



STEM CELL

THERAPEUTICS

STEM CELL THERAPEUTICS CORP.

ANNUAL INFORMATION FORM

FOR THE PERIOD ENDED DECEMBER 31, 2009

April 13, 2010

TABLE OF CONTENTS

GLOSSARY	2
FORWARD-LOOKING STATEMENTS	1
CORPORATE STRUCTURE	2
Name, Address and Incorporation	2
Intercorporate Relationships	2
GENERAL DEVELOPMENT OF THE BUSINESS.....	2
Three Year History	2
Recent Developments	8
Trends and Outlook	9
BUSINESS OF THE CORPORATION	10
Lead Program – Stroke	10
Lead Product Candidate: NTx®-265	10
Development Programs	11
Anticipated Product Development Costs.....	12
Competitive Conditions.....	12
Non-Fetal Stem Cell Sources	13
Specialized Skills and Knowledge.....	13
Patents and Proprietary Rights	13
The Regulatory Process for Drug Development.....	13
RISKS AND UNCERTAINTIES	14
Early Stage of Development.....	14
Lack of Product Revenues; History of Operating Losses.....	15
Regulation of Drug and Product Approval.....	15
Rapid Technological Change.....	16
Competition	16
Patent Protection.....	16
Dependence on Key Personnel	16
Potential Product Liability.....	17
Unproven Market.....	17
Systems Failures.....	17
Capital Markets.....	17
Dilution from further Equity Financings	18
Volatility of Share Price	18
DIVIDENDS.....	18
DESCRIPTION OF SHARE CAPITAL.....	18
Common Shares.....	18
Class B Shares	18
First Preferred Shares	18
MARKET FOR SECURITIES	19
DIRECTORS AND OFFICERS	19
AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITORS.....	21
CONFLICTS OF INTEREST	23
LEGAL PROCEEDINGS	23
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	23
INTEREST OF EXPERTS	23
TRANSFER AGENT.....	23
ADDITIONAL INFORMATION.....	23
SCHEDULE “A” AUDIT COMMITTEE CHARTER.....	24

GLOSSARY

As used in this Annual Information Form, the following technical terms and acronyms have the respective meanings specified below.

anticoagulant	- A drug that helps prevent the clotting (coagulation) of blood.
anti-platelet agent	- Type of anticoagulant drug therapy that prevents the formation of blood clots by preventing the accumulation of platelets that form the basis of blood clots.
antithrombotic	- Type of anticoagulant drug therapy that prevents the formation of blood clots by inhibiting the coagulating actions of the blood protein thrombin.
FDA	- The abbreviation for the Food and Drug Administration. It is the United States governmental agency responsible for the evaluation and approval of drugs and medical devices.
hippocampus	- The subcortical area of the brain that plays a critical role in the formation of long-term memories.
ischemic stroke	- Ischemia in the tissues of the brain. Ischemia is a loss of blood flow to tissue, caused by an obstruction of the blood vessel, usually in the form of plaque stenosis or a blood clot.
lateral ventricle	- Cavity in each of the cerebral hemispheres derived from the cavity of the embryonic neural tube.
neurogenesis	- The production of new neuronal tissue.
neuron	- A cell which conducts electric neural impulses from one part of the body to another.
pharmacodynamics	- The study of the mechanisms of actions of a drug and the relationship between how much drug is in the body and its effects.
pharmacokinetics	- The study of the metabolism and action of drugs, with particular emphasis on the time required for absorption, duration of action, distribution in the body and excretion.
stem cells	- Undifferentiated cells that have the ability both to multiply and to differentiate into specific cells.
thrombolytic	- Drug used to treat an ongoing, acute ischemic stroke by dissolving the blood clot causing the stroke and thereby restoring blood flow through the artery.
TPD	- The abbreviation for the Therapeutic Products Directorate of Health Canada.

FORWARD-LOOKING STATEMENTS

Certain statements included in this annual information form constitute forward-looking statements. All statements contained herein that are not clearly historical in nature are forward-looking, and the words “anticipate”, “believe”, “expect”, “estimate” and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements in this annual information form include, but are not limited to, statements with respect to: the impact of NTx®-265 on reducing the medical risks associated with injection or implantation of compounds or cells, the expected enrolment numbers for the Phase IIb acute ischemic stroke trial, the anticipated timing of enrolment for the Phase IIa TBI clinical study, the anticipated timing of the follow-on clinical study relating to MS, the anticipated product development costs for 2010 and expectations regarding operating losses. All forward-looking statements are based on the Corporation’s beliefs and assumptions based on information available at the time the assumption was made. These forward-looking statements are not based on historical facts but rather on management’s expectations regarding future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Forward-looking statements involve significant known and unknown risks, uncertainties, assumptions and other factors that may cause the Corporation’s actual results, levels of activity, performance or achievements to differ materially from those implied by forward-looking statements. These factors should be considered carefully and readers should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this annual information form are based upon what the Corporation’s management believes to be reasonable assumptions, the Corporation cannot assure readers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this annual information form. The Corporation undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as may be required by applicable Canadian securities laws.

Factors which could cause future outcomes to differ materially from those set forth in the forward-looking statements include, but are not limited to: (i) the ability to obtain sufficient and suitable financing to support operations, clinical trials and commercialization of products, (ii) clinical trial timing and results, (iii) the regulatory approval process, (iv) the ability to successfully compete in the targeted markets, (v) the ability to adequately protect proprietary information and technology from competitors, (vi) the ability to attract and retain key personnel and key collaborators, and (vii) the potential for product liability claims.

By its nature, forward looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections or other forward looking statements will not occur. Readers should carefully consider the information contained under the heading “Risk and Uncertainties” in this annual information.

CORPORATE STRUCTURE

Name, Address and Incorporation

Stem Cell Therapeutics Corp. (“SCT” or the “Corporation”) was incorporated under the *Business Corporations Act* (Alberta) (“ABCA”) on March 31, 2004 as Neurogenesis Biotech Corp. On October 19, 2004, SCT amended its articles of incorporation to change its name from Neurogenesis Biotech Corp. to Stem Cell Therapeutics Corp.

The Corporation’s head office is located at Suite 1000, 1520 - 4th Street S.W., Calgary, Alberta T2R 1H5, and its registered office is located at 3300, 421 - 7th Avenue S.W., Calgary, Alberta T2P 4K9.

Intercorporate Relationships

The Corporation has one wholly-owned subsidiary, Stem Cell Therapeutics Inc.

Stem Cell Therapeutics Inc. was incorporated under the ABCA on December 22, 1999 and was continued under the *Business Corporations Act* (Ontario) on November 12, 2003 and then extra-provincially registered in Alberta on January 11, 2005.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The Corporation is a biotechnology company focused on the development and commercialization of drug-based therapies to treat central nervous system diseases. SCT is a leader in the development of therapies that utilize drugs to stimulate a patient’s own resident stem cells. The Corporation’s core technology aims to repair neurological function lost due to traumatic brain injury or diseases such as stroke, multiple sclerosis and other neurodegenerative conditions. The Corporation operates on the basis of four key principles: (i) leading edge stem cell science; (ii) an efficient drug development approach; (iii) targeting large unmet market needs; and (iv) a team with the right experience to achieve success.

The Corporation’s core intellectual property, which includes its lead therapeutic product NTx®-265, is based on a therapeutic approach developed in the laboratory of Dr. Samuel Weiss, Director of the Hotchkiss Brain Research Institute at the University of Calgary. Dr. Weiss was awarded the Gairdner Award in April 2008 and a Royal Society of Canada fellowship in the fall of 2009 for his work on neural stem cells. This technology was acquired by the Corporation from Dr. Weiss, Dr. Christopher Gregg and two other co-inventors on April 1, 2004. This technology makes use of the neurogenesis process to stimulate the regeneration of neural tissue in the body. Adult neural stem cells are always present in the human brain, where they are part of the body’s normal repair and self-renewal mechanism. In the brain, these stem cells, referred to as “resident” neural stem cells, can be identified in several areas of the brain, including the hippocampus a single cell layer lining the lateral ventricles and dispersed throughout the central nervous system. SCT is particularly interested in selectively controlling these resident adult stem cells as they have the potential to be modulated to repair neural tissue in the areas of the brain affected by disorders such as stroke, traumatic brain injury (“TBI”) and multiple sclerosis (“MS”).

On January 22, 2007 SCT appointed Drs. Myron D. Ginsberg, Joshua M. Hare, Craig M. Pratt, and Samuel Weiss, four leading stroke, stem cell science and drug development to SCT’s Scientific Advisory Board.

The Corporation completed two private placements in 2007. On February 1, 2007, SCT raised \$2 million on the issuance of 10,000,000 units, with each unit consisting of one common share of SCT and one-half of one common share purchase warrant. Each full warrant entitled the holder to purchase one additional common share of SCT for \$0.25 until February 1, 2009. On March 27, 2007, SCT raised \$2 million on the issuance of 4,000,000 units, with each unit consisting of one common share of SCT and one-half of one common share purchase warrant. Each full warrant entitled the holder to purchase one additional common share of SCT for \$0.75 for the first year following closing and at \$1.00 for the second year following closing.

