iCo THERAPEUTICS INC. ANNUAL INFORMATION FORM

For the year ended December 31, 2019

Dated May 15, 2020

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INTRODUCTION

In this annual information form (the "**Annual Information Form**"), unless the context requires otherwise, references to the "Company", "iCo", "we", "us", "our" and similar words refer to iCo Therapeutics Inc. or any predecessor thereto, as the context requires. The information in this Annual Information Form is presented as of December 31, 2019, unless otherwise indicated. All dollar amounts in this Annual Information Form are in Canadian dollars, except where otherwise indicated.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS AND RISK FACTORS

Certain statements and information in this Annual Information Form contain forward-looking statements or forward- looking information under applicable Canadian securities legislation that may not be based on historical fact, including, without limitation, statements containing the words "believe", "may", "plan", "will", "estimate", "continue", "anticipate", "intend", "expect", "predict", "project", "potential", "continue", "ongoing", "could", "would", "seek", "target" or the negative of these terms or other comparable terminology, although not all forward- looking statements contain these words and similar expressions.

Forward-looking statements are necessarily based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as factors that we believe are appropriate. Forward-looking statements in this Annual Information Form include, but are not limited to, statements relating to:

- the initiation, timing, cost, progress and success of our research and development programs;
- our ability to re-dose, formulate and develop drug candidates;
- our ability to identify, select, and acquire pharmaceutical product candidates;
- our ability and our partners' ability to advance product candidates into, and successfully complete, clinical trials;
- our expectations regarding the advancement of iCo-008 and the Oral Amp B Delivery System (as defined below) through further studies;
- our expectations regarding enrolment and the timing of enrolment for our product candidates;
- the expected therapeutic benefits, effectiveness and safety of our product candidates, including our belief that our approach may reduce the risk, time and cost of developing therapeutics by avoiding some of the uncertainty associated with certain research and pre-clinical stages of drug development;
- our expectations that iCo-008 shows promise in the treatment of the dermatological condition bullous pemphigoid and may have utility in atopic dermatitis, gastrointestinal conditions including inflammatory bowel disease/ulcerative colitis, vernal keratoconjunctivitis, asthma and age-related macular degeneration;
- the ability of iCo-008 to inhibit both early stage and late stage development of severe eotaxin-1 mediated indications;
- our ability to obtain funding for our operations, including funding for research and commercial activities;
- the impact of the COVID-19 pandemic on our operations;
- our ability to achieve profitability;
- our ability to establish and maintain relationships with collaborators with acceptable development, regulatory and commercialization expertise and the benefits to be derived from such collaborative efforts;
- our ability to enter into agreements or partnerships with pharmaceutical or biotechnology companies that have sales and marketing capabilities, which will enable us to increase our returns from our product candidates or to further accelerate development of our product candidates;
- the manufacturing capacity of third-party manufacturers for our product candidates;
- the implementation of our business model and strategic plans;
- our ability to protect our intellectual property and operate our business without infringing upon the intellectual property rights of others;
- our expectations regarding federal, provincial and foreign regulatory requirements;
- the timing of, and the costs of obtaining and maintaining, regulatory approvals in the United States, Canada and other jurisdictions for our product candidates;
- the rate and degree of market acceptance and clinical utility of our future products, if any;
- our expectations regarding market risk, including interest rate changes and foreign currency fluctuations;
- our ability to engage and retain the consultants or employees required to grow our business;
- the compensation that is expected to be paid to consultants or employees of the Company;
- our future financial performance and projected expenditures;

- developments relating to our competitors and our industry, including the success of competing therapies that are or become available; and
- estimates of our expenses, future revenue, capital requirements and our needs for additional financing.

Such forward-looking statements reflect our current views with respect to future events, are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by iCo as of the date of such statements, are inherently subject to significant medical, scientific, business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause our actual results, performance, achievements, prospects or opportunities to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. In making the forward-looking statements included in this Annual Information Form, the Company has made various material assumptions, including, but not limited to: (i) obtaining positive results of clinical trials; (ii) obtaining regulatory approvals; (iii) assumptions regarding general business and economic conditions; (iv) assumptions regarding the cost and timing of each study;
(v) the Company's ability to successfully develop iCo-008 and the Oral Amp B Delivery System; (vi) that the Company's current positive relationships with third parties will be maintained; (vii) the availability of financing on reasonable terms; (viii) the Company's ability to attract and retain skilled consultants; (ix) assumptions regarding market competition; (x) the products and technology offered by the Company's competitors; (xi) the Company's ability to protect patents and proprietary rights and (xii) the COVID 19 pandemic not having a material effect on our operations..

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined herein under the heading "*Risk Factors*". Should one or more of these risks or uncertainties, or a risk that is not currently known to us, materialize, or should assumptions underlying those forward- looking statements prove incorrect, actual results may vary materially from those described herein. These forward- looking statements are made as of the date of this Annual Information Form and we do not intend, and do not assume any obligation, to update these forward-looking statements except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

CORPORATE STRUCTURE

General

The Company was incorporated under the *Business Corporations Act* (British Columbia) on April 20, 2006 under the name "Beanstalk Capital Corporation". The Company changed its name to "Beanstalk Capital Ltd." in connection with its qualifying transaction. Prior to completing its qualifying transaction on December 31, 2007, the Company was a "capital pool company" under Policy 2.4 of the TSX Venture Exchange Corporate Finance Manual. As a capital pool company, the Company had no assets other than cash and did not carry on any operations.

The Company's qualifying transaction under Policy 2.4 involved a reverse take-over transaction by way of statutory arrangement (the "**Arrangement**") involving a wholly-owned subsidiary of the Company known as 4448073 Canada Inc. and a company formerly known as iCo Therapeutics Inc. ("**Privateco**"). Under the Arrangement:

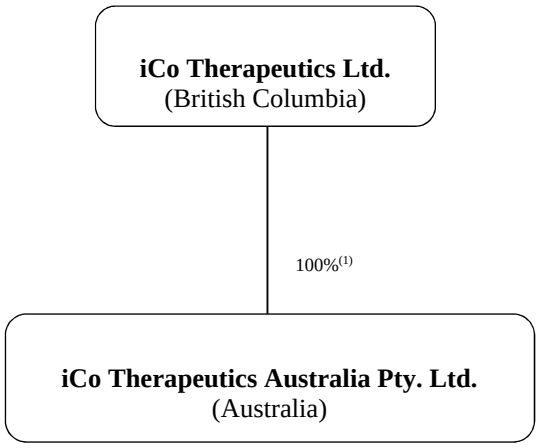
- Privateco amalgamated with 4448073 Canada Inc. to form a new company known as iCology Corporation ("**iCology**");
- all of the issued and outstanding securities of Privateco, including warrants and options, were exchanged for equivalent securities of the Company on a one-for-one basis; and
- the Company changed its name from "Beanstalk Capital Ltd." to "iCo Therapeutics Inc."

As a consequence of the Arrangement, iCology became a wholly-owned subsidiary of the Company and the shareholders of Privateco acquired a majority of the Company's shares. On January 8, 2008, the Company's common shares began trading on the TSX Venture Exchange ("**TSX-V**") under the symbol "ICO".

Following completion of the Arrangement, iCology continued to conduct the biotechnology business previously conducted by Privateco until January 1, 2009, when iCology and the Company were amalgamated with the Company being the successor entity. The Company's head office is located at 6th Floor, 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4, and the Company's registered and records office is located at 595 Burrard Street, Suite 2600, Vancouver, British Columbia, V7X 1L3.

Incorporate Relationships

The following is a current corporate organizational chart displaying the Company and iCo Therapeutics Australia Pty. Ltd., iCo's wholly-owned subsidiary.



(1) The Company is the registered owner of 100% of all of the issued and outstanding shares of iCo Therapeutics Australia Pty. Ltd., a corporation incorporated under the laws of Australia.

GENERAL DEVELOPMENT OF THE BUSINESS

History

We are a Canadian biotechnology company principally focused on the identification, development and commercialization of drug candidates to treat ocular and infectious diseases.

We principally focus on in-licensing drug candidates with a clinical history and are seeking to re-dose, reformulate and develop drug candidates for the treatment of ocular and infectious diseases. We assume the clinical, regulatory and commercial development activities for our product candidates and advance them along the regulatory and clinical pathway toward commercial approval. We believe that our approach may reduce the risk, time and cost of developing therapeutics by avoiding some of the uncertainty associated with certain research and pre-clinical stages of drug development. We use our expertise to manage and perform what we believe are the critical aspects of the drug development process, including the design and conduct of clinical trials, the development and execution of strategies for the protection and maintenance of intellectual property rights and interaction with drug regulatory authorities. We have two in-licensed product candidates: iCo-008 (or "**Bertilimumab**"), for potential use in eotaxin-1 mediated indications; and an oral Amphotericin B delivery system ("**Oral Amp B Delivery System**"), for potential use in certain fungal infections.

iCo-008

iCo-008 is a human monoclonal antibody that neutralizes eotaxin-1, a ligand to the C-C chemokine receptor type three ("**CCR3**"). It is our view that iCo-008 neutralizes eotaxin-1 by binding to it and, as a consequence, preventing it from binding to CCR3. We believe that iCo-008 has the potential to inhibit intracellular signaling associated with mast cell degranulation and the recruitment of eosinophils to the site of allergic reactions and, as a result, potentially inhibit both early stage and late stage development of severe eotaxin-1 mediated indications. We believe that iCo-008 shows promise in the treatment of the dermatological condition bullous pemphigoid ("**BP**") and may have utility in atopic dermatitis, gastrointestinal conditions including inflammatory bowel disease/ulcerative colitis, vernal keratoconjunctivitis, asthma and age-related macular degeneration ("**AMD**").

Before we licensed iCo-008 from Medimmune Limited ("**Medimmune**"), Cambridge Antibody Technology ("**CAT**") conducted Phase I clinical trials testing the safety, tolerability and pharmacokinetics of iCo-008 and Phase II clinical trials testing the efficacy of iCo-008 as a treatment for allergic rhinitis and allergic conjunctivitis. In 2008, AstraZeneca integrated CAT into its global biologics business under the Medimmune banner, uniting the resources and expertise from CAT and Medimmune within AstraZeneca. We remain interested in pursuing further clinical development of this program in individuals

with a serious sight threatening form of allergic conjunctivitis known as vernal keratoconjunctivitis ("**VKC**") and atopic keratoconjunctivitis ("**AKC**"). The Company would need to access additional capital through partnering or financing before deciding to advance this program.

On June 24, 2011, the Company granted Immune Pharmaceuticals Inc. ("**IMMUNE**") an exclusive sublicense for the development and commercialization rights to the systemic uses of iCo-008 (the "**IMMUNE License Agreement**"). The Company retained worldwide exclusive rights to all uses and applications in the ocular field. In consideration for granting the license, the Company received upfront consideration of US$500,000 cash plus 600,000 IMMUNE shares and 200,000 IMMUNE warrants. In addition, as part of the IMMUNE License Agreement, the Company had the right to receive up to US$32,000,000 in milestone payments as well as royalties on net sales of licensed products.

On August 26, 2013, IMMUNE completed a merger with Epicept Corporation, and the merged company began trading on NASDAQ under the name Immune Pharmaceuticals Inc. and the symbol "IMNP". The original IMMUNE shares and warrants were exchanged for 654,386 common shares and 123,649 warrants in the merged company. During 2015, the Company sold all its shares in the merged company realizing net proceeds of $1,011,569. On April 12, 2017, IMMUNE completed a reverse stock split of its common shares at a ratio of 1 for 20. The effect on the Company's IMMUNE warrants was to reduce the number of warrants to 6,182 from 123,649 and to increase the exercise price to
$52.60 from $2.63.

On February 17, 2019 IMMUNE filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code in Bankruptcy Court of the District of New Jersey (the "Court"). On October. 21, 2019, the Court approved a sale order relating to the assignment of the sublicence of iCo's assets to Alexion Pharmaceuticals, Inc. ("Alexion"). Subsequently, pursuant to related legal proceedings in Israel, the District Court of Jerusalem, Israel also approved the sales order. Under the terms of the sales order, Alexion was required to pay US$6 million into the Court in the settlement of IMMUNE's creditor claims in exchange for IMMUNE's rights under the sublicense. The terms of the original sublicence have not been altered and Alexion assumes the rights and obligations of IMMUNE under the original sublicense agreement. iCo remains free to seek development partners for ophthalmic indications which are outside the scope of the original sublicence agreement.

<u>iCo-008 development undertaken by IMMUNE</u>

In early 2015, IMMUNE developed an enhanced Good Manufacturing Practice ("**GMP**") for Bertilimumab. The new process has higher comparable performance and improved productivity than the previous process. This was an important step to support production of clinical supplies for future trials. In December 2018, IMMUNE announced a collaboration with WuXi Biologics Co. Ltd. ("**WuXi Biologics**") to produce drug product for pivotal clinical studies, scaling production up to 2,000 liters. WuXi Biologics was to have served as the fill/finish manufacturer for Bertilimumab.

<u>iCo–008 for Bullous Pemphigoid</u>

In early 2015, IMMUNE initiated its Phase II program with Bertilimumab for the treatment of BP, a rare autoimmune blistering disease of the skin, which is painful and itchy, and occurs predominantly in patients over 60 years of age.

On October 7, 2015, IMMUNE announced that it had submitted an Investigational New Drug Application ("**IND**") in the U.S. to expand recruitment for Bertilimumab, for the treatment of BP, and subsequently announced on November 9, 2015 that the U.S. Food and Drug Administration ("**FDA**") had accepted IMMUNE's IND application.

The BP trial was an open-label, single arm study in adults with moderate to severe BP and was conducted at six sites in the United States and two sites in Israel with a target enrolment of 10-15 patients. The primary end point was safety

and secondary endpoints included a variety of efficacy measures related to clinical signs and symptoms and tapering of systemic corticosteroids. Subjects in this study received Bertilimumab intravenously at a dose of 10 mg/kg on days 0, 14 and 28 and were followed for a total of 84 days. In addition, they received oral prednisone, a systematic steroid, at a maximum initial dose of 30 mg/day, which was to be tapered rapidly according to the subject's clinical status.

On May 15, 2018, IMMUNE announced positive results from the completed BP trial. Subjects in the study experienced a decline in the BP Disease Area Index ("**BPDAI**") Activity Score of 81% (p=0.015) at day 84 from a mean baseline score of 67, with 86% of subjects showing at least a 50% improvement in the BPDAI Activity Score and 57% showing at least a 90% improvement. Over the course of the study, subjects in the study also had improvements in pruritus, a very challenging symptom for patients with BP, and quality of life. These benefits were seen quickly, with a mean reduction in BPDAI Activity

Score of 70% by day 42. For a subgroup of subjects within which lesion healing was assessed, all six showed healing of prior lesions by day 28.

These improvements were observed despite subjects receiving only three doses of Bertilimumab (on days 0, 14 and 28) and modest doses of prednisone that was aggressively tapered. The mean starting dose of prednisone was 28 mg (0.33 mg/kg) which was reduced to 17 mg (0.19 mg/kg) by day 42 (p=0.022) and to 12 mg (0.15 mg/kg) by day 84 (p=0.005). 40% of subjects had a prednisone dose of 10 mg/day or less by day 42, and 58% had achieved 10 mg/day or less by day 84. The standard of care for BP patients treated with systemic steroids is a starting dose of 0.5-1.0 mg/kg tapered slowly over the course of 6-12 months. Subjects in this study received on average approximately 2,900 mg less prednisone than called for by the regimen of Joly et al (Joly et al, New Engl J Med 2002; 347:143-145) and 1,700 mg less prednisone than called for by British treatment guidelines (Venning et al, Br J Dermatol 2012: 1200-1214).

