

FORM 9

NOTICE OF PROPOSED ISSUANCE OF LISTED SECURITIES **(or securities convertible or exchangeable into listed securities¹)**

Please complete the following:

Name of CNSX Issuer: **Helius Medical Technologies, Inc.** (the "Issuer").

Trading Symbol: **HSM.**

Date: **October 13, 2015.**

Is this an updating or amending Notice: ☐ Yes ☒ No

If yes provide date(s) of prior Notices: N/A.

Issued and Outstanding Securities of Issuer Prior to Issuance: **64,524,320.**

Date of News Release Announcing Private Placement: **October 13, 2015.**

Closing Market Price on Day Preceding the Issuance of the News Release: **\$0.95**

1. Private Placement (if shares are being issued in connection with an acquisition (either as consideration or to raise funds for a cash acquisition), proceed to Part 2 of this form)

Full Name & Residential Address of Placee	Number of Securities Purchased or to be Purchased	Purchase price per Security (CDN\$)	Conversion Price (if Applicable)	Prospectus Exemption	No. of Securities, directly or indirectly, Owned, Controlled or Directed	Payment Date	Describe relationship to Issuer
A&B (HK) Company Limited Unit 2106, 21/F Island Place Tower No.510 King's Road North Point, Hong Kong	USD \$2 million convertible promissory note	N/A	USD \$0.96	Section 2.3 of National Instrument 45-106	Nil		
A&B (HK) Company Limited Unit 2106, 21/F Island Place Tower No.510 King's	USD \$5 million convertible credit facility	N/A	TBD	Section 2.3 of National Instrument 45-106	Nil		

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On October 9, 2015, The Issuer entered into an Asset Purchase Agreement (the “Asset Purchase Agreement”) with A&B (HK) Company Limited (“A&B”), a company existing under the laws of Hong Kong. Under the terms of the Asset Purchase Agreement, the Issuer has agreed to sell, and A&B has agreed to purchase, certain assets and license rights of the Issuer (the “Purchased Assets”) relating to the use and manufacture of the Issuer’s Portable NeuroStimulation Devices (“PoNS™ Devices”) in China, Taiwan, Singapore, Hong Kong and the Macau Special Administrative Region (collectively, the “Territory”). Pursuant to the terms of the Asset Purchase Agreement, A&B will be entitled to manufacture PoNS™ Devices and Components for (i) distribution within the Territory or (ii) to provide to the Issuer pursuant to purchase orders issued by the Issuer. In exchange, A&B has agreed to pay to the Issuer (1) a per unit handling fee equal to a percentage of the amount paid for PoNS™ Devices and Components purchased by A&B from the Issuer, and (2) a one-time milestone payment during any calendar year that Net Sales of PoNS™ Devices in the Territory reaches or exceeds a specified dollar amount.

In connection with the Asset Purchase Agreement, A&B has provided a USD \$7.0 million funding commitment to the Issuer in the form of a Convertible Promissory Note (the “Note”). The funding commitment consists of (i) an initial USD \$2.0 million, which shall accrue interest at a rate equal to 6.0% per annum, payable in cash on the due date, which is six months from the date of the Note, and (ii) an additional USD \$5.0 million funding commitment upon which the Issuer may draw down at any time or from time to time during the six month period beginning on the issuance date of the Note.

The outstanding balance of the Note shall be convertible, in whole or in part, at any time at the option of the holder, into shares of the Issuer’s common stock (“Common Stock”) at a conversion price of USD \$0.96 per share. In connection with any conversion of the Note, A&B will receive a warrant to purchase a number of shares of Common Stock equal to fifty percent (50%) of the number of shares of Common Stock issued upon conversion of the Note at an exercise price of USD \$1.44 per share for a period of three years from the date of issuance of the warrant. The Issuer and A&B intend to convert the initial \$2 million

funding commitment into shares of Common Stock and warrants immediately after the signing of the Note. Accordingly, the Issuer will issue to A&B 2,083,333 shares of Common Stock and a warrant to purchase 1,041,667 shares of Common Stock at USD \$1.44 per share.

