

Avivagen Announces Proposed Private Placement of Debentures and Shares

OTTAWA, Ontario--(BUSINESS WIRE)--March 27, 2019--THIS NEWS RELEASE IS INTENDED FOR DISTRIBUTION IN CANADA ONLY AND IS NOT INTENDED FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR DISSEMINATION IN THE UNITED STATES.

Avivagen Inc. (TSXV:VIV) (“**Avivagen**” or the “**Company**”), a life sciences innovation company with a series of patent protected products that support and optimize human and animal health, is pleased to announce its intention to complete a private placement financing (the “**Offering**”) of secured debentures (the “**Debentures**”) for gross proceeds of approximately \$5 million. It is expected that the Offering will close on March 28, 2019, subject to satisfaction of closing conditions.

Purchasers of Debentures will also receive common shares in the capital of the Company equal to 20% of the principal amount of the Debentures divided by \$0.80 per share, being a premium to the closing price of the common shares on the TSX Venture Exchange on March 26, 2019.

The Debentures will bear interest at a rate of 10.0% per annum, payable quarterly in arrears on the last day of January, April, July, and October in each year and maturing three years from the date of issue (the “**Maturity Date**”). On each anniversary of the closing date (including the Maturity Date), the Company shall also pay the Debenture holders a maintenance fee of 2% of the outstanding principal amount. The Debentures will be secured by the assets of the Company and will not be convertible. The Company shall not be entitled to prepay the Debentures at any time prior to the first anniversary of closing, other than in the case of a change of control of Avivagen. If the Company prepays the Debentures at any time prior to the second anniversary of closing it will pay a fee equal to 2% of the outstanding principal amount and if the Company prepays the Debentures at any time thereafter, but prior to the Maturity Date, it will pay a fee equal to 1% of the outstanding principal amount. Avivagen shall have the option of paying all such fees by way of cash or common shares, subject to approval of the TSX Venture Exchange.

The Offering is proposed to be completed by Bloom Burton Securities Inc. as agent (the “**Agent**”). The Agent will receive a cash fee of 6% of the gross proceeds (excluding certain President’s list investors) and common share purchase warrants equal to up to 6% of the gross proceeds (excluding certain President’s list investors) divided by \$0.80 per share, each entitling the holder thereof to purchase one common share at \$0.80 per share for a period of 2 years (the “**Broker Warrants**”).

Approximately \$2 million of the proceeds from the Offering will be used by Avivagen to retire principal and interest outstanding pursuant to an existing credit facility and the balance will be used for working capital and general corporate purposes.

The Debentures, common shares and Broker Warrants issued, including the common shares issuable on exercise of the Broker Warrants, will be subject to restrictions on transfer, including a hold period ending four months and one day from their date of issuance under applicable Canadian securities laws.

Closing of the Offering will be subject to finalization and execution of definitive agreements and satisfaction of customary closing conditions including satisfaction of customary conditions imposed by the TSX Venture Exchange.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy securities, including in the United States, or for the account or benefit of U.S. persons (as such term is defined in Regulation S under the United States *Securities Act of 1933*, as amended (the “**1933 Act**”). The securities issued by Avivagen have not been and will not be registered under the 1933 Act or the securities laws of any state of the United States, and may not be offered or sold in the United States absent registration, or an applicable exemption therefrom, under the 1933 Act and the securities laws of all applicable states.

About Avivagen

Avivagen is a life sciences corporation focused on developing and commercializing products for livestock, companion animal and human applications that, by safely supporting immune function, promote general health and performance. It is a public corporation traded on the TSX Venture Exchange under the symbol VIV and is headquartered in Ottawa, Canada, based in partnership facilities of the National Research Council of Canada and Charlottetown, Prince Edward Island. For more information, visit www.avivagen.com. The contents of the website are expressly not incorporated by reference in this press release.

About OxC-beta™ Technology and OxC-beta™ Livestock

Avivagen’s OxC-beta™ technology is derived from Avivagen discoveries about carotenoids, compounds that give certain fruits and vegetables their bright colours, and is a non-antibiotic means of maintaining optimal health and growth. OxC-beta™ Livestock is a proprietary product shown to be effective and economic in replacing the antibiotics commonly added to livestock feeds. OxC-beta™ Livestock is currently registered and available for sale in the United States, Philippines, Taiwan, New Zealand and Thailand.

Avivagen’s OxC-beta™ Livestock product is safe, effective and could fulfill the global mandate to remove all in-feed antibiotics as growth promoters. Numerous international livestock trials with poultry and swine using OxC-beta™ Livestock have proven that the product performs as well as, and, sometimes, in some aspects, better than in-feed antibiotics.

About Vivamune™ Health Chews (Vivamune™)

Vivamune™ is an all-in-one chew that can dramatically simplify a pet’s supplement routine. Featuring a newly-discovered, novel immune-supporting active ingredient, OxC-beta™, Vivamune™ targets joints, skin and digestive health all in a single, tasty chew a pet will love. Vivamune™ is available for sale in the United States, Canada, Philippines and Taiwan. For more information, visit www.vivamunehealth.com. The contents of the website are expressly not incorporated by reference in this press release.

Forward Looking Statements

This news release includes certain forward-looking statements that are based upon the current expectations of management. Forward-looking statements involve risks and uncertainties associated with the business of Avivagen and the environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking, including those identified by the expressions "aim", "anticipate", "appear", "believe", "consider", "could", "estimate", "expect", "if", "intend", "goal", "hope", "likely", "may", "plan", "possibly", "potentially", "pursue", "seem", "should", "whether", "will", "would" and similar expressions. Statements about OxC-beta's ability to replace antibiotics commonly added to livestock feeds or to fulfill the global mandate to remove in-feed antibiotics as growth promoters, the possibility of closing the proposed Offering, the terms of the proposed Offering including the amount to be raised and the terms of the Debentures and the use of proceeds of the Offering set out in this news release are forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. For instance, Avivagen's products may not gain market acceptance or regulatory approvals necessary to fulfill the global mandate to remove in-feed antibiotics as growth promoters, Avivagen may not be able to raise funds on the terms or amounts described, Avivagen may not be able to fulfill applicable closing conditions and circumstances may require that Avivagen apply the net proceeds of the Offering differently than anticipated. Except as required by law, Avivagen assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements.

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

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