

FORM 51-102F3

Material Change Report

1. Name and Address of Company

Hemostemix Inc. (the "Issuer")
Bay 1, 5220 Duncan Avenue
PO Box 10
Blackfalds, Alberta T0M 0J0

2. Date of Material Change

August 25, 2017

3. News Release

A news release setting out information relating to the material change described herein was distributed by the Issuer on August 25, 2017, and was disseminated through the facilities of Marketwired and filed on SEDAR. A copy of the news release is attached as Schedule "A".

4. Summary of Material Change

The Issuer announced updates on its private placement offering and rights offering confirming that it had raised combined gross proceeds of \$6,371,335.75 from its previously announced private placement and rights offering.

5. Full Description of Material Change

See the news release attached as Schedule "A".

6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102.

Not applicable.

7. Omitted Information

No significant facts remain confidential in, and no information has been omitted from, this report.

8. Executive Officer

For further information, please contact Kyle Makofka, Chief Restructuring Officer at (403) 506-3373.

9. Date of Report

August 25, 2017

SCHEDULE "A"

News Release

NOT FOR DISSEMINATION TO U.S. WIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

HEMOSTEMIX INC.

Hemostemix Completes Private Placement and Rights Offering

August 25, 2017, Blackfalds, Alberta - Hemostemix Inc. (“**Hemostemix**” or the “**Company**”) (TSX VENTURE: HEM) is pleased to announce that the Company has raised gross proceeds of \$5,144,140 from its previously announced brokered private placement of subscription receipts (the “**Brokered Private Placement**”). The Company closed on the Brokered Private Placement today together with a related non-brokered private placement of subscription receipts pursuant to which it raised additional gross proceeds of \$163,445 (the “**Non-Brokered Private Placement**”) and the offering of rights (“**Rights**”) which expired on August 11, 2017 (the “**Rights Offering**”), which as previously announced the Company raised gross proceeds of \$1,063,750.75, for aggregate gross proceeds from the Company from the three sources of \$6,371,335.75.

The Company issued an aggregate of 127,426,715 subscription receipts (“**Subscription Receipts**”), consisting of 102,882,800 pursuant to the Brokered Private Placement, 3,268,900 pursuant to the Non-Brokered Private Placement and as previously disclosed, 21,275,015 pursuant to the Rights Offering.

The Non-Brokered Private Placement consisted of sales to investors resident in the United States and was treated by the Company and PI Financial Corp. (“**PI**” or the “**Agent**”) as part of the previously disclosed overall offering consisting of the Rights Offering and the private placement offering (together the “**Offering**”), pursuant to which the Company and the Agent had established that if the Company did not on a combined basis raise gross proceeds of a minimum of \$5,000,000 (the “**Minimum Offering**”), the Company would not close on any conversion of Subscription Receipts.

As previously announced, the Offering is part of a capital raising program consisting of (i) a \$4,400,000 secured credit transaction, (ii) the Rights Offering, (iii) the Brokered Private Placement (as now supplemented by the Non-Brokered Private Placement); and (iv) a series of shares for debt transactions (collectively, the “**Financings**”). Details of the uses of the gross proceeds of the Financings are described in the Company’s rights offering circular dated July 17, 2017 (the “**Circular**”), a copy of which may be obtained under the Corporation’s profile on SEDAR at www.sedar.com.

The gross proceeds of the Offering, will be held in escrow on behalf of the subscribers by Computershare Trust Company of Canada, as escrow agent (the “**Escrow Agent**”) pending the delivery by the Corporation and the Agent, to the Escrow Agent, a joint notice (the “**Release Notice**”), confirming that the release conditions are satisfied prior to the escrow deadline, both as the previously described (the date upon which that occurs being the “**Release Date**”).

Assuming that occurs, each Subscription Receipt issued pursuant to the Offering will automatically be converted into 127,426,715 units (“**Units**”) consisting of 127,426,715 common shares in the capital of Hemostemix (each a “**Common Share**”) and 63,713,357 transferable warrants (each whole warrant, a “**Warrant**”). Each Warrant will entitle the holder thereof to purchase one Common Share (a “**Warrant Share**”) at price of \$0.20 for a period of 2 years from the Release Date, with an accelerated exercise provision attached to each Warrant commencing on the day following (x) the conversion of the applicable Subscription Receipts into Units and (y) the expiry of any applicable hold period on the underlying Common Share, stating that if, for ten consecutive trading days, the closing price of the listed shares of the Company exceeds \$1.00, then the Company may elect to accelerate the expiry date by providing the Warrant holders, 30 days notice by way of a press release of the accelerated expiry date.