Pursuant to the terms of the Note, the Issuer has agreed to register the shares of Common Stock issued under the terms of the Note upon the request of A&B.

Additionally, for a period of six months, the Issuer may draw down up to an additional USD \$5.0 million from A&B in exchange for shares of Common Stock and a warrant to purchase a number of shares of Common Stock equal to fifty percent (50%) of the number of shares of Common Stock issued. The price of the shares of Common Stock will be based on the volume weight average closing price of the shares of Common Stock (the “VWAP”) on the date the Issuer elects to draw from the USD \$5 million funding commitment, and the corresponding warrant will be exercisable at the price representing a fifty percent (50%) premium to the price of the shares of Common Stock issued as follows. If the VWAP is above \$0.96 and below \$2.00 for a period of 30 consecutive trading days, the Issuer can draw down all or part of the \$5 million funding commitment by issuing shares of Common Stock at a price of \$0.96 per share and a warrant with an exercise price of \$1.44 per share. If the VWAP is above \$2.00 for any period of 15 consecutive trading days, the Issuer can elect to draw down from the \$5 million funding commitment by issuing shares of Common Stock at a price of \$1.50 per share and a warrant with an exercise price of \$2.25 per share. If the VWAP is below \$0.96 for any period of 30 consecutive trading days, the Issuer can elect to draw down from the \$5 million funding commitment by issuing shares of Common Stock at a price equal to the VWAP for such period of 30 consecutive trading days and a warrant with an exercise price per share of 150% of the VWAP. All warrants will expire three years after the date of issuance.

To the extent the Issuer draws down part or all of the remaining \$5 million from A&B, the Issuer undertakes to provide A&B with a seat on the Issuer’s board of directors. The Issuer intends to draw down all or a portion of this funding commitment, and to provide A&B with a seat on its board of directors.

The Note contains certain customary events of default, including, but not limited to, default in payment of principal or interest, breaches of covenants, representations or warranties, filing of bankruptcy and the entering of certain monetary judgments against the Issuer. Upon the occurrence of any such Event of Default, A&B may declare all outstanding obligations payable by the Issuer immediately due and payable.

1. Total amount of funds to be raised: **USD \$2,000,000 pursuant to a convertible promissory note and up to an additional USD\$5,000,000 pursuant to a convertible credit facility.**
2. Provide full details of the use of the proceeds. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material. **The private placement will provide further funding for the development of the Company's PoNS™ device and for general corporate purposes.**

3. Provide particulars of any proceeds which are to be paid to Related Persons of the Issuer:

Not applicable.

4. If securities are issued in forgiveness of indebtedness, provide details and attach the debt agreement(s) or other documentation evidencing the debt and the agreement to exchange the debt for securities.
5. Description of securities to be issued:
 - (a) Class: **N/A**
 - (b) Number: **N/A**
 - (c) Price per security: **N/A**
 - (d) Voting rights: **N/A**

6. Provide the following information if Warrants, (options) or other convertible securities are to be issued:
- (a) Number N/A .
 - (b) Number of securities eligible to be purchased on exercise of Warrants (or options) N/A .
 - (c) Exercise price N/A .
 - (d) Expiry date N/A .
7. Provide the following information if debt securities are to be issued:
- (a) Aggregate principal amount USD \$2,000,000 .
 - (b) Maturity date April 9, 2016 .
 - (c) Interest rate 6% per annum .
 - (d) Conversion terms As soon as practically possible, the principal and accrued interest outstanding on the conversion date shall be converted into common shares of the Issuer at a price of USD \$0.96 per common share. In addition, the Issuer shall issue common share purchase warrants (the "Warrants") equal to half the number of common shares issued upon conversion with an exercise price of USD \$1.44 per Warrant exercisable for a period of three years from the date of issuance of the Warrants .
 - (e) Default provisions The Note contains certain customary events of default, including, but not limited to, default in payment of principal or interest, breaches of covenants, representations or warranties, filing of bankruptcy and the entering of certain monetary judgments against the Issuer. Upon the occurrence of any such Event of Default, A&B may declare all outstanding obligations payable by the Issuer immediately due and payable.
8. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the placement (including warrants, options, etc.):
- (a) Details of any dealer, agent, broker or other person receiving compensation in connection with the placement (name, address. If a

corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer): N/A.