On April 10, 2007, SCT announced positive interim results from its currently enrolling Phase IIa clinical program for NTx®-265. This uncontrolled open label safety trial was designed to determine whether NTx®-265 could be safely administered to a population of patients with acute stroke. In addition to the trial's primary safety endpoint, a number of secondary endpoints were studied to characterize early indicators of efficacy in patients receiving this novel stroke therapy. As of April 10, 2007, five patients had been enrolled. Each had a moderate to severe stroke, defined by study entry criterion of National Institute of Health Stroke Scale (“NIHSS”) (<http://www.strokecenter.org/trials/scales/nihss.html>) as the score between 6 (moderate) and 24 (severe); 0 being normal and 30 being non-responsive or comatose. Of these, four patients had safely completed the NTx®-265 regimen of human chorionic gonadotropin (“hCG”) and erythropoietin (“EPO”), initiated 24-48 hours after stroke. No drug-related Serious Adverse Events (“SAE's”) had been noted. A fifth study patient, a 79 year-old female with concomitant myocardial infarct and multi-organ failure, died before dosing was completed. This SAE was judged completely unrelated to the study drug regimen.

Accompanying the primary safety endpoint measures in this study was a broad range of secondary endpoints that measured functional recovery of motor, cognitive, emotional status. An earlier preclinical stroke study in rats established the proof of principle and impetus for proceeding into this clinical trial by demonstrating that administration of NTx®-265, as compared to a placebo, was associated with rapid and robust recovery of visual and tactile motor control of forelimb function, as well as reduced final infarct volume. Infarct volume is the term used to describe the volume of brain tissue affected by blockage of blood flow to that tissue. Interim results from the current Phase IIa NTx®-265 stroke clinical trial show that each of the patients who completed the therapy demonstrated significant recovery from their stroke symptoms. In addition, MRI readings at days 1 and 90 post-stroke, available from two of the patients, indicate that infarct volume had been reduced by 39-79% over this 90-day period.

Each of the four patients who completed therapy to date was screened, enrolled, and had a stroke of moderate severity (enrolees have had baseline NIHSS score ranging from 6 to 10), and presented with a constellation of symptoms. The most common symptoms have been weakness and neglect, the latter referring to reduced attention to half of the visual space. Prior studies suggest that as many as 30% of patients hospitalized with a moderate-severe stroke can spontaneously recover within 90 days of stroke onset, with recovery being defined as achieving either a final NIHSS score of 0 or 1, or a decrease of at least 4 points in this scale. In the present study, all patients who have completed treatment and been evaluated out to day 90 have shown such a level of recovery. Further, each of these patients demonstrated a multifaceted improvement across their constellation of neurological deficits.

In July 2007, the Corporation initiated a pre-clinical comparator study designed to describe the ability of prolactin or hCG followed by EPO to promote recovery of the brain following moderate to serious traumatic brain injury. This study is being conducted at Louisiana State University (“LSU”) under the leadership of Dr. Ludmila Belayev and in collaboration with key researchers at LSU.

In August 2007, SCT announced the opening of a second clinical trial site, located at the Foothills Medical Centre in Calgary, Alberta, for its Phase IIa clinical stroke program examining the safety and efficacy of NTx®-265. The new Calgary site is lead by Dr. Michael Hill, MD, Associate Professor of Clinical Neurosciences at the University of Calgary and Director of the Stroke Unit at the Foothills Medical Centre.

In September 2007, the Corporation was granted a fourth patent in Japan entitled “combined Regulation of Neural Cell Production. Patent number 399360 protects a pharmaceutical composition for enhancing neuronal precursor cell formation in a variety of CNS disorders.

On October 15, 2007, SCT announced the appointment of Mr. Scott Tannas to the board of directors. Mr. Tannas is the President, Chief Executive Officer, and Director of Western Financial Group, a financial services provider of insurance, investment and banking products to western Canadians. Mr. Tannas filled the vacancy left by the resignation of Dr. J.P. Castaigne who left SCT to focus on his current obligations at Angiochem Inc.

On November 9, 2007, the Corporation completed a bought deal prospectus offering raising \$12.075 million on the issuance of 34,500,000 units, with each unit consisting of one common share of SCT and one-half of one common share purchase warrant. Each whole warrant is exercisable to acquire one additional common share of SCT at a price of \$0.50 per common share for 30 months.

On November 13, 2007, SCT announced the appointment of Dr. Francesco Bellini to the board of directors. Dr. Bellini is Chairman, President and CEO of BELLUS Health Inc. (previously Neurochem Inc.), an industry leader in the development of therapeutic drugs for the CNS.

On December 4, 2007, the Corporation announced that it received a No Objection Letter from Health Canada for its Phase IIb clinical trial in acute stroke investigating efficacy and safety endpoints for NTx®-265.

On December 11, 2007, the Corporation announced that Drs. Trina Johnson, Wee Yong and Samuel Weiss presented preliminary results from a study of the effects of prolactin in a mouse model of multiple sclerosis at the Canadian endMS Research Conference held in Banff, Alberta from December 10 through 13th. The work of Drs. Johnson, Yong and Weiss explores prolactin’s role as a therapy in acute and chronic central nervous system disease settings, specifically multiple sclerosis.

On January 8, 2008, SCT strengthened its intellectual property portfolio with the addition of a new patent granted in Australia, numbered 2002325712 and entitled “Differentiation of Neural Stem Cells and Therapeutic Use Thereof”. This patent protects the combination of prolactin with agents such as EPO or pituitary adenylate cyclase activating polypeptide for treating patients suffering from a variety of CNS disorders including brain injury, stroke, Alzheimer's disease, multiple sclerosis, Huntington's disease, amyotrophic lateral sclerosis, Parkinson’s disease, and other CNS diseases. The strategy of using a therapeutic regimen of drugs to produce neuronal or glial precursor cells, as taught in this patent, has the potential to be a key treatment for many CNS diseases.

On February 20, 2008, the Corporation announced favorable results from the investigator led BETAS (Beta-hCG + EPO in Acute Stroke), Phase IIa, open label, safety trial conducted at the University of California, Irvine and Hoag Presbyterian Memorial Hospital, Newport Beach, CA. This trial was the first to test the safety of NTx®-265 in patients suffering acute ischemic stroke and to conduct a preliminary assessment of functional recovery in this patient population.

Results from the BETAS trial showed no serious adverse events related to NTx®-265 in the 13 patients enrolled. Of these, eight patients completed the 90 day assessment term and each of them showed a clinically relevant improvement in their NIHSS score of 4 points or greater. Patients entered the trial with NIHSS scores ranging from 6-19 (moderate to severe). In these patients, average baseline NIHSS was 8.3 and improved in eight of eight patients to an average day 90 NIHSS of 2.5 plus, an improvement in NIHSS score of 5.8 plus. Five of these eight patients had a day 90 Barthel Index score of 95-100 (out of 100); consistent with an excellent outcome. Specific assessments of neurological recovery affected by NTx®-265 were also favourable, including the Arm Motor Fugl-Meyer Scale, an arm motor recovery assessment; Trailmaking A test, a measure of cognitive function; and measures of neglect and aphasia. Further, the drug regimen decreased the size of the infarct in 6 out of 8 patients overall, given a mean decrement in all eight of about 10%.

On April 23, 2008, the Corporation announced that the FDA allowed its investigational new drug application (“**IND**”) to proceed. The IND-opening study is a double-blind, randomized, placebo-controlled Phase IIb clinical trial of its lead program, NTx®-265 for the treatment of acute ischemic stroke.

On July 7, 2008, the Corporation announced that it was issued two corresponding patents to strengthen its intellectual property landscape through United States and Australia. The U.S. patent, numbered 7,393,830 and entitled “Prolactin induced increase in neural stem cell numbers” was issued July 1, 2008. The Australian patent, numbered 2002325711 and entitled “Prolactin induced increase in neural stem cell numbers and therapeutical use thereof” was issued January 10, 2008. These are the first patents to issue in this patent family.

On September 18, 2008, the Corporation announced that due to an unrelated German clinical study, being conducted by an unrelated company, the REGENESIS Phase IIb clinical trial was officially placed on hold at the request of Health Canada and the FDA.

On October 3, 2008, the Corporation announced the election to pay the final installment of the intellectual property acquisition of Stem Cell Therapeutics Inc. to Transition Therapeutics Inc. (TSX: TTH, NASDAQ: TTHI, “**Transition**”) in common shares. The final payment of \$1,650,000 was paid by SCT to Transition by issuing 23,272,633 shares, based on a 10-day average trading price of approximately C\$0.07.

Effective January 1, 2009, Mr. Barry Herring was appointed as the new Vice President of Finance and Chief Financial Officer (“**CFO**”) of the Corporation. Mr. Mark Wayne resigned as CFO but remains on the Board of Directors of SCT as Chairman.

On February 19, 2009, SCT announced a presentation of the final positive results of the BETAS Phase IIa trial conducted by Drs. Steven Cramer, Michael Hill and David Brown at the International Stroke Conference in San Diego, CA. The poster presentation was entitled “Safety of Beta-hCG and EPO in Acute Ischemic Stroke” and was a comprehensive evaluation of the safety and efficacy results of the completed BETAS Phase IIa trial.

Analysis of this trial by Dr. Steven C. Cramer, the Principal Investigator, highlights three key conclusions:

1. No Safety Concerns were present: NTx®-265 administered to 15 patients with Acute Ischemic Stroke showed no Serious Adverse Events related to treatment.

2. All 12 patients who enrolled in the trial and completed the day 90 review improved; each recovered at least 4 points on the NIHSS and, on average, patient improved was greater than 6 points.
3. The nine day treatment of beta-hCG followed by EPO, started within 48 hours of stroke onset, and directly translated from a preclinical protocol, showed no safety signals. This therapy had minimal hematological effects, and was associated with significant clinical gains.

