Hemostemix Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS AND FINANCIAL CONDITION

For the three months ended March 31, 2022 and 2021 as at May 30, 2022

BASIS OF PRESENTATION

The following interim Management's Discussion and Analysis ("MD&A") covers the operations, financial position and operating results of Hemostemix Inc. (the "Company", "Hemostemix", "we", "us" or "our") for the three months ended March 31, 2022 and 2021. It is intended to help readers better understand the operations and key financial results, as they are, in our opinion, at the date of this report and should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2022 and 2021 and the accompanying notes which have been prepared under International Financial Reporting Standards ("IFRS"). The unaudited condensed consolidated interim financial statements have been reviewed by the Audit Committee of the Company and have been approved by its Board of Directors on May 30, 2022. Additional information relating to the Company is available on SEDAR at as well as the Company's website at **www.hemostemix.com**.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding:

- belief that the Company will be successful in raising additional capital to continue as a going concern;
- belief that its products and research and development efforts are targeting diseases and conditions with significant unmet medical treatment needs;
- the Company's goal of creating shareholder value;
- its ability to meet its operating costs for the twelve months ended March 31, 2023;
- belief that the results of ACP-01 research, trials and studies being equivalent to or better than previous research, trials, or studies, as well as management's expectations of positive anticipated results regarding future clinical trials for ACP-01 for other indications;
- the Company's belief that the ACP-01 technology process can be commercialized as effectively or more effectively than other technologies;
- our expectations regarding our ability to arrange for and scale up manufacturing of our products and technologies;
- the plans, costs, and timing for future research and development of the Company's stem cell technologies, including the costs and potential impact of complying with existing and proposed laws and regulations and clinical trials;

- belief that the Company's prior ACP-01 trial data will be sufficient to support regulatory submissions and approvals for additional indications such as congestive heart failure and angina pectoris;
- management's outlook regarding future trends;
- expectations regarding the completion of its current clinical trial for critical limb ischemia ("CLI"), including the patient completion numbers, anticipated number of trial sites and timing of final analysis;
- the level of activity, market acceptance and market trends in the healthcare sector;
- expectations regarding the performance of critical suppliers and service providers, including its clinical research organization ("CRO");
- expectations for additional commercialization partners;
- expectations for our ability to secure commercialization partners to develop our other technologies (NCP-01);
- expectations with respect to existing and future corporate alliances and licensing transactions with third parties, and the receipt and timing of any payments to be made by us or to us pursuant to such arrangements;
- expectations regarding the outcome of litigation;
- plans and objectives of management for future operations;
- our strategy with respect to the protection of our intellectual property ;
- final financial performance; and
- general business and economic conditions and outlook.

Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the Company, including information obtained from third-party industry analysts and other third-party sources. In some instances, material assumptions and factors are presented or discussed elsewhere in this MD&A in connection with the statements or disclosure containing the forward-looking information. You are cautioned that the following list of material factors and assumptions is not exhaustive. The factors and assumptions include, but are not limited to, assumptions that there may be no:

- unforeseen changes in the legislative and operating framework for the business of the Company;
- unstable competitive environment; and
- significant events occurring outside the ordinary course of business such as a natural disaster or other calamity.

These statements are only predictions and involve known and unknown risks, uncertainties and other factors including the risks set out in the section entitled "Risks and Uncertainties" below, which may cause the Company's or its industry's actual results, levels of activity, performance and achievements to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to the following risks:

- the successful and timely completion of research and development initiatives;
- negative results from the Company's clinical trial;
- the ability of the Company to complete its current CLI clinical trial and complete a satisfactory futility analysis and the results of such and future clinical trials;
- negative results of current litigation and potential litigation that the Company may face;
- risks associated with general business, economic, competitive, political, and social uncertainties;
- general capital market conditions and market prices for securities;
- delay or failure to receive board or regulatory approvals;
- risks associated with future developments in the Company's markets and the markets in which it expects to compete;
- lack of qualified, skilled labour or loss of key individuals;

- the viability and marketability of the Company's technologies;
- the effects of government regulation on the Company's business;
- the development of superior technology by the Company's competitors;
- the failure of consumers and the medical community to accept the Company's technology as safe and effective;
- risks associated with the performance of commercial partners and critical suppliers and service providers;
- risks associated with the Company's ability to obtain and protect rights to its intellectual property;
- risks associated with the Company's ability to raise additional capital to support operations;
- reliance on third parties to plan, conduct and monitor our clinical trials;
- risks related to the COVID-19 pandemic including various recommendations, orders and measures of governmental authorities to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, service disruptions, quarantines, self-isolations, shelters-in-place and social distancing, disruptions to markets, economic activity, financing, supply chains and sales channels, and a deterioration of general economic conditions including a possible national or global recession;
- the potential impact that the COVID-19 pandemic may have on the Company may include a decreased demand for the services it offers and a deterioration of financial markets that could limit the Company's ability to obtain external financing; and
- other factors beyond the Company's control.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity or performance. Further, any forward-looking statement speaks only as of the date on which such statement is made, and except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of such factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

THE COMPANY

Hemostemix is a biotechnology Company whose principal business is to develop, manufacture and commercialize blood-derived stem cell therapies for medical conditions not adequately addressed by current treatments. Hemostemix, an entity under the Business Corporations Act (Alberta) was formed in November 2014. On November 27, 2014, shares of the Company began trading on the TSX Venture Exchange (the "Exchange") under the symbol "HEM". In October 2018, the Company was approved for listing its common shares for trading on the OTCQB Venture Market, a US trading platform that is operated by the OTC Markets Group in New York. Our shares now trade on the OTC under the symbol "HMTXF". In April 2021, the Company was approved for listing its common shares for trade on the Frankfurt Stock Exchange under the symbol "2VFO". The Company's head office is located at suite 1150, 707-7th Avenue SW, Calgary, AB T2P 3H6.

The unaudited condensed consolidated interim financial statements of the Company comprise the accounts of Hemostemix, Hemostemix Ltd, and Kwalata Trading Limited, the Company's wholly-owned subsidiaries. Kwalata Trading Limited ("Kwalata"), incorporated under the laws of Cyprus, was established to own our intellectual property ("IP"). On October 1, 2018 management structured an arrangement to sell the IP from Kwalata to Hemostemix Inc. and planned the process to wind up Kwalata. However, this transaction was not completed (see "Wholly-Owned Subsidiary") Hemostemix Ltd., another wholly-owned subsidiary, was incorporated under the laws of Israel to conduct manufacturing and perform research and development. Effective October 1, 2017, Hemostemix Ltd. ceased operations (see "Wholly-Owned Subsidiary").

BUSINESS OVERVIEW

We are a clinical stage biotechnology Company with a patented stem cell technology platform whose principal business is to develop, manufacture and commercialize blood-derived stem cell therapies to treat various diseases not adequately addressed by current therapeutics. The Company's lead product, ACP-01 is the subject of a randomized, placebo-controlled, double blind Phase II clinical trial of its safety and efficacy in patients with advanced CLI who have exhausted all other options to save their limb from amputation. Hemostemix owns 91 patents related to its products and manufacturing processes. The intellectual property of the Company broadly covers synergetic cell populations that can be differentiated into angiogenic cell precursors ("ACPs", including the lead cell product ACP-01) and neural cell precursors ("NCPs").

CORPORATE, PRODUCT, CLINICAL TRIAL AND FINANCING UPDATE

The following items highlight the Company's activities during the three months ended March 31, 2022 and any subsequent development up until the date hereof.

Corporate Update

On January 11, 2022, the Company announced that it has signed a contract with Dr. James Shapiro, University of Alberta, Edmonton and will complete a transfer ACP-01 to Dr. Shapiro's laboratory. The combination of ACP-01, an autologous angiogenic cell precursor that has demonstrated improvement of angiogenesis in the heart and limbs of individuals who suffer from ischemia, and cell transplants from human islets or stem cells, hold huge promise in the treatment of diabetes.

