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NEWS RELEASE

TSX Venture Exchange: NVC

NEOVASC INC. REPORTS FINANCIAL RESULTS FOR 2012 YEAR-END

***--Grew Annual Revenues 49% Year-Over-Year to \$7.8 Million--
--Significantly Advanced New Product Pipeline Programs--***

April 29, 2013 - Vancouver, BC, Canada - Neovasc Inc. ("Neovasc") (TSXV: NVC), today announced financial results for the year ended December 31, 2012.

"In 2012 we made substantial progress in every area of our business," said Alexei Marko, CEO of Neovasc. "We continued our robust revenue growth, achieving good sales gains in all three of our businesses. This is the fourth consecutive year that we have achieved an average revenue growth of over 50% in our biological tissue and contract heart valve manufacturing division, as our marketing partner LeMaitre Vascular increased its sales and the cardiac device programs of our industry customers continued to advance towards commercialization. We expect continued good growth in revenues from this business, which is generating positive cash flow that is underwriting a substantial portion of our new product development costs. Based on this consistent record of growth, in the fourth quarter we initiated activities to expand our manufacturing capacity to meet the increasing demand from customers, and we expect these activities to be complete in the second quarter of this year."

Mr. Marko continued, "Our success in growing revenues from our current businesses was matched by our progress in significantly advancing our new product pipeline programs during 2012. We expect that the COSIRA trial in support of the Neovasc Reducer™ for the treatment of refractory angina will complete patient enrollment in May, with six-month follow up data from the study available by the end of 2013. We are also continuing to enroll Reducer patients in our European and Israeli Registries, with positive results observed to date in providing relief of angina symptoms to these patients."

"We also made great strides during 2012 in our Tiara™ transcatheter mitral valve program, which is now being recognized as one of the leading programs in this exciting field. During the year we presented preliminary chronic data (150-day) for animals successfully implanted with Tiara transcatheter valves, and we are now beginning preparations for the first human implantations at centers in Canada and Europe, which we are targeting for late 2013 or early 2014. We look forward to continuing to advance these two programs with the potential to provide improved treatment options to the millions of patients suffering from recurrent angina pain and mitral valve disease, who typically have few options today."

Chris Clark, Neovasc CFO, commented, "We finished 2012 in a strong cash position with \$5.8 million on hand. During the year we concluded a strategic transaction to divest our biological surgical patch business in order to concentrate on high margin applications of our tissue technologies, in particular the manufacture of transcatheter heart valves. This transaction freed up valuable manufacturing capacity while adding to our cash reserves. Subsequent to year-end, investors also exercised 1.9 million warrants priced at \$1.25, which added an additional \$2.45 million to the company. We believe that these new funds, in conjunction with our already strong cash position and growing revenues from our biological tissue business, put us in an excellent position to move forward with our value-generating pipeline programs, without the need for external financing for the foreseeable future."

2012 HIGHLIGHTS

NEOVASC REDUCER

- Neovasc has established open-label Patient Registries in Europe and Israel to track the experience of refractory angina patients who have received the Neovasc Reducer. Promising early data from the Registries was presented at the 24th Annual Transcatheter Cardiovascular Therapeutics (TCT) scientific symposium in



October, showing that refractory angina patients implanted with the Neovasc Reducer have demonstrated improved clinical status and had no adverse events six months after implantation.

- After the close of the year, Neovasc announced that the clinical protocol for its COSIRA (COronary Sinus Reducer for treatment of refractory Angina) trial had been published in the peer-reviewed journal *Trials*. COSIRA was designed as a rigorous, sham-controlled study to provide definitive evidence of the efficacy of the Reducer device, so it is noteworthy that the protocol was singled out for recognition by the clinical research community.

NEOVASC TIARA PROJECT

- In October, the Tiara transcatheter device in preclinical development for the treatment of mitral valve disease was selected for an oral presentation as a “Best” New Device Concept for 2012 during an opening session at the 24th Annual Transcatheter Cardiovascular Therapeutics (TCT) scientific symposium. Ten abstracts were selected for this honor from among 1750 abstracts submitted.
- In September, acute results from preclinical studies of the Tiara device for the transcatheter treatment of mitral regurgitation were published in the *Journal of the American College of Cardiology*. The study reported that initial experience with the Tiara mitral valve was encouraging and that implantation of Tiara was feasible, relatively straightforward and resulted in a securely-implanted, well-functioning device that maintained good hemodynamics in the test animals.
- In May, preclinical Tiara data was featured in three scientific sessions at EuroPCR 2012, the annual meeting of the European Association for Percutaneous Cardiovascular Interventions.