Now that Alexion has assumed the rights and obligations of IMMUNE under the IMMUNE sub-license, they are formulating their plans for developing iCo-008 in BP and other possible systemic indications. In light of the uncertainty created by the current COVID-19 pandemic, the timing of development of iCo-008 may be uncertain.

iCo–008 in Ulcerative Colitis

Following authorization from Israeli health authorities, IMMUNE initiated a Phase II double-blind, placebo-controlled study with Bertilimumab, in patients with moderate-to-severe ulcerative colitis. Enrollment was completed. The clinical trial was a randomized, double-blind, placebo-controlled parallel group study to evaluate the safety, clinical efficacy, and pharmacokinetic profile of Bertilimumab in subjects with active moderate-to-severe ulcerative colitis. Subjects were randomized in a 2:1 ratio received Bertilimumab 10 mg/kg IV or a placebo on days 0, 14 and 28, and were followed for safety and efficacy measures for 12 weeks. The primary end point was clinical response assessed by the Mayo Clinic Ulcerative Colitis Disease Index at eight weeks. Secondary end points include assessment of mucosal injury and clinical remission.

33 patients were enrolled into the study. Patients were evaluated for clinical response after six weeks to determine the decrease if any in the full Mayo Clinic Ulcerative Colitis Score. Secondary and exploratory end points included clinical remission defined as symptom free, fecal calprotectin, a recognized marker of gastro-intestinal inflammation, histopathology improvement and degree of mucosal injury. On November 17, 2015, IMMUNE announced that the first patient had been enrolled into the Phase II clinical trial evaluating the safety and efficacy of Bertilimumab in ulcerative colitis.

iCo-008 development planning for ophthalmic indications by iCo Therapeutics

iCo has been involved in discussions with Ophthalmic Research Associates ("**ORA**") relating to an ocular developmental program, a pre-IND meeting with the FDA and Phase 2 and Phase 3 clinical study designs for indications including seasonal/perennial allergic conjunctivitis, vernal keratoconjunctivitis ("**VKC**"), and atopic keratoconjunctivitis ("**AKC**"). A proof of concept VKC study with 40 patients enrolled would likely require US $2.5-3.5 M to complete.

Oral Amp B Delivery System

The Oral Amp B Delivery System of Amphotericin B ("**Amp B**") began development at the University of British Columbia ("**UBC**") under Dr. Kishor Wasan. Dr. Wasan subsequently moved from UBC to the University of Saskatchewan to become Professor, College of Pharmacy and Nutrition and recently joined iCo as the Director of Research. Although Amp B has been used to treat systemic fungal infections intravenously for approximately 50 years, an oral formulation of Amp B has yet to be developed. Historically, Amp B was shown to have a limited oral bioavailability due to its low aqueous solubility and poor membrane permeability. Intravenous Amp B has historically been a potent but toxic option for the treatment of serious systemic fungal infections. Systemic fungal infections are fungal infections that affect the entire body and are particularly prevalent among people whose immune systems have been weakened by certain treatments, such as organ transplant recipients, or certain conditions, such as cancer, diabetes or AIDS. Although several drugs have been developed for the treatment of systemic fungal infections, systemic fungal infections remain a leading cause of death for organ transplant recipients and other patients with compromised immune systems. Further, in developing nations, oral therapy would be valuable for the treatment of Visceral Leishmaniasis ("**VL**"), a parasitic infection known for its high mortality rates. Current Amp B therapy for VL or fungal infections requires one or more infusions in the hospital setting and is often associated with infusion-related adverse events, such as renal toxicity. Successful oral formulation could resolve the safety issues associated with parenteral application and enable a much broader patient access to this highly effective treatment option.

We completed several studies with iCo's Oral Amp B Delivery System, which have shown promising pharmacokinetic and tissue distribution results in two anti-fungal pre-clinical models. iCo's Oral Amp B Delivery System has also demonstrated promising

results in pre-clinical models for VL conducted at independent laboratories in the United States. Based on these studies, the Oral Amp B Delivery System received Orphan Drug Status from the FDA for the treatment of VL.

On December 12, 2013, we announced that the Oral Amp B Delivery System had been moved into *in-vitro* testing with study partner, ImmuneCarta®, (the immune monitoring business unit of Caprion Biosciences - a proteomics service provider based in Montreal). The deliverables associated with this project included the recruitment of eight HIV-infected subjects successfully treated with the anti-viral regimen HAART but had a detectable latent viral reservoir. Leukapherisis and tissue samples collected from these subjects were used in several assays in order to define the subsets of the cells, CD4+ T cells and monocytes, where HIV frequently hides and to test the effect of the Oral Amp B Delivery System on the reactivation and the elimination of HIV reservoirs. Recruitment of the eight HIV- infected subjects was completed, and, on August 19, 2014, we reported the results of the study. Memory cells, or white blood cells, from the eight HIV-infected subjects were obtained and exposed *in vitro* to various concentrations of our Oral Amp B Delivery System. Samples from one patient were determined not to be susceptible to reactivation. In the remaining subjects, the Oral Amp B Delivery System demonstrated a reactivation response of HIV viral production in six out of seven *in vitro* cultures with detectable HIV reservoir. Some HIV reservoirs are not possible to reactivate and this may explain why one culture did not show reactivation response.

The results in the anti-fungal pre-clinical models and the ex-vivo study in HIV subjects supported the further development of the Oral Amp B Delivery System. On October 26, 2015, we announced that the Company had engaged Corealis Pharma Inc. ("**Corealis**"), a contract manufacturing organization, for analytical development, formulation optimization and scale-up of the Oral Amp B Delivery System. This work culminated in the development of new capsule formulations to deliver Amp B

During 2016, the Company was able to demonstrate scalable and stable drug product in a higher dose form with the new capsule formulations. The Company went on to conduct pre-clinical, pharmacokinetic and distribution studies using these optimized formulations. Two conclusions were drawn from these pre-clinical studies: (i) the optimized formulations exhibited pharmacokinetic and tissue accumulation data with clinical and commercial relevance; and (ii) that a once daily regime may be possible for our drug candidate in certain indications.

On January 23, 2017, the Company announced it had initiated multiple, pre-clinical studies with its Oral Amp B Delivery System program including a fasted/fed study, a 7-day dose range finding study and, importantly, a 14-day Good Laboratory Practice ("**GLP**") toxicology study. All three studies were completed during the first quarter of 2017 and results were reported on June 12, 2017. The results from the 7-day dose range finding study revealed no toxicities of oral Amp B up to 1000mg/day. A previous bridging study between different oral Amp B formulations, iCo-010, iCo-019 and iCo-022, demonstrated similar oral bioavailability with no significant differences noted between the formulation groups. The 14-day GLP toxicology study revealed that the oral administration of Amp B, at dose levels of up to 600 mg/ day once daily for 14 days, was well tolerated with no toxicologically significant histological findings (n=38 subjects).

Substantial non-dilutive, grant funding for the pre-clinical development of the Oral Amp B Delivery System was provided by the National Research Council Industrial Research Assistance Program ("**IRAP**"). For 2017, the Company recognized $190,865 (for 2016, $251,199) in IRAP grants recorded as other income in the Statement of Loss and Comprehensive Loss. The Company has used all of the funding available under this grant application.

On April 17, 2018, the first subject was dosed in the Phase I, single ascending dose clinical trial. The Phase I clinical trial design was a randomized, double-masked, placebo-controlled, single dose ascending study to assess the safety, tolerability, and bioavailability of iCo-019 (oral Amp B) in healthy male and non-pregnant female subjects between 18-55 years of age. Subjects were randomized into one of four cohorts, each representing an ascending single dose of treatment. Cohorts were dosed sequentially. Each cohort consisted of eight subjects where six subjects were randomized to receive the investigational product and two subjects were randomized to receive the placebo. All subjects were followed for seven days after dosing.

This clinical study was conducted in Australia, because Australia offers experienced contract research organizations, a pool of suitable subjects and generous refundable tax credits, which significantly lowered overall costs for the Phase I study.

The trial was registered with the Therapeutic Goods Administration ("**TGA**") in Australia via the Clinical Trial Notification process and involved Linear Clinical Research in Perth, Australia, partnered with the global contract research organization, INC Research/inVentiv Health, recently renamed Syneos.

On June 27, 2018, iCo announced a positive primary end point in its Phase I clinical study. The study met its primary endpoint of safety and tolerability of iCo-019 (oral Amp B) following oral administration of single ascending doses in healthy subjects. There were no serious adverse events and no drug-related adverse events in either of the four study cohorts. All drug doses were tolerated, including the highest dose of 800 mg with no indication of kidney toxicity.

On July 16, 2018, iCo announced a positive secondary endpoint in its Phase I clinical study and advancement into later stage clinical trials. It was noted that the distinguishing features of the Company's Oral Amp B candidate are enhanced plasma area under the concentration time curve, which is a measure of systemic drug exposure, and longer blood circulation time without the associated gastrointestinal effects or liver and kidney toxicity.

On September 6, 2018, iCo announced additional positive pharmacokinetic data from its recent Phase 1 study of the Company's Oral Amp B Delivery System. Previously the Company reported that the Oral Amp B Delivery System achieved a median Cmax of 28 ng/mL and AUC0-inf of 1030 hr*ng/mL at the lowest dose of oral Amp B of 100 mg, demonstrating superiority of area under the concentration time curve from time zero to infinity, when compared to published 200 mg, 400 mg and 800 mg oral cochleate formulation data by the closest competitor. The Company reported a median AUC0-inf of 2029 hr*ng/mL at the 400 mg dose of oral Amp B, representing an approximate doubling of the critical AUC0-inf measure at an increased dose. The Company intends to study both the 100 mg and 400 mg dose in the next clinical study. In its Phase 1 study 100 mg, 200 mg, 400 mg and 800 mg doses were studied.

On December 9 2019, iCo initiated a second study using oral Amphotericin B ("**Phase 1b**") exploring safety and pharmacokinetics of multiple ascending drug doses ("**MAD**") in healthy subjects. Subjects were dosed for 10 consecutive days with additional 10 days of follow-up (a total of 20 days). Based on the previous Phase trial, which showed promising pharmacokinetic outcomes (using a single dose only), the Phase 1b trial used two daily doses of oral Amphotericin B (100mg and 400mg). An extensive safety and pharmacokinetic testing was performed throughout the study to indicate which dose might be the most safe and effective for future trials in patients with fungal diseases.

This clinical study was conducted in Australia, because Australia offers experienced contract research organizations, a pool of suitable subjects and generous refundable tax credits, which significantly lowered overall costs for the Phase Ib study. The trial was registered with the Therapeutic Goods Administration ("**TGA**") in Australia via the Clinical Trial Notification process and involved Linear Clinical Research in Perth, Australia, partnered with the global contract research organization, Syneos.

On April 14, 2020, iCo announced positive results of a Phase 1b clinical study. All repeated doses of iCo-019 were well tolerated with no serious adverse events including no signs of GI, kidney or liver toxicities. ICo-019 at the 100 mg dose achieved a median plasma Cmax of 25 ng AmB/mL and AUC (0-inf) 990 hr* ng/mL after day 1 of dosing and a median plasma Cmax of 44 ng AmB/mL and AUC (0-inf) 1998 hr*ng/mL after 10 day of dosing. This approximate doubling of the AUC (0-inf) measure between day 1 and day 10 was observed not only at the 100 mg dose but at the 400 mg dose as well.

The data suggest that a novel oral Amphotericin B formulation is safe and tolerable following multiple dosing to healthy human subjects. In addition, the increased AUC observed in the phase 1b human clinical studies between the day 1 of dosing to the day 10 of dosing suggests that iCo-19 formulation has the ability to increase and sustain Amphotericin B tissue concentrations within infected tissues without the associated GI, liver or kidney toxicity.

Other Developments

On August 4, 2017, iCo announced that its board of directors had adopted an advance notice policy (the "**Advance Notice Policy**"). The purpose of the policy is to provide shareholders, directors and management of the Company with direction on the procedure for shareholder nomination of directors. The Advance Notice Policy is the framework by which the Company seeks to fix a deadline by which registered or beneficial holders of common shares of the Company must submit director nominations to the Company prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Company for the notice to be in proper written form. No person will be eligible for election as a director of the Company unless nominated in accordance with the provisions of the Advance Notice Policy. The Advance Notice Policy was ratified by the shareholders of the Company on June 27, 2018 at the Company's annual general meeting.

On January 31, 2019, iCo announced that it issued a total of 3,000,000 units pursuant to the first tranche of a non- brokered private placement (the "**Private Placement**"). Pursuant to the Private Placement, each unit was sold at a price of $0.05 and consisted of one common share in the capital of the Company and one common share purchase warrant exercisable at $0.075 for 36 months from the date of the closing of the Private Placement. The warrants are subject to an acceleration clause that allows the Company to accelerate the expiry date of the warrants in the event that, at any time after four months from the closing date, the volume weighted average trading price of the common shares on the TSX-V equals or exceeds $0.14 for ten consecutive trading days, the warrants will expire on the date that is at least 30 days following the issuance of a press release announcing such acceleration from the Company. The Company agreed (i) to pay a cash finder's fee of 8% of the gross proceeds to the Company raised from subscriptions in the Private Placement from persons introduced to the Company by certain finders and (ii) to issue compensation warrants equal to 8% of the units subscribed for by persons introduced to the Company by

certain finders. Each finders' warrant entitles the finder to purchase one additional common share for a period of 24 months from the closing of the Private Placement at an exercise price of $0.05 per finders' warrant.

On February 11, 2019, iCo announced that it had issued a total of 4,000,000 units to a Canadian institutional investor pursuant to the second tranche of the Private Placement. On February 25, 2019, iCo announced that it had issued a total of 14,400,000 units pursuant to the third tranche of the Private Placement. On March 5, 2019, iCo announced that it had issued a further 3,600,000 units pursuant to the fourth tranche of the Private Placement, bringing the total number of units and gross proceeds under the Private Placement to 25,000,000 and C$1,250,000, respectively.

In connection with this Private Placement 1 the Company paid a finder's fee to (i) Raymond James Inc. (Raymond), consisting of $12,000 in cash and 240,000 warrants (the Raymond Broker Warrants); (ii) Leede Jones Gable Inc. (Leede), consisting of $40,000 in cash and 800,000 warrants (the Leede Broker Warrants) and (iii) Mackie Research Capital Corporation (Mackie), consisting of $10,400 in cash and 208,000 warrants (the Mackie Broker Warrants). The Raymond Broker Warrants entitle Raymond to purchase one Common Share at a price of $0.05 until January 31, 2021. The Leede Broker Warrants entitle Leede to purchase one Common Share at a price of $0.05 until February 25, 2021. The Mackie Broker Warrants entitle Mackie to purchase one Common Share at a price of $0.05 until March 2, 2021.

On August 19, 2019, iCo announced that it had issued a total of 41,200,000 units pursuant to a non-brokered private placement (the **"Second Private Placement**"). Pursuant to the Second Private Placement, each unit was sold at a price of $0.05 and consisted of one common share in the capital of the Company and one common share purchase warrant exercisable at $0.075 for 36 months from the date of the closing of the Second Private Placement. The warrants are subject to an acceleration clause that allows the Company to accelerate the expiry date of the warrants in the event that, at any time after four months from the closing date, the volume weighted average trading price of the common shares on the TSX-V equals or exceeds $0.14 for ten consecutive trading days, the warrants will expire on the date that is at least 30 days following the issuance of a press release announcing such acceleration from the Company.

In connection with the Second Private Placement the Company paid a finder's fee to: i) Leede Jones Gable Inc. ("Leede"), consisting of $140,000 in cash and 2,800,000 warrants; ii) RBC Wealth Management consisting of $2,400 cash and 48,000 warrants and; iii) Acumen Capital Partners consisting of $2,400 cash and 48,000 warrants. The finder's warrants entitle the holder to purchase one Common Share at a price of $0.06 for up to 24 months after the date of closing. The Warrants are subject to an acceleration clause (the "Acceleration Clause") that allows the Company to accelerate the expiry date of the Warrants in the event that the volume weighted average trading price of the Common Shares on the TSX Venture Exchange equals or exceeds $0.14 for ten consecutive trading days. The Warrants will expire on the date that is at least 30 days following the issuance of a press release announcing such acceleration from the Company. All securities issued and issuable in connection with the August 16, 2019 private placement were subject to a statutory hold period which expired on December 17, 2019.

