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SolAeroMed Shareholder Newsletter February 22, 2016

Hello SolAeroMed shareholders,

On behalf of our entire SolAeroMed team, I write with good news.

Preliminary analysis of results from our S1226 Phase II trial has revealed our S1226 drug appears to be both safe and efficacious in treating asthma. This data remains preliminary pending confirmation from formal statistical analysis by our research team.

Our S1226 Phase II Trial was designed as a 'Proof of Concept' clinical trial to demonstrate safety and efficacy in human asthmatics. It was approved by Health Canada, and conducted by Prof Richard Leigh at the University of Calgary Medical School. The trial was a double blind crossover design[1] which is considered the gold standard for clinical trials.

While we await the full report, which will consist of hundreds of pages of tabled results and statistical analysis, we are pleased to share some early descriptive results. The graphic below shows the proportion of subjects in each treatment arm that had clinically significant recovery of lung function[2] over the first 30 minutes after treatment. With only 12 subjects having completed the two treatment arms, our Phase II was not powered for statistical significance. However, the obvious trend is that the S1226 treatment group shows more improvement in lung function than the Placebo treatment group. We have yet to receive the full report from the statistical team analyzing our data. We expect the full Phase II Trial Report to confirm this result, and contain in depth analysis of the data including logistical regression and other more sophisticated analyses to tease out nuances from the results. For now, our high level take-away message of the descriptive results show that over the first 30 minutes after a simulated asthma attack, the lung function of subjects who are treated with S1226 increases more than when they are treated with placebo. This implies our S1226 drug works to treat asthma. We believe our Phase II has successfully demonstrated 'Proof of Concept' for S1226 as a drug to treat acute asthma attack.

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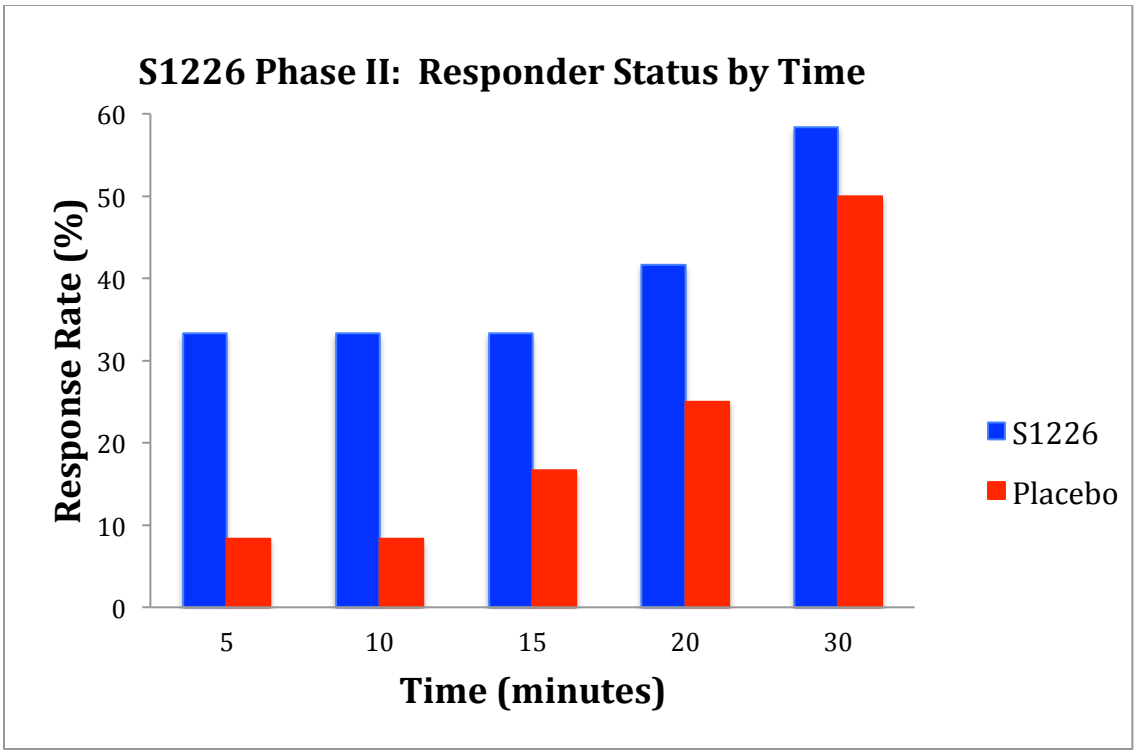
[1] Double blind crossover design means the order of treatments (S1226 or placebo) was randomized and neither the supervising clinicians nor the test subject knew which treatment. All subjects underwent a screening process to ensure they were eligible for entry into the study and each of the 12 eligible subjects received a S1226 and Placebo treatment arm.

