

*A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of British Columbia, Alberta, Manitoba, Ontario and Nova Scotia but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.*

*This short form prospectus has been filed under legislation in each of the provinces of British Columbia, Alberta, Manitoba, Ontario and Nova Scotia that permits certain information about these securities to be determined after this short form prospectus has become final and that permits the omission from this short form prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.*

*No securities regulatory authority has expressed an opinion about the securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

*Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Stem Cell Therapeutics Corp. at 96 Skyway Avenue, Toronto, Ontario, M9W 4Y9 telephone (416) 595-0627, and are also available electronically at [www.sedar.com](http://www.sedar.com). See "Documents Incorporated by Reference".*

## **Preliminary Short Form Base Shelf Prospectus**

**New Issue**

**Dated May 13, 2014**



## **STEM CELL THERAPEUTICS CORP.**

**\$50,000,000**

**Common Shares  
First Preferred Shares  
Warrants  
Units**

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Stem Cell Therapeutics Corp. ("SCT" or the "Corporation") may from time to time during the 25-month period that this prospectus (the "Prospectus"), including any amendments, remains valid, offer and sell under this Prospectus in one or more offerings, for an aggregate offering price of up to \$50,000,000 (or the equivalent in other currencies or currency units) common shares in the capital of the Corporation ("Common Shares"), First Preferred shares in the capital of the Corporation ("First Preferred Shares"), warrants to purchase Common Shares ("Warrants") and units comprised of one or more of the other securities described in this Prospectus in any combination ("Units" and, together with the Common Shares, First Preferred Shares and Warrants, the "Securities"). The Corporation may offer Securities in such amounts and at such prices and, in the case of the

Warrants and Units, with such terms, as the Corporation may determine in light of market conditions. The Corporation may sell the Warrants in one or more series and the First Preferred Shares, in one or more series.

**There are certain risk factors that should be carefully reviewed by prospective purchasers. See “Risk Factors”.**

The specific terms of the Securities with respect to a particular offering will be set forth in a supplement to this Prospectus relating to such Securities (each, a “**Prospectus Supplement**”) including where applicable: (i) in the case of the Common Shares, the number of Common Shares offered, the currency (which may be Canadian dollars or any other currency), the issue price and any other specific terms; (ii) in the case of the First Preferred Shares, the number and series of First Preferred Shares offered, the currency (which may be Canadian dollars or any other currency), the issue price and any other specific terms; (iii) in the case of Warrants, the designation, the number of Warrants offered, the currency (which may be Canadian dollars or any other currency), number of Common Shares that may be acquired upon exercise of the Warrants, the exercise price, dates and periods of exercise, adjustment procedures and any other specific terms; and (iv) in the case of Units, the designation, the number of Units offered, the offering price, the currency (which may be Canadian dollars or any other currency), terms of the Units and of the securities comprising the Units and any other specific terms. The Corporation may also include in a Prospectus Supplement specific terms pertaining to the Securities which are not within the options and parameters set forth in this Prospectus.

All shelf information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains. You should read this Prospectus and any applicable Prospectus Supplement before you invest in the Securities.

The outstanding Common Shares are listed for trading on the TSX under the trading symbol “SSS”. Unless otherwise specified in any applicable Prospectus Supplement, the First Preferred shares, Warrants and Units will not be listed on any securities exchange. **There is no market through which the First Preferred Shares, Warrants or Units may be sold and purchasers may not be able to resell the First Preferred Shares, Warrants or Units purchased under this Prospectus. This may affect the pricing of these securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See the “Risk Factors” section of the applicable Prospectus Supplement.**

The Corporation may sell the Securities to or through underwriters, dealers, placement agents or other intermediaries or directly to purchasers or through agents. See “*Plan of Distribution*”. The Prospectus Supplement relating to a particular offering of Securities will identify each person who may be deemed to be an underwriter with respect to such offering and will set forth the terms of the offering of such Securities, including, to the extent applicable, the initial public offering price, the proceeds that the Corporation will receive, the underwriting discounts or commissions and any other discounts or concessions to be allowed or reallocated to dealers. The managing underwriter or underwriters with respect to Securities sold to or through underwriters, if any, will be named in the related Prospectus Supplement.

Subject to applicable securities legislation, in connection with any offering of Securities under this Prospectus, the underwriters, if any, may over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at a level above that which might otherwise prevail in the open market. These transactions, if commenced, may be discontinued at any time. See “*Plan of Distribution*”.

