

HealthSpace Data Systems Ltd.

NEWS RELEASE

Healthspace Announces \$2.5 Million Financing

VANCOUVER, BC – August 11, 2016 - HealthSpace Data Systems Ltd. (the “Company” or “HealthSpace”) is pleased to announce a \$2,500,000 financing comprised of:

- a \$1,500,000 secured convertible debenture for a period of two years at an interest rate of 10% per annum with a conversion price equal to CAD\$0.075 per Share in the first 12 months from issuance of the Debenture and CAD\$0.10 per Share thereafter; and
- a \$1,000,000 equity financing with an issuance of 20,000,000 units (“Units”) in a non-brokered private placement at a price of \$0.05 per Unit. Each Unit will consist of one common share and one half of one share purchase warrant, with each warrant exercisable to purchase one additional common share for a period of twelve months at an exercise price of \$0.075 per share.

The equity financing Warrants are subject to an accelerated expiry if, anytime following the expiration of the four-month hold period, the Common Shares trade at a price equal to or greater than CDN\$0.20 on the CSE, or such other market as the Common Shares may trade from time to time, for ten (10) consecutive trading days, in which event the holders of the Warrants may, at the Issuer’s election, be given notice that the Warrants will expire 30 days following the date of such notice. The Warrants may be exercised by the holder of the Warrants during the 30 day period between the notice and the expiration of the Warrants. The Warrants will be governed by the terms and conditions set out in the certificate representing the Warrants (the “**Warrant Certificates**”) delivered to the Subscriber at Closing. The Warrant Certificate will contain, among other things, provision for the appropriate adjustment in a class, number and exercise price of the Warrant Shares upon the occurrence of certain events, including any subdivision, consolidation or re-classification of the common shares of the Company or payments of stock dividends or upon the merger or re-organization of the Company.

Finder’s fees and commissions may be paid by the Company in relation to this issuance.

Net proceeds from the financing will be used to retire a \$2,185,000 debt with R.C. Morris & Company Special Opportunities Debt Fund II Limited Partnership and for general working capital purposes.

About Healthspace Data Systems Ltd.

HealthSpace is an industry leader providing inspection, information and communication management systems for federal, state, county and municipal governments. Over the last decade the Company has successfully developed both enterprise and mobile internet-based applications currently serving over 300 state and local government organizations across North America. Clients range in size from small county organizations to state-wide systems with over 910 concurrent users, as well as national programs. HealthSpace specializes in the field of developing, installing, and maintaining inspection and regulatory management systems for environmental and public health organizations.

Forward-Looking Statements

This release may contain forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Although HealthSpace believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in forward looking statements. HealthSpace expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

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