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NEWS RELEASE

## LATEST VENDOR APPROVAL GIVES LATTICE BIOLOGICS ACCESS TO ANOTHER 16 HOSPITALS

### Company could benefit from $1-3 million in new revenue annually and announces proprietary technology expected to improve rotator cuff repair surgery

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**June 20, 2016 - Scottsdale, AZ - Lattice Biologics Ltd.** (TSX-V: LBL) (OTCBB: BLVKF) (the "Company") announced today that it has been selected by a major privately held healthcare services organization in the U.S. as an approved vendor. The approval comes from a leading owner and operator of community-focused hospitals in high-growth markets who operates facilities throughout the nation in Arizona, Arkansas, Colorado, Louisiana, and Texas and employs over 13,000 healthcare professionals.

This decision opens the door for an additional sixteen acute care hospitals to join the list of facilities currently utilizing the Company's high quality allograft products, creating the potential for a substantial increase in future sales.

*"Lattice Biologics is very excited about the positive effects of this latest approval which will enable our allograft products to help a greater number of patients across the country. We expect increased sales to substantially strengthen our projected revenues. Our team understands that clear surgeon demand for our products and services created a compelling cause for this decision, which makes us feel tremendously proud,"* stated Lattice Biologics CEO, Guy Cook.

**Strong Sales Outlook:**
The Company's products currently reach patients through several main channels, including: surgeon specification, distributor lines, and hospital approvals. Furthermore,

Lattice Biologics selects key surgeons to serve as members of the Company's Scientific Advisory Board (SAB) to utilize products, participate in pre-clinical trials, and provide expert feedback and user insight. This pre-approval decision is especially significant as it will allow three of Lattice Biologics' current SAB members who operate at the hospital group's facilities to begin utilizing the Company's products. SAB members include surgeons specializing in: plastic surgery and reconstruction, spine surgery, oncology, neurology, sports medicine, foot and ankle surgery, and burn and wound care.

The Company expects that each surgeon could purchase between $1-3 million USD per year in products. As such, the addition of the initial three surgeons at this hospital group could translate into a significant increase in revenues. In addition to authorizing existing SAB members to utilize the Company's allograft products in their procedures, the pre-approval is also meaningful in that it opens the door for all surgeons at these facilities, making greater utilization possible.

**New Product for Effective Rotator Cuff Repair:**
Along with the news of this hospital approval, Lattice is pleased to announce the development of its **Next Generation AdMatrix dermal scaffold**, which utilizes the Company's proprietary matrix assisted regeneration (MAR) technology. Similar to the original AdMatrix, this enriched acellular dermal product is intended for a wide variety of surgical applications, including: diabetic and traumatic wound care, burn care, foot and ankle, oral/maxillofacial reconstruction, hernia repair, leg fascia repair, and plastic surgery. Among its planned uses, Next Generation AdMatrix is proposed to improve rotator cuff repair, a surgical process that has long been fraught with challenges.

**Rotator Cuff Repair Statistics and Results:**
Rotator cuff injuries (damage to the group of muscles and tendons surrounding the shoulder joint that secure the head of the upper arm bone within the shoulder socket) affect hundreds of thousands of Americans every year. These injuries occur most often in those who perform repetitive overhead motions in their jobs or sports and the risk of injury increases with age.

Today, the most common treatment option for serious rotator cuff damage is surgery. Approximately 600,000 people in the U.S. undergo surgical intervention for rotator cuff injuries each year.[1]

In a study of 500 patients, researchers from the Orthopaedic Research Institute in Kogarah, Australia found that surgical rotator cuff repairs failed at a rate up to 57%, with the largest tears most likely to tear again. "The retear rate (increased) linearly with the tear size," said George A.C. Murrell, MD, director of the institute. 10% of cases with preoperative tears sized 2 cm or smaller and 57% of cases sized larger than 8 cm failed by the 6-month mark.[2, 3]

The report, which was presented at the American Academy of Orthopaedic Surgeons 2012 Annual Meeting, provided new insight into previous research which has shown rotator cuff repairs retear incidence between 20% and 90%.

