Form 51-102F3
Material Change Report

Item 1. Name & Address of Company

Transition Therapeutics Inc. ("Transition")
101 College Street, Suite 200
Toronto, Ontario, M5G 1L7

Item 2. Date of Material Change

February 28, 2014

Item 3. News Release

A news release was disseminated through the services of Canada Newswire on February 28, 2014.

Item 4. Summary of Material Change

Transition acquired a subsidiary of Perrigo Company plc (the "Subsidiary"), the holder of all the development and commercialization rights of neuropsychiatric drug candidate, ELND005. In addition, Transition issued Perrigo 2,255,640 common shares in the capital of the Corporation at a price of US$6.65 per share for gross proceeds of US$15 million.

Item 5.1 Full Description of Material Change

Transition has acquired the Subsidiary, which is now a 100% wholly-owned subsidiary of Transition. In addition, Perrigo will be eligible to receive up to US$40 million in approval and commercial milestone payments and a 6.5% royalty on net sales of ELND005 products and sublicense fees received. Transition also issued Perrigo 2,255,640 common shares in the capital of the Corporation at a price of US$6.65 per share for gross proceeds of US$15 million. Going forward, the Subsidiary will be responsible for all future development and commercialization activities of the ELND005 drug candidate.

ELND005 is an orally bioavailable small molecule that is being investigated for multiple neuropsychiatric indications on the basis of its proposed dual mechanism of action, which includes β-amyloid anti-aggregation and regulation of brain myo-inositol levels. An extensive clinical program of Phase 1 and Phase 2 studies has been completed with ELND005 to support clinical development, including the published Phase 2 study ELND005-AD201 in Alzheimer's Disease. ELND005 is also being studied as a potential treatment of agitation and aggression in Alzheimer's disease (Study ELND005-AG201), as a maintenance therapy of Bipolar Disorder Type I (Study ELND005-BPD201) and as a therapy for those

with Down syndrome (Study ELND005-DS-201). By acquiring the ELND005 rights, Transition has the opportunity to complete the two current large Phase 2 studies underway in Agitation and Aggression in Alzheimer's Disease, and mood changes in Bipolar Disorder.

Item 5.2 Disclosure for Restructuring Transactions

Not Applicable

Item 6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not Applicable

Item 7. Omitted Information

Not Applicable

Item 8. Executive Officer

For further information on Transition contact Dr. Tony Cruz, Chief Executive Officer, at 416-260-7770, x.223 or tcruz@transitiontherapeutics.com.

Item 9. Date of Report

March 7, 2014

Forward-looking information

This material change report contains forward-looking information within the meaning of applicable securities laws. More particularly, this material change report contains statements concerning the future development and commercialization activities of the ELND005 drug candidate. The forward-looking statements are based on certain key expectations and assumptions including, but not limited to: (i) assumptions in respect to the entity that will be developing the ELND005 drug candidate; and (ii) assumptions in respect to the opportunity to complete the two current large Phase 2 studies underway in Agitation and Aggression in Alzheimer's Disease, and mood changes in Bipolar Disorder.

Undue reliance should not be placed on the forward-looking information as Transition can give no assurance that they will prove to be correct. Since forward-looking information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks including, but not limited to: (i) the risk that Transition may not be able to develop the ELND005 drug candidate through the Subsidiary; and (ii) the risk that the two current large Phase 2 studies underway in Agitation and Aggression in Alzheimer's Disease, and mood changes in Bipolar Disorder may not be completed, or may not be completed with favourable trial results.

The forward-looking information contained in this material change report are made as of the date hereof. Except as may be required by applicable securities laws, Transition assumes no obligation to publicly update or revise any forward-looking statements made herein or otherwise, whether as a result of new information, future events or otherwise.