

Covalon Announces Major Banking Milestone

- New \$17 million acquisition and operating banking facility with major international bank HSBC and Export Development Canada.
- Credit facility will allow Covalon to fund its acquisition plans which are proceeding well.

MISSISSAUGA, Ontario--(BUSINESS WIRE)--Aug. 9, 2018-- Covalon Technologies Ltd. (the "Company" or "Covalon") (TSXV: COV; OTCQX: CVALF), an advanced medical technologies company, today announced that the Company has entered into a new acquisition and operating banking credit facility with HSBC Bank Canada ("HSBC") that provides the Company with up to \$17 million of credit. In support of Covalon, Export Development Canada ("EDC") has partnered with HSBC to provide partial guarantees under the banking facility.

The HSBC banking agreement includes a \$9 million (Canadian Dollars) acquisition demand line, a \$5 million (Canadian Dollars) revolving operating facility, and a \$2 million (US Dollar) bank guarantee facility. HSBC will also provide the Company a foreign currency hedging facility, and corporate credit card facility in support of the Company's ongoing operations. The term of the acquisition demand line is repayable over five years.

Mr. Brian Pedlar, Covalon's Chief Executive Officer, said, "The HSBC credit facility will allow Covalon to fund its acquisitions plans, which are proceeding well, in addition to its inventory and working capital needs as the Company grows. For Covalon to have earned the trust of such a major international bank like HSBC is quite an achievement, especially given the large amount of the facility. HSBC is well-known as one of the world's largest international banks which is a perfect fit for Covalon since most of Covalon's business is international. This banking agreement is in the best interests of shareholders as it provides growth capital to Covalon without the need for the dilution resulting from the issuance of shares."

Mr. Danny Brannagan, Covalon's Chief Financial Officer, stated, "This major banking facility with HSBC also earned the active support and cooperation of Export Development Canada. Both HSBC and EDC have been a pleasure to deal with offering Covalon much support, expertise, and professionalism."

HSBC Commercial Banking operates in 53 countries and territories, covering the developed and developing markets and has been servicing Canadian businesses since 1981. HSBC Bank Canada is a subsidiary of British banking giant HSBC - one of the largest banking groups in the world. HSBC Bank Canada is the seventh largest bank in Canada.

Export Development Canada (EDC) helps Canadian companies go, grow, and succeed in their international business. As a financial Crown corporation, EDC provides financing, insurance, bonding, trade knowledge, and matchmaking connections to help Canadian companies sell and invest abroad.

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.

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