Hemostemix Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS AND FINANCIAL CONDITION

For the nine months ended September 30, 2017 and 2016 as at November 29, 2017

Introduction

The following Management's Discussion and Analysis ("MD&A") covers the operations, financial position and operating results of Hemostemix Inc. (the "Company" or "Hemostemix") for three and nine months ended September 30, 2017 and September 30, 2016, and is intended to help readers better understand operations and key financial results, as they are, in our opinion, at the date of this report and should be read in conjunction with the interim unaudited condensed consolidated financial statements of the Company for the three and nine months ended September 30, 2017 and September 30, 2016 along with the accompanying notes. These interim unaudited condensed consolidated financial statements do not contain all disclosure required by IFRS for annual financial statements, and accordingly should be read in conjunction with the most recently prepared annual financial statements for the year ended December 31, 2016. All financial analysis, data and information set out in this MD&A are unaudited. The unaudited interim condensed financial statements and MD&A have been reviewed by the Audit Committee of the Company and have been approved by the Board of Directors. Additional information relating to the Company is available on SEDAR at www.sedar.com as well as the Company's Web site at www.hemostemix.com.

These statements are essentially forward-looking and are subject to risks and uncertainties, as described in the "Risks and Uncertainties" section, below. Actual results, levels of activity, performance or achievements could differ materially from those projected, discussed or contemplated herein and are dependent upon on a number of factors, including the successful and timely completion of research and development initiatives, the uncertainties related to the market acceptance, and the commercialization of our products thereafter.

CONSOLIDATION AND PRESENTATION

The unaudited interim condensed consolidated financial statements of the Company comprise the accounts of Hemostemix Inc., Hemostemix Ltd, and Kwalata Trading, the Company's wholly-owned subsidiaries. Hemostemix Inc. was incorporated on May 6, 2006 under the provisions of the *Canada Business Corporations Act* with its current head office located at The Company's head office is located at 5220 Duncan Ave Blackfalds AB T0M 0J0. Hemostemix Ltd. was incorporated on June 20, 2011 in Israel and Kwalata Limited was incorporated on November 1, 2007 in Cyprus.

The unaudited interim condensed financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. Each subsidiary determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the subsidiaries is Canadian dollars. Transactions denominated in foreign currency (other than the functional currency) are recorded on initial recognition at the exchange rate at the date of the transaction. After initial recognition, monetary assets

and liabilities denominated in foreign currency are translated at the end of each reporting period into the functional currency at the exchange rate at that date. Exchange differences, other than those capitalized to qualifying assets or recorded in equity in hedging transactions, are recognized in profit or loss. Non-monetary assets and liabilities measured at cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

SELECTED FINANCIAL INFORMATION

The following table provides selected unaudited consolidated financial information for the Company as at and for the nine months ended September 30, 2017 and September 30, 2016.

	As at September 30, 2017 Total $	As at September 30, 2016 Total $
Current assets	**5,811,375**	230,005
Total assets	**5,884,542**	393,485
Total liabilities	**486,647**	2,580,145
	Nine months ended September 30, 2017 Total $	Nine months ended September 30, 2016 Total $
Total expenses	**3,005,763**	2,910,020
Net and comprehensive loss	**(3,013,702)**	(2,926,347)
Basic and diluted loss per share	**(0.03)**	(0.04)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following MD&A of the results of operations and financial condition of the Company are based on and derived from and should be read in conjunction with the unaudited interim condensed consolidated financial statements and notes to the financial statements for the nine months ended September 30, 2017 and 2016.

Caution regarding forward-looking statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These

statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the Company's goal of creating shareholder value; its ability to meet its operating costs for the nine months ended September 30, 2017; the plans, costs, and timing for future research and development of the Company's stem cell technologies, including the costs and potential impact of complying with existing and proposed laws and regulations and clinical trials; management's outlook regarding future trends; sensitivity analysis on financial instruments that may vary from amounts disclosed; prices and price volatility the Company's products; and general business and economic conditions.

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, among other things, 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. See "Risk Factors."

The Company disclaims any intention or obligation to update or revise these forward-looking statements, resulting from additional or new information, future events or otherwise, except as may be required by law.

Business Overview

We are a clinical stage biotechnology company with a patented technology whose principal business is to develop, manufacture and commercialize blood-derived cell therapies to treat various diseases not adequately addressed by current therapies. Hemostemix has five families of patents related to its products and manufacturing processes. The intellectual property of the company broadly covers synergetic cell populations and angiogenic cell precursors (ACPs, including the lead cell product ACP-01), bone cell precursors (BCPs), myocardial cell precursors (MCPs), and neural cell precursors (NCPs).

Our proprietary platform technology is based on more than 10 years of clinical data demonstrating the ability of our autologous cell product to regenerate diseased and damaged tissue, which has the potential to generate therapies for a broad range of ischemic diseases such as critical limb ischemia, peripheral artery disease, congestive heart failure and other vascular diseases. Hemostemix develops

its cell therapy products from a patient's own blood which is a relatively low risk, cost effective and non-invasive source of therapeutic cells. Hemostemix is conducting a Phase II clinical trial for its lead product ACP-01 for treating Critical Limb Ischemia (CLI).

Outlook

With the successful conclusion of the capital raise program (see Financings) and the organizational restructuring being substantially complete, the Company is now focusing on execution of the Phase II clinical trials for CLI.

In June 2016, the Phase II clinical trials of ACP-01 used in the treatment of CLI was suspended. At the same time the agreement with a contract research organization managing these clinical trials was terminated. During the first half of 2017, management actively reviewed and evaluated proposals from various other contract research organizations with the goal of being prepared to restart the clinical trials in an effective and efficient manner. In September 2017 a new CRO was selected (see Clinical Trials Update) and the Company has begun to engage trial sites. The clinical trials will continue to be a randomized, placebo-controlled, double blind Phase II clinical trial to confirm the safety and efficacy of ACP-01. Under the current USA Food and Drug Administration ("FDA") and Health Canada approved protocol approximately 95 patients will be followed for a minimum period of twelve months. Management expects that the full trial will take 24 to 30 months to complete. An interim analysis is anticipated after 42 patients have received treatment (or placebo) and sufficient follow-up information is available. This will be an important step in the development of ACP-01 and the expectation is that ACP-01 is meeting its safety and efficacy goals. The interim analysis could be available 16 to 20 months after the restart of the trials.

