

Theralase Provides Clarification Regarding Certain Forward-Looking Statements

Toronto, Ontario – June 30, 2017 - Further to its press releases dated November 1, 2016, May 1, 2017 and May 30, 2017, Theralase Technologies Inc. (“Theralase” or the “Corporation”) (TSXV:TLT) (OTCQX:TLTFF), a leading biotech company focused on the commercialization of medical devices to eliminate pain and the development of Photo Dynamic Compounds to destroy cancer, wishes to provide clarification with respect to certain forward-looking statements included in a number of historical interviews conducted with management representatives from 2010 to 2016 and in certain corporate presentations prepared by the Corporation between 2013 and 2016.

Such forward-looking statements included statements with respect to projected sales of up to \$10 million per year for upcoming fiscal years, as well as certain other long term projections. Such statements may constitute forward-looking information within the meaning of National Instrument 51-102 - *Continuous Disclosure* and certain of those projections were subject to various underlying assumptions including:

- Ability to execute on a strategic marketing strategy, which introduced and positioned the TLC-2000 in relation to legacy and competitive products;
- Ability to ramp-up manufacture of the TLC-2000 to commercial production levels;
- Ability to implement a “recurring revenue model” (involving mid- to long-term equipment lease and service fees) in the near term in order to promote higher adoption rates for the TLC-2000;
- Ability to recruit, train and retain an experienced sales force to levels required to attain projected sales growth;
- Ability to attract Key Opinion Leaders (“KOLs”) to utilize the TLC-2000 to provide support for the wide spread implementation of the technology; and
- Ability to expand the scope of current regulatory clearances beyond chronic knee pain.

Such information was based on management’s expectation at the time such statements were made, which expectations were subject to significant risks and uncertainties that are difficult to predict, including those risks and uncertainties contained in filings made by the Corporation with the Canadian securities regulators (which filings are available at www.sedar.com).

The Corporation has experienced slower than expected sales growth of the TLC-2000. As previously disclosed, the Corporation recorded annual revenues of \$1,918,893 for fiscal year 2016 and is not expected to achieve its objective of \$10 million in annual sales for fiscal year 2017 or aggregate sales of \$30 to 50 million for the next 3 to 5 years or any other forward looking targets with respect to revenue which may have been previously provided.

A number of factors contributed to the slower than expected sales growth of the TLC-2000, including:

- Growth of Theralase’s sales force in Canada and the US has been slower than anticipated;
- The durability and reliability of the TLC-1000 system in the field have slowed the initial trade-up effort and have contributed to delays in implementing a “recurring revenue model” to date;

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- Substantial development time, including delays associated with the need to conduct additional work on the TLC-2000 to optimize the hardware, firmware and software for functionality and ease of use (which work remains ongoing), prevented the ramp-up of the TLC-2000 to targeted commercial levels; and
- KOL recruitment remains ongoing and did not make a major impact to date.

In order to position itself to achieve a wider commercial distribution of the TLC-2000 and eventually grow its revenues beyond historical levels, Theralase is currently in the process of:

1. Conducting further redesign work on the TLC-2000 software, firmware and hardware, which work is not expected to be completed until 2018;
2. Making submissions to Health Canada and the United States Food and Drug Administration to expand the scope of the current clearances beyond chronic knee pain. If successful, such clearances are not expected until 2018; and
3. Continuing its efforts to recruit, train and retain an experienced sales force and KOLs to provide support for the wide spread implementation of the technology.

The Corporation also intends to continue its transition from a “capital equipment model” to a “recurring revenue model” in order to promote higher adoption rates. Under the “capital equipment model”, the TLC-2000 unit purchase price is paid upfront (resulting in higher upfront revenues for the Corporation, but also a higher capital outlay for the customer). Under the “recurring revenue model”, the TLC-2000 units are leased to healthcare practitioners over a fixed term of 5 years at a monthly lease rate and month-to-month thereafter in 12 month terms. The customer pays a monthly fee for the product at a base rate, plus a per minute overage rate in addition to the base rate based on usage. Support services are included in the monthly lease fee. The transition to the “recurring revenue model” is expected to initially reduce overall annual revenues; however, it is anticipated to generate long term growth as the smaller upfront capital outlay for the customer and the related support package are intended to facilitate wider adoption of the TLC-2000.

The clarifying information in this press release is being provided in connection with a review by staff of the Ontario Securities Commission.

About Theralase

Theralase, in its Therapeutic Laser Technology division, designs, manufactures, markets and distributes patented super-pulsed laser technology indicated for the treatment of chronic knee pain and in off-label use the elimination of pain, reduction of inflammation and acceleration of tissue healing for numerous nerve, muscle, tendon, ligament, joint and wound conditions. Theralase’s Photo Dynamic Therapy division researches and develops specially designed molecules called Photo Dynamic Compounds which are able to localize to cancer cells and then when laser light activated, destroy them.

Additional information is available at www.theralase.com and www.sedar.com .

This news release contains "forward-looking statements" which reflect the current expectations of management of the Corporation's future growth, results of operations, performance and business prospects and opportunities. Such statements include, but are not limited to, statements regarding projected sales volumes and revenue. Wherever possible, words such as "may", "would", "could", "will", "anticipate",



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"believe", "plan", "expect", "intend", "estimate", "potential for" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant risks, uncertainties and assumptions. Many factors could cause the Corporation's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in the filings made by the Corporation with the Canadian securities regulatory authorities (which may be viewed at www.sedar.com). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward looking statements prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by the forward-looking statements contained in this news release. These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in the news release are based upon what management currently believes to be reasonable assumptions, the Corporation cannot assure prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements. The Corporation disclaims any intention or obligation to revise forward-looking statements whether as a result of new information, future developments or otherwise except as required by law. All forward-looking statements are expressly qualified in their entirety by this cautionary statement.

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

For More Information:

Roger Dumoulin-White

President & CEO, TherLASE Technologies Inc.

1.866.THE.LASE (843-5273) ext. 225

416.699.LASE (5273) ext. 225

rwhite@theralase.com

www.theralase.com