Hemostemix Announces $2,750,000 Convertible Debenture

written by Raj Shah | March 2, 2022

March 2, 2022 (Source) – Hemostemix Inc. (TSXV: HEM) (OTCQB: HMTXF) (FSE: 2VFO) ("**Hemostemix**" or the "**Company**") is pleased to announce that it has signed a binding term sheet for a private placement of convertible debentures in the amount of $2,549,000, and is offering the same terms to accredited investors who are shareholders of record of March 3, 2022, enabling the Company to accept or reject in its sole discretion, proceeds of up to $2,750,000. The use of proceeds is for general working capital purposes.

The debenture Unit offering (the "**Debenture Offering**") is a five-year secured 8% non-transferrable convertible debenture, with conversion at the option of the holder that consists of up to 2,750 debenture units (each, a "**Debenture Unit**") priced of $1,000 per Debenture Unit. Each Debenture Unit consists of a $1,000 principal amount debenture (each, a "**Debenture**") and 5,882 transferable Debenture Warrants. The Debentures mature five years from the closing date (the "**Maturity Date**") and bears interest ("**Interest**") at a rate of 8% per annum, payable quarterly in arrears in cash or Common Shares at the option of the Company. The principal amount of the Debentures may be convertible at the option of the Holder into Common Shares of the Company ("**Debenture Shares**") at a price of $0.17 per Common Share (the "**Conversion Price**"). At the election of the Company, any accrued and unpaid Interest may be converted into Common Shares of the Company at a conversion price equal to the Market Price (as such term is defined in the Polices of the TSX

Venture Exchange (the "**Exchange**") at the time of such conversion) but not less than the Conversion Price of the Debenture. Each Debenture Warrant entitles the holder to acquire one Common Share at a price of $0.20 per Common Share for a period of 60 months from the closing of the Debenture Offering. The Debenture Units and any Common Shares resulting from conversion of the Debentures or the exercise of Debenture Warrants will be subject to a hold period, if applicable.

OTHER INFORMATION IN RESPECT OF THE DEBENTURE OFFERING

The binding Term Sheet signed by a director of the Company (the "**Director**") is for $2,549,000 of Debenture Units in the Debenture Offering, which constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("**MI 61-101**") and the policies of the Exchange. For such participation, the Company will be relying upon exemptions from the formal valuation and minority shareholder approval requirements pursuant to sections 5.5(b) and 5.7(1)(a), respectively, of MI 61-101 on the basis that the Company is not listed on a specified stock exchange and, that at the time the Offerings are agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction insofar as it involves an interested party (within the meaning of MI 61-101) in the Offerings, will exceed 25% of the Company's market capitalization calculated in accordance with MI 61-101. No special committee was established in connection with the Debenture Offering. The Board of Directors of the Company have approved the Debenture Offering and no materially contrary view or abstention was expressed or made by any director in relation to the Debenture Offering other than the abstention of the Director-subscriber as required pursuant to the Business Corporations Act (Alberta). The material change report to be

filed in relation to the Debenture Offering will not be not filed at least 21 days prior to the completion of the Debenture Offering as contemplated by MI 61-101. The Company believes that this shorter period is reasonable and necessary in the circumstances.

ABOUT HEMOSTEMIX

Hemostemix is a publicly traded autologous stem cell therapy company, founded in 2003. A winner of the World Economic Forum Technology Pioneer Award, the Company developed and has published seven peer reviewed articles about the safety and efficacy of its lead product ACP-01 as a treatment of CLI, PAD, Angina, Ischemic Cardiomyopathy, Dilated Cardiomyopathy and other conditions of ischemia. ACP-01 has been used to treat over 300 patients, and it is the subject of a randomized, placebo-controlled, double blind trial of its safety and efficacy in patients with advanced critical limb ischemia who have exhausted all other options to save their limb from amputation.

On October 21, 2019, the Company announced the results from its Phase II CLI trial abstract presentation entitled “Autologous Stem Cell Treatment for CLI Patients with No Revascularization Options: An Update of the Hemostemix ACP-01 Trial With 4.5 Year Follow-up” which noted healing of ulcers and resolution of ischemic rest pain occurred in 83% of patients, with outcomes maintained for up to 4.5 years.

The Company owns 91 patents across five patent families titled: Regulating Stem Cells, In Vitro Techniques for use with Stem Cells, Production from Blood of Cells of Neural Lineage, and Automated Cell Therapy. For more information, please visit **www.hemostemix.com.**

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Forward-Looking Information*: This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein are forward-looking information. In particular, this news release contains forward-looking information in relation to: the completion of a convertible debenture financing, the lead product ACP-01 and the commercialization of ACP-01. There can be no assurance that such forward-looking information will prove to be accurate. Actual results and future events could differ materially from those anticipated in such forward-looking information. This forward-looking information reflects Hemostemix's current beliefs and is based on information currently available to Hemostemix and on assumptions Hemostemix believes are reasonable. These assumptions include, but are not limited to: the underlying value of Hemostemix and its Common Shares; the successful resolution of the litigation that Hemostemix is pursuing or defending (the "**Litigation**"); the results of ACP-01 research, trials, studies and analyses, including the analysis being equivalent to or better than previous research, trials or studies as well as management's expectations of anticipated results; Hemostemix's general and administrative costs remaining constant; the receipt of all required regulatory approvals for research, trials or studies; the level of activity, market acceptance and market trends in the healthcare sector; the economy generally; consumer interest in Hemostemix's services*

and products; competition and Hemostemix's competitive advantages; and Hemostemix obtaining satisfactory financing to fund Hemostemix's operations including any research, trials or studies, and the Litigation. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Hemostemix to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: the ability of Hemostemix to complete its current CLI clinical trial, complete a satisfactory analyses and the results of such analyses and future clinical trials; litigation and potential litigation that Hemostemix may face; general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; delay or failure to receive board or regulatory approvals; the actual results of future operations including the actual results of future research, trials or studies; competition; changes in legislation affecting Hemostemix; the timing and availability of external financing on acceptable terms; long-term capital requirements and future developments in Hemostemix's markets and the markets in which it expects to compete; lack of qualified, skilled labour or loss of key individuals; and risks related to the COVID-19 pandemic including various recommendations, orders and measures of governmental authorities to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, service disruptions, quarantines, self-isolations, shelters-in-place and social distancing, disruptions to markets, disruptions to economic activity and financings, disruptions to supply chains and sales channels, and a deterioration of general economic conditions including a possible national or global recession or depression; the potential impact that the COVID-19 pandemic may have on

Hemostemix which may include a decreased demand for the services that Hemostemix offers; and a deterioration of financial markets that could limit Hemostemix's ability to obtain external financing. A description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in Hemostemix's disclosure documents on the SEDAR website at www.sedar.com. Although Hemostemix has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this news release is expressly qualified by this cautionary statement. The forward-looking information contained in this news release represents the expectations of Hemostemix as of the date of this news release and, accordingly, it is subject to change after such date. However, Hemostemix expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.