ARCH BIOPARTNERS INC.

Re: Material Change Report
Form 51-102F3

1. Name and Address of Company:

Arch Biopartners Inc., (the "Company")

545 King Street West
Toronto, Ontario
M5V 1M1

Mailing:

27 St. Clair Ave East
P.O. Box 305
Toronto, Ontario
M4T 2M5

2. Date of Material Change:

December 15, 2020

3. News Release:

A news release was distributed via GlobeNewswire in Toronto on December 15, 2020. A copy of the News release is attached as Schedule "A".

4. Summary of Material Change

The Company announced today that the Government of Canada has awarded a contribution of up to $6.7 million from the department of Innovation, Science and Economic Development (ISED) to support the Phase II development of Metablok (LSALT Peptide), the Company's therapeutic drug candidate to prevent organ inflammation and injury in patients hospitalized with COVID-19.

5. Full Description of Material Change

The Government of Canada has awarded a contribution of up to $6.7 million from the department of Innovation, Science and Economic Development (ISED) to support the Phase II development of Metablok (LSALT Peptide), the Company's therapeutic drug candidate to prevent organ inflammation and injury in patients hospitalized with COVID-19.

This funding comes from the Strategic Innovation Fund (SIF) and is part of the Canadian Government's Plan to Mobilize Science to Fight COVID-19. The funding will help Arch advance Metablok through the current Phase II trial targeting the prevention of acute lung injury, acute kidney injury and other complications caused by inflammation in hospitalized patients with moderate to severe cases of COVID-19.

The Phase II trial is currently underway in the United States and Turkey with ongoing patient recruitment in five hospital sites. Arch has received Health Canada approval and is preparing to begin dosing patients in Canada.

The contribution from SIF will also help Arch advance studies for optimal dosage, perform the chemistry, manufacturing and controls of the drug to support its approval as a COVID-19 treatment, and ultimately prepare for a Phase III trial.

There is no material fact or material change about the Company that has not been generally disclosed.

Management of the Company believes the material change described herein will have a positive impact on the Company's cash position, business operations and prospects for future corporate activity and clinical development of its lead drug candidate.

6. Reliance on subsection 7.1(2) or (3) of NI51-102

Not applicable.

7. Omitted Information

No information has been omitted from this report on the basis that it is confidential information.

8. Executive Officer

For further information regarding this report, please contact Richard Muruvé, a Director and CEO of the Company, at 647-428-7031.

The foregoing accurately discloses the material changes referred to herein.

DATED at Toronto, this 22nd day of December, 2020.

SCHEDULE A
PRESS RELEASE -

December 15, 2020

Arch Biopartners Receives Government of Canada Funding to Support Phase II Therapeutic Trial of Metablok for COVID-19

- **Government of Canada contribution up to $6.7 Million**
- **Funding from the department of Innovation, Science and Economic Development through the Strategic Innovation Fund and part of the Government of Canada's Plan to Mobilize Science to fight COVID-19**
- **Metablok is a novel Canadian drug candidate designed to prevent organ inflammation, which occurs in severe cases of COVID-19**

Toronto, Canada – Arch Biopartners Inc. ("Arch" or the "Company") (TSX Venture: ARCH and OTCQB: ACHFF), a clinical stage company developing new drug candidates for treating organ damage caused by inflammation, announced today that the Government of Canada has awarded a contribution of up to $6.7 million from the department of Innovation, Science and Economic Development (ISED) to support the Phase II development of Metablok (LSALT Peptide), the Company's therapeutic drug candidate to prevent organ inflammation and injury in patients hospitalized with COVID-19.

This funding comes from the Strategic Innovation Fund (SIF) and is part of the Canadian Government's Plan to Mobilize Science to Fight COVID-19. The funding will help Arch advance Metablok through the current Phase II trial targeting the prevention of acute lung injury, acute kidney injury and other complications caused by inflammation in hospitalized patients with moderate to severe cases of COVID-19.

The Phase II trial is currently underway in the United States and Turkey with ongoing patient recruitment in five hospital sites. Arch has received Health Canada approval and is preparing to begin dosing patients in Canada.

The contribution from SIF will also help Arch advance studies for optimal dosage, perform the chemistry, manufacturing and controls of the drug to support its approval as a COVID-19 treatment, and ultimately prepare for a Phase III trial.