OTHER DEVELOPMENTS

- In November, Neovasc finalized an agreement with LeMaitre Vascular, Inc. allowing LeMaitre to exercise its option to purchase certain rights to Neovasc’s biological vascular surgical patch product technology on an accelerated basis, at an agreed price of US \$4.6 million. In addition, the companies entered into a new supply agreement under which Neovasc is continuing to supply the product while LeMaitre develops its own manufacturing capacity and obtains required regulatory approvals. Neovasc expects that the freed-up manufacturing capacity will be absorbed by increasing sales to high growth customers such as the transcatheter heart valve industry.
- In March, Neovasc was named Medical Device Company of the Year by LifeSciences BC.

DISCUSSION OF OPERATIONS AND FINANCIAL CONDITION

Results for the years ended December 31, 2012 and 2011 follow:

Revenues

Revenues increased 49% year-over-year to \$7,819,154 for the year ended December 31, 2012, compared to revenues of \$5,255,761 for the same period in 2011.

Product sales for the year ended December 31, 2012 were \$3,264,851, compared to \$1,785,324 in the same period of 2011, representing an increase of 83%. The increase in product sales primarily reflects higher demand from LeMaitre, who distributes the Company’s surgical strips and patches and is achieving higher penetration in both the North American and European markets. After the sale of license (as discussed in the “Loss” section), Neovasc will continue to supply LeMaitre with surgical patches until 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 for the year ended December 31, 2012 were \$2,005,058, compared to \$1,809,448 in the same period in 2011, representing an increase of 11%. 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 year ended December 31, 2012 were \$2,549,245, compared to \$1,660,989 in the same period in 2011, representing an increase of 53%. 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, whose products are currently in product development and clinical trials, into contract manufacturing customers as they commercialize their own products, but this process is dependent on the product development and regulatory success of our existing customers and revenues are therefore difficult to project.

Where possible the Company updates its charge out rates and product prices on an annual basis to reflect the increase in the cost of goods sold and maintain its margins. 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 year ended December 31, 2012 were \$4,640,302, as compared to \$3,192,976 for the same period in 2011. The overall gross margin for 2012 was 41%, compared to 39% gross margin for the same period in 2011. The improvement of gross margin reflected the Company's effort to strengthen margins, including implementing further manufacturing efficiencies, reviewing pricing strategies for certain products and focusing on expanding sales of higher margin product lines.

Expenses

Total expenses for the year ended December 31, 2012 were \$8,107,079, as compared to \$5,945,844 for the same period in 2011, representing an increase of \$2,161,235 or 36%. Of these increases, non-cash share-based payments account for an increase of \$623,572. 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 \$1,537,663, substantially due to an increase of \$1,228,724 in clinical trial and product development expenses for the Company's two new product development programs and an increase of \$334,561 in general and administrative expenses as corporate and strategic activities accelerate in line with revenue growth and product development advancements.

Selling expenses for the year ended December 31, 2012 were \$169,073, as compared to \$192,355 for the same period 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 for the year ended December 31, 2012 were \$3,957,950, as compared to \$3,128,721 for the same period of 2011, representing an increase of \$829,229, or 27%. The increase in general and administrative expenses was primarily due to an increase of \$494,668 in non-cash share-based payments and an increase of \$334,561 in other expenses as corporate and strategic activities accelerate in line with revenue growth and product development advancements.



Product development and clinical trial expenses for the year ended December 31, 2012 were \$3,980,056, as compared to \$2,624,768 for the same period in 2011, representing an increase of \$1,355,288, or 52%. The increase in product development and clinical trial expenses was primarily due to an increase of \$126,564 in non-cash share-based payments and an increase of \$1,228,724 in other expenses as the Company invested in its two major new product initiatives: the COSIRA clinical trial for the 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 year ended December 31, 2012 and the comparable period in 2011. 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.

