

QUARTERLY UPDATE

Second Quarter 2008 Financial Results and Business Update

Snapshot

August 11, 2008

Haemacure Corporation (“Haemacure” or “the Company”) is a specialty biotherapeutics company developing human, high-value therapeutic proteins based on a patented, high-yield fibrinogen and thrombin extraction and purification technology. Haemacure’s product pipeline includes two next-generation biosurgical product candidates designed for use by surgeons in the operating room to achieve rapid hemostasis. The lead candidate is Hemaseel[®]HMN, a pivotal phase human fibrin sealant that has already demonstrated safety and efficacy in 151 human subjects and patients. Fibrin sealants are biological products used during surgery to stop bleeding, seal tissues, and speed wound healing. The Company is also developing one of the components of its fibrin sealant, Hemaseel[®]Thrombin, into a separate surgical hemostatic agent that helps blood to clot. Haemacure estimates that its revenues per liter could be three to ten times industry averages, due to the high yield of its extraction technology. Moreover, in one of its two plasma fractions, the Company has identified four proteins for which it believes significant, expanding markets exist, as well as seven enzymes that may have potential as Orphan Drugs. These proteins and enzymes are at an early, investigational stage. Pending successful development, they may increase Haemacure’s estimated revenues per liter of plasma. The Company also sells two FDA-cleared fibrin sealant delivery devices—HemaSyst[™] and HemaMyst[™]. Over \$50 million has been invested to develop Haemacure’s extraction technology. The Company is headquartered in Montréal, Canada, with a manufacturing facility in Sarasota, Florida, which has recently started processing plasma for the production of Hemaseel[®]HMN for pivotal Phase II/Phase III clinical trials. The Company expects the trials to begin in the first quarter 2009.



Haemacure Corporation

215 Redfern Avenue
Suite 100
Montréal, Québec
Canada H3Z 3L5
Phone: (514) 282-3350
Fax: (514) 282-3358
www.haemacure.com

Recent Financial Data

| Ticker (Exchange) | HAE (TSX) |
|-----------------------------|-------------------|
| Recent Price (08/08/2008) | C\$0.17 |
| 52-week Range | C\$0.07 - C\$0.23 |
| Shares Outstanding | 206.3 million |
| Market Capitalization | C\$35 million |
| Average 3-month Volume | 352,261 |
| Insider Owners + 5% | 43% |
| Institutional Owners | 72% |
| EPS (Qtr. ended 04/30/2008) | (C\$0.02) |
| Employees | 19 |



Key Points

- In June 2008, Haemacure raised C\$7.8 million as a result of the exercise of Warrants issued as part of a C\$12.5 million private placement concluded in January 2007.
- Also in June 2008, Haemacure started processing plasma in its new fractionation facility for the production of its proprietary all-human fibrin sealant (Hemaseel[®]HMN) for pivotal Phase II/Phase III clinical trials. The Company expects that this achievement may lead to commercial launch toward the end of 2010 or the beginning of 2011.
- In preclinical testing, Haemacure reported that its fibrin sealant was found to be superior at preventing the formation of post-surgical tissue adhesion than both the control group and the leading adhesion barrier on the market today (based on historical data disclosed in published literature). The Company believes that the use of its current fibrin sealant hemostasis formulation for adhesion prevention could accelerate time to market for this indication by three to five years.
- For the second quarter ended April 30, 2008, Haemacure reported net sales of C\$28,368 versus C\$24,757 in the second quarter 2007. The increase resulted mainly from fluctuations in the Canadian and U.S. dollar exchange rate. Net loss applicable to Common Stockholders at the end of the second quarter 2008 was C\$2.5 million, or (C\$0.02) per share, versus C\$1.3 million, or (C\$0.01) per share, for the same period in 2007. The increase was chiefly due to hiring personnel, consulting expenses, laboratory and manufacturing supplies, and other charges.
- As a result of the exercise of Warrants in June 2008, Haemacure believes that it is fully funded beyond the First-Patient-In stage. Yet, Haemacure will require additional financing to complete this project, develop therapeutic proteins, and fund its operations.

PLEASE REFER TO THE EXECUTIVE INFORMATIONAL OVERVIEW[®] (EIO[®]), 11/02/2007, FOR A FULL COMPANY REPORT.



Financial Results and Recent Events

Second Quarter 2008 Financial Results

Haemacure reported second quarter financial results on June 2, 2008, for the period ended April 30, 2008. The Company's fiscal year ends on October 31. Net sales were C\$28,368 during this period versus C\$24,757 for the same quarter in 2007. Total revenues for the fiscal year-to-date period were C\$53,042, a 6.7% decrease from revenues for the first six months of fiscal 2007, which were C\$56,863. The Company attributes the changes to recent fluctuations in the Canadian/U.S. dollar exchange rates.

The gross margin for the second quarter 2008 was 56% versus 47% for the same quarter in 2007. The increase is mainly a result of increased sales volume of Haemacure's HemaMyst™ delivery device, which has a higher margin than the HemaSyst™ delivery device.

Operating expenses for the three-month period increased to C\$2.5 million versus C\$1.3 million reported for the same quarter in 2007. For the six-month period, the total operating loss was C\$3.7 million versus C\$2.1 million for the same term of 2007. The increase primarily resulted from the hiring of personnel, consulting expenses, laboratory and manufacturing supplies, and unusual charges related to manufacturing equipment.