On March 9, 2020, iCo announced leadership changes with Mr. Andrew Rae resigning as Chief Executive Officer, President and Director of iCo. Mr. William Jarosz, chairman of the Board of Directors, assumed the role of Chief Executive Officer and Susan Koppy, Director, assumed the role of President. Peter Hnik, Chief Medical Officer, was appointed as a Director of the Company.

On April 15, 2020, iCo announced that it will delay the start of the anticipated Phase 2 trial of iCo 019 as a result of uncertainty generated by the current COVID-19 pandemic.

THE BUSINESS

Overview

We currently have two in-licensed product candidates in our pipeline: iCo-008 and the Oral Amp B Delivery System.

Strategy

We are a Canadian biotechnology company principally focused on the identification, development and commercialization of drug candidates to treat ocular and infectious diseases.

Identification of Product Candidates

We directly perform scientific evaluation and market assessment of pharmaceutical products and research developed by other biopharmaceutical companies. As part of this process, we evaluate the related scientific research and pre- clinical and clinical research, if any, and the intellectual property rights in such products and research, with a view to determining the therapeutic and commercial potential of the applicable product candidates. We intend to mitigate the risks associated with our development and commercialization efforts by targeting drug candidates that we believe:

- have an established clinical history or are in late-stage pre-clinical trials;
- have well-established safety profiles;
- may be well-suited to reformulation as a means of expanding use indications or altering the route of administration;
- have been successfully manufactured on a clinical grade basis in quantities sufficient for clinical trials; and
- have data suggestive of potential efficacy as treatments for ocular and infectious diseases.

Our initial focus was on sight threatening diseases, because we believe that there is an unmet need for new and effective therapeutics in this field. In addition, several members of our management team and key advisors have considerable expertise in ophthalmology. Subsequently, we have also focused on certain infectious diseases, through the advancement of our Oral Amp B Delivery System and the expertise that has been gained through its development.

In-Licensing

Upon identifying a promising biopharmaceutical product, we seek to negotiate a license to the rights for the product from the holder of those rights. The terms of such licenses vary, but generally our goal is to secure licenses that permit us to engage in further development, reformulation, clinical trials, intellectual property protection (on behalf of the licensor or otherwise) and further licensing of manufacturing and marketing rights to any resulting products. This process of securing license rights to products is commonly known as “in-licensing”. In certain instances, we have taken the “option” approach, whereby we gain an exclusive right to in-license a drug candidate for a defined period before we must make a commitment to do so. This approach allows us to review additional data before deciding to in- license a particular drug candidate.

Product Advancement

Upon in-licensing a product candidate, our strategy is to apply our skills and expertise to advance the product toward regulatory approval and then commercial production and sale in major markets. These activities include implementing intellectual property protection and registration strategies, formulating or reformulating existing drug products, making regulatory submissions, performing or managing clinical trials in target jurisdictions, and undertaking or managing the collection, collation and interpretation of clinical and field data and the submission of such data to the relevant regulatory authorities in compliance with applicable protocols and standards.

Developing Partnerships with Biopharmaceutical Companies

To augment our ability to develop our product candidates and effectively market any products in respect of which we obtain regulatory approval, we may enter into an agreement or partnership with a biopharmaceutical company that has drug development or sales and marketing capabilities, or both. Entering into an agreement or partnership with a pharmaceutical or biotechnology company that has these capabilities may enable us to increase our returns from our product candidates by utilizing that company’s development or sales and marketing capabilities, or both, to further accelerate development of our product candidates or enable us to develop the candidate in more than one indication simultaneously.

Outsourcing

To optimize the development of our product candidates, we outsource certain of our product development activities. Factors that we consider in determining which activities to outsource include cost, relative expertise, capacity and quality assurance. The product development functions that we have chosen to outsource include pre-clinical activities in support of regulatory filings, clinical trials and manufacturing. We believe that our relationships with external laboratories enable us to complete pre-clinical testing faster and more efficiently than if we performed these activities ourselves. Additionally, there are many independent contract research organizations that are specifically equipped and set up to manage clinical trial projects, thus permitting iCo to outsource these services on a cost-effective basis. Because our manufacturing needs are currently sporadic, we believe that it is more efficient to outsource manufacturing.

Products

We currently have two in-licensed product candidates, iCo-008 for potential use in eotaxin-1 mediated conditions and an Oral Amp B Delivery System for potential use in ocular and infectious diseases.

Development Status

iCo-008

iCo-008 is a human monoclonal antibody that neutralizes eotaxin-1. It is our view that iCo-008 neutralizes eotaxin-1 by binding to it and, as a consequence, prevents it from binding to CCR3. We believe that iCo-008 has the potential to inhibit intracellular signaling associated with mast cell degranulation and the recruitment of eosinophils to the site of allergic reactions and, as a result, potentially inhibit both early stage and late stage development of severe eotaxin- 1 mediated indications. We believe that iCo-008 shows promise in the treatment of the dermatological condition BP and may have utility in atopic dermatitis, gastrointestinal conditions including inflammatory bowel disease/ulcerative colitis, asthma and AMD.

BP Study

In 2018 IMMUNE successfully completed a Phase II study of iCo-008 for the treatment of BP. No additional studies were conducted in 2019 while the IMMUNE bankruptcy process was ongoing. . On October. 21, 2019, the United States Bankruptcy Court in the District of New Jersey approved a sale order relating to the assignment of the sublicence of iCo's assets to Alexion Pharmaceuticals, Inc. ("Alexion"). The terms of the original sublicence have not been altered and Alexion assumes IMMUNE's rights and obligations under the original sublicense.

Ulcerative Colitis Study

Enrollment has also completed for a Phase II in ulcerative colitis. The Company is seeking all materials related to IMMUNE's historical activities, including but not limited to its patient database and regulatory filings.

VKC Study

iCo has been involved in discussions with Ophthalmic Research Associates ("ORA") regarding an ocular developmental program, pre-IND meeting with the FDA and Phase 2 and Phase 3 clinical study designs for indications including seasonal/perennial allergic conjunctivitis, vernal keratoconjunctivitis ("VKC"), and atopic keratoconjunctivitis). A proof of concept VKC study with 40 patients enrolled would likely require US $2.5-3.5 M to complete. Two phase 3 trials will be needed (approximately 12 -24 months duration) to complete development.

Oral Amphotericin B Delivery System

Although Amp B has been used to treat systemic fungal infections intravenously for approximately 50 years, an oral formulation of Amp B has yet to be developed. Current Amp B therapy for VL or fungal infections requires one or more infusions in the hospital setting and is often associated with infusion-related adverse events, such as renal toxicity. Successful oral formulation could resolve the safety issues associated with parenteral application and enable a much broader patient access to this highly effective treatment option.

iCo has completed Phase I and Phase 1b clinical trials of the Oral Amp B Delivery System. Assuming initiation of later staged trials in 2020, we could expect filing for drug approval as early as 2023. We currently estimate that costs for a 90 patient Phase II study to be approximately USD$2,500,000 to USD$3,500,000 and we expect a cash rebate of at least 40% for the Phase II trial which we anticipate conducting in Australia through the Company's Australian subsidiary. Subsequent Phase III anti-fungal trials would be approximately US$5,000,000 to US$10,000,000 depending on whether one or two pivotal studies is required. Phase III studies would likely involve 100-150 patients per treatment arm. VL trials may be cheaper if conducted in a developing world setting. Phase III may involve roughly 600 patients. The Company intends to seek additional grant monies to offset clinical study costs. Groups sponsoring such work include Drugs for Neglected Diseases Initiative, the Bill and Melinda Gates Foundation and a number of other government sponsored initiatives.

Intellectual Property

Our intellectual property rights for iCo-008 arise from our licensing agreement with Medimmune (now part of AstraZeneca) (the "**Medimmune License Agreement**"). Under the Medimmune License Agreement, we have exclusive rights to develop,

manufacture and commercialize iCo-008 under all CAT-213 (also known as iCo-008) patents held by Medimmune in a number of key jurisdictions in North America, Europe and around the world, including the United States, Canada and Japan. The issued patents will expire in 2021-2022 absent any extensions thereto, except in Brazil, where the patent expires in 2028. Extensions may include patent term extension based upon United States FDA approval of iCo-008; however, this is subject to the drug being approved before the patent expires.

Under the Medimmune License Agreement, we direct patent prosecution and are responsible for all fees and costs related to the prosecution and maintenance of the patent rights underlying the agreement. We filed patent applications for the relevant intellectual property underlying the agreement in the United States, Canada, Europe, Japan, and numerous other jurisdictions. Where necessary or preferable, we also rely on trade secrets and know-how to protect certain intellectual property. We pursue proprietary protection that we consider important to our business by filing patent applications on compositions of matter and their methods of use. Under the UBC License Agreement, we and UBC jointly coordinate patent prosecution activities.

Certain of our intellectual property rights for the Oral Amp B Delivery System arise from our licensing agreement with UBC dated May 6, 2008 (the "**UBC License Agreement**"). Under the UBC License Agreement, we have exclusive rights to develop, manufacture and commercialize the Oral Amp B Delivery System under the relevant UBC patents related to stabilized formulations of Amp B, which include granted patents in the United States and pending patent applications in key jurisdictions in North America, Europe and around the world. The issued patents will expire in 2028-2030, absent any extensions thereto. We also filed additional patent applications related to new uses for the Oral Delivery System technology for other stabilized drug formulations. Any patents that issue from these applications will expire in 2036, absent any extensions thereto. In addition, we filed patent applications related to new solid oral formulations of AmpB. Any patents that issue from these applications will expire in 2038-2039, absent any extensions thereto.

As of March 25, 2020, we owned or had exclusive rights to approximately 34 issued United States and foreign patents and approximately 19 pending United States and foreign patent applications. The actual protection afforded by a patent varies from country to country and depends upon many factors, including the country for which the patent has been granted, the type of patent, the scope of its coverage, the availability of regulatory related extensions, the availability of legal remedies in a particular country and the validity and enforceability of the patent. For patent applications filed in the United States on or after June 8, 1995, patents are generally effective for 20 years from the earliest non-provisional filing date, (otherwise the term is the longer of 17 years from the issue date or 20 years from the earliest non-provisional filing date). The duration of patent terms for non-U.S. patents is typically 20 years from the earliest corresponding national or international filing date.

Licensing Agreements

Medimmune

We acquired world-wide exclusive rights to all use indications from Medimmune to develop and commercialize iCo- 008 for all indications pursuant to the Medimmune License Agreement. Under the Medimmune License Agreement, we are solely responsible for the clinical development, commercialization and marketing of iCo-008. In consideration for entering the agreement, we paid Medimmune US$400,000 and agreed to pay Medimmune up to US$7,000,000upon on achieving certain development milestones for each indication developed. There are no milestone payments required for indications that have Orphan Drug Status, as such term is used under the regulations established by the FDA. Both BP and VKC and have Orphan Drug Status. A royalty will also be paid to Medimmune based on future sales.

IMMUNE

On June 24, 2011, the Company granted IMMUNE the IMMUNE License Agreement. The Company retained worldwide exclusive rights to all uses and applications of iCo-008 in the ocular field. In consideration for granting the license, the Company received upfront consideration of US$500,000 cash plus 600,000 IMMUNE shares and 200,000 IMMUNE warrants. In addition, as part of the IMMUNE License Agreement, the Company had the right to receive up to US$32,000,000 in milestone payments, as well as royalties on net sales of licensed products.

On August 26, 2013, IMMUNE completed a merger with Epicept Corporation, a company publicly traded on the NASDAQ OTCQX. The combined company changed its name to Immune Pharmaceuticals Inc. and currently trades on the OTCQX under the symbol "IMNP" and Stockholm Exchange under the symbol "IMNP". More information on the impact of the merger on iCo's investment in IMMUNE can be found under the heading: "*General Development of the Business- iCo 008*".

On February 17, 2019 IMMUNE filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code in Bankruptcy Court of the District of New Jersey (the "Court"). On October. 21, 2019, Court approved a sale order relating to the assignment of the sublicence of iCo's assets to Alexion Pharmaceuticals, Inc. ("**Alexion**"). Subsequently, pursuant to related legal proceedings in Israel, the District Court of Jerusalem, Israel also approved the sales order. The terms of the original sublicence have not been altered and Alexion assumes the rights and obligations of IMMUNE under the original sublicense agreement. iCo remains free to seek development partners for ophthalmic indications which are outside the scope of the original sublicence agreement.

UBC

On July 27, 2007, we entered into an option agreement with UBC which granted us an option to negotiate a license for the exclusive rights to the Oral Amp B Delivery System to be used for potential systemic fungal infections. We exercised the option on February 26, 2008 and, on May 6, 2008, signed the UBC License Agreement. In consideration for the UBC License Agreement, we paid UBC an initial license fee of $20,000 and are required to pay annual fees to UBC for maintaining the license until such time as a New Drug Application ("**NDA**") for the Oral Amp B Delivery System is approved by the FDA or other regulatory body. We are required to make additional contingent payments of up to $1,900,000 in aggregate upon the achievement of certain development and commercialization milestones and are also required to pay royalties on future revenues.

As part of the UBC License Agreement, we also made a separate commitment to secure additional research funding for the Oral Amp B Delivery System. The research funding commitment may take the form of indirect financial contributions, such as government or privately sponsored research grants, direct contributions from us, or a combination of the two. We were successful in securing additional research funding for the Oral Amp B Delivery System through the award of a Canadian Institutes of Health Research ("**CHIR**") Research Chair to fund further research over a four-year period which has now ended. As of the date hereof, we have met all of our direct financial obligations to UBC and the CIHR Research Chair.

Other Collaborations

In keeping with our strategy to outsource certain activities, we have entered into agreements with third parties for pre- clinical, regulatory, clinical, manufacturing, data and information technology management services. We choose each third party based on their expertise, capacity, industry reputation and the cost of the service. Specific agreements which were in effect during 2019 include the following**:**

- On October 26, 2015, the Company announced that it had engaged Corealis, a contract manufacturing organization, for analytical development, formulation optimization and scale-up of the Oral Amp B Delivery System. This work culminated in the development of new capsule formulations to deliver Amp B.

- On November 22, 2017, the Company announced that the Linear Clinical Research in Perth, Australia, partnered with global contract research organization, INC Research/inVentiv Health, recently renamed Syneos, with respect to the Phase I Oral Amp B studies.

Manufacturing

We do not manufacture our own products. We rely on contracts with third parties for the manufacture of product candidates for use in clinical trials. If and when any of our products are approved for commercial sale, we expect to continue to enter into manufacturing contracts with third parties to manufacture our drug product for commercial sale. We require all of our third-party manufacturers to manufacture our product in accordance with current GMP.

Facilities

As we outsource the majority of our research and development, we do not have any laboratories. We rent office space in downtown Vancouver on a month to month basis, which is sufficient space for the size of our operations. The monthly cost to lease these premises is approximately $1,000.

Consultant Driven Enterprise

We regularly use consultants to provide advice on our clinical development plans, research programs, finance and accounting, investor relations, administration, clinical trial oversight, regulatory affairs and business development as well as potential acquisitions of new technologies on a project-by-project basis.

All of our consultants have entered into non-disclosure agreements with us regarding our intellectual property, trade secrets and other confidential information. In addition, we have entered into non-competition agreements with each of our key consultants. None of our consultants are represented by a labour union or covered by a collective bargaining agreement, nor have we experienced any work stoppages. We believe that we maintain satisfactory relations with our consultants.

