STEM CELL THERAPEUTICS CORP.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2012

Stem Cell Therapeutics Corp.

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Unless otherwise indicated, all information in the Annual Information Form is presented as at and for the year ended December 31, 2012

September 19, 2013

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FORWARD-LOOKING STATEMENTS

Certain statements included in this Annual Information Form ("**AIF**") 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", "may", "will", "could", "leading", "intend", "contemplate", "shall" and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements in this AIF include, but are not limited to, statements with respect to:

- our expected future loss and accumulated deficit levels;
- our projected financial position and estimated cash burn rate;
- our requirements for, and the ability to obtain, future funding on favourable terms or at all;
- the anticipated prospects and benefits of the Trillium Therapeutics Inc. ("**Trillium**") merger and of the University Health Network ("**UHN**") license and mitigation of risk through diversity of approach;
- our plans to exercise the University of York option and enter into an exclusive world-wide license for the prostate cancer stem cell technologies;
- our expectation regarding the terms of the license agreement to be entered into with University of York;
- our beliefs and expectations regarding the disclosed data and development status of the University of York technologies and the potential future development of these technologies;
- our expectations regarding strategic partnerships and the development plan and progress of each of our products and technologies, including the products and technologies acquired from Trillium and licensed from UHN, particularly with respect to the timely and successful completion of studies and trials and availability of results from such studies and trials;
- our expectations about our products' safety and efficacy;
- our expectations regarding our capacity to arrange for the manufacturing and production of our products and technologies, including the products and technologies we acquired on the merger with Trillium and on the license of the UHN technologies, on a commercial scale;
- our expectations regarding the progress, and the successful and timely completion, of the various stages of the regulatory clearance process;
- our strategy to acquire and develop new products and technologies and to enhance the capabilities of existing products and technologies;
- our plans to market, sell and distribute our products and technologies;
- our expectations regarding the acceptance of our products and technologies by the market;
- our expectations with respect to existing and future corporate alliances and licensing transactions with third parties, and the receipt and timing of any payments to be made by us or to us in respect of such arrangements; and
- our strategy with respect to the protection of our intellectual property, including the products and technologies we acquired on the Trillium merger and licensed from UHN.

All forward-looking statements are based on the Company'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 activities, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. 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. Factors which could cause future outcomes to differ materially from those set forth in the forward-looking statements include, but are not limited to:

- the effect of continuing operating losses on our ability to obtain, on satisfactory terms, or at all, the capital required to maintain SCT as a going concern;
- the ability to obtain sufficient and suitable financing to support operations, pre-clinical development, clinical trials, and commercialization of products;
- the risks associated with the development of novel compounds in the Trillium intellectual property portfolio;
- the risks associated with the exercise of the University of York option and our ability to obtain financing to develop the licensed products and technologies;
- the risks associated with the development of any licensed or acquired compounds;
- risks relating to the increase in operating costs from additional development programs and increased staff;
- the risks associated with the anticipated product development costs for 2013;
- clinical trial timing and results;
- the regulatory approval process;
- our ability to successfully compete in our targeted markets;
- our ability to adequately protect proprietary information and technology from competitors;
- our ability to attract and retain key personnel and key collaborators;
- the potential for product liability claims; and
- the substantial risks involved in early-stage biopharmaceutical development companies,

all as further and more fully described under the heading “Risks and Uncertainties” in this AIF.

Although the forward looking statements contained in this AIF are based upon what the Company’s management believes to be reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward looking statements. The Company 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.

Where “we”, “us”, “our”, “SCT”, or the “Company” is used, it is referring to Stem Cell Therapeutics Corp. and its wholly-owned subsidiaries Trillium Therapeutics Inc. (effective April 9, 2013) and Stem Cell Therapeutics Inc. unless otherwise indicated.

All amounts are in Canadian dollars, unless otherwise indicated.

CORPORATE STRUCTURE

Name, Address and Incorporation

Stem Cell Therapeutics Corp. ("**SCT**" or the "**Company**") 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 Company's head office is located at 96 Skyway Avenue, Toronto, Ontario, Canada M9W 4Y9 and its registered office is located at 1900, 520 - 3rd Avenue SW Calgary, Alberta, T2P 0R3.

Intercorporate Relationships

The Company has two wholly-owned subsidiaries, Stem Cell Therapeutics Inc. and Trillium Therapeutics Inc. ("**Trillium**").

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.

Trillium was incorporated as an Ontario corporation on July 23, 1996, under the name Xeno Transplantation Inc. It subsequently amended its articles of incorporation to change its name to Transplantation Technologies Inc. and then to Trillium Therapeutics Inc. Trillium merged with 2364556 Ontario Inc., a special purpose wholly-owned subsidiary of SCT incorporated solely to effect the acquisition of Trillium, on April 9, 2013 to become a wholly-owned subsidiary of SCT.

GENERAL DEVELOPMENT OF THE BUSINESS

The Company is a public biopharmaceutical company advancing cancer stem cell discoveries into novel and innovative cancer therapies. The Company is supported by established links to multiple Toronto academic institutes and cancer treatment centres that represent one of the world's most acclaimed oncology research hubs. SCT has two premier pre-clinical programs, SIRPaFc and a CD200 monoclonal antibody ("**mAb**") (lead candidate TTI-200.7), which target two key immunoregulatory pathways that tumor cells exploit to evade the host immune system. SIRPaFc is a fusion protein that blocks the activity of CD47, a molecule that is upregulated on cancer stem cells in AML and several other tumors. The CD200 mAb is a fully human monoclonal antibody that blocks the activity of CD200, an immunosuppressive molecule that is overexpressed by many hematopoietic and solid tumors. The Company's clinical stage programs include the tigecycline program in-licensed in April 2013 currently in a Phase I multicenter dose-escalation trial in patients with relapsed or refractory acute myeloid leukemia ("**AML**"), and TTI-1612, a non-oncology asset which recently completed dosing in a 28 patient Phase I trial in interstitial cystitis ("**IC**"). Tigecycline is being developed to selectively target leukemia cells and leukemic stem cells by shutting down their energy supply through the inhibition of mitochondrial protein synthesis.

The Company began a strategic review in the third quarter of 2011 that repositioned it as a preferred commercial receptor of innovative approaches to stem cell-based applications. The Company believed that this repositioning could broaden its recognition in capital markets, expand its shareholder base, and provide it with access to the capital required to advance technologies that might be in-licensed or acquired. Consistent with these objectives, on April 9, 2013, the Company completed a merger with Trillium Therapeutics Inc. acquiring two cancer pre-clinical programs and a clinical program in an ancillary urology indication, and on April 16, 2013 completed an exclusive world-wide license agreement with University Health Network

("**UHN**") to gain the rights to an innovative clinical cancer stem cell program. The Company has filed a Form 51-102F4 in respect of this acquisition. Subsequent to June 30, 2013, the Company acquired an option to exclusively license worldwide rights to a series of prostate cancer stem cell assets from the University of York, United Kingdom.

