

Covalon Announces \$2.6 Million Private Placement And Warrant Exercise

MISSISSAUGA, Ontario--(BUSINESS WIRE)--May 12, 2017-- Covalon Technologies Ltd. (the "**Company**" or "**Covalon**") (TSXV:COV), an advanced medical technologies company, today announced that the Company intends to raise an aggregate of approximately \$2,600,000, of which approximately \$1,825,000 stems from a non-brokered private placement (the "**Offering**") and \$775,000 from the exercise of currently outstanding warrants.

The Offering comprises approximately 931,121 units at a price of \$1.96 per unit for aggregate gross proceeds of \$1,825,000. Each unit is comprised of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to acquire an additional common share at a price of \$2.30 per share for a period of three years from the closing date. Insiders of Covalon are expected to participate in the Offering for an aggregate of 752,551 units for gross proceeds of \$1,475,000. The closing of the Offering is subject to approval by the TSX Venture Exchange (the "**TSXV**") and all securities issued pursuant to the Offering will be subject to a hold period expiring four months from the date of closing. Proceeds of the Offering will be used by Covalon to develop and commercialize new wound care products, expand international distribution channels and for general working capital.

No commission or finder's fee will be paid in connection with the Offering. As Insiders will participate in the Offering, any such subscriptions will be considered to be related party transactions within the meaning of TSXV Policy 5.9 and Multilateral Instrument 61-101 ("**MI 61-101**"). The Company intends to rely on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(b) and 5.7(a) of MI 61-101 in respect of such Insider participation.

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.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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, the closing of proposed transactions, 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.

View source version on businesswire.com: <http://www.businesswire.com/news/home/20170512005085/en/>

Source: Covalon Technologies Ltd.

Covalon Technologies Ltd.

Brian Pedlar, 905-568-8400 x 233

CEO

bpedlar@covalon.com

Toll free: 1-877-711-6055

Web site: www.covalon.com

Twitter: @covalon

<https://ir.covalon.com/press-releases?item=169>