



**NOTICE OF ANNUAL AND SPECIAL
MEETING OF SHAREHOLDERS
OF
SATELLOS BIOSCIENCE INC.**

**NOTICE OF ANNUAL AND SPECIAL
MEETING OF SHAREHOLDERS
OF
ICO THERAPEUTICS INC.**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF
SATELLOS BIOSCIENCE INC.**

AND

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF
ICO THERAPEUTICS INC.**

each to be held on August 3, 2021

**JOINT MANAGEMENT INFORMATION CIRCULAR
WITH RESPECT TO A PROPOSED PLAN OF ARRANGEMENT**

involving

**SATELLOS BIOSCIENCE INC., ICO THERAPEUTICS INC. AND THE SHAREHOLDERS OF SATELLOS
BIOSCIENCE INC.**

JUNE 24, 2021

These materials are important and require your immediate attention. They require you to make important decisions. If you are in doubt as to how to make such decisions please contact your financial, legal or other professional advisors.

If you are an iCo Shareholder and have any questions or require more information with regard to voting your securities, please contact the transfer agent of iCo, Computershare Investor Services Inc. at 1-800-564-6253 or visit Computershare's website at service@computershare.com.

If you are a Satellos Shareholder and have any questions or require more information with regard to voting your securities, please contact Frank Gleeson at fgleeson@satellos.com.

The deadline for the receipt of proxies for the Meetings is no later than 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the time of the applicable Meeting.

Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the transaction described in this information circular.

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June 24, 2021

Dear iCo Shareholders:

iCo Therapeutics Inc. (“iCo”) is pleased to invite the holders (the “**iCo Shareholders**”) of common shares of iCo (the “**iCo Shares**”) to attend an annual and special meeting of iCo Shareholders (the “**iCo Meeting**”). The iCo Meeting will be held at the offices of iCo at 6th – 777 Hornby Street, Vancouver, British Columbia at 10:00 a.m. (Vancouver time) on August 3, 2021.

At the iCo Meeting, among other items of business, you will be asked to consider and vote upon a number of issues, including, (i) an ordinary resolution approving the issuance, or reservation for issuance, by iCo of such number of common shares of iCo (“**iCo Shares**”) as may be required to be issued pursuant to a plan of arrangement under Section 192 of the *Canada Business Corporations Act* (the “**Arrangement**”) involving iCo, Satellos Bioscience Inc. (“**Satellos**”) and the shareholders of Satellos (“**Satellos Shareholders**”) pursuant to which iCo will, among other things, acquire all of the issued and outstanding common shares of Satellos in exchange for the issuance to the Satellos Shareholders of such number of iCo Shares that, as a result of the issuance, the Satellos Shareholders shall own approximately 57.1%, and the current iCo Shareholders shall own approximately 27.7%, of outstanding post-Arrangement iCo Shares, respectively (the “**Change of Control**”); (ii) the consolidation of the iCo Shares at a ratio of 20 iCo Shares for every 1 post consolidation iCo Share (the “**Consolidation**”), which is anticipated to be completed immediately following the completion of the Arrangement; (iii) the proposed name change of iCo from “iCo Therapeutics Inc.” to “Satellos Bioscience Inc.”, or such other name as may be agreed to by iCo and Satellos and accepted by relevant regulatory authorities (the “**Name Change**”); and (iv) the continuation of iCo from the laws of the Province of British Columbia to the laws of Canada (the “**Continuation**”), all as more particularly described and set forth in the accompanying joint management information circular and proxy statement dated June 24, 2021 (the “**Information Circular**”). The Arrangement will constitute a Reverse Takeover of iCo pursuant to Policy 5.2 of the TSXV Corporate Finance Manual.

