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PRESS RELEASE

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FOR IMMEDIATE RELEASE

October 17, 2016

2016 NORMAL COURSE ISSUER BID

MONTREAL, QUEBEC

Velan Inc. (the "Corporation") (TSX:VLN) announced today that it has received approval of the Toronto Stock Exchange ("TSX") to proceed with its normal course issuer bid previously announced on October 13, 2016. Under the bid, the Corporation may purchase up to 153,969 Subordinate Voting Shares (the "Shares") of the Corporation. The average daily trading volume for the 6-month period preceding October 1, 2016 is 1,299 Shares. In accordance with TSX rules, the Corporation may repurchase up to 1,000 Shares on a daily basis. The bid will commence on October 24, 2016 and terminate on October 23, 2017 or on such earlier date as the Corporation may complete its purchases pursuant to the bid. The Shares will be purchased on behalf of the Corporation by a registered broker through the facilities of TSX or alternative Canadian trading platforms. The price paid for the Shares will be the market price at the time of the acquisition, and the number of Shares purchased and the timing of any such purchases will be determined by the Corporation. During the past 12 months, 137,700 Shares were purchased by the Corporation at a weighted average price of $15.56.

About Velan

Founded in Montreal in 1950, Velan Inc. (www.velan.com) is one of the world’s leading manufacturers of industrial valves, with sales of US$455.7 million in its last reported fiscal year. The Company has manufacturing plants in 10 countries. Velan Inc. is a public company with its shares listed on the Toronto Stock Exchange under the symbol VLN.

Safe harbour statement

Except for historical information provided herein, this press release may contain information and statements of a forward-looking nature concerning the future performance of the Company. These statements are based on suppositions and uncertainties as well as on management's best possible evaluation of future events. Such factors may include, without excluding other considerations, fluctuations in quarterly results, evolution in customer demand for the Company's products and services, the impact of price pressures exerted by competitors, and general market trends or economic changes. As a result, readers are advised that actual results may differ from expected results.