



ADVANSOURCE BIOMATERIALS COMPLETES \$800,000 DEBT FINANCING TRANSACTION WITH AXIOM PARTNERS, LP

Wilmington, MA. July 14, 2011... AdvanSource Biomaterials Corporation (OTC Markets OTCQB: ASNB), a leading developer of advanced polymer materials for a broad range of medical devices, today announced the closing of a debt financing transaction on July 7, 2011. The Company entered into a Commercial Real Estate Promissory Note in the principal amount of \$800,000 (the "Note") with Axiom Partners, LP ("Axiom"). The Note has a two-year term, bears interest at the rate of 15% per annum, provides for monthly interest only payments commencing on August 31, 2011, and a balloon payment of the principal balance of \$800,000, plus any accrued and unpaid interest, on July 8, 2013. The Note is secured by the Company's land and building pursuant to the terms and conditions of the Note and a mortgage in favor of Axiom. The Company was funded in the amount of \$768,000, net of certain transaction costs, on July 8, 2011.

Michael Adams, AdvanSource's CEO and President, stated, "We are pleased to have completed this financing with the cooperation of Axiom, and on terms we believe to be favorable. This financing provides us the working capital we believe is necessary to execute our business plan for the foreseeable future; and has provided us the additional benefit of retaining ownership of our land and building, currently having a net book value of approximately \$2.4 million. We would also note that our shareholders were not required to realize any dilution as a result of this financing transaction.

During the fourth quarter of fiscal 2011, we executed on certain strategic initiatives that should contribute to the reduction of overhead and improve our operating margins beginning in our first quarter of fiscal 2012. In addition to customer contracts entered into during fiscal 2011, which should be accretive to our top line during fiscal 2012, we also entered into an additional licensing arrangement with a large international manufacturer of medical devices which will further contribute to our cash flow during fiscal 2012."

About AdvanSource Biomaterials Corporation

AdvanSource Biomaterials Corporation manufactures advanced polymer materials providing critical characteristics in medical device design and development. These biomaterials are used in devices designed for treating a broad range of anatomical sites and disease states. AdvanSource's business model leverages its proprietary materials science technology and manufacturing expertise to expand its product sales and royalty and license fee income. More information about AdvanSource is available at its website: www.advbiomaterials.com.



Forward-Looking Statements

AdvanSource Biomaterials Corporation believes this press release contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on management's current expectations and are subject to risks and uncertainties that could cause results to differ materially from the forward-looking statements. For further information on such risks and uncertainties, you are encouraged to review the Company's filings with the Securities and Exchange Commission, including its filings on Forms 10-K and 10-Q. The Company assumes no obligation to update any forward-looking statements as a result of new information or future events or developments, except as required by law.

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