On March 30, 2009, SCT announced the presentation of “Effects of Combination of Proliferative Agents and EPO on Left Ventricular Remodeling Post-Myocardial Infarction” at the 58th Annual American College of Cardiology Conference in Orlando, Florida, by Dr. Joshua M. Hare, MD, FACC, Louis Lemberg Professor of Medicine and Director, Interdisciplinary Stem Cell Institute (ISCI) at the University of Miami. The study described the effects of two drug regimens: hCG plus EPO (NTx®-265 regimen) and a regimen composed of prolactin (“PRL”) then EPO. The study demonstrated that after a severe myocardial infarction (“MI”), in rats, the left ventricle chamber dimension increased by approximately 200% and decreased in ejection fraction by about 44%. Systemic treatment with hCG, EPO or hCG plus EPO (NTx®-265 regimen) significantly limited the expansion of ventricular chamber dimension and reversed the effects on ejection fraction by approximately 50%. Prolactin, however, did not have this effect. It was concluded that hCG alone or in combination with EPO may be an effective therapeutic strategy to ameliorate post-MI remodeling. The absence of this same effect with PRL suggests a direct effect of on NTx®-265 on the myocardium.

On May 14, 2009, SCT announced that the FDA provided a verbal confirmation to remove its clinical hold placed on NTx®-265 on September 18, 2008. This allowed SCT to commence the recruitment of patients under an amended protocol using NTx®-265 for the Corporation’s Phase IIb clinical trial treating acute ischemic stroke.

On May 19, 2009, SCT was issued a United States Patent No. 7,534,765, entitled “Pregnancy Induced Oligodendrocyte Precursor Cell Proliferation Regulated by Prolactin”. This patent covers methods of using of prolactin for enhancing the formation of oligodendrocytes *in vivo*, such as to treat diseases associated with loss of myelin-producing oligodendrocytes (white matter diseases).

On May 20, 2009, Mr. Robert W. Rieder, Chairman and CEO of Cardiome Pharma Corp. (“**Cardiome**”) was elected to SCT’s Board of Directors. Mr. Rieder, an MBA, has been Chairman of Cardiome (formerly, Nortran Pharmaceuticals Inc.) since March 12, 2007 and has been its Chief Executive Officer since April 16, 1998. Mr. Rieder has extensive experience in venture capital and in operational management.

On May 21, 2009, Dr. W. Dalton Dietrich has joined SCT’s Scientific Advisory Board. Dr. Dietrich is the Kinetic Concepts Distinguished Chair in Neurosurgery, Professor of Neurological Surgery, Neurology and Cell Biology and Anatomy, as well as the Scientific Director of the Miami Project to Cure Paralysis at the Miller School of Medicine.

On May 21, 2009, the Corporation announced encouraging results from the Phase IIb patients enrolled prior to the clinical hold, and decided to commence the modified Phase IIb REGENESIS clinical stroke trial. Before starting the modified REGENESIS Phase IIb study, SCT un-blinded results from the seven patients who were enrolled in the halted Phase IIb trial. Although these results were not statistically significant, due to the small number of patients, they were consistent with the Phase IIa results announced in February 2008. There were no adverse health effects among the patients who received the treatment, which was consistent with findings in the Phase IIa trial. The results of the Phase IIb trial from the seven patients indicated an improvement in the treated group as compared to the placebo group. Of the seven

patients enrolled, five received placebo and two were treated with NTx®-265. A decrease in the NIHSS score represents an improvement in a patient's functionality. A change of 4 units in the NIHSS scale is considered clinically significant. The placebo patients score decreased by an average of 1.4 units, which did not attain this level of clinical significance. The treated patients, however, showed an average decrease of 9 units, exceeding the level for clinical significance.

On May 28, 2009, SCT announced the acceptance and publication of a paper in Brain Research describing the effectiveness of the NTx®-265 stroke treatment regimen when administered 24 hours after an ischemic stroke in rats. For the first time, this therapeutic strategy was shown to improve behavioral outcome and reduced lesion volume with a time window of 24 hours after the onset of stroke. These fundamental results provided the evidence necessary to advance NTx®-265 into the initial BETAS human stroke studies in acute ischemic stroke.

On July 9, 2009, SCT announced that it was issued two patents in India: Indian Patent No. 229684 entitled, "Combined Regulation of Neural Cell Production" and Indian Patent No. 229924 entitled, "A Composition for Increasing Neural Stem Cell Number and In Vitro Method of Using the Same". Together, these patents cover pharmaceutical compositions for increasing neural stem cell number or for producing specialized neural stem cell progeny, with the compositions comprising prolactin in combination with other neural stem cell proliferating agents or differentiating agents, such as EPO. Methods for using prolactin and other such agents in neural stem cell culture are also covered, with the resulting cells being useful, for example, in regenerative transplant therapy.

On July 20, 2009, the Corporation received a No Objection Letter ("NOL") from Health Canada for the modified REGENESIS protocol using NTx®-265 for a Phase IIb clinical trial treating acute ischemic stroke.

On July 21, 2009, SCT received a NOL from the Drug Controller General of India ("DCGI") to initiate the Phase IIb acute ischemic stroke trial. This IND opening study is a double-blind, randomized, placebo-controlled clinical trial of its lead program, NTx®-265, for the treatment of acute ischemic stroke. The DCGI response allows initiation of the modified REGENESIS protocol for the Phase IIb clinical trial in acute ischemic stroke, which is co-Led by two principle investigators: Dr. Steven C. Cramer, from the University of California, Irvine and Dr. Michael D. Hill of Foothills Hospital at the University of Calgary. The recruitment target for this study is to enroll 128-130 patients. The Indian, U.S., and Canadian protocols share similar design, as well as safety and efficacy endpoints.

On July 27, 2009, the Corporation announced results from a meta-analysis of the combined BETAS Phase IIa clinical stroke trial data and REGENESIS Phase IIb clinical stroke trial data. At the time the clinical hold was placed on the REGENESIS Phase IIb trial, seven patients had been recruited, and subsequently they completed their 90-day evaluation period. Because this trial was placebo controlled, patients received either placebo or NTx®-265 and so could be combined with patient data from the non-placebo controlled BETAS Phase IIa trial where patients only received NTx®-265. By performing this type of statistical analysis, the Corporation was able to compare the combined data from 19 patients: 14 of which received drug (12 from BETAS Phase IIa and 2 from REGENESIS Phase IIb) and 5 patients who received placebo (all from REGENESIS Phase IIb). A decrease in the NIHSS represents an improvement in a patient's functionality, and importantly for a recovering patient, a decrease of 4 units in the NIHSS scale is considered a clinically relevant improvement. Of the 5 patients who received placebo, the average NIHSS actually increased by +0.7 points and out of the 14 patients who received NTx®-265, the NIHSS decreased by 8.1 points. The p-value from this meta-analysis was <0.0001, statistically significant.

On July 30, 2009, the Corporation announced the acceptance and publication of the paper entitled “Open labeled, uncontrolled pharmacokinetic study of single intramuscular hCG dose in healthy male volunteers” by the International Journal of Clinical Pharmacology and Therapeutics, Vol. 47, August 2009. This paper was authored by Drs. Alan Moore, President & CEO, Allen Davidoff, VP Product Development and Yan Yang, Clinical Research Associate, all of SCT; Dr. Michael D. Hill of Foothills Hospital at the University of Calgary, and Dr. Steven C. Cramer, from the University of California, Irvine. This study demonstrated for the first time that hCG circulating in the blood crosses the blood brain barrier leading to concentrations of hCG in the cerebral-spinal fluid. This fundamental evidence, combined with strong supportive basic science studies, supported initiation of the BETAS Phase IIa clinical trial in patients with acute ischemic stroke.

On August 11, 2009, SCT announced enrollment of the first patient in its modified REGENESIS Phase IIb acute ischemic stroke trial. The modified REGENESIS trial is a double-blind, randomized, placebo-controlled Phase IIb clinical trial for SCT’s lead program, NTx®-265, for the treatment of acute ischemic stroke. This first patient was enrolled by the clinical team of Dr. Vijaya Pamidimukkala from the Lalitha Super Specialties Hospital Pvt Ltd in Guntur, Hyderabad, A.P.

On October 29, 2009, SCT closed the a financing raising gross proceeds of \$2,186,941. Pursuant to the offering, 18,224,507 units (“Units”) were sold to the public at a price of \$0.12 per Unit, with each Unit consisting of one common share of SCT and one common share purchase warrant (“Warrant”). Each Warrant is exercisable to acquire one additional Common Share at a price of \$0.15 per share for 12 months from the closing date.

On November 20, 2009, SCT announced it had been advised by the Data Safety Monitoring Board (“DSMB”) that a regularly scheduled safety analysis has been completed and the DSMB has recommended the Phase IIb stroke trial to continue as per the protocol. The DSMB is a group of independent clinical experts that review the ongoing conduct of a clinical trial to ensure continuing patient safety. The mandate of SCT’s DSMB is to provide objective, independent monitoring of patient safety during the Phase IIb stroke trial. This review was the first of three formal meetings scheduled that will occur over the duration of the Phase IIb stroke trial.

On December 10, 2009, SCT announced it had been granted U.S. Patent No. 7,604,993 entitled “Combined Regulation of Neural Cell Production”. The claims cover the use of prolactin in combination with a variety of other biological agents for producing neuronal or glial precursor cells *in vivo* or *in vitro*.