On January 21, 2022, the Company announced it has signed a Global Master Services Agreement with My Next Health ("MNH"), and has, subject to TSXV approval, obtained a subscription from My Next Health in the amount of USD $150,000.

On February 14, 2022, the Company announced "Your Fountain of Youth" has been trademarked by the Company's intellectual property holding company, Kwalata Trading Limited. Hemostemix has been granted International Trademark Registration No. 1624069 for Your Fountain of Youth, a registration that is valid for a period of 10 years.

On April 12, 2022, the Company announced that it has completed the audit of ACP-01 clinical trial data and intellectual property held by Aspire and Accudata and that they are complete and appear to be free of manipulation in any way.

On April 25, 2022, the Company announced that it has closed a $2,750,000 non-brokered secured convertible debenture unit offering pursuant to which the Company issued 2,750 debenture units at a price of $1,000 per Debenture Unit. Each Debenture Unit consists of a $1,000 principal amount secured convertible debenture and 5,714 common share purchase warrants of the Company. The principal amount of the Debentures may be convertible at the option of the holder into common shares of the Company at a price of $0.175 per common share. At the election of the company, any accrued and unpaid interest may be converted into Common shares of the company at a conversion price equal to the market price, but not less than the conversion price of the Debenture. Each Debenture Warrant entitles the holder to acquire one common share at a price of $0.20 per common share for a period of 60 months from the closing of the debenture offering, The Debenture will mature five years from the closing date and will bear interest at a rate of 8% per annum, payable quarterly in arrears in cash or common shares in the capital of the Company at the option of the Company.

On May 10, 2022, the Company announced that it has settled all litigation with, and closed the settlement agreement with Aspire Health Science, LLC., AJIA Global, LLC and Alan Jacobs, Jed Wood, Randi Wood, Blake Wood, Kyle Makofka, Reginald Cooper, and Kingsman Scientific Management. Hemostemix is now in possession of all of its intellectual property, including all HS 12-01 Phase II clinical trial data, all historical data from

Hemostemix Israel, and the randomization tables that are required to analyse the North American and South African ACP-01 clinical trial data.

On May 16, 2022, the Company announced that Mr. Richard Groome has joined the Company as a special advisor to the CEO, focused on completing a series of financing transactions. Over the last three decades Mr. Groome was instrumental in creating and building two securities firms, Marleau Lemire and Groome Capital, which funded many successful biotechnology companies.

Management leadership

On May 19, 2022, the Company announce the appointment of Mr. Peter Pavlin, P.Eng. to the position of Vice President Operations.

Product Update

Angiogenic Cellular Precursor (ACP-01)

Our main product, ACP-01, is created from a process we discovered, developed and patented. From blood a synergetic cell population is isolated, cultured (expanded), differentiated into our products, then reinjected into the patient's ischemic tissue or organ(s). Our process for harvesting stem cells is less invasive, as the stem cells are taken from a patient's blood, which is a simplified process as compared to taking stem cells from fatty tissue or bone marrow. Hemostemix's proprietary technology is a personalized regenerative therapy that is administered to a patient within 7 days of the initial blood draw.

Currently ACP-01 is the subject of our Phase II Clinical Trial for CLI. In addition, based on four open label studies and the compassionate care treatment of greater than 300 patients for end stage heart failure, we believe that ACP-01 has applications in the treatment of other vascular diseases such as cardiovascular disease, peripheral arterial disease ("PAD"), angina pectoris, acute myocardial infraction and other diseases of ischemia.

Regulatory Update for ACP-01

In the first quarter of 2019, the Company submitted an application to the US Food and Drug Administration ("FDA") for Orphan Drug Designation ("ODD") for ACP-01 for the treatment of patients with CLI. The Orphan Drug Act provides for granting special status to a drug or biological product to treat a rare disease or condition upon request of a sponsor. The FDA defines rare diseases as those affecting fewer than 200,000 people in the United States at any given time. Our application sought ODD for the treatment of end-stage CLI patients. The FDA responded to the Company's application stating that based on the information and data they reviewed ACP-01 had the potential to treat all patients suffering from CLI, not just those with end-stage CLI. Based on the potential to treat such a large patient population, ACP-01 did not qualify for Orphan Drug Status.

Neural Cellular Precursor (NCP-01)

Aspire Health Science, LLC ("Aspire") may have initiated an R&D program for generation of NCP-01 (Neural Cellular Precursors) from peripheral blood. The Company will review these results and determine its next steps in the development of NCP-01. NCP-01 may be a product candidate as a treatment of ALS, Alzheimer's, and Parkinson's disease. No pre-clinical or clinical trials have been initiated using NCP-01.

Bone Cellular Precursor (BCP-01)

Aspire may have begun preliminary R&D work to generate BCP-01 (Bone Cellular Precursors) from peripheral blood. The Company will review these results and determine its next steps in its development. BCP-01 is a product candidate that has the potential to treat indications such as bone fractures, skeletal breaks, and surgical procedures. No pre-clinical or clinical trials have been initiated using BCP-01.

Intellectual Property

Our proprietary technologies are based on more than 16 years of clinical data, four open label studies and more than 300 patient treatments. Currently, Hemostemix is conducting a randomized, placebo-controlled, double blind Phase II clinical trial for its lead product ACP-01 as a treatment for CLI.

The Company continuously monitors its patent portfolio and vigorously defends its intellectual property rights. Subject to court order if necessary, management will review all R&D work completed by Aspire to ascertain its impact on our intellectual property portfolio. The Company has 91 patents, organized into five patent families, issued in more than 25 jurisdictions.

The five patent families are:

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

Clinical Trial Updates

License Agreement and lawsuits

In 2019, the Company averaged approximately $184,000 per month for activities related to our clinical trial such as manufacturing, contract research, software and patient care. In 2020, the clinical trial costs dropped to an average of approximately $80,000 per month, as more patients were completing their 12 months of follow up. The timing and dollar amount can vary by month depending on amount of clinical trial activity taking place. In 2021, the monthly cost of patient follow ups will continue to decline as all of the patient follow ups will be completed.

Settlement Agreement

On March 24, 2022, the Company announced that it has entered into a settlement agreement (the "Settlement Agreement") with Aspire Health Science, LLC ("Aspire"), and certain other persons, to settle all pending litigation with Aspire, and certain other persons, including in respect of the Delaware Federal Action, the Florida State Action and the Florida Federal Action involving those persons. If and when closing of the Settlement Agreement occurs, Aspire, and other signatories to the Settlement Agreement, are required to return all data and intellectual property in relation to ACP-01 in their possession (the "ACP-01 Data") to Hemostemix. The Settlement Agreement also calls for the performance of a data audit by Hemostemix in relation to the ACP-01 Data in order to review the ACP-01 Data to be returned to Hemostemix (the "Data Audit"), which Data Audit is currently underway. Closing of the Settlement Agreement, including the return of all ACP-01 Data, is subject to a number of conditions and other contingencies as set forth in the Settlement Agreement, including the Data Audit. As such, there can be no assurance that the closing of the Settlement Agreement, including the return of all ACP-01 Data will be completed as proposed or at all. Hemostemix will provide further information in relation to the Settlement Agreement as further information becomes available.

