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NEWS RELEASE

Lattice Biologics First Quarter 2016 Highlights

Company focuses on product line diversification, maintenance of the highest quality standards, and the fulfillment of its Scientific Advisory Boards.

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March 1, 2016 - Scottsdale, AZ—Lattice Biologics Ltd. (TSX-V: LBL) (“Lattice Biologics” or the “Company”) announces financial results for the first quarter ended December 31, 2015:

First Quarter Financial Results (all figures denoted in USD):

Lattice Biologics revenue increased to \$1,065,654 in the three months ended December 31, 2015. This is compared to \$1,037,040 in the three months ended September 30, 2015, and \$914,556 in the three months ended June 30, 2015. As the Company’s revenues are still largely concentrated in the musculoskeletal market (representing 90% of the Company’s sales mix in the three months ended December 31, 2015), revenue is highly dependent on the number of donors the Company is able to recover and, in turn, process. For this reason, the Company continues efforts to diversify the sales mix across the new product lines added in 2015 (i.e. the Acellular Dermal Matrix scaffold, *AdMatrix*, and the Demineralized Bone Matrix (DBM) putty product lines). The Company has built adequate inventory levels of the new product lines in preparation for the growth in sales.

Gross margins continue to increase as the Company continues its commitment to honoring the gift of donation by implementing a stronger quality control environment for the recovery and processing of donors. Additionally, continual efforts are being made to minimize production costs. Gross margins increased in the three months ended December 31, 2015 to 29%, compared with 25% in the three months ended September 30, 2015, and 21% in the three months ended June 30, 2015. The Company expects gross margins to continue increasing as the Company evens out the sales mix across the new significantly higher margin product lines.

The net loss of \$3,743,167 sustained in the three months ending December 31, 2015, comprised of non-recurring expenditures such as the listing expense of \$1,461,901, share based payments made of \$1,081,161, and additional non-recurring operating costs in relation to the Reverse Merger with Blackstone Ventures Inc. of \$173,163. Adjusted EBITDA (defined as earnings before deductions for interest, taxes, depreciation, amortization, non-cash stock compensation expense, royalties, change in fair value of liabilities, and non-recurring expenditures) for the three months ended December 31, 2015 were (\$585,853), compared with (\$651,116) in the three months ended December 31, 2014.

2016 Business Outlook:

The Company continues its efforts to raise additional capital to assist with working capital deficiencies, fulfill open purchase orders, and progress the Company's clinical trials and other R&D efforts. With appropriate working capital conditions, the Company will be able to expand current operations by accepting and processing a greater number of donors each month. If the Company is successful in its financing efforts, the Company expects to be cash flow positive by the end of fiscal 2016. The Company also continues its efforts to complete all additions to the Scientific Advisory Boards (SABs), which are to include 25 Key Opinion Leaders (KOLs) who will be instrumental partners in the recruitment of other surgeons.

"I am pleased with our efforts to build out our SAB team, as well as our M&A efforts to further our growth trajectory," states CEO Guy Cook. "Adjusted EBITDA will be a key indicator of our positive growth position as well as key surgeon recruitment to make Lattice a leader in delivering top notch care in precision medicine."

Lattice Biologics Ltd.

Guy Cook,
Chief Executive Officer
Telephone No: 480-563-0800

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 applications, including:

- Enhancing fusion in spine surgery
- Enhancing breast reconstruction post mastectomy for breast cancer patients
- Sports medicine indications, including ACL repair
- Promotion of bone regeneration in foot and ankle surgery
- Promotion of skull healing following neurosurgery
- Enhancing wound repair in burn victims
- Subchondral bone defect repair in knee and other joint surgeries

Lattice Biologics maintains 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 organization includes a product development and scientific research team of Ph.D.'s, 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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