R&D expenses for the second quarter 2008 were C\$668,452 versus C\$205,224 for the second quarter of 2007. The C\$463,228 increase was the result of hiring new personnel, consulting services, manufacturing facility supplies, and additional supplies for the Company's laboratory in Montréal to produce fibrin sealant to satisfy requests from potential clients and partners for the evaluation of the product in different applications.

General and administrative (G&A) expenses were C\$1.3 million for the quarter ended April 30, 2008, versus C\$1.2 million for the same quarter in 2007. The G&A expenses in the second quarter 2008 included legal fees for arbitration proceedings initiated by Haemacure and consulting fees.

Net loss for the period was C\$2.5 million, or (C\$0.02) per share, versus C\$1.3 million, or (C\$0.01) per share, for the same period in 2007, an increase of C\$1.2 million. At the end of the second quarter 2008, Haemacure had an accumulated deficit of C\$103.7 million. With the progression of the Hemaseel project and the development of therapeutic proteins, the Company expects operating losses to increase.

The Company had cash, cash equivalents, and temporary investments of C\$3.6 million at April 30, 2008, versus C\$9.7 million for the same quarter last year. The decrease is attributed to the aforementioned increase in operating expenses largely due to the progression of the Hemaseel project as well as construction of the manufacturing facility for the Company's pivotal Phase II/Phase III fibrin sealant clinical trials and potential commercialization of the product upon regulatory approval.

Recent Events

An overview of the Company's recent press releases is provided below, referring the reader to Haemacure's website for complete press releases (www.haemacure.com).

- On June 16, 2008, Haemacure announced that it raised C\$7.8 million through the exercise of amended warrants and broker warrants issued as part of the C\$12.5 million private placement concluded in January 2007.
- On June 13, 2008, Haemacure announced that Mr. Joseph Galli, chairman and chief executive officer (CEO), was scheduled to present Haemacure and give an update on the Company's major milestone achievements at the Bio International Convention - The Global Event for Biotechnology on June 19, 2008, at the San Diego, California, Convention Centre.

- On June 4, 2008, Haemacure announced that it commenced plasma processing in its new fractionation facility for the production of Hemaseel[®]HMN for pivotal Phase II/Phase III clinical trials. Haemacure reached an important milestone with the commencement of plasma fractionation in its new manufacturing facility. The Company believes that this step will lead to a future commercial launch. The Company also confirmed that it is on schedule and on budget to produce clinical material during the third quarter 2008, file an amendment to its existing Investigational New Drug (IND) with the U.S. Food and Drug Administration (FDA) during the fourth quarter 2008, and begin clinical trials in the first quarter 2009. The new fractionation facility incorporates the Hynetics[®] single-use bio-processing plastic container technology, which resulted in significant savings in capital expenditures. In turn, Haemacure believes that this will result in lesser operating costs versus a stainless steel facility. The use of this technology minimizes the risks of cross-contamination between production batches.
- On May 15, 2008, the Company announced the appointment of Mr. Reinaldo M. Diaz as a new member of Haemacure's Board of Directors. Mr. Diaz has over 25 years of experience in the biopharmaceutical industry. He currently serves as a managing director of Celtic Pharma Management, L.P., a global equity firm focused on the pharmaceutical industry. Prior to joining Celtic Pharma, Mr. Diaz was managing member and cofounder of D&A Capital Management, LLC, a firm focused on asset management and providing advisory services to companies in the healthcare sector, particularly biopharmaceutical companies.
- On May 14, 2008, Haemacure announced that it obtained the consent required from its shareholders to implement a financing strategy designed to get back into the clinic for the pivotal Phase II/Phase III clinical trials for Hemaseel[®]HMN during the first quarter 2009. The strategy involved the amendment of the terms and conditions of 62.5 million outstanding Series B Common Share Purchase Warrants issued by Haemacure by way of a private placement in January 2007.
- On April 28, 2008, Haemacure announced the appointment of two senior managers to its management team in order to further strengthen the Company's growing presence in the plasma fractionation industry. The Company appointed Ms. Dawn Benson as director of quality assurance and quality control and Mr. Kenneth P. Smith as director of manufacturing. Before joining Haemacure, Ms. Benson spent over 10 years in the quality assurance and quality control fields, having held quality assurance positions at several healthcare, consumer products, and plasma fractionation companies. Mr. Smith brought 15 years of experience in the areas of production and supervision, most recently with another fractionation company. Both Ms. Benson and Mr. Smith work from Haemacure's manufacturing facility located in Sarasota, Florida. In addition to the hiring of senior managers, Haemacure also hired key production and laboratory personnel necessary to commission the manufacturing facility.
- On April 10, 2008, the Company disclosed the positive results of a preclinical study that it recently conducted on the use of its fibrin sealant in preventing the formation of post-surgical adhesions. The study was conducted on 16 rabbits that underwent open gynecologic surgery in a uterine horn model. In preclinical testing, Haemacure's fibrin sealant was found to be superior to the control group in preventing the formation of post-surgical tissue adhesion. It was also found to be superior to historical data disclosed in published literature for GYNECARE INTERCEED[™] (TC7) Absorbable Adhesion Barrier, marketed by Ethicon, Inc., a subsidiary of Johnson & Johnson (JNJ-NYSE). Initial analysis indicated that no change is necessary in the formulation or the manufacturing of Haemacure's fibrin sealant for pursuit of an adhesion prevention indication. The Company believes that the use of its current fibrin sealant hemostasis formulation for adhesion prevention could accelerate time to market for this indication by three to five years.
- On April 9, 2008, the Company held its Annual General and Special Meeting of Shareholders. Haemacure presented the positive results of a preclinical study it conducted on the use of the current formulation of its fibrin sealant. The renewal of the Shareholder Rights Plan was approved by the shareholders. The plan provides for the equal treatment of all shareholders of the Company. The Rights are designed to provide additional protection against abusive takeover tactics, such as partial tender offers, selective open-market purchases, and offers for all the shares of the Company at less than full value or at an inappropriate time.



