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NEWS RELEASE
TSX Venture Exchange: NVC

NEOVASC INC. REPORTS FINANCIAL RESULTS FOR THIRD QUARTER OF 2012

--41% Year-Over-Year Revenue Increase for the Quarter--
--Neovasc Reducer™ and Tiara™ Transcatheter Mitral Valve Data Presented at TCT 2012--

Vancouver, BC, Canada – November 26, 2012 - Neovasc Inc. (TSXV: NVC) today announced financial results for the three months ended September 30, 2012.

"In the third quarter, we continued to report robust increases in sales, with revenues for the quarter topping two million dollars," commented Alexei Marko, CEO of Neovasc. "The increase in revenues reflected gains in sales of our surgical tissue products, while our contract manufacturing and consulting services businesses also turned in steady performances in the quarter."

Mr. Marko continued, "After the close of the quarter, we announced an agreement to sell certain manufacturing rights to our surgical tissue product line to our distribution partner LeMaitre Vascular for US$4.6 million. The capacity freed up through the sale of the surgical tissue product line will allow us to focus on the production of customized biological tissue and the contract manufacture of tissue-based cardiovascular devices, and we foresee this business continuing to grow strongly into 2014."

During the quarter, positive acute results from preclinical studies of the Tiara™ transcatheter mitral valve were published in the *Journal of the American College of Cardiology.* In October, the Tiara program was selected as a Best New Device Concept for 2012 at the Transcatheter Cardiovascular Therapeutics (TCT) scientific symposium. Researchers also presented data at TCT showing that refractory angina patients implanted with the Neovasc Reducer™ device demonstrated improved clinical status and had no adverse events six months after implantation.

Mr. Marko concluded, "We expect to finish the year in a strong cash position, and these funds will enable us to continue to advance our two major new product development programs, the Neovasc Reducer and the Tiara mitral valve program, which is on track to achieve its first implantations in humans in 2013."

Results for the three and nine months ended September 30, 2012 and 2011 follow:

Revenues
Revenues increased 41% year-over-year to $2,005,940 for the three months ended September 30, 2012, from $1,426,047 for the same period in 2011. For the nine months ended September 30, 2012, revenues were $5,353,539, compared to revenues of $3,475,372 for the same period in 2011, representing an increase of 54%.

Product sales for the three months ended September 30, 2012 were $946,117, compared to product sales of $391,197 in the same period of 2011, representing an increase of 142%. Product sales for the nine months ended September 30, 2012 were $2,397,985, compared to product sales of $1,120,290 in the same period of 2011, representing an increase of 114%. The increase in product sales primarily reflects higher demand from LeMaitre Vascular Inc. ("LeMaitre"), who distributes the Company's surgical strips and patches and is achieving higher penetration in both the North American and European markets. On October 31, 2012, Neovasc finalized its agreement with LeMaitre allowing LeMaitre to exercise its option to purchase certain specific rights to Neovasc's biological vascular surgical patch product technology on an accelerated basis, at an agreed price of US$4.6 million. Under the terms of the amended agreement, Neovasc has received US$4.255 million from LeMaitre, with the balance payable one year after closing. Neovasc will continue to supply LeMaitre with surgical patches until

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LeMaitre is able to receive appropriate regulatory approvals and start manufacture of the surgical patches themselves, anticipated towards the end of 2013. At that time, Neovasc will cease manufacture of all surgical patches.

Contract manufacturing revenues were $527,557 in the third quarter of 2012, compared to $528,467 in the comparable period in 2011. Contract manufacturing revenues were $1,327,363 for the nine months ended September 30, 2012, compared to $1,053,678 in the comparable period of 2011, an increase of 26%. 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, 2012 were $532,266, compared to consulting service revenues of $506,383 in the same period in 2011, representing an increase of 5%. Revenues from consulting services for the nine months ended September 30, 2012 were $1,628,191, compared to consulting service revenues of $1,301,404 in the same period in 2011, representing an increase of 25%. The Company's consulting service revenues are contract-driven and they can fluctuate from quarter to quarter and year to year as current projects are completed and new projects start. The Company hopes and anticipates that it will be able to convert more of its current consulting services customers, who are currently engaged in product development and clinical trials, into contract manufacturing customers as they progress to commercialization. However, this process is dependent on the product development success of our customers and revenues are therefore difficult to project.

Cost of Goods Sold

The cost of goods sold for the three and nine months ended September 30, 2012 were $1,275,096 and $3,149,177, respectively, as compared to $936,879 and $2,013,612 for the same periods in 2011. The overall gross margin was 36% and 41% for the three and nine months ended respectively, compared to 34% and 42% gross margin for the same periods in 2011. The Company has incurred one-time additional set up costs as it transitions away from surgical patch manufacture into contract manufacture of transcatheter valves and other similar cardiovascular devices, with limited current revenues to offset these costs.