On December 11, 2009, SCT announced it had been granted U.S. Patent No. 7,629,169 entitled “Methods for the Production of Platelet-Derived Growth Factor-Responsive Neural Precursor Cells”. The claims cover methods of producing and self-renewing PDGF-responsive precursor cells in culture using PDGF and FGF-2. This is the first patent to issue in this family.

Recent Developments

On January 11, 2010, SCT announced it had been advised by the DSMB that its second regularly scheduled safety analysis was completed and the DSMB recommended that the Phase IIb acute ischemic stroke trial to continue as per protocol. As at January 11, 2010, 64 patients had been enrolled to-date in SCT’s modified REGENESIS Phase IIb acute ischemic stroke study. All of the planned clinical trial sites in India, Canada and the U.S. had recruited patients for the Phase IIb acute ischemic stroke trial, and continue with a steady patient enrollment rate.

On January 28, 2010, SCT announced that it had received a NOL from Health Canada for the Corporation supported, investigator-led Phase IIa, single centre, open label study to characterize the

safety of hCG and EPO in severe traumatic brain injury (“**TBI**”) patients . Dr. David Zygun, MD, MSc, FRCPC, Assistant Professor in the Departments of Critical Care Medicine, Clinical Neurosciences and Community Health Sciences, University of Calgary, Foothills Medical Centre, Calgary Health Region, will be the Principal Investigator for this Phase IIa TBI trial.

On February 9, 2010, SCT announced had been advised by the DSMB that its third and final regularly scheduled safety analysis was completed and the DSMB recommended for the Phase IIb acute ischemic stroke trial to continue as per protocol.

On February 16, 2010, SCT announced it will focus the remaining patient enrollment of the modified Phase IIb stroke trial in Canada and the U.S. and will no longer recruit patients from India. As standard practice, the DCGI limits the amount of patients that participate in clinical trials from companies that are not located in India and SCT has been advised that the stroke trial has reached its limit of recruiting patients from India. This decision by the DCGI was not based on any safety or mortality concerns. As announced, the DSMB completed three safety analyses and recommended for the Phase IIb acute ischemic stroke trial to continue as per protocol after each analysis. SCT moved quickly through the modified REGENESIS Phase IIb stroke trial so far, having enrolled 96 patients in six months, and will focus our remaining patient recruitment efforts in Canada and the U.S. instead of India. Given the historic recruiting rate in North America, it appeared unlikely to complete the enrollment of 128 patients by the end of Q1 2010, as previously announced. SCT will also be reviewing alternate methods of data analysis to possibly allow an earlier study conclusion prior to recruiting the original goal of 128 patients.

On March 10, 2010, SCT announced the acceptance and publication of the paper entitled “The Beta-hCG + Erythropoietin in Acute Stroke (BETAS) Study” by the journal “Stroke”, on March 8, 2010. This paper was authored by Dr. Steven C. Cramer, from the University of California, Irvine, Dr. David Brown at Hoag Memorial Hospital Presbyterian, New Port Beach, Dr. Michael D. Hill of Foothills Hospital at the University of Calgary, and colleagues. The BETAS study was designed as an open label trial to provide the first evidence that NTx®-265 could be safely administered to patients with acute ischemic stroke. A total of fifteen human subjects at three centers were administered a course of NTx®-265, sequential administration of hCG followed by EPO, with the first dose at 24-48 hours after stroke onset. Patients were then monitored for 90 days. The study found that NTx®-265 appeared to be safe and patients showed improved clinical outcomes compared to published data on similar untreated stroke patients as well as a trend towards reduced infarct volumes over time in comparison to data previously described elsewhere. This preliminary examination of behavioural and motor domains highlighted priority areas that will be important to address in future studies. These results strongly supported the safety of NTx®-265 and provided evidence for the achievability of this treatment in stroke.

On March 31, 2010, SCT announced that it closed patient enrollment of the modified Phase IIb stroke trial on March 31st, 2010 and will analyze the data as they become available. Using a modified statistical approach the Company will analyze its trial data using the 96 patients that were enrolled. With the modified Phase IIb stroke trial closed, SCT anticipates to complete patient 90 day endpoint assessments by the end of April 2010 with data analysis to follow soon after.

Trends and Outlook

Clinical development of SCT’s lead program, NTx®-265 for stroke is focused on completion of a Phase IIb double-blind, randomized, placebo-controlled clinical trial to demonstrate recovery of functional outcome measures. Enrolment for this trial has now been completed. Topline data are expected Q2 2010.

Two other indications are being studied. The first study is a Phase IIa clinical trial in subjects suffering acute moderate to severe TBI aimed at characterizing the safety of NTx®-265, as well as exploring potential efficacy endpoints for future proof of concept trial study. The second clinical study will focus on exploring the safety and potential of human recombinant prolactin to modulate MS disease progression.

BUSINESS OF THE CORPORATION

The Corporation is focused on the development of its technology platform and intellectual property to stimulate a patient's own resident stem cells. SCT's core technology has been demonstrated to increase the number of innate adult stem cells that grow in place when its therapeutic approach is applied to test animals. This novel technology from the outset, has aimed to restore neurological function lost due to traumatic brain injury or diseases such as stroke, multiple sclerosis and other neurodegenerative conditions.

Lead Program – Stroke

The primary focus of the Corporation's development activities are aimed at rapidly advancing NTx®-265 for the treatment of acute ischemic stroke. Stroke was chosen as our lead program because of substantial and compelling animal evidence that the drug regimen is a safe effective approach to treating acute neurological injury; it represents a large, attractive market opportunity with few competitors and a key area of need for the first application for this neuro-regeneration technology platform.

A human stroke can be compared to a heart attack but located in the brain, and occurs due to a reduction in blood flow to certain regions due to a blockage, or rupture of a blood vessel's wall. This interrupted blood flow causes a reduction in oxygen available to affected regions of the brain, and cells located there subsequently die. After acute ischemic injury stroke, brain tissue dies quickly in the absence of gas and nutrient exchange and has a limited capacity to spontaneously repair, regenerate or regain lost functionality. For this reason, injury due to stroke is frequently irreversible, recovery is insufficient and extensive recovery periods that range from months to years accompanied by intensive physiotherapy are required. Moderate to severe acute ischemic stroke is accompanied by the loss of a large number of neural cells within a patient's brain. Loss of brain matter is accompanied by a varied array of symptoms including loss of cognitive function, loss of motor control to one side or both sides of the body, loss of visual capacity and other symptoms that create a syndrome which patients, families and medical practitioners must address. It is generally accepted that improved prognosis is directly related to maintenance of brain matter. Thus, this therapeutic approach using NTx®-265 for increasing regeneration of new, functional brain matter represents a novel approach that may directly influence a patient's prognosis and the degree of improvement of a stroke patient's symptoms. A final benefit that results from improved speed and robustness of recovery is decreased dependence of recovering patients on family and the medical system.

Lead Product Candidate: NTx®-265

The Corporation has identified agents not previously known to be neurogenesis-promoting. These agents, hCG and EPO, are considered by the Corporation to be commercially and therapeutically attractive as they allow for a repurposing of already on-market agents to be used for a new and novel indication. This unique combination of therapeutic compounds, called NTx®-265, is the Corporation's lead therapeutic product.

These lead therapeutic compounds are particularly attractive because they:

- are already approved by the FDA as treatments for other diseases. Thus, SCT anticipates that development timelines and costs could be greatly reduced. Furthermore, these drugs have established a safe clinical profile during regular use and, therefore, represent less development risk than completely new compounds;
- provide prospective marketing, manufacturing and development partners in the form of large international drug companies that are already manufacturing and marketing these compounds for other diseases; and
- have been demonstrated by the Corporation to be active when provided peripherally by injection into regions other than directly into the brain. This allows the Corporation to potentially avoid the complications attendant with competing therapeutic approaches that require intra cranial injection or stem cell implantation.

This unique approach should reduce the medical risk associated with injection or implantation of compounds or cells directly into a patient's brain and provides the Corporation with a key point of differentiation from its competitors.

The twin objectives of the NTx®-265 regimen are to stimulate the growth and differentiation of new neurons to replace the brain cells that were lost or damaged by the stroke, and importantly, to direct motor, visual and cognitive recovery after acute ischemic stroke. Animal studies have shown a significant recovery in motor function after receiving the NTx®-265 regimen 24-48 hours post stroke. Encouraging final clinical results from SCT's completed BETAS Phase IIa stroke trial were presented at the International Stroke Conference in February 2009, showing clinically relevant recovery in 12 of 12 patients who received the complete regimen. In May of 2008, SCT began recruiting patients for its multi-centre, double-blind, placebo-controlled REGENESIS Phase IIb stroke study for NTx®-265 with primary endpoints of safety and efficacy.

Recruitment for the modified REGENESIS study has now been completed. This study is anticipated to be a key clinical developmental step prior to initiating a Phase III clinical study program, and ultimately serve to meet US FDA and worldwide regulatory acceptance.

Development Programs

Traumatic Brain Injury ("TBI")

On July 25, 2007 SCT announced the initiation of a preclinical comparator study designed to characterize the neuroregenerative effects of stem cell proliferative agents plus EPO in an animal model of TBI. This study, which has since been completed, represents a promising new program launch that builds upon intellectual property held by SCT and supported by fundamental findings from the laboratory of Dr. Samuel Weiss, Director of the Hotchkiss Brain Research Institute at the University of Calgary. Acute traumatic injury to the head resulting from automobile accidents, concussive explosions or serious athletic impact to the head represents serious events that cause loss of independence and demand intense medical intervention with recovery periods that often persist for months or years. A therapy with the ability to improve neurological and functional recovery after an acute injury, thereby increasing patient independence and decreasing rehabilitation time and cost, would represent an extremely important development.

