv) up to CDN$4,400,000 less amounts advanced in rounds (i), (ii) and (iii) (the "**Convertible Debt Financing Advance**"). Funds advanced in rounds (i) through (iii) are to be advanced as secured non-convertible debt. Round (iv) is to be advanced as convertible debt. Upon all necessary shareholder and regulatory approvals having been obtained in respect of the conversion privileges for the Secured Credit Financing, and the Minimum Offering being achieved the entirety of the Loan will be automatically converted into units on the terms substantially as first announced on April 10, 2017 (the "**Secured Credit Units**"), each to consist of one Common Share and one-half of one warrant (each whole warrant, a "**Secured Credit Warrant**"), provided that what was described then as a forced exercise provision being associated with the Secured Credit Warrants, has been adjusted to be an accelerated exercise provision attached to each Secured Credit Warrant to substantially match the accelerated exercise provisions attached to each of the Warrants and Agent's Unit Warrants described above.

As announced by the Company on June 30, 2017, at the Annual and Special Meeting of shareholders of the Company (the "**Meeting**") held on June 29, 2017, shareholders overwhelmingly approved the Secured Credit Financing.

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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Neither the TSX Venture Exchange nor its Regulation Service Provider (as that term is defined under the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

The securities offered pursuant to the Rights Offering have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful.

Forward-Looking Statements

This release may contain forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words “expects,” “plans,” “anticipates,” “believes,” “intends,” “estimates,” “projects,” “potential,” and similar expressions, or that events or conditions “will,” “would,” “may,” “could,” or “should” occur. Although Hemostemix believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in forward-looking statements. Forward-looking statements are based on the beliefs, estimates, and opinions of Hemostemix management on the date such statements were made. By their nature forward-looking statements are subject to known and unknown risks, uncertainties, and other factors which may cause actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the Company’s stage of development, long-term capital requirements and future ability to fund operations, future developments in the Company’s markets and the markets in which it expects to compete, risks associated with its strategic alliances and the impact of entering new markets on the Company’s operations. Each factor should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements. Hemostemix expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events, or otherwise.