Insurance

We maintain director and officer insurance, clinical trial insurance, general liability insurance for our facilities and shipping and storage insurance for our product candidates. We do not have key person insurance. If and when marketing approval is obtained for any of our product candidates, we will expect to expand our insurance coverage to include the commercial sale of approved drug products.

Competitive Conditions

Oral Amp B Delivery System

With respect to the Oral Amp B Delivery System, we are aware of several companies, including Gilead Sciences, Inc., Astellas Pharma US, Inc., Three Rivers Pharmaceuticals, LLC and Bristol-Myers Squibb Co. that have developed injectable amphotericin formulations for the treatment of fungal infections, and we are aware of one company, Matinas Biopharma, Inc., which has a systemic oral amphotericin formulation currently in Phase II clinical trials. Additionally, other technologies may be under development which would compete with our Oral Amp B Delivery System. Notably, we are only aware of two oral Amp B drug candidates at the clinical stage, including the Company's asset. An oral Amp B candidate may be positioned in markets for which IV administration is not suitable, or as a step-down therapy post administration of IV Amp B. Other broader competitors in the development or marketing of oral anti-fungal therapies include Scynexis, Inc. and Basilea Pharmaceutica Ltd.

iCo-008

We are also aware of several companies who have developed or are developing drug products for the treatment of VKC and AKC, including Alcon, Inc., Novartis Ophthalmics (a branch of Novartis Pharmaceuticals Corporation) and Santen Pharmaceutical Co., Ltd. (acquired Novagali Pharma SA.), all of which would potentially compete with iCo-08. Santen Pharmaceutical Co., Ltd. conducted a Phase III VKC trial, which involved 169 children and adolescents between 4 and 18 years of age, treated for four months and followed up for an 8-month safety period. Traditional approaches have employed the use of immunosuppressive agents conferring significant safety issues and less specific targeting and the Company believes Bertilimumab may therefore be able to gain competitive advantage in these areas. Parties developing ulcerative colitis candidates include but are by no means limited to Janssen Pharmaceutica NV, Pfizer Inc., Arena Pharmaceuticals, Inc. and Topivert Pharma Limited. Parties developing BP candidates have included but are by no means limited to Eli Lilly and Company and True North Therapeutics, Inc. (subsequently acquired by Boverativ Inc.).

RISK FACTORS

Investing in our securities involves a high degree of risk. Before deciding to invest in our securities, you should carefully consider the risks described below, together with other information included in or incorporated by reference into this Annual Information Form and filed on SEDAR at www.sedar.com. If any of the following risks materialize, the business, financial condition, results of operation and future prospects of the Company will likely be materially and adversely affected. This could cause actual future events to differ materially from those described in forward- looking statements and may cause the trading price of our securities to decline. The following discussion highlights some of the risks and uncertainties facing the Company.

Risks Related to Our Business

We have a limited operating history, have incurred losses since inception and anticipate that we will continue to incur losses for the foreseeable future. We have never had any products available for commercial sale and may never achieve or sustain profitability.

We are a clinical stage biopharmaceutical company with a limited operating history. We are not profitable and have incurred losses in each year since our inception in 2006. We have never had any products available for commercial sale and have not generated any revenue from product sales. We do not anticipate that we will generate revenue from the sale of products for the foreseeable future. We have not yet submitted any products for approval by regulatory authorities. We continue to incur

research and development and general and administrative expenses related to our operations. Our total comprehensive loss for the years ended December 31, 2019 and 2018 was $1,938,235 and was $1,712,724, respectively. As of December 31, 2019, we had an accumulated deficit of $36,982,576. To date, we have funded our operations primarily from the proceeds from common share issuances, government assistance, the sale of our securities and the monetization of investments. We expect to continue to incur losses for the foreseeable future, and expect these losses to increase as we continue our research activities and to conduct development of, and seek regulatory approvals for, our product candidates, and prepare for and begin to commercialize any approved products and acquire rights to additional products for our development pipeline. Because of the numerous risks and uncertainties associated with developing and commercializing drug candidates, we are unable to predict if or when we will be able to generate revenues to support our operations or the extent of any future losses. We may never successfully commercialize any of our product candidates and thus may never have any significant future revenues or achieve and sustain profitability. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods.

We have negative cash flow from operating activities.

We had negative operating cash flow for the financial years ended December 31, 2019 and December 31, 2018. The Company anticipates that it will continue to have negative cash flow unless and until it has products for commercial sale or its licensees are required to make royalty payments that are able to generate a positive cash flow. To the extent that the Company has negative operating cash flow in future periods, it may need to allocate a portion of its cash reserves to fund such negative cash flow. The Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that the Company will be able to generate a positive cash flow from our operations, that additional capital or other types of financing will be available when needed or that these financings will be on terms favourable to it.

We are largely dependent on the success of two product candidates, iCo-008 and the Oral Amp B Delivery System, and we cannot be certain that any of our product candidates will receive regulatory approval or be successfully commercialized.

We currently have no drug products for sale and we cannot guarantee that we will ever have marketable drug products. The research, testing, manufacturing, labeling, approval, selling, marketing and distribution of drug products are subject to extensive regulation by the FDA, the Canadian Therapeutic Products Directorate ("**TPD**"), and other regulatory authorities in the United States, Canada and other countries such as Australia, which regulations differ from country to country. We are not permitted to market our product candidates in the United States until we receive approval of an NDA from the FDA. We have not submitted an NDA or received marketing approval for any of our product candidates. Obtaining approval of an NDA is a lengthy, expensive and uncertain process. We currently have two product candidates. Our business success currently depends on the successful development and commercialization of the Oral Amp B Delivery System and iCo-008.

The Oral Amp B Delivery System has been in IND enabling GLP toxicology, completed Phase I, and ultimately may need to go through later staged studies including, Phase II and Phase III trials to support safety, efficacy and registration.

The clinical trials of our product candidates are, and the manufacturing and marketing of our products will be, subject to extensive and rigorous review and regulation by numerous government authorities in the United States, Canada and in other countries where we intend to test and market our product candidates. Before obtaining regulatory approvals for the commercial sale of any product candidate, we must demonstrate through pre-clinical testing and clinical trials that the product candidate is safe and effective for use in each target indication. This process can take many years and require the expenditure of substantial resources and may include post-marketing studies and surveillance. To date, we have not successfully completed any Phase II or Phase III clinical trials for the Oral Amp B Delivery System or Phase III clinical trials for iCo-008. If our proposed clinical trials for the Oral Amp B Delivery System and iCo-008 generate safety concerns or lack of efficacy, or competitive products developed by third parties show significant benefit in the indications in which we are developing our product candidates, any planned Phase III clinical trial may be delayed, altered or not initiated.

If a significant portion of these development efforts are not successfully completed, required regulatory approvals are not obtained, or any approved products are not commercially successful, our business, financial condition, and results of operations may be materially harmed.

Our product candidates may never achieve market acceptance even if we obtain regulatory approvals.

Even if we receive regulatory approvals to market our product candidates, the commercial success of these products will depend, among other things, on their acceptance by physicians, patients, third party payors and other members of the medical

community as a therapeutic and cost-effective alternative to competing products and treatments. The degree of market acceptance will depend on a number of factors, including:

- demonstration of the clinical efficacy and safety of the products;
- cost-effectiveness;
- potential advantage over alternative treatment methods;
- the effectiveness of marketing and distribution support for the products; and
- reimbursement policies of government and third-party payers.

If our product candidates fail to gain market acceptance, we may be unable to earn sufficient revenue to continue our business. If our product candidates do not become widely accepted by physicians, patients, third party payors and other members of the medical community, it is unlikely that we will ever become profitable.

Worldwide pandemics, such as the recent outbreak of the novel coronavirus COVID-19, may adversely impact multiple aspects of our business.

Epidemics and/or pandemics, including the outbreak of COVID-19, which was declared a global pandemic by the World Health Organization in March 2020, could have a material adverse effect on our business, operations, financial condition and share price.

The international response to the spread of COVID-19 has led to significant restrictions on travel, temporary and permanent business closures, quarantines, global stock market volatility and a general reduction in consumer activity. COVID-19 has had a significant global economic impact and has resulted in uncertainty in the global markets, which could also have a significant impact on the Company. Such public health crises can result in operating and supply chain delays and disruptions, global stock market and financial market volatility, declining trade and market sentiment, reduced movement of people and labour shortages, and travel and shipping disruption and shutdowns, including as a result of government regulation and prevention measures, or a fear of any of the foregoing, all of which could affect our business and operations, including the ability to recruit patients into clinical trials, our financial condition and our share price.

Even though we are implementing business continuity measures to mitigate and reduce the impacts of COVID-19 on our business, operations, supply chain and financial condition, the spread of COVID-19 could have a material adverse impact on our workforce and our continued operations. The continued spread of COVID-19 globally could adversely affect iCo's planned clinical trial operations, including our ability to initiate the trials in the expected timelines. Furthermore, the COVID-19 outbreak could result in delays in clinical trials due to restrictions in travel, potential unwillingness of patients to enroll in trials at this time, or the inability of patients to comply with clinical trial protocols if quarantines or travel restrictions impeded patient movement or interrupt healthcare services. The COVID-19 outbreak could also have an impact on the health of our employees and personnel.

The full extent of the impact of COVID-19 on our operations cannot currently be ascertained as it depends upon future developments which cannot be predicted, and includes, among other matters, the duration of the outbreak, the severity of the virus and the ability to treat it, the ability to collect sufficient data to track the virus and the collection actions taken to curb the spread of the virus.

The continued spread of the virus could have a material adverse effect on the economies of the countries in which we operate. In addition, COVID-19 has caused volatility on the TSX-V on which our common shares are listed. The continued adverse effects of the spread of COVID-19 could have a material adverse effect on our business, operations and financial condition.

We are subject to extensive and costly government regulation.

Our product candidates are subject to extensive and rigorous government regulation by the FDA, the Centers for Medicare and Medicaid Services, other divisions of the U.S. Department of Health and Human Services, the U.S. Department of Justice, state and local governments and their respective foreign equivalents. The FDA regulates the research, development, pre-clinical and clinical testing, chemistry, manufacturing and controls, safety, effectiveness, record keeping, reporting, labeling, storage, approval, advertising, promotion, sale, distribution, import, and export of pharmaceutical products. Our product candidates are also subject to extensive regulation by foreign governments, whether or not we have obtained FDA approval for a given product and its uses. Such foreign regulation may be equally or more demanding than corresponding U.S. regulation. Government regulation significantly increases the cost and risk of researching, developing, manufacturing, and selling our drug candidates. The regulatory review and approval process, which includes pre-clinical testing and clinical trials of each product candidate, is lengthy, expensive and uncertain. We or our partners must obtain and maintain regulatory authorization to conduct clinical trials

and must obtain regulatory approval for each product we intend to market, and the manufacturing facilities used for the products must be inspected and meet legal and regulatory requirements. Securing regulatory approval requires the submission of extensive pre-clinical and clinical data and other supporting information for each proposed therapeutic indication in order to establish the product candidate's safety and efficacy for each intended use. The development and approval process takes many years, requires substantial resources and may never lead to the approval of a product. Failure to obtain regulatory approvals or delays in obtaining regulatory approvals may:

- adversely affect the successful commercialization of any drugs that we or our partners develop;
- impose additional costs on us or our partners;
- diminish any competitive advantages that we or our partners may attain; and
- adversely affect our receipt of revenues or royalties.

Even if we are able to obtain regulatory approval for a particular product candidate, the approval may limit the indicated medical uses for the product, may otherwise limit our ability to promote, sell, and distribute the product, may require that we conduct costly post-marketing surveillance and/or may require that we conduct ongoing post- marketing studies. Material changes to an approved product, for example, manufacturing changes or revised labeling, may require further regulatory review and approval. Once obtained, any approvals may be withdrawn, including, for example, if there is a later discovery of previously unknown problems with the product, such as a previously unknown safety issue. If we, our partners, or our contract manufacturers fail to comply with applicable regulatory requirements at any stage during the regulatory process, such noncompliance could result in, among other things:

- delays in the approval of applications or supplements to approved applications;
- refusal of a regulatory authority, including the FDA, to review pending market approval applications or supplements to approved applications;
- warning letters;
- fines;
- import and/or export restrictions;
- product withdrawal, recalls or seizures;
- injunctions;
- suspension of regulatory approvals;
- restrictions on the products or manufacturing processes;
- total or partial suspension of production;
- civil penalties;
- withdrawals of previously approved marketing applications or licenses;
- recommendations by the FDA or other regulatory authorities against governmental contracts; and
- criminal prosecutions.

Clinical trials may not demonstrate a clinical benefit of our product candidates.

Positive results from pre-clinical studies and early clinical trials should not be relied upon as evidence that later stage or large-scale clinical trials will succeed. We will be required to demonstrate with substantial evidence through well- controlled clinical trials that our product candidates are safe and effective for use in a diverse population before we can seek regulatory approvals for their commercial sale. Success in early clinical trials does not mean that future clinical trials will be successful because product candidates in later stage clinical trials may fail to demonstrate sufficient safety and efficacy to the satisfaction of the FDA and other non-U.S. regulatory authorities despite having progressed through initial clinical trials.

Even after the completion of Phase III clinical trials, the FDA or other non-U.S. regulatory authorities may disagree with our clinical trial design and our interpretation of data and may require us to conduct additional clinical trials to demonstrate the efficacy of our product candidates.

Failure to recruit and enroll patients for clinical trials may cause the development of our product candidates to be delayed. We may be unable to recruit a sufficient number of patients to carry out clinical trials for our product candidates.

The rate at which we complete any clinical trial depends on many factors, including our ability to recruit and enroll sufficient numbers of patients to carry out clinical trials for our product candidates. Many factors affect patient enrollment, including the size and nature of the patient population, the proximity of patients to clinical sites, slower than expected approvals by ethics review boards, the eligibility criteria for the trial, the design of the clinical trial, clinicians' and patients' perceptions as to the potential advantages of the drug being studied in relation to other available therapies, including any new drugs that may be approved for the indications we are investigating and whether the clinical trial design involves comparison to placebo. Further,

clinical trials utilizing third party drug candidates in target indications which may either be underway or soon to be initiated may compete with the Oral Amp B Delivery System or iCo-008 clinical trials for potential patients, resulting in delays enrolling patients in the event we undertake a future clinical trial. Any delays in planned patient enrolment may result in delays to our product development and increased development costs, which could harm our ability to develop products.

Any failure or delay in commencing or completing clinical trials for product candidates could severely harm our business.

We do not know whether any of our planned clinical trials for iCo-008 and the Oral Amp B Delivery System will proceed or be completed on schedule, or at all. The commencement of any clinical trial could be substantially delayed or prevented by several factors, including:

- limited number of, and competition for, suitable patients with the indications required for enrolment in our clinical trials;
- limited number of, and competition for, suitable sites to conduct our clinical trials;
- delay or failure to obtain FDA or non-U.S. regulatory agencies' approval or agreement to commence a clinical trial;
- delay or failure to obtain sufficient supplies of the product candidate for our clinical trials;
- delay or failure to reach agreement on acceptable clinical trial agreement terms or clinical trial protocols with prospective sites or investigators; and
- delay or failure to obtain Institutional Review Board ("**IRB**") approval to conduct a clinical trial at a prospective site.

The completion of any future clinical trials could also be substantially delayed or prevented by several factors, including:

- slower than expected rates of patient recruitment and enrolment;
- failure of patients to complete the clinical trial;
- unforeseen safety issues;
- lack of efficacy evidenced during clinical trials;
- termination of our clinical trials by one or more clinical trial sites;
- inability or unwillingness of patients or medical investigators to follow our clinical trial protocols;
- inability to monitor patients adequately during or after treatment; and
- introduction of competitive products that may impede our ability to retain patients in our clinical trials.

Also, recent events have raised questions about the safety of marketed drugs and may result in increased cautiousness by the FDA in reviewing new drugs based on safety, efficacy or other regulatory considerations and may result in significant delays in obtaining regulatory approvals, additional clinical trials being required or more stringent product labelling requirements. Any delay in obtaining, or inability to obtain, applicable regulatory approvals would prevent us from commercializing our product candidates.

