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SolAeroMed Shareholder Newsletter February 8 2016

Hello SolAeroMed shareholders,

I write to update you about recent progress.

S1226 Asthma Drug

We have now completed all clinical work for our S1226 Phase II Proof of Concept Clinical Trial in asthmatics, under the direction of our clinical lead, Prof Richard Leigh. Our S1226 Phase II clinical trial is a double-blinded placebo controlled crossover study. *Double blinded* means that neither the supervising clinician nor the test subject knew what treatments they received on any given visit. *Crossover* means that each subject at some time point received both a placebo treatment (saline & medical air) and a S-1226 drug treatment (perflubron & 8% CO₂). A total 12 subjects were recruited and completed the study, and each subject received either Placebo followed by S-1226 treatment or S-1226 treatment followed by Placebo according to a randomized schedule over an 8 week period. In this way each subject served as their own control. All the clinical data has now been collected from the clinic, and a quality control process is now underway where blinded data is examined for outliers and entry errors. We expect the Quality Control process to be completed in the next week or so, after which the database will be formally locked and data unblinded to allow a full analysis of clinical results for safety and efficacy. All the data entry, quality control and statistical analysis of results is being overseen by JSS Research - a Montreal based Contract Research Organization commissioned by SolAeroMed - to ensure this trial is 'GLP compliant'.

While we are confident little or no safety issues have arisen during this trial, we must wait for analysis of lung function measurements to confirm efficacy - i.e. whether our S1226 actually works to treat human asthma. Either way, we expect to have confirmation in hand within the next week or so. If results show the efficacy predicted by our preclinical animal experiments, we are well positioned to license our S1226 drug technology. Nail biting times for all of us at SolAeroMed, as these pending results are the culmination of many years of research.

S1226 Portable Device

In December, we revised a provisional patent and submitted a full patent application to the US Patent Office to protect novel design aspects of our S1226 portable delivery device. In addition, collaboration with engineering colleagues at SAIT has helped us secure a \$150,000 grant from Canada's NSERC to further progress our S1226 portable device development program. This grant support will be used both to engage further with 3rd party Medical Device design and engineering expertise, as well as engineering of selected Device components.

S1229 Drug to Treat Dysfunctional Surfactant

Our cholesterol sequestering Cyclodextrin drug technology is completing a \$750,000 three year grant funded preclinical research program under University of Calgary biophysicist Prof Mathias Amrein. We are increasingly confident this S1229 drug technology has potential to treat (& possibly prevent) lung diseases where lung surfactant has been compromised. This includes many hard to treat diseases such as Acute Lung Injury (ALI) and Cystic Fibrosis (CF). We are actively exploring FDA orphan drug designation for S1229 in treatment of Cystic Fibrosis. Orphan drug designation offers significant advantages for time and cost of clinical development.

Sleep Apnea Device

We are revising our Provisional Patent application to submit a full patent application to the US patent office in the coming weeks. We intend that this patent should secure protection for our novel Displacement Ventilation concept to deliver therapeutic gases to treat respiratory disease. We have progressed design and fabrication of a working device in collaboration with SAIT industrial designers which has potential to help treat sleep apnea, and we are exploring further clinical R&D options with local clinicians specializing in sleep disorders.

SolAeroMed looks forward to further evolution and value add as we progress our drug and device technologies. We will continue to provide updates through www.solaeromed.com and these newsletters. If any shareholder has questions or concerns, please contact us directly.

In the very near future, you can expect another newsletter from us focusing on much anticipated news describing our S1226 Phase II Proof of Concept clinical trial results.

Sincerely

John Dennis
CEO, SolAeroMed