

Covalon Announces Successful Completion Of Operational Integration Of Aquaguard Acquisition Amid Continued Business Progress

MISSISSAUGA, Ontario--(BUSINESS WIRE)--Oct. 30, 2018-- Covalon Technologies Ltd. (the "Company" or "Covalon") (TSXV: COV; OTCQX: CVALF), an advanced medical technologies company, today announces that it has successfully completed the integration of AquaGuard with its operations.

AquaGuard, based in Seattle, Washington, was acquired by Covalon on October 1, 2018. AquaGuard's specialized products provide patients with crucial moisture protection for wound, surgical, and vascular access sites throughout the body while showering, a key step in helping to reduce infections.

Brian Pedlar, Chief Executive Officer of Covalon, said, "The speed with which we were able to successfully integrate the AquaGuard team with Covalon has exceeded my expectations. I am extremely excited that as a unified company, Covalon, along with our new AquaGuard sales force, is now able to sell a strong portfolio of infection management products such as IV Clear, MediClear PreOp, SurgiClear, and AquaGuard into an established client base of over 1,500 hospitals and clinics in the United States. I am more optimistic than ever that the synergies resulting from this successful integration are highly beneficial and accretive to Covalon. This is very good news for Covalon, especially when added to the other positive developments recently announced by Covalon, including:

- Receiving a first payment of \$3.5 million USD under a new license agreement with a large global medical company for certain rights to use Covalon's patented antimicrobial medical coating technology. The license agreement also includes an additional \$5 million USD in license fees payable to Covalon as certain technology development milestones are achieved, fees for Covalon's technology development services and equipment, and ongoing royalties on worldwide product sales once regulatory clearance of the products is achieved;
- Establishing a new \$17 million acquisition and operating banking facility with major international bank HSBC BankCanada and Export Development Canada; and
- Winning a series of highly-competitive contracts for Covalon products in the Middle East with an estimated sales value of \$100 million over a three-year period, which the Company has started to fulfil.

"The impact of these major positive achievements is truly transformative for Covalon by securing future revenue through contracts and license agreements, transforming our presence in the United States market and providing access to non-dilutive capital as we continue to work hard on other positive initiatives."

As part of the purchase price of acquiring AquaGuard, Covalon issued a total of 178,028 shares of the Company's stock upon closing of the acquisition.

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 infection control, vascular access, surgical procedures, advanced wound care, and medical device coatings. To learn more about Covalon, visit our website at 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 completion of integration of the AquaGuard acquisition, 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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