MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED DCEMBER 31, 2020

This management's discussion and analysis ("**MD&A**") has been prepared as of April 29, 2021 and should be read in conjunction with the consolidated financial statements of iCo Therapeutics Inc. ("**iCo**" or the "**Company**") for the year ended December 31, 2020 and the related notes thereto. Our consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**") and all dollar amounts are expressed in Canadian dollars unless otherwise noted. In this discussion, unless the context requires otherwise, references to "we" or "our" are references to iCo Therapeutics Inc. Additional information relating to our Company is available by accessing the SEDAR website at www.sedar.com.

Forward Looking Statements

Certain statements and information in this MD&A 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 MD&A 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 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 in the studies 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;
- 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;
- 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 implementation of our business model and strategic plans;
- our expectations regarding federal, provincial and foreign regulatory requirements;

- 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;
- the compensation that is expected to be paid to consultants or employees of the Company;
- our future financial performance and projected expenditures; and
- estimates of our expenses, future revenue, capital requirements and our needs for additional financing.
- Impact of Covid 19 pandemic on our business
- Expected timing and closing of Satellos Arrangement (see "Recent developments – Merger Agreement")

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 MD&A, 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 and (xi) the Company's ability to protect patents and proprietary rights.

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined below under the headings "*Market risk*", "*Interest rate risk*", "*Liquidity risk*" and "*Credit risk*". 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 MD&A 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.

Recent developments

Merger agreement

On March 21, 2021 the Company entered into an agreement (the "**Arrangement Agreement**"), providing for the business combination of iCo and Satellos Bioscience Inc. ("**Satellos**") by way of a plan of arrangement (the **"Arrangement"**) in accordance with Section 192 of the *Canada Business Corporations Act* (the "CBCA").

Pursuant to the Arrangement, Satellos will become a wholly-owned subsidiary of iCo, and the parties expect to complete an amalgamation of iCo and Satellos, with the resulting entity named "**Satellos Bioscience Inc**." (the "**Resulting Issuer**"), operating in the life sciences industry. Following the completion of the Arrangement, and the Concurrent Financing (described below) shareholders of iCo will hold an approximately 27.7% ownership interest, and the shareholders of Satellos will hold approximately

58.8.% of the outstanding common shares of the Resulting Issuer (the "Resulting Issuer Common Shares"). Prior to completion of the Arrangement, iCo, which is formed under the *Business Corporations Act* (British Columbia) is expected to continue under the CBCA and the Resulting Issuer will exist as a CBCA corporation.

On April 27, 2021, the Company announced it had issued 85,294,117 subscription receipts (the "Subscription Receipts") at a price of $0.085 per Subscription Receipt for aggregate gross proceeds of approximately C$7.25 million. Each Subscription Receipt will entitle the holder thereof to receive, upon satisfaction of certain escrow release conditions, including without limitation, the completion of the Arrangement, and without payment of additional consideration, one common share of the Resulting Issuer (a "Resulting Issuer Share"). The proceeds from the Financing have been placed in escrow and, upon satisfaction of the escrow release conditions, will be used for research, development, and general corporate expenses of the Resulting Issuer.
The common shares underlying the Subscription Receipts are subject to a lock-up agreement and the Subscription Receipts and the underlying common shares of the Resulting Issuer will be subject to a hold period expiring 4 months and one day from the date of issuance in accordance with applicable Canadian securities laws.

The Financing is led by Bloom Burton Securities Inc. ("**Bloom Burton**") and includes Richardson Wealth Ltd. (together the "Agents"). In connection with the Financing and in accordance with the policies of the Exchange, the Agents will receive: (i) a cash fee equal to 6.0% of the gross proceeds raised in connection with the Financing; and (ii) warrants equal to 6.0% of the number of Subscription Receipts issued in connection with the Financing (the "**Broker Warrants**"). Each Broker Warrant shall entitle the holder thereof to buy one common share of the Resulting Issuer at the issue price in connection with the Arrangement. The term of the Broker Warrants shall be 24 months from the expected closing date of Financing.