Pursuant to the Arrangement, Satellos Shareholders, other than Satellos Shareholders exercising dissent rights, will receive for each Satellos Share held that number of pre-Consolidation iCo Shares equal to the product determined by multiplying the number of Satellos Shares held by such Satellos Shareholder by 30.11 (the “**Exchange Ratio**”). In addition, Satellos Optionholders shall receive, pursuant to the Arrangement, instruments representing options to purchase pre-Consolidation iCo Shares (“**iCo Options**”) equal to the product determined by multiplying the number of Satellos Options held by a Satellos Optionholder prior to the effective time of the Arrangement (the “**Effective Time**”) by the Exchange Ratio at an exercise price per share equal to (a) the exercise price per Satellos Share of such Satellos Option immediately prior to the issuance of the iCo Options, divided by (b) the Exchange Ratio, rounding the resulting exercise price up to the nearest whole cent. Similarly, Satellos Warrantholders shall receive upon the subsequent exercise of such holder’s Satellos Warrant, in accordance with its terms, and shall accept in lieu of each Satellos Share to which such holder was theretofore entitled upon such exercise (including payment of the same aggregate consideration), such number of pre-Consolidation iCo Shares that is equal to: (i) the number of Satellos Shares to which the holder was entitled; multiplied by (ii) the Exchange Ratio.

In connection with the Arrangement, iCo has completed a private placement of subscription receipts (the “**Private Placement**”) that, concurrent with the completion of the Arrangement, will convert into pre-Consolidation iCo Shares. The Private Placement received significant interest from both institutional and private investors and was oversubscribed as a result, demonstrating substantial support for the Arrangement. The Private Placement was originally contemplated to raise \$6 million but, as a result of investor demand, the Private Placement generated gross proceeds of \$7.25 million (being held in escrow pending completion of the Arrangement), which will leave iCo well-funded and in a strong position to pursue its strategy for developing its assets. The pre-Consolidation iCo Shares to be issued pursuant to the

Private Placement are being issued on a post-Arrangement basis and will not be included in the calculation of the Exchange Ratio.

The resolution approving the Change of Control, the full text of which is set forth in the accompanying Information Circular, must be approved by not less than a majority of the votes cast on such resolution by the iCo Shareholders present in person or represented by proxy at the iCo Meeting. The resolutions approving the Consolidation, the Name Change and the Continuation, the full texts of which is set forth in the accompanying Information Circular, must be approved by not less than 66^{2/3}% of the votes cast on such resolutions by the iCo Shareholders present in person or represented by proxy at the iCo Meeting. At the iCo Meeting, each iCo Share will entitle the holder thereof to one vote.

A resolution approving the Arrangement must be approved by not less than 66^{2/3}% of the votes cast on such resolution by Satellos Shareholders, present in person or represented by proxy at a special meeting of Satellos Shareholders (the “**Satellos Meeting**”). At the Satellos Meeting, each Satellos Share will entitle the holder thereof to one vote.

Completion of the Arrangement is subject to approval of the Supreme Court of British Columbia and receipt of all necessary securityholder and regulatory approvals, including approval of the TSX Venture Exchange. If the requisite court, securityholder and regulatory approvals are obtained, the Arrangement is expected to close on or about August 9, 2021, or such other date as iCo and Satellos may agree, but not later than August 31, 2021. The Information Circular contains a detailed description of the Arrangement as well as detailed information regarding iCo and Satellos. It also includes certain risk factors relating to completion of the Arrangement. Please give this material your careful consideration and, if you require assistance, consult your financial, tax or other professional advisors.

If you are unable to attend the iCo Meeting in person we request that you date, sign and return the enclosed form of proxy to iCo’s transfer agent, Computershare Investor Services Inc., 100 University Avenue, 8th Floor, North Tower, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, in the enclosed self-addressed envelope not later than 10:00 a.m. (Vancouver time) on July 29, 2021 or not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of British Columbia) prior to the time set for the iCo Meeting or any adjournment of the iCo Meeting.

If you are a non-registered iCo Shareholder and have received these materials from your broker or another intermediary, please complete and return the voting instruction form or other authorization form provided to you by your broker or intermediary in accordance with the instructions provided. Failure to do so may result in your iCo Shares not being eligible to be voted at the iCo Meeting.

The iCo Board has considered the Arrangement and has unanimously concluded that the acquisition of Satellos by iCo through the Arrangement in consideration for iCo Shares is in the best interests of iCo. The iCo Board made its determination with the advice of Evans & Evans, financial advisor to the iCo Board. Evans and Evans issued a Fairness Opinion, in which they determined that the consideration to be paid by iCo for the acquisition of Satellos pursuant to the Arrangement, as described in the arrangement agreement dated March 21, 2021, as amended effective as of April 30, 2021, between iCo and Satellos, is fair, from a financial point of view, to iCo and its shareholders. The iCo Board unanimously recommends that the iCo Shareholders vote to approve the Arrangement. All of the directors and officers who beneficially own, or exercise control or direction over, approximately 0.9% of the outstanding iCo Shares, have entered into support agreements pursuant to which they have agreed to vote all of their iCo Shares in favour of the Arrangement.

