

May 27, 2016



## **Arch Therapeutics Announces May 26, 2016 \$3.4 Million Private Placement**

FRAMINGHAM, MA -- (Marketwired) -- 05/27/16 -- Arch Therapeutics, Inc. (OTCQB: ARTH) ("Arch" or the "Company"), developer of the AC5 Surgical Hemostatic Device™ (AC5™) for use in controlling bleeding and fluid loss in order to provide faster and safer surgical and interventional care, is pleased to announce that it has entered into subscription agreements with a group of accredited investors (the "Investors") to purchase approximately \$3.4 million of the Company's securities in a private placement pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, and Regulation D promulgated thereunder (the "Private Placement").

Under the terms of their respective subscription agreements, the Investors have agreed to purchase, in the aggregate, approximately 9.5 million units at a per unit price of \$0.36. Each unit consists of one share of common stock and one Series E Warrant to purchase three-quarters of a share of common stock at a per share exercise price equal to \$0.438, which was the closing price of common shares of the Company on May 26, 2016. The Series E Warrants have a term of five years, and are immediately exercisable on the date of issuance. As a result of the Private Placement, the Company expects to issue to the Investors approximately 9.5 million shares of common stock, and Series E warrants exercisable for approximately 7.1 million shares of common stock.

Maxim Group LLC is acting as exclusive placement agent for the transaction.

### ***About Arch Therapeutics, Inc.***

Arch Therapeutics, Inc. is a medical device company developing a novel approach to stop bleeding (hemostasis) and control leaking (sealant) during surgery and trauma care. Arch is developing products based on an innovative self-assembling peptide technology platform to make surgery and interventional care faster and safer for patients. Arch's flagship development stage product candidate, known as the AC5 Surgical Hemostatic Device™, is being designed to achieve hemostasis in surgical procedures.

### ***Notice Regarding Forward-Looking Statements***

This news release contains "forward-looking statements" as that term is defined in Section 27(a) of the Securities Act of 1933, as amended, and Section 21(e) of the Securities Exchange Act of 1934, as amended. Statements in this press release that are not purely historical are forward-looking statements and include any statements regarding beliefs, plans, expectations or intentions regarding the future. Such forward-looking statements include, among other things, references to novel technologies and methods, our business and product development plans and projections, or market information. Actual results could differ from those projected in any forward-looking statements due to numerous factors. Such

factors include, among others, the inherent uncertainties associated with developing new products or technologies and operating as a development stage company, our ability to retain important members of our management team and attract other qualified personnel, our ability to raise the additional funding we will need to continue to pursue our business and product development plans, our ability to obtain required regulatory approvals, our ability to develop and commercialize products based on our technology platform, and market conditions. These forward-looking statements are made as of the date of this news release, and we assume no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those projected in the forward-looking statements. Although we believe that any beliefs, plans, expectations and intentions contained in this press release are reasonable, there can be no assurance that any such beliefs, plans, expectations or intentions will prove to be accurate. Investors should consult all of the information set forth herein and should also refer to the risk factors disclosure outlined in the reports and other documents we file with the SEC, available at [www.sec.gov](http://www.sec.gov).

On Behalf of the Board,  
Terrence W. Norchi, MD  
Arch Therapeutics, Inc.

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