Management believes the Trillium merger and UHN license firmly establish SCT in the cancer stem cell field, broadening SCT's prospects and mitigating risk through diversity of approach. The recently acquired option to the prostate cancer stem cell assets is expected to allow the Company to expand its cancer stem cell portfolio provided that the Company completes satisfactory due diligence and is successful in raising additional financing necessary to fund development.

Trillium's experienced management team has joined SCT, as well as all nine other employees who support the pre-clinical, manufacturing and clinical development from Trillium's approximately 10,000 square foot leased laboratory facility in Toronto. The Company believes the merger will also enhance the Company's own relationships with UHN and MaRS Innovation, which is anticipated to continue to provide opportunities to license programs from one of the world's most highly recognized centres for basic research in cancer stem cells, and its relationships with parallel organizations skilled in clinical development such as the Ontario Institute for Cancer Research.

BUSINESS OF THE COMPANY

Corporate Objectives

The Company's primary objectives for the balance of 2013 include:

- completion of the ongoing 28-patient phase I trial with tigecycline in AML patients;
- completion of the ongoing 28-patient phase I trial with TTI-1612 in interstitial cystitis ("IC") patients;
- completion of safety and pharmacokinetic non-human primate study with SIRPaFc; and
- acquisition of additional portfolio assets

Trillium Merger

On February 4, 2013, the Company announced the execution of a binding letter agreement under which it intended to purchase all the outstanding securities of Trillium, an immunology company based in Toronto, Canada.

Trillium specialized in immunotherapy and cancer stem cell research, with a particular focus on blocking the negative pathways that malignant cells exploit to suppress anti-tumor responses. Trillium's novel SIRPaFc fusion protein that targets CD47, augments the ability of the immune system to destroy cancer stem cells. The project originated from leading researchers in the field, including Drs. John Dick and Jean Wang of the University Health Network and Dr. Jayne Danska of the Hospital for Sick Children, all of Toronto. SIRPaFc has entered the formal IND-enabling phase and is being developed initially as a treatment for AML, with potential applications in other hematological and solid tumors. Trillium's pre-clinical cancer immunotherapy pipeline also includes a fully human CD200-specific monoclonal antibody which is ready to enter formal IND-enabling studies. In addition to its pre-clinical portfolio, Trillium has completed dosing in a Phase I clinical trial in patients with IC, a chronic and painful bladder disease.

On the April 9, 2013, completion of the merger, the security holders of Trillium received an aggregate consideration of $2,850,000 comprised of $1,200,000 in cash, 6,079,181 SCT common shares and 3,300,000 SCT common share purchase warrants, each warrant allowing its holder to acquire one additional common share at an exercise price of $0.40 until March 15, 2018.

The CEO of Trillium, Dr. Niclas Stiernholm, became the President & CEO of SCT, Dr. Robert Uger, Chief Scientific Officer, Dr. Penka Petrova, Vice President, Drug Development and Mr. James Parsons, CFO. Upon

closing of the transaction, Dr. Michael Moore, Trillium's long-serving Chairman and veteran biotechnology executive, joined the Board of Directors of SCT, and Mr. David Allan, Executive Chairman of the Company moved from his executive role to Chairman of the Board of Directors.

UHN Option and License

On November 7, 2012, the Company announced an agreement with University Health Network under which the Company obtained an option (the "**UHN Option**") to negotiate a license agreement for the exclusive commercial rights to intellectual property owned by UHN and derived from Dr. Aaron Schimmer's work on the use of tigecycline as a treatment for cancer. Dr. Aaron Schimmer's award-winning research has provided compelling evidence that tigecycline, an FDA-approved antibiotic, is able to selectively target leukemia cells and leukemic stem cells by shutting down their energy supply through the inhibition of mitochondrial protein synthesis.

The UHN Option was subsequently exercised and the Company on April 16, 2013 entered into an exclusive world-wide license agreement with UHN ("**UHN License**") for this clinical stage stem cell technology. Terms of the license included:

- the issuance of 5,028,571 SCT common shares plus 1,600,000 common share purchase warrants, each warrant allowing its holder to acquire one additional common share at an exercise price of $0.40 until March 15, 2018;
- an annual license maintenance fee of $50,000, payable in cash or SCT equity (at SCT's discretion); and
- development milestone payments of:
    i. $200,000 in cash or $500,000 in equity (at SCT's discretion) upon dosing of the first patient in the first Phase II clinical trial;
    ii. $750,000 in cash upon dosing of the first patient in the first Phase III trial; and
    iii. regulatory milestone cash payments of $2 million each upon the first U.S., European Union, and Asian (Japan, China or India) marketing approval, provided prior marketing approval has been received from the FDA, EMA or Health Canada.

Additional terms of the UHN License include the payment of 10% to 25% of sublicensing revenue with a declining scale over four years, and royalties on net sales of products by SCT. The UHN license also requires that SCT and/or its future partner spend a minimum of $500,000 per year on the development of tigecycline-related product candidates until the first product is approved for sale.

University of York Option

On August 9, 2013 the Company announced that it had entered into an option agreement to exclusively license worldwide rights to a series of prostate cancer stem cell assets from the University of York, United Kingdom. The assets originate from research funded by Yorkshire Cancer Research ("**YCR**") and conducted in the YCR Cancer Research Unit, University of York, under the direction of Professor Norman Maitland.

This agreement provides SCT with an opportunity to evaluate several therapeutic targets, all of which are expressed on prostate cancer stem cells, as well as on other types of cancers. Much of the York group's research is focused on hypothesis testing using powerful multicellular in vitro models and xenograft in vivo models of tumor development/metastasis. Subject to exercising the option, SCT plans to extend this research into the generation of monoclonal antibodies to these targets, with an ultimate goal of identifying new therapeutic development candidates.

Dr. Maitland's research group is focused on the development and aetiology of human prostate cancer. They have compiled gene expression profiles for various cell types present in prostate tumors and in normal

prostate tissue, and have mined these data for genes and signaling pathways that affect cell fate. This has demonstrated that heterogeneity within human prostate cancers is due to two independent events: carcinogenic changes and aberrant differentiation. Exploiting knowledge of the genetic signature of prostate cancer stem cells, the Maitland group has identified novel avenues for treatment with the objective of delaying, or even preventing, tumor recurrence. The group has also shown that prostate cancer stem cells have an active resistance mechanism to many conventional therapies, such as radiotherapy and chemotherapy. These latter therapies are directed against the majority of cells in the tumor (the most differentiated cells), but do not affect the minority population, which are the cancer stem cells. Thus, prostate cancer stem cells form a root for post therapy recurrence.