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- On February 28, 2008, Haemacure released the financial results from its first quarter ended January 31, 2008, and provided an activity update.

 - On December 20, 2007, Haemacure announced the results of the fiscal year ended October 31, 2007, and provided an update on activities. The Company planned to have the first patient undergo surgery in the scheduled pivotal Phase II/Phase III clinical trials for Hemaseel[®]HMN during the first quarter 2009. The trials are anticipated to be executed under the IND currently open with the FDA. Haemacure also reported on its two-stage manufacturing strategy. The first stage consists of the construction of a launch manufacturing facility in Sarasota where clinical and commercial lots of fibrin sealant is expected to be produced, while the second stage entails the expansion of the launch facility into a larger-scale facility and the completion of development of Haemacure's second product candidate, the Hemaseel[®]Thrombin human hemostatic agent. Haemacure was also preparing to deliver small volumes of its proprietary fibrin sealant to potential partners and clients that had requested sample product for evaluation in various applications. The Company reported that it was financing its current activities with the net proceeds of C\$12.5 million from the private placement it completed in January 2007 and would require additional financing to support its operations plan.

 - On December 13, 2007, the Company announced the start of construction of its manufacturing facility, the hiring of two senior scientists, and shares purchases by insiders. Haemacure welcomed Dr. Trung Bui-Khac, Ph.D., as director of technical development, and Ms. Véronique Boulanger, M.Sc., as senior scientist. Dr. Bui-Khac is a former vice president of Haemacure and the inventor of three of the four inventions that compose Haemacure's patented fibrinogen and thrombin extraction technology. Ms. Boulanger possesses relevant experience in protein biochemistry. Both Dr. Bui-Khac and Ms. Boulanger work at the Company's Montréal laboratory.

Company Background

All amounts are in U.S. dollars unless otherwise specified.

Haemacure Corporation (“Haemacure” or “the Company”) is a specialty biotherapeutics company developing high-value, human therapeutic proteins for commercialization, based on a patented, high-yield fibrinogen and thrombin extraction and purification technology. The Company has two next-generation, plasma-based product candidates: (1) Hemaseel[®]HMN, a human fibrin sealant planned to enter pivotal Phase II/Phase III clinical trials; and (2) Hemaseel[®]Thrombin, an active, absorbable hemostatic agent now at the preclinical stage. The Hemaseel[®]HMN fibrin sealant has adhesive and sealing properties as well as the mechanical strength to attach tissues together, lasting through the first phase of the body’s healing process. Fibrin sealant is also believed to be effective in wound management, adhesion prevention, drug delivery, regenerative medicine, aesthetic, and in combination with biomaterials. Hemaseel[®]Thrombin is an active, absorbable, surgical hemostatic agent and can be used alone or in combination with biomaterials. It is also a component of fibrin sealant. Both product candidates are for use by surgeons in the operating room to control bleeding. Fibrin sealant also seals wounds, accelerates the wound healing process, and reduces potential infections, among other benefits.

Furthermore, in one of its two plasma fractions, Haemacure identified four proteins known as albumin, plasminogen, immunoglobulin, and alpha-1 proteinase inhibitor (A1PI), as well as seven enzymes used for the treatment of Gaucher’s, Fabry’s, Hurler’s, Pompe’s, Hunter’s, Morquio’s, and Schindler’s diseases. The Company requires further analysis to determine the concentration and quality of these discovered proteins and enzymes and has commenced developing extraction processes. Haemacure seeks to develop these proteins and enzymes in collaboration with pharmaceutical and biotechnology companies.

The successful development and commercialization of the proteins and enzymes present in Haemacure’s plasma fraction may allow the Company to generate revenue from what would have been discarded plasma after the extraction of the fibrin sealant proteins. As such, Haemacure believes that it could increase its revenue per liter of fractionated plasma, the Company’s raw material, beyond three to ten times the estimated industry averages of \$250 to \$700 per liter.

In addition, the Company currently sells two FDA-cleared fibrin sealant delivery devices—HemaSyst[™] and HemaMyst[™].

Hemostasis

Hemostasis is the process by which bleeding is stopped and clotting begins. When bleeding occurs, fibrinogen, a blood protein, interacts with thrombin, also a blood protein, in a specific process to induce coagulation (clot formation). Fibrinogen is converted into fibrin threads, forming a web-like mesh to trap blood cells, which hardens to become a clot.