It is anticipated that the trials will be conducted at approximately 20 sites located throughout Canada and the United States. When the trails were suspended in 2016, there were a total of 13 patients enrolled in the trials at two sites in Canada. Management believes that these two sites and hopefully the patients will be able to participate in the reactivated trials.

While Hemostemix had initiated the trials using product manufactured in its own facility in Israel, this facility is now being wound down and the Company is moving forward with third party manufacturing options to supply products for the clinical trial activities. It is anticipated manufacturing will take place in North America which should result in improved cost efficiencies and better logistics for the North American clinical trial sites. Amendments to the current approved clinical trial protocol have been submitted to the FDA and Health Canada. The amendments are mainly to address the change in manufacturing sites.

Management believes that an interim analysis will reinforce the safety record of the therapy, as shown in previous Phase I trials, and provide a clear view of the effectiveness of the therapy. In advance of completing the Phase II trial, the ACP-01 therapy may be made available through partnerships via the "right-to-try" law enacted recently in Texas, USA.

To achieve commercial production of its lead product, ACP-01 for CLI, Hemostemix is required to obtain regulatory approval in each respective country it intends to market ACP-01. Management believes it may be possible to achieve regulatory approval in a few jurisdictions on the strength of

positive Phase II data, but in most jurisdictions, clinical data from a Phase III clinical trial will be required to obtain such approval. While focusing on developing ACP-01 through the clinical trial process in the United States and Canada, Hemostemix hopes to achieve commercialization alone or with partners in countries having a suitable regulatory framework.

To date, the Company's main activity has been focused on ACP-01 for CLI. Management believes that ACP-01 shows good indications of being a safe and effective therapy for certain heart related damage and will continue to do research in this area with the goal of obtaining regulatory approval for clinical trials. Management understands that it is important to continue to research and develop therapeutic products in order to reduce overall risk and increase the potential value of the Company. The Company has other proprietary cell products and it will continue to advance these through its pipeline with research, development and non-human testing towards first use in humans. The Company's intellectual property broadly covers synergetic cell populations bone cell precursors (BCPs), myocardial cell precursors (MCPs), and neural cell precursors (NCPs).

Product Development:

The Company has and continues to monitor its patent portfolio with the goal of protecting and expanding its Intellectual Property. During 2016 two additional patents were granted in the United States and in Canada. The U.S. Patent and Trademark Office (USPTO) granted patent US 9,404,084 titled "Regulating Stem Cells". It is the fourth Hemostemix patent issued in the United States. The patent covers a method for generating therapeutic cell products, including the company's lead product ACP-01 and cardiomyocyte–like precursor cells. These precursor cells - which are isolated from a simple blood collection - are generated from a core population of cells named "Synergetic Cell Population" (SCP). The Hemostemix technology enables proprietary cells, grown from a patient's blood, to be injected into that same patient's diseased tissue in order to restore its function. In addition to its capacity to grow new blood vessels, SCP can, using proprietary cell-culturing techniques, give rise to other cell types, such as cardiomyocyte-like and neural-like precursor cell growing SCP into neural –like precursor cells is the scope of patent CA 2,632, 836, recently issued in Canada and titled "Production from Blood of Cells of Neural Lineage".

Clinical Trial Update:

On September 8, 2017 the Company entered an agreement with Topstone Research Inc. ("Topstone") to provide clinical research monitoring services, project management, regulatory document management, and related services to advance the Company's international, multicenter, Phase II clinical trial for patients with CLI. Topstone, is a Toronto, Ontario based global full-service contract research organization ("**CRO**") service provider.

With the engagement of Topstone, the Company began actively identifying and selecting qualified clinical trial sites in both Canada and the USA. The CLI trial will continue to be a randomized, placebo-controlled, double blind Phase II clinical trial to confirm the safety and efficacy of the Company's lead product, ACP-01, a proprietary stem-cell therapy derived from a patient's own blood.

Reorganization:

On December 22, 2016, Hemostemix announced a reorganization. The Company announced the execution of a management contractor agreement with Drive Capital, a private equity company focused on developing unique business through technology innovation and implementing quality based business management systems elevating companies to unrealized potential. Pursuant to the agreement, Drive Capital is now overseeing and managing all aspects of a corporate reorganization of Hemostemix. Drive Capital reports directly to the new Board and assists with the implementation of all corporate actions deemed necessary to ensure the financial sustainability of Hemostemix. The agreement has a term of two years and Drive Capital will be compensated based on 15% of the total operating expenses over the term of the agreement and options to acquire common shares in the capital of the Issuer to be granted from time to time.

In January 2017, the reorganization efforts continued with changes to its Board of Directors and the appointment of new directors David L. Wood and Donald E. Friesen to fill two of the three vacancies on the Board, while Angus Jenkins remained on the Board. The newly reconstituted Board confirmed that Angus Jenkins will continue to serve as Chair of the Board. In addition, the Board re-established the Company's Audit Committee and Corporate Governance and Compensation Committee, with all three of the current directors serving on both committees and Mr. David L. Wood serving as Chair of both committees.

On February 8, 2017, the Company also announced that Dr. Elmar Burchardt had stepped down as President and CEO. Also in accordance with the Management Agreement, the Board appointed Mr. Kyle Makofka as Chief Restructuring Officer. Mr. Makofka is currently the Managing Director of Drive Capital.

Financings:

On January 25, 2017, The Company converted $1,184,000 in debt with the issuance of 6,725,000 shares of the Company. The debt conversions included (a) $644,000 in promissory notes converted at $0.16 per share resulting in the issuance of 4,025,000 Shares, (b) $500,000 of demand loans at $0.20 per share resulting in the issuance of a further 2,500,000 Shares, and (c) $40,000 owed pursuant to a Right of First Refusal Waiver Agreement resulting in a further issuance of 200,000 Shares.

The Company completed a capital raising program consisting of (i) a Brokered Private Placement (supplemented by the Non-Brokered Private Placement); (ii) a Rights Offering (iii) a $4,400,000 secured credit transaction, and (iv) a series of shares for debt transactions (collectively, the "Financings").

