

TRANSITION THERAPEUTICS INC.

MATERIAL CHANGE REPORT

Section 85(1) of the *Securities Act* (British Columbia)

Section 118(2) of the *Securities Act* (Alberta)

Section 75(2) of the *Securities Act* (Ontario)

Item 1. **Reporting Issuer**

Transition Therapeutics Inc. (the “Company”)
415 Yonge St., Suite 1103
Toronto, Ontario
M5B 2E7

Item 2. **Date of Material Change**

February 28, 2001

Item 3. **Press Release**

A press release (the “Press Release”) announcing the closing of the Company’s IPO (as defined below) was issued on February 28, 2001. A copy of the Press Release has been filed on SEDAR.

Item 4. **Summary of Material Change**

On February 28, 2001, the Company announced the closing of its initial public offering in the provinces of British Columbia, Alberta and Ontario (the “IPO”) of 4,000,000 common shares (“Common Shares”) at a price of \$1.25 per Common Share.

The Common Shares commenced trading on the Canadian Venture Exchange (“CDNX”) on March 1, 2001 under the symbol “TTH”.

Item 5. **Full Description of Material Change**

On February 28, 2001, the Company closed its IPO of 4,000,000 Common Shares at a price of \$1.25 per Common Share, raising gross proceeds of \$5,000,000. At the closing of the IPO, the agent in respect of the IPO, Canaccord Capital Corporation (the “Agent”), received compensation warrants entitling the Agent to purchase 400,000 Common Shares exercisable at a price of \$1.25 per Common Share for a period of 18 months following the closing of the offering. In addition, the Company granted the Agent an over-allotment option (the “Over-Allotment Option”), exercisable for a period of 30 days following the date upon which the Common Shares began trading on CDNX, entitling the Agent to purchase up to that number of Common Shares as is equal to 10% of the number of Common Shares sold pursuant to the IPO in order to

cover over-allotments. The Agent will receive additional compensation warrants equal to 10% of the number of Common Shares sold pursuant to the exercise of the Over-Allotment Option, which compensation warrants will be exercisable at a price of \$1.25 per Common Share for a period 18 months following the closing of the IPO.

The Common Shares commenced trading on CDNX under the symbol "TTH" on March 1, 2001.

Item 6. **Confidential Filing**

N/A

Item 7. **Omitted Information**

N/A

Item 8. **Senior Officer**

For further information contact Louis Alexopoulos, Chief Financial Officer and Secretary, at (416) 260-7770.

Item 9. **Statement of Senior Officer**

The foregoing accurately discloses the material change referred to herein.

Dated at Toronto, Ontario this 5th day of March, 2001.

Per: "Louis Alexopoulos"
Name: Louis Alexopoulos
Title: Chief Financial Officer and Secretary