**You should rely only on the information contained in this Prospectus. The Corporation has not authorized anyone to provide you with information different from that contained in this Prospectus.**

The Corporation’s head office and registered office is located at 96 Skyway Avenue, Toronto, Ontario, Canada M9W 4Y9.

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## DEFINITIONS AND OTHER MATTERS

In this Prospectus and any Prospectus Supplement, unless otherwise indicated, references to “SCT” or the “Corporation” are to Stem Cell Therapeutics Corp. All references to “dollars”, “Cdn.\$” or “\$” are to Canadian dollars and all references to “U.S.\$” are to United States dollars. Unless otherwise indicated, all financial information included and incorporated by reference in this Prospectus and any Prospectus Supplement is determined using International Financial Reporting Standards (“IFRS”).

## ENFORCEMENT OF LEGAL RIGHTS

Certain of the directors of the Corporation reside outside of Canada. Furthermore, substantially all of the assets of such persons may also be located outside of Canada. It may not be possible for investors to effect service of process within Canada upon these directors. Investors are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

## SPECIAL NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements included in this Prospectus 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 Prospectus include, but are not limited to, statements with respect to: our expectations about the timing of achieving milestones and the cost of the SIRPaFc development program; our expectations about our products’ safety and efficacy; our strategy to acquire and develop new products and technologies and to enhance the capabilities of existing products and technologies; our requirements for, and the ability to obtain, future funding on favorable terms or at all 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 Prospectus 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. 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 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; (ii) the ability to obtain sufficient and suitable financing to support operations, pre-clinical development, clinical trials, and commercialization of products; (iii) the risks associated with the development of novel compounds in our intellectual property portfolio; (iv) 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; (v) the risks associated with the development of any licensed or acquired compounds; (vi) risks relating to the increase in operating costs from additional development programs and increased staff; (vii) the risks associated with the anticipated product development costs for future years; (viii) clinical trial timing, costs and results; (ix) delays or negative outcomes from the regulatory approval process; (x) our ability to successfully compete in our targeted markets; (xi) our ability to adequately protect proprietary information and technology from competitors; (xii) our ability to attract and retain key personnel and key collaborators; (xiii) the potential for product liability claims; and (xiv) the substantial risks involved in early-stage biopharmaceutical development companies.

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. Prospective investors should carefully consider the information contained under the heading “Risks” and in the Corporation’s AIF (as defined below) and all other information included in or incorporated by reference in this prospectus before making investment decisions with regard to the Corporation’s securities.

## **DOCUMENTS INCORPORATED BY REFERENCE**

**Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporation’s Corporate Secretary at 96 Skyway Avenue, Toronto, Ontario, M9W 4Y9 telephone (416) 595-0627, and are available electronically at [www.sedar.com](http://www.sedar.com).

The Corporation has filed the following documents with the securities commissions or similar regulatory authorities in certain of the provinces of Canada and such documents are specifically incorporated by reference in, and form an integral part of this Prospectus, provided that such documents are not incorporated by reference to the extent that their contents are modified or superseded by a statement contained in this Prospectus or in any subsequently filed document that is also incorporated by reference in this Prospectus:

- the annual information form of the Corporation dated March 27, 2014, for the year ended December 31, 2013 (the “**AIF**”);
- the management information circular of the Corporation dated September 19, 2013 relating to the annual and special meeting of shareholders of the Corporation held on October 17, 2013;
- the business acquisition report of the Corporation dated June 21, 2013;
- the unaudited interim condensed consolidated financial statements of the Corporation, together with the notes thereto, for the three months ended March 31, 2014 dated May 9, 2014;
- the management’s discussion and analysis of financial condition and results of operations of the Corporation for the three months ended March 31, 2014 dated May 9, 2014;
- the audited consolidated financial statements of the Corporation, together with the notes thereto, as at December 31, 2013 and 2012 and for the years then ended and the auditors’ report thereon addressed to the Corporation’s shareholders dated March 27, 2014;
- the management’s discussion and analysis of financial condition and results of operations of the Corporation for the year ended December 31, 2013 dated March 27, 2014;
- the material change report of the Corporation dated April 21, 2014 with respect to the listing of the Corporation’s common shares on the TSX and the granting of 7,923,868 stock options to executive officers with an exercise price of \$0.345 and a term of 10 years;
- the material change report of the Corporation dated March 31, 2014 with respect to the retirement of Dean Peterson and James DeMesa from the Board of Directors, the appointment of Luke Beshar and Thomas Reynolds to the Board of Directors and the issuance of stock options to the two new directors; and
- the material change report of the Corporation dated January 30, 2014 with respect to the retirement of David Allan as chairman of the Board of Directors and the appointment of Calvin Stiller as chairman of the Board of Directors.