On April 12, 2022, the Company completed the audit of its ACP-01 clinical trial data and intellectual property held by Aspire and Accudata Solutions, Inc. ("Accudata"), and Hemostemix has confirmed the materials held by Aspire and Accudata are complete and appear to be free of manipulation in any way. If and when the closing of the Settlement Agreement occurs, Hemostemix shall pay Aspire a confidential monetary sum for termination of the license agreement and for providing Hemostemix with all clinical trial data and intellectual property of the Company held by Aspire and other signatories of the Settlement Agreement. While the closing of the Settlement Agreement is subject to several conditions and contingencies, and there can be no assurance that the closing of the Settlement Agreement will be completed, the Parties are contracted to close this transaction in the next 30 to 60 days. Hemostemix's inspection of the materials held by Aspire confirms the underlying disputes were business disputes among the parties and there was no harm to Hemostemix's intellectual property. This settlement resolves these business disputes, and upon closing of the Settlement Agreement, all three lawsuits will be dismissed with prejudice.

On May 10, 2022, the Company announced that it has settled all litigation with, and closed the settlement agreement with Aspire Health Science, LLC., AJIA Global, LLC and Alan Jacobs, Jed Wood, Randi Wood, Blake Wood, Kyle Makofka, Reginald Cooper, and Kingsman Scientific Management. Hemostemix is now in possession of all of its intellectual property, including all HS 12-01 Phase II clinical trial data, all historical data from Hemostemix Israel, and the randomization tables that are required to analyse the North American and South African ACP-01 clinical trial data.

Phase II Clinical Trial for Patients with Critical Limb Ischemia

CLI is a severe blockage in the arteries of the lower extremities, which markedly reduces blood-flow. It is a serious form of PAD. PAD is caused by atherosclerosis, the hardening and narrowing of the arteries over time due to the build-up of fatty deposits called plaque. CLI is a chronic condition that results in severe pain in the feet or toes due to nerve and tissue damage. Complications of poor circulation can include sores and ulcerating wounds that will not heal in the legs and feet. Left untreated, the complications of CLI may result in the amputation of the affected limb.

Most patients with CLI are treated surgically and depending on the severity, the surgery can be minimally invasive (angioplasty or stents) or very invasive (bypass surgery, grafts, or amputation). ACP-01 is an alternative to surgery, which, based on our prior clinical trials, we believe is safer and more cost effective, as no lengthy hospital stay or recovery time is needed. The prevalence of CLI is increasing, as CLI predominately affects the growing baby boomer population aged 50 and older. According to The Sage Group LLC, in the United States alone, approximately 20 million people are affected by PAD, and it is estimated that approximately 7-8 million people in the United States and Europe suffer from CLI. The Sage Group LLC estimates that in the United States, medical costs attributable to CLI amount to US$25 billion annually.

The clinical trial is a randomized, placebo-controlled, double blind Phase II clinical trial to confirm the safety and efficacy of ACP-01. Under the current USA Food and Drug Administration ("FDA") and Health Canada approved protocol approximately 95 patients will be followed for a minimum period of six months and a maximum of twelve months. The trial had 65 enrolled subjects, with the last subject completing their last follow up in April 2021. The Company is now focusing its efforts on completing the key areas of the trial including, but not limited to, data entry, source document verification, data base lock down, biostatistical analyses and final reporting documentation.

On October 21, 2019, the Company was provided a summary of the presentation entitled "Autologous Stem Cell Treatment for CLI Patients with No Revascularization Options: An Update of the Hemostemix ACP-01 Trial with 4.5 Year Follow up" by the lead investigator, Dr. York Hsiang, who gave this update at the 41st Annual Canadian Society for Vascular Surgery Meeting, September 14, 2019. Dr. Hsiang reported on the blinded results from the long-term follow-up of the first cohort of patients enrolled at two trial sites, Vancouver Coastal Health Research

Institute ("VCHRI") and the University Health Network, Peter Monk Cardiac Centre located in Toronto, Ontario, led by principal investigator Dr. Thomas Lindsay, MDCM, MSc, FRCSC, FACS.

The following is a summary of the results and conclusion:

- Twelve patients with CLI with no interventional options were enrolled at two treatment centers (10 male, 2 female, mean age 76)
- Prior to treatment, three patients had ischemic rest pain, eight patients had ulceration, and one patient had gangrene
- Study subjects were randomized 2:1 to receive injection of ACP-01 or placebo into their most affected lower extremity and followed for at least 1 year
- Healing of ulcers and resolution of ischemic rest pain occurred in 10 of the 12 patients (83%)
- There were no clinically significant safety issues
- Outcomes were maintained for up to 4.5 years. (3.5 years for two patients, 3 years for one patient, and one patient who died after ulcer healing secondary to congestive heart failure)
- These blinded preliminary results in the study are promising, and show an acceptable safety profile for ACP-01

ACP-01 has been used to treat over 300 patients for various conditions of ischemia.

Neural Cellular Precursor (NCP-01).

On January 7, 2020, the Company announced that it was issued its 91st patent for the generation of NCP-01 from peripheral blood. The patent, Production from Blood of Cells of Neural Lineage, was issued by Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Netherlands, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Monaco, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey and the United Kingdom.

Manufacturing Agreement

The initial term of the Manufacturing Agreement ("MA") with Aspire expired on January 31, 2019 but was extended pursuant to the terms of the MA until July 31, 2019. Subsequent to July 31, 2019, the Company and Aspire continued to operate under the same terms as the original agreement to October 31, 2019. The Company and Aspire did not complete a new MA and it lapsed on October 31, 2019. Aspire owns an FDA cGMP ("Certified Good Manufacturing Practices") facility located in Orlando, Florida. Up until October 31, 2019, the basic charges and pricing were fixed throughout the term. In addition to ordinary contract manufacturing provisions, the MA was also to provide Hemostemix with access to Aspire's laboratory and personnel for research and development ("R&D") purposes. Hemostemix was to have a dedicated workspace in Aspire's Orlando lab facility throughout the term of the MA and the freedom to conduct R&D work there at its discretion so long as it did not interfere with Aspire's production schedules. Any and all improvements to the Company's pre-existing technology or otherwise related to ACP-01, NCP-01, BCP-01 made pursuant to the MA were always contracted to remain or become upon discovery the property of Hemostemix.

Financing

Convertible debenture

On June 11, 2021, the Company closed a $2,500,000 non-brokered private placement of convertible debentures (the "Debentures"), in the principal amount of $2,500,000. Each Debenture consists of $1,000 principal amount and 2,500 Debenture warrants. The debenture matures five years from the closing date and bears interest at a rate of 6% per annum, payable quarterly, in arrears in cash or Common shares at the option of the Company. The principal amount of the debenture may be convertible, only at the option of the Company (and not the option of the holder), into common shares of the Company at a price of $0.40 per common share. At the election of the Company, any accrued and unpaid interest may be converted into Common shares of the Company at a conversion price equal to market price, but not less than the conversion price. Each debenture warrant entitles the holder to acquire one common share at a price of $0.55 per common share for a period of 24 months from the closing of the debenture offering.

On March 2, 2022, the Company announced that it has signed a binding term sheet for a private placement of convertible debentures in the amount of $2,549,000, and is offering the same terms to accredited investors who are shareholders of record of March 3, 2022, enabling the Company to accept or reject in its sole discretion, proceeds of up to $2,750,000. The debenture Unit offering (the "Debenture Offering") is a five-year secured 8% non-transferrable convertible debenture, with conversion at the option of the holder that consists of up to 2,750 debenture units (each, a "Debenture Unit") priced of $1,000 per Debenture Unit. Each Debenture Unit consists of a $1,000 principal amount debenture (each, a "Debenture") and 5,882 transferable Debenture Warrants. The Debentures mature five years from the closing date (the "Maturity Date") and bears interest ("Interest") at a rate of 8% per annum, payable quarterly in arrears in cash or Common Shares at the option of the Company. The principal amount of the Debentures may be convertible at the option of the Holder into Common Shares of the Company ("Debenture Shares") at a price of $0.17 per Common Share (the "Conversion Price"). At the election of the Company, any accrued and unpaid Interest may be converted into Common Shares of the Company at a conversion price equal to the Market Price (as such term is defined in the Polices of the TSX Venture Exchange (the "Exchange") at the time of such conversion) but not less than the Conversion Price of the Debenture. Each Debenture Warrant entitles the holder to acquire one Common Share at a price of $0.20 per Common Share for a period of 60 months from the closing of the Debenture Offering. The Debenture Units and any Common Shares resulting from conversion of the Debentures or the exercise of Debenture Warrants will be subject to a hold period, if applicable.

