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NEWS RELEASE
TSX Venture Exchange: NVC

NEOVASC INC. REPORTS FINANCIAL RESULTS FOR FIRST QUARTER OF 2013

--Increased Year-over-Year Revenues by 17%, Driven by Growth in Contract Manufacturing and Consulting Services to Transcatheter Heart Valve Customers--
--Completed Patient Enrollment in Neovasc Reducer™ COSIRA Trial--
--Presented Positive Reducer and Tiara™ Mitral Valve Program Data at 2013 EuroPCR--

May 28, 2013 - Vancouver, BC, Canada - Neovasc Inc. ("Neovasc") (TSXV: NVC), today announced financial results for the three months ended March 31, 2013.

"We are pleased to report robust growth in our contract manufacturing and consulting services revenues in the first quarter as we transition our focus to higher margin activities conducted on behalf of our customers developing transcatheter heart valves," commented Alexei Marko, Chief Executive Officer of Neovasc.

Mr. Marko continued, "Since the end of the quarter, we reported progress in our two major new product programs. We completed patient enrollment in the COSIRA trial intended to provide definitive data on the safety and efficacy of our Neovasc Reducer™ product for the treatment of refractory angina. We anticipate reporting data from this trial around year's end. If positive, it will set the stage for a broader commercial launch of the Reducer in Europe. We were encouraged too by initial six-month data from our Reducer Registries that were presented this month at EuroPCR 2013 and showed that angina pain and disability were significantly reduced in patients receiving the Reducer. At EuroPCR, we also presented data from our chronic animal studies for the Tiara™ transcatheter mitral valve replacement device in development for the treatment of mitral regurgitation. The results to date are very positive, showing that the Tiara device functioned well and was well tolerated. These studies provide critical support as we plan for the expected initiation of human clinical trials later this year or early next year."

Christopher Clark, Chief Financial Officer of Neovasc, noted, "After the close of the quarter we reported the exercise of warrants awarded as part of an August 2011 financing. The warrants, which generated $2.3 million for the Company, strengthen our balance sheet and overall financial position, further ensuring that we have sufficient near-term resources to continue to advance our promising new product development programs."

DISCUSSION OF OPERATIONS AND FINANCIAL CONDITION

Results for the three months ended March 31, 2013 and 2012 follow:

Revenues

Revenues increased 17% year-over-year to $2,009,380 for the three months ended March 31, 2013, compared to revenues of $1,712,991 for the same period in 2012.

Product sales for the three months ended March 31, 2013 were $590,045, compared to $709,642 in the same period of 2012, representing a decrease of 17%. Product sales are comprised of sales of surgical patches, mostly to LeMaitre Vascular, Inc. ("LeMaitre"). On October 31, 2012, Neovasc reported the sale of a manufacturing license to LeMaitre to produce these surgical patches in-house. Neovasc will continue to supply LeMaitre with surgical patches until they receive appropriate regulatory approvals and start manufacture of the surgical patches themselves, anticipated towards the end of 2013 or in early 2014. At that time, Neovasc will cease manufacture of all surgical patches.

Contract manufacturing revenues for the three months ended March 31, 2013 were $575,149, compared to $341,447 in the same period in 2012, representing an increase of 68%. The increase in contract manufacturing

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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 March 31, 2013 were $844,186, compared to $661,902 in the same period in 2012, representing an increase of 28%. 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 into contract manufacturing customers as they advance their product development programs towards commercialization. However, this change is dependent on their product development and commercialization success and is therefore difficult to project.

Where possible the Company updates its charge out rates and product prices on an annual basis to maintain its margins and reflect increases in the cost of goods sold. Most customer contracts include a mechanism to calculate the price increase or to limit the maximum increase allowable each year.

Cost of Goods Sold

The cost of goods sold for the three months ended March 31, 2013 were $1,235,281, as compared to $879,272 for the same period in 2012. The overall gross margin for the first quarter of 2013 was 39%, compared to 49% gross margin for the same period in 2012. Gross margin in the first quarter of 2012 was increased by the fact that the Company was able to sell a significant amount of inventory that had previously been written down to nil value and also because it had a one-time consulting contract at an unusually high margin, both of which contributed to the higher margin in that period.

Expenses

Total expenses for the three months ended March 31, 2013 were $2,735,310, as compared to $2,091,016 for the same period in 2012, representing an increase of $644,294 or 31%. The increase in total expenses in the first quarter of 2013 as compared to the same period in 2012 can be explained by increases in general and administrative expenses of $299,093, non-cash share-based payments of $231,648 as discussed in the "Loss" section and an increase in product development and clinical trial expenses of $135,543.

