Hemostemix Inc.

(Formerly Theravitae Inc.)

Interim Condensed Consolidated Financial Statements

Third Quarter Ended September 30, 2015

(Expressed in Canadian Dollars)
(Unaudited)

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For the three and nine months ended September 30, 2015 and 2014
Unaudited

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Interim Condensed Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	September 30, 2015	December 31, 2014
Assets		
Current		
Cash and cash equivalents	**$ 707,752**	$ 3,305,487
HST receivable	**30,679**	250,262
Other receivables and prepaid expenses *(note 4)*	**274,735**	188,942
	1,013,166	3,744,691
Other receivables and prepaid expenses - non-current *(note 4)*	**50,727**	44,204
Equipment, net *(note 5)*	**143,624**	152,443
Intangible assets, net *(note 6)*	**1**	1
	$ 1,207,518	$ 3,941,339
Liabilities		
Current		
Accounts payable and accrued expenses *(notes 7 and 11)*	**$ 497,696**	$ 517,741
Income taxes payable	**20,252**	33,962
	517,948	551,703
Equity		
Share capital *(note 8)*	**21,304,950**	21,140,085
Contributed surplus *(note 10)*	**917,857**	961,082
Deficit	**(21,533,237)**	(18,711,531)
	689,570	3,389,636
	$ 1,207,518	$ 3,941,339

Going concern *(note 1)*
Commitments and contingencies *(note 11)*

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Approved by the Board

Signed: ***"Charles W. Baker"***
Director

Signed: ***"Elmar Burchardt"***
Director

Hemostemix Inc. (formerly Theravitae Inc.)

Consolidated Statements of Loss and Comprehensive Loss
for the three and nine month periods ended September 30
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Sept 30, 2015	Three Months Sept 30, 2014	**Nine Months Sept 30, 2015**	Nine Months Sept 30, 2014
Expenses				
Research and development salaries and related benefits	**$ 156,806**	$ 142,854	**$ 477,186**	$ 450,894
Research and development consulting fees	**138,205**	99,987	**532,452**	542,179
Research and development expenses	**37,326**	64,209	**77,947**	98,238
Consultant fees	**324,103**	128,663	**825,367**	301,311
Lease and office maintenance	**148,835**	103,593	**392,564**	210,508
Professional fees	**124,864**	186,740	**386,065**	382,193
Travel expenses	**48,791**	7,485	**104,270**	30,130
Depreciation	**9,417**	7,353	**27,194**	22,655
Foreign exchange loss (gain)	**(19,449)**	47,542	**(22,879)**	62,267
Finance expenses	**(315)**	707	**2,067**	7,167
Stock-based compensation	**-**	92,820	**-**	92,820
Net loss for the period before taxes	**(968,583)**	(881,953)	**(2,802,233)**	(2,200,362)
Income tax expense	**6,857**	6,247	**19,473**	15,805
Net loss for the period	**$ (975,440)**	$ (888,200)	**$ (2,821,706)**	$ (2,216,167)
Basic and diluted loss per share	**$ (0.02)**	$ (0.02)	**$ (0.04)**	$ (0.04)
Weighted average number of common shares outstanding				
- Basic and diluted	**65,785,619**	57,002,119	**65,740,608**	54,213,806

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Consolidated Statements of Changes in Equity
As at September 30, 2015 and December 31, 2014
(Expressed in Canadian Dollars)
(Unaudited)

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total
Balance, December 31, 2013	50,590,219	$ 14,528,867	$ 424,060	$(14,379,062)	$ 573,865
Proceeds from private placement	6,405,500	2,932,487	-	-	2,952,710
Shares issued as agent's fees	6,400	-	-	-	-
Issuance of share options	-	-	92,820	-	92,820
Net loss and comprehensive loss for the period	-	-	-	(2,216,167)	(2,216,167)
Balance, September 30, 2014	57,002,119	17,461,354	516,880	(16,595,229)	1,383,005
Eliminate TVI common shares	(57,002,119)	-	-	-	-
Issuance of shares by Technical	57,002,119	-	-	-	-
Reverse take-over transaction *(notes 3 and 10)*	1,000,000	500,000	46,242	-	546,242
Proceeds from private placement	7,000,000	3,500,000	-	-	3,500,000
Shares issued as agent's fees	170,000	-	-	-	-
Shares issue costs	-	(324,629)	-	-	(324,629)
Issuance of share options	-	-	397,960	-	397,960
Exercise of warrants	6,720	3,360	-	-	3,360
Net loss and comprehensive loss for the period	-	-	-	(2,116,302)	(2,116,302)
Balance, December 31, 2014	65,178,839	$ 21,140,085	$ 961,082	$(18,711,531)	$ 3,389,636
Exercise of warrants	148,280	74,140	-	-	74,140
Exercise of share options	475,000	90,725	(43,225)	-	47,500
Net loss and comprehensive loss for the period	-	-	-	(2,821,706)	(2,821,706)
Balance, September 30, 2015	**65,802,119**	**$ 21,304,950**	**$ 917,857**	**$ (21,533,237)**	**$ 689,570**