Any documents of the type referred to in the preceding paragraph, including any annual information form, comparative annual consolidated financial statements and the auditors’ report thereon, comparative interim consolidated financial statements, management’s discussion and analysis of financial condition and results of operations, material change report (except a confidential material change report), business acquisition report and

information circular, if filed by the Corporation with the securities commissions or similar authorities in the provinces of British Columbia, Alberta, Manitoba, Ontario and Nova Scotia after the date of this Prospectus and before the termination of the distribution, shall be deemed to be incorporated by reference in this Prospectus.

**Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained in this Prospectus or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference into this Prospectus modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Prospectus.**

Upon a new annual information form and related audited annual financial statements and management's discussion and analysis being filed by the Corporation with, and where required, accepted by, the securities commission or similar regulatory authority in each of the provinces of British Columbia, Alberta, Manitoba, Ontario and Nova Scotia during the term of this Prospectus, the previous annual information form, the previous audited annual financial statements and related management's discussion and analysis, all unaudited interim financial statements and related management's discussion and analysis, material change reports and business acquisition reports filed prior to the commencement of the Corporation's financial year in which the new annual information form and related audited annual financial statements and management's discussion and analysis are filed shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Securities under this Prospectus. Upon new interim financial statements and related management's discussion and analysis being filed by the Corporation with the securities commission or similar regulatory authority in each of the provinces of British Columbia, Alberta, Manitoba, Ontario and Nova Scotia during the term of this Prospectus, all interim financial statements and related management's discussion and analysis filed prior to the new interim consolidated financial statements and related management's discussion and analysis shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Securities under this Prospectus. Upon a new information circular relating to an annual meeting of holders of Common Shares being filed by the Corporation with the securities commission or similar regulatory authority in each of the provinces of British Columbia, Alberta, Manitoba, Ontario and Nova Scotia during the term of this Prospectus, the information circular for the preceding annual meeting of holders of Common Shares shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Securities under this Prospectus.

One or more Prospectus Supplements containing the specific variable terms for an issue of the Securities and other information in relation to such Securities will be delivered to purchasers of such Securities together with this Prospectus and will be deemed to be incorporated by reference into this Prospectus as of the date of the Prospectus Supplement solely for the purposes of the offering of the Securities covered by any such Prospectus Supplement.

#### **STEM CELL THERAPEUTICS CORP.**

Stem Cell Therapeutics Corp. was incorporated under the *Business Corporations Act* (Alberta) 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. On November 7, 2013 the Corporation was continued under the *Business Corporations Act* (Ontario) ("**BCA**").

The Corporation's head office and registered office is located at 96 Skyway Avenue, Toronto, Ontario, Canada M9W 4Y9.

#### **Overview**

Stem Cell Therapeutics Corp. is an immuno-oncology company advancing cancer stem cell discoveries into novel and innovative cancer therapies. Our lead program SIRPaFc is an antibody-like fusion protein that blocks the activity of CD47, a molecule that is upregulated on cancer stem cells in acute myeloid leukemia ("**AML**") and

several other tumors. SIRPaFc, a novel fusion protein that targets CD47, augments the ability of the immune system to destroy cancer stem cells. The program originated from leading researchers in the field, including Drs. John Dick and Jean Wang of the University Health Network (“UHN”) and Dr. Jayne Danska of the Hospital for Sick Children, Toronto. SIRPaFc entered formal IND-enabling studies in the second half of 2013 and is being developed initially as a treatment for AML, with potential applications in other hematological and solid tumors.

Our CD200 monoclonal antibody (mAb), also targets key immunoregulatory pathways that tumor cells exploit to evade the host immune system. 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.

Our clinical stage programs include tigecycline and TTI-1612. Tigecycline is currently being evaluated in a multi-centre phase I study in patients with AML. Tigecycline is believed to selectively target leukemia cells and leukemic stem cells by shutting down their energy supply through the inhibition of mitochondrial protein synthesis. The Corporation’s TTI-1612 is a non-cancer asset that completed a 28-patient phase I trial in June 2013 in patients with interstitial cystitis, a chronic and painful bladder disease. Preliminary data indicated that TTI-1612 was well tolerated and exhibited a favorable pharmacokinetic profile.