A conversion of the Subscription Receipts into Units would result in a post-closing total of 202,009,834 outstanding Common Shares.

In the event the Release Notice is not provided on or before the escrow deadline, the subscriptions evidenced by each Subscription Receipt shall be automatically terminated and cancelled and each holder of Subscription Receipts will be entitled from and after such time to receive: (i) a refund of the aggregate subscription price in respect of such holder’s Subscription Receipts; and (ii) such holder’s *pro rata* portion of interest earned, if any, from the closing of the Offering to the termination time, on the escrowed proceeds less applicable withholding taxes, if any.

Pursuant to the Agency Agreement and the Soliciting Dealer Agreement between the Company and the Agent related to the Brokered Private Placement and the Rights Offering respectively, the Company is due to pay a cash commission of 7.5% of the gross proceeds from the Brokered Private Placement and 5% of the gross proceeds from the Rights Offering, other than any Subscription Receipts sold to subscribers listed on the president’s list of the Company (the “**President’s List**”) for which the Company will pay a 3% cash commission. All cash commissions are to be paid upon the Release Date. In addition, the Company was to pay the Agent a corporate finance fee of up to \$30,000 + \$1,500 GST for a total of \$31,500 as well all reasonable costs and expenses related to the Offering. In connection with the current closing, the corporate finance fee and costs and expenses were paid by the Company to the Agent.

Also on the Release Date, the Company will be due to issue to the Agent warrants (the “**Agent’s Warrants**”) equal in number to: (a) 7.5% of the aggregate number of Units underlying the Subscription Receipts sold under the Private Placement Offering, other than any Subscription Receipts sold to subscribers listed on the President’s List, (c) 5% of the aggregate number of Units underlying the Subscription Receipts sold under the Rights Offering, other than any Subscription Receipts sold to subscribers listed on the President’s List, and (c) with respect to the aggregate number of Units underlying the Subscription Receipts sold to Subscribers on the President’s List: (i) 3% of the aggregate number of Units underlying the Subscription Receipts in relation to sales comprising up to 12.5% of the aggregate number of Subscription Receipts offered under the Offering; and (ii) 7.5% of the aggregate number of Units underlying the Subscription Receipts in relation to any sales in excess of such sales. Each Agent’s Warrant entitle the Agent to purchase, at an exercise price equal to \$0.05, one unit (each an “**Agent’s Unit**”) consisting of one Common Share (each an “**Agent’s Share**”) and one-half of one warrant (each whole warrant an “**Agent’s Unit Warrant**”). Each Agent’s Unit Warrant shall be exercisable into one additional Common Share for two years from the Release Date at an

exercise price of \$0.20 per Common Share, with an accelerated exercise provision attached to each Agent's Unit Warrant commencing on the day following the expiry of any applicable hold period on the underlying Common Share, stating that if, for ten consecutive trading days, the closing price of the listed shares of the Issuer exceeds \$1.00, then the Company may elect to accelerate the expiry date by providing the Agent's Unit Warrant holders, 30 days written notice together with the issue of a press release of the accelerated expiry date. The Agent's Warrants may be exercised at any time and from time to time for a period of three years following the Release Date.

The Company projects being due to pay the Agent \$370,148.04 in cash commissions and to issue 7,879,961 Agent's Warrants.

The Company and the Agent have also mutually agreed to extend the related escrow deadline and termination date described in its July 11, 2017 and August 15, 2017 press releases from August 25, 2017 to September 15, 2017.

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

The securities offered pursuant to the Rights Offering have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This press release

shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful.

Forward-Looking Statements

This release may contain forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words “expects,” “plans,” “anticipates,” “believes,” “intends,” “estimates,” “projects,” “potential,” and similar expressions, or that events or conditions “will,” “would,” “may,” “could,” or “should” occur. Although Hemostemix believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in forward-looking statements. Forward-looking statements are based on the beliefs, estimates, and opinions of Hemostemix management on the date such statements were made. By their nature forward-looking statements are subject to known and unknown risks, uncertainties, and other factors which may cause actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the Company’s stage of development, long-term capital requirements and future ability to fund operations, future developments in the Company’s markets and the markets in which it expects to compete, risks associated with its strategic alliances and the impact of entering new markets on the Company’s operations. Each factor should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements. Hemostemix expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events, or otherwise.