The accompanying notes are an integral part of these interim condensed consolidated financial statements

Interim Condensed Consolidated Statements of Cash Flows
for the nine month periods ended September 30
(Expressed in Canadian Dollars)
(Unaudited)

	2015	2014
Cash flow from operating activities		
Net loss for the period	**$ (2,821,706)**	$ (2,216,167)
Items not affecting cash:		
Stock-based compensation	-	92,820
Depreciation of equipment	**27,194**	22,655
Non-cash working capital items:		
Other receivables and prepaid expenses	**(92,316)**	(79,211)
HST receivable	**219,583**	(30,425)
Accounts payable and accrued expenses	**(20,047)**	48,071
Income taxes payable	**(13,708)**	(3,649)
	(2,701,000)	(2,165,906)
Cash flow from investing activity		
Purchase of equipment	**(18,375)**	(13,657)
Cash flow from financing activities		
Proceeds from issuance of common shares, net	**-**	2,932,487
Receivable from broker	-	50,000
Exercise of warrants	**74,140**	-
Exercise of share options	**47,500**	-
	121,640	2,982,487
Increase (decrease) in cash and cash equivalents	**(2,597,735)**	802,934
Cash and cash equivalents, beginning of period	**3,305,487**	351,199
Cash and cash equivalents, end of period	**$ 707,752**	$ 1,154,133

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Notes to Interim Condensed Consolidated Financial Statements
September 30, 2015
(Expressed in Canadian dollars)
(Unaudited)

1. Nature of the Company and Going Concern

Hemostemix Inc. (formerly Theravitae Inc. ("TVI")) was originally incorporated under the Canada Business Corporation Act. Kwalata Trading Ltd, a wholly-owned subsidiary, incorporated under the laws of Cyprus was established to own intellectual property ("IP"). Hemostemix Ltd, another wholly-owned subsidiary was incorporated under the laws of Israel. The Company's head office is located at 1015 – 4 Street, Suite 730, Calgary, Alberta. TVI is a biotechnology Company whose principal business is to develop, manufacture and commercialize adult stem cell therapies to treat a variety of diseases.

During fiscal 2014, Technical Ventures RX Corp. ("Technical") closed a qualifying transaction with TVI by way of a reverse take-over transaction pursuant to which the parties amalgamated to form a new entity under the Business Corporations Act (Alberta) called "Hemostemix Inc." ("The Company") *[see note 3]*

The Company has negative cash flow from operating activities of $2,701,000 during the nine months ended September 30, 2015 and an accumulated deficit as of September 30, 2015 of $21,533,237. Recurring sources of revenue have not yet proven to be sufficient, as the Company's biotechnology is at an early stage and the Company has not achieved operational profitability and positive cash flows.

These conditions raise substantial doubt about the Company's ability to continue operating as a going concern. The interim condensed consolidated financial statements do not include any adjustments to reflect any events since September 30, 2015 or the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from this uncertainty.

The Company's ability to continue to operate is dependent upon additional financial support. On November 10, 2014, immediately prior to the completion of the qualifying transaction, Technical completed a short form offering and brokered private placement for gross proceeds of $3,500,000 which provided the Company with working capital into fiscal 2015.

These interim condensed consolidated financial statements were approved by the Company's Board of Directors on November 29 , 2015.

2. Summary of Significant Accounting Policies

Statement of compliance

The accompanying unaudited interim condensed consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"), including International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), on a basis consistent with policies disclosed in the Company's annual audited consolidated financial statements for the fiscal year ended December 31, 2014. The interim condensed consolidated financial statements do not include all of the disclosures included in the annual audited consolidated financial statements and the notes thereto included in the Company's annual report for the year ended December 31, 2014.