## Recent Developments

### Financing

On December 13, 2013, the Corporation completed a private placement financing issuing 79,247,693 Common Share Units (each Common Share Unit consisting of one Common Share and three-quarters of a common share purchase warrant) at a price of \$0.21 per unit and 77,895,165 Preferred Share Units (each Preferred Share Unit consisting of one Series 1 Non-Voting First Preferred Share and three-quarters of a common share purchase warrant) at a price of \$0.21 per unit for gross proceeds of \$32,866,025 (\$30,713,841 net of issuance costs). Each whole warrant entitles the holder to purchase one Common Share at a price of \$0.28 at any time prior to expiry on December 13, 2018.

### Directors and Officers

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

<b>Name and Municipality of Residence</b>	<b>Current Positions and Offices Held</b>	<b>Principal Occupation in the Past Five Years</b>
Mr. Luke Beshar New Jersey, USA	Director since March 10, 2014	<i>January 2012 to present:</i> EVP and CFO, NPS Pharmaceuticals, Inc. a global biopharmaceutical company; <i>2009 to December 2011:</i> SVP and CFO, NPS Pharmaceuticals, Inc.
Dr. Henry Friesen Manitoba, Canada	Director since June 28, 2011	<i>2009 to present:</i> Distinguished University Professor Emeritus, University of Manitoba.
Dr. Robert Kirkman Washington, USA	Director since December 17, 2013	<i>2009 to present:</i> President and CEO, Oncothyreon Inc., an oncology-focused biotechnology company.
Dr. Michael Moore Berkshire, United Kingdom	Director since April 9, 2013	<i>2009 to present:</i> Chairman/ Director of a number of private biopharmaceutical companies in the UK; <i>2009 to March 2013:</i> Chairman, Trillium Therapeutics Inc.

Name and Municipality of Residence	Current Positions and Offices Held	Principal Occupation in the Past Five Years
Mr. James Parsons, CPA, CA Ontario, Canada	CFO since August 25, 2011	<i>August 2011 to present:</i> CFO of SCT. <i>October 2010 to present:</i> VP Finance, DiaMedica Inc., a public biotechnology company. <i>2009 to March 2013:</i> Director Finance, Trillium. <i>2009 to present:</i> President of a CFO services company.
Dr. Penka Petrova Ontario, Canada	Vice President, Drug Development since April 9, 2013	<i>April 2013 to present:</i> Vice President, Drug Development of SCT. <i>June 2011 to March 2013:</i> Director, Drug Development of Trillium; <i>2009 to June 2011:</i> Research Scientist, Trillium.
Dr. Thomas Reynolds Washington, USA	Director since March 10, 2014	<i>Feb 2013 to present:</i> independent biotechnology consultant; <i>2009 to January 2013:</i> Chief Medical Officer, Seattle Genetics, Inc., a biotechnology company focused on antibody-based therapies for the treatment of cancer.
Dr. Niclas Stiernholm Ontario, Canada	Director since July 18, 2011 President and CEO since April 9, 2013	<i>April 2013 to present:</i> President and CEO of SCT. <i>2009 - present:</i> CEO of Trillium.
Dr. Calvin Stiller Ontario, Canada	Director since July 18, 2011	<i>2009 - present:</i> 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	<i>April 2013 to present:</i> Chief Scientific Officer of SCT; <i>2009 to present:</i> VP Research of Trillium.

As at the date hereof, the Corporation has thirteen full time employees and one part-time employee. SCT believes it employs individuals who have the skill and knowledge required to implement its current business strategy.

## RISK FACTORS

**An investment in the Securities involves a high degree of risk. Prospective investors should consider carefully the risks incorporated by reference in this Prospectus (including in subsequently filed documents incorporated by reference) and those described below and in any Prospectus Supplement before purchasing the Securities offered hereby. Prospective investors should consider the categories of risks identified and discussed in the Annual Information Form and Management’s Discussion and Analysis of the Corporation incorporated herein by reference.**

### *No Market for the Securities*

There is currently no trading market for any First Preferred Shares, Warrants, or Units that may be offered. No assurance can be given that an active or liquid trading market for these securities will develop or be sustained. If an active or liquid market for these securities fails to develop or be sustained, the prices at which the securities trade may be adversely affected. Whether or not the securities will trade at lower prices depends on many factors, including liquidity of these securities, prevailing interest rates and the markets for similar securities, the market price of the Common Shares, general economic conditions and the Corporation’s financial condition, historic financial performance and future prospects.