In surgical procedures, where quick control of blood flow is important, achieving rapid hemostasis is an important clinical issue. Surgeons use a variety of hemostatic agents to externally stimulate and expedite coagulation without the need to rely on natural, slower factors to execute the process. Two product categories commonly used to achieve hemostasis are fibrin sealants and active hemostats, such as thrombin. Surgeons also use passive hemostats, such as gelatin and oxidized regenerated cellulose.

Fibrin Sealant

Fibrin sealant is a biological adhesive that is believed to have use in almost all surgical procedures to seal and glue tissues and quickly achieve hemostasis. It is made from the combination of two proteins: fibrinogen and thrombin. Once it is applied, fibrin sealant quickly forms a white, rubber-like mass that strengthens as it sets, creating a sealant and an adhesive that lasts through the first phase of the body’s healing process.



In addition to “gluing” tissues together, fibrin sealant is believed to be effective in wound management, adhesion prevention, drug delivery, regenerative medicine, aesthetic, and in combination with biomaterials. In terms of wound management, fibrin sealant could be used with patches. For adhesion prevention, Haemacure’s fibrin sealant has proved effective in a preclinical study conducted by the Company. For drug delivery, Haemacure believes that fibrin sealant could deliver medication to a specific area of the body, as the sealant is gradually and safely absorbed by the body. Additionally, fibrin sealant is thought to be effective as a platform for cells to grow bones, cartilage, and soft tissues (i.e., regenerative medicine). The fibrin sealant may also have use in aesthetic, where it could be used as a component of certain aesthetic products for subcutaneous application. Moreover, when combined with biomaterials, fibrin sealant can be used as a glue to affix biomaterials within the body during surgery.

In addition to Haemacure’s fibrin sealant’s adhesive properties, the product is also believed to have anti-adhesive or adhesion prevention properties. When applied and allowed to polymerize (dry) on surfaces held apart from each other, it prevents these surfaces from adhering together once they come in contact.

Fibrin sealant provides a number of benefits to physicians, patients, and the healthcare industry as a whole. These include inducing rapid and efficient coagulation, decreasing the risk of post-surgery internal bleeding, decreasing post-surgery hospital stays (which may also provide economic benefits), and reducing the number of blood transfusions during surgery as well as the potential for infection, among other functions and benefits listed in Table 5 (page 17) of Crystal Research Associates’ base report, the Executive Informational Overview[®] (EIO[®]) dated November 2, 2007.

To the Company’s knowledge, the only commercial fibrin sealants in the U.S. are Baxter’s Tisseel[®] VH and OMRIX Biopharmaceuticals, Inc.’s (OMRI-NASDAQ) Evicel[™]. Evicel[™] now has received a broad label for hemostasis in the U.S. One of the components of Tisseel[®] VH is synthetic aprotinin. A previous version of Tisseel[®] contained bovine aprotinin. Bayer AG’s (BAY-FRA) bovine aprotinin Trasylol was suspended from marketing in November 2007 over concerns of patient safety. In May 2008, Bayer began removing all remaining supplies of Trasylol from hospital pharmacies and warehouses following the publication of a study in the *New England Journal of Medicine* that confirmed the product’s increased risk of death versus two other antifibrinolytic products.

Thrombin

While thrombin is a component of fibrin sealant, it also has a standalone application as an active, absorbable, surgical hemostatic agent. When compared to sutures, hemostatic agents (such as Haemacure’s thrombin) offer notable advantages, including reduced infection and scarring and a decreased need for anesthesia (Source: MedMarket Diligence LLC’s *Worldwide Surgical Sealants, Glues and Wound Closure Market, 2007*). Haemacure believes that Hemaseel[®]Thrombin may be used alone or in combination with biomaterials, such as collagen or gelatin, to create an absorbable hemostatic dressing that could be applied to the bleeding surface.

The future of thrombin usage may hinge upon the availability of a safe human thrombin preparation (Source: *Thrombosis and Haemostasis* 2004). Currently, FDA-approved thrombin products include King Pharmaceuticals’ Thrombin-JMI[®], which is derived from bovine plasma; OMRIX’s Evithrom[™], a human plasma-derived alternative to Thrombin-JMI[®]; and ZymoGenetics, Inc.’s (ZGEN-NASDAQ) RECOTHROM[™], a recombinant, plasma-free thrombin. Bovine proteins are known to cause potentially severe side effects and immunogenicity complications in humans, and are associated with abnormalities in hemostasis. Recombinant proteins may also have immunogenicity (rejection) issues.

Haemacure is working toward the market introduction of safe and entirely human formulations of both fibrin sealant and thrombin. The Company uses fibrinogen and thrombin extracted from human plasma and does not use any bovine or other species’ materials. A description of Haemacure’s patented extraction technology is presented on page 7.