Stock Options and Warrants

In conjunction with the private placement on February 28, 2022, the Company issued 8,606,071 warrants that entitle the holder to acquire an additional common share at $0.40 per share, and expiring in a 24 month period. The Company also granted 316,874 agent warrants which entitle the holder to acquire an additional Unit, consisting of one common share and one purchase warrant at $0.14 per Unit and expiring in a 24 month period. The fair value of the warrants was estimated on the date of grant using the Black Scholes relative fair value approach with the following assumptions: expected dividend yield of 0%, expected volatility of 100%, risk-free interest rates of 1.45%, and an average expected life of 24 months.

On February 28, 2022, the Company granted 1,494,269 stock options to directors, officers, employees and consultants of the Company. The stock options granted have an exercise price of $0.17 and an expiry date of February 28, 2027. 1,194,269 vest immediately and 300,000 vest 50% immediately and 50% on February 28, 2023.

Capital Raise

On February 28, 2022, the Company closed a non-brokered private placement of 8,606,071 units at a price of $0.14 per units for gross proceeds of $1,204,850. Each unit consists of one common share in the capital of the Company and one transferable common share purchase warrant, with each full Warrant entitling the holder to acquire one Common Share at a price of $0.40 per Common Share for a period of 24 months from the closing of the Offering. Purchase warrants were valued at $474,324, which entitles the holder to acquire one common share at a price of $0.40 per common share, for a period of 24 months. In connection with the Offering, the Company paid eligible finders aggregate cash finders fees of approximately $44,362 and issued 316,874 finder's options with a fair value of $30,884, which are exercisable for a period of 24 months from closing, to acquire units at a price of $0.14 per unit.

OUTLOOK

The Company continues to strongly believe in the technology based on results from four previous open label clinical trials as well as site reported positive results under the current clinical trial. Extensive research and development ("R&D") work has been completed that demonstrates the manufacturing process can be optimized and eventually automated for the autologous procedures.

Our ability to accomplish all our future strategic plans is dependent upon obtaining additional financing or executing other strategic options and there is no assurance that we will achieve these objectives. Management will continue to pursue various options to raise additional funding, some which could be dilutive to existing shareholders. Alternatives for raising further capital could include the issuance of additional equity, debt, convertible debentures, government or partnership funding. We intend to seek commercialization partners for our therapy and development partners for accelerating clinical development of novel therapies for significant and unmet medical needs.

CONSOLIDATION AND PRESENTATION

Wholly Owned Subsidiaries

Hemostemix has two wholly-owned subsidiaries. On October 1, 2018, management structured the sale of the IP from Kwalata to Hemostemix and planned the wind up of Kwalata. This transaction was not completed and Kwalata remains a wholly owned subsidiary of Hemostemix Inc., and continues as an IP holding company.

On October 1, 2017, the Company ceased its operations in Israel and moved its manufacturing and research and development activities to development activities to Aspire under License. The Israel operations had current assets of $1,784 as at March 31, 2022 (December 31, 2021 - $1,784) and current liabilities of $nil as at March 31, 2022 (December 31, 2021 - $nil).

Functional and Presentation Currency

The unaudited condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. Each subsidiary determines its own functional currency and items included in the unaudited condensed consolidated interim financial statements of each entity are measured using that functional currency. The functional currency of the subsidiaries is Canadian dollars. Transactions denominated in foreign currency (other than the functional currency) are recorded on initial recognition at the exchange rate at the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at the end of each reporting period into the functional currency at the exchange rate at that date. Exchange differences, other than those capitalized to qualifying assets or recorded in equity in hedging transactions, are recognized in profit or loss. Non-monetary assets and liabilities measured at cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the

functional currency using the exchange rate prevailing at the date when the fair value was determined.

SELECTED FINANCIAL INFORMATION FOR THE PERIODS

The following table provides selected consolidated financial information for the Company as at and for the three months ended March 31, 2022 and 2021.

	Three months ended March 31,	
	2022	2021
Total Assets	1,349,790	563,047
Total Liabilities	6,862,163	5,846,842
Net loss and comprehensive loss	(1,635,381)	(683,703)
Basic and diluted loss per share	(0.026)	(0.012)
Weighted average number of shares outstanding	62,525,308	56,193,257

Total Assets increased primarily as a result of increased financing in order to pay current trades payables relating to the CLI phase II clinical trial.

Total Liabilities increased primarily as a result of increased payables to outstanding clinical trial and legal activities.

Net loss and comprehensive loss increased to $1,635,381 for the three months ended March 31, 2022, primarily as a result of increased professional fees as well as an increase in stock-based compensation.

RESULTS OF OPERATIONS

Comparison of Expenses

	three months ended			
	March 31, 2022 $	March 31, 2021 $	Increase (Decrease) $	Increase (Decrease) %
Research and development	**74,099**	54,436	19,663	36
Consultants	**75,861**	369,620	(293,759)	(79)
Stock-based compensation	**164,415**	90,400	74,015	82
Marketing and office expenses	**58,695**	42,034	16,661	40
Professional fees	**960,802**	107,437	853,365	794
Gain on settlement of debt through shares	**(2,214)**	-	(2,214)	-
Foreign exchange (gain) loss	**259,990**	16,967	243,023	1,432
Finance expense	**43,610**	2,533	41,077	1,622
Depreciation and amortization	**123**	276	(153)	(55)
Net loss from operations	**1,635,381**	683,703	951,678	139

Analysis of expenses

Research and development ("R&D")
R&D expense is the cost for the third party manufacturing laboratory which produces ACP-01 that is used in the clinical trials and provides continued research and development work in their laboratory. It also includes the costs paid to clinical trial sites to reimburse them for the costs associated with the treatment and follow-up for patients in our study, as well as the fees paid to the Contract Research Organization ("CRO") which provides services to conduct the clinical trials. R&D costs for the three months ended March 31, 2022 were $74,099 compared to $54,436 for the three months ended March 31, 2021 representing an increase of $19,663. The majority of the increase is related to the decrease in patient activity as the trial is being completed.

Consultants
Consulting fees and salaries decreased to $75,861 for the three months ended March 31, 2022, as compared to $369,620 in the corresponding period of the prior year. The three month decrease was due to the decrease in investor relation services being utilized for the period.

Stock-based compensation expense ("SBC")
SBC increased by $74,015 in the three months ended March 31, 2022, compared to the corresponding periods of 2021. The increase is primarily due to the grant of stock options which occurred during the current period.

Marketing and office expenses
For the three months ended March 31, 2022, marketing and office expenses increased to $58,695 compared to $42,034 in the same period of the prior year. Marketing and office expenses includes office administration costs including courier, and utilities as well as investor relations, marketing and communications costs. The increase in expenses is primarily due to an increase in marketing expense for the year.

Professional fees

	Three months ended March 31,		
	2022	2021	% change
Patent costs	**46,458**	53,068	(12)
Accounting & audit fees	**(1,213)**	24,845	(105)
Legal - litigation	**613,038**	-	DIV/0
Legal - Other	**227,717**	1,413	100
Other Professional fees	**1,359**	3,377	(60)
Investor relations	**73,443**	24,734	197
Total	**960,802**	107,437	794

Professional fees increased to $960,802, for the three months ended March 31, 2022, as compared to $107,437 in the prior year, primarily as a result of increased legal costs which were incurred relating to the Aspire lawsuit.