Future clinical trials we undertake may be suspended or terminated at any time by the FDA, other regulatory authorities, the IRB overseeing the clinical trial at issue, any of our clinical trial sites with respect to that site, or us. It is possible that none of our product candidates will complete clinical trials in any of the markets in which we or our collaborators intend to sell those product candidates. Accordingly, we may not receive the regulatory approvals necessary to market our product candidates. Any failure or delay in commencing or completing clinical trials or obtaining regulatory approvals for product candidates would prevent or delay their commercialization and severely harm our business and financial condition.

Our product candidates may cause undesirable and potentially serious side effects during clinical trials that could delay or prevent their regulatory approval or commercialization.

iCo-008 already has a clinical history and has been tested in Phase I and Phase II clinical trials in humans. Some of the patients in the iCo-008 clinical trials experienced various adverse effects. The majority of adverse effects were mild and for the most part iCo-008 was considered safe at the doses and routes tested. While intravenous Amp B is a well-known and understood drug that is associated with severe effects and we believe that an oral formulation of Amp B has the potential to decrease the adverse effect profile of Amp B, there can be no assurance that the Oral Amp B Delivery System will not result in adverse side effects.

Undesirable side effects caused by any of our product candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in the denial of regulatory approval by the FDA or non-U.S. regulatory authorities for any or all targeted indications. This, in turn, could prevent us from commercializing our product candidates and generating revenues

from their sale. In addition, if our product candidates receive marketing approval and we or others later identify undesirable side effects caused by the product:

- regulatory authorities may withdraw their approval of the product;
- we may be required to recall the product, change the way the product is administered, conduct additional clinical trials or change the labelling of the product;
- a product may become less competitive and product sales may decrease; or
- our reputation may suffer.

Any one or a combination of these events could prevent us from achieving or maintaining market acceptance of the affected product or could substantially increase the costs and expenses of commercializing the product, which in turn could delay or prevent us from generating significant revenues from the sale of the product.

The success of our product candidates is influenced by our collaborations with our partners. Any adverse developments in our relationship with our partners could materially harm our business.

iCo-008 was in-licensed pursuant to a license agreement with Medimmune, and the Oral Amp B Delivery System pursuant to an agreement with UBC. We also have an exclusive sub-license arrangement with Alexion for iCo-008 in systemic uses. We are subject to a number of risks associated with our collaboration with each of our partners, including the risk that Medimmune or UBC and Alexion, as applicable, may terminate the license agreement upon the occurrence of certain specified events. Our license agreements require, among other things, that we make certain payments and use reasonable commercial efforts to meet certain clinical and regulatory milestones. If we breach any of the provisions of these license agreements, we may lose substantial intellectual property rights and our future prospects may be materially adversely affected.

Our ability to develop and commercialize our product candidates is dependent on our ability to obtain adequate financing. If we fail to obtain additional financing, we may be unable to develop and commercialize our product candidates.

If we fail to obtain additional financing, we may be unable to complete the development and commercialization of, iCo-008, the Oral Amp B Delivery System or continue activities for other research and development programs that we may pursue.

Our business development and clinical regulatory operations have consumed considerable amounts of cash since inception. Going forward, we expect to continue to spend funds to:

- further develop the Oral Amp B Delivery System and iCo-008;
- license or acquire and develop additional product candidates;
- launch and commercialize any product candidates for which we receive regulatory approval; and
- continue our search and development programs.

It will be necessary for us to raise additional capital, through private placements or public offerings of our equity or debt securities to complete the development and commercialization of our current product candidates.

Prior to being successfully commercialized, we may also be required, at a minimum, to complete Phase II and III clinical trials for iCo-008 and Phase II and Phase III clinical trials for the Oral Amp B Delivery System. The actual cost of such Phase I, II and III clinical trials will vary depending on a number of factors, including the indication and stage of disease for which the clinical trial is undertaken, the number of patients included in the clinical trial, and the number and geographic distribution of clinical trial sites.

We may be subject to unanticipated costs or delays that would accelerate our need for additional capital or increase the costs of individual clinical trials. If we are unable to raise additional capital when required or on acceptable terms, we may have to significantly delay, scale back or discontinue the development and/or commercialization of one or more of our product candidates. We also may be required to:

- seek collaborators for our product candidates at an earlier stage than otherwise would be desirable and on terms that are less favorable than might otherwise be available;
- relinquish or license on unfavorable terms our rights to technologies or product candidates that we otherwise would seek to develop or commercialize ourselves; or
- license the non-ocular rights to the product candidates on terms that are less favorable than might otherwise be available.

Our competitors ability to develop and market products that are more effective, safer or less expensive than our product candidates, then our clinical trials and commercial opportunities will be negatively impacted.

The life sciences industry is highly competitive, and we face significant competition from many pharmaceutical, biopharmaceutical and biotechnology companies that are researching and marketing products to treat ocular and infectious diseases for which we are currently developing products or for which we may develop products in the future. We are aware of several companies that have developed or are developing drug products for the treatment of VKC and AKC, including Alcon, Inc., Novartis Ophthalmics (a branch of Novartis Pharmaceuticals Corporation), and Santen (acquired Novagali Pharma SA.), all of which would potentially compete with iCo-008. Systemic competitors include Teva Pharmaceutical Industries Ltd., GlaxoSmithKline plc, and Sanofi S.A./Regeneron Pharmaceuticals Inc. who have drugs targeting conditions involving eosinophils. With respect to the Oral Amp B Delivery System, we are aware of several companies, including Gilead Sciences, Inc., Astellas Pharma US, Three Rivers Pharmaceuticals, Enzon Pharmaceuticals, Inc. and Bristol-Myers Squibb that have developed injectable amphotericin formulations for the treatment of fungal infections and we are aware of one company, Matinas, which has a systemic oral amphotericin formulation currently in Phase II clinical trials. Additionally, other technologies may be under development which would compete with our Oral Amp B Delivery System. Notably we are only aware of two oral Amp B drug candidates at the clinical stage.

Any products we may develop in the future are also likely to face competition from other drugs and therapies. Many of our competitors have significantly greater financial, manufacturing, marketing and drug development resources than we do. Large pharmaceutical companies, in particular, have extensive experience in clinical testing and in obtaining regulatory approvals for drugs. These companies also have significantly greater research and marketing capabilities than we do. In addition, many universities and private and public research institutes are, or may become, active in research, the products of which may be in direct competition with us. If our competitors market products that are more effective, safer or less expensive than our future product candidates, if any, or that reach the market sooner than our future product candidates, if any, we may not achieve commercial success.

If new therapies become broadly used, we may need to conduct clinical trials of our product candidates in combination with these new therapies to demonstrate safety and efficacy of the combination. Additional trials will delay the development of our product candidates and increase our costs. The failure of our product candidates to work in combination with these new therapies would have an adverse effect on our business.

While our intention is to test our product candidates as standalone therapies for the primary indications we will be investigating, there is also a possibility that our product candidates could be used in combination with other products that are used by clinicians and considered effective. As new therapies are developed, we will need to assess these therapies to determine whether to conduct clinical trials of our product candidates in combination with them to demonstrate safety and efficacy of the combination. If we decide to conduct additional clinical trials of our product candidates in combination with these new therapies, the development of our product candidates will be delayed and our costs increased. If these clinical trials generate safety concerns or lack of efficacy, our business would be adversely affected.

If our product candidates become approved in combination with a specific therapy that is broadly used and that therapy becomes displaced by another product, the market for our product candidate may decrease.

If product liability lawsuits are successfully brought against us, we may incur substantial liabilities and may be required to limit commercialization of our product candidates.

We face an inherent risk of product liability lawsuits related to the testing of our product candidates, and will face an even greater risk if product candidates are introduced commercially. An individual may bring a liability claim against us if one of our product candidates causes, or merely appears to have caused, an injury. Because we conduct clinical trials in humans, we face the risk that the use of our product candidates will result in adverse side effects. We cannot predict the possible harms or side effects that may result from our clinical trials. Although we currently have clinical trial insurance in place, we do not know whether the limits of the insurance will be sufficient to satisfy any claims, should they arise. We may not have sufficient resources to pay for any liabilities resulting from a claim excluded from, or beyond the limit of, our insurance coverage. Additionally, as our clinical trial insurance is renewed annually, we cannot predict whether this insurance can be renewed on acceptable terms, if at all. There is also a risk that third parties that we have agreed to indemnify could incur liability. If we cannot successfully defend ourselves against a product liability claim, we may incur substantial liabilities. Regardless of merit or eventual outcome, liability claims either during clinical trials or following commercial introduction may result in:

- decreased demand for our product candidates;
- injury to our reputation;

- withdrawal of clinical trial participants;
- significant litigation costs;
- substantial monetary awards to or costly settlement with patients;
- product recalls;
- loss of revenue; or
- the inability to commercialize our product candidates.

We could also be adversely affected if any of our product candidates or any similar products distributed by other companies prove to be, or are asserted to be, harmful to consumers.

If we fail to acquire and develop products or product candidates at all or on commercially reasonable terms, we may be unable to grow our business.

We currently neither have nor intend to establish internal discovery capabilities and are dependent upon pharmaceutical and biotechnology companies and other research institutions to sell or license products or product candidates to us. To date, our product candidates have been derived from technologies discovered by, and licensed to us by Medimmune (iCo-008) and the UBC (the Oral Amp B Delivery System). We intend to continue to search for available molecules from external pharmaceutical or biotechnology partners for a source of new product candidates to develop. We cannot guarantee that we will continue to have access to such opportunities or that we will be able to purchase or license these product candidates on commercially reasonable terms, or at all.

The success of our product pipeline strategy depends upon our ability to identify, select and acquire pharmaceutical product candidates. Proposing, negotiating and implementing an economically viable product acquisition or license is a lengthy and complex process. We compete for partnering arrangements and license agreements with pharmaceutical and biotechnology companies and academic research institutions. These competitors may have stronger relationships with third parties with whom we are interested in collaborating and/or may have more established histories of developing and commercializing products. As a result, these competitors may have a competitive advantage in entering into partnering arrangements with such third parties. In addition, even if we find promising product candidates, and generate interest in a partnering or strategic arrangement to acquire such product candidates, we may not be able to acquire rights to additional product candidates or approved products on terms that we find acceptable, or at all. If we fail to acquire and develop product candidates, we may be unable to grow our business.

We expect that any product candidates to which we acquire rights will require additional development efforts prior to commercial sale, including extensive clinical testing and approval by the FDA and non-U.S. regulatory authorities. All product candidates are subject to the risks of failure inherent in pharmaceutical product development, including the possibility that the product candidate will not be shown to be sufficiently safe and effective for approval by regulatory authorities. Even if the product candidates are approved, we cannot be sure that they would be capable of economically feasible production or commercial success.

If we fail to attract and retain key management and scientific personnel, we may be unable to successfully develop or commercialize our product candidates.

We will need to expand and effectively manage our managerial, operational, financial, development and other resources in order to successfully pursue our research, development and commercialization efforts for our existing and future product candidates. Our success depends on our continued ability to attract, retain and motivate highly qualified management, pre-clinical and clinical personnel, including our key management personnel, William Jarosz, Susan Koppy, Peter Hnik and Michael Liggett. The loss of the services of any of our senior management could delay or prevent the commercialization of our product candidates. Although we have entered into consulting agreements with each of Michael Liggett and Peter Hnik on a year to year basis, such agreements permit the executive to terminate his employment with us at any time, subject to providing us with advance written notice. At this time, we do not have “key man” insurance policies on the lives of any of our employees or consultants.

We have scientific and clinical advisors who assist us in formulating our development and clinical strategies. These advisors are not our employees and may have commitments to, or consulting or advisory contracts with, other entities that may limit their availability to us. In addition, our advisors may have arrangements with other companies to assist those companies in developing products or technologies that potentially may compete with our products or technologies. All of our advisors and consultants sign agreements with us which include provisions for: confidentiality; non-disclosure; intellectual property rights; and non-competes covering our intellectual property and other proprietary information.

We will need to hire additional personnel as we continue to expand our development activities. We may not be able to attract or retain qualified management and scientific personnel in the future due to the intense competition for qualified personnel among biotechnology, pharmaceutical and other businesses. If we are not able to attract and retain the necessary personnel to accomplish our business objectives, we may experience constraints that will impede significantly the achievement of our development objectives, our ability to raise additional capital and our ability to implement our business strategy. In particular, if we lose any members of our senior management team, we may not be able to find suitable replacements in a timely fashion or at all and our business may be harmed as a result.

We may encounter difficulties in managing our expected growth and in expanding our operations successfully.

As we advance our product candidates through development and clinical trials, we will need to develop or expand our development, regulatory, manufacturing, marketing and sales capabilities or contract with third parties to provide these capabilities for us. Maintaining additional relationships and managing future growth will impose significant added responsibilities on members of our management. We must be able to: manage our development efforts effectively; manage our clinical trials effectively; hire, train and integrate additional management, development, administrative and sales and marketing personnel; improve our managerial, development, operational and finance systems; and expand our facilities, all of which may impose a strain on our administrative and operational infrastructure.

Furthermore, we may acquire additional businesses, products or product candidates that complement or augment our existing business. To date, we have no experience in acquiring and integrating other businesses. Integrating any newly acquired business, product or product candidate could be expensive and time-consuming. We may not be able to integrate any acquired business, product or product candidate successfully or operate any acquired business profitably. Our future financial performance will depend, in part, on our ability to manage any future growth effectively and our ability to integrate any acquired businesses. We may not be able to accomplish these tasks, and our failure to accomplish any of them could prevent us from successfully growing.

We rely, in part, on third parties to conduct clinical trials for our product candidates and plan to rely on third parties to conduct future clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may be unable to obtain regulatory approval for or commercialize our current and future product candidates.

To implement our product development strategies, we rely on third parties, such as contract research organizations, medical institutions, clinical investigators and contract laboratories, to conduct clinical trials of our product candidates. Although we rely on these third parties to conduct our clinical trials, we are responsible for ensuring that each of our clinical trials is conducted in accordance with our investigational plan and protocol. Moreover, the FDA and non-U.S. regulatory authorities require us to comply with regulations and standards, commonly referred to as current Good Clinical Practices ("**GCPs**") for conducting, monitoring, recording and reporting the results of clinical trials to ensure that the data and results are scientifically credible and accurate and that the clinical trial subjects are adequately informed of the potential risks of participating in clinical trials. Our reliance on third parties does not relieve us of these responsibilities and requirements. If the third parties conducting such clinical trials do not perform their contractual duties or obligations, do not meet expected deadlines or need to be replaced, or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to GCPs or for any other reason, we may need to enter into new arrangements with alternative third parties and our clinical trials may be extended, delayed or terminated. In addition, a failure by such third parties to perform their obligations in compliance with GCPs may cause our clinical trials to fail to meet regulatory requirements, which may require us to repeat clinical trials.

We rely on third parties to manufacture and supply our product candidates.

We do not own or operate manufacturing facilities and depend on third party contract manufacturers for production of our product candidates. We have no experience in drug formulation or manufacturing, and lack the resources and the capability to manufacture any of our product candidates. Experimental batches of the Oral Amp B Delivery System have been manufactured by UBC and we also engaged Corealis to manufacture the Phase I drug product. iCo-008, a monoclonal antibody, is somewhat complex and costly to manufacture, however we believe there are a number of potential third-party manufacturers which we could source for clinical and/or commercial quantities.

Despite Amp B being a widely available generic; the formulation contains certain excipients which may be more difficult for us to source.

If, in the future, one of our product candidates is approved for commercial sale, we will need to manufacture that product candidate in commercial quantities. We cannot guarantee that the third party manufacturers with which we have contracted in the past will have sufficient capacity to satisfy our future manufacturing needs, or that we will be able to negotiate additional

purchases of active pharmaceutical ingredients or drug products from these or alternative manufacturers on terms favorable to us, or at all.