On October 31, 2012, Neovasc finalized its agreement with LeMaitre Vascular 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.

Loss

The losses for the year ended December 31, 2012 were \$351,368, or \$0.01 basic and diluted loss per share, as compared with a loss of \$3,860,176 or \$0.09 basic and diluted loss per share for the comparable period in 2011. On October 31, 2012, Neovasc finalized its agreement with LeMaitre Vascular Inc. ("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. The gain from sale of license was \$4,598,160.

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 December 31, 2012, the Company had cash and cash equivalents of \$5,861,120, as compared to cash and cash equivalents of \$2,404,510 at December 31, 2011.

Cash used in operating activities for the year ended December 31, 2012 was \$2,037,440, as compared to \$2,012,409 for the same period in 2011. The slight increase in cash used for the year ended December 31, 2012, compared to the same period of 2011, is principally due to an increase in operating expenses offset by an increase in cash generated by working capital items. For the year ended December 31, 2012, operating expenses were \$2,465,923, compared to \$2,056,882 for the same period in 2011, as more expenses were incurred in research and development activities. In 2012, working capital items generated cash of \$410,390, compared to working capital items-generated cash of \$49,246 for the same period in 2011.

Net cash provided by investing activities was \$5,445,002 for the year ended December 31, 2012, compared to cash used in financing activities of \$1,669,835 for the year ended December 31, 2011. During the year ended December 31, 2012 a \$1,504,290 investment in guaranteed investment certificates which matured on October 15, 2012 was re-classified as cash equivalents. In addition, \$4,253,298 was received from LeMaitre Vascular Inc. as the first 92.5% of the proceeds from sale of license (as discussed in the "Loss" section). Net cash invested in capital assets was \$312,586 for the year ended December 31, 2012, compared to net cash invested in capital assets of \$165,545 for the same period in 2011. During 2012 and 2011, 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 \$49,048 for the year ended December 31, 2012, compared to cash provided by financing activities of \$4,597,727 for the year ended December 31. During the year ended December 31, 2012, the liquid security agreement on long-term debt was removed and the restricted cash of US \$40,000 was released. During the year ended December 31, 2011 the Company paid off its bank overdraft of \$213,280. 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. Share issue costs were \$42,864. 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 December 5, 2012, the Company issued 25,000 common shares upon the exercise of warrants issued as part of the Company's August 2011 financing. Proceeds from the exercise of the 25,000 warrants amounted to \$31,250.

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 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 \$5,567,711 of its cash and cash equivalents held in United States dollars and European euros.

SUBSEQUENT EVENTS

On February 27, 2013 the Company approved amendments to the Company's stock option plan that, among other matters, increases the number of options exercisable into common shares available for grant by 1,148,081. These amendments remain subject to the approval of Neovasc shareholders at the next annual general meeting, as well as to the approval of the TSX Venture Exchange.

Also on February 27, 2013 Neovasc granted a total of 855,250 stock options (the "Options") to Neovasc directors, management and staff. The Options have an exercise price of \$2.49, the equivalent to Neovasc's closing market price of \$2.49 on the date of the grant. The Options will vest as follows: (i) 350,000 immediately on the date of the grant; (ii) 152,000 on December 31, 2013, contingent upon management achieving certain performance milestones established by the board of directors; and (iii) 353,250 of which 20% vest immediately and 20% vest on each of the next four anniversaries of the date of grant. Of the 855,250 newly granted Options, 502,000 have been drawn from the increased option pool created as a result of the new stock option plan amendments and as such, remain subject to Neovasc receiving shareholder and TSX Venture Exchange approval prior to their exercise.