The execution of the definitive license agreement is subject to final due diligence and certain conditions being met by SCT prior to May 2014. SCT expects the license agreement will contain customary terms and provisions for assets at this stage of development, including an initial license consideration, milestone payments, royalties on sales and sublicensing terms.

Development Programs - Three Year Summary – Cancer Stem Cell Technologies

SIRPaFc

SIRPaFc is an antibody-like recombinant fusion protein that binds to CD47 and activates macrophages to kill cancer cells, including cancer stem cells. This program is based on the observation that certain cancers and cancer stem cells express high levels of CD47, a glycoprotein that binds a receptor (SIRPa) on the surface of macrophages and delivers a “do not eat” signal that suppresses phagocytosis. Elegant genetic experiments have demonstrated that cancer stem cells in acute myeloid leukemia (AML) rely on this pathway for survival; if the CD47-SIRPa pathway is disrupted, the cancer stem cells cannot produce leukemia in a xenotransplantation model.

SCT has chosen to target the CD47 protein using a modified version of its natural ligand, SIRPa, fused to an immunoglobulin Fc region. The fusion protein has similar pharmacological properties to a traditional monoclonal antibody and other Fc fusion proteins on the market and in development. However, the SIRPaFc protein appears to have distinct binding properties compared to those of many anti-CD47 monoclonal antibodies.

Through a series of careful optimization studies, lead SIRPaFc clinical development candidates have been identified. These fusion proteins bind to CD47 and block its interaction with SIRPa, enabling macrophages to kill AML tumor cells in vitro (while sparing normal cells) and inducing potent anti-leukemic effects in vivo. These results are further validated by a body of work demonstrating similar activity when CD47 is blocked using monoclonal antibodies. As human SIRPaFc does not cross-react with murine SIRPa, mouse surrogate fusion proteins were generated. These have been shown to be well tolerated and can mediate anti-tumor effects in vivo.

SIRPaFc is being developed as a therapy to eradicate cancer stem cells in AML patients following conventional chemotherapy. Beyond AML, there is potential to apply SIRPaFc therapy to other malignancies. Recent data has suggested that the CD47 “do not eat” signal is highly expressed by many hematopoietic and solid tumors, and CD47 blockade has demonstrated efficacy across numerous xenograft models.

In September 2013, SCT advanced its CD47 antagonist program into an Investigational New Drug (“**IND**”) enabling phase. In collaboration with a contract manufacturing organization, SCT will begin the manufacturing process to generate drug for formal toxicology studies and a subsequent Phase I clinical study, which is anticipated to begin in H2/2015. Safety data from preclinical studies in non-human primates, using several variants of the Company’s high-affinity CD47 antagonist, provided encouraging safety data and will be reported at a future scientific conference.

Exclusive rights to SIRPaFc have been licensed from UHN and The Hospital for Sick Children (Toronto) (“HSC”) pursuant to a license agreement amended and restated as of June 1, 2012. The licensed intellectual

property relates to methods and compounds used in the modulation of SIRPa-CD47 interaction for therapeutic cancer applications.

The license includes commitments to pay an annual maintenance fee of $25,000, as well as payments on patent issuances, development milestone payments ranging from $100,000 to $300,000 on the initiation of Phase I, II and III clinical trials respectively, and payments on the achievement of certain regulatory milestones as well as royalties on commercial sales. Trillium is also required to pay up to 20% of any sublicensing revenues to the licensors on sublicensing revenue received.

SIRPaFc is currently being manufactured in CHO cells under non-GLP/non-GMP conditions by SCT for research purposes. Management believes that contract manufacturing capacity to produce clinical trial material and commercial product is readily available worldwide.

Tigecycline

Dr. Aaron Schimmer has published compelling evidence that tigecycline, an FDA-approved antibiotic, is able to selectively target leukemia cells and leukemic stem cells by shutting down their energy supply through the inhibition of mitochondrial protein synthesis. Tigecycline is a small molecule drug currently manufactured for sale as an intravenous antibiotic under the brand name Tygacil®.

Dr. Schimmer, Associate Professor in the University of Toronto's Department of Medical Biophysics and a clinician-scientist in the Princess Margaret Cancer Centre/Ontario Cancer Institute at UHN, published his findings in 2011 in the journal Cancer Cell. Based on this discovery, Dr. Schimmer received the 2012 Till & McCulloch Award presented each year by the Stem Cell Network to recognize the year's most influential peer-reviewed article by a researcher in Canada.

A Phase I multicenter dose-escalation tigecycline trial in patients with relapsed or refractory AML is currently ongoing at Princess Margret Cancer Centre (UHN), Memorial Sloan-Kettering Cancer Center, University of California, Los Angeles and the University of Kansas. In addition to addressing pharmacokinetics (PK), safety and tolerability, the objective of this trial is also to provide important human proof-of-concept data. Biomarkers indicative of on-target effects and inhibition of mitochondrial translation are being assessed at each dose level. Enrolment is proceeding well in this open label, 28-patient trial. UHN is the sponsor of this trial and SCT is not responsible for managing patient recruitment nor paying any costs. The trial is forecasted to be completed in 2013 based on current scheduling for the balance of the trial. SCT will consider extending the trial to allow for additional dosing cohorts should the final PK and safety data warrant such an extension.

SCT's future development plan for tigecycline will be guided by the results of the current trial and may include the development of novel formulations of tigecycline that have enhanced stability at room temperature.

Development Programs - Three Year Summary – Other Technologies for Out-License

TTI-1612

TTI-1612 is a recombinant soluble form of heparin-binding epidermal-growth-factor-like growth factor ("HB-EGF"). It is being developed as a treatment for interstitial cystitis ("IC"), a chronic bladder disease characterized by low urinary HB-EGF levels and a dysfunctional, "leaky" bladder epithelium. TTI-1612 stimulates the proliferation of bladder epithelial cells and reduces their permeability. Unlike the current IC therapeutics, which are largely palliative in nature, TTI-1612 is designed to target the root cause of IC – dysfunction of the bladder urothelium caused by low levels of HB-EGF. Dosing in the 28-patient Phase I study in women with IC has been completed, with a final report expected in Q3 2013. SCT considers this program to be outside of the Company's core interest in cancer and cancer stem cells, and thus is actively seeking to out-license the technology.

Rights to the use of TTI-1612 in the U.S. to treat IC have been licensed by Trillium pursuant to an agreement dated March 26, 2008 with the University of Maryland, Baltimore ("UMB"), wherein UMB has granted to Trillium an exclusive license under the UMB patent rights for prophylaxis, treatment and/or diagnosis of IC and a non-exclusive sublicense under the Children's Medical Centre Corporation ("CMCC") patent rights.

