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NEWS RELEASE
TSX Venture Exchange: NVC

NEOVASC INC. REPORTS FINANCIAL RESULTS FOR THIRD QUARTER OF 2011

-- Robust Rise in Contract Manufacturing Helps Fuel 41% Year-Over-Year Revenue Increase --

-- Successful Financing Generated Cash to Fund Key Milestones for High Potential Reducer™ and Tiara™ New Product Programs --

November 2, 2011 – Vancouver, BC, Canada - Neovasc Inc. (TSXV: NVC), today announced financial results for the three and nine months ended September 30, 2011.

"This has been a good quarter for Neovasc, with strong revenue growth driven by robust contract manufacturing sales, continued progress in our two high potential product development programs and completion of a successful \$4.72 million financing that leaves us well resourced to achieve our new product milestones through 2012," commented Alexei Marko, CEO of Neovasc.

Mr. Marko added, "Our past optimism that product development progress by our tissue business customers would result in rising revenues for Neovasc was illustrated by the surge in our contract manufacturing revenues in the third quarter, which reflected customer new product advances. The results also show how the multiple revenue streams in our tissue business can ensure good growth even when one segment experiences a temporary slow-down. These revenues in conjunction with our recently completed financing put Neovasc in a strong financial position to complete key milestone activities for our new product development programs. We continue to focus on completing our COSIRA study and preparing for European commercialization of our innovative Reducer™ product for the treatment of refractory angina, and we are making excellent progress in our Tiara™ project to develop a novel transcatheter treatment for mitral valve disease, a common, life threatening and poorly treated condition. We look forward to continued progress in these programs over the coming quarter and into the new year."

DISCUSSION OF OPERATIONS AND FINANCIAL CONDITION

Results for the three and nine months ended September 30, 2011 and 2010 follow:

Revenues

For the quarter ended September 30, 2011 revenues were \$1,426,047, compared to revenues of \$1,014,500 for the same period in 2010, an increase of 41%. For the nine months ended September 30, 2011, revenues were \$3,475,372, compared to revenues of \$3,040,261 for the same period in 2010, an increase of 14%.

Product sales for the three months ended September 30, 2011 were \$391,197, compared to product sales of \$539,478 in the same period of 2010, representing a decrease of 27%. Product sales for the nine months ended September 30, 2011 were \$1,120,290, compared to product sales of \$1,492,273 in the same period of 2010, representing a decrease of 25%. The decrease in product sales in the second and third quarters of 2011 partly reflects a temporary suspension in sales of Neovasc's tissue products to one customer as a result of a change in product specifications that required review and approval internally and from the appropriate regulatory authorities. The requisite approvals have now been received and sales have resumed to that customer.

Contract manufacturing revenues were \$528,467 in the third quarter of 2011, compared to \$99,878 in the comparable period in 2010, an increase of 429%. Contract manufacturing revenues were \$1,053,678 in the nine months ended September 30, 2011, compared to \$531,780 for the comparable period of 2010, an increase of 98%. The increase in contract manufacturing revenues reflects the Company's success in attracting more contract manufacturing customers as well as larger orders from existing customers as they advance their new product development programs.

Revenues from consulting services for the three months ended September 30, 2011 were \$506,383, compared to consulting service revenues of \$375,144 in the same period in 2010, representing an increase of 35%. Revenues from



consulting services for the nine months ended September 30, 2011 were \$1,301,404, compared to consulting service revenues of \$1,016,208 in the same period in 2010, representing an increase of 28%. Neovasc's consulting service revenues are contract-driven and they can fluctuate from quarter to quarter as current projects are completed and new projects start.

Cost of Goods Sold

The cost of goods sold for the three and nine months ended September 30, 2011 were \$792,684 and \$1,869,417 respectively, as compared to \$568,536 and \$1,772,935 in the comparable periods in 2010. The overall gross margin was 44% for the third quarter and 46% for the nine months ended September 30, 2011, compared to 44% and 42% gross margins, respectively, in the comparable periods in 2010.

The improvement in gross margins in the nine months to September 30, 2011 compared to the same period in 2010 can be substantially explained by a shift in product mix to higher margin product lines. Neovasc continues exploring a number of initiatives aimed at strengthening margins going forward, including implementing further manufacturing efficiencies, reviewing pricing strategies for certain products and focusing on further expanding sales of higher margin product lines such as custom tissue for transcatheter heart valves and related manufacturing services.