On September 15, 2017, the Company raised gross proceeds of $5,144,140 from a brokered private placement of subscription receipts. The Company closed on the Brokered Private Placement together with a related non-brokered private placement of subscription receipts pursuant to which it raised additional gross proceeds of $163,445 and the offering of rights which the Company raised gross proceeds of $1,063,751, for aggregate gross proceeds from the three sources of $6,371,336. The Company issued an aggregate of 127,426,715 subscription receipts, consisting of 102,882,800 pursuant to the Brokered Private Placement, 3,268,900 pursuant to the Non-Brokered Private

Placement and 21,275,015 pursuant to the Rights Offering. The Company also issued 88,000,000 common shares pursuant to a secured credit transaction by converting non-brokered senior debt financing and completing a series of shares for debt transactions with certain of the Company's creditors by issuing a total of 6,664,886 common shares to such creditors in full satisfaction of trade debts and other debts payable.

In addition to common share issuances, the Financings have resulted in the Company issuing a total of 107,713,357 transferable warrants, aggregating 51,441,400 pursuant to the brokered private placement, 1,634,450 pursuant to the non-brokered private placement, 10,637,507 pursuant to the rights offering and 44,000,000 pursuant to the secured credit transaction. Each warrant entitles the holder to purchase one Common Share at price of $0.20 for a period of 2 years from the issuance date.

In connection with the Brokered Private Placement and the Rights Offering, the Company issued 7,879,961 Agent warrants. Each Agent Warrant entitles the Agent to purchase, one Common Share and one-half of one warrant ("Agent's Unit Warrants") at a price of $0.05 for a period of 3 years from the issuance date; with an accelerated exercise provision attached to each commencing on the day following 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 $1.00, then the Company may elect to accelerate the expiry date by providing the broker's warrant holders, 30 days written notice together with the issue of a press release of the accelerated expiry date. Each Agent's Unit Warrant is exercisable into a further Common Share for 2 years from the issue date at an exercise price of $0.20 per Common Share, and are also subject to the accelerated exercise provision.

Based on the Financings completed on September 15, 2017, the Company granted stock options pursuant to a management agreement. 20,767,230 share options were granted at an exercise price of $0.05 per share and exercisable for a period of five years. These options were granted pursuant to the Company's existing incentive stock option plan and as such be subject to the general terms of the Option Plan and all applicable policies of the TSX Venture Exchange, including without limitation those that provide for maximum issuances to single participants under the Option Plan in any 12-month period.

Strategic Alliance Agreement:

The Company announced on August 29, 2016 that it had voided a strategic alliance agreement with Hemostemix Asia, Inc. ("HEMA"), a private, independent company based in Taipei, Taiwan. The agreement covered a manufacturing and commercial license of the Hemostemix ACP-01 technology to HEMA for treating critical limb ischemia (CLI) patients in Taiwan, China, and South Korea. According to the agreement, HEMA was supposed to raise US$5 million toward the implementation of their business plan and contribute up to 20 participants from three to five clinical sites in Taiwan to the ongoing Hemostemix phase-2 clinical trial for treating CLI. The agreement further designated Hemostemix as an equity partner with 35% ownership in HEMA. These obligations were not met as required.

HEMA proceeded to sue the Company over the termination of this agreement and is seeking $50,000,000 in damages.

On August 17, 2017, the Company reached an agreement HEMA to definitively resolve all outstanding matters with HEMA including the litigation against the Company being carried on by HEMA.

As part of the agreement, the Company has agreed to pay HEMA 217,000 which was made by way of the issuance of 4,340,000 common shares in the capital of the Company at $0.05 and is included in the shares for debt transaction of $366,991 completed on September 15, 2017. *[see note 9g]*. HEMA has released all claims against the Company. HEMA's litigation has now been discontinued on a without costs basis and the strategic alliance between the Company and HEMA has been terminated.

RESULTS OF OPERATIONS

Q3 Comparison of Expenses	Nine months ended Sept 30, 2017	Nine months ended Sept 30, 2016	Dollar Increase (decrease)	Percentage Increase (decrease)
Research and development salaries and related benefits	**214,660**	**528,886**	(314,226)	-59%
Research and development consulting fees	**20,243**	**352,283**	(332,040)	-94%
Consultant fees	**677,697**	**796,839**	(119,142)	-15%
Stock based compensation	**93,914**	**-**	93,914	100%
Lease and office maintenance	**182,426**	**424,021**	(241,595)	-57%
Professional fees	**1,162,648**	**641,892**	520,756	81%
Travel expenses	**-**	**90,049**	(90,049)	-100%
Depreciation	**28,671**	**28,912**	(241)	-1%
Accretion expense	**752,833**	**19,058**	733,775	3850%
Foreign exchange loss (gain)	**(61,044)**	**26,474**	(87,518)	-331%
Interest expense	**170,915**	**1,606**	169,309	10542%
Change in fair value of derivative	**(237,200)**	**-**	(237,200)	-100%
Net and comprehensive loss for the period before income tax expense	**(3,005,763)**	**(2,910,020)**	(95,743)	-3%
Income tax expense	**7,939**	**16,327**	(8,388)	-51%
Net and comprehensive loss for the period	**(3,013,702)**	**(2,926,347)**	(87,355)	3%

Analysis of expenses

Research and development salaries and related benefits for the nine months ended September 30, 2017 were $214,660 compared to $528,886 for the nine months ended September 30, 2016, a decrease of $314,226 or 59%. Towards the end of 2016, the research and development staff were reduced, and this continued through this fiscal year. Specifically, as the Company winds down its manufacturing facility in Israel by the end of 2017, it will result in lower salaries and benefits in 2017 compared to 2016.

Research and development consulting fees for the nine months ended September 30, 2017 were $20,243 compared to $352,283 for the nine months ended September 30, 2016, a decrease of $332,040 or 94%. As noted, the Company is now planning to continue clinical trials with several trial sites and implement a different operational process, centered in North America, that can result in significantly

better efficiencies and possible cost savings for future patient trials. The small costs incurred in the period relates to the retention of certain trial sites in North America and some small fees associated with them.