Notes to Interim Condensed Consolidated Financial Statements
September 30, 2015
(Expressed in Canadian dollars)
(Unaudited)

Basis of presentation

These interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

These interim condensed consolidated financial statements reflect the consolidated financial position as at September 30, 2015 and December 31, 2014, and the results of operations for the three month periods ended September 30, 2015 and 2014 of Hemostemix Inc.

Consolidated financial statements

The interim condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Kwalata Trading Ltd. and Hemostemix Ltd. The consolidated financial statements comprise the financial statements of companies that are controlled by the Company (subsidiaries). Control is determined when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the interim condensed consolidated financial statements from the date control is obtained until the date control ceases.

These interim condensed consolidated financial statements of the Company and of the subsidiaries are prepared as of the same dates and periods. The interim condensed consolidated financial statements are prepared using uniform accounting policies by the Company and all subsidiaries. Significant intragroup balances and transactions and gains or losses resulting from intragroup transactions are eliminated in full in the consolidated financial statements.

Standard issued and not yet adopted

IFRS 9, Financial Instruments

IFRS 9 – Financial Instruments was issued by the IASB to establish principles for the financial reporting of financial assets and liabilities, including requirements to present certain information relating to the amounts, timing, and uncertainty of the entity's future cash flows. This standard is mandatorily effective from January 1, 2018, with earlier application permitted. Management intends to adopt IFRS 9 on its effective date and has not yet determined the potential impact on the

Standard issued and not yet adopted - continued

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers is effective for annual periods beginning on or after January 1, 2018, and provides new requirements for recognizing revenue. IFRS 15's core principle is for a company to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. IFRS 15 sets out enhanced disclosures about revenue, provides guidance for transactions that were not previously addressed comprehensively and improves guidance for multiple-element arrangements. The Company intends to adopt the new Standard on its effective date and has yet to consider the impact on its financial reporting.

3. Reverse Take-over Transaction (“RTO”)

During the fiscal year ended 2014, on November 10, 2014 Technical closed a qualifying transaction with TVI by way of plan of arrangement (the "Arrangement"), pursuant to which the parties amalgamated to form a new entity under the Business Corporations Act (Alberta) called "Hemostemix Inc." (“the Company”). The Arrangement constituted the qualifying transaction (the "Qualifying Transaction") of Technical in accordance with the requirements of the TSX Venture Exchange (the "TSX Venture") Policy 2.4 - Capital Pool Companies. The Arrangement is described in the amended and restated joint information circular of Technical and TVI dated September 30, 2014 (the "Joint Circular"). The TSX Venture Exchange accepted the filing of the Company’s Qualifying Transaction effective November 27, 2014, resulting in the shares of the Company beginning to trade on the Exchange under the symbol “HEM”.

Pursuant to the arrangement, securities were exchanged as follows:

- Each outstanding Technical common share was exchanged for 0.20 of a Hemostemix Inc. share;
- Each outstanding Technical stock option was exchanged for 0.20 of a Hemostemix Inc. stock option;
- Each outstanding common share of TVI was exchanged for 0.10 of a Hemostemix share;
- Each outstanding stock option of the TVI was exchanged for 0.10 of a Hemostemix Inc. stock option;
- Each outstanding warrant of TVI was exchanged for 0.10 of a Hemostemix Inc. warrant; and
- 1,000,000 common shares issued to Technical were combined with the 57,002,119 common shares issued to TVI.

Concurrent Financing

Concurrent with the closing of the Qualifying Transaction, the Company closed a financing whereby 7,000,000 common shares were issued at a price of $0.50. Proceeds of $2,000,000 were raised through a short-term offering and $1,500,000 was raised pursuant to a brokered private placement. The Company incurred cash transaction costs of $344,852 in this transaction and an additional $85,000 of costs that were satisfied by the issue of 170,000 shares at $0.50 per share. The Company issued 320,000 non-transferable warrants exercisable at $0.50 a share and 240,000 agents warrants exercisable at $0.50 per share.

Name Change

Concurrent with the Qualifying Transaction, the directors of TVI and Technical resolved to name the amalgamated company “Hemostemix Inc.”