## USE OF PROCEEDS

Unless otherwise indicated in an applicable Prospectus Supplement relating to an offering of Securities, the Corporation will use the net proceeds it receives from the sale of Securities for ongoing research and development activities, working capital and general corporate purposes, which may include expanding the scope of our current plans for the SIRPaFc program to include cancer indications additional to AML, or investment in other development programs. Specific information about the net proceeds will be described in the applicable Prospectus Supplement.

## CAPITALIZATION

On December 13, 2013, the Corporation completed a private placement financing (“**December 2013 Private Placement**”) issuing 79,247,693 common share units (each common share unit consisting of one common share and three-quarters of a common share purchase warrant) (the “**Common Share Units**”) at a price of \$0.21 per unit and 77,895,165 preferred share units (each preferred share unit consisting of one Series 1 Non-Voting First Preferred Share and three-quarters of a common share purchase warrant) (the “**Preferred Share Units**”) at a price of \$0.21 per unit for gross proceeds of \$32,866,025 (\$30,713,841 net of issuance costs). Each whole warrant entitles the holder to purchase one common share at a price of \$0.28 at any time prior to expiry on December 13, 2018.

All securities issued under the December 2013 Private Placement (including the compensation warrants), in Canada are subject to a four month hold and resale restrictions under Canadian securities law, and in the United States are subject to statutory resale restrictions under U.S. securities laws. All securities issued under the offering are also subject to a four month hold imposed under the policies of the TSX Venture Exchange.

In the December 2013 Private Placement, subscribers who purchased Preferred Share Units and certain subscribers who purchased Common Share Units are subject to restrictions on the conversion and exercise of securities of the Corporation convertible in Common Shares. Such subscribers cannot convert or exercise securities of the Corporation convertible or exercisable into Common Shares if, after giving effect to the exercise or conversion, the subscriber and its joint actors would have beneficial ownership or direction or control over Common Shares in excess of 4.99% of the then outstanding Common Shares. This limit can be raised at the option of the subscriber on 61 days prior written notice: (i) up to 9.99%, (ii) up to 19.99%, subject to stock exchange clearance of a personal information form submitted by the subscriber, and (iii) above 19.99%, subject to stock exchange approval and shareholder approval.

Subject to receipt of any required regulatory approvals, subscribers who purchased a minimum of 10% of the securities sold under the offering have been given rights to purchase securities of the Corporation in future financings to enable each such subscriber to maintain its percentage holding in the Corporation for so long as the subscriber holds at least 10% of the outstanding Common Shares on a fully-diluted basis.

As at May 13, 2014, there were 124,427,031 Common Shares issued and outstanding and 77,895,165 Series I Non-Voting Convertible First Preferred shares issued and outstanding. After giving effect to the exercise of all Common Share purchase warrants and options to purchase Common Shares, and the conversion of all Series I Non-Voting Convertible First Preferred shares, there would be 352,301,542 Common Shares issued and outstanding as at May 13, 2014.

There have been no material changes in the number of issued and outstanding Securities of the Corporation since December 31, 2013 other than the expiry of 909,091 warrants on March 24, 2014 with an exercise price of \$1.60 and other than as noted below under “Prior Sales”.

## PRIOR SALES

The following table summarizes details of all securities issued by the Corporation for the 12-month period prior to the date of this Prospectus.