Depreciation expense for the three months ended March 31, 2022, were $123 compared to $276 in the corresponding periods of the prior year.

Finance expense, for the three months ended March 31, 2022 were $43,610 compared to $2,533 in the corresponding periods of the prior year. Finance expense includes interest income of $nil relating to the loan receivable, which was fully repaid just prior to the 2021 year end. Interest expense relates to the interest on the convertible debenture balance which was issued during 2021.

Foreign exchange for the three months ended March 31, 2022 were a loss of $259,990 compared to a loss of $16,967 in the corresponding prior year period. The quarter over quarter change relates to an unrealized foreign exchange loss due to a change in rates and substantial US currency payables offset by a loan receivable.

QUARTERLY FINANCIAL INFORMATION

The following table sets out the quarterly results for the most recently completed 8 quarters:

	Mar 31, 2022	**Sept 30, 2021**	**June 30, 2021**	**Mar 31, 2021**
Net Loss ($)	(1,635,381)	(3,336,696)	(1,044,846)	(1,052,627)
Weighted Average # of Shares	62,525,308	57,574,742	57,574,742	56,193,257
Loss per Share ($)	(0.026)	(0.058)	(0.018)	(0.019)

	Mar 31, 2021	**Dec 31, 2020**	**Sept 30, 2020**	**Dec 31, 2020**
Net Loss ($)	(683,702)	(3,989,434)	(1,613,525)	(2,025,336)
Weighted Average # of Shares	56,193,257	32,240,572	37,710,224	36,508,078
Loss per Share ($)	(0.012)	(0.124)	(0.043)	(0.055)

LIQUIDITY AND CAPITAL RESOURCES

Hemostemix is a development stage Company that to date has had no revenue and negative operating cash flows, which are expected to continue in the foreseeable future. As a development stage Company, we require significant additional investment for research and development, manufacturing, clinical testing and regulatory submissions prior to commercialization. Since inception, we have financed our cash requirements primarily through issuances of equity and debt securities. Our ability to continue as a going concern is dependent upon obtaining additional investment capital and grant monies.

Based on the foregoing, we will continue to pursue various funding options and opportunities; however, no assurances can be made that we will be successful in raising additional investment capital, to continue as a going concern. If we are not able to raise capital, we will have to reduce our cash requirements by eliminating or deferring spending on research, development and corporate activities.

For the three months ended March 31, 2022, there was a net cash outflow from operating activities of $414,377 compared to a net cash outflow of $(1,007,622) for the three months ended March 31, 2021, a decrease in outflow of $(1,421,999).

Expressed in tabular form, the decrease from the net cash used for operations is as follows:

Decrease in net loss from operations for the period	$(951,678)
Decrease in stock compensation expense	$74,015
Decrease in finance expense	$41,396
Decrease in depreciation and amortization	$(153)
Foreign Exchange	
Change in subscription receivables and prepaid expenses	$(1,000)
Change in prepaid expenses	$(18,104)
Change in HST/GST receivable	$(22,003)
Change in accounts payable and accrued liabilities	$1,131,943
Decrease in the net cash used for operations	$(254,416)

As at March 31, 2022, the Company had a working capital deficit of $4,071,850 compared to $3,802,890 at December 31, 2021, resulting in an increase in working capital deficit of $268,960. This lower working capital is primarily a result of:

1. A decrease in cash and cash equivalents of $(746,111);
2. An increase in HST/GST receivable of $27,292;
3. A decrease in subscription receivables of $1,000
4. A decrease in other receivables and prepaid expenses of $(14,463);
5. An increase in accounts payable and accrued expenses of $1,055,826;

The main reason for the increase in working capital deficit is predominately due to the reduction in subscriptions receivables, the repayment of loans payable and accounts payables as well as the issuance of debentures.

Outstanding Share Data

As at March 31, 2022, the number of issued and outstanding common shares was 68,199,641 (December 31, 2021 – 59,150,862). As at May 30, 2022, the number of common shares issued and outstanding is 68,252,705.

As at March 31, 2022, the Company had 6,775,694 share purchase options outstanding (December 31, 2021 – 5,342,000). As at May 30, 2022, the number of outstanding share purchase options remained at 6,775,694.

As at March 31, 2022, the Company had 50,965,780 share purchase warrants outstanding (December 31, 2021 – 42,042,835). As at May 30, 2022, the number of outstanding warrants was 50,965,780.

SIGNIFICANT ACCOUNTING POLICIES

Refer to Note 2 in the 2021 audited annual consolidated financial statements for a detailed description of our significant accounting policies. We have consistently applied the same accounting policies for all periods presented in these consolidated financial statements for the three months ended March 31, 2022, as those used in our audited consolidated financial statements.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURE

New accounting standard not yet adopted

IAS 1 Classification of Liabilities as Current or Non-Current (Amendment)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period";
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability;
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2022. There is currently a proposal in place to extend effective date for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

COMMITMENTS & CONTINGENCIES

Commitments

Clinical Trial Costs

In 2020, the Company averaged approximately $80,000 per month for activities related to our clinical trial such as manufacturing, contract research, software and patient care. In 2020, the clinical trial costs dropped to an average of approximately $13,750 per month, as more patients were completing their 12 months of follow up. The timing and dollar amount can vary by month depending on amount of clinical trial activity taking place. In 2022, the monthly cost of patient follow ups will continue to decline as the patient follow ups are completed.

Contingencies

In the ordinary course of operating, the Company may from time to time be subject to various claims or possible claims. Management believes that there are no claims or possible claims that if resolved would either individually or collectively result in a material adverse impact on the Company's financial position, results of operations, or cash flows. These matters are inherently uncertain, and management's view of these matters may change in the future.

Dr. Elmar Burchardt Arbitration

On October 17, 2019, Dr. Elmar R. Burchardt ("Burchardt"), the Company's former CEO, commenced a formal arbitration over disputed amounts for unpaid salary, severance and benefits amounts allegedly owing to Burchardt after his resignation from the Company in January 2017. Burchardt seeks US$537,198 via arbitration. The Company believes Burchardt's demand is without merit and intends to defend its position vigorously.

Aspire Lawsuit

On January 28, 2020, Aspire Health Sciences, LLC ("Aspire") filed a lawsuit against the Company in the Circuit Court of the Ninth Judicial Circuit (the "Florida Court") in Orange County Florida. This suit asserts claims regarding the Amended and Restated Licence Agreement between Aspire and the Company dated September 30, 2019 (note 4). The Company believes the Florida Court action is frivolous, without merit, and it intends to vigorously defend its position. On June 28, 2021, the Ninth Judicial Circuit Court of Orange County, Florida, denied Aspire's motion to compel production of documents from Hemostemix and the Court awarded Hemostemix its fees and costs incurred in defending against Aspire's motion. Hemostemix has filed for the Court's consideration a fee

petition and answering brief that quantifies the fees and costs incurred. On August 10, 2021, the Court of Appeal of the State of Florida Fifth District affirmed the decision of John E. Jordan. In October, the Company and Aspire filed its motion for Summary Judgment.

Accudata Lawsuit

On July 2, 2020 counsel for the Company filed a preliminary injunction application in the United States District Court for the District of Delaware to obtain the return of the Company's data from Accudata Solutions ("Accudata"), and Aspire following Aspire's application to intervene. On March 30, 2021, the United States District Court for the District of Delaware has denied Aspire's Motion to Dismiss except as to Count VII (fraud), denied Accudata Motion to Dismiss in its entirety, and denied the Company's preliminary injunction application. The Court also denied Aspire's and Accudata's Motions to Stay, thereby allowing all claims against Aspire and Accudata, except Count VII, to proceed without further delay.