Accounting

Although the Qualifying Transaction resulted in the amalgamation of TVI and Technical, the Qualifying Transaction constituted a reverse take-over of Technical and was been accounted for as a reverse take-over transaction in accordance with guidance provided in IFRS 2 Share-based Payment and IFRS 3 Business Combinations. As Technical did not qualify as a business according to the definition in IFRS 3, this reverse take-over transaction did not constitute a business combination; rather, it is treated as an issuance of shares by TVI for the net monetary assets of Technical, followed by a recapitalization of TVI.

The net assets of Technical received were as follows:

Cash	$ 10,736
Prepaid listing costs	61,750
Accounts payable and accrued liabilities	(35,634)
Total net assets acquired	$ 36,852
Notional price paid for Technical shares	$ 500,000
Fair value of executive options	40,800
Fair value of agent warrants	5,442
Total purchase price	$ 546,242
Listing expense on RTO	$ 509,390

(Expressed in Canadian dollars)

4. Other Receivables and Prepaid Expenses

	September 30, 2015	December 31, 2014
V.A.T. receivable	**$ 26,560**	$ 16,886
Prepaid insurance, rent and security deposit	**97,902**	101,114
Prepaid research and development expenses	**201,000**	115,146
	325,462	233,146
Less: long-term portion of deposit	**50,727**	44,204
	$ 274,735	$ 188,942

During the year ended December 31, 2014, the Company entered into an agreement with Criterium, Inc. ("Criterium"), a multi-national clinical research organization which specializes in administering and managing clinical trials. Criterium will manage most aspects of the Company's phase 2 clinical trials. The value of the agreement with Criterium, Inc. is approximately US$3.1 million and will be allocated over the 30 month span of the trial as the expenses are incurred. As at September 30, 2015 the Company paid US$1,284,895 (CAD$1,604,834) to Criterium. Of the initial payment, US$150,000 (CAD$201,000) was required as a deposit for clinical research activities that is maintained and replenished as costs are incurred by Criterium.

Notes to Interim Condensed Consolidated Financial Statements
September 30, 2015
(Expressed in Canadian dollars)
(Unaudited)

5. Equipment

	Computers and equipment	Office furniture and equipment	Total
Cost			
As at December 31, 2013	$ 9,820	$ 196,097	$ 205,917
Additions	21,942	11,265	50,597
As at December 31, 2014	$ 31,762	$ 207,362	$ 239,124
Additions	2,030	16,345	18,375
As at September 30, 2015	**$ 33,792**	**$ 223,707**	**$ 257,499**
Accumulated depreciation			
As at December 31, 2013	$ 7,796	$ 47,067	$ 54,863
Depreciation	1,823	29,995	31,818
As at December 31, 2014	$ 9,619	$ 77,062	$ 86,681
Depreciation	2,136	25,058	27,194
As at September 30, 2015	**$ 11,755**	**$ 102,120**	**$ 113,875**
Net book value			
As at December 31, 2014	$ 22,143	$ 130,300	$ 152,443
As at September 30, 2015	**$ 22,037**	**$ 121,587**	**$ 143,624**

(Expressed in Canadian dollars)

6. Intangible Assets

Proprietary Protection **-** The Company's intellectual property is protected by several issued patents grouped together in five patent families. Additional provisional patent applications have been filed and patents continue to be prosecuted in additional countries**.**

The five patent families are:

Family Patent	**Status**	**Title**
1	Granted in several countries including in the US Pending in Canada	In vitro techniques for use with stem cells
2	Granted in several countries Pending Canada and US	Production from blood of cells of neural lineage
3	Granted in Singapore Pending in Canada and US	Regulating stem cells
4	Granted in several counties including the US Pending in Canada	Regulating stem cells
5	Granted Mexico, Singapore	Automated cell therapy

7. Accounts Payable and Accrued Expenses

	September 30, 2015	December 31, 2014
Accounts payable	**$ 396,602**	$ 358,070
Employee and payroll accruals	**64,495**	46,880
Accrued expenses	**36,599**	112,791
	$ 497,696	$ 517,741

(Expressed in Canadian dollars)

8. Share Capital

The Company is authorized to issue an unlimited number of shares designated as Common Shares and an unlimited number of shares designated as Preferred Shares.

All share numbers below are represented retroactively after giving effect to the share exchanges completed as part of a Qualifying Transaction on November 10, 2014 as outlined in Note 3.

