

FORM 51-102F3
MATERIAL CHANGE REPORT

1. **Name and Address of Company**

Aion Therapeutic Inc. (the “**Company**”)
45 Sheppard Avenue East, Suite 703
Toronto, Ontario, M2N 5W9

2. **Date of Material Change**

June 11, 2021

3. **News Release**

A press release disclosing the material change was released on June 11, 2021, through the facilities of Newsfile Corp.

4. **Summary of Material Change**

On June 11, 2021, the Company closed a non-brokered private placement through the issuance of 16,994,475 units (“**Units**”) at a price of \$0.0875 per Unit for gross proceeds of \$1,487,016.56 (the “**Offering**”).

5. **Full Description of Material Change**

Pursuant to the Offering, the Company issued 16,994,475 Units at a price of \$0.0875 per Unit for gross proceeds of \$1,487,016.56. The proceeds of the Offering will be used for general working capital purposes.

Each Unit is comprised of one common share (“**Common Share**”) of the Company and one-half of one Common Share purchase warrant (each whole warrant, a “**Warrant**”). Each Warrant entitles the holder thereof to purchase one Common Share for a period of twenty-four months from the closing of the Offering (the “**Expiry Date**”) at a price of \$0.15 per Common Share. The Company has the right to accelerate the Expiry Date to be thirty days following written notice to the holders, if during the term of the Warrants the Common Shares close at or above \$0.20 per Common Share on each trading day for a period of ten consecutive trading days on the Canadian Securities Exchange.

In connection with the Offering, the Company paid certain eligible finders (the “**Finders**”) aggregate cash commissions of \$20,874.24 and issued 238,562 broker warrants (each, a “**Broker Warrant**”). Each Broker Warrant entitles the holder thereof to acquire one Common Share at an exercise price of \$0.15 per Common Share for a period of twenty-four months from the closing of the Offering and subject to the acceleration provisions noted above.

All securities issued in connection with the Offering are subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation.

A portion of the Offering constituted a “related party transaction” within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”), as certain insiders of the Company acquired an aggregate of 10,264,286 Units under the Offering.

The following supplementary information is provided in accordance with Section 5.2 of MI 61-101.

(a) a description of the transaction and its material terms:

In connection with the Offering, an aggregate of 10,264,286 Units were acquired by certain insiders of the Company.

(b) the purpose and business reasons for the transaction:

The proceeds from the Offering will be used by the Company for working capital and for other general and administrative costs.

(c) the anticipated effect of the transaction on the issuer's business and affairs:

The completion of the Offering will provide the Company with funds for working capital and for other general and administrative costs.

(d) a description of:

(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:

Plant-Based Investment Corp. (“**PBIC**”), an insider of the Company, subscribed for an aggregate of 9,714,286 Units of the Company.

Lawrence Horwitz (“**Mr. Horwitz**”), a director of the Company, subscribed for an aggregate of 550,000 Units of the Company.

(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:

Pursuant to the Offering, PBIC acquired an aggregate of 9,714,286 Units of the Company. Prior to the completion of the Offering, PBIC held 14,333,333 Common Shares and 6,666,667 Warrants of the Company, representing approximately 10.11% of the Company's issued and outstanding Common Shares on a non-diluted basis and approximately 14.14% of the issued and outstanding Common Shares on a partially diluted basis, assuming the exercise of all of the Warrants held by PBIC.

Upon completion of the Offering, PBIC now owns or controls 24,047,619 Common Shares and 11,523,810 Warrants of the Company, representing approximately 16.96% of the Company's issued and outstanding Common Shares on non-diluted basis and approximately 23.20% of the Company's issued and outstanding Common Shares on a partially diluted basis, assuming the exercise of all of the Warrants held by PBIC.

Pursuant to the Offering, Mr. Horwitz acquired an aggregate of 550,000 Units of the Company. Prior to the completion of the Offering, Mr. Horwitz held 475,000 Common Shares, 237,500 Warrants and 275,000 options of the Company, representing approximately 0.33% of the Company's issued and outstanding Common Shares on a non-diluted basis and approximately 0.69% of the issued and outstanding Common Shares on a partially diluted basis, assuming the exercise of all of the Warrants and Options held by Mr. Horwitz.

Upon completion of the Offering, Mr. Horwitz now owns or controls 1,025,000 Common Shares, 512,500 Warrants and 275,000 options of the Company, representing approximately 0.72% of the Company's issued and outstanding Common Shares on a non-diluted basis and approximately 1.27% on a partially diluted basis, assuming the exercise of all of the Warrants and options held by Mr. Horwitz.

- (e) **unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:**

A resolution of the board of directors was passed on June 9, 2021 approving the Offering. No special committee was established in connection with the Offering, and no materially contrary view or abstention was expressed or made by any director.

- (f) **A summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:**

Not applicable.

- (g) **disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction:**

- (i) **that has been made in the 24 months before the date of the material change report:**

Not applicable.

- (ii) **the existence of which is known, after reasonable enquiry, to the issuer or to any director or officer of the issuer:**

Not applicable.

- (h) **the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:**

Other than subscription agreements for the Units, the Company did not enter into any agreement with an interested party or a joint actor with an interested party in connection with the Offering. To the Company's knowledge, no related party to the Company entered into any agreement with an interested party or a joint actor with an interested party, in connection with the Offering.

- (i) **disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:**

The Company is relying on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101, as the fair market value of the participation in the Offering by insiders does not

exceed 25% of the market capitalization of the Company, as determined in accordance with MI 61-101. The Company did not file a material change report in respect of the related party transaction at least 21 days before the closing of the Offering, which the Company deems reasonable in the circumstances in order to complete the Offering in an expeditious manner. The Offering was approved by all independent directors of the Company.

6. Reliance on subsection 7.1(2) of National Instrument 51-102

The report is not being filed on a confidential basis.

7. Omitted Information

No significant facts have been omitted from this Material Change Report.

8. Executive Officer

For further information, contact Graham Simmonds, Chief Executive Officer, at (416) 843-2881.

9. Date of Report

This report is dated at Toronto, this 21st day of June, 2021.

Cautionary Statement Regarding Forward-Looking Information

Certain statements contained in this material change report constitute forward-looking information. These statements relate to future events or future performance. The use of any of the words “could”, “intend”, “expect”, “believe”, “will”, “may”, “projected”, “estimated” and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Company’s current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. In particular, this release contains forward-looking information relating to the business of the Company. Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the parties. The material factors and assumptions include regulatory and other third-party approvals; licensing and other risks. The forward-looking information contained in this release is made as of the date hereof and the parties are not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information contained herein.