Third party manufacturers may fail to perform under their contractual obligations, or may fail to deliver the required clinical or commercial quantities of bulk drug substance or finished product on a timely basis and at commercially reasonable prices. Any performance failure on the part of contract manufacturers could delay clinical development or regulatory approval of our product candidates or commercialization of our future product candidates, depriving us of potential product revenue and resulting in additional losses. If we are required to identify and qualify an alternate manufacturer, we may be forced to delay or suspend our clinical trials, regulatory submissions, required approvals or commercialization of our product candidates, which may cause us to incur higher costs and could prevent us from commercializing our product candidates successfully. If we are unable to find one or more replacement manufacturers capable of production at a reasonably favorable cost, in adequate volumes, of adequate quality, and on a timely basis, we would likely be unable to meet demand for our product candidates and our clinical trials could be delayed or we could lose potential revenue. Our ability to replace an existing active pharmaceutical ingredient manufacturer may be difficult because the number of potential manufacturers may be limited and the FDA must approve any replacement manufacturer before we can begin manufacturing product candidates. Such approval would require new testing and compliance inspections. It may be difficult or impossible for us to identify and engage a replacement manufacturer on acceptable terms in a timely manner, or at all. We expect to continue to depend on third party contract manufacturers for the foreseeable future.

Our product candidates require precise, high quality manufacturing. Any of our contract manufacturers will be subject to ongoing periodic unannounced inspection by the FDA and non-U.S. regulatory authorities to ensure strict compliance with GMP and other applicable government regulations and corresponding standards. If our contract manufacturers fail to achieve and maintain high manufacturing standards in compliance with GMP regulations, we may experience manufacturing errors resulting in patient injury or death, product recalls or withdrawals, delays or interruptions of production or failures in product testing or delivery, delay or prevention of filing or approval of marketing applications for our product candidates, cost overruns or other problems that could seriously harm our business. Significant scale-up of manufacturing may require additional validation studies, which the FDA must review and approve. Additionally, any third-party manufacturers we retain to manufacture our product candidates on a commercial scale must pass an FDA pre-approval inspection for conformance to the GMPs before we can obtain approval of our product candidates. If we are unable to successfully increase the manufacturing capacity for a product candidate in conformance with GMPs, the regulatory approval or commercial launch of any related products may be delayed or there may be a shortage in supply.

We have entered into and intend in the future to enter into various arrangements with various third parties, including corporate and academic collaborators, licensors, licensees and others for the research, development, clinical testing, manufacturing, regulatory applications, marketing and commercialization of our products and data and information technology management services, and we will not have control over how they perform their contractual obligations. Accordingly, we will suffer if they do not fulfill their contractual obligations.

We intend to enter into additional corporate agreements to develop and commercialize product candidates. We might not be able to establish such additional agreements on favorable terms, if at all, or guarantee that our current or future collaborative arrangements will be successful. In addition, third party arrangements may require us to grant certain rights to third parties, including exclusive marketing rights to one or more products, or may have other terms that are burdensome to us. These arrangements may place responsibility on third parties for clinical trials, human clinical trials, the preparation and submission of applications for regulatory approval, or for marketing, sales and distribution support for product commercialization. If we enter into such arrangements, the timing for approval of a drug candidate may be largely out of our control. These third parties might not fulfill their obligations in a manner which maximizes our revenues. These arrangements may also require us to transfer certain material rights or issue equity securities to corporate investors, licensees and others. If we license or sublicense our commercial rights to others, as we intend to do, we might realize reduced product revenue compared to what we could expect to realize through direct commercial exploitation. Moreover, we might not derive any revenue or profit from these arrangements. Third parties might also pursue alternative technologies or drug candidates, either on their own or in collaboration with others, and compete directly with us.

We could suffer the consequences of non-compliance or breaches by third parties of our agreements. Such non- compliance or breaches by such third parties could in turn result in our breaches or defaults under our agreements with our other collaboration partners, including those who license products to us, and we could be found liable for damages or lose certain rights, including rights to develop and/or commercialize a product or product candidate.

If we are unable to develop our sales and marketing and distribution capability on our own or through collaborations with marketing partners, we will not be successful in commercializing our product candidates. We currently do not have a marketing staff or a sales or distribution organization.

We currently do not have marketing, sales or distribution capabilities. If our product candidates are approved, we may establish a sales and marketing organization with technical expertise and supporting distribution capabilities to commercialize our product candidates, which will be expensive and time consuming. Any failure or delay in the development of internal sales, marketing and distribution capabilities would adversely impact the commercialization of these product candidates. We may choose to collaborate with third parties that have direct sales forces and established distribution systems, either to augment our own sales force and distribution systems or in lieu of our own sales force and distribution systems. To the extent that we enter into co-promotion or other licensing arrangements, our product revenue is likely to be lower than if we directly marketed or sold our products, when and if we have any. In addition, any revenue we receive will depend in whole or in part upon the efforts of such third parties, which may not be successful and will generally not be within our control. If we are unable to enter into such arrangements on acceptable terms or at all, we may not be able to successfully commercialize our existing and future product candidates. If we are not successful in commercializing our existing and future product candidates, either on our own or through collaborations with one or more third parties, our future product revenue will suffer and we may incur significant additional losses.

If government and third-party payors fail to provide coverage and adequate reimbursement rates for our product candidates, our revenues and potential for profitability will be reduced.

In the United States and elsewhere, our product revenues will depend principally upon the reimbursement rates established by third party payors, including government health administration authorities, managed-care providers, public health insurers, private health insurers and other organizations. These third-party payors are increasingly challenging the price, and examining the cost effectiveness, of medical products and services. In addition, significant uncertainty exists as to the reimbursement status, if any, of newly approved drugs, pharmaceutical products or product indications. We may need to conduct post-marketing clinical trials in order to demonstrate the cost-effectiveness of products. Such clinical trials may require us to commit a significant amount of management time and financial and other resources. If reimbursement of such product is unavailable or limited in scope or amount or if pricing is set at unsatisfactory levels, our revenues could be reduced.

In some countries other than the United States, particularly the countries of the European Union and Canada, the pricing of prescription pharmaceuticals is subject to governmental control. In these countries, obtaining pricing approval from governmental authorities can take six to twelve months or longer after the receipt of regulatory marketing approval of a product for an indication. To obtain reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of one of our product candidates to other available therapies. If reimbursement of such product candidate is unavailable or limited in scope or amount or if pricing is set at unsatisfactory levels, our revenues could be reduced.

Domestic and foreign governments continue to propose and pass legislation designed to reduce the cost of healthcare, including drugs. In the United States, there have been, and we expect that there will continue to be, federal and state proposals to implement similar governmental control. In addition, increasing emphasis on managed care in the United States will continue to put pressure on the pricing of pharmaceutical products. Cost control initiatives could decrease the established reimbursement rates that we receive for any products in the future, which would limit our revenues and profitability. Legislation and regulations affecting the pricing of pharmaceutical products may change at any time, which could further limit or eliminate reimbursement rates for our product candidates.

Failure to obtain regulatory approvals in jurisdictions outside the United States would prevent us from marketing our product candidates abroad.

We intend to market certain of our existing and future product candidates in non-American markets. In order to market our existing and future product candidates in the European Union and many other non-North American jurisdictions, we must obtain separate regulatory approvals. We have had no interaction with non-North American regulatory authorities, and the approval procedures vary among countries and can involve additional testing, and the time required to obtain approval may differ from that required to obtain FDA approval. Approval by the FDA or other regulatory authorities does not ensure approval by regulatory authorities in other countries, and approval by one or more non- North American regulatory authorities does not ensure approval by regulatory authorities in other countries or by the FDA. The non-North American regulatory approval process may include all of the risks associated with obtaining FDA approval. We may not obtain non-North American regulatory approvals on a timely basis, if at all. We may not be able to file for non-North American regulatory approvals and may not receive necessary approvals to commercialize our existing and future product candidates in any market.

If we use biological and hazardous materials in a manner that causes contamination or injury or violates laws, we may be liable for damages.

Our research and development activities involve the use of potentially harmful biological materials as well as hazardous materials, chemicals and various radioactive compounds. We cannot completely eliminate the risk of accidental contamination or injury from the use, storage, handling or disposal of these materials. In the event of contamination or injury, we could be held liable for damages that result, and any liability could exceed our resources. We do not maintain liability insurance coverage for our handling of biological or hazardous materials. We, the third parties that conduct clinical trials on our behalf and the third parties that manufacture our product candidates are subject to federal, state and local laws and regulations governing the use, storage, handling and disposal of these materials and waste products. The cost of compliance with these laws and regulations could be significant. The failure to comply with these laws and regulations could result in significant fines and work stoppages, which could damage our reputation and harm our business.

Risks Related to Our Intellectual Property

Our proprietary rights may not adequately protect our technologies and product candidates.

Our commercial success will depend on our ability to obtain patents and/or regulatory exclusivity and maintain adequate protection for our technologies and product candidates in Canada, the United States and other countries. We will be able to protect our proprietary rights from unauthorized use by third parties only to the extent that our proprietary technologies and future product candidates are covered by valid and enforceable patents or are effectively maintained as trade secrets. We apply for patents covering both our technologies and product candidates, as we deem appropriate. However, we may fail to apply for patents on important technologies or product candidates in a timely fashion, or at all. Our existing patents and any future patents we obtain may not be sufficiently broad to prevent others from utilizing our technologies or from developing competing products and technologies. Moreover, the patent positions of biopharmaceutical companies are highly uncertain and involve complex legal and factual questions for which important legal principles remain unresolved. As a result, the validity and enforceability of our patents cannot be predicted with certainty. In addition, we cannot guarantee that:

- we or our licensors were the first to make the inventions covered by each of our issued patents and pending patent applications;
- we or our licensors were the first to file patent applications for these inventions;
- others will not independently develop similar or alternative technologies or duplicate any of our or our licensors' technologies;
- any of our or our licensors' pending patent applications will result in issued patents;
- any of our or our licensors' patents will be valid or enforceable;
- any patents issued to us or our licensors and collaboration partners will provide us with any competitive advantages, or will not be challenged by third parties;
- we will develop or in-license additional proprietary technologies that are patentable; or
- the patents of others will not have an adverse effect on our business.

The actual protection afforded by a patent varies on a product-by-product basis, from country to country and depends upon many factors, including the type of patent, the scope of our coverage, the availability of regulatory related extensions, the availability of legal remedies in a particular country and the validity and enforceability of the patents. Our ability to maintain and solidify our proprietary position for our product candidates will depend on our success in obtaining effective claims and enforcing those claims once granted. Our issued patents and those that may issue in the future, or those licensed to us, may be challenged, invalidated or circumvented, and the rights granted under any issued patents may not provide us with proprietary protection or competitive advantages against competitors with similar products. Due to the extensive amount of time required for the development, testing and regulatory review of a potential product, it is possible that, before any of our product candidates can be commercialized, any related patent may expire or remain in force for only a short period following commercialization, thereby reducing any advantage of the patent.

Protection afforded by U.S. patents may be adversely affected by recent or future changes to patent-related U.S. statutes and to U.S. Patent and Trademark Office ("**U.S. PTO**") rules. Recent patent reform legislation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents. On September 16, 2011, the Leahy-Smith America Invents Act, or the Leahy-Smith Act, was signed into law. The Leahy-Smith Act includes a number of significant changes to U.S. patent law. These include provisions that affect the way patent applications are prosecuted and may also affect patent litigation. The U.S. PTO recently developed new regulations and procedures to govern administration of the Leahy-Smith Act, and many of the substantive changes to patent law associated with

the Leahy-Smith Act, and in particular, the first to file provisions, only became effective on March 16, 2013. Accordingly, it is not clear what, if any, impact the Leahy-Smith Act will have on the operation of our business. However, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents, all of which could have a material adverse effect on our business and financial condition.

Moreover, we may be subject to a third party preissuance submission of prior art to the U.S. PTO, or become involved in opposition, derivation, reexamination, *inter partes* review or interference proceedings, or other preissuance or post- grant proceedings in the United States or other jurisdictions, challenging our patent rights or the patent rights of others. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our technology or products and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize products without infringing third party patent rights. In addition, if the breadth or strength of protection provided by our patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future product candidates. Other changes to the patent statutes may adversely affect the protection afforded by U.S. patents and/or open U.S. patents up to third party attack in non-litigation settings.

We also rely on trade secrets to protect some of our technology, especially where we do not believe patent protection is appropriate or obtainable. However, trade secrets are difficult to maintain. While we use reasonable efforts to protect our trade secrets, we or our collaboration partners' employees, consultants, contractors or scientific and other advisors may unintentionally or willfully disclose our proprietary information to competitors. Enforcement of claims that a third party has illegally obtained and is using trade secrets is expensive, time consuming and uncertain. In addition, non-U.S. courts are sometimes less willing than U.S. courts to protect trade secrets. If our competitors independently develop equivalent knowledge, methods and know-how, we would not be able to assert our trade secrets against them and our business could be harmed.

The intellectual property protection for some of our product candidates is dependent on third parties.

With respect to iCo-008, we have exclusively licensed from Medimmune certain issued patents and pending patent applications covering antibody binding domains underlying this product candidate and its commercialization and use. We direct patent prosecution and are responsible for all fees and costs related to the preparation, filing, prosecution, enforcement and maintenance of these patent rights that we have licensed from our partners.

With respect to the Oral Amp B Delivery System, under our license agreement with UBC, UBC has filed patents relating to the Oral Amp B Delivery System, which are now issued or pending in a number of jurisdictions worldwide. UBC maintains the responsibility of prosecuting and maintaining all patents related to the Oral Amp B Delivery System in consultation with us.

We do not have and have not had any control over the filing, prosecution or enforcement of certain patents or patent applications previously filed by Medimmune or UBC. We cannot be certain that such prosecution efforts have been or will be conducted in compliance with applicable laws and regulations or will result in valid and enforceable patents. We also cannot be assured that our licensors will agree to enforce any such patent rights at our request or devote sufficient efforts to attain a desirable result. Any failure by any of our licensing partners to properly protect the intellectual property rights relating to our product candidates could have a material adverse effect on our financial condition and results of operation.

We may not be able to protect our intellectual property rights throughout the world.

Filing, prosecuting and defending patents on all of our product candidates and products, when and if we have any, in every jurisdiction would be prohibitively expensive. Competitors may use our technologies in jurisdictions where we or our licensors have not obtained patent protection to develop our own products. These products may compete with our products, when and if we have any, and may not be covered by any of our or our licensors' patent claims or other intellectual property rights.

The laws of some non-U.S. countries do not protect intellectual property rights to the same extent as the laws of the United States, and many companies have encountered significant problems in protecting and defending such rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection, particularly those relating to biotechnology and/or pharmaceuticals, which could make it difficult for us to stop the infringement of our patents. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial cost and divert our efforts and attention from other aspects of our business.

The patent protection for our product candidates or products may expire before we are able to maximize their commercial value which may subject us to increased competition and reduce or eliminate our opportunity to generate product revenue.

The patents for our product candidates have varying expiration dates and, when these patents expire, we may be subject to increased competition and may not be able to recover our development costs. Our U.S. patents directed to iCo-008 and licensed from Medimmune expire as early as 2021-2022 and our patents directed to the Oral Amp B Delivery System and licensed from UBC expire as early as 2028-2030. In some of the larger economic territories, such as the United States and Europe, patent term extension/restoration may be available to compensate for time taken during aspects of the product candidate's regulatory review. However, we cannot be certain that an extension will be granted for our iCo-008 product candidate, or if granted, what the applicable time period or the scope of patent protection afforded during any extended period will be. We do not believe that our Oral Amp B Delivery System will be eligible for patent term extension/restoration. In addition, even though some regulatory agencies may provide some other exclusivity for a product candidate under our own laws and regulations, we may not be able to qualify the product candidate or obtain the exclusive time period.