Common	**Number of Shares #**	**Amount $**
Balance, December 31, 2013	**50,590,219**	**$ 14,528,867**
Share issuances (i)	80,000	40,000
Share issued for share issue costs (i)	6,400	-
Share issuances (ii)	2,379,500	1,189,750
Share issuances (iii)	934,000	467,000
Share issuances (iv)	1,170,000	585,000
Share issuances (v)	502,000	251,000
Share issuances (vi)	1,340,000	670,000
Balance, September 30, 2014	**57,002,119**	**17,731,617**
Share issuances (vii)	7,000,000	3,500,000
Shares issued for share issue costs (viii)	170,000	-
Shares issued on qualifying transaction *[note 3]*	1,000,000	500,000
Warrants exercised (viii)	6,720	3,360
Share issue costs	-	(594,892)
Balance, December 31, 2014	**65,178,839**	**21,140,085**
Warrants exercised (ix)	148,280	74,140
Options exercised (x)	475,000	90,725
Balance September 30, 2015	**65,802,119**	**$ 21,304,950**

(i) On March 3, 2014, the Company entered into share subscription agreements according to which the Company issued 80,000 common shares, at a price of $0.50 per share, for gross proceeds of $40,000. The Company issued an additional 6,400 common shares and 6,400 agent warrants as a finders' fee to the broker.

(ii) On April 5, 2014, the Company entered into share subscription agreements according to which the Company issued 2,379,500 common shares, at a price of $0.50 per share, for gross proceeds of $1,189,750. The Company issued additional 190,360 agents warrants as a finders' fee to the broker.

(iii) On April 16, 2014, the Company entered into share subscription agreements according to which the Company issued 934,000 common shares, at a price of $0.50 per share, for gross proceeds of $467,000. The Company issued additional 74,720 agents warrants as a finders' fee to the broker.

(iv) On April 24, 2014, the Company entered into share subscription agreements according to which the Company issued 1,170,000 common shares, at a price of $0.50 per share, for gross proceeds of $585,000. The Company issued additional 93,600 agents warrants as a finders' fee to the broker.

(v) On May 8, 2014, the Company entered into share subscription agreements according to which the Company issued 502,000 common shares, at a price of $0.50 per share, for gross proceeds of $251,000. The Company issued additional 38,560 agents warrants as a finders' fee to the broker.

(vi) On June 23, 2014, the Company entered into share subscription agreements according to which the Company issued 1,340,000 common shares, at a price of $0.50 per share, for gross proceeds of $670,000. The Company issued additional 103,200 agents warrants as a finders' fee to the brokers.

(vii) On November 10, 2014, concurrent with the Qualifying Transaction *[see note 3]* the Company closed a financing whereby 7,000,000 common shares were issued at a price of $0.50. Proceeds of $2,000,000 were raised through a short form offering and $1,500,000 was raised pursuant to a brokered private placement.

Pursuant to the transaction securities were exchanged as follows:

- Each outstanding Technical common share was exchanged for 0.20 of a Hemostemix Inc. share;
- Each outstanding Technical stock option was exchanged for 0.20 of a Hemostemix Inc. stock option;
- Each outstanding common share of TVI was exchanged for 0.10 of a Hemostemix Inc. share;
- Each outstanding stock option of the TVI was exchanged for 0.10 of a Hemostemix Inc. stock option; and
- Each outstanding warrant of TVI was exchanged for 0.10 of a Hemostemix Inc. warrant.

The Company incurred cash transaction costs of $344,852 (included in total share issue costs of $594,892) , in this transaction and an additional $85,000 of costs that were satisfied by the issue of 170,000 shares at $0.50 per share. In addition the Company issued 320,000 non-transferable warrants exercisable at $0.50 a share and 240,000 agents warrants exercisable at $0.50 per share.

(viii) On December 21, 2014, 6,720 warrants were exercised at a price of $0.50 for proceeds of $3,360.

(ix) On January 7, 2015, 53,280 Agent warrants were exercised at $0.50 for proceeds of $26,640 resulting in the issuance of 53,280 common shares.

On January 29, 2015, 20,000 Agent warrants were exercised at $0.50 for proceeds of $10,000 resulting in the issuance of 20,000 common shares.

On March 13, 2015, 15,000 Agent warrants were exercised at $0.50 for proceeds of $7,500 resulting in the issuance of 15,000 common shares.