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:

The Company recorded share based compensation expense for the three months ended March 31, 2022 of $160,975 (three months ended March 31, 2021 - $72,249) to the current management and directors of the Company.

As at March 31, 2022, the Company had $1,044,564, accounts payable and accrued liabilities owing to the previous management of the company, previous contract manufacturing company, and previous Chief Medical Officer (December 31, 2021 - $1,044,544). The majority of this balance arose based on expenses paid on behalf of the Company. Some of these expenditures are subject to dispute.

For the three months ended March 31, 2022, the Company expensed $55,935 (three months ended March 31, 2021 - $49,500) to Mr. Thomas Smeenk, CEO, for consulting services. As at March 31, 2022, Mr. Smeenk was owed $9,323 (December 31, 2021 - $9,323) and this amount was included in accounts payable and accrued liabilities.

FINANCIAL INSTRUMENTS & CAPITAL RISK MANAGEMENT

Our financial instruments consist of cash and cash equivalents, subscriptions receivables, other receivables and accounts payable, debentures and accrued liabilities. As at March 31, 2022, there are no significant differences between the carrying values of these amounts and their estimated market values.

Financial risk management

The Company's financial risk management policies are established to identify and analyze the risks faced by the Company, to set acceptable risk tolerance limits and controls, and to monitor risks and adherence to limits. The financial risk management policies and systems are reviewed regularly to ensure they remain consistent with the objectives and risk tolerance acceptable to the Company and current market trends and conditions. The Company, through its training and management standards and procedures, aims to uphold a disciplined and constructive control environment in which all employees understand their roles and obligations.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are exposed to interest rate risk through our cash and cash equivalents. The Company mitigate this risk by investment of excess cash resources in investment grade vehicles while matching maturities

with our operational requirements.

Fluctuations in market rates of interest do not have a significant impact on our results of operations due to the short term to maturity of the investments held.

The Company mitigate our exposure to interest rate risk on loans by utilizing fixed rates.

Currency risk
Currency risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. In the normal course of our operations, the Company are exposed to currency risk from the purchase of goods and services in the United States. In addition, we are exposed to currency risk to the extent cash is held in foreign currencies. The impact of a $0.01 increase in the value of the U.S. dollar against the Canadian dollar would have increased our net loss for the three months ended March 31, 2022 by approximately $149,846 (March 31, 2021- $52,385).

We mitigate our foreign exchange risk by maintaining sufficient foreign currencies, through the purchase of foreign currencies, when cash allows, to settle our foreign accounts payable and future commitments.

Balances in foreign currencies at March 31, 2022 are as follows:

	US Dollars
	$
Cash and cash equivalents	130,958
Accounts payable and accrued expenses	(1,629,420)
	(1,498,462)

Liquidity risk
Liquidity risk is the risk that we will encounter difficulty in meeting obligations associated with financial liabilities. We manage liquidity risk through the management of our capital structure. Accounts payable are all due within the current operating period.

As at March 31, 2022, the Company has a working capital deficit of $4,071,850 (December 31, 2021 – $3,802,890). As at March 31, 2022, the Company has an accumulated deficit of $57,163,107 (December 31, 2021 - $55,527,726) and is not yet generating operating cash flows. As such, there is material uncertainty about the ability of the Company to continue as a going concern. In order to continue as a going concern, the Company requires additional capital to fund ongoing operations and intends on continuing to raise additional funds through the issuance of equity and/or debt.

Capital risk management
The Company's objectives when managing capital are:

- ensuring sufficient liquidity to support its financial obligations and execute its operating and strategic plans;
- maintaining healthy liquidity reserves and access to capital; and
- minimizing the after-tax cost of capital while taking into consideration current and future industry, market and economic risks and conditions.

To assess its effectiveness in managing capital, management monitors certain key ratios to ensure they are within targeted ranges.

The Company defines its capital as its equity. Its capital management objectives and approach were unchanged during the quarter.

SUBSEQUENT EVENTS
On April 12, 2022, the Company announced that it has completed the audit of ACP-01 clinical trial data and intellectual property held by Aspire and Accudata and that they are complete and appear to be free of manipulation in any way.

On April 25, 2022, the Company announced that it has closed a $2,750,000 non-brokered secured convertible debenture unit offering pursuant to which the Company issued 2,750 debenture units at a price of $1,000 per Debenture Unit. Each Debenture Unit consists of a $1,000 principal amount secured convertible debenture and 5,714 common share purchase warrants of the Company. The principal amount of the Debentures may be convertible at the option of the holder into common shares of the Company at a price of $0.175 per common share. At the election of the company, any accrued and unpaid interest may be converted into Common shares of the company at a conversion price equal to the market price, but not less than the conversion price of the Debenture. Each Debenture Warrant entitles the holder to acquire one common share at a price of $0.20 per common share for a period of 60 months from the closing of the debenture offering, The Debenture will mature five years from the closing date and will bear interest at a rate of 8% per annum, payable quarterly in arrears in cash or common shares in the capital of the Company at the option of the Company.

On May 10, 2022, the Company announced that it has settled all litigation with, and closed the settlement agreement with Aspire Health Science, LLC., AJIA Global, LLC and Alan Jacobs, Jed Wood, Randi Wood, Blake Wood, Kyle Makofka, Reginald Cooper, and Kingsman Scientific Management. Hemostemix is now in possession of all of its intellectual property, including all HS 12-01 Phase II clinical trial data, all historical data from Hemostemix Israel, and the randomization tables that are required to analyse the North American and South African ACP-01 clinical trial data.

On May 16, 2022, the Company announced that Mr. Richard Groome has joined the Company as a special advisor to the CEO, focused on completing a series of financing transactions. Over the last three decades Mr. Groome was instrumental in creating and building two securities firms, Marleau Lemire and Groome Capital, which funded many successful biotechnology companies.

On May 19, 2022, the Company announce the appointment of Mr. Peter Pavlin, P.Eng. to the position of Vice President Operations.

DISCLOSURE CONTROLS, PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management has established and continues to complement a system of disclosure controls and procedures and internal controls over financial reporting. This system is designed to provide reasonable assurance that material information relating to the issuer and its subsidiaries are available and reported to senior management and permits timely decisions regarding public disclosure. As of March 31, 2022, the Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings are effective, except as noted below, to ensure that the information required to be disclosed in reports that are filed or submitted under Canadian Securities legislation are recorded, processed, summarized and reported within the time period specified in those rules.

The Company's disclosure controls and procedures are indicative of many small and growing companies. Consequently, management has identified certain weaknesses that currently exist in the disclosure controls and procedures including, but not limited to, the segregation of duties and expertise in specific areas of public disclosure. The existence of these weaknesses is partially compensated for by senior management monitoring these issues, and in the case of complex or extraordinary transactions, consulting with external experts to advise management in their analysis and conclusions.

Throughout the year management continued to address, as required, steps to improve disclosure controls and procedures and internal controls over financial reporting. However, no specific changes to disclosure controls and procedures were made during the period. The Company recognizes this is an ongoing and dynamic process and continues to focus on internal controls related to financial reporting and disclosure controls and procedures and is committed to further improvements in the future.

RISKS AND UNCERTAINTIES

Lack of Product Revenues and History of Losses

To date, Hemostemix has not recorded any revenues from the sale of biopharmaceutical products or earning any licensing revenues, and, as a result, it faces a high risk of business failure. Hemostemix expects to incur additional losses during the periods of research and development, clinical testing, and application for regulatory approval of its product candidates. Hemostemix expects to incur losses unless and until such time as payments from corporate collaborations, product sales and/or royalty or license payments generate sufficient revenues to fund its continuing operations.