Haemacure's Technology

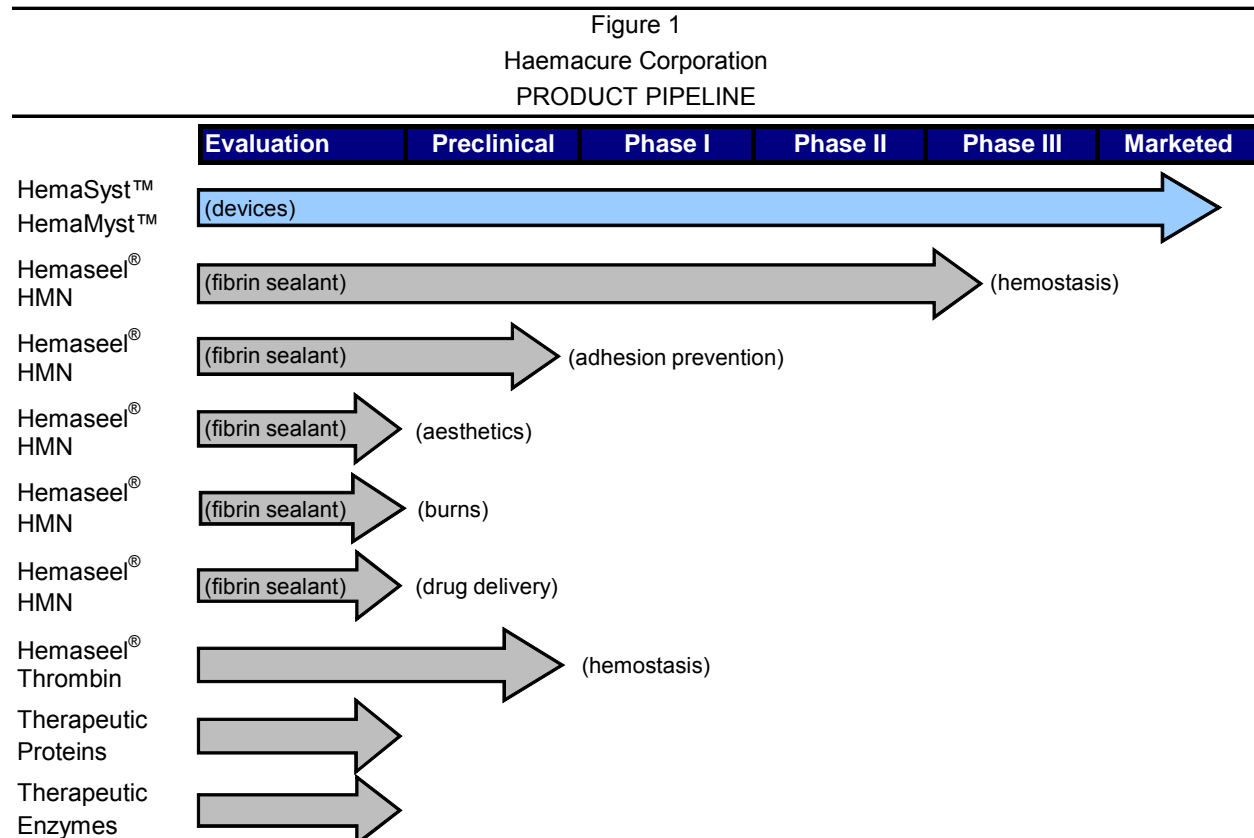
The Company's novel patented technology provides for the extraction and purification of fibrinogen and thrombin from human plasma. Plasma is the residual component of blood that remains once the red blood cells, white blood cells, and platelets have been removed. It is a clear liquid that consists of approximately 90% water and 10% protein molecules.

Over \$50 million has been invested to develop and patent Haemacure's fibrinogen and thrombin extraction technology, or process. The Company optimized its technology specifically for fibrinogen and thrombin, delivering fibrinogen and thrombin yields that it believes to be three to ten times greater than those derived from the traditional Cohn fractionation process.

The traditional Cohn fractionation process was developed in the 1940s to maximize the extraction of albumin. It also delivers lower yields for fibrinogen and thrombin than Haemacure's process, resulting in higher costs of goods for extracted proteins. When compared to the Cohn process, Haemacure believes that its extraction process has the following advantages: (1) improved purification; (2) a more gentle protein separation, which maintains protein concentration and quality versus some of the harsher aspects of the Cohn process; (3) a higher quality fibrin sealant with improved clot performance and reconstitution time; and (4) higher fibrinogen and thrombin yields. The end result is higher revenues per liter of plasma processed. Haemacure estimates that the competition generates \$200 to \$700 per liter of plasma, and believes that it may generate in the range of \$2,000 to \$2,500 per liter using its high-yield fibrinogen and thrombin extraction and purification technology. Eventually, revenues generated by the Company's anticipated commercialization of other proteins and enzymes found in its plasma fractions may further increase Haemacure's revenues.

Product Pipeline

Figure 1 illustrates Haemacure's pipeline, followed by a summary of each product and product candidate.



Source: Haemacure Corporation.



Hemaseel[®]HMN

Haemacure's fibrin sealant has been tested in 151 human subjects and patients. Hemaseel[®]HMN was found to be safe, with no reported serious adverse experiences attributable to the product. Clinical data demonstrated a shorter time to hemostasis than the two control groups in a vascular access graft study. Product quantities for the Phase II and Phase III trials were manufactured by ZLB Central Laboratory Blood Transfusion Service of the Swiss Red Cross ("ZLB"), then a major shareholder of Haemacure, in Bern, Switzerland.

