



## Hemostemix Completes Conversion of Subscription Receipts and Secured Credit Financing

NOT FOR DISSEMINATION TO U.S. WIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

BLACKFALDS, Alberta, Sept. 15, 2017 -- **Hemostemix Inc.** ("**Hemostemix**" or the "**Company**") (TSX VENTURE:HEM) is pleased to announce that the Company has completed the conversion of the subscription receipts from its previously announced brokered private placement of subscription receipts (the "**Brokered Private Placement**"), a related non-brokered private placement of subscription receipts (the "**Non-Brokered Private Placement**") and the offering of rights (the "**Rights Offering**"), while concurrently converting the previously announced non-brokered senior secured debt financing (the "**Secured Credit Transaction**") and completing a series of shares for debt transactions with certain of the Company's creditors by issuing common share in the capital of Hemostemix (each a "**Common Share**") to such creditors in full satisfaction of trade payables and other debts payable (the "**Shares for Debt Transactions**").

Collectively, these transactions (the "**Financings**") have generated gross proceeds of CAD\$11,138,326.70, aggregating \$5,144,140 from the Brokered Private Placement, \$163,445 from the Non-Brokered Private Placement, \$1,063,750.75 from the Rights Offering, \$4,400,000 from the Secured Credit Transaction and \$366,990.95 from the Shares for Debt Transactions.

The Financings have resulted in the Company issuing a total of 222,091,601 Common Shares, aggregating 102,882,800 pursuant to the Brokered Private Placement, 3,268,900 pursuant to the Non-Brokered Private Placement, 21,275,015 pursuant to the Rights Offering, 88,000,000 pursuant to the Secured Credit Transaction and 6,664,886 pursuant to the Shares for Debt Transactions, resulting in a post-closing total of 296,674,720 outstanding Common Shares.

In addition to the Common Share issuances, the Financings have resulted in the Company issuing a total of 107,713,357 transferable warrants (each whole warrant, a "**Warrant**"), 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. No Warrants were issued pursuant to the Shares for Debt Transactions. Each Warrant will entitle the holder thereof to purchase one Common Share (a "**Warrant Share**") at price of \$0.20 for a period of 2 years from today's date (the "**Release Date**"), with an accelerated exercise provision attached to each Warrant commencing on the day following (x) the Release Date 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 \$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.

Pursuant to the Agency Agreement and the Soliciting Dealer Agreement between the Company and PI Financial Corp. ("**PI**" or the "**Agent**") related to the Brokered Private Placement and the Rights Offering respectively, the Company has paid a cash commission of \$370,148.04, as well as a corporate finance fee of \$30,000 + \$1,500 GST for a total of \$31,500 and all reasonable costs and expenses related to the Brokered Private Placement and the Rights Offering.

Further, the Company has now issued to the Agent 7,879,961 warrants (the "**Agent's Warrants**"). Each Agent's Warrant entitles the Agent to purchase, at an exercise price equal to \$0.05, one unit (each an "**Agent'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 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 Agent's Unit Warrant holders, 30 days written notice together with the issue 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.

Based on the Financings having been completed, the Company is now due to grant stock options pursuant to the previously announced management contractor agreement (the "**Management Agreement**") with Drive Capital, pursuant to which Drive Capital is to be compensated in part by way of options to acquire Common Shares to be granted from time to time in an amount equivalent to seven percent (7%) of the Company's total issued and outstanding shares (the "**Option Pool**"). A financing, such as the Financings, was an initial threshold prior to any such grants being authorized, so as a result, up to this point no such options have been granted. Accordingly, based on the Management Agreement 20,767,230 grants from this Option Pool are now to be allocated as determined by Drive Capital, among new management and/or consultants of the Company recruited and/or engaged during the term of the Management Agreement as well as to Drive Capital, all with an exercise price being the equivalent of the per share price of the Financings generally (\$0.05 per share) and exercisable for a period of five years. Grants from this Option Pool will be made pursuant to the Company's existing incentive stock option plan ("**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. The Company and Drive Capital expect that, in addition to compensating Drive Capital directly, grants from the Option Pool will be used to attract and retain new management and/or consultants and other qualified personnel, and motivate them to achieve the Company's strategic objectives in conjunction with the long-term interests of shareholders.

Kyle Makofka, Chief Restructuring Officer commented, "The completion of these financings represent further very positive steps for the Company and represent the culmination of a tremendous amount of collective effort from our new and growing team together with the critical support of PI Financial, its syndicate partners, our various stakeholders and all of the investors whether they were continuing to show their support with us or joining our story for the first time. This is the type of longer-term and larger financing that the Company has needed for a long time. This should provide the Company with enough resources to legitimately support and execute on its goals of: (a) reaching the interim data analysis results stage of its multicenter, phase 2 clinical trial for patients with critical limb ischemia (CLI), and (b) commencing work on application for new clinical trial for patients with heart disease."

## **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](http://hemostemix.com) or email [office@hemostemix.com](mailto:office@hemostemix.com).

Contact:

Kyle Makofka,  
Chief Restructuring Officer  
Bay 1, 5220 Duncan Avenue,  
PO Box 10  
Blackfalds, Alberta T0M 0J0  
Phone: (403) 506-3373  
E-Mail: [kmakofka@drivecapital.ca](mailto:kmakofka@drivecapital.ca)

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## **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.