Expenses

Total expenses for the three and nine months ended September 30, 2011 were \$1,594,968 and \$4,518,971, respectively, as compared to \$853,931 and \$3,066,347 in the same periods in 2010, representing an increase of 87% and 47%, respectively. Of these expenses, 49% of the increase in the third quarter and 59% of the increase in the first nine months of 2011 can be explained by an increase in non-cash share-based payments, as discussed in the "Loss" section. Net of these non-cash share-based payments, total expenses increased \$381,081 and \$601,499 between the comparable periods in 2010 and 2011, substantially due to an increase in clinical trial and product development expenses for Neovasc's two product development programs.

Selling expenses were \$48,154 and \$145,242 for the three and nine months ended September 30, 2011, compared to \$40,763 and \$135,012 in the comparable periods in 2011. The Company is continuing to maintain relatively constant and modest selling and marketing costs while it focuses on growing its business-to-business revenue streams.

General and administrative expenses were \$774,829 and \$2,337,821 for the three and nine months ended September 30, 2011, as compared to \$482,775 and \$1,704,081 in the comparable periods of 2010, representing an increase of 60% and 37%, respectively. The increase in general and administrative expenses in the three and nine months ended September 30, 2011 was principally due to an increase in non-cash share-based payments, as discussed in the "Loss" section. Other expenses have remained equivalent year-over-year.

Research and development costs, including product development and clinical trial expenses were \$771,985 and \$2,035,908 for the three and nine months ended September 30, 2011, as compared to \$330,393 and \$1,227,254 in the comparable periods of 2010, representing an increase of 134% and 66%, respectively. The increase in year-over-year research and development costs is principally due to increased investment in Neovasc's two major new product initiatives; the COSIRA clinical trial for the Neovasc Reducer and the development program for the Neovasc Tiara mitral valve program.

Loss

The loss for the three and nine months ended September 30, 2011 was \$891,507 and \$2,880,746, or \$0.02 and \$0.07 basic and diluted loss per share, respectively, as compared with a loss of \$406,944 and \$1,812,914 or \$0.01 and \$0.05 basic and diluted loss per share, respectively, for the comparable periods in 2010. The increase in the loss incurred in the first nine months of 2011 as compared to the same period in 2010 can be substantially explained by an increase in product development and clinical trial activities of \$808,654 and an increase in non-cash share-based payments of \$851,125. In 2010 and 2011 the officers and directors of Neovasc were awarded a fixed number of options under the Company's established remuneration and incentive plans. While the actual number of options granted in each year was equivalent, under the Black Scholes model used to value the options, the significantly higher price of the Company's shares in 2011 produced a higher overall valuation of the options issued and therefore resulted in a higher charge to the income statement in 2011. In addition, the Company granted options to a consultant to provide strategic advisory



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services over the next four years in August 2011, which contributed to the increase in non-cash share-based payment in the third quarter of 2011.

DISCUSSION OF LIQUIDITY AND CAPITAL RESOURCES

The Company finances its operations and capital expenditures with cash generated from operations, lines of credit, long-term debt and equity financings. At September 30, 2011, the Company had cash and cash equivalents of \$3,976,672, as compared to cash and cash equivalents of \$1,489,027 at December 31, 2010. In addition, at September 30, 2011 the Company had restricted cash and cash equivalents related to a security on long-term debt of US\$40,000 (December 31, 2010: CAD\$50,000 held as a guaranteed investment certificate) included in long-term assets and a bank overdraft facility of \$nil (December 31, 2010: \$213,280) included in current liabilities.

At September 30, 2011 the Company had working capital of \$4,868,877 as compared to working capital of \$1,752,712 at December 31, 2010. The increase in working capital during the first nine months of 2011 was predominantly due to the net impact of an increase in cash from completion of a non-brokered private placement in August 2011; an increase in accounts receivable due to higher sales in the third quarter of 2011 as compared to the fourth quarter of 2010; and a decrease in accounts payable and accrued liabilities.

Cash used in operating activities was \$1,980,818 for the nine months ended September 30, 2011, as compared to \$2,049,973 for the same period in 2010. The decrease in cash used during the nine months of 2011, compared to the same period of 2010, is principally due to an increase in operating expenses offset by a decrease in working capital requirements. During the nine months ended September 30, 2011, operating expenses were \$1,566,101 compared to \$1,310,812 for the comparative period in 2010 and working capital items absorbed cash of \$415,972, while in the same period of 2010 working capital items absorbed \$731,957.

Net cash invested in capital assets was \$35,068 and \$142,474 for the three and nine months ended September 30, 2011, compared to net cash invested in capital assets of \$74,122 and \$101,690 for the three and nine months ended September 30, 2010. During the three and nine month periods in 2011 the Company invested capital to expand its clean room and manufacturing facilities.