The consideration for the TTI-1612 license from UMB includes future development milestone payments totaling US$785,000, royalties on net revenues (subject to a minimum royalty of US$40,000 per year) and US$10,000 in annual maintenance fees. The Company is also required to pay 10% of all sublicensing revenues to UMB.

On March 1, 2012, Trillium entered into a non-exclusive commercial license with Research Corporation Technologies ("RCT"), providing Trillium with rights to manufacture TTI-1612 using technology patented and owned by RCT. The consideration for this license included a one-time fee of US$20,000 and includes 2-3% in royalties on net sales (subject to a minimum royalty of US$20,000 per year).

TTI-1612 is currently manufactured in yeast (Pichia pastoris) at KBI Biopharma, Durham, NC, to GMP standards for use in the current clinical trial. The Company believes that TTI-1612 could readily be supplied, for future clinical trials and in commercial quantities, by numerous manufacturers.

TTI-200.7 (CD200 mAb)

TTI-200.7 is a fully human monoclonal antibody that blocks the activity of CD200, an immunosuppressive molecule that many tumors exploit to evade attack from the immune system. Although immune regulation by CD200 was first explored in the context of transplantation and autoimmunity, it has become clear that this molecule plays an important role in tumor immunity. There is abundant evidence that CD200 is overexpressed by many different types of hematopoietic and solid tumors, and in numerous cases this overexpression correlates with disease progression and poor clinical outcome. This is consistent with tumor cells using CD200 as a means of evading immune-mediated destruction. Indeed, tumor-expressed CD200 can modulate anti-tumor responses in vitro and in vivo, and antibodies that block CD200 have been shown to promote anti-tumor immunity in animal models of cancer.

TTI-200.7 binds to human CD200 with high affinity, potently neutralizes CD200 function in vitro, and has anti-tumor activity in a human xenograft model. This antibody is now ready to enter a formal pre-clinical program, which the Company anticipates will only commence once a development partner has been secured. This product is being held for future development subject to availability of resources.

Development Programs - Three Year Summary – Previous Regenerative Stem Cell Technologies

Stroke and Traumatic Brain Injury

Prior to the April 2013 merger with Trillium, the Company was focused on regenerative stem cell technologies. Two agents, hCG and EPO, were considered by the Company at that time to be commercially and therapeutically attractive as they allowed for a repurposing of two approved drugs to be used for a new indication. This unique combination of therapeutic compounds was called NTx®-265. From 2008 to 2010, NTx®-265 was tested in several Phase II acute ischemic stroke trials. In December 2010, the Company held an End of Phase 2 meeting with the FDA and considered options for advancing the technology in the stroke indication. The Company later concluded in 2011 that the need for additional capital could best be satisfied by expanding the Company's interest beyond the current therapeutic approaches.

In April 2011 the Company announced the enrolment of the first patient in the SCT- supported open trial entitled "A Phase IIa, Single Center, Open Label Study to Characterize the Safety of Human Chorionic Gonadotrophin (hCG) and Epoeitin Alpha (EPO) in Traumatic Brain Injury". The purpose of this trial was to characterize the safety profile of the drug regimen when administered to patients who have sustained a traumatic brain injury. Additionally, a number of secondary endpoints were being studied that included preliminary characterization of magnetic resonance imaging, and motor, cognitive and functional recoveries. The trial was designed to enroll 10 patients and patient recruitment was extremely slow.

In July 2013, the Company announced that it was in the process of ceasing all activities associated with its pre-merger historic regenerative neurology programs, including closing the NTx®-265 Phase IIa open-label intravenous study in traumatic brain injury.

Corporate Developments – Three Year Summary

2013 Financing

In March 2013, the Company completed a capital raise comprising an offering qualified by the Company's base shelf prospectus and shelf prospectus supplement, and a U.S. private placement for a total offering and sale of 12,735,000 units at a price of $0.25 per unit, for aggregate gross proceeds to the Company of $3,185,080. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.40 per share at any time prior to expiry on March 15, 2018 (12,315,000 warrants) and March 27, 2018 (420,000 warrants). In connection with the financing, the Company issued 814,050 compensation warrants entitling the holder to acquire one common share at an exercise price of $0.25 per share prior to expiry on March 16, 2015.

On July 23, 2013, the Company announced the appointment of ProActive Capital Group as its new Capital Markets Advisory and Digital Media Strategies firm to increase SCT's visibility among the investment community.

On May 16, 2013 the Company announced that its wholly owned subsidiary Trillium Therapeutics had completed dosing in its Phase I study of TTI-1612 in patients with interstitial cystitis/bladder pain syndrome (IC/BPS). The study was designed to assess the safety and tolerability of single ascending doses of TTI-1612 in IC/BPS patients. Pharmacokinetics and changes in disease symptoms were also evaluated. A total of 28 patients were enrolled at four urology clinics in Southern Ontario. Preliminary data indicated that the drug was well tolerated and exhibited a favourable pharmacokinetic profile.

On May 16, 2013 the Company announced that the Company's stock would trade on OTCQX International under the symbol "SCTPF" starting May 20. OTCQX is the premier U.S. Over-The-Counter marketplace, allowing international companies increased access and exposure to the U.S. market.

On February 19, 2013, the Corporation announced a proposed joint venture (the "ReNeu JV") with ReNeu Inc. and NexGen, a Florida-based medical device company whereby SCT would out-license its NTx® technologies covering the proprietary use of drugs for the regeneration of endogenous neural stem cells. On July 25, 2013, the Company announced that it was ceasing all activities associated with its pre-merger historic regenerative neurology programs, including the proposed ReNeu JV, and anticipated completing this in the third quarter. The Company's current plan is to devote substantially all of the Company's resources toward continued research and development with regard to the Company's cancer stem cell programs.

On December 20, 2012 the Company announced that the SCT shareholders had passed a special resolution at a special meeting of shareholders that gave the Company the authority to consolidate all of the issued and outstanding common shares on the basis of a ratio, to be determined by the board of directors, in the range of one post-consolidation common share for each 10 to 30 outstanding pre-consolidation common shares. On February 4, 2013, SCT announced that its board of directors had authorized the implementation of a share consolidation at a ratio of one post-consolidation common share for 10 pre-consolidation common shares. On

February 6, 2013 the Company's common shares began trading on the TSX Venture Exchange on a post-consolidation basis.

On October 29, 2012, the Company reported its admission to the Centre for Commercialization of Regenerative Medicine's (CCRM) industry consortium designed to bridge business and scientific expertise to translate stem cell-based and regenerative medicine discoveries into commercial products and therapies.