If we are unable to obtain patent term extension/restoration or some other exclusivity, we could be subject to increased competition and our opportunity to establish or maintain product revenue could be substantially reduced or eliminated. Furthermore, we may not have sufficient time to recover our development costs prior to the expiration of our U.S. and non-U.S. patents.

We may incur substantial costs as a result of litigation or other proceedings relating to enforcement of our patent and other intellectual property rights and we may be unable to protect our rights to, or use of, our technology.

If we choose to go to court to prevent a third party from using the inventions claimed in our patents or licensed patents, that third party has the right to ask the court to rule that these patents are invalid and/or should not be enforced against that third party. These lawsuits are expensive and would consume time and other resources even if we were successful in stopping the infringement of these patents. In addition, there is a risk that the court will decide that these patents are invalid or unenforceable and that we do not have the right to prevent the other party from using the inventions. There is also the risk that, even if the validity of these patents is upheld, the court will refuse to prevent the other party on the ground that such other party's activities do not infringe our rights.

We may be subject to lawsuits from, liable for damages to, or be required to enter into license agreements with, a third party which claims we infringed its patents or otherwise misused its proprietary information.

If we wish to use the technology or compound claimed in issued and unexpired patents owned by others, we will need to obtain a license from the owner, enter into litigation to challenge the validity or enforceability of the patents or incur the risk of litigation in the event that the owner asserts that we infringed our patents. The failure to obtain a license to technology or the failure to challenge an issued patent that we may require to develop or commercialize our product candidates may have a material adverse impact on us.

In addition, if a third party asserts that we infringed its patents or other proprietary rights, we could face a number of risks that could seriously harm our results of operations, financial condition and competitive position, including:

- patent infringement and other intellectual property claims, which would be costly and time consuming to defend, whether or not the claims have merit, and which could delay the regulatory approval process and divert management's attention from our business;
- substantial damages for past infringement, including possible treble damages, which we may have to pay if a court determines that our product candidates or technologies infringe a competitor's patent or other proprietary rights;
- a court prohibiting us from selling or licensing our technologies or future drugs unless the third-party licenses our patents or other proprietary rights to us on commercially reasonable terms, which it is not required to do; and
- if a license is available from a third party, we may have to pay substantial royalties or lump sum payments or grant cross licenses to our patents or other proprietary rights to obtain that license.

The biotechnology industry has produced a proliferation of patents, and it is not always clear to industry participants, including us, which patents cover various types of products or methods of use. The coverage of patents is subject to interpretation by the courts, and the interpretation is not always uniform. If we are sued for patent infringement, we would need to demonstrate that our product candidates or methods of use either do not infringe the patent claims of the relevant patent and/or that the patent claims are invalid, and we may not be able to do this. Proving invalidity, in particular, is difficult since it requires a showing of clear and convincing evidence to overcome the presumption of validity enjoyed by issued patents.

U.S. patent laws as well as the laws of some foreign jurisdictions provide for provisional rights in published patent applications beginning on the date of publication, including the right to obtain reasonable royalties, if a patent is subsequently issued and certain other conditions are met. While we believe that there may be multiple grounds on which to challenge the validity of the U.S. patent and the foreign counterparts, we cannot predict the outcome of any invalidity challenge. Alternatively, it is possible that we may determine it prudent to seek a license from the patent holder to avoid potential litigation and other potential disputes. We cannot be sure that a license would be available to us on acceptable terms, or at all.

Because some patent applications in the United States may be maintained in secrecy until the patents are issued, because patent applications in the United States and many foreign jurisdictions are typically not published until 18 months after filing, and because publications in the scientific literature often lag behind actual discoveries, we cannot be certain that others have not filed patent applications for technology covered by our licensors' issued patents or our pending applications or our licensors' pending applications, or that we or our licensors were the first to invent the technology.

Patent applications filed by third parties that cover technology similar to ours may have priority over our or our licensors' patent applications and could further require us to obtain rights to issued patents covering such technologies. If another party files a U.S. patent application on an invention similar to ours, we may elect to participate in or be drawn into an interference proceeding declared by the U.S. PTO to determine priority of invention in the United States. The costs of these proceedings could be substantial, and it is possible that such efforts would be unsuccessful, resulting in a loss of our U.S. patent position with respect to such inventions.

We may also be subject to damages resulting from claims that we, or our employees or consultants, have wrongfully used or disclosed alleged trade secrets of third parties. Many of our employees were previously employed, and certain of our consultants are currently employed, at universities or biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although we have not received any claim to date, we may be subject to claims that we, or these employees or consultants, have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of these current or former employers. Litigation may be necessary to defend against these claims. If we fail in defending such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. We may be subject to claims that employees of our partners or licensors of technology licensed by us have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. We may become involved in litigation to defend against these claims. If we fail in defending such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel.

Some of our competitors may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources. In addition, any uncertainties resulting from the initiation and continuation of any litigation could have a material adverse effect on our ability to raise the funds necessary to continue our operations. We cannot predict whether third parties will assert these claims against us or against our licensors, or whether those claims will harm our business. If we are forced to defend against these claims, whether they are with or without any merit, whether they are resolved in favour of or against us or our licensors, we may face costly litigation and diversion of management's attention and resources. As a result of these disputes, we may have to develop costly non-infringing technology, or enter into licensing agreements. These agreements, if necessary, may be unavailable on terms acceptable to us, if at all, which could seriously harm our business or financial condition.

If we breach any of the agreements under which we license rights to our product candidates or technology from third parties, we could lose license rights that are important to our business. Certain of our license agreements may not provide an adequate remedy for their breach by the licensor.

We license the development and commercialization rights for each of our product candidates, and we expect to enter into similar licenses in the future. Under these licenses we are subject to various obligations, including royalty and milestone payments, annual maintenance fees, limits on sublicensing, insurance obligations and the obligation to use commercially reasonable best efforts to develop and exploit the licensed technology. If we fail to comply with any of these obligations or otherwise breaches these agreements, our licensors may have the right to terminate the license in whole or in part or to terminate the exclusive nature of the license. Loss of any of these licenses or the exclusivity rights provided therein could harm our financial condition and operating results.

Risks Related to our Securities

The price of our common stock has experienced volatility and may be subject to fluctuation in the future based on market conditions.

The market prices for the securities of biotechnology companies, including our own, have historically been highly volatile. The market has from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of any particular company. In addition, because of the nature of our business, certain factors such as our announcements, competition from new therapeutic products or technological innovations, government regulations, fluctuations in our operating results, results of clinical trials, public concern regarding the safety of drugs generally, general market conditions and developments in patent and proprietary rights can have an adverse impact on the market price of our common stock. For example, from January 1, 2019 through December 31, 2019, the closing price of the shares of our common stock on the TSX-V has ranged from a low of $0.05 to a high of C$0.14. Any negative change in the public's perception of our prospects could cause the price of our common stock to decrease dramatically. Furthermore, any negative change in the public's perception of the prospects of biotechnology companies in general or the market in general could depress our share price regardless of our results. Volatility or depression in the capital markets, particularly with respect to biotechnology stocks, could also affect our ability to raise additional capital.

Our shareholders may experience significant dilution from future sales of our securities.

We anticipate that we will need to raise additional capital in the future. The sale of additional equity, including warrants or debt securities, if convertible into equity, and including the recent financing of units, will result in dilution to our existing shareholders. Also, any debt financing, if available, may require us to pledge our assets as collateral or involve restrictive covenants, such as limitations on our ability to incur additional indebtedness, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could negatively impact our ability to conduct our business. As a result, our net income per share could decrease in future periods and the market price of our common shares could decline. The perceived risk of dilution may negatively impact the price of our shares and may cause our shareholders to sell their shares, which would contribute to a decline in the price of our common shares. Moreover, the perceived risk of dilution and the resulting downward pressure on our share price could encourage investors to engage in short sales of our common shares, which could further contribute to progressive price declines in our common shares.

iCo may be subject to securities litigation, which is expensive and could divert management attention.

The market price of iCo's common shares may be volatile, and in the past companies that have experienced volatility in the market price of their shares have been subject to securities class action litigation. iCo may be the target of this type of litigation in the future. Litigation of this type could result in substantial costs and diversion of management's attention and resources, which could adversely impact iCo's business. Any adverse determination in litigation could also subject iCo to significant liabilities.

As a venture issuer, iCo is not required to make representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting.

In contrast to the certificate required for non-venture issues under National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**"), the certifying officers of iCo, as a venture issuer, are not required to make representations relating to the establishment and maintenance of disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"), as defined in NI 52-109. In particular, the certifying officers of iCo are not required to make any representations that they have:

(i) designed, or caused to be designed, DC&P to provide reasonable assurance that information required to be disclosed by iCo in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) designed, or caused to be designed, ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the iCo's GAAP.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

iCo has never paid dividends on iCo's common shares and iCo does not anticipate paying any dividends in the foreseeable future. Consequently, any gains from an investment in iCo's common shares will likely depend on whether the price of iCo's common shares increases.

iCo has not paid dividends on iCo's common shares to date and iCo currently intends to retain iCo's future earnings, if any, to fund the development and growth of iCo's business. As a result, capital appreciation, if any, of iCo's common shares will be your sole source of gain for the foreseeable future. Consequently, in the foreseeable future, you will likely only experience a gain from your investment in iCo's common shares if the price of iCo's common shares increases.

If equity research analysts do not publish research or reports about iCo's business or if they issue unfavorable commentary or downgrade iCo's common shares, the price of iCo's common shares could decline.

The trading market for iCo's common shares will rely in part on the research and reports that equity research analysts publish about iCo and iCo's business. iCo does not control these analysts. The price of iCo's common shares could decline if one or more equity analysts downgrade iCo's common shares or if analysts issue other unfavorable commentary or cease publishing reports about iCo or iCo's business.

DIVIDENDS

The Company has not, since its inception, declared or paid any dividends on its common shares. The declaration of dividends on our common shares is within the discretion of the board of directors and will depend on the assessment of, among other factors, capital requirements, earnings, and the operating and financial condition of the Company. At the present time, iCo's anticipated capital requirements are such that iCo follows a policy of retaining all available funds and any future earnings in order to finance iCo's technology advancement, business development and corporate growth. iCo does not intend to declare or pay cash dividends on its common shares within the foreseeable future. See "*Risk Factors – Risks Related to Our Securities – iCo has never paid dividends on iCo's common shares and iCo does not anticipate paying any dividends in the foreseeable future*".

CAPITAL STRUCTURE

Common Shares

The authorized share capital of the Company is an unlimited number of common shares without par value. As at December 31, 2019, we had 153,747,713 common shares issued and outstanding as fully paid and non-assessable**.** All of the common shares of the Company are of the same class and, once issued, rank equally. The holders of common shares are entitled to dividends, if, as and when declared by the board of directors, to one vote per common share at meetings of the shareholders of the Company and, upon liquidation, to share equally in such assets of the Company as are distributable to the holders of common shares. There are no pre-emptive or conversion rights.

Stock Options

The Company has a share option plan which authorizes the Company to grant up to 4,000,000 options to acquire common shares to directors, officers, employees and consultants of the Company or any of its subsidiaries. The exercise of options granted under the plan must be greater than or equal to the fair market value of the common shares on the date the option is granted. The options are generally exercisable for up to five years from the date of grant. As at December 31, 2019, there were options exercisable for 975,000 shares outstanding.

Share Purchase Warrants

As at December 31, 2019, the Company had 67,254,000 common share purchase warrants outstanding.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed on the TSX-V under the trading symbol "ICO" and on the OTCQB, under the symbol "ICOTF". The following table sets forth, for the periods during the year ended 2019, the reported high and low prices and the aggregate monthly volume of trading on the TSX-V:

	High	Low	Close	Volume
January 2019	0.08	0.05	0.06	5,381,700

February 2019	0.10	0.05	0.09	10,540,700
March 2019	0.12	0.08	0.10	22,960,200
April 2019	0.10	0.07	0.09	3,415,400
May 2019	0.10	0.07	0.07	3,185,900
June 2019	0.07	0.06	0.06	3,900,200
July 2019	0.11	0.06	0.10	12,710,800
August 2019	0.10	0.08	0.10	7,493,900
September 2019	0.14	0.09	0.11	10,224,200
October 2019	0.14	0.08	0.09	8,575,100
November 2019	0.10	0.06	0.06	4,481,800
December 2019	0.08	0.06	0.08	5,629,100

PRIOR SALES

The Company did not issue any securities that are outstanding but not listed or quoted on a marketplace during the period from December 31, 2017 to December 31, 2019.

DIRECTORS AND OFFICERS

The names of the directors and executive officers of the Company as of the date hereof, their province or state and country of residence, their respective positions with our Company and the date upon which they were first elected as a director or officer of the Company are set out in the table below. The term of each director expires on the date of our next annual meeting.

Name and Residence	**ition with the Company**	**cipal Occupation for Past Five Years**	**Director Since**
Susan Koppy[(1)(2)] Arizona, United States of America	President and Director	Principal, SL Koppy Consulting (2009 to present)	December 24, 2015
William Jarosz[(1)(2)(3)]	Chief Executive Officer and Director	Founding Partner, Cartesian Capital Group LLC, a private equity firm (May 2005 to present) Partner, AIG Capital Partners, Inc., a private equity firm and subsidiary of American International Group, Inc. (February 1997 to May 2005)	June 1, 2006

New York, United States of America			
Michael Liggett British Columbia, Canada	Chief Financial Officer, Secretary and Director	Chief Financial Officer, iCo Therapeutics Inc. (August 2016 to present) Chief Financial Officer, Hit Technologies Inc. (November 2014 to January 2019) President, OGGE Finance Solutions Corp. (September 2012 to Present)	January 23, 2017
Peter Hnik British Columbia, Canada	Chief Medical Officer and Director	Chief Medical Officer, iCo Therapeutics Inc. (July 2006 to Present) Associate Director, Clinical Development, QLT Inc. (September 1999 to June 2006)	June 16, 2006

Notes:

(1) Current member of the Audit Committee.
(2) Current member of the Compensation Committee.
(3) Current member of the Governance and Nomination Committee.

As of May 15th, 2020, the directors and executive officers of the Company owned, directly or indirectly, or exercised control or direction over 703,000 (0.5%)of the issued and outstanding common shares of the Company.

Directors and Executive Officers Biographies

The following are short biographies of our directors and executive officers:

William Jarosz, J.D. — Chief Executive Officer, Chairman and Director

William Jarosz is a founder and Senior Advisor at Cartesian Capital Group, LLC, a global investment management firm. From 1997 until 2005, Mr. Jarosz served as Managing Director and General Counsel of AIG Capital Partners, a subsidiary of American International Group, Inc., and as Managing Director of the AIG-Brunswick Millennium Fund. While at AIG Capital Partners, Mr. Jarosz oversaw global private equity transactions for the firm's various private equity funds. Prior to joining AIG in 1997, Mr. Jarosz practiced law at Debevoise & Plimpton, specializing in international private equity investment and Russian corporate and securities laws. Mr. Jarosz also served as a consultant to the World Bank on the regulation of foreign direct investment in emerging markets. Mr. Jarosz is a graduate of the University of Montana, and received an MA in Law and Diplomacy from the Fletcher School at Tufts University and a JD from Harvard Law School.

Susan Koppy — President and Director

Ms. Koppy has more than 30 years of experience in marketing and business development in the bio-pharmaceutical industry in the U.S., Europe, and Japan. She has participated in the negotiation of numerous agreements with a multi- billion dollar aggregate commercial value and is a frequent speaker on business development issues in the industry. After 15 years working through progressive positions of responsibility in life sciences, Ms. Koppy joined Novartis Pharmaceuticals AG in Basel Switzerland in 2000 where she became the first woman on the global marketing management team. Between 2005 and 2008 she built and led strategy, business development and acquisition groups for Applied Biosystems, Inc., Idenix Pharmaceuticals and Transcept Pharmaceuticals where she successfully sourced and executed a major U.S. partnership with Purdue Pharmaceuticals. Ms. Koppy now consults with a variety of bio- pharmaceutical companies on business development strategy, search, and transactions in a broad variety of therapeutic areas both in- and out-licensing. She is a member of the National Association for Corporate Directors, Women Business Leaders of US Health Care Industry Foundation and Licensing Executive Society.