Consultant fees for the nine months ended September 30, 2017 were $677,697 compared to $796,839 for the nine months ended September 30, 2016 representing a decrease of $119,142 or 15%. This decrease is primarily due to the reorganization of key management consultants from last year to this year and the restructuring plans that are now underway with the appointed Chief Restructuring Officer and certain other outsourced resources.

Lease and office maintenance for the nine months ended September 30, 2017 was $182,426 compared to $424,021 for the nine months ended September 30, 2016 representing a decrease of $241,595 or 57%. Lease and office maintenance include rent for leased space for the laboratory in Israel, costs for supplies and materials, equipment rental, courier and utilities, communications and office administration. This cost decreased mainly due to the wind down and elimination of various operational costs as clinical trial activity was reduced and then stopped.

Professional fees for the nine months ended September 30, 2017 were $1,162,648 compared to $641,892 for the nine months ended September 30, 2016, representing a increase of $520,756 or 81%. Included in 2017 professional fees were accounting and legal fees related to several legal settlements, due diligence activity and restructuring activity and annual and special meeting task force as well as general accounting and legal costs all leading up to the financing event on September 15, 2017. Most of these legal costs were one-time costs relating to this restructuring process resulting in a large increase during this fiscal period.

Travel expenses for the nine months ended September 30, 2017 were $Nil compared to $90,049 for the nine months ended September 30, 2016, a decrease of $90,049 or 100%. This decrease is due to consultants not travelling during 2017.

Depreciation was $28,671 for the nine months ended September 30, 2017 compared to $18,912 for the nine months ended September 30, 2016, a decrease of $241 or 1%.

Accretion expense for the nine months ended September 30, 2017 was $752,833 compared to $19,058 in the same period of 2016. The accretion expense in the nine months ended September 30, 2017 represents amortization of the discount on the $644,000 convertible promissory notes payable and on the $1,000,000 convertible debenture which were issued on September 2, 2016. The promissory notes were converted to equity on January 25, 2017 and the debenture was converted on September 15, 2017. Upon conversion, interest was fully accreted up to the face value of the debt. Included in accretion expense is $65,492 related to the promissory notes payable and $687,341 related to the debenture in 2017. The amount of $19,058 in 2016 represents accretion on the promissory notes payable for the period September 2, 2016 to September 30, 2016.

Foreign exchange loss (gain) for the nine months ended September 30, 2017 was a gain of $61,044 compared to a loss of $26,474 for the nine months ended September 30, 2016, a change of $87,518.

The gain in 2017 relates to an unrealized foreign exchange gain from the large cash balance denominated in US currency at September 30, 2017. In the same period in 2016, the loss was due to the weakening of the CDN dollar from the beginning of 2016 to September 30, 2016.

Interest expense for the nine months ended September 30, 2017 was $170,915 compared to $$1,606 in the same period in 2016. The Company incurred $177,896 interest on the advances from the demand loan facility during 2017. The amount was partially offset by interest earned on proceeds held in escrow from financings completed in September 2017.

Change in fair value of derivative for the nine months ended September 30, 2017 was a gain of $237,200 compared to $nil in the same period of 2016. The derivative liability was re-valued on September 15, 2017 upon conversion of the debenture to common shares, resulting in a decrease in value which is recorded in the statement of loss.

Income taxes expense was $7,939 for the nine months ended September 30, 2017 compared to $16,327 for the nine months ended September 30, 2016, a decrease of 8,388. The income tax expense relates to the Israel operations for the nine months ended September 30.

LIQUIDITY AND CAPITAL RESOURCES

For the nine months ended September 30, 2017, there was a net cash outflow from operating activities of $(1,655,775) compared to a net cash outflow of $(2,258,707) for the nine months ended September 30, 2016, a decrease of $602,932:

Expressed in tabular form, the decrease in the net cash used for operations is as follows:

Increase in net loss for the period	(87,375)
Increase in stock compensation expense	93,914
Decrease in depreciation of fixed assets	(241)
Increase in accretion expense	733,775
Increase in interest expense	172,390
Change in fair value of derivative	(237,200)
Professional fees reimbursed in secured credit transaction	1,020,905
Change in other receivables and prepaid expenses	15,018
Change in HST receivable	19,908
Change in accounts payable and accrued liabilities	(1,122,430)
Change in Income taxes payable	(5,732)
Derease in the net cash used for operations	602,932

As at September 30, 2017 the Company had a working capital of $5,324,728 compared to a working capital deficit of $3,251,405 at December 31, 2016, an improvement of $8,576,133. This higher working capital surplus is a result of;

1) An increase in cash of $5,521,334;
2) An increase in HST receivable of $92,365;
3) An increase in other receivables and prepaid expenses of $72,403;
4) A decrease in accounts payable and accrued expenses of $1,031,393
5) A decrease in income taxes payable of $4,805;
6) A decrease of demand notes payable of $500,000;
7) A decrease of convertible promissory notes payable of $578,508,
8) A decrease in derivative liability of $775,325

Financings

During the nine months end September 30, 2017 the Company completed a series of financing transactions, including the conversion of debt into common shares, which improved its working capital position. On January 25, 2017, the Company converted $1,184,000 in debt with the issuance of 6,725,000 shares, as well $40,000 owed pursuant to a Right of First Refusal Waiver Agreement resulting in a further issuance of 200,000 Shares.

In January 2017, the Company also secured a credit facility. During the nine months ended September 30, 2017, a total of $1,250,000 in funding was advanced against this facility.

On September 15, 2017 the following transactions occurred:

As part of a non-brokered and brokered private placement the Company issued 102,882,800 common shares at $0.05 for gross proceeds of $5,144,140, and as part of a non-brokered private placement issued 3,268,900 common shares at $0.05 for gross proceeds of $163,445, amounting to total shares issued of 106,151,700 and for total gross proceeds of $5,307,585.

In connection with a Rights Offering, the Company raised gross proceeds of $1,063,751 through the issuance of 21,275,000 common shares at $0.05.

Completion a secured credit transaction consisting of converting its senior secured debt into equity. Pursuant to this transaction, 88,000,000 common shares were issued at $0.05 per common share for $4,400,000. As part of this secured credit transaction, the advances totaling $1,250,000 under the secured credit facility were repaid as well as the Secured debenture of $1,000,000.