The preclinical comparator study mentioned previously was sponsored by SCT and was designed to characterize the ability of either hCG or prolactin followed by EPO to promote recovery of the brain following moderate-to-serious acute cortical (white matter) injury to the brain. The objective of this study,

conducted at Louisiana State University under the leadership of Dr. Ludmila Belayev, was to compare two proliferative agents, hCG plus EPO versus prolactin plus EPO, in a rat animal model of TBI. Top-line analysis shows that both regimens work equally well to reverse the behavioral and anatomical effects of TBI.

Building upon the results of this animal study, and those previously obtained, a Phase IIa TBI clinical study has been approved by Health Canada and is anticipated to start enrolment at one site in Canada in Q2 2010.

Multiple Sclerosis (“MS”)

SCT has a robust portfolio of intellectual property focused on the administration of neurogenic agents for treating demyelinating diseases such as MS. Previous scientific investigations have characterized two potentially important therapeutic effects of one of these agents, prolactin, on the CNS: (1) acting as both a neurogenic agent to increase the number of progenitor cells that mature into oligodendrocytes and (2) as an agent that promotes remyelination of the brain in the presence of disease conditions. SCT was recently granted a key patent for the use of prolactin in neurologic diseases authored by Dr. Samuel Weiss, Director of the Hotchkiss Brain Research Institute at the University of Calgary and based on demonstrated insights into the effect of prolactin. Moreover, recent publications (Journal of Neuroscience, Feb 21 2007 White Matter Plasticity and Enhanced Remyelination in Maternal CNS by Drs Yong and Weiss) validating this concept suggest a potential new therapeutic platform upon which a MS based clinical program could be launched.

Successful completion of a preliminary non-clinical study undertaken by Dr. Wee Yong at University of Calgary is expected to quickly evolve into a clinical program to demonstrate efficacy in patients diagnosed with MS. The results of this study were presented in 2009, and the follow-on clinical study that will be lead by Dr. Luanne Metz at the University of Calgary is anticipated to begin in second half of 2010. This study is funded by an outside grant to the University of Calgary from the Canadian Stem Cell Consortium.

Anticipated Product Development Costs

SCT’s approach to product development mirrors its overall business philosophy: efficient, focused execution of critical path plans that minimizes both development time and cost. To accomplish this, the Corporation will continue to employ a cost effective strategy that includes keeping personnel and overhead costs low through the use of qualified collaborators and outside consultants. As a result, SCT is able to focus its available resources on its product development and commercialization efforts. The cost of developing NTx®-265 through the end of 2010 is estimated at approximately \$3 million. The entire cost of taking NTx®-265 to market is not known at this time.

Competitive Conditions

There is clearly a lack of effective treatments for repairing the damage caused by stroke. The most frequently used classes of drugs to prevent or treat stroke are antithrombotics (anti-platelet agents and anticoagulants), thrombolytics, anticoagulants and neuroprotective agents. Some of the emerging treatments are “improvements” of drugs in these categories. Improvements to stroke therapeutics usually focus on enhancing the safety profile of the existing thrombolytic drugs and extending the time that the thrombolytic therapy is effective. New drug combinations as well as “novel mechanism” therapies (such as neuroprotectants or anti-inflammatory agents) are being developed. To date, SCT is not aware of any therapeutics available that will effectively promote functional recovery after a stroke by actively directing neuronal re-growth.

Non-Fetal Stem Cell Sources

Stem cell research and its application to human diseases typically involve the harvesting and use of fetal stem cells. Although this approach may be scientifically valid, it is plagued by moral and ethical questions. The Corporation is developing a technology platform that will utilize a patient's own stem cells in order to replace damaged or dying neuronal tissue. This approach circumvents the need for harvesting fetal stem cells as done by several of the Corporation's competitors and, therefore, avoids many of the associated moral and ethical issues as well as regulatory restrictions.

Specialized Skills and Knowledge

As at the date hereof, the Corporation has seven full time employees and one part-time employee, four of whom hold Ph.D.s, one employee holds an MD, and one who holds a CA. SCT employs individuals who have the skill and knowledge required to implement its current business strategy.

Patents and Proprietary Rights

The Corporation's NTx®-265 technology was originally developed primarily by Dr. Samuel Weiss, Director of the Hotchkiss Brain Research Institute at the University of Calgary. We acquired 100% ownership of this intellectual property from Dr. Weiss and his co-inventors in exchange for 3,636,364 common shares in the Corporation and \$2,000 in cash consideration. The Corporation was formed specifically to commercialize this technology.

The Corporation currently owns 86 pending patent applications, seven issued U.S. patents, four issued Australian patents, two issued Indian patents, and one issued Japanese patent. These make up 15 patent families which have been filed in the U.S. and internationally. Seven of these patent families were filed by the Corporation and the remainder were acquired through acquisition of Stem Cell Therapeutics Inc. See "Intercorporate Relationships".

SCT's intellectual property portfolio covers several methods and treatments for neurological disorders through the use of various approved drugs or other agents. In addition to NTx®-265, the Corporation's intellectual property portfolio anticipates adding other products in its pipeline, as well as forming out-licensing opportunities. SCT intends to protect additional intellectual property developed by the Corporation through the filing of patent applications within the appropriate jurisdictions throughout the world.

Additionally, during the term of a research contract with an Alberta-based university and the laboratory of Dr. Weiss, under which the Corporation pays consideration to such Alberta-based university, SCT in turn acquires 100% ownership in any new intellectual property developed by Dr. Weiss and his research group pertaining to the development of novel methods to induce neurogenesis. Through this agreement the Corporation continues to file intellectual property protection around these assets, the cost of which is expensed.

The Regulatory Process for Drug Development

In the United States, it takes 12 to 15 years on average, for a typical experimental drug to go from concept to approval. The production and manufacture of product candidates and the Corporation's research and development activities are subject to regulation for safety and efficacy by various governmental authorities around the world. In the United States, drugs and biological products are subject to regulation by the FDA. There are other comparable agencies in Europe, India and other parts of the world. Applicable legislation requires licensing of manufacturing and contract research facilities,

carefully controlled research and testing of products, governmental review and/or approval of results prior to marketing therapeutic products. Additionally, adherence to good laboratory practices, good clinical practices during clinical testing and good manufacturing practices during production is required. The system of new drug approval in the United States is generally considered to be the most rigorous in the world. In Canada, these activities are regulated by the *Food and Drug Act* and the rules and regulations promulgated thereunder, which are enforced by TPD.

Briefly, the steps required for drug approval in the United States and Canada are:

Pre-clinical Animal Studies: Prior to pre-clinical studies, a discovery phase takes place for approximately four to six years which involves validation of target and function, design, screening, synthesis and formulation. Pre-clinical studies also involve evaluations of toxic effects and pharmacokinetics and metabolism of a drug in animals to provide evidence of the safety and bioavailability of the drug prior to its administration to humans in clinical studies. The results of the pre-clinical studies as well as the comprehensive descriptions of proposed human clinical studies are then submitted as part of the IND application to the FDA and TPD.

Phase I Clinical Trials: Phase I clinical trials are usually first in man trials, take approximately one to two years to complete and are generally conducted on a small number of healthy human subjects to evaluate the drug's safety, schedule and dose, pharmacokinetics and pharmacodynamics. However, in case of life threatening diseases, such as cancer, the initial Phase I testing may be done in patients with the disease, and these trials typically take longer to complete and may provide insights into activity.

Phase II Clinical Trials: Phase II clinical trials take approximately one to three years to complete and are carried out on a relatively small to moderate number of patients (compared to Phase III) in a specific indication, to determine the drug's activity, effectiveness, optimal dose regimen, schedule, and dose response relationship. This phase also provides additional safety data and serves to identify possible common short term side effects and risks in a larger group of patients.

Phase III Clinical Trials: Phase III clinical trials take approximately two to five years to complete and involve tests on a much larger population of patients (several hundred to several thousand patients) suffering from the targeted condition or disease. These studies usually include randomization of patients and blinding of both patients and investigators at geographically dispersed test sites (multi centre trials) to establish clinical safety and effectiveness.

New Drug Application: Upon completion of Phase III clinical studies, the corporation sponsoring the new drug then assembles all the pre-clinical and clinical data and submits it to the HC and/or the FDA as part of a New Drug Application ("NDA") in the United States or a New Drug Submission ("NDS") in Canada. The NDA or NDS is then reviewed by the regulatory body for approval to market the product. This process usually takes six months to two years to complete.

RISKS AND UNCERTAINTIES

Early Stage of Development

The Corporation is in an early stage of development, founded in 2004 and currently has a 5 year operating history. Prior to commercialization, significant additional investments will be necessary to complete the development of any of SCT's products. Pre-clinical and clinical trial work must be completed before any of the Corporation's products could be ready for use within the market identified. The Corporation may fail to develop any products, to obtain regulatory approvals, to enter clinical trials, or to commercialize any products.