[2] We define a clinically significant improvement in lung function as a 12% increase in Forced Expiratory Volume (FEV1) from the FEV1 nadir following allergen challenge.



The absence of worrying safety issues reported from either our earlier Phase I Trial in healthy subjects or during this Phase II trial in asthmatic subjects, demonstrates S1226 appears to be safe across all doses tested. The message the lung function data teaches us is that S1226 with 8% CO2 delivered over 2 minutes works to treat asthma. The observation that only 30% of test subjects had a clinically significant lung function improvement in early time points of the S1226 treatment arm is not too worrying as our S1226 Phase II was designed mainly as a Proof of Concept clinical trial. Future dose-ranging clinical will help determine optimal S1226 dosing.

For the time being, the data presented in our Proof of Concept clinical trial shows that S1226 presents to the world a potential new class of drug to treat acute asthma. While sharing this good news, we want to use the opportunity to acknowledge credit for this achievement.

Early research work by Sam Schurch, Francis Green and Tamer El Mays culminated in the basic S1226 asthma drug concept in the early 2000s. Their work was initially catalyzed by Dr John Butt's (Chief Medical Examiner for Alberta in the 1990s) vision to find a way to reduce asthma deaths. By 2005 this early research presented sufficient momentum to construct a strong inventive patent around an asthma drug, which we've come to know as S1226. The initial drug patent provided a strong business base to secure investment funding. Many researchers and university students have participated on our science and clinical research teams, including: preclinical work with rat and sheep models of asthma; to develop S1226 drug delivery systems; and to advance understanding of the underlying physiological mechanisms around our S1226 drug. Much of the core development work on S1226 has relied on sweat and intellectual equity from our founders and senior researchers, as well as contributions from post-docs and students. I'd estimate the collective labour investment in the development of S1226

would cumulatively represent some 50+ man years of combined total work, including fantastic creative energy, imagination, and applied problem solving as well as some drudgery hours in the lab waiting for results. No trivial investment in hard time and creative energy.

For the last 5 years our S1226 research and development has evolved within the corporate entity of SolAeroMed Inc. Our company Management and Board of Directors have played important roles in guiding us through challenges and pitfalls, and managing onerous regulatory development of first in human Phase I and Phase II clinical trials. The vast majority of biotech start-up companies like SolAeroMed fail for a many reasons including: business model failure; weak patent ideas; and critical scientific reasons. We have not failed. ☺ Our founders and investors provided the much needed 'hard cash' finances that have given us sufficient runway to advance research and development of innovative ideas. We have used this investment cash to leverage research grants and have attracted some $4 in grant funding for every $1 of investment. We acknowledge the awesome contributions from Canadian granting bodies in catalyzing so much of our research. We acknowledge the interest and active participation of the 36 Canadians who participated in our early Phase I trail, and the 12 asthmatic Canadians who participated in our recent Phase II trial. Though we made a strong case to Health Canada our S1226 drug should be safe for first in human studies, there is always some risk from the unknown and we are greatly relieved we found no safety issues. We acknowledge the work from the clinical teams who have overseen our Phase I & II trials, and the professionalism of our consultants who have provided much needed support and advice in the many regulatory and legal aspects of our work.

At the same time as we dig into subtle nuances of S1226 clinical data, we are reaching out to interested partners for further development of S1226. More development resources and time will be required before S1226 will be an approved asthma drug. We believe our patents on S1226 drug and S1226 portable delivery device are strong, as is the business case for S1226 as a treatment for asthma. We have confidence we will find a suitable development partner.

We plan a further investment round to provide operational expenses and to provide a strong base from which to negotiate a deal around S1226. We invite current shareholders to get in touch if they have interest in further investment without delay.

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

Sincerely

John Dennis
CEO, SolAeroMed Inc