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SolAeroMed Shareholder Newsletter March 14, 2017

Hello SolAeroMed Shareholders

We have continued clinical and corporate development and I write to update shareholders.

In full disclosure. As the CEO of SolAeroMed, I write to share that I personally suffered two concussions earlier this year. One sports related, the other 4 weeks later from a car accident. These head injuries set me back on all fronts, and did slow up SolAeroMed progress. However, I believe I'm well on the road to recovery and have had strong support from my colleagues and family. Life goes on!

I am extremely pleased to announce that in February SolAeroMed enhanced its Board with the addition of [Brad Thompson](#). Brad is a well-respected and experienced biotech executive with extensive experience running private public biotech companies. Brad brings fresh perspectives to our SolAeroMed drug development programs and funding options.

Phyllis Kane has stepped away from our Board. Phyllis has served on the SAMi board for 4 years and we've valued her contributions. We respect her wishes to move on to other things and enjoy retirement.

Late last year we announced our intention to raise new investment at a \$7.50 share & warrant. I'm pleased to advise we've now raised most of our \$500,000 target through investments from new investors and existing shareholders including SolAeroMed Board and Management insiders.

Our S1226 device patent application was filed in the USA in Q4 2015. While we still await a decision on whether our patent claims are granted, timing dictates we must now translate and file this patent application throughout the Americas, Europe and Australasia. Besides opening up home care markets in Asthma and COPD, the portable device will allow more convenient use by clinicians and patients. Moreover, assuming our patent claims are granted, they will effectively extend S1226 patent protection another decade – out to around 2040, and so the device patent would then become a valuable SolAeroMed asset. The basis of SolAeroMed's assets are our patents around drugs and devices, and while expensive to file and maintain, our patents are critical to our success.

SolAeroMed has engaged [Hydrix](#) to contribute experienced R&D to our S1226 device development program. Hydrix is an Australian based medical device company whom we've been collaborating with in other areas. Our engagement with Hydrix is supported financially

by a \$150,000 grant SolAeroMed obtained in collaboration with [SAIT](#). We hope to advance design and development options, as well as completing a risk assessment exercise to inform future device development.

SolAeroMed is waiting for a response from the US FDA to an application we submitted Q4 2016 describing potential for S1229 to treat Cystic Fibrosis. If successful, this may shorten development time, reduce cost, and enhance our ability to advance our S1229 drug technology. We are also negotiating with 3rd parties to secure unique cyclodextrin chemical structures to screen for potential S1229 candidates. Our patents around S1229 provide exclusive use across all inhaled cyclodextrins to treat respiratory disease. This R&D work is supported by non-dilutive grants SolAeroMed has negotiated through [Mitacs](#) and [IRAP](#).

SolAeroMed continues to seek a strategic partner for development capital to progress clinical development. We have now had constructive and involved engagement with over a half dozen interested parties, but have yet to find the right fit. Finding a partner is proving a more complex task than we originally anticipated. However, we have had constructive and encouraging feedback from the potential partners we have engaged with. There are no red flags being raised, and I am increasingly convinced our exit is now a matter of time and opportunity.

Besides exploring strategic development options through our Board and Management networks, SolAeroMed is engaging with the international community. John Dennis, CEO, participated in BioCom partnering event in San Diego March 1-2, and has plans to attend further partnering events [April 26-27 in Boston](#) and [June 19-22 in San Diego](#). These meetings provide opportunity to promote our technologies and explore partnerships. To enhance our profile, SolAeroMed is benefitting from the recognition by and support from the Canadian Consulate. SolAeroMed is one of only 10 Canadian biotech companies whose value the Canadian Consulate has recognized and has 'taken under its wing' to promote at USA partnering events.

On other fronts SolAeroMed's R&D team is forever playing catch up to publish completed research. Peer reviewed publication of our research helps to validate and promote our science. A [list of recent journal papers and presentations](#) can be found on our SolAeroMed website for shareholders who have an interest in exploring the detailed preclinical and clinical science around our S1226 and S1229 drug development programs.

We will continue to keep shareholders informed through newsletters as well as our web site. We remain a small company with big ambitions, and greatly value our interaction with shareholders. Please contact me directly if you have any questions or wish to share concerns.

Sincerely

Dr John Dennis, PhD
CEO SolAeroMed Inc

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