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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Consolidated Statements of Financial Position
 (Expressed in Canadian dollars)

	December 31, 2012	December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,861,120	\$ 2,404,510
Investments	-	1,504,290
Accounts receivable	1,248,271	735,680
Inventory	191,942	300,773
Prepaid expenses and other assets	29,891	23,372
Total current assets	7,331,224	4,968,625
Non-current assets		
Property, plant and equipment	1,467,372	1,290,651
Restricted cash and cash equivalents	-	40,840
Total non-current assets	1,467,372	1,331,491
Total assets	\$ 8,798,596	\$ 6,300,116
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,067,283	\$ 591,476
Current portion of long-term debt	42,540	41,568
Total current liabilities	1,109,823	633,044
Non-current liabilities		
Long-term debt	241,083	280,642
Total non-current liabilities	241,083	280,642
Total liabilities	1,350,906	913,686
Equity		
Share capital	70,421,185	70,220,381
Contributed surplus	8,370,258	6,158,434
Deficit	(71,343,753)	(70,992,385)
Total equity	7,447,690	5,386,430
Total liabilities and equity	\$ 8,798,596	\$ 6,300,116



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Consolidated Statements of Comprehensive Loss

For the years ended December 31,
 (Expressed in Canadian dollars)

	2012	2011
REVENUE		
Product sales	\$ 3,264,851	\$ 1,785,324
Contract manufacturing	2,005,058	1,809,448
Consulting services	2,549,245	1,660,989
	<u>7,819,154</u>	<u>5,255,761</u>
COST OF GOODS SOLD	<u>4,640,302</u>	<u>3,192,976</u>
GROSS PROFIT	<u>3,178,852</u>	<u>2,062,785</u>
EXPENSES		
Selling expenses	169,073	192,355
General and administrative expenses	3,957,950	3,128,721
Product development and clinical trials expenses	3,980,056	2,624,768
	<u>8,107,079</u>	<u>5,945,844</u>
OPERATING LOSS	<u>(4,928,227)</u>	<u>(3,883,059)</u>
OTHER INCOME/(EXPENSE)		
Interest income	28,646	7,075
Interest expense	(10,553)	(11,848)
Gain on sale of license	4,598,160	-
(Loss)/gain on foreign exchange	(39,394)	27,656
	<u>4,576,859</u>	<u>22,883</u>
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (351,368)</u>	<u>\$ (3,860,176)</u>
LOSS PER SHARE		
Basic and diluted loss per share	<u>\$ (0.01)</u>	<u>\$ (0.09)</u>



Consolidated Statements of Cash Flows

For the years ended December 31
 (Expressed in Canadian dollars)

	2012	2011
OPERATING ACTIVITIES		
Loss for the year	\$ (351,368)	\$ (3,860,176)
Adjustments for:		
Depreciation	135,865	99,375
Share-based payments	2,365,833	1,699,146
Gain on sale of license	(4,598,160)	-
Interest income	(28,646)	(7,075)
Interest expense	10,553	11,848
	<u>(2,465,923)</u>	<u>(2,056,882)</u>
Net change in non-cash working capital items:		
Accounts receivable	(167,729)	(73,681)
Inventory	108,831	168,971
Prepaid expenses and other assets	(6,519)	10,357
Accounts payable and accrued liabilities	475,807	(56,401)
	<u>410,390</u>	<u>49,246</u>
Interest paid and received:		
Interest received	28,646	7,075
Interest paid	(10,553)	(11,848)
	<u>18,093</u>	<u>(4,773)</u>
	<u>(2,037,440)</u>	<u>(2,012,409)</u>
INVESTING ACTIVITIES		
Decrease/(Increase) in investments in guaranteed investment certificates	1,504,290	(1,504,290)
Proceeds from sale of license	4,253,298	-
Purchase of property, plant and equipment	(312,586)	(165,545)
	<u>5,445,002</u>	<u>(1,669,835)</u>
FINANCING ACTIVITIES		
Decrease in bank overdraft	-	(213,280)
Decrease in restricted cash & cash equivalents	40,840	9,160
Repayment of long-term debt	(38,587)	(37,292)
Proceeds from issue of shares, net of costs of \$42,864	-	4,677,636
Proceeds from exercise of warrants	31,250	130,517
Proceeds from exercise of options	15,545	30,986
	<u>49,048</u>	<u>4,597,727</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,456,610	915,483
CASH AND CASH EQUIVALENTS		
Beginning of the year	2,404,510	1,489,027
End of the year	<u>\$ 5,861,120</u>	<u>\$ 2,404,510</u>
Represented by:		
Cash	5,861,120	901,964
Cashable high interest savings accounts	-	1,201,688
Cashable guaranteed investment certificates	-	300,858
	<u>\$ 5,861,120</u>	<u>\$ 2,404,510</u>



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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 valve 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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