Finally, the Company completed a series of shares for debt transactions with certain of the Company's creditors by issuing 6,664,886 common shares at a total value of $366,991.

Warrants

The Company issued a total of 107,713,357 share purchase warrants, aggregating 51,441,400 pursuant

to the brokered private placement, 1,634,450 pursuant to the non-brokered private placement, 10,637,507 pursuant to the rights offering and 44,000,000 pursuant to the secured credit transaction. Each warrant entitles the holder to purchase one Common Share at price of $0.20 for a period of 2 years from the issuance date, with an accelerated exercise provision attached to each Warrant commencing on the day following the issue date and the expiry of any 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 $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.

In addition, in connection with the Brokered Private Placement and the Rights Offering respectively, the Company issued 7,879,961 Agent Warrants. Each Agent Warrant entitles the Agent to purchase, one Common Share and one-half of one warrant ("Agent's Unit Warrants".) at a price of $0.05 for a period of 3 years from the issuance date; with an accelerated exercise provision attached to each Agent warrant commencing on the day following 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 $1.00, then the Company may elect to accelerate the expiry date by providing the broker's warrant holders, 30 days written notice together with the issue of a press release of the accelerated expiry date. Each Agent's Unit Warrant is exercisable into a further Common Share for 2 years from the issue date at an exercise price of $0.20 per Common Share, and are also subject to the accelerated exercise provision.

Share Options

Based on the Financings completed on September 15, 2017, the Company granted stock options pursuant to a management agreement. 20,767,230 share options were granted at an exercise price of $0.05 per share and exercisable for a period of five years. These options were granted pursuant to the Company's existing incentive stock option plan and as such be subject to the general terms of the Option Plan and all applicable policies of the TSX Venture Exchange, including without limitation those that provide for maximum issuances to single participants under the Option Plan in any 12-month period. In addition, during the nine months ended September 30, 2017 1,550,000 share options at a price of $0.10 expired, and 200,000 share options at $0.10 were exercised for proceeds of $20,000.

Outstanding Share Data

As at September 30, 2017, the number of outstanding shares was 296,874,720 (December 31, 2016 – 67,858,119).

As at November 29, 2017 the number of shares outstanding remained at 296,874,720.

As at September 30, 2017, the Company had 21,687,230 share purchase options outstanding (December 31, 2016 – 2,670,000).

As at November 29, 2017, the number of outstanding share purchase options remained at 21,687,230.

As at September 30, 2017, the Company had 117,479,010 share purchase warrants outstanding (December 31, 2016 – 1,885,691).

As at November 29, 2017 the number of outstanding warrants remained at 117,479,010.

SEGMENTED INFORMATION

The Company had two geographical segments as at and for the nine months ended September 30, 2017 and 2016 respectively, comprising head office and general operations of Hemostemix Inc. in Canada and its wholly-owned subsidiary, Hemostemix Ltd. in Israel.

	Nine months ended September 30, 2017			Nine months ended September 30, 2016		
	Canada	**Israel**	**Total**	Canada	Israel	Total
Current assets	**5,789,776**	**21,599**	**5,811,375**	209,683	20,322	230,005
Total assets	**5,789,776**	**94,766**	**5,884,542**	209,683	183,802	393,485
Total liabilities	**409,030**	**77,617**	**486,647**	2,935,494	115,200	3,050,694
Depreciation	**-**	**28,671**	**28,671**	-	28,912	28,912
Total expenses	**2,604,594**	**401,169**	**3,005,763**	2,080,794	829,226	2,910,020
Income tax (recovery) expense	**-**	**7,939**	**7,939**	-	16,327	16,327
Net and comprehensive income (loss)	**2,604,594**	**409,108**	**3,013,702**	2,080,794	845,553	2,926,347

SIGNIFICANT ACCOUNTING POLICIES

Refer to Note 2 in the audited annual consolidated financial statements for a detailed description of our significant accounting policies.

STANDARDS ISSUED BUT NOT YET ADOPTED

The following are not expected to be adopted prior to their effective dates, and are being evaluated to determine their impact on the Company.

IFRS 9, Financial Instruments

IFRS 9 – Financial Instruments was issued by the IASB to establish principles for the financial reporting of financial assets and liabilities, including requirements to present certain information relating to the amounts, timing, and uncertainty of the entity's future cash flows. This standard is mandatorily effective from January 1, 2018, with earlier application permitted. Management intends to adopt IFRS 9 on its effective date and has not yet determined the potential impact on the Company's consolidated financial statements.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers is effective for annual periods beginning on or after January 1, 2018, and provides new requirements for recognizing revenue. IFRS 15's core principle is for a company to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. IFRS 15 sets out enhanced disclosures about revenue, provides guidance for transactions that were not previously addressed comprehensively and improves guidance for multiple-element arrangements. The Company intends to adopt the new Standard on its effective date and has yet to consider the impact on its financial reporting.

IFRS 16 – Leases

IFRS 16 - Leases sets out a new model for lease accounting, replacing IAS 17. IFRS 16 will be effective for accounting periods beginning on or after January 1, 2019. Early adoption will be permitted, provided the Company adopts IFRS 15.

COMMITEMENTS AND CONTINGENCIES

Contingencies

In 2015, the Company was party to a claim made by a former officer and director related to share options held in escrow. While management reached a settlement with this individual the Company has included the payments owing in accounts payable in the amount of $60,000 on December 31, 2016 and $10,000 on September 30, 2017 and any unexercised options remain issued and outstanding.

In 2015, the Company was party to a claim made by a former officer related to salary, bonus and options. Management settled the claim on August 12, 2016 in the amount of $170,000 which has been paid in full as of September 30, 2017.

In 2016, the Company was party to a claim made by a former officer and a Company controlled by this officer who have sued based on a historical consulting services agreement. The Company disputes the amounts claimed, but did not have the financial resources available to defend this litigation in the ordinary course of business, and thus, this party has obtained a judgement in the total amount $345,539. (December 31, 2016 - $345,539) The Company finalized a full and final settlement with this party for $120,000, of which $60,000 was paid in cash and $60,000 was settled by way of the issuance of 1,200,000 common shares at $0.05 included in shares for debt transaction of $366,991.

