



News Release

PIVOTAL THERAPEUTICS TO CLOSE EQUITY PORTION OF FINANCING; ENTERS INTO \$5,000,000 DEBT FINANCING AGREEMENT

FOR IMMEDIATE RELEASE

October 2, 2013

Woodbridge, Ontario, October 2, 2013 - Pivotal Therapeutics Inc. (OTCQX: PVTTF) (CNSX: PVO), a specialty pharmaceutical company with a focus on Omega-3 therapies for cardiovascular disease (CVD) and overall health, announces entering into a CDN \$5,000,000 Convertible Promissory Note led by Crossover Healthcare Fund LLC, a U.S. institutional fund, as a continuation of its non-brokered private placement. To date the equity financing raised gross proceeds of CDN \$2,741,809. The financing will continue through issuance of Convertible Promissory Notes for up to an additional CDN \$5,000,000, which will go towards increasing the Company's sales and marketing efforts. The Notes are convertible at CDN \$0.25 per share and, when closed, the combined proceeds from the financing will be in excess of CDN \$7,700,000.

Debt Financing Portion

The Company is pleased to announce that it has entered into an agreement with institutional investors to raise CDN \$5,000,000 through Convertible Promissory Notes and warrants led by Crossover Healthcare Fund, LLC. The funds raised will be used to expand sales and marketing, advance ongoing clinical trials, and for general working capital, including business development. The closing of transactions are subject to the satisfaction of customary closing conditions and are expected to occur on or about October 31, 2013.

Under the terms of the debt agreement, the investors will purchase units consisting of CDN \$1,000 of Convertible Promissory Notes (the "Note" or "Notes") and warrants to purchase 1,200 shares of common stock of the Company (the "Warrants"). The maturity of the Notes is two (2) years from the date of issuance. Investors may convert their Notes into common shares for CDN \$0.25 per share at anytime prior to maturity. The Notes will accrue interest at a rate of 8% per annum, due and payable quarterly with the first payment due three months from the date of issuance. The Company may, at its discretion, pay the interest in either cash or common shares of the Company; valued at the greater of CDN \$0.25 per share and such price as may be allowed under Canadian National Stock Exchange (CNSX) Policy. Each Warrant will represent the right to purchase shares of common stock of the Company at a price of CDN \$0.30 per share. The Warrants shall be exercisable after the date of issuance and shall expire five (5) years after the date of issuance.

Equity Financing Portion

The equity portion of the private placement has raised gross proceeds of CDN \$2,741,809 representing 12,462,768 units at a price of CDN \$0.22 per unit. Each unit consists of one common share and one-half purchase warrant. The terms of the purchase warrants have been revised from



an expiry of 24 months to 60 months following the closing of the equity portion of the private placement. The warrant exercise price has been revised from CDN \$0.50 per common share to \$0.30 per common share. Each full purchase warrant may be exercised to purchase one common share of the Company upon payment of the exercise price of CDN \$0.30 per common share. The purchase warrants may be called by the Company at any time after six months following the closing, provided the common shares of the Company have traded at a price of at least CDN \$0.45 for 20 trading days within a 30 consecutive day trading period. This call-price has been revised from CDN \$0.75 to CDN \$0.45.

“The funds we have raised to date have allowed the Company to move forward with its sales and marketing initiatives and increase awareness of our lead product **VASCAZEN**[®] across the U.S.” stated Mr. Eugene Bortoluzzi, Chief Executive Officer. “Together with the additional funds and the new clinical data from the **VASCAZEN**[®] - **REVEAL** trial, Pivotal will continue to communicate to the medical community the benefits of correcting an Omega-3 deficiency in cardiovascular patients by prescribing **VASCAZEN**[®].”

“We are pleased to have a quality, healthcare focused institutional partner who sees the potential in our business strategy and the unique offerings **VASCAZEN**[®] brings to the market,” stated Ms. Rachelle MacSweeney, President and Chief Operating Officer. “Crossover’s continued support in Pivotal is further exemplified by their commitment to raise over CDN \$7.7 million for the Company.”

Please refer to the Company Form 9 Filings on the CNSX website (www.cnsx.ca) for detailed updates with regards to the financing.

About VASCAZEN[®]

VASCAZEN[®] is currently available in the U.S. as a prescription only Medical Food specifically formulated for the dietary management of an Omega-3 deficiency in cardiovascular patients. **VASCAZEN**[®] is a >90% pure Omega-3 with a proprietary 6:1 EPA:DHA fatty acid formulation, protected by a series of both U.S. and foreign patents. .

VASCAZEN[®] has been clinically shown to correct an Omega-3 deficiency within eight weeks of treatment with positive concomitant effects on the lipid profiles, mainly a 48% reduction of triglycerides and an increase of HDL without negative impact on the LDL-C lipid profile. **VASCAZEN**[®]'s results were achieved with a dose of 3 grams of EPA and DHA per day of a prescription grade, high purity Omega-3.

About Pivotal Therapeutics Inc.

Pivotal Therapeutics is a publicly traded (OTCQX: PVTTF) (CNSX: PVO) specialty pharmaceutical company with a focus on cardiovascular disease and overall health. Pivotal Therapeutics' lead product **VASCAZEN**[®] is a prescription only Medical Food formulated to meet the dietary Omega-3 deficient needs of patients with cardiovascular disease through elevating Eicosapentaenoic acid (EPA) and Docosahexaenoic acid (DHA) to levels associated with reduced risk of cardiovascular complications. **OMAZEN**[™] is a pharmaceutical grade Omega-3 providing over 90% pure Omega-3



in each capsule for the maintenance of good health. **OMAZEN™** is a patented product available for sale and distribution in Canada.

Disclosure Notice

The information contained in this document is as of October 2, 2013. This press release contains forward-looking statements. Such forward-looking statements are subject to a number of risks, assumptions and uncertainties that could cause Pivotal's actual results to differ materially from those projected in such forward-looking statements. These statements can be identified by the use of words such as "will", "anticipate", "estimate", "expect", "project", "forecast", "intend", "plan", "believe", "project", "potential", and similar expressions with any discussion of future operating or financial performance or events. In particular, factors that could cause actual results to differ materially from those in forward looking statements include the following: Pivotal's inability to obtain additional financing on acceptable terms; growth in costs and expenses; inability to compete with others who provide comparable products; risk that the Company's products will not gain widespread market acceptance; risks relating to the Company's ability to maintain its CSNX listing. Forward-looking statements speak only as of the date made and are not guarantees of future performance. The Company undertakes no obligation to publicly update or revise any forward-looking statements contained in this document as a result of new information or future events or developments. CNSX has not reviewed and does not accept responsibility for the adequacy or accuracy of this information.

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