

EARLY WARNING REPORT
(Form 62-103F1)

Made Pursuant To
NATIONAL INSTRUMENT 62-103
The Early Warning System and Related Take-Over Bid and
Insider Reporting Issues

Item 1 – Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

Securities: (a) Common shares in the capital of the Corporation (“**Shares**”); and (b) broker warrants (“**Broker Warrants**”), each Broker Warrant exercisable for one Share at an exercise price of \$1.70 until August 13, 2023 (collectively, the “**Securities**”)

Issuer: **Satellos Bioscience Inc . (the “Corporation”)**
6th Floor, 777 Hornby Street
Vancouver , British Columbia
V6Z 1S4

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

Not applicable. See item 2.2.

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquiror.

Bloom Burton & Co. Inc. (“Bloom Burton”)
65 Front Street East, Suite 300
Toronto, Ontario
M5E 1B5

Bloom Burton is a company, existing under the laws of Ontario, specializing in the healthcare industry.

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

On August 13, 2021, Bloom Burton, through its affiliates and Brian Bloom acquired (the “**Acquisition**”) a total of 6,079,812 Shares and 167,058 Broker Warrants in connection with (a) a court approved plan of arrangement involving iCo Therapeutics Inc. (“**iCo**”), Satellos Bioscience Inc. (“**Pre-Arrangement Satellos**”) and its shareholders under Section 192 of the *Canada Business Corporations Act* (the “**Arrangement**”) pursuant to which, among other things, iCo acquired all of the common shares of Pre-Arrangement Satellos, (b) the continuation of iCo under the *Canada Business Corporations Act* and its amalgamation with Pre-Arrangement Satellos under the name “Satellos Bioscience Inc.” (being the name of the Corporation), (c) the issuance of Broker Warrants

as an agency fee in connection with a subscription receipt financing completed on April 27, 2021 (the “**Concurrent Financing**”), and (d) the consolidation of common shares at a ratio of 20 pre-consolidation common shares for every one post-consolidation Share (the “**Consolidation**”, and with the foregoing transactions, collectively, the “**Transactions**”). Further details of the Transactions are contained in the management information circular of the Corporation dated June 24, 2021 which has been filed under the Corporation’s profile on SEDAR at www.sedar.com. The Transactions are further described in the press release of the Corporation dated August 13, 2021.

Bloom Burton is filing this initial early warning report due to the Acquisition resulting in its holdings being over 10% of the outstanding Shares.

2.3 State the names of any joint actors.

Mr. Bloom and Jolyon Burton beneficially own and exercise joint control and direction over, voting securities of Bloom Burton.

Bloom Burton Development Corp. (“**BBDC**”) is an affiliate of Bloom Burton.

Bloom Burton Securities Inc. (“**BBSI**”) is an affiliate of Bloom Burton.

Item 3 – Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror’s securityholding percentage in the class of securities.

See item 3.4.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.

See item 2.2.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror’s securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

Prior to the Transactions, Bloom Burton and Mr. Bloom did not hold any securities of the Corporation.

Following the Transactions, (i) BBDC owns 6,022,000 Shares, (ii) BBSI owns 167,058 Broker Warrants, and (iii) Mr. Bloom owns 57,812 Shares (of which 28,906 Shares are held through 2194655 Ontario Inc., a company he controls), representing, in total, approximately 18.5% of the issued and outstanding Shares on a non-diluted basis, and approximately 18.9% on a partially diluted basis assuming exercise of such Broker Warrants.

3.5 State the designation and number or principal amount of securities and the acquiror’s securityholding percentage in the class of securities referred to in Item 3.4 over which

- (a) **the acquiror, either alone or together with any joint actors, has ownership and control,**

See item 3.4.

- (b) **the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and**

Not applicable.

- (c) **the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

Not applicable.

- 3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.**

Not applicable.

- 3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.**

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

- 3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

Not applicable.

Item 4 – Consideration Paid

4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.

Not applicable. Pursuant to the Arrangement, the Shares were acquired in exchange for an aggregate of 4,038,400 common shares of Pre-Arrangement Satellos and pursuant to the Concurrent Financing, BBSI acquired 3,341,182 pre-Consolidation broker warrants of the Corporation as partial consideration for its services therein (and all of such Securities were thereafter subject to the Consolidation).

4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.

See item 4.1.

4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

See Item 2.2 and item 4.1.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;**
- (f) a material change in the reporting issuer's business or corporate structure;**
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;**
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;**
- (j) a solicitation of proxies from securityholders; and/or**
- (k) an action similar to any of those enumerated above.**

The Securities were acquired pursuant to the Transactions. Bloom Burton and Mr. Bloom indirectly and/or directly hold the Securities for investment purposes and may or may not purchase or sell securities of the Corporation in the future, depending on market conditions, reformulation of plans and/or other relevant factors. Bloom Burton currently has no other plans or intentions that relate to, or would result in, the matters listed in clauses (a) to (k), above. Depending on market conditions, general economic and industry conditions, the Corporation's business and financial condition and/or other relevant factors, Bloom Burton and/or Mr. Bloom may develop such plans or intentions in the future.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

The Securities are subject to escrow as disclosed in the Management Information Circular under the heading, "*Information Concerning the Resulting Issuer - Escrowed Securities*".

Item 7 – Change in material fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

Item 9 – Certification

I, in my capacity as an officer of the acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Date: August 13, 2021.

“Brian Bloom”

Brian Bloom
Chief Executive Officer
Bloom Burton & Co. Inc.