

HealthSpace Data Systems Ltd.

NEWS RELEASE

HealthSpace Announces Close of First Tranche of Oversubscribed \$3,285,000 Financing

VANCOUVER, BC – September 30, 2016 - HealthSpace Data Systems Ltd. (the “Company” or “HealthSpace”) is pleased to announce it has closed its previously announced offering of \$1,500,000 in secured convertible debentures (the “Debenture Offering”) and the first tranche of its previously announced offering of units consisting of one common share in the capital of the Company (a “Share”) and one half of one Share purchase warrant (each whole Share purchase warrant, a “Warrant”) (the “Units”) at a purchase price of \$0.05 per Unit for gross proceeds of \$1,595,352 for 31,907,040 Units (the “Equity Offering”, and together with the Debenture Offering, the “Financing”).

The Debenture Offering consists of \$1,500,000 in secured convertible debentures with a maturity date of two years following closing of the Debenture Offering, at an interest rate of 10% per annum, and 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.

The Equity Offering was oversubscribed, and increased to a maximum of 36,000,000 Units, of which 31,907,040 Units have been issued pursuant to the closing of the first tranche. Each Warrant is exercisable to purchase a Share for a period of twelve months at an exercise price of \$0.075 per Share, and is subject to acceleration in accordance with the terms disclosed in the Company’s news release of August 11, 2016.

In connection with the Financing, certain directors of the company participated in the sale of Shares held by such directors for 2,749,000 common shares at \$0.055 per share (the “Sale”). The funds from the sale has been used to facilitate the directors’ subscription in this placement. In connection with the Sale, the company will pay a fee of \$10,000 to Canaccord Genuity Corp.

The Company paid commissions to eligible finders consisting of total cash commissions of \$38,337 and the issuance of a total of 316,740 finders’ Warrants, in addition to 2,000,000 Shares issued by the Company to Canaccord Genuity Corp in connection with their services as an eligible finder for the Financing. Each finders’ Warrant entitles the holder to purchase one common share of the company at a price of \$0.075 cents per common share for a period of twelve months.

The proceeds of the Financing will be used by Healthspace to retire a \$2,185,000 debt facility with R.C. Morris & Company Special Opportunities Debt Fund II Limited Partnership and for general working capital purposes.

“We are very pleased to complete this financing which will retire the high yield debt facility and improve the balance sheet of the Company,” commented Ali Hakimzadeh, Chairman of HealthSpace. “With this financing completed and our balance sheet restructured we are now highly focused on our sales initiatives of the HSCloud, HSTouch and HSData product suites.”

The Company also announces a private placement for the settlement of \$69,399.96 in debt to three creditors for services provided to the Company through the issuance of 1,156,666 shares at a price of \$0.06.

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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