On May 28, 2015, 20,000 Agent warrants were exercised at $0.50 for proceeds of $10,000 resulting in the issuance of 20,000 common shares.

On July 9, 2015, 40,000 Agent warrants were exercised at $0.50 for proceeds of $20,000 resulting in the issuance of 40,000 common share.

(x) On February 9, 2015, 100,000 Share purchase options were exercised at $0.10 for proceeds of $10,000 resulting in the issuance of 100,000 common shares.

On March 18, 2015, 150,000 Share purchase options were exercised at $0.10 for proceeds of $15,000 resulting in the issuance of 150,000 common shares.

On May 24, 2015, 100,000 Share purchase options were exercised at $0.10 for proceeds of $10,000 resulting in the issuance of 100,000 common shares.

On July 9, 2015, 125,000 Share purchase options were exercised at $0.10 for proceeds of $12,500 resulting in the issuance of 125,000 common shares

An amount of $43,225 representing the fair value of the share options exercised was transferred from contributed surplus to share capital.

(Expressed in Canadian dollars)

9. Warrants

All warrant numbers are represented retroactively after giving effect to the share exchanges completed as part of a Qualifying Transaction on November 10, 2014 as outlined in Note 3.

A summary of the status of the Company's warrants as at September 30, 2015 and December 31, 2014 are as follows:

	9 months ended Sept. 30, 2015		**Year ended December 31, 2014**	
	Number of options #	**Weighted average exercise price** $	**Number of warrants** #	**Weighted average exercise price** $
Balance, beginning of period/year	**1,522,438**	**1.68**	402,318	5.05
Granted	**-**	**-**	1,126,840	0.50
Exercised	**(148,280)**	**(0.50)**	(6,720)	(0.50)
Balance, end of period/year	**1,374,158**	**1.80**	1,522,438	1.68

During the year ended December 31, 2014 the Company granted 1,126,840 warrants in connection with certain private placements. Each warrant entitles the holder to acquire an additional common share at $0.50 per share and expires on November 27, 2019. In addition, 6,720 warrants were exercised at a price of $0.50 for proceeds of $3,360, resulting in the issuance of 6,720 common shares.

On January 7, 2015, 53,280 Agent warrants were exercised at $0.50 for proceeds of $26,640 resulting in the issuance of 53,280 common shares.

On January 29, 2015, 20,000 Agent warrants were exercised at $0.50 for proceeds of $10,000 resulting in the issuance of 20,000 common shares.

On March 13, 2015, 15,000 Agent warrants were exercised at $0.50 for proceeds of $7,500 resulting in the issuance of 15,000 common shares.

On May 28, 2015, 20,000 Agent warrants were exercised at $0.50 for proceeds of $10,000 resulting in the issuance of 20,000 common shares.

Notes to Interim Condensed Consolidated Financial Statements
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On July 9, 2015, 40,000 Agent warrants were exercised at $0.50 for proceeds of $20,000 resulting in the issuance of 40,000 common shares

The exercise price and expiry date of warrants outstanding as at September 30, 2015 are as follows:

Warrants	Exercise Price	Expiry Date
172,403	$ 9.00	November 27, 2015
12,612	$ 10.00	November 27, 2015
29,232	$ 7.50	November 27, 2015
1,159,911	$ 0.50	November 10, 2019
1,374,158		

10. Share Options

	9 months ended September 30, 2015		Year ended December 31, 2014	
	Number of options #	Weighted average exercise price $	Number of options #	Weighted average exercise price $
Balance, beginning of period/year	**5,780,000**	**0.11**	4,660,000	0.10
Granted	**-**	**-**	1,120,000	0.14
Exercised	**(475,000)**	**(0.10)**	-	-
Balance, end of period/year	**5,305,000**	**0.11**	5,780,000	0.11

Number of Options #	Exercise Price $	Weighted average remaining life [years]
5,205,000	0.10	3.01
100,000	0.50	0.05
5,305,000		**3.06**

All share option numbers are represented retroactively after giving effect to the share exchanges completed as part of a Qualifying Transaction on November 10, 2014 as outlined in Note 3.

In fiscal 2014, 1,020,000 options with an exercise price of $0.10 per share and 100,000 options with an exercise price of $0.50 were granted to certain directors and officers and vested immediately.

On February 9, 2015, 100,000 Share purchase options were exercised at $0.10 for proceeds of $10,000 resulting in the issuance of 100,000 common shares.