Ability to Continue as a Going Concern

The Company's auditors' opinion on its March 31, 2022 financial statements includes an explanatory paragraph in respect of there being substantial doubt about its ability to continue as a going concern.

Biotech Public Market Risks

Prospects for companies in the biotechnology industry generally may be regarded as uncertain given the nature of the industry and, accordingly, investments in biotechnology companies should be regarded as speculative. Biotechnology research and development involves a significant degree of risk. An investor should carefully consider the risks and uncertainties described below. The risks and uncertainties described below are not an exhaustive list. Additional risks and uncertainties not presently known to Hemostemix or that Hemostemix believes to be immaterial may also adversely affect Hemostemix's business. If any one or more of the following risks occur, Hemostemix business, financial condition and results of operations could be seriously harmed. Further, if Hemostemix fails to meet the expectations of the public market in any given period, the market price of Hemostemix shares could decline.

Early Stage Development and Scientific Uncertainty

Hemostemix's products are at an early stage of development. Significant additional investment in research and development, product validation, manufacturing, production scale-up, clinical testing, and regulatory submissions of such product candidates is required prior to commercialization. There can be no assurance that any such products will actually be developed. The development and regulatory processes may require access to raw materials and inputs which may not be available to Hemostemix in sufficient amounts or in a timely fashion to allow Hemostemix to complete the development or receive regulatory approval of any product or process. A commitment of substantial time and resources is required to conduct research and clinical trials if Hemostemix is to complete the development of any product. It is not known whether any of these product or process candidates will meet applicable health regulatory standards and obtain required regulatory approvals, or whether such products can be produced in commercial quantities at reasonable costs and be successfully marketed, or if Hemostemix 's investment in any such products will be recovered through sales or royalties. The Company's technology will require significant research and development and preclinical and clinical testing prior to regulatory approval, if required, being obtained in the United States or other countries. The Company may not be able to obtain regulatory approvals, if required, to complete necessary clinical trials for its cell technology, or to commercialize it. The Company's technology may prove to have undesirable and unintended side effects, or other characteristics adversely affecting its safety, efficacy or cost-effectiveness could prevent or limit its use. The Company's technology may fail to provide its intended benefit or achieve benefits equal to or better than its competitor's products at the time of testing or production and, if so, its business may fail.

Clinical Trial Risks

The Company's clinical trials may fail to produce successful results or could be suspended due to unacceptable safety risks, which could cause its business to fail. Clinical trials are subject to extensive regulatory requirements, and are very expensive, time-consuming and difficult to design and implement, in part because they may be subject to rigorous regulatory requirements. The Company's products may fail to achieve necessary safety and efficacy endpoints during clinical trials. The Company believes that its clinical trials will take a substantial period of time to complete. Furthermore, failure can occur at any stage of the trials, and the Company could encounter problems that cause us to abandon or repeat clinical trials. The commencement and completion of clinical trials may be delayed by several factors, including: unforeseen safety issues; lack of effectiveness during clinical trials; slower than expected rates of patient recruitment; and inability to monitor patients adequately during or after treatment. In addition, the Company or regulatory officials may suspend the Company's clinical trials at any time if it appears that the Company is exposing participants to unacceptable health risks. If the Company's clinical trials fail to produce successful results, or are suspended due to unacceptable safety risks, the Company's business may fail.

Additional Financing Requirements and Access to Capital

Hemostemix will require substantial additional funds for further research and development, planned clinical testing, regulatory approvals, establishment of manufacturing capabilities and, if necessary, the marketing and sale of its products. Hemostemix may attempt to raise additional funds for these purposes through public or private equity or debt financing, collaborations with other biopharmaceutical companies and/or from other sources. There can be no assurance that additional funding or partnership will be available on terms acceptable to Hemostemix and which would foster successful commercialization of Hemostemix products.

Government Regulations

Biotechnology and pharmaceutical companies operate in a high-risk regulatory environment. The manufacture and sale of human diagnostic and therapeutic products is governed by numerous statutes and regulations in the United States, Canada, and other countries where Hemostemix intends to market its products. The subject matter of such legislation includes approval of manufacturing facilities, controlled research and testing procedures, review and approval of manufacturing, preclinical and clinical data prior to marketing approval, as well as regulation of marketing activities, notably advertising and labelling.

The process of completing clinical testing and obtaining required approvals is likely to take several years and require the expenditure of substantial resources. Furthermore, there can be no assurance that the regulators will not require modification to any submissions which may result in delays or failure to obtain regulatory approvals. Any delay or failure to obtain regulatory approvals could adversely affect the ability of Hemostemix to utilize its technology, thereby adversely affecting operations. Further, there can be no assurance that Hemostemix's diagnostic product candidates will achieve levels of sensitivity and specificity sufficient for regulatory approval or market acceptance, or that its therapeutic product candidates prove to be safe and effective in clinical trials or receive the requisite regulatory approval. There is no assurance that Hemostemix will be able to timely and profitably produce its products while complying with all the applicable regulatory requirements. Foreign markets, other than the United States and Canada, generally impose similar restrictions.

Hazardous Materials and Environmental Matters

Certain of Hemostemix's research and development processes may involve the controlled use of hazardous materials. Hemostemix is subject to federal, provincial, and local laws and regulations governing the use, manufacture, storage, handling and disposal of such materials and certain waste products. Although management of Hemostemix believes that its procedures for handling and disposing of such materials comply with the standards prescribed, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, Hemostemix could be held liable for damages and such liability could exceed the resources of Hemostemix. Hemostemix is not specifically insured with respect to this liability. Although management of Hemostemix believes that it currently complies in all material respects with applicable environmental laws and regulations, Hemostemix may be required to incur significant costs to comply with environmental laws and regulations in the future. Furthermore, there can be no assurance that the operations, business, or assets of Hemostemix will not be materially adversely affected by current or future environmental laws or regulations.

Patents and Proprietary Technology

Hemostemix's success will depend in part on its ability to obtain, maintain, and enforce patent rights, maintain trade secret protection, and operate without infringing the proprietary rights of third parties. There can be no assurance that pending patent applications will be allowed, that Hemostemix will develop additional proprietary products that are patentable, that issued patents will provide Hemostemix with any competitive advantage or will not be challenged by any third parties, or that patents of others will not have an adverse effect on the ability of Hemostemix to do business.

Furthermore, there can be no assurance that others will not independently develop similar products, duplicate any of the Hemostemix products, or design around the products patented by Hemostemix. In addition, Hemostemix may be required to obtain licenses under patents or other proprietary rights of third parties. No assurance can be given that any licenses required under such patents or proprietary rights will be available on terms acceptable to Hemostemix. If Hemostemix does not obtain such licenses it could encounter delays in introducing one or more of its products to the market, while it attempts to design around such patents, or could find that the development, manufacturing or sale of products requiring such licenses could be foreclosed. In addition, Hemostemix could incur substantial costs in defending itself in suits brought against it on such patents or in suits where it attempts to enforce its own patents against other parties.

Until such time, if ever, that patent applications are filed, the ability of Hemostemix to maintain the confidentiality of its technology may be crucial to its ultimate possible commercial success. While Hemostemix has adopted procedures designed to protect the confidentiality of its technology, no assurance can be given that such arrangements will be effective, that third parties will not gain access to Hemostemix trade secrets or disclose the technology, or that Hemostemix can meaningfully protect its rights to its trade secrets.