Completion of the Arrangement is subject to, among other things, the approval of the Exchange and approval from iCo and Satellos' shareholders (collectively, the "**Shareholders**"). iCo shares will remain halted for trading pending the approval of the Arrangement by the Shareholders and permission of the Exchange. Upon closing of the Arrangement, Satellos will become a wholly owned subsidiary of iCo, and the parties expect to complete an amalgamation of iCo and Satellos, with the resulting entity named "Satellos Bioscience Inc" (the "**Resulting Issuer**"). Upon the conclusion of the Financing, the holders of the Subscription Receipts will represent approximately 14% of the issued and outstanding common shares of the Resulting Issuer.

Overview of the Company

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 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 fungal infections.

The Company's Business Strategy

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 ocular 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 fungal 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

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, asthma and ocular conditions, including vernal keratoconjunctivitis (VKC), atopic kerotoconjunctivitis (AKC) 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. 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, Inc. (together with its affiliates, "**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.

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 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 agreement. 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.

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 light of the uncertainty created by the current COVID-19 pandemic, and the announced acquisition of Alexion by AstraZeneca PLC ("**AZ**")the timing of development of iCo-008 may be subject to change.

Prior to Alexion assuming the rights under the sub-license agreement, IMMUNE had conducted clinical trials with iCo-008 for Bullous Pemphigoid.

On December 12, 2020, Alexion announced that it had entered into a definitive agreement for the acquisition of Alexion by AZ. The proposed transaction has cleared U.S. Federal Trade Commission review, but is still subject to approval by shareholders of both companies and regulators of other jurisdictions. If approved, the transaction is expected to close during Q3, 2021.

iCo–008 development undertaken by IMMUNE

In early 2015, IMMUNE initiated its Phase II program with Bertilimumab to 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).

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**"). 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 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**").

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.

November 8, 2019 the Company received ethics approval to initiate a multi-dose escalation clinical study in healthy volunteers. This was a Phase 1b, Single-Center, Double-Blind, Randomized Study to Evaluate the Safety, Tolerability, and Pharmacokinetics of 100 mg and 400 mg Oral Amphotericin B (iCo-019) or Placebo Administered for 10 Days in Healthy Subjects.

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). Two daily doses of oral Amphotericin B (100mg and 400mg), showing promising pharmacokinetic outcomes in the previous Phase 1 trial (using a single dose only), were used in the Phase 1b study. 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 the 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.

iCo has plans to make a second ethics submission for a 90-patient study comparing two doses of oral Amphotericin B to fluconazole over a ten-day period in women with vulvovaginal candidiasis ("VVC"), after the Phase 1b concludes. A Phase 2, Multi-center, Randomized Study to Evaluate the Safety, Tolerability, and Efficacy of 100 mg and 400 mg of Oral Amphotericin B (iCo-019) Compared with a Single 150 mg Dose of Fluconazole in the Treatment of Moderate-to-Severe VVC is planned. The primary end point will be to evaluate efficacy (clinical cure rate and mycology eradication) of 100 mg and 400 mg doses of oral Amphotericin B (iCo-019) for 10 days compared to a single 150 mg dose of oral fluconazole in subjects with moderate-to-severe VVC at Day 15. A secondary endpoint to evaluate safety and pharmacokinetics after repeated oral Amphotericin B dosing (10 days) in patients with VVC and additional follow-up period. We had expected to initiate this follow-on clinical study in early Q2 2020 with results in 2020, subject to funding, but due to the uncertainty around the current COVID-19 pandemic, the Company is not planning to conduct any further regulatory and clinical activities until we have more clarity regarding the course of COVID-19 and its effect on clinical trial practices.

iCo-008 in vernal keratoconjunctivitis ("VKC")

iCo owns the rights to ophthalmic indications of iCo-008 and is investigating what a Phase 2 clinical trial for VKC would involve. iCo has been in discussions with Ophthalmic Research Associates ("ORA") regarding an ocular developmental program, a pre-IND meeting with the FDA and Phase 2 and Phase 3 clinical study designs for iCo-008 in VKC. Given the orphan nature of the condition, the Company believes submission for approval could be as early as 2023 if adequate funds were available to initiate a Phase II study in 2021, and subsequent pivotal studies in 2022. The timing and funding remain subject to the uncertainty generated by the COVID 19 pandemic and its unknown timeline for resolution.