<b>Date of Issuance</b>	<b>Price per Security or Exercise Price as Applicable</b>	<b>Number of and Description of Securities</b>
May 23, 2013	\$0.25	35,000 Options
June 24, 2013	\$0.25	20,000 Options
June 11, 2013	\$0.25	8,400 Options
December 13, 2013	\$0.21	79,247,693 Common Share Units <sup>(1)</sup>
December 13, 2013	\$0.21	77,895,165 Preferred Share Units <sup>(1)</sup>
December 13, 2013	\$0.21	5,014,839 Compensation Warrants <sup>(2)</sup>
January 16, 2014	\$0.40	400,000 Common Shares <sup>(3)</sup>
January 17, 2014	\$0.40	160,000 Common Shares <sup>(3)</sup>
January 17, 2014	\$0.25	182,813 Common Shares <sup>(4)</sup>
January 22, 2014	\$0.40	100,000 Common Shares <sup>(3)</sup>
January 23, 2014	\$0.40	109,000 Common Shares <sup>(3)</sup>
January 24, 2014	\$0.40	20,000 Common Shares <sup>(3)</sup>
January 29, 2014	\$0.51	200,000 Options
January 31, 2014	\$0.25	20,000 Common Shares <sup>(5)</sup>
February 6, 2014	\$0.40	50,000 Common Shares <sup>(3)</sup>
February 12, 2014	\$0.40	100,000 Common Shares <sup>(3)</sup>
February 21, 2014	\$0.40	86,000 Common Shares <sup>(3)</sup>
February 28, 2014	\$0.40	54,000 Common Shares <sup>(3)</sup>
March 5, 2014	\$0.40	75,000 Common Shares <sup>(3)</sup>
March 6, 2014	\$0.63	400,000 Options
March 7, 2014	\$0.40	142,500 Common Shares <sup>(3)</sup>
March 10, 2014	\$0.40	100,000 Common Shares <sup>(3)</sup>
March 11, 2014	\$0.25	428,438 Common Shares <sup>(4)</sup>
March 12, 2014	\$0.40	457,500 Common Shares <sup>(3)</sup>
March 13, 2014	\$0.40	131,000 Common Shares <sup>(3)</sup>
March 24, 2014	\$0.25	8,400 Common Shares <sup>(5)</sup>
April 17, 2014	\$0.345	7,923,868 Options
April 29, 2014	\$0.25	50,000 Common Shares <sup>(5)</sup>

**Note:**

- (1) Issued under a private placement. Each common share unit consisted of one common share and three-quarters of a common share purchase warrant and was issued at a price of \$0.21 per unit and each preferred share unit consisted of one Series 1 Non-Voting First Preferred Share and three-quarters of a common share purchase warrant and was issued at a price of \$0.21 per unit. Each whole warrant entitles the holder to purchase one common share at a price of \$0.28 at any time prior to expiry on December 13, 2018. A total of 117,857,142 warrants were issued.
- (2) Issued as compensation warrants related to the December 13, 2013 private placement. Each compensation warrant entitles the holder to acquire one common share at an exercise price of \$0.21 per share prior to expiry on December 13, 2015.
- (3) Issued on the exercise of \$0.40 warrants issued under the March 15, 2013 shelf prospectus supplement.
- (4) Issued on the exercise of \$0.25 compensation warrants issued under the March 15, 2013 shelf prospectus supplement.
- (5) Issued on the exercise of stock options.

## **DESCRIPTION OF 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 Board of 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 of the Corporation and any other shares ranking senior in priority to the Common Shares.

## **DESCRIPTION OF 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 Board of Directors. The Board of 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.

During 2013, the Corporation created a new series of First Preferred Shares designated as Series I Non-Voting Convertible First Preferred Shares (the “**First Preferred Shares**”). These shares are non-voting, may receive dividends as declared at the discretion of the Board of Directors, and are convertible to Common Shares at the holder’s discretion, on a one-for-one basis, subject to adjustment.

## **DESCRIPTION OF WARRANTS**

The following description of the terms of Warrants sets forth certain general terms and provisions of Warrants in respect of which a Prospectus Supplement may be filed. The particular terms and provisions of Warrants offered by any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in the Prospectus Supplement filed in respect of such Warrants. Warrants may be offered separately or in combination with one or more other Securities.

The description of the general terms and provisions of Warrants described in any Prospectus Supplement will include, where applicable:

- the designation and aggregate number of Warrants offered;
- the price at which the Warrants will be offered;
- if other than Canadian dollars, the currency or currency unit in which the Warrants are denominated;
- the designation and terms of the Common Shares that may be acquired upon exercise of the Warrants;
- the date on which the right to exercise the Warrants will commence and the date on which the right will expire;

- the number of Common Shares that may be purchased upon exercise of each Warrant and the price at which and currency or currencies in which that amount of securities may be purchased upon exercise of each Warrant;
- the designation and terms of any Securities with which the Warrants will be offered, if any, and the number of the Warrants that will be offered with each Security;
- the date or dates, if any, on or after which the Warrants and the related Securities will be transferable separately;
- the minimum or maximum amount, if any, of Warrants that may be exercised at any one time;
- whether the Warrants will be subject to redemption or call, and, if so, the terms of such redemption or call provisions; and
- any other material terms, conditions and rights (or limitations on such rights) of the Warrants.