On October 29, 2012, the Company announced that two additional patients were enrolled in its ongoing trial in Traumatic Brain Injury at Calgary's Foothills Hospital. These patients bring the trial to the midpoint of enrollment. On July 25, 2013, the Company announced that it is in the process of ceasing all activities associated with its pre-merger historic regenerative neurology programs and anticipates completing this in the third quarter of 2013.

On October 29, 2012, the Company reported the receipt of US$175,000 of a US$250,000 settlement arrangement with NeuroNova AB, a Swedish private company developing new therapeutics for ALS and Parkinson's. The full payment will settle a patent interference case initiated by the United States Patent and Trademark Office. Stem Cell agreed to withdraw certain pending and issued patents to treat Parkinson's disease in return for a US$250,000 payment. Subsequent to year-end, the Company received the remaining US$75,000 owing.

On August 25, 2011 James Parsons was appointed as Chief Financial Officer. Mr. Parsons is a chartered accountant with over 20 years of financial management experience in public companies including 10 years in the biotechnology industry. He has extensive experience with financing, product licensing, corporate governance and operational management.

On July 18, 2011 the Company appointed Dr. Calvin R. Stiller and Dr. Niclas Stiernholm as members of the Board of Directors.

On June 28, 2011 the Company announced the appointment of Mr. David Allan as Executive Chairman of the Corporation and Dr. Henry Friesen was appointed a member of the Board of Directors.

On March 2, 2011, the Company announced that it filed a final, short-form, base shelf prospectus with the securities commissions in each of the provinces of British Columbia, Alberta, Manitoba, Ontario and Nova Scotia. The prospectus provided for Stem Cell Therapeutics to make offerings of common shares, warrants, or units for aggregate proceeds of up to $15 million during the ensuing 25 months to potential purchasers in said provinces.

On March 31, 2011, the Company announced that it had completed its previously announced offering of units. An aggregate of 18,181,819 units were issued at a price of $0.11 per unit, representing gross proceeds of $2 million. Each unit was comprised of one common share and one-half of one common share purchase warrant. Each full warrant has an exercise price of $0.16 and is exercisable until June 30, 2014.

Significant Acquisitions

On March 25, 2013, SCT, 2364556 Ontario Inc. ("**Acquisitionco**") (a wholly-owned subsidiary of SCT), Trillium Therapeutics Inc. and a number of senior secured creditors of Trillium (the "**Debentureholders**") entered into a debenture purchase and merger agreement (the "**Acquisition Agreement**") pursuant to which SCT agreed to acquire all of the debentures and Class A Preference Share purchase warrants of Trillium held by the Debentureholders and pursuant to which SCT, Trillium and Acquisitionco agreed to execute a merger agreement (the "**Merger Agreement**"). The Merger Agreement governed, among other things, the terms of the amalgamation of Trillium and Acquisitionco (the "**Merger**"), the exchange of the Class A Preference Shares and common shares in the capital of Trillium for the Class A Preferred Shares and Class B Preferred Shares, respectively, in the capital of the amalgamated entity, and the redemption of the same.

The Merger and the acquisition of the Trillium securities described above are hereinafter collectively referred to as the "**Acquisition**".

On April 5, 2013, the Shareholders of Trillium voted in favour of approving the Merger and, on April 9, 2013, Trillium and Acquisitionco completed the Merger, with the amalgamated entity continuing to operate under the name Trillium Therapeutics Inc. as a wholly-owned subsidiary of Stem Cell. The amalgamated entity redeemed the outstanding Class A and Class B Preferred shares.

Trillium specializes in immunotherapy and cancer stem cell research, with a particular focus on blocking the negative pathways that malignant cells exploit to suppress anti-tumor responses. Trillium is developing TTI-621, a novel SIRPaFc fusion protein that targets CD47, augmenting the ability of the immune system to destroy cancer stem cells. TTI-621 is being developed initially as a treatment for acute myeloid leukemia, with potential applications in other hematological and solid tumors. Trillium's preclinical cancer immunotherapy pipeline also includes a fully human monoclonal antibody that blocks the activity of CD200, an immunosuppressive molecule that many tumors exploit to evade attack from the immune system. In addition to its preclinical portfolio, Trillium is conducting a clinical trial in patients with interstitial cystitis, a chronic and painful bladder disease.

Pursuant to the Acquisition Agreement, SCT paid to the Debentureholders cash consideration of $1,200,004 and issued an aggregate of 6,079,180 common shares of Stem Cell and 3,300,000 purchase warrants of SCT, with each purchase warrant being exercisable for one SCT common share at an exercise price of $0.40 until March 15, 2018. The cash component of the consideration paid by SCT to the Debentureholders was funded from SCT's working capital.

No other significant acquisitions were made during the last three years. Reference is made to the disclosure under "Business of the Company – Trillium Merger" for information pertaining to the Trillium acquisition.

Patents and Proprietary Rights

The Trillium patent estate comprises patents and patent applications covering therapeutic end uses of the Trillium products, as well as patent filings for these products as compositions of matter. The patents and patent applications are either granted or pending in major pharmaceutical markets. In all, the patent estate includes nine patent families, and a total of 10 issued patents and seven pending patent applications in the U.S. and 12 patent applications pending in Europe, Canada, Australia and Japan. These include five granted patents in the U.S. relating to the immune modulating use of CD200 mAbs, and a granted patent in the U.S. for an assay useful to detect CD200 in cancer patients, as well as a recent filing for novel human antibodies to CD200. Trillium also controls three granted patents in the U.S. covering the use of HB-EGF in treating interstitial cystitis, and a recent filing based on Trillium's results with the active drug. In addition, Trillium controls a patent estate relating to SIRPaFc and its anti cancer use.

The UHN patent filings for tigecycline consist of four families: for the anti-cancer use of tigecycline (nationalized in the US, Canada, Europe, Japan, India and China), for a new tigecycline formulation (not yet published), and for combination therapy with either daunorubicin (published) or those belonging to a specific class of compounds (provisional stage). The first expiries for SIRPa and tigecycline patents begin in the year 2029.

The Company's patents on NTx®-265 and its other foundational technologies cover several methods and treatments for neurological disorders through the use of various approved drugs or other agents. As the Company is no longer pursuing the development of these technologies, it is actively reviewing the maintenance of these patents.

As the Company continues to build its intellectual property portfolio, its business plan includes the option of continued development through commercialization or the out-licensing of one or more of its products or technologies. The Company intends to be aggressive in controlling on-going costs of patents covering products that are not in development and that cannot be out-licensed. As well, the Company will review the value of third party patents that underpin future in-licensing opportunities.