FY 2020 Key Corporate and Partner Activities and Subsequent Events

- In January 2020, the assignment of the IMMUNE sublicense to Alexion was completed. . Under the terms of the assignment, 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 IMMUNE License Agreement.
- On February 25, 2020 iCo announced the completion of the Phase 1 b study in which both (100 mg and 400 mg) doses of the oral Amphotericin B were well tolerated with no adverse events reported, including no signs of kidney or other toxicity.
- On March 9, 2020 Andrew Rae, MBA, resigned from his roles as both President & CEO and Director. Susan Koppy, a member of iCo's board of directors since 2015, assumed the role of President and William Jarosz, a member of iCo's board of directors since 2006, assumed the role of CEO.
- On April 15, 2020, the iCo announced pharmacokinetic results from the Phase 1b study. The oral Amphotericin B 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.
- On July 30, 2020, iCo announced the publication of results of their Oral Amphotericin B (iCo 019) Phase 1a Study in one of the leading infectious diseases journals, Antimicrobial Agents and Chemotherapy entitled "Phase I Clinical Study to evaluate the safety, tolerability, and pharmacokinetics of a novel oral amphotericin B formulation (ICO-019) in healthy human subjects".
- On December 31, 2020 – iCo and Skymount Medical, Inc. ("Skymount") announced that they entered into a non-binding Memorandum of Understanding to develop iCo-019, iCo's oral Amphotericin B formulation. Skymount is expected to initially commit up to $US 550,000 for pre-clinical work targeting the use of iCo-019 as a therapeutic product for infections relating to COVID-19.
- On March 15, 2021, iCo announced that its wholly owned subsidiary, Amphotericin B Technologies, Inc., entered into an agreement with IIT Research Institute to test the in vivo efficacy of iCo's novel oral amphotericin B asset ("iCo-019") against SARS-CoV-2, the causative agent of COVID-19 in the hACE2 mouse model (the "iCo-019 Study"). iCo anticipates that the iCo-019 Study will be completed by the end of Q2 2021.

- On March 21, 2021 the Company entered into **Arrangement Agreement**, providing for the business combination of iCo and Satellos Bioscience Inc. ("**Satellos**") by way of a plan of arrangement (the **"**Arrangement**"**) in accordance with Section 192 of the *Canada Business Corporations Act* (the "CBCA").

Selected Annual Information

The financial information reported here-in has been derived from the consolidated financial statements prepared in accordance with IFRS as issued by the IASB. The Company's functional and presentation currency is the Canadian dollar. From time to time, the Company may deal with several contract research organizations, consultants and suppliers in other countries (primarily the United States). Our financial results may be subject to fluctuations between the Canadian dollar and other international currencies, primarily the U.S. and Australian dollar.

Selected Consolidated Statement of Operations Data

	Year ended December 31		
	2020	**2019**	**2018**
Net loss for the year	$(1,488,207)	$(1,938,235)	$(1,702,623)
Total comprehensive (loss)	$(1,506,303)	$(1,932,202)	$(1,712,724)
Weighted average number of shares outstanding, basic and diluted	153,747,713	122,413,960	84,457,713
Net (loss) per share, basic and diluted	$(0.01)	$(0.02)	$(0.02)

The comprehensive loss for the year ended December 31, 2020 decreased by $462,090 compared to the year ended December 31, 2019, mainly because of lower general and administrative expenses which were offset by lower research and development tax credits recognized during 2020.