On March 18, 2015, 150,000 Share purchase options were exercised at $0.10 for proceeds of $15,000 resulting in the issuance of 150,000 common shares.

(Expressed in Canadian dollars)

On May 24, 2015, 100,000 Share purchase options were exercised at $0.10 for proceeds of $10,000 resulting in the issuance of 100,000 common shares.

On July 9, 2015, 125,000 Share purchase options were exercised at $0.10 for proceeds of $12,500 resulting in the issuance of 125,000 common shares.

11. Commitments and Contingencies

Lease commitments

The Company and the facility's lessor signed a laboratory and office lease agreement. The last leasing period under this agreement expired in September 2014, and a new lease agreement was signed expiring in 2017.

The minimum lease commitments are as follows:

2015	$ 124,251
2016	124,251
2017	93,188
	$ 341,690

Contingencies

In 2013 a former CEO and current Director of the Company, sued the Company due to unpaid compensation fees in an amount of $138,000, with regards to 2008 until 2010 years. On August 16, 2013 the Company filed a statement of defence to the lawsuit. Management does not consider it probable that it will have to make any cash outflow therefore; the Company has not recorded a provision.

Consulting

The Company has entered into an agreement with Criterium to provide clinical research as described in Note 4. Under the agreement, the Company is expecting to pay a total of US$3.1 million over a 30 month period, as of September 30, 2015 the Company has paid US$1,284,895 (CAD$1,604,834).

12. Related Party Balances and Transactions

Related party transactions are conducted on the terms and conditions agreed to by the related parties. It is the Company’s policy to conduct all transactions and settle all balances with related parties on market terms and conditions.

The following includes all compensation to key management personnel:

During the nine months ended September 30, 2015, the Company incurred $401,945 in consulting fees to officers and directors (September 30, 2014 - $224,997).

As at September 30, 2015, the Company has accounts payable and accrued liabilities of $46,986 owing to these directors and officers (December 31, 2014 - $35,189).

13. Subsequent Events

a) On October 8, 2015, the Company announced a brokered private placement offering, on a commercially reasonable efforts basis, which will consist of the issuance of up to 5,714,286 units at a price of $0.70 per Unit for aggregate maximum gross proceeds of up to CDN $4,000,000. Each Unit shall consist of one common share of the Company and one half of one non-transferable share purchase warrant. Each whole Warrant will entitle the holder thereof to acquire one additional Common Share at an exercise price of $1.25 per Warrant, exercisable for a period of twenty-four months from the closing of the Offering.

b) On October 15, 2015 – Dr. Valentin Fulga commences legal action with respect to unexercised options. Dr. Valentin Fulga, former consulting President of Hemostemix, was terminated for cause, January 9, 2015. The Company negotiated a settlement which Dr. Fulga agreed to and signed off. Subsequently, Dr. Fulga attempted to exercise options which are currently held in escrow. The corporation takes the position that the options are not exercisable and that Dr. Fulga's attempt to exercise the options constitutes a violation of the settlement. On October 15, 2015, Dr. Fulga commenced an Application in the Ontario Superior Court of Justice seeking to enforce the settlement agreement and to compel Hemostemix to allow him to exercise his outstanding options. The Company intends to vigorously defend the Application and intends to commence an action against Dr. Fulga to set aside the settlement on the grounds of negligent misrepresentation. The options in dispute have not yet been cancelled and no contingency as been determined at this time.

c) On November 5, 2015, the Company announced that it amended the terms of this private placement offering. The Offering price was amended to $0.65 per unit and will consist of the issuance of up to 6,153,847 Units for aggregate gross proceeds of up to CDN $4,000,000. All other terms and conditions of the Offering remain the same as previously announced.

d) On November 24, 2015 Hemostemix received notice of legal action from Dr. Rahul Sarugaser, its Vice President of Business and Corporate Development. On October 14, 2015, Dr. Rahul Sarugaser, Vice President of Business and Corporate Development, without providing notice or any communication to the Company, quit working for the Company. On November 24, 2015, he commenced a legal action citing breach of contract and/or wrongful dismissal, defamation and interference with economic relations. The Company's opinion is these claims are without merit. The Company will vigorously defend its position. Further, if this action continues the Company will consider counter-claiming for failure to provide contractual services. No contingency has been determined at this time.