Additionally, Haemacure recently tested its fibrin sealant in 16 rabbits that underwent open gynecologic surgery in a uterine horn model. Haemacure reports that its fibrin sealant was found to be superior to the control group in preventing the formation of post-surgical tissue adhesion. The extent and incidence of adhesions are the two key criteria to assess the efficacy of the product in preventing adhesions. In the study conducted, the extent of adhesions in the group treated with Haemacure's fibrin sealant was approximately five times less than in the group that was not treated. The incidence of adhesions was less than half of the incidence in the non-treated group. In addition, the product was found to be more effective in preventing the formation of post-surgical adhesions than the leading product on the market today, based on historical data disclosed in published literature.

The formulation of the fibrin sealant used in this study is the same formulation that Haemacure intends to market for an hemostasis indication. Initial analysis indicates that no change in the formulation or the manufacturing of the fibrin sealant is required to pursue an adhesion prevention indication. This could accelerate time-to-market for an adhesion prevention indication by three to five years, as no development work is required and the safety and manufacturing information applicable to an hemostasis indication could be the same as for an adhesion prevention indication. It is likely that adhesion prevention-specific preclinical data, clinical protocols, and programs will be required in order to conduct adhesion prevention trials.

The reduced timeframe may accelerate the Company's ability to address a significant unmet medical need with an additional indication for its fibrin sealant. Haemacure believes that post-surgical adhesions cost the U.S. healthcare system in excess of \$2.1 billion annually, and estimates that the present U.S. market for adhesion prevention products is roughly \$100 million.

In June 2008, Haemacure started processing plasma in its Sarasota fractionation facility for the production of its fibrin sealant for Phase II/Phase III clinical trials. The Company believes that this could lead to commercial launch toward the end of 2010 or the beginning of 2011. Additionally, Haemacure confirmed that it is on schedule and on budget to produce clinical material during the third quarter 2008, file an amendment to its existing IND with the FDA during the fourth quarter 2008, begin clinical trials in the first quarter 2009, and seek to receive regulatory approval in the U.S. toward the end of 2010 or beginning of 2011. The new fractionation facility incorporates the Hynetics[®] single-use bio-processing plastic container technology, which resulted in significant savings in capital expenditures. Haemacure believes this will likely result in lower operating costs versus a stainless steel facility. The use of this technology minimizes the risks of cross-contamination between production batches.

Shipping Fibrin Sealant for Evaluation

Haemacure also equipped and staffed a laboratory in Montréal, where the Company has commenced producing small volumes of its fibrin sealant to respond to requests from potential clients and partners for evaluation of the product in applications, such as wound management, drug delivery, aesthetic, adhesion prevention, regenerative medicine, and in combination with biomaterials.

Hemaseel[®]Thrombin

Thrombin is one of the two protein components of Haemacure's fibrin sealant. As such, its biological effectiveness has been reflected in its functional use in past clinical trials. Similarly, as a component of the Company's fibrin sealant, the safety of Haemacure's thrombin is implicit in the demonstrated safety of the fibrin sealant. Hemaseel[®]Thrombin leverages the safety and efficacy profile that was established in the fibrin sealant clinical trials and may, as a result, have a shorter clinical timeline with minimized risks

associated with its trials than it would otherwise. Hemaseel[®] Thrombin is currently at the preclinical stage, and Haemacure intends to complete the development of the product during the second phase of its manufacturing strategy.

Specialty Therapeutic Proteins

Haemacure has identified 11 investigational-stage specialty proteins and enzymes in one of its two plasma fractions. Fractions consist of the remaining plasma after extracting a protein. The Company's extraction technology produces two plasma fractions, one resulting from the extraction of fibrinogen and the other from thrombin. Haemacure seeks to enter into collaborations and partnerships with pharmaceutical and biotechnology companies to advance its specialty therapeutic proteins and enzymes. Haemacure is currently developing extraction and purification processes aimed at delivering commercial yields.

HemaSyst[™] and HemaMyst[™]

HemaSyst[™] is a system of 10 tips that attach to a dual-syringe applicator, enabling use with manual sprays, malleable cannula shafts (soft tubes to be inserted into a body cavity), and laparoscopic attachments. HemaMyst[™] is Haemacure's proprietary aerosol device that can deliver fibrin sealant and other fluids over a broad area. It has a focused spray tip that enables access to confined spaces. Both of these products are currently being sold by Haemacure directly.

First-Patient-In

In October 2007, Haemacure announced a two-phase strategy to have the first patient undergo surgery in the pivotal Phase II/Phase III clinical trials of Hemaseel[®] HMN during the first quarter 2009. The first phase required construction of a launch manufacturing facility in Sarasota, Florida, which was completed in mid-2008. Setting up the launch facility required significantly lower capital expenditures than the Company originally planned for its large-scale facility, and is expected to enable lower operating costs than a stainless steel facility. Haemacure financed the first phase of its strategy with existing liquidities as well as through financing arranged by Alfa Laval Tumba AB for manufacturing equipment. The timeline for commercial launch of the fibrin sealant from the launch facility is anticipated by the end of 2010 or start of 2011. Haemacure has begun fractionating plasma in its facility for the production of fibrin sealant for the Phase II/Phase III clinical trials and commercial launch of the product.

The second phase of the strategy entails expanding the launch facility into a large-scale facility and to complete the development of Haemacure's second product candidate, the Hemaseel[®] Thrombin human hemostatic agent, during the FDA's regulatory review of the Company's biologics license application.