Selected Balance Sheet Data

	Year ended December 31, 2020	**Year ended December 31, 2019**
Cash equivalents	$65,413	$989,937
Net working capital surplus/(deficit).	$(753,335)	$654,571
Total assets	$546,435	$1,468,278
Total shareholders' equity/(deficit).	$(750,310)	$660,658

During the year, cash and cash equivalents decreased by $924,524 to $65,413 as at December 31, 2020. The decrease reflects funds used in operations during the year. Because of this decrease in cash and cash equivalents and increase in accounts payable and accrued liabilities, working capital went from a surplus of $654,571 at December 31, 2019 to a working capital deficit of $753,335 at December 31, 2020.

The Company experienced a decrease in total assets to $921,844 as at December 31, 2020 from $1,468,278 as at December 31, 2019, primarily due to a lower cash and cash equivalents balance at December 31, 2020.

Comparison of the 2020, and 2019 financial years

Results of Operations

	2020	2019	Change	Change
	$	$	$	%
Refundable research and development tax credits	164,679	264,793	(100,114)	(38)
Research and development	895,112	917,475	(22,363)	(2)
General and administrative	760,463	1,288,198	(527,735)	(41)
Foreign exchange loss/(gain)	(2,689)	(2,645)	(44)	(2)
Other comprehensive loss (income)	18,096	(6,033)	(12,063)	200
Total comprehensive loss	1, 506,303	1,932,202	(425,899)	(22)

We incurred a total comprehensive loss of $1,506,303 for the year ended December 31, 2020 compared to a total comprehensive loss of $1,932,202 for the year ended December 31, 2019, representing a decrease of $425,899. The decrease is primarily the result of lower general and administrative expenses offset by lower research and development tax credits recognized during 2020.

Research and Development

Our research and development expenses consist primarily of consultants' compensation, intellectual property and contract research expenses.

Research and development expenses were $895,112 for the year ended December 31, 2020 compared to $917,475 for the year ended December 31, 2019, representing a decrease of $22,363 or 2%. For both years the research and development expenses primarily reflected contract research expenses for a Phase 1b clinical trial conducted on the Oral Amp B program.

The Phase 1b study was conducted in Australia, which provides refundable tax credits for qualifying research and development activities conducted there. The refundable tax credit is calculated at 43.5% of the qualifying expenditures and the Company recognized $164,679 in other income as its estimate of the tax refund related to qualifying expenditures for the year ended December 31, 2020.

With the completion of the multi-dose escalation clinical study in healthy volunteers, we expect research and development expenses to decrease until further clinical studies are undertaken. Due to the uncertainty around the current COVID-19 pandemic, the Company is not planning to conduct any further regulatory and clinical activities until we have more clarity regarding the course of COVID-19 and its effect on clinical trial practices.

General and Administrative

For the year ended December 31, 2020 general and administrative expenses were $760,463 compared to $1,288,198 for the year ended December 31, 2019, representing a decrease of $527,735. The decrease reflects lower consulting and professional fees during the period. The Company's participation in the

IMMUNE bankruptcy process last year caused an increase in consulting and professional fees in the prior year.

We believe the Company has sufficient personnel to manage both its research and development and public company activities and do not anticipate any increase in staffing. We expect that general and administrative expenses should remain at current levels going forward.

Foreign Exchange

From time to time, the Company may deal with several contract research organizations, consultants and suppliers in other countries (primarily the United States). The Company holds cash in US dollars to pay these vendors and carries US dollar accounts payable balances. Changes in the CDN-US dollar exchange rate during the time the Company holds these monetary assets and liabilities results in a foreign exchange gain/loss being recognized in the Consolidated Statement of Loss and Comprehensive Loss. Accordingly, our financial results may be subject to fluctuations between the Canadian dollar and other international currencies, in particular the U.S. dollar.

Foreign exchange gain for the year ended December 31, 2020 was $2,689 and was consistent with $2,645 foreign exchange gain for 2019. Any changes reflects fluctuations in the exchange rate for U.S dollar and the net US dollar monetary assets held by the Company.