Trend Information

Historical patterns of expenditures cannot be taken as an indication of future expenditures. The amount and timing of expenditures and therefore liquidity and capital resources vary substantially from period to period depending on the timing of research and development activities being undertaken at any one time and the availability of funding from investors and prospective commercial partners. Expenses for 2012 reflected lower operating costs resulting from an 18-month cost management program while the Company sought new stem cell technologies. On April 9, 2013 the Company merged with Trillium, acquiring a staff of 12 and an approximately 10,000 square foot leased laboratory facility, and thereafter licensed additional technology assets from UHN. Management expects 2013 expenditures will increase from 2012 levels as the Company now has internal development staff focusing on two newly acquired development programs.

Other than as discussed above, the Company is not aware of any material trends related to the Company's business of product development, patents and licensing.

Competitive Conditions

The life sciences industry is characterized by extensive research and development, rapid technological change and intense competition. Our potential competitors include pharmaceutical and biotechnology companies, academic institutions, government agencies and research institutions, many of whom have greater financial, technical and human resources than us. SCT is aware of a number of competitors engaged in the development of drugs within its areas of focus.

Acute Myeloid Leukemia (AML)

While there is significant clinical activity in AML, there is a limited number of agents in development targeting AML leukemic stem cells. These are largely focused on cell surface antigens such as CD123 and CD44, and thus are distinct from tigecycline, which targets the mitochondrial ribosome. SIRPaFc is in direct competition with a CD47-blocking antibody, which is currently in preclinical development. Although both agents target the same pathway, they are structurally distinct entities with unique properties.

Interstitial Cystitis (IC)

Despite the inadequacies of current IC therapies, there is a paucity of new treatments in the drug development pipeline, with only a handful of agents currently in clinical testing. Much of the work continues to be focused on the development of analgesics or bladder coating agents. These approaches are palliative in nature, and do not address the proposed underlying cause of disease. In contrast, TTI-1612 targets the root cause of IC: dysfunction of the bladder urothelium caused by low levels of HB-EGF.

Specialized Skills and Knowledge

As at the date hereof, the Company has twelve full-time employees and two part-time employees and consultants. SCT employs individuals who have the established skills and knowledge required to implement its current and intended business strategy.

The Regulatory Process for Drug Development

In the United States, it may take 12 to 15 years for a typical experimental drug to advance from concept to approval. The production and manufacture of product candidates and the Company'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 the major market countries of Canada, Europe, and Japan and in all 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 the Therapeutic Products Directorate.

Briefly, the steps required for regulatory 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 preclinical 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 Company 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

The Company operates in a highly competitive environment that involves significant risks and uncertainties, some of which are outside of the Company's control. The Company is subject to risks inherent in the biotechnology industry, including:

Integration of Trillium

The Trillium merger is expected to consume a significant amount of our management resources. The success of the merger will depend, in part, upon our ability to realize the anticipated benefits from integrating Trillium's business, products, technologies and intellectual property with our existing businesses. There can be no assurance, however, that SCT will be successful in integrating Trillium's operations or that the expected benefits will be realized.

To realize the anticipated benefits from the Trillium merger, we must successfully combine the business of Trillium in an efficient and effective manner. If we are not able to achieve these objectives within the anticipated time frame, or at all, the anticipated benefits of the Trillium merger may not be realized fully, or at all, or may take longer to realize than expected.

To effectively integrate Trillium into its current operations, the Company must establish appropriate operational, administrative, finance, management systems and controls and marketing functions relating to Trillium. Even though SCT's management is generally familiar with the operational, administrative, finance, management systems and controls and marketing functions of Trillium owing to the overlap of certain members of the respective boards of directors and management teams of Trillium and SCT, this will require attention from SCT's management team.

Additional Financing Requirements and Access to Capital

The Company requires significant additional funds for the achievement of its corporate objectives of the acquisition of new stem-cell-related development opportunities, for their further research and development, planned clinical trials, the regulatory approval process and operating overheads. The Company may raise additional funds for these purposes through public or private equity or debt financings which may be dilutive, through collaborations with other biotechnology/pharmaceutical companies, or through financings from other sources. It is possible that future financing will not be available or, if available, may not be on favourable terms. The availability of financing will be affected by the achievement of our corporate expansion goals, the results of scientific and clinical research, the ability to obtain regulatory approvals, market acceptance of the Company's products, the state of the capital markets generally with particular reference to pharmaceutical, biotechnology and medical companies, the status of strategic alliance agreements, and other relevant commercial considerations. If adequate funding is not available, the Company may be required to delay, reduce, or eliminate one or more of its development opportunities and/or product development programs, or obtain funds through corporate partners or others who may require the Company to relinquish significant rights to product candidates or obtain funds on less favourable terms than it would otherwise accept. To the extent that external sources of capital become limited or unavailable or available on onerous terms, the Company's ability to continue its clinical development plans and intangible assets may become impaired, and its assets, liabilities, business, financial condition and results of operations may be materially or adversely affected. The Company's ability to continue as a going concern is dependent on its ability to continue obtaining sufficient funds to conduct its research and development, and to successfully commercialize its products.

Early Stage of Development

Prospects for companies in the biotechnology industry may generally be regarded as uncertain given the nature of the industry. Accordingly, investments in biotechnology companies should be regarded as highly speculative. SCT may carry higher risks than other biotechnology companies generally because the cancer stem cell ("CSC") theory has not yet been confirmed in clinical trials and, consequently, no drugs specifically targeting CSC have been approved for use. The realization of the Company's long-term potential will be dependent upon the successful development and commercialization of products and product candidates currently under development. The Company can make no assurance that these products and product candidates will be developed or that they will receive regulatory approval. New products and product

candidates currently in the research and development stages are the highest risk stages for a company in the biotechnology industry. Prior to commercialization, significant additional investments will be necessary to complete the development of any of SCT's products, Trillium's products and the UHN products. Pre-clinical and clinical trial work must be completed before any of the products could be ready for use within the market identified. The Company 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 the indications targeted by the Company's products 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 Company would have limited ability to commercialize its products, and its business and results of operations would be harmed. Furthermore, because the Company 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.