Market Opportunities

Haemacure is pursuing initiatives in six business segments beyond the hemostatic field where its two product candidates are intended for use. These initiatives may lead to partnerships or other types of relationships with device, surgical, biosurgical, pharmaceutical, biotechnology, and aesthetic companies. The Company believes the segments listed as follows are considerable and expanding:

- wound management, using fibrin sealant with devices such as patches;
- adhesion prevention, using fibrin sealant to prevent formation of the painful scar tissue that often occurs following surgery during the healing process;
- regenerative medicine, using fibrin sealant as a platform for cells to grow bones, cartilage, and soft tissues;
- drug delivery, using fibrin sealant as a vehicle to deliver medications, such as those used to regenerate the spinal cord;



- in combination with biomaterials, using fibrin sealant as a glue to affix biomaterials within the body during surgical procedures; and
- aesthetic, using fibrin sealant as a component of products for subcutaneous application.

In 2005, the Freedonia Group, Inc., an international business research company, valued the U.S. medical and dental adhesive and sealant industry at approximately \$1 billion, which included fibrin sealants as well as other materials. Demand in this industry is estimated to grow by 8% annually through 2011 due to an increasing acceptance of using adhesives and sealants in a surgical setting and to new product introductions, in addition to an aging U.S. population that is more likely to require surgical and dental procedures. Specifically, the worldwide fibrin sealant market is valued at roughly \$400 million, which Haemacure believes could expand by 5% to 10% annually over the next five years as surgeons learn more about the benefits of fibrin sealants and as next-generation products with improved efficacy and safety are introduced.

In 2006, worldwide sales of topical, absorbable, surgical hemostatic agents were estimated at roughly \$595 million and forecast to reach \$842 million by 2011. Market drivers include increasing numbers of surgeries being performed; a trend toward minimally invasive surgeries, which could benefit from improved hemostasis products; and demand growth in the European surgical marketplace. Presently, surgical wounds are the most common type of wound, with a worldwide incidence of approximately 97 million and a compound annual growth rate (CAGR) of 3.1%, which is second only to chronic wounds which have a CAGR of 7.4% (Source: *Worldwide Surgical Sealants, Glues and Wound Closure Market, 2007*).

Furthermore, the plasma protein market was valued between approximately \$8.5 billion and \$9 billion in 2004 and is forecast to grow to approximately \$12.9 billion by 2010 (Source: the Marketing Research Bureau [www.marketingresearchbureau.com]).

Headquarters and Employees

Haemacure is headquartered in Montréal, Québec, Canada, with a product development laboratory in the Incubateur J.A. Bombardier (Montréal). The Incubateur is an initiative of the Université de Montréal and École Polytechnique. Haemacure also has a wholly owned U.S. subsidiary in Sarasota, Florida. The subsidiary, Haemacure Corporation, is incorporated in the State of Delaware. The Company has established a manufacturing facility designed for its product candidates. Haemacure employs 19 fulltime individuals and four consultants.

Key Points to Consider

All amounts are in U.S. dollars unless otherwise specified.

- Haemacure Corporation is a development-stage specialty biotherapeutics company that develops high-value, human therapeutic proteins for commercialization, based on a patented, high-yield fibrinogen and thrombin extraction technology. In February 2007, the Company reorganized and now focuses on delivering next-generation products with a shortened time to market.
- Haemacure's patented extraction technology delivers higher product yields than the traditional Cohn fractionation process. In turn, improved yields enable the generation of revenues per liter of plasma that could be three to ten times industry averages. The Company's yields result from optimizing its extraction process for fibrinogen and thrombin instead of albumin and immunoglobulin, such as with the Cohn process. Haemacure believes that its technology can deliver superior fibrin sealant and higher quality proteins.
- The Company's pipeline comprises two clinical-stage programs: (1) its lead product candidate, Hemaseel[®]HMN, which is an all-human fibrin sealant planned to enter pivotal Phase II/Phase III clinical trials; and (2) Hemaseel[®]Thrombin, an active, absorbable hemostatic agent now at the preclinical stage. Hemaseel[®]Thrombin is a component of Haemacure's fibrin sealant that can be used as a standalone product or in combination with biomaterials.
 - Furthermore, Haemacure has identified 11 specialty therapeutic proteins and enzymes in one of its two plasma fractions. The Company is seeking to develop and commercialize these proteins and enzymes in collaboration with pharmaceutical and biotechnology companies, a step that could create new market opportunities and revenue generation for Haemacure.
 - The Company continues to sell its two FDA-cleared fibrin sealant legacy delivery devices: (1) HemaSyst[™], a dual-syringe applicator system with 10 specialty functional adapters; and (2) HemaMyst[™], an aerosol device to deliver fluids over a broad area. Sales in fiscal years 2007, 2006, and 2005 were entirely derived from these delivery devices.
- Both Hemaseel[®]HMN and Hemaseel[®]Thrombin are made with only human proteins, unlike the dominant fibrin sealant today, which contains synthetic aprotinin, and the dominant thrombin, which is of bovine origin. Since Haemacure's product candidates are entirely human, they can be used without immunogenicity complications, thereby reducing side effects as well as the risk of cross-species disease transmission.
 - There is a significant trend among companies developing hemostats to develop products using human proteins. To this effect, an article published in a 2004 edition of *Thrombosis and Haemostasis* maintains that, while usage of thrombin in particular is likely to significantly increase, its therapeutic development hinges upon the availability of a safe human preparation.
 - Moreover, Hemaseel[®]Thrombin is a component of the Company's fibrin sealant. Thus, as a standalone product, it leverages the safety and efficacy profile established in past fibrin sealant clinical trials. Accordingly, Hemaseel[®]Thrombin may have a shorter clinical timeline with minimized risks associated with its trials.
- The Company is progressing to a registration process. Plasma processing began in June 2008 in Haemacure's new fractionation facility for the subsequent production of fibrin sealant for pivotal Phase II/Phase III clinical trials. The Company plans to amend its existing IND application with the FDA in the fourth quarter 2008 in order to begin clinical trials in the first quarter 2009.
 - To date, 151 human subjects and patients have received Haemacure's fibrin sealant without any reported serious adverse events related to the product.