Dependence on Collaborative Partners, Licensors and Others

Hemostemix activities will require it to enter into various arrangements with corporate and academic collaborators, licensors, licensees and others for the research, development, clinical testing, manufacturing, marketing, and commercialization of its products. Hemostemix intends to attract corporate partners and enter into additional research collaborations. There can be no assurance, however, that Hemostemix will be able to establish such additional collaborations on favourable terms, if at all, or that its current or future collaborations will be successful. Failure to attract commercial partners for its products may result in Hemostemix incurring substantial clinical testing, manufacturing, and commercialization costs prior to realizing any revenue from product sales or result in delays or program discontinuance if funds are not available in sufficient quantities. If any collaborative partner fails to develop, manufacture, or commercialize successfully any product to which it has rights, or any partner's product to which Hemostemix will have rights, Hemostemix's business may be adversely affected. Failure of a collaborative partner to continue to participate in any particular program could delay or halt the development or commercialization of products generated from such program. In addition, there can be no assurance that the collaborative partners will not pursue other technologies or develop alternative products either alone or in collaboration with others, including Hemostemix's competitors, as a means for developing treatments for the diseases targeted by Hemostemix programs.

Furthermore, Hemostemix may hold licenses for certain technologies and there can be no assurance that these licenses will not be terminated, or that they will be renewed on conditions acceptable to Hemostemix. Hemostemix may negotiate additional licenses in respect of technologies developed by other companies and academic institutions. Terms of license agreements to be negotiated may include, inter alia, a requirement to make milestone payments, which may be substantial. Hemostemix will also be obligated to make royalty payments on the sales, if any, of products resulting from licensed technology and, in some instances, may be responsible for the costs of filing and prosecuting patent applications. Should any of Hemostemix licensees breach their regulatory, clinical, operational or legal requirements this may impact Hemostemix reputation and/or ability to conduct its business or make progress as anticipated.

Rapid Technological Change

The biotechnology and pharmaceutical industries are characterized by rapid and substantial technological change. There can be no assurance that developments by others will not render Hemostemix proposed products or technologies noncompetitive, or that Hemostemix will keep pace with technological developments. Competitors have developed or are developing technologies that could be the basis for competitive products. Some of these products have an entirely different approach or means of accomplishing the desired diagnostic or therapeutic effect as compared with products to be developed by Hemostemix and could be more effective and less costly than the products to be developed by Hemostemix. In addition, alternative forms of medical treatment may be competitive with Hemostemix products.

Competition

Technological competition from pharmaceutical companies, biopharmaceutical companies and universities are intense and is expected to increase. Potential competitors of Hemostemix have or may develop product development capabilities or financial, scientific, marketing, and human resources exceeding those of Hemostemix. Competitors may develop products before Hemostemix develops its own products, obtain regulatory approval for such products more rapidly than Hemostemix, or develop products which are more effective than those which Hemostemix intends to develop. Research and development by others may render Hemostemix's proposed technology or products obsolete or non- competitive or produce treatments or cures superior to any therapy developed or to be developed by Hemostemix, or otherwise preferred to any therapy developed by Hemostemix.

Status of Healthcare Reimbursement

Hemostemix's ability to successfully market certain diagnostic or therapeutic products may depend in part on the extent to which reimbursement for the cost of such products and related treatments will be available from government health administration authorities, private health insurers and other organizations. Significant uncertainty exists as to whether newly approved healthcare products will qualify for reimbursement. Furthermore, challenges to the price of medical products and services are becoming more frequent. There can be no assurance that adequate third-party coverage will be available to establish price levels, which would allow Hemostemix to realize an acceptable return on its investment in product development.

Acceptance of Technology

The Company's success depends on the acceptance of its stem cell technology by the medical community and consumers as a safe and effective solution. The success of its technology will depend on its acceptance by potential consumers and the medical community. Because its technology is new in the treatment of CLI, the long term effects of using its new technology are unknown. The results of short- term clinical trials do not necessarily predict long-term clinical benefit or reveal adverse effects. If results obtained from future commercial experience indicate that its technology is not as safe or effective as other treatments, adoption of this technology by consumers and the medical community may suffer and its business will be harmed.

Potential Product Liability

Pharmaceutical products involve an inherent risk of product liability claims and associated adverse publicity. Product liability insurance is costly, and availability is limited and may not be available on terms which would be acceptable to Hemostemix, if at all. An inability to maintain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of Hemostemix's products. A product liability claim brought against Hemostemix, or withdrawal of a product from the market, could have a material adverse effect upon Hemostemix and its financial condition.

Manufacturing

Hemostemix product manufacturing was done at a single facility without secondary backup. Hemostemix's ability to conduct its clinical trial may depend on its ability to manufacture and ship product in and out of a third-party manufacturing facility.

Reliance on Key Personnel

Hemostemix is dependent on certain members of its management and scientific staff as well as consultants and contractors, the loss of services of one or more of whom could adversely affect Hemostemix. In addition, Hemostemix's ability to manage growth effectively will require it to continue to implement and improve its management systems and to recruit and train new employees. There can be no assurance that Hemostemix will be able to successfully attract and retain skilled and experienced personnel.

Lack of Product Revenues and History of Losses
To date, Hemostemix has not recorded any revenues from the sale of biopharmaceutical products. Hemostemix expects to incur additional losses during the periods of research and development, clinical testing, and application for regulatory approval of its product candidates. Hemostemix expects to incur losses unless and until such time as payments from corporate collaborations, product sales and/or royalty or license payments generate sufficient revenues to fund its continuing operations.

Volatility of Share Price, Absence of Dividends and Fluctuation of Operating Results
Market prices for the securities of biotechnology companies, including Hemostemix, have historically been highly volatile. Factors such as fluctuation of Hemostemix operating results, announcements of technological innovations, patents or new commercial products by Hemostemix or competitors, results of clinical testing, regulatory actions, or public concern over the safety of biopharmaceutical products and other factors could have a significant effect on the share price or trading volumes for the common shares. Hemostemix's shares, may be subject to significant price and volume fluctuations and may continue to be subject to significant price and volume fluctuations in the future. Hemostemix has not paid dividends to date and does not expect to pay dividends in the foreseeable future.

Conflict of Interest
Certain of the directors and senior officers of Hemostemix may, from time to time, be employed by or affiliated with organizations which have entered into agreements with Hemostemix. As disputes may arise between these organizations and Hemostemix, or certain of these organizations may undertake or have undertaken research with competitors of Hemostemix, there exists the possibility for such persons to be in a position of conflict. Any decision or recommendation made by these persons involving Hemostemix will be made in accordance with his or her duties and obligations to deal fairly and in good faith with Hemostemix and such other organizations. In addition, as applicable, such directors and officers will refrain from voting on any matter in which they have a conflict of interest.

No Key Management Insurance
The Company does not currently have key management insurance in place in respect of any of its senior officers or personnel.

No Anticipated Dividends
The Company does not intend to pay dividends on any investment in the shares of stock of the Company. The Company has never paid any cash dividends and currently do not intend to pay any dividends for the foreseeable future. To the extent that the Company requires additional funding currently not provided for in its financing plan, its funding sources may prohibit the payment of a dividend. Because the Company does not intend to declare dividends, any gain on an investment in the Company will need to come through an increase in the stock's price. This may never happen, and investors may lose all of their investment in the Company.

COVID-19
Due to the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on labour availability and supply lines;
- Availability of government supplies, such as water and electricity;
- Purchasing power of the Canadian and United States dollars; and
- Ability to obtain funding

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The Company's main focus is to develop, blood-derived cell therapies primarily for the treatment of severe medical conditions not adequately addressed by current treatments. The Company is currently conducting a Phase 2 clinical trial in patients with CLI.

To achieve commercialization of its products, the Company must obtain regulatory approval in each respective jurisdiction it intends to market its products. Management of Hemostemix believes it may be possible to achieve this in certain jurisdictions on the basis of positive Phase 2 clinical trial data, but in most jurisdictions additional clinical data from larger clinical trials will be required to obtain such approval.

Hemostemix does not currently distribute any commercial products or provide any commercial services in any markets. Future revenues should come through royalty payments from partnering, licensing arrangements or through direct commercialization of its products.