Consulting Agreement

The Company entered an agreement with Topstone Research Inc. (“Topstone”) on September 8, 2017 to provide clinical research. The value payment for services to Topstone in the agreement is approximately $1.686 million to be allocated over the 28-month span of the trial as the expenses are incurred. As at September 30, 2017, the Company paid Topstone $5,288.

Licensing Agreement

In 2015, the Company announced that it had formed a strategic alliance with Hemostemix Asia, Inc. ("HEMA"), a private, independent company based in Taipei, Taiwan. The agreement covered a manufacturing and commercial license to HEMA in Taiwan, China and South Korea.

On August 29, 2016, the Company announced that it has terminated this agreement with HEMA. HEMA initially sued the Company over the termination of this agreement and is seeking $50,000,000 in damages.

On August 17, 2017, the Company reached an agreement HEMA to definitively resolve all outstanding matters with HEMA including the litigation against the Company being carried on by HEMA. As part of the agreement, the Company has agreed to pay HEMA 217,000 was made by way of the issuance of 4,340,000 common shares in the capital of the Company at $0.05 and is included in the shares for debt transaction of $366,991 completed on September 15, 2017. HEMA has released all claims against the Company. HEMA's litigation has now been discontinued on a without costs basis and the strategic alliance between the Company and HEMA has been terminated.

Management Agreement

Effective December 16, 2016, the Company entered into a Management Contractor Agreement to oversee and manage a reorganization of the Company including the appointment of a new board of directors and management team. The agreement has a term of two years and the contractor will be compensated based on 15% of total operating expenses over the term of the agreement and options to acquire 7% of the Company's outstanding shares.

Under the terms of this agreement, Kyle Makofka was appointed as Chief Restructuring Officer.

RELATED PARTY BALANCES AND TRANSACTIONS

Related party transactions are conducted on the terms and conditions agreed to by the related parties. It is the Company's policy to conduct all transactions and settle all balances with related parties on market terms and conditions.

The following includes all compensation to key management personnel:
The Company incurred $629,787 in consulting fees to the CFO of the Company and the management contractor, who is providing a Chief Restructuring Officer, Accountant and technical consultant among other services, during the nine-month period ended September 30, 2017 (September 30, 2016 - $363,686 in consulting fees to a director and officer and two other officers one of which is a former director). As at September 30, 2017, the Company has $96,019 in accounts payable and accrued liabilities owing to this management company and officer (December 31, 2016 - $194,698).

On January 25, 2017, the Company secured a credit facility providing and initial $750,000 in funding at an annual rate of 12% compounded and payable (interest only) monthly from the company that is the management contractor for Hemostemix. In early 2017, the management contractor assigned the demand loan agreement and sold the related indebtedness of the Company to a company related to the management contractor company of Hemostemix. The Company received an additional $500,000

bringing total advances to $1,250,000. On September 15, 2017, as part of the secured credit transaction, this debt was converted into common shares of the Company.

In 2016, the Company received proceeds of $1,000,000 from the issuance of a convertible debenture. The debenture was acquired by the company that became the management contractor for Hemostemix on December 22, 2016. In early 2017, the debenture was sold to a company related to the management contractor company of Hemostemix. The debenture is non-interest bearing and due on September 2, 2019. On September 15, 2017, as part of a series of the secured credit transaction, this debenture was converted into common shares of the Company.

Proceeds of $76,000 were received from the exercise of 760,000 share options from 2 former directors of the Company in 2016.

Proceeds from directors and shareholders in the form of promissory notes payable issued during 2016 amounted to $464,000.

SUBSEQUENT EVENTS

$140,804 of subscriptions receivable relating to the private placements was received by the Company subsequent to end of the period on October 31, 2017.

DISCLOSURE CONTROLS, PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management has established and continues to complement a system of disclosure controls and procedures and internal controls over financial reporting. This system is designed to provide reasonable assurance that material information relating to the issuer and its subsidiaries are available and reported to senior management and permits timely decisions regarding public disclosure. As of September 30, 2017, the Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings are effective, except as noted below, to ensure that the information required to be disclosed in reports that are filed or submitted under Canadian Securities legislation are recorded, processed, summarized and reported within the time period specified in those rules.

The Company's disclosure controls and procedures are indicative of many small and growing companies. Consequently, management has identified certain weaknesses that currently exist in the disclosure controls and procedures including, but not limited to, the segregation of duties and expertise in specific areas of public disclosure. The existence of these weaknesses is partially compensated for by senior management monitoring these issues, and in the case of complex or extraordinary transactions, consulting with external experts to advise management in their analysis and conclusions.

Throughout the year management continued to address, as required, steps to improve disclosure controls and procedures and internal controls over financial reporting. However, no specific changes to disclosure controls and procedures were made during the period. The Company recognizes this is an ongoing and dynamic process and continues to focus on internal controls related to financial reporting and disclosure controls and procedures and is committed to further improvements in the future.

RISKS AND UNCERTAINTIES

Possible Failure to Realize Anticipated Benefits of the Arrangement

Hemostemix completed a "going public" transaction by way of a reverse take-over in November 2014, to create a stronger and better positioned entity to strengthen their position in the clinical stage biotechnology industry and to create the opportunity to realize certain benefits including, among other things, the commercialization of the stem cell industry, increased liquidity, greater access to capital markets and increased ability to pursue and the development and acquisition opportunities. Achieving the benefits of this transaction depends, in part, on successfully consolidating the operations of Hemostemix in an efficient manner. There can be no assurance that, after giving effect to the transaction, Hemostemix will be able to realize the anticipated growth opportunities and synergies required to achieve the anticipated benefits.

Biotech Public Market Risks

Prospects for companies in the biotechnology industry generally may be regarded as uncertain given the nature of the industry and, accordingly, investments in biotechnology companies should be regarded as speculative. Biotechnology research and development involves a significant degree of risk. An investor should carefully consider the risks and uncertainties described below. The risks and uncertainties described below are not an exhaustive list. Additional risks and uncertainties not presently known to Hemostemix or that Hemostemix believes to be immaterial may also adversely affect Hemostemix business. If any one or more of the following risks occur, Hemostemix business, financial condition and results of operations could be seriously harmed. Further, if Hemostemix fails to meet the expectations of the public market in any given period, the market price of Hemostemix Shares could decline.