Net cash provided by financing activities was \$4,625,535 and \$4,610,937 for the three and nine months ended September 30, 2011, compared to cash used by financing activities of \$73,905 for the three months ended September 30, 2010, and cash provided by financing activities of \$2,829,437 for the nine months ended September 30, 2010. On February 19, 2010, the Company completed a non-brokered private placement of 5,691,658 units at the price of \$0.27 per unit for aggregate gross proceeds of \$1,536,748. Each unit consists of one common share of Neovasc stock and one-half of one common share purchase warrant of Neovasc stock. Each whole warrant entitled the holder thereof to purchase one common share of Neovasc stock at the exercise price of \$0.40 per share for a period of one-year after the closing date of the offering. Share issue costs were \$22,015. On April 23, 2010, there were 4,635,114 warrants exercised, as part of the Company's April 2009 financing. Proceeds from the exercise of the 4,635,114 warrants amounted to \$1,390,534. The remaining warrants issued as part of the Company's April 2009 financing expired on April 23, 2010. On January 17, 2011 and February 15, 2011, the Company issued 197,922 and 128,371 common shares, respectively, upon the exercise of warrants issued as part of the Company's February 2010 financing. Proceeds from the exercise of the 326,293 warrants amounted to \$130,517. On August 16, 2011, the Company completed a non-brokered private placement of 4,720,500 equity units at the price of \$1.00 per unit for aggregate gross proceeds of approximately \$4,720,500. Each unit consists of one common share of Neovasc stock and one-half of one common share purchase warrant of Neovasc stock. Each whole warrant entitles the holder thereof to purchase one common share of Neovasc stock at the exercise price of \$1.25 per share for a period of two years after the closing date of the offering.

SUBSEQUENT EVENTS

There were no material subsequent events to the date of this release.

--Tables Follow--



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Neovasc Inc. Interim Consolidated Statements of Financial Position (Unaudited)

(Expressed in Canadian dollars)

	September 30, 2011	December 31, 2010	January 1, 2010
ASSETS			
Current assets			
Cash and cash equivalents	\$ 3,976,672	\$ 1,489,027	\$ 298,265
Accounts receivable	922,800	661,999	442,540
Inventory	496,669	469,744	404,309
Prepaid and other assets	54,777	33,729	15,771
Total current assets	5,450,918	2,654,499	1,160,885
Non-current assets			
Property, plant and equipment	1,298,151	1,224,481	1,249,326
Restricted cash and cash equivalents	41,556	50,000	50,000
Total non-current assets	1,339,707	1,274,481	1,299,326
Total assets	\$ 6,790,625	\$ 3,928,980	\$ 2,460,211
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Bank overdraft	\$ -	213,280	186,897
Accounts payable and accrued liabilities	540,679	647,877	962,512
Current portion of long-term debt	41,362	40,630	39,978
Total current liabilities	582,041	901,787	1,189,387
Non-current liabilities			
Long-term debt	290,269	318,872	357,097
Total non-current liabilities	290,269	318,872	357,097
Total liabilities	872,310	1,220,659	1,546,484
Equity			
Share capital	70,179,697	64,841,468	60,648,625
Contributed surplus	5,614,601	4,862,090	4,630,337
Deficit	(69,875,983)	(66,995,237)	(64,365,235)
Total equity	5,918,315	2,708,321	913,727
Total liabilities and equity	\$ 6,790,625	\$ 3,928,980	\$ 2,460,211



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Neovasc Inc.
Interim Consolidated Statements of Comprehensive Loss (Unaudited)

For the three and nine months ended September 30,
 (Expressed in Canadian dollars)

	For the three months ended September 30,		For the nine months ended September 30,	
	2011	2010	2011	2010
REVENUE				
Product sales	\$ 391,197	\$ 539,478	\$ 1,120,290	\$ 1,492,273
Contract manufacturing	528,467	99,878	1,053,678	531,780
Consulting services	506,383	375,144	1,301,404	1,016,208
	1,426,047	1,014,500	3,475,372	3,040,261
COST OF GOODS SOLD				
	792,684	568,536	1,869,417	1,772,935
GROSS PROFIT	633,363	445,964	1,605,955	1,267,326
EXPENSES				
Selling expenses	48,154	40,763	145,242	135,012
General and administrative expenses	774,829	482,775	2,337,821	1,704,081
Product development and clinical trials expenses	771,985	330,393	2,035,908	1,227,254
	1,594,968	853,931	4,518,971	3,066,347
OPERATING LOSS	(961,605)	(407,967)	(2,913,016)	(1,799,021)
OTHER INCOME (EXPENSE)				
Interest income	8	119	240	348
Interest expense	(2,980)	(2,223)	(8,985)	(7,552)
Gain/(loss) on foreign exchange	73,070	3,127	41,015	(6,689)
	70,098	1,023	32,270	(13,893)
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ (891,507)	\$ (406,944)	\$ (2,880,746)	\$ (1,812,914)
LOSS PER SHARE				
Basic and diluted loss per share	\$ (0.02)	\$ (0.01)	\$ (0.07)	\$ (0.05)