We look forward to seeing you at the iCo Meeting.

Yours very truly,

(signed) “William Jarosz”

William Jarosz
Executive Chairman
iCo Therapeutics Inc.



June 24, 2021

Dear Satellos Shareholders:

Satellos Bioscience Inc. ("**Satellos**") is pleased to invite the holders (the "**Satellos Shareholders**") of common shares in the capital of Satellos (the "**Satellos Shares**") to attend an annual and special meeting of Satellos Shareholders (the "**Satellos Meeting**"). The Satellos Meeting will be held at 1:00 p.m. (Toronto time) on August 3, 2021 as a virtual only shareholder meeting with participation electronically. Satellos Shareholders will not be able to attend the Meeting in person.

At the Satellos Meeting, you will be asked to consider and vote upon a special resolution (the "**Satellos Arrangement Resolution**") approving a plan of arrangement under Section 192 of the *Canada Business Corporations Act* (the "**Arrangement**") involving Satellos, iCo Therapeutics Inc. ("**iCo**") and the Satellos Shareholders, all as more particularly described below and in the accompanying joint management information circular and proxy statement dated June 24, 2021 (the "**Information Circular**").

Pursuant to the Arrangement, Satellos Shareholders, other than Satellos Shareholders exercising dissent rights, will receive for each Satellos Share held that number of common shares in the capital of iCo ("**iCo Shares**") equal to the product determined by multiplying the number of Satellos Shares held by such Satellos Shareholder by 30.11 (the "**Exchange Ratio**"). In addition, Satellos Optionholders shall receive, pursuant to the Arrangement, instruments representing options to purchase iCo Shares ("**iCo Options**") equal to the product determined by multiplying the number of Satellos Options held by a Satellos Optionholder prior to the effective time of the Arrangement (the "**Effective Time**") by the Exchange Ratio at an exercise price per share equal to (a) the exercise price per Satellos Share of such Satellos Option immediately prior to the issuance of the iCo Options, divided by (b) the Exchange Ratio, rounding the resulting exercise price up to the nearest whole cent. Similarly, Satellos Warrantholders shall receive upon the subsequent exercise of such holder's Satellos Warrant, in accordance with its terms, and shall accept in lieu of each Satellos Share to which such holder was theretofore entitled upon such exercise (including payment of the same aggregate consideration), such number of iCo Shares that is equal to: (i) the number of Satellos Shares to which the holder was entitled; multiplied by (ii) the Exchange Ratio. Immediately following the completion of the Arrangement, it is anticipated that the iCo Shares will be consolidated on the basis of 20 pre-consolidation iCo Shares for each 1 post-consolidation iCo Share (the "**Consolidation**").

The Satellos Arrangement Resolution, the full text of which is set forth in the accompanying Information Circular, must be approved by not less than 66^{2/3}% of the votes cast on such resolution by Satellos Shareholders, present in person or represented by proxy at the Satellos Meeting. At the Satellos Meeting, each Satellos Share will entitle the holder thereof to one vote.

Additionally, the shareholders of iCo ("**iCo Shareholders**") will be required to vote on resolutions at a special meeting to approve (i) the issuance, or reservation for issuance, by iCo of such number of common shares of iCo ("**iCo Shares**") as may be required to be issued pursuant the Arrangement such that iCo will, among other things, acquire all of the issued and outstanding common shares of Satellos in exchange for the issuance to the Satellos Shareholders of such number of iCo Shares that, as a result of the issuance, the Satellos Shareholders shall own approximately 57.1%, and the iCo Shareholders shall own approximately 27.7%, of outstanding iCo Shares, respectively (the "**Change of Control**"); (ii) the Consolidation, which is anticipated to be completed immediately following the completion of the Arrangement; (iii) the proposed name change of iCo from "iCo Therapeutics Inc." to "Satellos Bioscience Inc.", or such other name as may be agreed to by iCo and Satellos and accepted by relevant regulatory authorities (the "**Name Change**") and (iv) the continuation of iCo from the laws of the Province of British Columbia to the laws of Canada (the "**Continuation**"), all as more particularly described and set forth in the accompanying joint management information circular and proxy statement

dated June 24, 2021 (the “**Information Circular**”). Each resolution must be approved by not less than 66^{2/3}% of the votes cast on such resolutions by the iCo Shareholders present in person or represented by proxy at the iCo Meeting.