Competitors may develop alternative products and methodologies to treat stroke and this could reduce SCT's competitive advantages. It is unknown whether any potential product development efforts will prove to be effective, meet applicable regulatory standards, obtain the requisite regulatory approvals, be capable of being manufactured at a reasonable cost or successfully marketed. Any product based upon stem cell technology may fail due to a number of circumstances, including a failure of newly formed cells to survive and persist in the desired location, provide the intended therapeutic benefits, properly integrate into existing tissue in the desired manner, or achieve therapeutic benefits equal to, or better, than the standard of treatment at the time of testing. The products or processes currently being developed are not expected to be commercially viable for several years and SCT may encounter unforeseen difficulties or delays in commercializing its products. In addition, products may cause undesirable side effects. Results of early pre-clinical research may not be indicative of the results that will be obtained in later stages of pre-clinical or clinical research. If regulatory authorities do not approve SCT's products or if regulatory compliance is not maintained, the Corporation would have limited ability to commercialize its products, and its business and results of operations would be harmed. Furthermore, because the Corporation is developing a novel therapeutic approach, the marketplace may not accept any products developed. If successful in developing products, many potential obstacles such as the need to develop or obtain manufacturing, marketing and distribution capabilities will be experienced.

Lack of Product Revenues; History of Operating Losses

As at the present date, the Corporation has not recorded any revenues from the sale of products, but has an accumulated deficit, since inception through December 31, 2009, of \$24,649,937. Losses are expected to increase in the near term as the Corporation continues product development efforts, enters clinical trials and seeks regulatory approval for the sale of its product for the treatment of stroke. Operating losses are expected to be incurred until such time as product sales and/or royalty payments are sufficient to generate revenues to fund continuing operations. Quarter to quarter fluctuations in revenues, expenses and losses are also expected. SCT is unable to predict the extent of any future losses or when it will become profitable, if ever. Even if the Corporation does achieve profitability, it may not be able to sustain or increase profitability on an ongoing basis.

Regulation of Drug and Product Approval

The process of obtaining necessary regulatory approvals is lengthy, expensive and uncertain. SCT or its collaborators may fail to obtain the necessary approvals to commence or continue clinical testing or to manufacture or market its potential products in reasonable time frames, if at all. In addition, governmental authorities in Canada, the United States, or other countries may enact regulatory reforms or restrictions on the development of new therapies that could adversely affect the regulatory environment in which the Corporation operates or the development of any products it may develop.

Many of the products and processes that are being currently developed require significant development, testing and the investment of significant funds prior to their commercialization. There can be no assurance that any of such products or processes will actually be developed to a commercial level. To date, SCT is not aware of any products that stimulate the growth and proliferation of adult neural stem cells and that have been approved for neurological use by regulatory authorities anywhere in the world.

Completing clinical testing and obtaining required approvals is expected to take several years and to require the expenditure of substantial resources. There can be no assurance that clinical trials will be completed successfully within any specified period of time, if at all. Furthermore, clinical trials may be delayed or suspended at any time by the Corporation or by the FDA or TPD if it is determined at any time that the subjects or patients are being exposed to unacceptable risks.

No assurance can be given that the Corporation's product candidates will prove to be safe and effective in clinical trials or that the Corporation will receive the requisite regulatory approval. Moreover, any regulatory approval of a drug which is eventually obtained may be granted with specific limitations on the indicated uses for which that drug may be marketed or may be withdrawn if problems occur following initial marketing or if compliance with regulatory standards is not maintained.

In addition, SCT relies to some extent on the availability of some agents that are currently marketed by other firms. If these agents become unavailable, SCT may be unable to develop these agents for its own use.

Rapid Technological Change

The industry in which the Corporation operates is characterized by rapid and substantial technological change. There can be no assurance that developments by others will not render the Corporation's products or technologies non-competitive or that it will be able to keep pace with technological developments. Competitors may have developed or may be developing technologies which could become the basis for competitive products, and some of these products may prove to be more effective and less costly than the products developed, or that will be developed by the Corporation.

Competition

Competition is intense in the biotechnology industry, and in particular in the market for therapeutic products to reduce and repair the damage caused by stroke. Competition comes from pharmaceutical companies, biotechnology companies and universities as well as companies that participate in each of the non-pharmaceuticals markets the Corporation is attempting to address with its products. Many competitors have substantially greater financial and technical resources, more extensive research and development capabilities and greater marketing, distribution, production and human resources. Moreover, competitors may develop products more quickly and may obtain regulatory approval for such products more rapidly. Research and development by others may render SCT's technology, products or processes non-competitive or obsolete.

Patent Protection

The success of the Corporation is, in part, dependent on obtaining and maintaining patent protection for its products. The ability to compete effectively and to achieve partnerships will depend on SCT's ability to develop and maintain proprietary aspects of its technology and to operate without infringing on the proprietary rights of others. There is no assurance that SCT's patent applications will be approved on the basis submitted, if at all. In addition, any patents issued to the Corporation may be challenged, invalidated or circumvented.

Dependence on Key Personnel

The Corporation depends on certain members of its management and scientific staff and the loss of services of one or more of such persons could adversely affect its operations. It is necessary for SCT to continue to implement and improve its management systems and to continue to recruit and train new employees in order to manage its growth effectively. While the Corporation has been able to attract and retain skilled and experienced personnel in the past, no assurance can be given that it will be able to do so in the future.

Potential Product Liability

A risk of product liability claims and related negative publicity is inherent in the development of human therapeutic and other products. Product liability insurance is expensive, its availability is limited, and it may not be offered on terms acceptable to the Corporation, if at all. The commercialization of potential products could be inhibited or prevented by an inability to maintain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims. A product liability claim against the Corporation or the withdrawal of a product from the market could have a material adverse effect upon its financial condition.

Unproven Market

Much of the Corporation's strategy is based on the belief that the application of already marketed therapeutic products for new clinical indications will proceed as expected. Notwithstanding the estimated market potential for these products and product candidates, no assurance can be given that the projections and assumptions will prove to be correct owing to, in particular, competition from existing or new products and the yet to be established clinical viability of the Corporation's identified therapeutics.

Systems Failures

Despite the implementation of security measures, SCT's internal computer systems are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failure. Any system failure, accident or security breach that causes interruptions in the Corporation's operations could result in a material disruption of drug discovery programs. To the extent that any disruption or security breach results in a loss or damage to data or applications, or inappropriate disclosure of confidential or proprietary information, the Corporation may incur liability as a result, drug discovery programs may be adversely affected and the further development of product candidates may be delayed. In addition, the Corporation may incur additional costs to remedy the damages caused by these disruptions or security breaches.

Capital Markets

As a result of the weakened global economic situation, the Corporation, along with all biotechnology companies, may have restricted access to capital, bank debt and equity, and may face increased borrowing costs. Although the Corporation's business and asset base have not changed, the lending capacity of all financial institutions has diminished and risk premiums have increased. As future expenditures will be financed out of funds generated from licensing arrangements, borrowings, grants and possible future equity sales, the Corporation's ability to do so is dependent on, among other factors, the overall state of capital markets and investor appetite for investments in the biotechnology industry and the Corporation's securities in particular.

To the extent that external sources of capital become limited or unavailable or available on onerous terms, the Corporation's ability to continue its clinical development plans may be impaired, and its assets, liabilities, business, financial condition and results of operations may be materially and adversely affected. Failure to obtain any necessary financing may result in a delay in the development of the Corporation's product candidates.

Dilution from further Equity Financings

If the Corporation decides to raise funding by issuing additional equity securities, such financing may substantially dilute the interests of shareholders of the Corporation and reduce the value of their investment.

Volatility of Share Price

The market prices for securities of technology-based companies, including that of the Corporation, have been historically volatile. Future announcements concerning the Corporation or its competitors, including the results of product development and commercialization, government regulations, developments concerning proprietary rights, litigation and cash flow may have a significant impact on the market price of the Corporation's common shares.

DIVIDENDS

The Corporation has not declared or paid any dividends on its common shares to date. The payment of dividends in the future will be dependent on earnings, the Corporation's financial condition and such other factors as the board of directors considers appropriate. There is no present intention by the board of directors to pay dividends on the common shares.

DESCRIPTION OF SHARE CAPITAL

The authorized share capital of the Corporation consists of an unlimited number of Common Shares, Class B Shares and First Preferred Shares. As at the date hereof, 153,005,004 Common Shares are outstanding and no Class B Shares or First Preferred Shares are outstanding.

Common Shares

Holders of common shares are entitled to receive notice of and to attend all meetings of shareholders, except meetings at which holders of another specified class of shares are exclusively entitled to vote, and are entitled to one vote for each common share held on all votes taken at such meetings. The holders of common shares are entitled to receive such dividends as the directors may in their discretion declare, regardless of whether dividends are declared on any other class of shares. Upon liquidation, dissolution or winding up of the Corporation, the holders of common shares are entitled to receive any remaining property after payment of any amount required to redeem or retract any issued and outstanding First Preferred Shares and any other shares ranking senior in priority to the common shares.

Class B Shares

Holders of Class B Shares are entitled to receive notice of and to attend all meetings of shareholders, but shall not be entitled to vote any of their Class B Shares at any such meeting. Upon liquidation, dissolution or winding up of the Corporation, the holders of the Class B Shares shall, subject to the rights of the holders of any other class of shares of the Corporation entitled to receive assets of the Corporation upon such a distribution in priority to the Class B Shares, be entitled to participate rateably with the holders of common shares in any distribution of the assets of the Corporation. In addition, each Class B Share may at any time be converted, at the option of the holder upon written notice to the Corporation, into one common share.

First Preferred Shares

The First Preferred Shares may be issued in one or more series, with each series to consist of such number of shares as may, before the issue of the series, be fixed by the directors. The directors are

authorized, before the issue of any series, to determine the designation, rights, privileges, restrictions and conditions attaching to the First Preferred Shares of each series. The First Preferred Shares of each series rank equally with respect to the payment of dividends and the distribution of assets or return of capital in the event of a liquidation, dissolution or winding up and in priority to the common shares and Class B Shares and any other shares ranking junior to the First Preferred Shares.