The U.S. dollar cash balance at December 31, 2020 was US$449 (December 31 2019 – US$22,296) and accounts payable and accrued liability balance was US$106,955 (December 31 2019 – US$127,485) respectively.

The AUD dollar monetary asset balance at December 31, 2020 $445,512 (December 31, 2019 AUD$533,024) and accounts payable and accrued liabilities balance at December 31, 2020 was AUD$842,246, (December 31, 2019 AUD$544,647).

Selected Quarterly Information

The table below sets forth unaudited quarterly results prepared by management for the eight previous quarters to December 31, 2020:

(unaudited)	2020 Q4	2020 Q3	2020 Q2	2020 Q1
Expenses	320,396	194,577	242,700	895,214
Refundable research and development tax credits	1,615	1,213	(76,391)	238,258
Interest income/(expense)	-	(1)	-	(15)
Other comprehensive loss (gain)	(5,915)	6,205	17,377	(11,401)
Total comprehensive loss	312,866	199,570	336,468	645,570
Basic and diluted (loss) per share	0.00	(0.01)	(0.01)	(0.01)
(unaudited)	2019 Q4	2019 Q3	2019 Q2	2019 Q1

Expenses	913,445	531,178	394,543	363,862
Refundable research and development tax credits	237,307	15,650	9,339	2,497
Interest income/(expense)	-	-	-	-
Other comprehensive loss (gain)	(691)	(2,029)	1,155	(4,468)
Total comprehensive loss	678,664	513,499	386,359	353,680
Basic and diluted (loss) per share	(0.01)	(0.00)	(0.00)	(0.00)

Liquidity, Capital Resources and Outlook

	December 31, 2020 $	December 31, 2019 $	Change $	Change %
Current assets	543,410	1,462,191	(918,782)	(63)
Current liabilities	1,296,745	807,620	489,125	(61)
Working capital/(deficit)	(753,335)	654,571	(1,407,907)	(215)
Accumulated deficit	(38,470,783)	36,982,576	(1,488,207)	(4)

As at December 31, 2020, we had cash and cash equivalents of $65,413 compared to $989,937 as at December 31, 2019. As at December 31, 2020, the Company had a net working capital deficit of $753,335 compared to a net working capital of $654,571 at December 31, 2019. Working capital is calculated by subtracting Current Liabilities from Current Assets.

Subsequent to year end, 27,335,000 warrants were exercised for proceeds of $1,758,795.

Management of Cash Resources

We use cash flow forecasts to estimate cash requirements for the ensuing twelve-month period. Based on these requirements, we raise equity capital as required to provide the necessary financial resources for operations, ideally for a minimum of twelve months. The timing of equity financings will depend on market conditions and the Company's cash requirements. The Company's cash flow forecasts are continually updated to reflect actual cash inflows and outflows so as to monitor the requirements and timing for additional financial resources. Given the volatility of the Canadian and US dollar exchange rate, the company estimates its USD expenses for the year and sets appropriate levels of USD cash and cash equivalent balances. By holding US dollars, the Company remains subject to currency fluctuations which affect its loss and comprehensive loss during any given year.

Further, we continue to monitor additional opportunities to raise equity capital and/or secure additional funding through non-dilutive sources such as government grants and additional license agreements.

However, it is possible that our cash and working capital position may not be enough to meet our business objectives in the event of unforeseen circumstances or a change in our strategic direction.

Currently, to manage liquidity, the Company is deferring payments to vendors until it receives its expected tax refund from the Australian tax authorities. In February 2021, the Company received a tax refund of AUD$414,000. In addition, the Company is actively seeking additional funding through financing and partnering activities to fund future clinical trials. From January 2021 to March 2021 warrant holders exercised 27,335,000 warrants for proceeds of $1,758,795 to the Company. See "*Going Concern*" below.