Early Stage Development and Scientific Uncertainty

Hemostemix products are at an early stage of development. Significant additional investment in research and development, product validation, technology transfer to manufacturing, production scale-up, manufacturing, clinical testing, and regulatory submissions of such product candidates is required prior to commercialization. There can be no assurance that any such products will actually be developed. The development and regulatory processes may require access to raw materials and inputs which may not be available to Hemostemix in sufficient amounts or in a timely fashion to allow Hemostemix to complete the development or receive regulatory approval of any product or process. A commitment of substantial time and resources is required to conduct research and clinical trials if Hemostemix is to complete the development of any product. It is not known whether any of these product or process candidates will meet applicable health regulatory standards and obtain required regulatory approvals, or whether such products can be produced in commercial quantities at reasonable costs and be successfully marketed, or if Hemostemix 's investment in any such products

will be recovered through sales or royalties.

Additional Financing Requirements and Access to Capital

Hemostemix will require substantial additional funds for further research and development, planned clinical testing, regulatory approvals, establishment of manufacturing capabilities and, if necessary, the marketing and sale of its products. Hemostemix may attempt to raise additional funds for these purposes through public or private equity or debt financing, collaborations with other biopharmaceutical companies and/or from other sources. There can be no assurance that additional funding or partnership will be available on terms acceptable to Hemostemix and which would foster successful commercialization of Hemostemix products.

Government Regulations

Biotechnology and pharmaceutical companies operate in a high-risk regulatory environment. The manufacture and sale of animal and human diagnostic and therapeutic products is governed by numerous statutes and regulations in the United States, Canada and other countries where Hemostemix intends to market its products. The subject matter of such legislation includes approval of manufacturing facilities, controlled research and testing procedures, review and approval of manufacturing, preclinical and clinical data prior to marketing approval, as well as regulation of marketing activities, notably advertising and labelling.

The process of completing clinical testing and obtaining required approvals is likely to take several years and require the expenditure of substantial resources. Furthermore, there can be no assurance that the regulators will not require modification to any submissions which may result in delays or failure to obtain regulatory approvals. Any delay or failure to obtain regulatory approvals could adversely affect the ability of Hemostemix to utilize its technology, thereby adversely affecting operations. Further, there can be no assurance that Hemostemix diagnostic product candidates will achieve levels of sensitivity and specificity sufficient for regulatory approval or market acceptance, or that its therapeutic product candidates prove to be safe and effective in clinical trials, or receive the requisite regulatory approval. There is no assurance that Hemostemix will be able to timely and profitably produce its products while complying with all the applicable regulatory requirements. Foreign markets, other than the United States and Canada, impose similar restrictions.

Hazardous Materials and Environmental Matters

Certain of Hemostemix research and development processes may involve the controlled use of hazardous materials. Hemostemix is subject to federal, provincial and local laws and regulations governing the use, manufacture, storage, handling and disposal of such materials and certain waste products. Although management of Hemostemix believes that its procedures for handling and disposing of such materials comply with the standards prescribed, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, Hemostemix could be held liable for damages and such liability could exceed the resources of Hemostemix. Hemostemix is not specifically insured with respect to this liability. Although management of Hemostemix believes that it currently complies in all material respects with applicable environmental laws and regulations, Hemostemix may be required to incur significant costs to comply with environmental laws and regulations in the future. Furthermore, there can be no

assurance that the operations, business or assets of Hemostemix will not be materially adversely affected by current or future environmental laws or regulations.

Patents and Proprietary Technology

Hemostemix success will depend in part on its ability to obtain, maintain, and enforce patent rights, maintain trade secret protection and operate without infringing the proprietary rights of third parties. There can be no assurance that pending patent applications will be allowed, that Hemostemix will develop additional proprietary products that are patentable, that issued patents will provide Hemostemix with any competitive advantage or will not be challenged by any third parties, or that patents of others will not have an adverse effect on the ability of Hemostemix to do business.

Furthermore, there can be no assurance that others will not independently develop similar products, duplicate any of the Hemostemix products, or design around the products patented by Hemostemix. In addition, Hemostemix may be required to obtain licenses under patents or other proprietary rights of third parties. No assurance can be given that any licenses required under such patents or proprietary rights will be available on terms acceptable to Hemostemix. If Hemostemix does not obtain such licenses it could encounter delays in introducing one or more of its products to the market, while it attempts to design around such patents, or could find that the development, manufacturing or sale of products requiring such licenses could be foreclosed. In addition, Hemostemix could incur substantial costs in defending itself in suits brought against it on such patents or in suits where it attempts to enforce its own patents against other parties.

Until such time, if ever, that patent applications are filed, the ability of Hemostemix to maintain the confidentiality of its technology may be crucial to its ultimate possible commercial success. While Hemostemix has adopted procedures designed to protect the confidentiality of its technology, no assurance can be given that such arrangements will be effective, that third parties will not gain access to Hemostemix trade secrets or disclose the technology, or that Hemostemix can meaningfully protect its rights to its trade secrets.

Dependence on Collaborative Partners, Licensors and Others

Hemostemix activities will require it to enter into various arrangements with corporate and academic collaborators, licensors, licensees and others for the research, development, clinical testing, manufacturing, marketing and commercialization of its products. Hemostemix intends to attract corporate partners and enter into additional research collaborations. There can be no assurance, however, that Hemostemix will be able to establish such additional collaborations on favorable terms, if at all, or that its current or future collaborations will be successful. Failure to attract commercial partners for its products may result in Hemostemix incurring substantial clinical testing, manufacturing and commercialization costs prior to realizing any revenue from product sales or result in delays or program discontinuance if funds are not available in sufficient quantities.