"As the world works towards an effective COVID-19 vaccine, we cannot lose sight of the importance of developing treatments to keep those stricken with the virus alive. Today's contribution will support Arch Biopartners as they take their promising treatment through clinical trials and subsequent approvals. Once approved, this drug has the potential to be an important tool to save lives, improve long-term health and reduce the strain on Canada's medical system. Investments like these not only help protect and support Canadians

through this pandemic, but also help lay the foundation for a better-prepared, healthier, and more prosperous future."

– The Honourable Navdeep Bains, Minister of Innovation, Science and Industry

"This contribution from SIF will help accelerate our drug program focused on preventing inflammation in the lungs, kidneys and liver. Organ inflammation represents an unmet need in the medical world and is also a predictor of critical illness and mortality in COVID-19. A new medical treatment to block acute organ inflammation is urgently needed to improve patient outcomes and improve mortality rates. We look forward to working with the Government of Canada to develop a new drug treatment to improve the current standard of care for hospitalized COVID patients."

– Mr. Richard Muruve, Chief Executive Officer, Arch Biopartners

About the Phase II trial for Metablok (LSALT Peptide)

The Phase II trial is an international, multicenter, randomized, double-blind, placebo-controlled, proof of concept study of Metablok (LSALT peptide) as prevention of organ inflammation known to trigger acute respiratory distress syndrome (ARDS) and acute kidney injury (AKI) in patients infected with SARS-CoV-2 (COVID-19).

The composite primary endpoint of the Phase II trial reflects the severe effects often experienced by hospitalized COVID-19 patients and deemed appropriate for LSALT peptide's novel mechanism of action in blocking consequential inflammation in the lungs and kidneys.

Additional information about the Phase II trial can be found at:

https://clinicaltrials.gov/ct2/show/NCT04402957

The Phase II results will be used to design a Phase III trial, including greater patient numbers to more fully evaluate the drug's efficacy and safety in COVID-19 patients.

About COVID-19

COVID-19 is the disease caused by the novel coronavirus SARS-CoV-2 that emerged in China in late 2019. Severe complications from COVID-19 are in large part due to excessive host immune responses to the virus that result in progressive lung inflammation and acute respiratory distress syndrome that often requires mechanical ventilation and critical care[1]. Patients with severe COVID-19 also experience multiple organ dysfunction including acute kidney injury, liver dysfunction, cardiac failure, and blood abnormalities. Currently, no effective antiviral drug or specific treatment exists for SARS-CoV-2 infection. Treatment of severe COVID-19 has been primarily supportive, relying heavily on respiratory, infectious disease and critical care medicine.

Survival rates and health care system capacity could both be improved with new treatments that prevent the severe manifestations of COVID-19, such as worsening lung inflammation (ARDS) and AKI experienced by patients infected with SARS-CoV-2.

[1] J. S. Ayres, *Sci. Adv* 10.1126/sciadv.abc1518 (2020)

About Arch Biopartners

Arch Biopartners Inc. is a clinical stage company focused on the development of innovative technologies that have the potential to make a significant medical or commercial impact. Arch is developing a pipeline of new drug candidates that inhibit inflammation in the lungs, liver and kidneys via the dipeptidase-1 (DPEP-1) pathway, relevant for multiple medical indications.

For more information on Arch Biopartners, its technologies and other public documents Arch has filed on SEDAR, please visit www.archbiopartners.com

The Company has 60,782,302 common shares outstanding.

For more information, please contact:

Richard Muruvé
Chief Executive Officer
Arch Biopartners, Inc.
647-428-7031
info@archbiopartners.com

Forward-Looking Statements

All statements, other than statements of historical fact, in this news release are forward looking statements that involve various risks and uncertainties, including, without limitation, statements regarding the future plans and objectives of the Company. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from those anticipated in such statements. These and all subsequent written and oral forward-looking statements are based on the estimates and opinions of management on the dates they are made and are expressly qualified in their entirety by this notice. The Company assumes no obligation to update forward-looking statements should circumstances or management's estimates or opinions change.

The science and medical contents of this release have been approved by the Company's Chief Science Officer

The Company is not making any express or implied claims that its product has the ability to eliminate, cure or contain Covid-19 (or SARS-2 Coronavirus) at this time

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release