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HEMOSTEMIX INC.

Hemostemix Announces CDN\$4,400,000 Senior Secured Debt Financing and Plans to Undertake a Private Placement for up to CDN\$8,000,000

April 10, 2017, Blackfalds, Alberta

April 10, 2017, Blackfalds, Alberta - Hemostemix Inc. ("Hemostemix" or the "Company") (TSX VENTURE: HEM) is pleased to announce that an agreement has been reached with Wood Capital Ltd. ("Wood Capital"), a Barbados-based private equity investment firm, on a non-brokered senior secured debt financing of CDN\$4,400,000 in one or more tranches (the "Loan" or the "Secured Debt Financing"). Possible conversion privileges relating to the Loan (as described below) will be subject to regulatory and shareholder approval. The agreement with Wood Capital also contemplates that the Company is to complete a non-brokered or brokered private placement or placements (the "Private Placement Financing") of a minimum of CDN\$4,000,000 (the "Minimum Offering") up to a maximum of \$8,000,000 (the "Maximum Offering") on terms substantially similar to the conversion privileges in respect of the Secured Debt Financing.

Secured Debt Financing

CDN\$2,400,000 of the proceeds from this financing (more or less) will be used to refinance by paying out and satisfying in full: (a) the CDN\$1,000,000 secured convertible debenture originally issued September 2, 2016, (b) all outstanding secured credit obligations related to the Demand Loan Agreement dated January 10, 2017 (approximately CDN\$750,000), (c) the outstanding costs of Wood Capital (whether directly incurred or acquired by and assigned to it) related to due diligence investigation of the Company and the expenses of the concerned shareholders generally, related to the proxy contest in connection with the annual and special meeting of the shareholders of the Issuer held on September 8, 2016 (the "Contested Meeting") (approximately CDN\$500,000) and (d) the outstanding costs of Wood Capital (acquired by and assigned to it) related to due diligence investigation of the Company and the expenses of Drive Capital related to the proxy contest in connection with the Contested Meeting (approximately CDN\$150,000).

The remaining CDN\$2,000,000 in proceeds from this financing will be used to (a) pay critical operational requirements as consented to and authorized by Wood Capital, (b) clear all liens on all assets, (c) pay offering expenses related to this financing and the Private Placement Financing (described below), (d) secure additional management and required contractors and/or service providers as applicable, (e) advance the Company's multicenter, phase 2 clinical trial for patients with critical limb ischemia (CLI), including, but not limited to funding to obtain interim data related thereto, and (f) general working capital purposes.

Wood Capital and/or its designated nominee(s) (the "Lender") is expected to advance to the Company CDN\$1,000,000 as a bridge loan on or about April 13, 2017 (the "Bridge Financing Advance") and CDN\$2,400,000 as a bridge refinancing loan on or about April 28, 2017 (the

"Bridge Refinancing Advance"). It is anticipated that the remaining CDN\$1,000,000 will be advanced to the Company once all necessary shareholder and regulatory approvals having been obtained in respect of the conversion privileges in respect of the Loan.

The Loan is subject to 12% interest per annum, to be accrued and calculated monthly. The Loan is to be secured by one or more general security agreements and such other reasonable security against the assets of the Company as Wood Capital requires.

Subject to regulatory and shareholder approval, each holder (each a "Holder") of notes and accumulated interest relating to the Loan (each a "Note") shall be entitled to convert each Note to units of the Company ("Units"), each Unit consisting of one common share in the capital of the Company (each a "Share") and one half of one Share purchase warrant (each whole warrant being a "Warrant"). Each whole Warrant shall entitle the Holder to acquire one Share (each a "Warrant Share") upon payment of CDN\$0.25 within 24 months from the later of (a) the Secured Credit Closing Date and (b) the Private Placement Closing Date (described below), with a forced exercise provision attached to each Warrant commencing on the day following (a) the conversion of the applicable Note and (b) the expiry of any applicable hold period on the underlying Shares, stating that if, for ten consecutive trading days, the closing price of the listed shares of the Company exceeds CDN\$1.00 then the exercise period of the Warrants will be reduced to a period of 30 days following such trading days.

Any such conversion, as described above, shall be based on the following formula:

$$\text{Total number of Units} = \text{total accumulated value of Note} / \text{CDN}\$0.05$$

The conversion privileges described above may only be exercised if and when the Company obtains all regulatory and shareholder approval. If shareholder and/or regulatory approval is not obtained (or if the permitted conversion substantially differs from the terms described in the term sheet related to the Loan), each Holder will have the right to either (1) convert at the terms permitted by regulators and shareholders; or (2) redeem its Notes. The securities to be issued will have certain anti-dilution rights including price protection in relation to the Private Placement Financing.

There will be a forced conversion provision attached to each Note commencing on the day following (a) all necessary shareholder and regulatory approvals having been obtained in respect of the conversion privileges described above and (b) the initial Private Placement Closing Date (described below), stating that if, (x) all necessary shareholder and regulatory approvals have been obtained in respect of the conversion privileges for the Secured Debt Financing, and (y) the Minimum Offering is completed, each Holder shall be deemed to have submitted a notice of conversion with respect to any and all Notes held by them. Furthermore, the security of the Lender shall provide provisions for discharge upon full and final satisfaction of the Loan, including pursuant to the conversion of all of the Notes into Units.