The Corporation reserves the right to set forth in a Prospectus Supplement specific terms of the Warrants that are not within the parameters set forth in this Prospectus. In addition, to the extent that any particular terms of the Warrants described in a Prospectus Supplement differ from any of the terms described in this Prospectus, the description of such terms set forth in this Prospectus shall be deemed to have been superseded by the description of such differing terms set forth in such Prospectus Supplement with respect to such Warrants.

#### **DESCRIPTION OF UNITS**

The Corporation may issue Units comprised of one or more of the other Securities described in this Prospectus in any combination. Each Unit will be issued so that the holder of the Unit is also the holder of each Security included in the Unit. Thus, the holder of a Unit will have the rights and obligations of a holder of each included Security. The unit agreement, if any, under which a Unit is issued may provide that the Securities comprising the Unit may not be held or transferred separately, at any time or at any time before a specified date.

The particular terms and provisions of Units offered by any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in the Prospectus Supplement filed in respect of such Units.

The particular terms of each issue of Units will be described in the related Prospectus Supplement. This description will include, where applicable:

- the designation and aggregate number of Units offered;
- the price at which the Units will be offered;
- if other than Canadian dollars, the currency or currency unit in which the Units are denominated;
- the terms of the Units and of the Securities comprising the Units, including whether and under what circumstances those securities may be held or transferred separately;
- any provisions for the issuance, payment, settlement, transfer or exchange of the Units or of the Securities comprising the Units; and
- any other material terms, conditions and rights (or limitations on such rights) of the Units.

The Corporation reserves the right to set forth in a Prospectus Supplement specific terms of the Units that are not within the parameters set forth in this Prospectus. In addition, to the extent that any particular terms of the Units described in a Prospectus Supplement differ from any of the terms described in this Prospectus, the description of

such terms set forth in this Prospectus shall be deemed to have been superseded by the description of such differing terms set forth in such Prospectus Supplement with respect to such Units.

### MARKET FOR SECURITIES

The Corporation's outstanding Common Shares became listed and commenced trading on the Toronto Stock Exchange ("TSX") under the trading symbol "SSS" on April 22, 2014. Previously, the Corporation's Common Shares traded on the TSX Venture Exchange until April 21, 2014. On May 20, 2013, the Corporation's Common Shares began trading on the OTCQX Marketplace under the symbol "SCTFP". The following table sets forth the market price ranges and the aggregate volume of trading of the Common Shares on the TSX and TSX Venture Exchange for the periods indicated:

Month	High (\$)	Low (\$)	Volume (#)
May 1 to 13, 2014	0.405	0.275	1,521,140
April 2014	0.520	0.325	4,101,523
March 2014	0.740	0.420	5,476,362
February 2014	0.600	0.490	1,962,662
January 2014	0.650	0.380	7,302,978
December 2013	0.440	0.270	5,190,277
November 2013	0.340	0.260	947,024
October 2013	0.395	0.260	2,701,256
September 2013	0.325	0.255	1,848,769
August 2013	0.495	0.270	6,234,490
July 2013	0.320	0.220	2,131,729
June 2013	0.250	0.150	1,700,602
May 2013	0.190	0.140	3,465,204
April 2013	0.225	0.155	529,759

**Note:**

- (1) On February 6, 2013, SCT completed a share consolidation. Price and trading values for the months preceding February 2013 and for the period from February 1 to 5, 2013 reflect pre-consolidation values. Price and trading values for the period from February 6 to 28, 2013 and subsequent periods reflect post-consolidation values.

### PLAN OF DISTRIBUTION

The Corporation may sell Securities to or through underwriters, dealers, placement agents or other intermediaries and also may sell Securities directly to purchasers or through agents, subject to obtaining any applicable exemption from registration requirements.

The distribution of Securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, or at prices related to such prevailing market prices to be negotiated with purchasers and as set forth in an accompanying Prospectus Supplement. In connection with the sale of Securities, underwriters may receive compensation from the Corporation or from purchasers of Securities for whom they may act as agents in the form of discounts, concessions or commissions. Underwriters, dealers, placement agents or other intermediaries that participate in the distribution of Securities may be deemed to be underwriters and any discounts or commissions received by them from the Corporation and any profit on the resale of Securities by them may be deemed to be underwriting discounts and commissions under applicable securities legislation.