Risks Related to Intellectual Property

The Company has a significant number of patent filings in progress as well as others that were acquired. Our success will depend in part upon our ability to protect our intellectual property and proprietary technologies and the nature of the intellectual property protection we receive. For example, the Trillium patent portfolio covers primarily method of use but not composition of matter. 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. The presence of such patents could severely limit the Company's ability to develop and commercialize its products, to conduct its existing research and/or require financial resources to defend litigation, which may be in excess of the Company's ability to raise such funds. There is no assurance that SCT's pending Canadian, U.S. and foreign patent applications or those that it intends to acquire will be approved in a form that will be sufficient to protect our proprietary technology and gain or keep our competitive advantage or at all. Patents issued to the Company, Trillium or their respective licensors may be challenged, invalidated or circumvented. To the extent our intellectual property, including licensed intellectual property, offers inadequate protection, or is found to be invalid or unenforceable, we are exposed to a greater risk of direct competition. If our intellectual property does not provide adequate protection against our competitors' products, our competitive position could be adversely affected, as could our business, financial condition and results of operations. Both the patent application process and the process of managing patent disputes can be time consuming and expensive. Furthermore, the laws of some foreign countries may not protect our intellectual property rights to the same extent as do the laws of Canada and the United States. Additionally, the Company relies on trade secrets, know-how and other proprietary information as well as requiring its employees, consultants, advisors and collaborators to sign confidentiality agreements. However, these confidentiality agreements may be breached, and the Company may not have adequate remedies for such breaches. Others may independently develop substantially equivalent proprietary information without infringing upon any proprietary technology belonging to the Company. Third parties may otherwise gain access to the Company's proprietary information and adopt it in a competitive manner.

Uncertainties Related to Clinical Trials and Product Development

SCT can make no assurance that its research and development programs will result in commercially viable products and product candidates. To achieve profitable operations, the Company, alone or with others, must successfully develop, launch and market its products and product candidates. To obtain regulatory approvals for the products and product candidates being developed and to achieve commercial success, clinical trials must demonstrate that the products and product candidates are safe for human use and that they demonstrate efficacy. Unsatisfactory results obtained from a particular study relating to a research and development program may cause the Company or its collaborators to abandon its commitments to that program. SCT can make no assurance that any future tests, if undertaken, will yield favorable results.

Clinical Trials Recruitment

Clinical trials for the Company's product candidates require that the Company identify and enroll patients with the disease under investigation. The Company may not be able to enroll a sufficient number of patients to complete its clinical trials in a timely manner. Patient enrollment is a function of many factors including, but not limited to, design of the study protocol, size of the patient population, eligibility criteria for the study, the perceived risks and benefits of the therapy under study, the patient referral practices of physicians and the availability of clinical trial sites. If the Company has difficulty enrolling a sufficient number of patients to conduct the Company's clinical trials as planned, it may need to delay or terminate ongoing clinical trials.

Publication of Negative Results of Clinical Trials

From time to time, studies or clinical trials on various aspects of pharmaceutical products, including a product's active ingredient, are conducted by academic researchers, competitors or others, including government agencies. The results of these studies or trials, when published, may have a significant effect on the market for the pharmaceutical product that is the subject of the study. The publication of negative results of studies or clinical trials related to the Company's product, an active ingredient in the Company's product, or the therapeutic areas in which the Company's product competes could adversely affect the Company's share price and its ability to finance future development of its product candidates. In the event of the publication of negative results of studies or clinical trials related to the Company's product, an active ingredient in the Company's product, or the therapeutic areas in which the Company's product compete, the Company's business and financial results could be materially adversely affected.

Lack of Product Revenues; History of Operating Losses; Significant Doubt About the Ability to Continue as a Going Concern

As at June 30, 2013, the Company had cash of $2,192,059, working capital of $3,356,164 and equity of $5,034,877. As at the present date, the Company has not recorded any revenues from the sale of products and has an accumulated deficit since inception through June 30, 2013 of over $35 million. To date, the Company has financed its cash requirements primarily through sales of equity, the exercise of warrants and stock options, and from interest income on funds available for investment. There is no assurance that any of these will continue to be available in the future. Losses are expected to continue as the Company continues its product development programs. 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 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 Company does achieve profitability, it may not be able to sustain or increase profitability on an ongoing basis. There is substantial doubt about the appropriateness of the use of the going concern assumption because the Company has experienced operating losses and cash outflows from operations since incorporation, its cash resources are not sufficient for the next 12 months of planned operations, and has not reached successful commercialization of its products.

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 U.S., 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 Company operates or the development of any products it may develop. The Company's products and processes 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, and no products targeting cancer stem cells have yet been approved. 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 Company 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 Company's product candidates will prove to be safe and effective in clinical trials or that the Company 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 Company operates is characterized by rapid and substantial technological change. There can be no assurance that developments by others will not render the Company'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 Company.

Competition

Competition is intense in the biotechnology industry, including the markets for therapeutic products that the Company is developing. Competition comes from pharmaceutical companies, biotechnology companies and universities. 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. Importantly, the identification and acquisition of novel technologies for development by the Company is equally subject to intense competition from the Company's peer group, biopharmaceutical companies and multinational pharmaceutical companies.

Dependence on Key Personnel

The Company depends on its management personnel and the loss of services of one or more of such persons could adversely affect its operations. While the Company 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.

Dependence Upon Others for the Development and Commercialization of Products

The Company is dependent on others with respect to the development of its products. Product development includes, but is not limited to, research and development, pre-clinical testing, manufacturing, clinical testing, and regulatory approval processes. The Company's ability to successfully develop and commercialize its products is dependent on its ability to make arrangements with others on commercially acceptable terms and subject to the Company depending on third parties to meet regulatory quality standards. We may fail to obtain any such agreements on terms acceptable to us or at all. Even if we enter into these arrangements, we may not be able to satisfy our obligations under them or renew or replace them after their original terms expire. Furthermore, arrangements of this nature may require us to grant certain rights to third parties, including exclusive marketing rights to one or more products, may require us to issue securities to our collaborators or may contain other terms that are burdensome to us. If any of our collaborators terminates its relationship with us or fails to perform its obligations in a timely manner, the development or commercialization of our technology and potential products may be adversely affected.

In addition, equity financings alone may not be sufficient to fund the cost of developing our products, and we may need to rely on our ability to reach partnering arrangements to provide financial support for our development and commercialization efforts.

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 Company, 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 Company or the withdrawal of a product from the market could have a material adverse effect upon its financial condition.

Unproven Market

The Company's strategy for its products and technologies is based on the Company's 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, SCT can make no assurance 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 Company's identified therapeutics.

Share Price Volatility

The market prices for securities of biotechnology-based companies, including those of the Company, have been historically volatile. A number of factors could influence the volatility in the trading price of our common shares, including changes in the economy or in the financial markets, industry related developments, the results of product development and commercialization, government regulations, and developments concerning proprietary rights, litigation and cash flow. Our quarterly losses may vary because of expenses incurred related to future research including the timing of costs for manufacturing and initiating and completing pre-clinical and clinical trials. Each of these factors could lead to increased volatility in the market price of our common shares. In addition, the market prices of the securities of our competitors may also lead to fluctuations in the trading price of our common shares.

Dividends

We have not declared or paid any cash dividends on our common shares to date. The payment of dividends in the future will be dependent on our earnings and financial condition and on such other factors as our board of

directors considers appropriate. Unless and until we pay dividends, shareholders may not receive a return on their shares. There is no present intention by our board of directors to pay dividends on our common shares.