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Neovasc Inc. Interim Consolidated Statements of Cash Flows (Unaudited)

For the three and nine months ended September 30,
 (Expressed in Canadian dollars)

	For the three months ended September 30,		For the nine months ended September 30,	
	2011	2010	2011	2010
OPERATING ACTIVITIES				
Net loss for the period	\$ (891,507)	\$ (406,944)	\$ (2,880,746)	\$ (1,812,914)
Adjustments for:				
Depreciation	24,577	30,863	68,804	89,015
Share-based payments	448,931	88,975	1,247,096	395,971
Loss on disposal of equipment	-	-	-	9,912
Interest income	(8)	(119)	(240)	(348)
Interest expense	2,980	2,223	8,985	7,552
	(415,027)	(285,002)	(1,556,101)	(1,310,812)
Net change in non-cash working capital items:				
Accounts receivable	(538,361)	(83,874)	(260,801)	(45,841)
Inventory	240,344	(50,912)	(26,925)	(237,390)
Prepaid expenses and other assets	(8,434)	(5,378)	(21,048)	(41,872)
Accounts payable and accrued liabilities	(325,111)	(59,396)	(107,198)	(406,854)
	(631,562)	(199,560)	(415,972)	(731,957)
Interest paid and received				
Interest income	8	119	240	348
Interest expense	(2,980)	(2,223)	(8,985)	(7,552)
	(2,972)	(2,104)	(8,745)	(7,204)
	(1,049,561)	(486,666)	(1,980,818)	(2,049,973)
INVESTING ACTIVITIES				
Proceeds from disposal of equipment	-	-	-	5,790
Purchase of property and equipment	(35,068)	(74,122)	(142,474)	(107,480)
	(35,068)	(74,112)	(142,474)	(101,690)
FINANCING ACTIVITIES				
Decrease in bank overdraft	(48,649)	(63,843)	(213,280)	(52,279)
Decrease/(increase) in restricted cash & cash equivalents	(2,984)	-	8,444	-
Repayment of long-term debt	(9,306)	(10,062)	(27,871)	(29,303)
Proceeds from issue of shares, net of costs of \$38,107	4,682,393	-	4,682,393	1,514,733
Proceeds from exercise of warrants	-	-	130,517	1,390,534
Proceeds from exercise of options	4,081	-	30,734	5,752
	4,625,535	(73,905)	4,610,937	2,829,437
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,540,906	(634,693)	2,487,645	677,774
CASH AND CASH EQUIVALENTS				
Beginning of period	435,766	1,610,732	1,489,027	298,265
End of period	\$ 3,976,672	\$ 976,039	\$ 3,976,672	\$ 976,039
Represented by:				
Cash	3,976,672	973,965	3,976,672	973,965
Cashable guaranteed investment certificate	-	2,074	-	2,074
	\$ 3,976,672	\$ 976,039	\$ 3,976,672	\$ 976,039



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About Neovasc Inc.

Neovasc Inc. is a specialty medical device company that develops, manufactures and markets products for the rapidly growing cardiovascular marketplace. Its products include the Neovasc Reducer™ for the treatment of refractory angina, the Tiara™ technology in development for the transcatheter treatment of mitral valve disease and a line of advanced biological tissue products that are used as key components in a variety of third-party medical products, such as vascular surgical patches and transcatheter heart valves. For more information, visit: www.neovasc.com.

Statements contained herein that are not based on historical or current fact, including without limitation statements containing the words "anticipates," "believes," "may," "continues," "estimates," "expects," and "will" and words of similar import, constitute "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions, both nationally and in the regions in which the Company operates; history of losses and lack of and uncertainty of revenues, ability to obtain required financing, receipt of regulatory approval of product candidates, ability to properly integrate newly acquired businesses, technology changes; competition; changes in business strategy or development plans; the ability to attract and retain qualified personnel; existing governmental regulations and changes in, or the failure to comply with, governmental regulations; liability and other claims asserted against the Company; and other factors referenced in the Company's filings with Canadian securities regulators. Although the Company believes that expectations conveyed by the forward-looking statements are reasonable based on the information available to it on the date such statements were made, no assurances can be given as to the future results, approvals or achievements. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not assume the obligation to update any forward-looking statements except as otherwise required by applicable law.

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