If any collaborative partner fails to develop, manufacture, or commercialize successfully any product to which it has rights, or any partner's product to which Hemostemix will have rights, Hemostemix business may be adversely affected. Failure of a collaborative partner to continue to participate in any particular program could delay or halt the development or commercialization of products generated from such program. In addition, there can be no assurance that the collaborative partners will not pursue other technologies or develop alternative products either alone or in collaboration with others,

including Hemostemix competitors, as a means for developing treatments for the diseases targeted by Hemostemix programs.

Furthermore, Hemostemix will hold licenses for certain technologies and there can be no assurance that these licenses will not be terminated, or that they will be renewed on conditions acceptable to Hemostemix. Hemostemix intends to negotiate additional licenses in respect of technologies developed by other companies and academic institutions. Terms of license agreements to be negotiated may include, inter alia, a requirement to make milestone payments, which may be substantial. Hemostemix will also be obligated to make royalty payments on the sales, if any, of products resulting from licensed technology and, in some instances, may be responsible for the costs of filing and prosecuting patent applications. Should any of Hemostemix licensees breach their regulatory, clinical, operational or legal requirements this may impact Hemostemix reputation and/or ability to conduct its business or make progress as anticipated.

Rapid Technological Change

The biotechnology and pharmaceutical industries are characterized by rapid and substantial technological change. There can be no assurance that developments by others will not render Hemostemix proposed products or technologies noncompetitive, or that Hemostemix will keep pace with technological developments. Competitors have developed or are developing technologies that could be the basis for competitive products. Some of these products have an entirely different approach or means of accomplishing the desired diagnostic or therapeutic effect as compared with products to be developed by Hemostemix, and could be more effective and less costly than the products to be developed by Hemostemix. In addition, alternative forms of medical treatment may be competitive with Hemostemix products.

Competition

Technological competition from pharmaceutical companies, biopharmaceutical companies and universities is intense and is expected to increase. Potential competitors of Hemostemix have or may develop product development capabilities or financial, scientific, marketing and human resources exceeding those of Hemostemix. Competitors may develop products before Hemostemix develops its own products, obtain regulatory approval for such products more rapidly than Hemostemix, or develop products which are more effective than those which Hemostemix intends to develop. Research and development by others may render Hemostemix proposed technology or products obsolete or non-competitive or produce treatments or cures superior to any therapy developed or to be developed by Hemostemix, or otherwise preferred to any therapy developed by Hemostemix.

Status of Healthcare Reimbursement

Hemostemix 's ability to successfully market certain diagnostic or therapeutic products may depend in part on the extent to which reimbursement for the cost of such products and related treatments will be available from government health administration authorities, private health insurers and other organizations. Significant uncertainty exists as to whether newly approved healthcare products will qualify for reimbursement. Furthermore, challenges to the price of medical products and services are becoming more frequent. There can be no assurance that adequate third-party coverage will be available to establish price levels, which would allow Hemostemix to realize an acceptable return on

its investment in product development.

Potential Product Liability

Pharmaceutical products involve an inherent risk of product liability claims and associated adverse publicity. Product liability insurance is costly; availability is limited and may not be available on terms which would be acceptable to Hemostemix, if at all. An inability to maintain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of Hemostemix 's products. A product liability claim brought against Hemostemix, or withdrawal of a product from the market, could have a material adverse effect upon Hemostemix and its financial condition.

Manufacturing

Hemostemix product manufacturing is currently done at a single facility without secondary backup. Hemostemix ability to conduct its clinical trial depends on its uninterrupted ability to manufacture product and ship product in and out of its facility location.

Reliance on Key Personnel

Hemostemix is dependent on certain members of its management and scientific staff as well as consultants and contractors, the loss of services of one or more of whom could adversely affect Hemostemix. In addition, Hemostemix's ability to manage growth effectively will require it to continue to implement and improve its management systems and to recruit and train new employees. There can be no assurance that Hemostemix will be able to successfully attract and retain skilled and experienced personnel.

Lack of Product Revenues and History of Losses

To date, Hemostemix has not recorded any revenues from the sale of biopharmaceutical products. Hemostemix expects to incur additional losses during the periods of research and development, clinical testing, and application for regulatory approval of its product candidates. Hemostemix expects to incur losses unless and until such time as payments from corporate collaborations, product sales and/or royalty payments generate sufficient revenues to fund its continuing operations.

Volatility of Share Price, Absence of Dividends and Fluctuation of Operating Results

Market prices for the securities of biotechnology companies, including Hemostemix, have historically been highly volatile. Factors such as fluctuation of Hemostemix operating results, announcements of technological innovations, patents or new commercial products by Hemostemix or competitors, results of clinical testing, regulatory actions, or public concern over the safety of biopharmaceutical products and other factors could have a significant effect on the share price or trading volumes for the common shares. Hemostemix Shares, if traded publically, may be subject to significant price and volume fluctuations and may continue to be subject to significant price and volume fluctuations in the future. Hemostemix has not paid dividends to date and does not expect to pay dividends in the foreseeable future.

Conflict of Interest

Certain of the directors and senior officers of Hemostemix may, from time to time, be employed by or affiliated with organizations which have entered into agreements with Hemostemix. As disputes may arise between these organizations and Hemostemix, or certain of these organizations may undertake or have undertaken research with competitors of Hemostemix, there exists the possibility for such persons to be in a position of conflict. Any decision or recommendation made by these persons involving Hemostemix will be made in accordance with his or her duties and obligations to deal fairly and in good faith with Hemostemix and such other organizations. In addition, as applicable, such directors and officers will refrain from voting on any matter in which they have a conflict of interest.

No Key Man Insurance

The Company does not currently have key man insurance in place in respect of any of its senior officers or personnel

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The Company's main focus is to develop autologous, blood-derived cell therapies primarily for the treatment of severe medical conditions not adequately addressed by current treatments. The Company is currently conducting a Phase 2 clinical trial in patients with critical limb ischemia.

To achieve commercialization of its products, the Company must obtain regulatory approval in each respective jurisdiction it intends to market its products. Management of Hemostemix believes it may be possible to achieve this in certain jurisdictions on the basis of positive phase 2 clinical trial data, but in most jurisdictions additional clinical data from larger clinical trials will be required to obtain such approval.

Hemostemix does not currently distribute any commercial products or provide any commercial services in any markets. Future revenues should come through royalty payments from partnering, or through direct commercialization of its products.