Aside from the occurrence of retearing, traditional surgery presents the downside of lengthy healing time. According to the U.S. national library of medicine, rehabilitation demands immobilization whereby shoulder surgery patients' arms are commonly

confined to a restrictive sling for four to six weeks. Beyond immobilization, patients then endure additional healing time after the sling is removed.

**Understanding the Cause of Surgical Failure:**
One of the driving causes behind surgical failure is patients' inability to heal because as we age, our ability to heal decreases. Tissue repair requires the recruitment of properly functioning stem cells to the wound location. Stem cells, the body's powerful agents of healing, release growth factor proteins that speed up and enhance healing. They are critical to tissue regeneration and wound healing, but unfortunately, over time, *senescence* (biological aging) erodes the reparative qualities of stem cells by reducing the natural homing abilities that enable them to migrate to wound sites, adhere, engraft, and begin the healing process.

**Improving Rotator Cuff Repair Outcomes:**
In contrast to the current standard of care for rotator cuff repair treatment, Lattice Biologics presents a dynamic alternative to improve surgical outcomes in the form of its **Next Generation AdMatrix dermal scaffold.** This product utilizes the Company's patent pending matrix-assisted regeneration (MAR) technology which protects cells during the recovery process, allowing for greater cell viability. As a remarkable innovation in allograft options, this new type of product combines a human acellular biological matrix made from donated human dermal tissue with MAR technology in the form of a directed scaffold derived from native Extracellular Matrix (ECM) secreted by human Mesenchymal Stem Cells (hMSC) which has been enhanced for optimal regeneration, differentiation, homing, and engraftment. This is expected to dramatically improve healing capacity and reduce surgical recovery times.

Next Generation AdMatrix natural collagen tissue scaffold is beneficial in a wide variety of surgical applications, including rotator cuff repair. It facilitates healing by promoting cellular ingrowth, tissue vascularization, and tissue regeneration and reabsorbing into the patient's dermal tissue for a biocompatible, natural repair.

We expect these improvements to combat today's poor rotator cuff repair outcomes by reducing overall healing time, increasing success rates, and producing lasting results.

Lattice Biologics Ltd.

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**References:**

[1] "Rotator Cuff Injury." Regenorthoclinic.com. Regenerative Orthopedic Clinic. Web 17 Jun 2016.

[2] Harrison, L. "Study Shows 57% Failure in Large Rotator Cuff Repairs." Medscape.com. Medscape Medical News. 8 Feb. 2012. Web. 17 Jun 2016.

[3] American Academy of Orthopaedic Surgeons (AAOS) 2012 Annual Meeting: Abstract 062. Presented February 7, 2012

**About Lattice Biologics Ltd.:**
Lattice Biologics recently completed its RTO, becoming a publically traded company on January 4, 2016 and is traded on the TSX-V under the symbol: LBL. The Company is an emerging personalized/precision medicine leader in the field of cellular therapies and tissue engineering, with a focus on bone, skin, and cartilage regeneration.

Lattice Biologics develops and manufactures biologic products to domestic and international markets. Lattice's products are used in a variety of surgical applications.

Lattice Biologics maintains its headquarters, laboratory and manufacturing facilities in Scottsdale, Arizona as well as offices in Toronto Ontario. The facility includes ISO Class 1000 and ISO Class 100 clean rooms, and specialized equipment capable of crafting traditional allografts and precision specialty allografts for various clinical applications. The Lattice Biologics team includes highly trained tissue bank specialists, surgical technicians, certified sterile processing and distribution technicians, and CNC operators who maintain the highest standards of aseptic technique throughout each step of the manufacturing process. From donor acceptance to the final packaging and distribution of finished allografts, Lattice is committed to maintaining the highest standards of allograft quality, innovation, and customer satisfaction.

Lattice Biologics maintains all necessary licensures to process and sell its tissue engineered products within the U.S. and internationally. This includes Certificates to Foreign Governments from the U.S. Food and Drug Administration (FDA) and registrations for 29 countries, which allow the export of bone, tendon, meniscus, ligament, soft tissue, and cartilage products outside of the U.S.

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