Dilution

You may experience future dilution due to additional future equity financing events by the Company. If outstanding options and warrants of the Company are exercised into common shares, you will experience additional dilution.

DESCRIPTION OF SHARE CAPITAL

The authorized share capital of the Company consists of an unlimited number of Common Shares, Class B Shares and First Preferred Shares. As at September 19, 2013, 42,504,687 Common Shares are outstanding and no Class B Shares or First Preferred Shares are outstanding. The Company consolidated its common shares outstanding using a ratio of 10 to 1 and the Company's common shares began trading on the TSX Venture Exchange on a post-consolidated basis on February 6, 2013.

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 Company, 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 Company, the holders of the Class B Shares shall, subject to the rights of the holders of any other class of shares of the Company entitled to receive assets of the Company 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 Company. In addition, each Class B Share may at any time be converted, at the option of the holder upon written notice to the Company, 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.

PRIOR SALES

The following table summarizes details of the stock options (which are the only securities not listed on a stock exchange which were) issued by the Corporation during the most recently completed financial year. On February 6, 2013, SCT completed a ten-to-one share consolidation. The price and number of securities in the table below have been adjusted to reflect the post-consolidation values.

Date of Issuance	Exercise Price per Option ($)	Number of Securities
June 1, 2012	**$1.00**	**10,000 Options**

MARKET FOR SECURITIES

The Company's outstanding common shares are listed and posted for trading on the TSX Venture Exchange under the trading symbol "SSS". Effective, May 20, 2013, the Company's shares also trade on the OTCQX Marketplace under the symbol "SCTFP".

Month	High ($)	Low ($)	Volume (#)
December 2012	0.035	0.025	2,188,795
November 2012	0.055	0.025	3,567,282
October 2012	0.035	0.015	4,669,290
September 2012	0.025	0.015	2,384,422
August 2012	0.030	0.015	2,929,328
July 2012	0.035	0.025	607,734
June 2012	0.035	0.025	1,994,534
May 2012	0.035	0.025	2,686,667
April 2012	0.045	0.030	3,969,751
March 2012	0.050	0.040	2,717,657
February 2012	0.055	0.045	1,855,042
January 2012	0.060	0.045	4,893,950

Note:

(1) On February 6, 2013, SCT completed a share consolidation. Price and trading values for the months in the above table reflect pre-consolidation values.

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 Company.

Name and Municipality of Residence	Current Positions and Offices Held	Principal Occupation in the Past Five Years
Mr. David Allan Ontario, Canada	Director since June 28, 2011	*June 2011 to present:* Chairman of SCT; Executive Chairman from *June 2011 to May 2013*. *1998 to February 2013:* Chairman of YM BioSciences Inc., a biopharmaceutical company; CEO *1998 to November 2010*.

Name and Municipality of Residence	Current Positions and Offices Held	Principal Occupation in the Past Five Years
Dr. James DeMesa Florida, USA	Director since July 19, 2005	*2009 to present:* CEO, MedXcel, a medical education company; *2000 to present:* medical advisor, CommGeniX, a medical communications company; *2010-present:* Executive Director, Induce Biologics
Dr. Henry Friesen Manitoba, Canada	Director since June 28, 2011	*October 2000 to present:* Distinguished University Professor Emeritus, University of Manitoba
Dr. Michael Moore Berkshire, United Kingdom	Director since April 9, 2013	*2009 to present:* Chairman/ Director of a number of private biopharmaceutical companies in the UK; *October 2004 to March 2013:* Chairman, Trillium Therapeutics Inc. *August 2003 to November 2008:* CEO and Director, PIramed Ltd, a UK based biotechnology company
Mr. James Parsons, CA Ontario, Canada	CFO since August 25, 2011	*August 2011 to present:* Chief Financial Officer of SCT. *October 2010 to present:* VP Finance, DiaMedica Inc., a public biopharmaceutical company. *2003 to March 2013:* Director Finance, Trillium. *2003 to present:* President of a CFO services company focused on the life sciences industry.
Mr. R. Dean Peterson Alberta, Canada	Director since August 9, 2010	*May 1990 to present:* President of EOS Pipeline, a pipeline and facilities construction and maintenance company.
Dr. Penka Petrova Ontario, Canada	Vice President, Drug Development since April 9, 2013	*April 2013 to present:* Vice President, Drug Development of SCT *June 2011 to March 2013:* Director, Drug Development of Trillium; previously Research Scientist, Trillium
Dr. Niclas Stiernholm Ontario, Canada	Director since July 18, 2011 President and CEO since April 9, 2013	*April 2013 to present:* President and CEO of SCT *2002- present:* CEO of Trillium
Dr. Calvin Stiller Ontario, Canada	Director since July 18, 2011	*2008 - present:* Chair, BioQuest Innovations Inc.; Chair/ Director, Ontario Institute for Cancer Research; Professor Emeritus, Western University
Dr. Robert Uger Ontario, Canada	Chief Scientific Officer since April 9, 2013	*April 2013 to present:* Chief Scientific Officer of SCT; *2003 to present:* VP Research of Trillium

Notes:

(1) Members of the Audit Committee for 2012: Dr. Stiernholm (chair), Mr. Peterson, Dr. DeMesa; From April 9, 2013: Dr. Friesen (chair), Dr. Stiller, Dr. DeMesa

(2) Members of the Compensation Committee from April 9, 2013: Dr. Moore (chair), Mr. Peterson, Mr. Allan

(3) Members of the Corporate Governance and Nominating Committee from April 9, 2013: Dr. Stiller (chair), Dr. Moore, Dr. Friesen

As at September 19, 2013, the directors and senior officers of SCT, as a group, beneficially owned, directly or indirectly, 3,646,504 Common Shares of the Company constituting approximately 8.6% of the issued and outstanding Common Shares.

CONFLICTS OF INTEREST

Certain officers and directors of SCT are also officers and/or directors of other companies engaged in the biotechnology industry 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 Company. 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 Company 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 Company 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 Company.

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 Ontario as of April 24, 2013.

TRANSFER AGENT

The Company's registrar and transfer agent is Computershare Trust Company of Canada, located at 100 University Avenue, Toronto, Ontario, M5J 2Y1.

ADDITIONAL INFORMATION

Additional information about the Company may be found on SEDAR at www.sedar.com. Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and securities authorized for issuance under equity compensation plans, is contained in the Management Information Circular of the Company dated September 19, 2013 provided for the annual meeting of the shareholders of the Company to be held on October 17, 2013. Additional information may also be found in the Company's audited financial statements and related MD&A for the year ended December 31, 2012, and the Company's condensed consolidated interim financial statements for the six months ended June 30, 2013. Each of these documents is available on SEDAR at www.sedar.com and is incorporated herein by reference.