MARKET FOR SECURITIES

The Corporation's outstanding common shares are listed and posted for trading on the TSX Venture Exchange under the trading symbol "SSS".

Month or Portion Thereof	High (\$)	Low (\$)	Volume (#)
January 2009	0.14	0.04	63,058,347
February 2009	0.10	0.04	63,994,149
March 2009	0.10	0.06	42,125,040
April, 2009	0.07	0.06	12,282,789
May, 2009	0.13	0.06	90,614,297
June, 2009	0.21	0.09	80,108,334
July, 2009	0.18	0.14	19,006,409
August, 2009	0.17	0.12	11,672,997
September, 2009	0.15	0.12	7,052,907
October, 2009	0.13	0.11	6,637,276
November, 2009	0.21	0.11	23,436,273
December, 2009	0.20	0.16	7,419,145

DIRECTORS AND OFFICERS

The name, province or state and country of residence, position and principal occupation of each of the directors and senior officers of SCT are described below. Each director will hold office until the next annual meeting of shareholders of the Corporation.

Name and Municipality of Residence	Current Positions and Offices Held	Principal Occupation in the Past Five Years
Dr. Alan Moore Florida, USA	Director, President and Chief Executive Officer (Director since May 27, 2007)	<i>December 2006 to present:</i> President and Chief Executive Officer, SCT. <i>February 2005 to December 2006:</i> Chief Clinical and Regulatory Officer, SCT.
Barry Herring Alberta, Canada	Vice President, Finance and Chief Financial Officer	<i>January 2009 to present:</i> Vice President, Finance and Chief Financial Officer, SCT. <i>January 2006 to March 2009:</i> Director, formerly Chief Executive Officer and Chief Financial Officer, Atlas Minerals Inc., a public junior mining company.

Name and Municipality of Residence	Current Positions and Offices Held	Principal Occupation in the Past Five Years
		<i>January 2005 to December 2005:</i> Vice President, Finance and Chief Financial Officer, TerraWest Energy Corp., a private Chinese-based gas exploration company.
Dr. Allen Davidoff Alberta, Canada	Vice President, Product Development	<i>December 2004 to present:</i> Vice President, Product Development, SCT
Thomas Franck New York, USA	Vice President, Commercial Planning	<i>May 2008 to present:</i> Vice President, Commercial Planning, SCT <i>April 2000 to May 2008:</i> Owner, Amelia Island Consulting, a private health care consulting company.
Chloe Douglas-Crampton Alberta, Canada	Corporate Secretary	<i>March 2008 to present:</i> Corporate Secretary, SCT. <i>November 2004 to present:</i> Manager, Investor Relations and Corporate Communications, SCT.
Robert Rieder ⁽¹⁾ British Columbia, Canada	Director (Director since May 20, 2009)	<i>August 2009 to present:</i> Executive Chairman, Cardiome Pharma Corp., a public biopharmaceutical company. <i>March 2007 to August 2009:</i> Chairman, Cardiome Pharma Corp. <i>March 2006 to March 2005:</i> Vice Chairman, Cardiome Pharma Corp. <i>April 1998 to August 2009:</i> Chief Executive Officer, Cardiome Pharma Corp. <i>April 1998 to February 2006:</i> President, Cardiome Pharma Corp.
Ian S. Brown ⁽¹⁾ Alberta, Canada	Director (Director since January 9, 2006)	<i>January 2006 to present:</i> Independent businessman <i>May 1995 to December 2005:</i> Senior Managing Director, Raymond James Ltd. (and predecessor companies), an investment dealer.

Name and Municipality of Residence	Current Positions and Offices Held	Principal Occupation in the Past Five Years
Dr. James DeMesa Florida, USA	Director (Director since July 19, 2005)	<i>August 2008 to present:</i> Consultant <i>October 2001 to August 2008:</i> President and Chief Executive Officer, Migenix Inc., a public biopharmaceutical company.
Scott Tannas ⁽¹⁾ Alberta, Canada	Director (Director since October 15, 2007)	<i>January 1996 to present:</i> President, Chief Executive Officer, and Director of Western Financial Group
Mark Wayne Alberta, Canada	Chairman (Director since June 14, 2004)	<i>February 2005 to present:</i> Vice President, MGI Securities Inc., investment dealer.

(1) Member of the Audit Committee, Compensation Committee and Corporate Governance Committee.

As at April 13, 2010, the directors and senior officers of SCT, as a group, beneficially owned, directly or indirectly, 5,074,300 Common Shares of the Corporation constituting approximately 3% of the issued and outstanding Common Shares.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITORS

Multilateral Instrument 52-110 *Audit Committees* (“**MI 52-110**”) requires the Corporation to disclose annually in a management information circular certain information relating to the Corporation’s audit committee (the “**Audit Committee**”) and its relationship with the Corporation’s independent auditors. This information may be found in the in the Corporation’s Audit Committee Charter attached as Schedule “A” in this annual information form.

The Audit Committee’s Charter

The Corporation’s Audit Committee is governed by its Audit Committee charter, a copy of which is attached to this annual information form as Schedule “A”.

Composition of the Audit Committee

The Corporation’s Audit Committee includes the following directors: Mr. Ian Brown, Mr. Robert Rieder, and Mr. Scott Tannas. As defined in MI 52-110, all members are “independent” and “financially literate”.

Relevant Education and Experience

The following describes the education and experience of each Audit Committee member that is relevant in the performance of his responsibilities as an Audit Committee member.

Ian Brown

Mr. Brown is a chartered accountant with extensive financial and capital markets experience. In addition, Mr. Brown chairs several audit committees of TSX issuers.

Mr Robert Rieder

Mr. Rieder is the executive chairman of Cardiome Pharma Corp. Mr. Rieder has extensive experience in venture capital and in operational management. Prior to joining Cardiome, Mr. Rieder has served as a director for nine public and private technology companies. Mr. Rieder received his MBA from the University of Western Ontario

Scott Tannas

Mr. Tannas is President, Chief Executive Officer, and Director of Western Financial Group (TSX: WES). His experience in expanding Western Financial Group through acquisitions and consolidations in the insurance brokerage industry as well as extensive dealings with this public company adds substantial value to this role. Mr. Tannas is also a director of a number of private and public companies.

Audit Committee Oversight

Since the commencement of the Corporation's most recently completed fiscal period and adoption of the Audit Committee charter, the Board of Directors has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Reliance on Certain Exemptions

The Corporation has not relied on the exemptions contained in section 2.4 or Part 8 of MI 52-110 in the most recently completed fiscal period.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. The Audit Committee will review the engagement of non-audit services as required.

External Auditors Service Fees (By Category)

The aggregate fees billed and accrued by the Corporation's external auditor in the last two fiscal periods for auditor service fees is as follows:

FINANCIAL PERIOD ENDING	AUDIT FEES¹	AUDIT RELATED FEES	TAX FEES	ALL OTHER FEES
December 31, 2008	\$62,812	\$-	\$ -	\$ -
December 31, 2009	\$47,945	\$1,115	\$ -	\$ -

(1) Includes fees related to the fiscal year audit and review, notwithstanding when the fees and expenses were billed or when the services were rendered.

Exemption

The Corporation is relying upon the exemption in section 6.1 of MI 52-110 for TSXV issuers which allows for an exemption from section 5 (Reporting Obligations) of MI 52-110 and prescribes the short form of disclosure of audit committee procedures set out in Form 52-110F2.

CONFLICTS OF INTEREST

Certain officers and directors of SCT are also officers and/or directors of other companies engaged in the biotechnology and research business generally. As a result, situations arise where the interest of such directors and officers conflict with their interests as directors and officers of other companies. The resolution of such conflicts is governed by applicable corporate laws, which require that directors act honestly, in good faith and with a view to the best interests of the Corporation. In addition, the ABCA, SCT's governing statute, requires that any director or officer of a company who is party to, or is a director or officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with the Corporation must disclose his or her interest and, in the case of directors, refrain from voting on any matter in respect of such contract, unless otherwise permitted under the ABCA.

LEGAL PROCEEDINGS

The Corporation is not a party to, and none of its assets are subject to, any material legal proceedings, nor to SCT's knowledge are any such proceedings contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of directors, senior officers, any shareholders who beneficially own, directly or indirectly, more than 10% of our outstanding common shares, or any known associates or affiliates of such persons, in any transaction within the last three years or in any proposed transaction which has materially affected or would materially affect the Corporation.

INTEREST OF EXPERTS

Our auditor, Ernst & Young LLP, is independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta as of April 13, 2010.

TRANSFER AGENT

The Corporation's registrar and transfer agent is Computershare Trust Company of Canada, located at 600, 530 - 8th Avenue SW, Calgary, Alberta T2P 3S8.

ADDITIONAL INFORMATION

Additional information about the Corporation may be found on SEDAR at www.sedar.com. Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities, options to purchase securities and securities authorized for issuance under equity compensation plans, is contained in the Management Information Circular of the Corporation dated April 13, 2010 provided for the annual meeting of the shareholders of the Corporation to be held on May 19, 2010. Additional information may also be found in the Corporation's audited financial statements and related MD&A for the period ending December 31, 2009. Each of these documents are available on SEDAR at www.sedar.com and are incorporated herein by reference.