Michael Liggett, CPA, CA, Bsc Pharm. — Chief Financial Officer, Secretary and Director

Michael Liggett has over 18 years of financial experience in public companies, completing over $300,000,000 in equity and debt financing and approximately $200,000,000 in merger and acquisition transactions. Recently, Mr. Liggett has provided Chief Financial Officer and accounting services to numerous public and private companies. Previously, Mr. Liggett acted as Chief Financial Officer of Eacom Timber Corporation ("**Eacom**"), a start-up softwood lumber company listed on the TSX-V. Prior to Eacom, Mr. Liggett acted as the Chief Financial Officer of Inflazyme Pharmaceuticals Ltd. ("**Inflazyme**"), an early stage company focused on research and development for new drugs in inflammation. At Inflazyme, Mr. Liggett structured the largest life sciences strategic partnership in Canada at that time and completed over $100,000,000 in private placements and secondary offerings and listed the company on the Toronto Stock Exchange. Mr. Liggett is a Chartered Professional Accountant and worked for PricewaterhouseCoooper LLP prior to joining Inflazyme.

Dr. Peter Hnik, MD, MHSc — Chief Medical Officer and Director

Dr. Hnik received his medical degree from the Medical Faculty of Charles University of Prague in 1981. After practicing at the Eye Clinic of the Charles University Hospital where he performed surgery and consultation in glaucoma and neuro-ophthalmology, Dr. Hnik later joined the Eye Clinic of UBC as part of the glaucoma research group. He received his Master of Health Sciences degree from UBC in 1999. Prior to joining iCo, Dr. Hnik served as Associate Director of Clinical Research with QLT Inc., playing a critical role in designing and directing Visudyne clinical trials in AMD and diabetic retinopathy. He was also heavily involved in the publication, in-licensing and pharmacovigilance activities for Visudyne. He has authored numerous ocular publications and presentations at international forums. Dr. Hnik is a member of the Association for Research in Vision and Ophthalmology, the American Academy of Ophthalmology, the European Society of Retina Specialists, the Drug Information Association, and the New York Academy of Sciences.

Cease Trade Orders

To the best of our knowledge, no director or executive officer of the Company, is, or within the ten years prior to the date hereof, has been, a director, chief executive officer or chief financial officer that: (i) while that person was acting in that capacity was the subject of a cease trade order or similar order or an order that denied the other issuer access to any exemptions under Canadian securities legislation, that was in effect for a period of more than thirty consecutive days or, (ii) after that person ceased to act in that capacity, was the subject of a cease trade order or similar order, or an order that denied the other issuer access to any exemptions under Canadian securities legislation, that was in effect for a period of more than thirty consecutive days and which resulted from an event that occurred while that person was acting in that capacity.

Penalties or Sanctions

To the best of our knowledge, no director or executive officer of the Company, or a shareholder holding a sufficient number of shares of the Company to affect materially the control of the Company, has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities authority, or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

To the best of our knowledge, no director or executive officer of the Company, or a shareholder holding a sufficient number of shares of the Company to affect materially the control of the Company, (i) has, during the ten years prior to the date hereof, been a director or executive officer of any company that, while that person was acting in that capacity, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his, her or its assets or (ii) has, during the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his, her or its assets.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will disclose his interest in the matter and abstain from voting for or against the approval of such participation or such terms. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

The directors and officers of the Company are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosures by the directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers in accordance with the laws of British Columbia and they shall govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. Other than as disclosed under the heading "Interest of Management and Others in Material Transactions" below, the directors and officers of the Company are not aware of any such conflicts of interests.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The primary function of the audit committee is to assist the board of directors of the Company in fulfilling its oversight responsibilities with respect to the quality and integrity of the consolidated financial statements of the Company; appointing and overseeing the external auditors and reviewing the qualifications and independence of the external auditors; reviewing the performance of the external auditors; ensuring compliance by the Company with all legal and regulatory requirements for audit and related financial functions of the Company; reviewing financial information contained in public filings of the Company; reviewing earnings announcements of the Company prior to release to the public; monitoring the Company's systems of and compliance with internal financial controls; reviewing the Company's auditing, accounting and financial reporting processes; and dealing with all complaints regarding accounting, internal accounting controls and auditing matters. The audit committee mandate is attached as Appendix "A".

Composition of Audit Committee

The Audit Committee consists of, Ms. Susan Koppy and Mr. William Jarosz. Mr. Jarosz, who chairs the Audit Committee, and Ms. Koppy are each non-employee members of our board of directors. Our board of directors has determined that Ms. Koppy and Mr. Jarosz are "independent" as such term is defined in Multilateral Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). In addition, our board of directors has determined that each member of the Audit Committee is "financially literate" under NI 52-110.

Relevant Education and Experience

The education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee member is described below:

Susan Koppy — Director

Ms. Koppy has more than 30 years of experience in marketing and business development in the biopharmaceutical industry in the U.S., Europe, and Japan. She has participated in the negotiation of numerous agreements with a multi- billion dollar aggregate commercial value and is a frequent speaker on business development issues in the industry. After 15 years working through progressive positions of responsibility in life sciences, Ms. Koppy joined Novartis Pharmaceuticals AG in Basel Switzerland in 2000 where she became the first woman on the global marketing management team. Between 2005 and 2008 she built and led strategy, business development and acquisition groups for Applied Biosystems, Inc., Idenix Pharmaceuticals and Transcept Pharmaceuticals where she successfully sourced and executed a major U.S. partnership with Purdue Pharmaceuticals. Ms. Koppy now consults with a variety of bio- pharmaceutical companies on business development strategy, search, and transactions in a broad variety of therapeutic areas both in- and out-licensing. She is a member of the National Association for Corporate Directors, Women Business Leaders of US Health Care Industry Foundation and Licensing Executive Society.

William Jarosz

William Jarosz is currently a founder and Senior Advisor at Cartesian Capital Group, LLC, a global investment management firm. From 1997 until 2005, Mr. Jarosz served as Managing Director and General Counsel of AIG Capital Partners, a subsidiary of American International Group, Inc., and as Managing Director of the AIG-Brunswick Millennium Fund. While at AIG Capital Partners, Mr. Jarosz oversaw global private equity transactions for the firm's various private equity funds. Prior to joining AIG in 1997, Mr. Jarosz practiced law at Debevoise & Plimpton, specializing in international private equity investment and Russian corporate and securities laws. Mr. Jarosz also served as a consultant to the World Bank on the regulation of Foreign Direct Investment in emerging markets. Mr. Jarosz is a graduate of the University of Montana, and received an MA in Law and Diplomacy from the Fletcher School at Tufts University and a JD from Harvard Law School.

Pre-Approval of Audit Services and Permitted Non-Audit Services

As set forth in the Audit Committee Mandate, the Audit Committee is required to pre-approve all audit services and permitted non-audit services performed by our external auditors.

Exemption

The Company is relying upon the exemption in section 6.1 of NI 52-110 in respect of its reporting obligations under NI 52-110 for the year ended December 31, 2019.

External Auditor Service Fees

The following table sets forth, by category, the fees billed by PricewaterhouseCooper LLP to the Company for the year ended December 31, 2019 (including estimates) and for the year ended December 31, 2018 (actuals). During these years, PricewaterhouseCooper LLP was the Company's only external auditor.

Financial Year Ending	Audit Fees	t Related Fees	Tax Fees	All Other Fees	Total
December 31, 2019	$38,500	Nil	Nil	Nil	$38,500
December 31, 2018	$37,600	$27,300[(1)]	Nil	Nil	$64,900

Notes:

(1) "Audited Related Fees" for the year ended December 31, 2018 were for two quarterly reviews of the financial statements, reviewed in connection with the filing of the Company's short form base shelf prospectus on August 14, 2018.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no pending or contemplated legal proceedings to which the Company is a party or of which any of our properties is the subject.

As of December 31, 2019, the Company is not subject to:

(a) any penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the financial year ended December 31, 2019; or
(b) any other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision; or
(c) settlement agreements the Company entered into before a court relating to securities legislation or with a securities regulatory authority during the financial year ended December 31, 2019.

The Company is unaware of any condition of default under any debt, regulatory, exchange related or other contractual obligation.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as described below, no director, officer or principal shareholder of the Company, or any associate or affiliate of any of the foregoing persons or entities, has any direct or indirect material interest in any transaction within three years of the date of this Annual Information Form or in any proposed transaction of the Company that has materially affected or will materially affect the Company or any of our subsidiaries.

REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent for the Company's common shares is Computershare Investor Services Inc., 510 Burrard Street, 3rd Floor, Vancouver, BC, V6C 3B9.

MATERIAL CONTRACTS

iCo is a party to the following material contracts as defined in National Instrument 51-102 - Continuous Disclosure Obligations:

1. The Medimmune License Agreement. See "Products – Licensing Agreements"; and

2. The UBC License Agreement. See "*Products – Licensing Agreements*".

INTERESTS OF EXPERTS

Our auditor is PricewaterhouseCoopers LLP, Chartered Professional Accountants, of Vancouver, British Columbia. PricewaterhouseCoopers LLP has advised the Corporation that it is independent with respect to the Company within the meaning of the Chartered Professional Accountants of British Columbia Code of Professional Conduct.

ADDITIONAL INFORMATION

Additional information relating to the Company, including information relating to directors' and officers' remuneration and indebtedness, principal holders of our securities and securities authorized for issue under equity compensation plans is contained in our Notice of Annual General Meeting and Management Information Circular dated May 28, 2018 and filed at www.sedar.com. Additional financial information is provided in our audited consolidated financial statements and management's discussion and analysis for our most recently completed financial year, each of which and is available under the Company's profile at www.sedar.com.

APPENDIX "A"
Audit Committee Mandate

Purpose

The audit committee (the "**Committee**") of iCo Therapeutics Inc. (the "**Corporation**") is responsible for ensuring accounting integrity and solvency. The Committee is also responsible for ensuring the appropriateness of insurance, investment of liquid funds, information security policies, material contracts and events that could lead to material liabilities. The Committee will assist the board of directors of the Corporation (the "**Board**") in fulfilling its oversight responsibilities by:

- reviewing the integrity of the consolidated financial statements of the Corporation;
- appointing and removing (subject to shareholder ratification if required), determine funding for, and oversee the external auditors and reviewing the external auditors' qualifications and independence;
- reviewing the performance of the Corporation's external auditors;
- in conjunction with the Chief Financial Officer, reviewing the timely compliance by the Corporation with all legal and regulatory requirements for audit and related financial functions of the Corporation;
- in conjunction with the Chief Financial Officer, reviewing financial information contained in public filings of the Corporation prior to filing;
- in conjunction with the Chief Financial Officer, reviewing earnings announcements of the Corporation prior to release to the public;
- in conjunction with the Chief Financial Officer, reviewing the Corporation's systems of and compliance with internal financial controls;
- in conjunction with the Chief Financial Officer, reviewing the Corporation's auditing, accounting and financial reporting processes;
- dealing with all complaints brought to the attention of the audit committee regarding accounting, internal accounting controls and auditing matters; and
- dealing with any issues that result from the reviews set forth above.

Membership and Reporting

The Committee will be comprised of independent directors and will have a minimum of three members. All members of the Committee must have a working familiarity with basic finance and accounting practices and be able to read and understand financial statements.

Appointments and replacements to the Committee will be made by the Board and will be reviewed on an annual basis. The Board will provide for continuity of membership, while at the same time allowing fresh perspectives to be added. Each member of the Committee will automatically cease to be a member if he or she ceases to be an independent director.

The chairman of the Committee (the "**Chairman**") will be appointed by a majority vote of the Board on an annual basis.

The Committee will report to the Board, at the next scheduled meeting of the Board, the proceedings of the Committee and any recommendations made by the Committee.

Each member of the Committee will be "financially literate", as such term is defined in National Instrument 52-110". The external auditors will report directly to the Committee.

Terms of Reference

1. The Committee is responsible for overseeing the work of the external auditors and will communicate directly with the external auditors as required.

2. The Committee will meet as required, but at least once quarterly (to review the quarterly financial statements, management accounting, management discussion and analysis ("**MD&A**") and any related press release before such documents are presented to the Board or filed with regulatory authorities, as the case may be). Special meetings of the Committee will be authorized at the request of any member of the Committee or at the request of the Corporation's external auditors. The external auditors will be informed about, and can attend, meetings of the Committee as deemed appropriate by the Chairman of the Committee. Provision will be made to meet privately with external auditors on a quarterly basis and to meet privately with management at least once per annum.

3. The Committee will review, with the external auditors, the results of the external audit and any changes in accounting practices or policies and the financial statements impact thereof. In addition, the Committee will review any accruals, provisions, or estimates that have a significant effect upon the financial statements as well as other sensitive matters such as disclosure of related party transactions.

4. The Committee will review and approve interim financial statements, MD&A and any related press release on behalf of the Board and sign a resolution to that effect.

5. In addition, the Committee will review other financial statements, information and documents that require the approval of the Board. These will include year-end audited statements, year-end MD&A, statements in prospectuses and other offering memoranda and statements required by regulatory authorities. The Committee will sign a resolution to the effect that such financial statements, information or documents that are being presented to the Board are satisfactory, and recommend their approval.

6. The Committee will review and discuss with management and the external auditors any major issue as to the adequacy and effectiveness of internal controls over the accounting and financial reporting systems of the Corporation, either directly, or through the external auditors or other advisors and obtain and review a report from the external auditors, at least annually, regarding same; and the Committee will review and discuss with management and the external auditors any special steps adopted in light of material internal control deficiencies and the adequacy of disclosures about changes in internal controls over financial reporting.

7. The Committee will review any policies and practices developed by the Corporation regarding the regular examination of officers' expenses and perquisites, including the use of the assets of the Corporation.

8. The Committee will review the basis and amount of the external auditors' fees and pre-approve all auditing services and permitted non-audit services.

9. The Committee will consider whether the external auditors should be re-appointed and make recommendations to the Board. At least on an annual basis, the Committee will evaluate the qualifications, performance and independence of the external auditors and the senior audit partners having primary responsibility for the audit, including considering whether the auditors' quality controls are adequate.

10. The Committee will pre-approve the appointment of the external auditors for all accounting services, internal control related services and permitted non-audit services to be provided to the Corporation. The Committee may establish policies and procedures, from time to time, pre-approving the appointment of the external auditors for certain non-audit services. In addition, the Committee may delegate to one or more members the authority to pre-approve the appointment of the external auditors for any non-audit service to the extent permitted by applicable law, provided that any pre-approvals granted pursuant to such delegation will be reported to the full Committee at its next scheduled meeting.

11. The Committee will review and approve the Corporation's hiring of partners and employees of the external auditors of the Corporation.

12. The Committee will establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

13. The Committee will review and reassess the adequacy of this mandate annually.

14. The Committee has the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors ("**Advisors**"). The Corporation will provide appropriate funding, as determined by the Committee, for payment of compensation to the external auditors for the purpose of rendering or issuing an audit report and to any Advisors employed by the Committee.

15. The Committee will issue any necessary reports required of the Committee to be included in the Corporation's annual proxy statement. The Committee will review and recommend to the Board the approval of all documents filed with securities regulatory authorities.

16. The Committee will approve all related party transactions brought to the attention of the Committee.

17. The Committee will discuss with management and the external auditors any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Corporation's financial statements or accounting policies.

18. The Committee will receive from the external auditors a formal written statement delineating all relationships between the external auditors and the Corporation and will actively engaging in a dialogue with the external auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the external auditors.

Approved: January 1, 2008