Private Placement Financing

Concurrent with the Secured Debt Financing, the Company is to complete the Private Placement Financing of a minimum of CDN\$4,000,000 up to a maximum of \$8,000,000 on terms substantially similar to the conversion privileges in respect of the Secured Debt Financing. The

Private Placement Financing is expected to consist of the number of Units (as with the conversion privileges for the Notes, consisting of one Share and one half of one Warrant) to raise the gross proceeds of the Minimum Offering up to the Maximum Offering based on pricing of CDN\$0.05 per Unit or the "Discounted Market Price" as defined by the TSX Venture Exchange ("TSXV"), whichever is the greater amount. Pending the anticipated necessary shareholder approval related to the Secured Debt Financing, the Private Placement Financing may consist of an offering of subscription receipts (each a "Subscription Receipt") of the Issuer at the same pricing as would be applicable to Units. In the event of the issuance of Subscription Receipts, upon (a) necessary shareholder and regulatory approvals having been obtained in respect of the conversion privileges described in relation to the Secured Credit Financing, and (b) the Minimum Offering is completed, each Subscription Receipt shall be exchanged automatically, for no additional consideration, into one Unit. All Units, or alternatively all Subscription Receipts, subscribed for under the Private Placement Financing will be subject to the Escrow Release Conditions (described below).

The Private Placement may consist of one or more discrete offerings, the aggregate of which is to consist of the Minimum Offering and up to the Maximum Offering, including but not limited to rights offerings (each a "Rights Offering") consisting of:

- (a) a private placement to accredited investors with an invitation to any existing shareholders to participate in the Rights Offering if they are an accredited investor (an "Accredited Rights Offering"); and/or
- (b) a prospectus exempt Rights Offering pursuant to section 2.1 of *National Instrument 45-106 – Prospectus Exemptions* pursuant to the preparation and delivery to the Company's shareholders of a notice and circular (a "Notice and Circular Rights Offering").

The net proceeds of the Private Placement Financing (the "Escrowed Funds") shall be deposited into an interest-bearing escrow account through an escrow and/or subscription receipt agent (the "Escrow Agent"). The net proceeds, less any permitted expenses, will be released from escrow to the Company upon the Escrow Release Conditions being satisfied, which shall include: (a) necessary shareholder and regulatory approvals having been obtained in respect of the conversion privileges for the Secured Credit Financing, and (b) the Minimum Offering is completed. In the event that the Escrow Release Conditions do not occur prior to the date which is ninety (90) days following the initial Private Placement Closing Date (the "Escrow Deadline"), the Escrow Agent shall refund the Escrowed Funds together with the accrued interest to the subscribers to the Private Placement.

As described above, it is contemplated that the Private Placement may occur in two or more discrete transactions (the closing of each being a "Private Placement Closing"). It is further anticipated that a Private Placement Closing in respect of an Accredited Rights Offering is to occur on or about May 5, 2017, or such other date as may be agreed upon by the relevant parties and that a Private Placement Closing in respect of a Notice and Circular Rights Offering is to occur on or about May 26, 2017, or such other date as may be agreed upon by the relevant parties (each being a "Private Placement Closing Date").

If required by law or the Policies and Rules of the TSXV, the Company will call a special meeting of their shareholders (or arrange for the execution of written resolutions/consents of the shareholders) to approve the conversion privileges for Secured Credit Financing in accordance with all applicable laws and the Policies and Rules of the TSXV ("Shareholder Approval"). If a special meeting of the Issuer's shareholders is required, it is expected it shall be called for and convened on or before June 2, 2017 or such other date as mutually agreed to in writing by the Company and the Lender (the "Special Meeting").

With the consent of the Lender, also concurrent with the Secured Credit Financing, the Company is to settle debts with certain trade creditors and service providers by way of non-brokered shares for debt transactions whereby the Company will issue Shares in full or partial consideration of such debts (the "Shares for Debt"). The issuance of the Shares for Debt is expected to be issued on or before the initial Private Placement Closing Date and the Shares for Debt are not to be issued unless the Private Placement Financing is completed. The Shares for Debt are to be issued at a deemed price equivalent to the market price of the Shares at the time of the closing of the Private Placement Financing or such other price as may be dictated by the TSXV.

Assuming the completion of the Minimum Offering at a CDN\$0.05 Unit price, 80,000,000 Shares and 40,000,000 Warrants will be issued. If such Warrants were to be exchanged for Warrant Shares, the total Shares to be issued based on the Minimum Offering would be 120,000,000 Shares. Assuming the completion of the Maximum Offering at a CDN\$0.05 Unit price, 160,000,000 Shares and 80,000,000 Warrants will be issued. If such Warrants were to be exchanged for Warrant Shares, the total Shares to be issued based on the Maximum Offering would be 240,000,000 Shares.

Upon the advance of the entire CDN\$4,400,000 Loan, if the Lender converts all of the outstanding Notes to Shares in the Company, the Lender will obtain approximately 88,000,000 Shares and 44,000,000 Warrants. If such Warrants were to be exchanged for Warrant Shares, the total Shares obtained by the Lender would be 132,000,000 Shares. Such Shares would represent approximately 36.28% of the outstanding Shares assuming the completion of the Minimum Offering without the exchange of any Warrants or 40.42% if all Warrant Shares were also issued. Such Shares would represent approximately 27.28% of the outstanding Shares assuming the completion of the Maximum Offering without the exchange of any Warrants or 29.56% if all Warrant Shares were also issued. These percentages are presented without giving effect to or accounting for the Shares for Debt or the potential conversion of other convertible securities of the Company now outstanding (incentive stock options and warrants).

According to Angus Jenkins, Chair of the Company: "This financing is a very exciting development for Hemostemix. Not only will this arrangement provide for the consolidation and rationalization of our currently multi-layered secured credit in the immediate term, it also provides a backstop to support and leverage our efforts to secure longer-term, larger, more sustainable financing." Kyle Makofka, Chief Restructuring Officer of the Company agreed with Mr. Jenkins: "This arrangement should provide the Company with enough resources to rebuild its management team, support the Phase 2 Trial to the point of having interim data and analysis and to generally execute on a longer-term business plan."

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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