Expenses

Total expenses for the three and nine months ended September 30, 2012 were $1,927,980 and $6,177,748, respectively, as compared to $1,450,773 and $4,374,776 for the same periods in 2011, representing an increase of $477,207 and $1,802,972, or 33% and 41%, respectively. Of these increases, non-cash share-based payments account for an increase of $117,749 and $590,026 for the three and nine months respectively. In 2011 and 2012, 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 higher price of the Company's shares in 2012 produced a higher overall valuation of the options issued, and therefore resulted in a higher non-cash charge to the income statement in 2012. Net of these non-cash share-based payments, total expenses increased $359,458 and $1,212,946 for the three and nine months respectively, substantially due to an increase of $284,848 and $951,038, respectively, in clinical trial and product development expenses for the Company's two new product development programs, and an increase of $73,392 and $253,262, respectively, in general and administrative expenses as corporate and strategic activities accelerate in line with revenue growth and product development advancements.

Selling expenses for the three and nine months ended September 30, 2012 were $40,503 and $132,513, respectively, as compared to $48,154 and $145,242 for the same 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 $937,202 and $3,094,474 for the three and nine months ended September 30, 2012, respectively, as compared to $774,829 and $2,337,821 for the same periods of 2011,

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representing an increase of $162,373 and $756,653 or 21% and 32%, respectively. The increase in general and administrative expenses was primarily due to an increase of $78,485 and $477,309 in non-cash share-based payments for the three and nine months respectively and an increase of $73,392 and $253,262 respectively in other expenses as corporate and strategic activities accelerate in line with revenue growth and product development advancements.

Product development and clinical trial expenses were $950,275 and $2,950,761 for the three and nine months ended September 30, 2012, respectively, as compared to $627,790 and $1,891,713 for the same periods in 2011, representing an increase of $322,485 and $1,059,048 or $51% and 56%, respectively. The increase in product development and clinical trial expenses was primarily due to an increase of $37,973 and $107,765 in non-cash share-based payments for the three and nine months respectively and an increase of $284,848 and $951,038 respectively in other expenses as the Company invested in its two major new product initiatives: the COSIRA clinical trial for the Neovasc Reducer and the preclinical Neovasc Tiara mitral valve development program.

Loss

The loss for the three and nine months ended September 30, 2012 was $1,206,914 and $3,988,560, or $0.03 and $0.09 basic and diluted loss per share, as compared with a loss of $891,507 and $2,880,746 or $0.02 and $0.07 basic and diluted loss per share for the comparable periods in 2011. The Company has successfully increased its gross profit for the three and nine months ended September 30, 2012 in comparison to the same periods in 2011. However, during the same periods the Company increased its expenditures on research and development for its products by more than the increase in gross margin, resulting in an overall increase in losses for the three and nine months ended September 30, 2012, in comparison to the same periods in 2011.

Liquidity and Capital Resources

Neovasc finances its operations and capital expenditures with cash generated from operations, lines of credit, long-term debt and equity financings. At September 30, 2012, the Company had cash and cash equivalents of $2,029,241, as compared to cash and cash equivalents of $2,404,510 at December 31, 2011.

Cash used in operating activities was $445,147 and $1,673,554 for the three and nine months ended September 30, 2012, respectively, as compared to $1,049,561 and $1,980,818 for the same periods in 2011. The decrease in cash used in the three and nine months ended September 30, 2012 compared to the same periods of 2011 is principally due to an increase in operating expenses offset by an increase in cash generated by working capital items. For the three and nine months ended September 30, 2012, operating expenses were $596,118 and $2,034,061, respectively, compared to $415,027 and $1,556,101 for the same periods in 2011, as more expenses were incurred in research and development activities. Working capital items generated cash of $147,605 and $340,724, respectively, compared to working capital items absorbing cash of $631,562 and $415,972, respectively for the same periods in 2011, as accounts payable provided greater funding in 2012.

In the third quarter of 2012 a $1,504,258 investment in GICs maturing on October 15, 2012 was re-classified as cash equivalents. Net cash invested in capital assets was $39,872 and $232,313 for the three and nine months ended September 30, 2012, respectively, compared to net cash invested in capital assets of $35,068 and $142,474 for the same periods in 2011. During the first nine months of 2012 and 2011, the Company continued to invest capital to expand its clean room and manufacturing facilities and research and development capabilities.

Net cash used by financing activities was $114,488 for the three months ended September 30, 2012 and net cash provided by financing activities was $26,308 for the nine months ended September 30, 2012, compared to cash provided by financing activities of $4,625,535 and $4,610,937 for the same periods of 2011. In the third quarter of 2012, the Company paid off its bank overdraft and in addition the liquid security agreement on long-term debt was removed and the restricted cash of US$40,000 was released.