- In April 2008, the Company reported results of a preclinical study it conducted on 16 rabbits that underwent open gynecologic surgery in a uterine horn model. Haemacure found its fibrin sealant to be superior to the control group in preventing the formation of post-surgical tissue adhesion. Initial analysis indicated that no change in the formulation or the manufacturing of the fibrin sealant would likely be required to pursue an adhesion prevention indication. The Company believes that the use of Haemacure's current fibrin sealant hemostasis formulation for adhesion prevention could accelerate time to market for this indication by three to five years.
- The worldwide fibrin sealant market is valued at approximately \$400 million. Of that amount, the largest segments are believed to be Japan, with \$145 million, and the U.S., with \$116 million. Additionally, in 2006, sales of topical, absorbable hemostatic agents were estimated at roughly \$595 million and forecast to reach \$842 million by 2011. Haemacure believes that the global market for both fibrin sealant and thrombin could reach \$1.5 billion by 2015. Furthermore, the therapeutic protein plasma market was valued between approximately \$8.5 billion and \$9 billion in 2004 and is forecast to grow to approximately \$12.9 billion by 2010.
- The Company believes that it operates in markets that deliver high gross margins and that have significant barriers to entry. Entrants are believed to require from 7 to 10 years of research and development and between \$50 million to \$100 million in investments to develop competing products, including intellectual property, formulation, and production know-how.
- Haemacure's intellectual property comprises various trademarks and several patents for the production of its fibrin sealant and thrombin. The Company's patents are issued in the U.S. and 24 other countries, including Canada and countries in Europe and Asia, under the Patent Cooperation Treaty (PCT). Further, Haemacure has successfully defended its key patent against claims from Aventis Behring GmbH (now CSL Behring, part of CSL Limited) in the past.
- Haemacure has a growing management team with an extensive understanding of the Company as well as a broad array of related fields. The Company has recently added a director of quality assurance and quality control, a director of manufacturing, a director of communications and investor relations, a director of technical development, and a senior scientist, as well as a new member to its Board of Directors.
- Based upon the achievement of certain milestones, the Company expected to receive \$4.5 million from CSL Behring. This payment was to be made in three equal installments: (1) the first upon the commissioning of the manufacturing plant; (2) the second upon amendment of the IND with the FDA; and (3) the last upon enrollment of 50% of the patients for the required fibrin sealant clinical trials. On August 20, 2007, CSL advised Haemacure that CSL was no longer obligated to pay this sum, due to Haemacure's unsatisfactory progress with the project. Haemacure disputes the position of CSL and has filed a request for arbitration to assert its right to the payment of this sum, pursuant to the agreement with CSL governing these milestone payments. This has no impact on Haemacure's current financial position. The arbitration panel is now constituted and the matter is progressing in compliance with the rules and regulations of the competent arbitration institution.
- As of April 30, 2008, Haemacure's cash, cash equivalents, and temporary investments were C\$3.6 million versus C\$7.6 million at October 31, 2007. As a result of the exercise of warrants in June 2008, Haemacure believes that it is fully funded beyond the First-Patient-In stage. The Company will require additional financing to complete this project, develop therapeutic proteins, and fund its operations.

Risks

Some of the information in this Quarterly Update relates to future events or future business and financial performance. Such statements can only be predictions and the actual events or results may differ from those discussed due to the risks described in Haemacure's statements filed with System for Electronic Document Analysis and Retrieval (SEDAR), as well as other forms filed from time to time. The content of this update with respect to the Company has been compiled primarily from information available to the public released by Haemacure through news releases, SEDAR filings, and other reports. Haemacure is solely responsible for the accuracy of this information. Information as to other companies has been prepared from publicly available information and has not been independently verified by Haemacure. Certain summaries of activities have been condensed to aid the reader in gaining a general understanding. For more complete information about Haemacure, please refer to the Company's website www.haemacure.com. Additionally, please refer to Crystal Research Associates' base report, the Executive Informational Overview[®] (EIO[®]) dated November 2, 2007, and located on Crystal Research Associates' website at www.crystalra.com for more comprehensive details of Haemacure's risk factors.



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Crystal Research

a s s o c i a t e s

Jeffrey J. Kraws or Karen B. Goldfarb
Phone: (609) 306-2274
Fax: (609) 395-9339
Email: eio@crystalra.com
Web: www.crystalra.com

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