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**Analysts' Ideas of the Week – Lattice Biologics Expanding Network**

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**Lattice Biologics Expanding Network**

On June 29, 2016, Lattice Biologics Ltd. (TSXV: LBL) announced their plans to pursue a private placement to raise up to \$0.50 million by issuing units at a unit price of C\$0.20. Each unit will consist of a common share and a one-half share purchase warrant (exercise price – C\$0.20 for 36 months). The company subsequently announced that the first tranche totaling \$0.26 million has been closed.

Since our Q2 update report, dated June 6, 2016, the company made a few significant announcements:

**June 9, 2016:** Lattice announced that it has been selected by a major hospital group in the southwest U.S. as an approved vendor. This will add six new hospitals to the list of facilities currently utilizing Lattice's products. Management estimates this new client could potentially boost the company's revenues by \$7 - \$21 million per year. Note that seven of Lattice's Scientific Advisory Board (SAB) members operate at the hospital group's facilities. In addition, the approval also allows the company to market its products to the other surgeons affiliated with the hospital group.

**June 20, 2016** – Lattice announced that it has been selected by a major privately held healthcare services organization in the U.S. as an approved vendor. This approval will add 16 acute care hospitals to Lattice's

network. According to Lattice, this hospital group operates in Arizona, Arkansas, Colorado, Louisiana, and Texas, and employs over 13,000 healthcare professionals.

Lattice is currently conducting clinical studies across multiple indications adopting their Extracellular Matrix (“ECM”). Lattice believes their process, known as “Matrix Assisted Regeneration” or MAR, can significantly improve the surgical outcomes for allograft recipients, and drastically improve post-surgical healing and reduce recovery time. The company is planning to launch three new products utilizing its patent pending MAR platform. The following chart shows the company’s product pipeline.

Product	2016	2017	2018	2019	
1) Human Demineralized Cortical Bone	FCS	First Commercial Sale (FCS)			
2) Amnion	FCS				
3) Marcell		FCS			
4) Bone Scaffold + ECM		510(k) Filed	Review	FCS	
5) Skin + ECM			510(k) Filed	Review	FCS
6) Cartilage + ECM			510(k) Filed	Review	FCS

Source: Company

Lattice recently entered into an agreement with Sunnybrook Research Institute ("SRI") to conduct a study to develop new research methods, including the creation of new instruments to make cellular measurements, and the validation of methods to determine resistance and drug sensitivity. If successful, we believe the study may lead to a major breakthrough in the cancer diagnostics space. The study is being conducted at SRI’s facilities in Toronto and is expected to be completed in two years.

We have a BUY rating, with a fair value estimate of C\$0.93 per share on Lattice (Risk: 4).

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