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Investor Newsletter #10 Oct 13, 2014

Hello SAMi shareholders

We write to update you on our evolving development at SolAeroMed (SAMi). We have had a productive summer of work by completing our Phase I, preparing to start our Phase IIa, developing new patents around drug delivery devices, all of which have helped attract further investment from new investors and existing shareholders.

**Clinical Development:**

In September we finalized the report from our S-1226 Phase I trial consisting of over 5,000 pages ! This report describes a n=36 subject first in human safety trial conducted in Toronto which tested n=12 subject groups at 4%, 8%, and 12% CO<sub>2</sub>. Results were at the top end of our expectations, and demonstrated no significant safety concerns in any subject. We have now submitted, and await approval for, our Phase IIa Clinical Trial Application to Health Canada. This double blind cross-over trial will induce asthma by allergen challenge in up to 16 subjects who will be treated with either saline placebo or S1226(8%) while monitoring lung function and other parameters. The IIa trial is designed to demonstrate both *safety in asthmatic subjects*, and efficacy in proving that S1226 *rapidly dilates asthmatic airways*.

We will conduct this trial at the University of Calgary Medical School, under Prof Richard Leigh. SAMi has contracted support from regulatory consultants Tirtho Uppal & Launa Aspeslet, and Contract Research Organization JSS Research (Montreal) to document regulatory compliance.

**Finances:**

We continue modest financial operational burn that allows us to efficiently focus our resources on core clinical and scientific work. SAMi management continues to work for equity so as not to deplete finances and our R&D government grants leverage investment capital. SAMi has raised recent capital and retains adequate financial resources to support core Phase IIa clinical development. However, we seek additional investment capital to better develop new patents and further support background R&D.

Further investment up to \$300,000 from both new and existing shareholders is sought. Our share price remains at \$5.00<sup>1</sup>. Interested investors can obtain an updated investment

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<sup>1</sup> \$5 share price will be held constant until start of our Phase IIa (expected Nov 2014).

presentation from CEO John Dennis or email [info@solaeromed.com](mailto:info@solaeromed.com). Our business development in 2015 will focus on a sale, license or development partnership for S-1226 technology.

**Patents:**

We have expanded our patent portfolio with a provisional device patent filed with USA Patent Office. This patent should offer a further decade of protected revenue for a unique portable asthma rescue device for asthmatics. We have a further device patent in preparation. Both device patent concepts have arisen unexpectedly from background R&D work around S-1226, which is proving to offer potential to diseases beyond just asthma.

**Board and Management:**

SAMi Board remains actively engaged in directing SAMi business strategy, device and patent development. Michael Flach in particular has provided much needed guidance on legal matters, despite managing a young family and moving his legal practice this summer. SAMi management through Drs Francis Green, CSO & John Dennis, CEO are managing clinical trial preparations, background R&D, and expanding patent portfolio with much needed R&D support from Dr Cora Pieron. SAMi has greater financial oversight through Gareth Lewis, CFO. Gareth presented financials to shareholders at our 2014 AGM in Calgary.

We will continue to update SAMi shareholders with these occasional newsletters as well as through [www.solaeromed.com](http://www.solaeromed.com). We remain a small private biotech company, and I invite any shareholder with concerns, questions, or interest in investment to contact me directly by email or phone.

On behalf of SolAeroMed, I thank our shareholders for providing the needed resources to propel our development forward. Start of our upcoming Phase IIa Clinical trial defines a pivotal milestone in our development.

Sincerely

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