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Interim Consolidated Statements of Financial Position (Unaudited)

(Expressed in Canadian dollars)

	September 30, 2012	December 31, 2011 (Audited)
ASSETS		
Current assets		
Cash and cash equivalents	**$ 2,029,241**	$ 2,404,510
Investments	**-**	1,504,290
Accounts receivable	**770,373**	735,680
Inventory	**394,522**	300,773
Prepaid expenses and other assets	**53,173**	23,372
Total current assets	**3,247,309**	4,968,625
Non-current assets		
Property, plant and equipment	**1,425,497**	1,290,651
Restricted cash and cash equivalents	**-**	40,840
Total non-current assets	**1,425,497**	1,331,491
Total assets	**$ 4,672,806**	$ 6,300,116
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ 1,090,443**	$ 591,476
Current portion of long-term debt	**42,351**	41,568
Total current liabilities	**1,132,794**	633,044
Non-current liabilities		
Long-term debt	**251,004**	280,642
Total non-current liabilities	**251,004**	280,642
Total liabilities	**1,383,798**	913,686
Equity		
Share capital	**70,387,129**	70,220,381
Contributed surplus	**7,882,824**	6,158,434
Deficit	**(74,980,945)**	(70,992,385)
Total equity	**3,289,008**	5,386,430
Total liabilities and equity	**$ 4,672,806**	$ 6,300,116

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Interim Consolidated Statements of Comprehensive Loss (Unaudited)

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

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	**2012**	2011
REVENUE				
Product sales	**$ 946,117**	$ 391,197	**$ 2,397,985**	$ 1,120,290
Contract manufacturing	**527,557**	528,467	**1,327,363**	1,053,678
Consulting services	**532,266**	506,383	**1,628,191**	1,301,404
	2,005,940	1,426,047	**5,353,539**	3,475,372
COST OF GOODS SOLD	**1,275,096**	936,879	**3,149,177**	2,013,612
GROSS PROFIT	**730,844**	489,168	**2,204,362**	1,461,760
EXPENSES				
Selling expenses	**40,503**	48,154	**132,513**	145,242
General and administrative expenses	**937,202**	774,829	**3,094,474**	2,337,821
Product development and clinical trials expenses	**950,275**	627,790	**2,950,761**	1,891,713
	1,927,980	1,450,773	**6,177,748**	4,374,776
OPERATING LOSS	**(1,197,136)**	(961,605)	**(3,973,386)**	(2,913,016)
OTHER INCOME/(EXPENSE)				
Interest income	**5,950**	8	**27,783**	240
Interest expense	**(2,584)**	(2,980)	**(8,000)**	(8,985)
(Loss)/Gain on foreign exchange	**(13,144)**	73,070	**(34,957)**	41,015
	(9,778)	70,098	**(15,174)**	32,270
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**$ (1,206,914)**	$ (891,507)	**$(3,988,560)**	$(2,880,746)
LOSS PER SHARE				
Basic and diluted loss per share	**$ (0.03)**	$ (0.02)	**$ (0.09)**	$ (0.07)

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Interim Consolidated Statements of Cash Flows (Unaudited)

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

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	**2012**	2011
OPERATING ACTIVITIES				
Loss for the period	**$ (1,206,914)**	$ (891,507)	**$ (3,988,560)**	$ (2,880,746)
Adjustments for:				
Depreciation	**36,704**	24,577	**97,467**	68,804
Share-based payments	**577,458**	448,931	**1,876,815**	1,247,096
Interest income	**(5,950)**	(8)	**(27,783)**	(240)
Interest expense	**2,584**	2,980	**8,000**	8,985
	(596,118)	(415,027)	**(2,034,061)**	(1,556,101)
Net change in non-cash working capital items:				
Accounts receivable	**(234,820)**	(538,361)	**(34,693)**	(260,801)
Inventory	**125,798**	240,344	**(93,749)**	(26,925)
Prepaid expenses and other assets	**496**	(8,434)	**(29,801)**	(21,048)
Accounts payable and accrued liabilities	**256,131**	(325,111)	**498,967**	(107,198)
	147,605	(631,562)	**340,724**	(415,972)
Interest paid and received:				
Interest received	**5,950**	8	**27,783**	240
Interest paid	**(2,584)**	(2,980)	**(8,000)**	(8,985)
	3,366	(2,972)	**19,783**	(8,745)
	(445,147)	(1,049,561)	**(1,673,554)**	(1,980,818)
INVESTING ACTIVITES				
Decrease in investments	**1,504,258**	-	**1,504,290**	-
Purchase of property, plant and equipment	**(39,872)**	(35,068)	**(232,313)**	(142,474)
	1,464,386	(35,068)	**1,271,977**	(142,474)
FINANCING ACTIVITIES				
Decrease in bank overdraft	**(145,927)**	(48,649)	**-**	(213,280)
Decrease/(increase) in restricted cash & cash equivalent	**41,040**	(2,984)	**40,840**	8,444
Repayment of long-term debt	**(9,701)**	(9,306)	**(28,855)**	(27,871)
Proceeds from share issue, net of cost of $42,864	**-**	4,682,393	**-**	4,682,393
Proceeds from exercise of warrants	**-**	-	**-**	130,517
Proceeds from exercise of options	**100**	4,081	**14,323**	30,734
	(114,488)	4,625,535	**26,308**	4,610,937
NET CHANGE IN CASH AND CASH EQUIVALENTS	**904,751**	3,540,906	**(375,269)**	2,487,645
CASH AND CASH EQUIVALENTS				
Beginning of the period	**1,124,490**	435,766	**2,404,510**	1,489,027
End of the period	**$ 2,029,241**	$ 3,976,672	**$ 2,029,241**	$ 3,976,672

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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™ device 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 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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