If so indicated in the applicable Prospectus Supplement, the Corporation may authorize dealers or other persons acting as the Corporation's agents to solicit offers by certain institutions to purchase the Securities directly from the Corporation pursuant to contracts providing for payment and delivery on a future date. These contracts will be subject only to the conditions set forth in the applicable Prospectus Supplement or supplements, which will also set forth the commission payable for solicitation of these contracts.

The Prospectus Supplement relating to any offering of Securities will also set forth the terms of the offering of the Securities, including, to the extent applicable, the offering price, the proceeds to the Corporation, the underwriting discounts or commissions, and any other discounts or concessions to be allowed or reallocated to dealers. Underwriters with respect to any offering of Securities sold to or through underwriters will be named in the Prospectus Supplement relating to such offering.

Under agreements which may be entered into by the Corporation, underwriters, dealers, placement agents and other intermediaries who participate in the distribution of Securities may be entitled to indemnification by the Corporation against certain liabilities, including liabilities under applicable securities legislation. The underwriters, dealers, placement agents and other intermediaries with whom the Corporation enters into agreements may be customers of, engage in transactions with or perform services for the Corporation in the ordinary course of business.

Any offering of First Preferred Shares, Warrants or Units will be a new issue of securities with no established trading market. Unless otherwise specified in the applicable Prospectus Supplement, the First Preferred Shares, Warrants or Units will not be listed on any securities exchange. **Unless otherwise specified in the applicable Prospectus Supplement, there is no market through which the First Preferred Shares, Warrants or Units may be sold and purchasers may not be able to resell First Preferred Shares, Warrants or Units purchased under this Prospectus or any Prospectus Supplement. This may affect the pricing of the First Preferred Shares, Warrants or Units in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation.** Certain dealers may make a market in the First Preferred Shares, Warrants or Units, as applicable, but will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given that any dealer will make a market in the First Preferred Shares, Warrants or Units or as to the liquidity of the trading market, if any, for the First Preferred Shares, Warrants or Units.

Subject to applicable securities legislation, in connection with any offering of Securities under this Prospectus, the underwriters, if any, may over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at a level above that which might otherwise prevail in the open market. These transactions, if commenced, may be discontinued at any time.

#### **CERTAIN INCOME TAX CONSIDERATIONS**

The applicable Prospectus Supplement may describe certain Canadian federal income tax consequences which may be applicable to a purchaser of Securities offered thereunder, and may also include a discussion of certain United States federal income tax consequences to the extent applicable.

#### **EXPERT**

The Corporation's auditors are Ernst & Young LLP, Chartered Accountants, Licensed Public Accountants, Toronto, Ontario, Canada. The Corporation's audited consolidated financial statements as at December 31, 2013 and 2012 and for the years then ended incorporated by reference into this Prospectus have been audited by Ernst & Young LLP, independent registered chartered accountants, as indicated in their report dated March 27, 2014 and are incorporated herein in reliance upon the authority of said firm as experts in accounting and auditing in giving said report. Ernst & Young LLP has been the Corporation's auditors since inception on March 31, 2004.

Ernst & Young LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of the Professional Conduct of the Chartered Professional Accountants of Ontario (registered name of The Institute of Chartered Accountants of Ontario).

#### **REGISTRAR AND TRANSFER AGENT**

The Corporation's registrar and transfer agent is Computershare Investor Services Inc. at its principal office in Toronto, Ontario.

## **PURCHASERS' STATUTORY RIGHTS**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus, the accompanying prospectus supplement relating to securities purchased by a purchaser and any amendment thereto. The legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages, if the prospectus, the accompanying prospectus supplement relating to securities purchased by a purchaser or any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation in the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

**CERTIFICATE OF THE CORPORATION**

Dated: May 13, 2014

This short form prospectus, together with the documents incorporated in this prospectus by reference, constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation in the provinces of British Columbia, Alberta, Manitoba, Ontario and Nova Scotia.

(signed) "*Niclas Stiernholm*"  
Chief Executive Officer

(signed) "*James Parsons*"  
Chief Financial Officer

On behalf of the Board of Directors of  
Stem Cell Therapeutics Corp.

(signed) "*Henry Friesen*"  
Director

(signed) "*Calvin Stiller*"  
Director