

Covalon Announces Receipt of First Payment Under New License Agreement

MISSISSAUGA, Ontario--(BUSINESS WIRE)--August 20, 2018--Covalon Technologies Ltd. (the "Company" or "Covalon") (TSXV: COV; OTCQX: CVALF), an advanced medical technologies company, today announced that it has received \$3.5 million USD under a new license agreement ("Agreement") with a large global medical company ("Medical Partner"). The Agreement provides the Medical Partner with certain rights to use Covalon's patented antimicrobial medical coating technology with some of its devices. The Agreement was entered into in the ordinary course of business of Covalon and is subject to confidentiality provisions.

In addition to the \$3.5 million USD which has today been received by Covalon, the Medical Partner has also agreed in the Agreement to pay to Covalon:

- \$5 million USD in additional license fees as certain technology development milestones are achieved;
- Fees for Covalon technology development services and equipment; and
- Ongoing royalties on worldwide product sales (subject to regulatory clearance of the products).

"This new license agreement is yet another milestone for Covalon," said Brian Pedlar, Covalon's Chief Executive Officer. "It is a validation of Covalon's patented medical coating platform, which helps prevent infections and saves lives in many clinical settings."

About Covalon

Covalon Technologies Ltd. researches, develops and commercializes new healthcare technologies that help save lives around the world. Covalon's patented technologies, products and services address the advanced healthcare needs of medical device companies, healthcare providers and individual consumers. Covalon's technologies are used to prevent, detect and manage medical conditions in specialty areas such as wound care, tissue repair, infection control, disease management, medical device coatings and biocompatibility. To learn more about Covalon, visit www.covalon.com.

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This news release contains forward-looking statements which reflect the Company's current expectations regarding future events. The forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "estimate", "expect", "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. These forward-looking statements involve risk and uncertainties, including the difficulty in predicting product approvals, acceptance of and demands for new products, the impact of the products and pricing strategies of competitors, delays in developing and launching new products, the regulatory environment, fluctuations in operating results and other risks, any of which could cause results, performance, or achievements to differ materially from the results discussed or implied in the forward-looking statements. Many risks are inherent in the industry; others are more specific to the Company. Investors should consult the Company's ongoing quarterly filings for additional information on risks and uncertainties relating to these forward-looking statements. Investors should not place undue reliance on any forward-looking statements. The Company assumes no obligation to update or alter any forward-looking statements whether as a result of new information, further events or otherwise.

CONTACT:

Covalon Technologies Ltd.
Brian Pedlar, 905.568.8400 x 233

CEO

bpedlar@covalon.com

Toll free: 1.877.711.6055

www.covalon.com

Twitter: @covalon