Selling expenses for the three months ended March 31, 2013 were $21,007, as compared to $43,227 for the same period in 2012. 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 for the three months ended March 31, 2013 were $1,725,732, as compared to $1,213,805 for the same period of 2012, representing an increase of $511,927 or 42%. The increase in general and administrative expenses was primarily due to an increase of $212,834 in non-cash share-based payments and an increase of $299,093 in other expenses due to the establishment of a dedicated regulatory affairs team and one-time legal and other expenses associated with strategic and product development and related activities.

Product development and clinical trial expenses for the three months ended March 31, 2013 were $988,571, as compared to $833,984 for the same period in 2012, representing an increase of $154,587 or 19%. The increase in product development and clinical trial expenses was primarily due to an increase in development 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.

The Company's expenses are subject to inflation and cost increases. Salaries and wages have increased on average by 3% between the three months ended March 31, 2013 and the comparative period of 2012. The Company has not seen a significant increase in the price of any of the components used in the manufacture of its products and services.

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Loss

The losses for the three months ended March 31, 2013 were $1,860,156, or $0.04 basic and diluted loss per share, as compared with a loss of $1,265,291 or $0.03 basic and diluted loss per share for the comparable period in 2012. The increase in the loss incurred in the first quarter of 2013 as compared to the same period in 2012 can be substantially explained by an increase in general and administrative expenses, an increase in product development and clinical trial expenses and an increase in non-cash share-based payments. In the first quarter of 2013 and 2012, the officers and directors of Neovasc were awarded a fixed number of options under the Company's established remuneration and incentive plans. Even though the actual number of options granted in 2013 was less than those granted in 2012, under the Black Scholes model used to value the options, the significantly higher price of the Company's shares in the first quarter of 2013 produced a higher overall valuation of the options issued, and therefore resulted in a higher non-cash charge to the income statement in 2013.

DISCUSSION OF 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 March 31, 2013, the Company had cash and cash equivalents of $4,859,604 as compared to cash and cash equivalents of $690,050 at March 31, 2012.

Cash used in operating activities for the three months ended March 31, 2013 was $880,891, as compared to $607,797 for the same period in 2012. The increase in cash used for the three months ended March 31, 2013, compared to the same period of 2012, is principally due to an increase in operating expenses offset by a decrease in cash absorbed by working capital items. For the three months ended March 31, 2013, operating expenses were $785,333, compared to $487,483 for the same period in 2012, as more expenses were incurred in general and administrative activities and research and development activities, and working capital items absorbed cash of $93,198, compared to working capital items absorbed cash of $128,898 for the same period in 2012.

Net cash invested in capital assets was $314,635 for the three months ended March 31, 2013, compared to net cash invested in capital assets of $93,906 for the same period in 2012. In the first quarter 2012 the Company invested $1,008,423 in longer term investments, as its cash and cash equivalents were sufficient to meet its obligations in the short-term. During the first quarter of 2013 and 2012, the Company continued to invest capital to expand its clean room and manufacturing facilities and research and development capabilities.

Net cash provided by financing activities was $194,010 for the three months ended March 31, 2013, compared to cash used by financing activities of $4,334 for the same period of 2012. On February 20, 2013 and March 20, 2013, the Company issued 15,000 and 27,500 common shares, respectively, upon the exercise of warrants issued as part of the Company's August 2011 financing. Proceeds from the exercise of the 42,500 warrants amounted to $53,125.

The majority of the revenue and expenses of the Company are incurred in the parent and in one of its subsidiaries, Neovasc Medical Inc., both of which are Canadian companies. There are no significant restrictions on the transfer of funds between these entities and during the year the Company also had no complications in transferring funds to and from its subsidiaries in Israel.

The majority of the Company's cash and cash equivalents at the year-end were denominated in United States dollars, as the proceeds from the sale of the license to LeMaitre Vascular Inc. was received in that currency. The Company is exposed to foreign currency fluctuations on $4,786,776 of its cash and cash equivalents held in United States dollars and European euros.

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SUBSEQUENT EVENTS

On April 24, 2013 warrant holders exercised 1,835,000 common share purchase warrants issued as part of the Company's August 2011 financing, resulting in proceeds of $2,293,750 to Neovasc. In that financing, Neovasc issued units that included 2,360,250 whole warrants entitling the holders to purchase one common share of Neovasc stock at a price of $1.25 for a period of up to two years after the close of the financing. Of the total available warrants from the August 2011 financing, 81% have been exercised by their holders. The remaining 457,750 warrants will expire on August 16, 2013, if they are not exercised before that date.