Comparison of Cash Flow

We realized a net cash outflow of $924,524 for the year ended December 31, 2020 reflecting primarily outflow used in operations of $906,428. This compares to a net cash inflow of $ 979,797 for the year ended December 31, 2019, reflecting the net proceeds from equity issuance of $3,217,361 and a net cash outflow used in operations of $2,237,605.

Going Concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the year ended December 31, 2020, the Company has incurred a net loss of $1,488,207, negative cash flows from operating activities of $906,428 and had an accumulated deficit of $38,470,783 at December 31, 2020. The Company had cash and cash equivalents of $65,413 and a working capital deficit of $753,335 at December 31, 2020.

The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Subsequent to year end, 27,335,000 warrants were exercised for proceeds of $1,758,795. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due in FY 2021. However, there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These conditions indicate the existence of a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern.

The consolidated financial statements do not give effect to any adjustments, which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements. These adjustments could be material.

Long-Term Obligations and Other Contractual Commitments

Contractual Commitments

The Company may be required to make milestone, royalty, and other research and development funding payments under research and development collaboration and other agreements with third parties. These payments are contingent upon the achievement of specific development, regulatory and/or commercial milestones. The Company has not accrued for these payments as at March 31, 2020 due to the uncertainty over whether these milestones will be achieved. The Company's significant contingent milestone, royalty and other research and development commitments are as follows:

Medimmune

The Company has in-licensed the development and commercialization rights to iCo-008 from MedImmune pursuant to a licensing agreement between the parties. The Company was required to make upfront payments totaling US$400,000, of which the last payment was made in December 2007. The Company may be required to make additional contingent payments of up to US$7,000,000 upon the achievement of certain development and commercialization milestones. 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 have Orphan Drug Status. In addition, the Company may be required to pay royalties on future revenues. The Company may also be required to make additional contingent payments upon the achievement of certain development and commercialization milestones for products developed outside the ocular field.

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. As of the date hereof, we have met all of our direct financial obligations to UBC and the CIHR Research Chair. The original license terms provided that $50,000 was owed upon approval of an IND (or similar approval in a different jurisdiction). These terms were renegotiated, with $20,000 being paid on initiation of the study and a further $20,000 having been paid on finalization of the study.

Transactions with Related parties

During the year ended December 31, 2020, the Company incurred expenses from officers and directors totaling $386,089 (2019 – $478,838) for the Chief Executive Officer, Chief Financial Officer, Chief Medical Officer and business development services from a director. The amounts outstanding as at December 31, 2020 totaled $34,678 (2019 – $42,697). All transactions were recorded at their exchange amounts.

Effective March 9, 2020 the Company entered into a consulting agreement with the new Chief Executive Officer for the Company. Pursuant to the agreement, the Company incurs a monthly fee of $10,000 USD for Chief Executive Officer services and $25,000 USD per year for Chairman of the Board compensation not paid for fiscal years 2016 to 2020 inclusive. These fees are only paid if the Company undergoes a Significant Liquidity Event in excess of $1,000,000, as defined in the consulting agreement. If the Company chose to pursue a Liquidity Event, the estimated amount owing under this agreement would be $215,000 USD.

Key management includes the Company's directors and executive officers.

	2020 $	2019 $
Consulting fees	296,394	458,838
Directors' fees	-	20,000
Share-based payments	89,695	-
	386,089	478,838

Off Balance Sheet Arrangements

The Company has no material undisclosed off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our results of operations or financial condition.

Critical Accounting Estimates and Judgments

The preparation of condensed consolidated financial statements in accordance with IFRS requires the Company's management to make estimates and assumptions that affect the amounts reported in these condensed consolidated financial statements and notes. The Company regularly reviews its estimates; however, actual amounts could differ from the estimates used and, accordingly, materially affect the results of operations. Critical estimates and assumptions are used in: the estimation of a refundable tax credits related to research and development work completed in Australia; and the fair value of stock option compensation.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the condensed consolidated financial statements. Key sources of estimation uncertainty and critical judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include: the impairment of intangible assets and fair value of other investments.