- (b) Cash N/A .
- (c) Securities N/A .
- (d) Other N/A .
- (e) Expiry date of any options, warrants etc. N/A .
- (f) Exercise price of any options, warrants etc. N/A .

9. State whether the sales agent, broker, dealer or other person receiving compensation in connection with the placement is Related Person or has any other relationship with the Issuer and provide details of the relationship

Not applicable.

10. Describe any unusual particulars of the transaction (i.e. tax “flow through” shares, etc.).

Not applicable.

11. State whether the private placement will result in a change of control.

Not to the knowledge of the Issuer.

12. Where there is a change in the control of the Issuer resulting from the issuance of the private placement shares, indicate the names of the new controlling shareholders.

Not applicable.

13. Each purchaser has been advised of the applicable securities legislation restricted or seasoning period. All certificates for securities issued which are subject to a hold period bear the appropriate legend restricting their transfer until the expiry of the applicable hold period required by Multilateral Instrument 45-102.

2. Acquisition

1. Provide details of the assets to be acquired by the Issuer (including the location of the assets, if applicable). The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material:

2. Provide details of the acquisition including the date, parties to and type of agreement (eg: sale, option, license etc.) and relationship to the Issuer. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the acquisition without reference to any other material:

3. Provide the following information in relation to the total consideration for the acquisition (including details of all cash, securities or other consideration) and any required work commitments:
 - (a) Total aggregate consideration in Canadian dollars:
 - (b) Cash:
 - (c) Securities (including options, warrants etc.) and dollar value:
 - (d) Other:
 - (e) Expiry date of options, warrants, etc. if any:
 - (f) Exercise price of options, warrants, etc. if any:
 - (g) Work commitments:

4. State how the purchase or sale price was determined (e.g. arm's-length negotiation, independent committee of the Board, third party valuation etc).

5. Provide details of any appraisal or valuation of the subject of the acquisition known to management of the Issuer:

6. The names of parties receiving securities of the Issuer pursuant to the acquisition and the number of securities to be issued are described as follows:

Name of Party (If not an individual, name all insiders of the Party)	Number and Type of Securities to be Issued	Dollar value per Security (CDN\$)	Conversion price (if applicable)	Prospectus Exemption	No. of Securities, directly or indirectly, Owned, Controlled or Directed by Party	Describe relationship to Issuer

7. Details of the steps taken by the Issuer to ensure that the vendor has good title to the assets being acquired:

8. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the acquisition (including warrants, options, etc.):
- (a) Details of any dealer, agent, broker or other person receiving compensation in connection with the acquisition (name, address. If a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer): _____.
 - (b) Cash _____.
 - (c) Securities _____.
 - (d) Other _____.
 - (e) Expiry date of any options, warrants etc. _____.
 - (f) Exercise price of any options, warrants etc. _____.
9. State whether the sales agent, broker or other person receiving compensation in connection with the acquisition is a Related Person or has any other relationship with the Issuer and provide details of the relationship.
10. If applicable, indicate whether the acquisition is the acquisition of an interest in property contiguous to or otherwise related to any other asset acquired in the last 12 months.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance on behalf of the Issuer.
2. As of the date hereof there is not material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 9 Notice of Private Placement is true.

Dated October 13, 2015.

Amanda Tseng
Name of Director or Senior
Officer

"Amanda Tseng"
Signature

CFO & Corporate Secretary
Official Capacity