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Interim Consolidated Statements of Financial Position (Unaudited)

(Expressed in Canadian dollars)

	March 31, 2013	December 31, 2012 (Audited)
ASSETS		
Current assets		
Cash and cash equivalents	**$ 4,859,604**	$ 5,861,120
Accounts receivable	**1,240,153**	1,248,271
Inventory	**449,399**	191,942
Prepaid expenses and other assets	**73,062**	29,891
Total current assets	**6,622,218**	7,331,224
Non-current assets		
Property, plant and equipment	**1,746,011**	1,467,372
Total non-current assets	**1,746,011**	1,467,372
Total assets	**$ 8,368,229**	$ 8,798,596
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Bank overdraft	**$ 127,098**	$ -
Accounts payable and accrued liabilities	**1,266,595**	1,067,283
Current portion of long-term debt	**42,816**	42,540
Total current liabilities	**1,436,509**	1,109,823
Non-current liabilities		
Long-term debt	**230,882**	241,083
Total non-current liabilities	**230,882**	241,083
Total liabilities	**1,667,391**	1,350,906
Equity		
Share capital	**70,520,385**	70,421,185
Contributed surplus	**9,384,362**	8,370,258
Deficit	**(73,203,909)**	(71,343,753)
Total equity	**6,700,838**	7,447,690
Total liabilities and equity	**$ 8,368,229**	$ 8,798,596

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Interim Consolidated Statements of Comprehensive Loss (Unaudited)

For the three months ended March 31,
(Expressed in Canadian dollars)

	2013	2012
REVENUE		
Product sales	**$ 590,045**	$ 709,642
Contract manufacturing	**575,149**	341,447
Consulting services	**844,186**	661,902
	2,009,380	1,712,991
COST OF GOODS SOLD	**1,235,281**	879,272
GROSS PROFIT	**774,099**	833,719
EXPENSES		
Selling expenses	**21,007**	43,227
General and administrative expenses	**1,725,732**	1,213,805
Product development and clinical trials expenses	**988,571**	833,984
	2,735,310	2,091,016
OPERATING LOSS	**(1,961,211)**	(1,257,297)
OTHER INCOME/(EXPENSE)		
Interest income	**-**	11,334
Interest expense	**(2,360)**	(2,750)
(Loss)/gain on foreign exchange	**103,415**	(16,578)
	101,055	(7,994)
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**$ (1,860,156)**	$ (1,265,291)
LOSS PER SHARE		
Basic and diluted loss per share	**$ (0.04)**	$ (0.03)

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Interim Consolidated Statements of Cash Flows (Unaudited)

For the three months ended March 31
(Expressed in Canadian dollars)

	2013	2012
OPERATING ACTIVITIES		
Loss for the period	**$ (1,860,156)**	$ (1,265,291)
Adjustments for:		
Depreciation	**35,996**	26,790
Share-based payments	**1,036,467**	759,602
Interest income	**-**	(11,334)
Interest expense	**2,360**	2,750
	(785,333)	(487,483)
Net change in non-cash working capital items:		
Accounts receivable	**8,118**	151,167
Inventory	**(257,457)**	(244,074)
Prepaid expenses and other assets	**(43,171)**	(18,299)
Accounts payable and accrued liabilities	**199,312**	(17,692)
	(93,198)	(128,898)
Interest paid and received:		
Interest received	**-**	11,334
Interest paid	**(2,360)**	(2,750)
	(2,360)	8,584
	(880,891)	(607,797)
INVESTING ACTIVITES		
Increase in investments in guaranteed investment certificates	**-**	(1,008,423)
Purchase of property, plant and equipment	**(314,635)**	(93,906)
	(314,635)	(1,102,329)
FINANCING ACTIVITIES		
Increase in bank overdraft	**127,098**	-
Decrease in restricted cash & cash equivalents	**-**	876
Repayment of long-term debt	**(9,925)**	(9,535)
Proceeds from exercise of warrants	**53,125**	-
Proceeds from exercise of options	**23,712**	4,325
	194,010	(4,334)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(1,001,516)**	(1,714,460)
CASH AND CASH EQUIVALENTS		
Beginning of the period	**5,861,120**	2,404,510
End of the period	**$ 4,859,604**	$ 690,050
Represented by:		
Cash	**4,859,604**	184,592
Cashable high interest savings accounts	**-**	504,385
Cashable guaranteed investment certificates	**-**	1,073
	$ 4,859,604	$ 690,050

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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 global cardiovascular marketplace. Its products include the Neovasc Reducer™ for the treatment of refractory angina and the Tiara™ transcatheter mitral value replacement device in development for the treatment of mitral regurgitation. In addition, Neovasc's advanced biological tissue products are widely 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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