SCHEDULE “A”

AUDIT COMMITTEE CHARTER

Policy Statement

It is the policy of Stem Cell Therapeutics Corp. (the “**Corporation**”) to establish and maintain an Audit Committee, composed entirely of independent directors, to assist the Board of Directors (the “**Board**”) in carrying out its oversight responsibility for the Corporation’s internal controls, financial reporting and risk management processes. The Audit Committee will be provided with resources commensurate with the duties and responsibilities assigned to it by the Board including administrative support. If determined necessary by the Audit Committee, it will have the discretion to institute investigations of improprieties, or suspected improprieties within the scope of its responsibilities, including the standing authority to retain special counsel or experts.

Composition of the Committee

1. The Audit Committee shall consist of at least three directors. The Board shall appoint the members of the Audit Committee. The members of the Committee shall appoint one member of the Audit Committee to be the Chair of the Audit Committee.
2. Each director appointed to the Audit Committee by the Board shall be an independent director who is unrelated. An outside, unrelated director is a director who is independent of management and is free from any interest, any business or other relationship which could, or could reasonably be perceived, to materially interfere with the director’s ability to act with a view to the best interests of the Corporation, other than interests and relationships arising solely from shareholding. In determining whether a director is independent of management, the Board shall make reference to the then current legislation, rules, policies and instruments of applicable regulatory authorities.
3. Each member of the Audit Committee shall be “financially literate”. In order to be financially literate, a director must be, at a minimum, able to read and understand basic financial statements.
4. A director appointed by the Board to the Audit Committee shall be a member of the Audit Committee until replaced by the Board or until his or her resignation.
5. The Chief Executive Officer (the “**CEO**”) and Chairman of the Board shall be *ex officio* members of the Audit Committee.

Meetings of the Committee

6. The Audit Committee shall convene a minimum of four times each year at such times and places as may be designated by the Chair of the Audit Committee and whenever a meeting is requested by the Board, a member of the Audit Committee, the auditors, or a senior officer of the Corporation. Meetings of the Audit Committee shall correspond with the review of the quarterly financial statements and management discussion and analysis.
7. The rules for calling, holding, conducting and adjourning meetings of the Audit Committee shall be the same as those governing meetings of the Directors as are set out in the Corporation’s By-laws.

8. Notice of each meeting of the Audit Committee shall be given to each member of the Audit Committee, the Chairman of the Board and the CEO.
9. Notice of a meeting of the Audit Committee shall:
 - (i) be in writing;
 - (ii) state the nature of the business to be transacted at the meeting in reasonable detail;
 - (iii) to the extent practicable, be accompanied by copies of documentation to be considered at the meeting; and
 - (iv) be given at least two business days prior to the time stipulated for the meeting or such shorter period as the members of the Audit Committee may permit.
10. A quorum for the transaction of business at a meeting of the Audit Committee shall consist of a majority of the members of the Audit Committee (excluding the Chairman of the Board and CEO). However, it shall be the practice of the Audit Committee to require review, and, if necessary, approval of certain important matters by all members of the Audit Committee.
11. A member or members of the Audit Committee may participate in a meeting of the Audit Committee by means of telephonic, electronic or other communication facilities, as such permits all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.
12. In the absence of the Chair of the Audit Committee, the members of the Audit Committee shall choose one of the members present to be Chair of the meeting. In addition, the members of the Audit Committee shall choose one of the persons present to be the Secretary of the meeting.
13. The Chairman of the Board, senior management of the Corporation and other parties may attend meetings of the Audit Committee; however the Audit Committee (i) shall meet with the external auditors independent of management and (ii) may meet separately with or without management.
14. Minutes shall be kept of all meetings of the Audit Committee and shall be signed by the Chair and the Secretary of the meeting.

Duties and Responsibilities of the Committee

15. The Audit Committee's primary duties and responsibilities are to:
 - (i) identify and monitor the management of the principal risks that could impact the financial reporting of the Corporation;
 - (ii) monitor the integrity of the Corporation's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
 - (iii) monitor the independence and performance of the Corporation's external auditors;
 - (iv) deal directly with the external auditors to approve external audit plans, other services (if any) and fees;

- (v) directly oversee the external audit process and results (in addition to items described in Section 4 below);
- (vi) provide an avenue of communication among the external auditors, management and the Board;
- (vii) ensure that an effective “whistle blowing” procedure exists to permit stakeholders to express any concerns regarding accounting or financial matters to an appropriately independent individual; and
- (viii) ensure that an appropriate Code of Conduct is in place and understood by employees and directors of the Corporation.

16. The Audit Committee shall have the authority to:

- (i) inspect any and all of the books and records of the Corporation, its subsidiaries and affiliates;
- (ii) discuss with the management of the Corporation, its subsidiaries and affiliates and senior staff of the Corporation, any affected party and the external auditors, such accounts, records and other matters as any member of the Audit Committee considers necessary and appropriate;
- (iii) engage independent counsel and other advisors as it determines necessary to carry out its duties; and
- (iv) set and pay the compensation for any advisors employed by the Audit Committee.

17. The Audit Committee shall, at the earliest opportunity after each meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.

18. The Audit Committee shall:

- (i) review the audit plan with the Corporation’s external auditors and with management;
- (ii) discuss with management and the external auditors any proposed changes in major accounting policies or principles, the presentation and impact of significant risks and uncertainties and key estimates and judgments of management that may be material to financial reporting;
- (iii) review with management and with the external auditors significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues;
- (iv) review any problems experienced or concerns expressed by the external auditors in performing an audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;

- (v) review with senior management the process of identifying, monitoring and reporting the principal risks affecting financial reporting;
- (vi) review audited annual financial statements and related documents in conjunction with the report of the external auditors and obtain an explanation from management of all significant variances between comparative reporting periods;
- (vii) consider and review with management, the internal control memorandum or management letter containing the recommendations of the external auditors and management's response, if any, including an evaluation of the adequacy and effectiveness of the internal financial controls of the Corporation and subsequent follow up to any identified weaknesses;
- (viii) review with financial management and the external auditors the quarterly unaudited financial statements and management discussion and analysis before release to the public;
- (ix) before release, review and if appropriate, recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information, including any prospectuses, annual reports, annual information forms, management discussion and analysis and press releases; and
- (x) oversee any of the financial affairs of the Corporation, its subsidiaries or affiliates, and, if deemed appropriate, make recommendations to the Board, external auditors or management.

19. The Audit Committee shall:

- (i) evaluate the independence and performance of the external auditors and annually recommend to the Board the appointment of the external auditor or the discharge of the external auditor when circumstances are warranted;
- (ii) consider the recommendations of management in respect of the appointment of the external auditors;
- (iii) pre approve all non-audit services to be provided to the Corporation or its subsidiary entities by its external auditors', or the external auditors of the Corporation's subsidiary entities;
- (iv) approve the engagement letter for non-audit services to be provided by the external auditors or affiliates, together with estimated fees, and considering the potential impact of such services on the independence of the external auditors;
- (v) when there is to be a change of external auditors, review all issues and provide documentation related to the change, including the information to be included in the Notice of Change of Auditors and documentation required pursuant to National Policy 31 (or any successor legislation) of the Canadian Securities Administrators and the planned steps for an orderly transition period; and

- (vi) review all reportable events, including disagreements, unresolved issues and consultations, as defined by applicable securities policies, on a routine basis, whether or not there is to be a change of external auditors.
- 20. The Audit Committee shall:
 - (i) review with management at least annually, the financing strategy and plans of the Corporation; and
 - (ii) review all securities offering documents (including documents incorporated therein by reference) of the Corporation.
- 21. The Audit Committee shall review the amount and terms of any insurance to be obtained or maintained by the Corporation with respect to risks inherent in its operations and potential liabilities incurred by the directors or officers in the discharge of their duties and responsibilities.
- 22. The Audit Committee shall review the appointments of the Chief Financial Officer and any key financial managers who are involved in the financial reporting process.
- 23. The Audit Committee shall enquire into and determine the appropriate resolution of any conflict of interest in respect of audit or financial matters, which are directed to the Audit Committee by any member of the Board, a shareholder of the Corporation, the external auditors, or senior management.
- 24. The Audit Committee shall periodically review with management the need for an internal audit function.
- 25. The Audit Committee shall establish and maintain procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting controls, or auditing matters; and
 - (ii) the confidential, anonymous submission by employees of the Corporation on concerns regarding questionable accounting or auditing matters.
- 26. The Audit Committee shall review and approve the Corporation's hiring policies regarding employees and former employees of the present and former external auditors or auditing matters.
- 27. The Audit Committee shall review with the Corporation's legal counsel as required but at least annually, any legal matter that could have a significant impact on the Corporation's financial statements, and any enquiries received from regulators, or government agencies.
- 28. The Audit Committee shall assess, on an annual basis, the adequacy of this mandate and the performance of the Audit Committee.
- 29. In contributing to the Audit Committee's discharging of its duties under this mandate, each member of the Audit Committee shall be entitled to rely in good faith upon:
 - (i) accounting information of the Corporation represented to him or her by an officer of the Corporation or in a written report of the auditors, and

- (ii) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such persons

30. In contributing to the Audit Committee's discharging of its duties under this mandate, each member of the Audit Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this mandate is intended, or may be construed, to impose on any member of the Audit Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. The essence of the Audit Committee's duties is the monitoring and reviewing to gain reasonable assurance (but not to ensure) that the Corporation's business activities are being conducted effectively, that the financial reporting objectives are being met and to enable the Audit Committee to report thereon to the Board.