Financial Instruments and financial risk management

Fair value

Financial instrument disclosures establish a fair value hierarchy that requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Company primarily applies the market approach for recurring fair value measurements. This section describes three input levels that may be used to measure fair value:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide information on an ongoing basis. The Company does not have any financial instruments in this category.

Level 2 – quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Financial instruments whose carrying value approximates fair value

Cash and cash equivalents and accounts payable are financial instruments whose fair value approximates their carrying value due to their short-term maturity.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or valuation of its financial instruments.

a) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar, primarily expenses for research and development incurred in US dollars (US$) and Australian dollars (AUS$). The Company manages foreign exchange risk by maintaining US$ and AUS$ cash on hand to fund its short-term foreign currency expenditures. Balances in foreign currencies at December 31 are as follows:

	US balance	
	2020	**2019**
	$	**$**
Cash and cash equivalents	449	22,296
Accounts payable and accrued liabilities	(106,955)	(127,485)

	(106,506)	(105,189)

		AUS balance
	2020 $	**2019 $**
Cash and cash equivalents	832	105,748
Taxes and other receivables	444,680	427,276
Accounts payable and accrued liabilities	(842,246)	(544,647)
	(394,734)	(11,623)

Based on the US$ balance sheet exposure at December 31, 2020, with other variables unchanged, if the Canadian dollar were to weaken against the US$ by 10%, relative to the rate at December 31, 2020, the net monetary liabilities would be approximately $15,067 greater. If the Canadian dollar were to strengthen against the US$ by 10%, relative to the rate at December 31, 2020, the net monetary liabilities would be approximately $12,328 less.

Based on the AUS$ balance sheet exposure at December 31, 2020, with other variables unchanged, if the Canadian dollar were to weaken against the AUS$ by 10%, relative to the rate at December 31, 2020, the net monetary liability would be approximately $43,000 greater. If the Canadian dollar were to strengthen against the AUS$ by 10%, relative to the rate at December 31, 2020, the net monetary assets would be approximately $35,182 less.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet cash flow requirements associated with financial instruments. As indicated in note 1 of the financial statements, a material uncertainty exists that may cast significant doubt regarding the Company's ability to continue as a going concern.

The Company continues to manage its liquidity risk by monitoring its cash flows and investments regularly, comparing actual results with budgets and future cash requirements.

The following table summarizes the relative maturities of the financial liabilities of the Company:

	Maturity	
	Less than one year $	**Greater than one year $**
Accounts payable and accrued liabilities	1,296,745	

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as outstanding receivables. The Company invests its excess cash in short-term Guaranteed Investment Certificates. The Company has established guidelines relative to diversification, credit ratings and maturities that maintain safety and liquidity. These guidelines are periodically reviewed by the Company's Board of Directors and modified to reflect changes in market conditions.

The Company limits its exposure to credit risk, with respect to cash and cash equivalents, by placing them with high quality credit financial institutions. The Company's cash equivalents consist primarily of operating funds and deposit investments with commercial banks.

Outstanding Share Capital

As at April 29, 2021 we had an unlimited number of authorized common shares with 181,082,713 common shares issued and outstanding.

As at April 29, 2021 we had 37,195,000 warrants issued and outstanding. Each warrant is exercisable at $0.065 with expiration dates ranging from January 31, 2022 to August 16, 2022. The Warrants are subject to an 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.

As at April 29, 2021, we had 2,624,000 broker warrants which entitle the holders to purchase one common share at $0.06.The broker warrants expire August 16, 2021.

As at April 29, 2021 we had 3,285,000 options outstanding. Each option entitles the holder to purchase one additional common share at an exercise price of $0.05 to $0.08 and expiry dates ranging from January 23, 2022 to October 25, 2025.

For a detailed summary of all outstanding securities convertible or exercisable into equity securities of the Company refer to Note 5 of the Consolidated financial Statements for the year ended December 31, 2020.

Additional Information

Additional information about the Company, including the Annual Financial Statements, is available on SEDAR at www.sedar.com.