Completion of the Arrangement is subject to approval of the Supreme Court of British Columbia and receipt of all necessary securityholder and regulatory approvals, including approval of the TSX Venture Exchange. If the requisite court, securityholder and regulatory approvals are obtained, the Arrangement is expected to close on or about August 9, 2021 or such other date as iCo and Satellos may agree, but not later than August 31, 2021. The Information Circular contains a detailed description of the Arrangement as well as detailed information regarding iCo and Satellos. It also includes certain risk factors relating to the completion of the Arrangement. Please give this material your careful consideration and, if you require assistance, consult your financial, tax or other professional advisors.

If you are unable to attend the Satellos Meeting in person we request that you date, sign and return the enclosed form of proxy to Satellos, care of Computershare Investor Services Inc., 100 University Avenue, 8th Floor, North Tower, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, not later than 1:00 p.m. (Toronto time) on July 29, 2021 or not less than 48 hours (excluding Sundays, Saturdays and statutory holidays in the Province of British Columbia) prior to the time set for the Satellos Meeting or to any adjournments of the Satellos Meeting.

If you are a non-registered Satellos Shareholder and have received these materials from your broker or another intermediary, please complete and return the voting instruction form or other authorization form provided to you by your broker or intermediary in accordance with the instructions provided. Failure to do so may result in your Satellos Shares, as applicable, not being eligible to be voted at the Satellos Meeting.

The board of directors of Satellos (the “**Satellos Board**”) has considered the Arrangement and has concluded that the Arrangement is in the best interests of Satellos. The Satellos Board made this determination with the advice of Leede Jones Gable, financial advisor to the Satellos Board. Leede Jones Gable issued a Fairness Opinion, in which they determined that the consideration to be paid by iCo to the Satellos Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Satellos Shareholders. The Satellos Board has resolved to recommend to the Satellos Shareholders that they vote in favour of the Satellos Arrangement Resolution. All of the directors and officers and certain Satellos Shareholders, who beneficially own, or exercise control or direction over, approximately 66.7% of the outstanding Satellos Shares have entered into support agreements pursuant to which they have agreed to vote all of their Satellos Shares in favour of the Arrangement.

Please ensure you complete and submit the enclosed letter of transmittal together with the certificate(s) or DRS Advice representing your Satellos Shares (or instruct your broker or nominee to complete and submit the letter of transmittal, and your certificate(s) or DRS Advice on your behalf) in order to receive your iCo Shares as soon as possible following the effective date of the Arrangement.

Yours truly,

(signed) “Frank Gleeson”

Frank Gleeson
President and Chief Executive Officer
Satellos Bioscience Inc.

**ICO THERAPEUTICS INC.
NOTICE OF AN ANNUAL AND SPECIAL MEETING OF ICO SHAREHOLDERS
TO BE HELD AUGUST 3, 2021**

NOTICE IS HEREBY GIVEN THAT an annual and special meeting (the “**iCo Meeting**”) of holders (the “**iCo Shareholders**”) of common shares (the “**iCo Shares**”) of iCo Therapeutics Inc. (“**iCo**”) will be held at the offices of iCo, at 6th – 777 Hornby Street, Vancouver, British Columbia, on Wednesday, August 3, 2021 at 10:00 a.m. (Vancouver time) for the following purposes:

1. to receive and consider the financial statements of iCo for the year ended December 31, 2020 and the report of the independent auditors thereon;
2. to elect directors of iCo to hold office until the next annual meeting of iCo Shareholders or until their successors are elected or appointed;
3. to appoint PricewaterhouseCoopers LLP, Chartered Professional Accountants, as auditors of iCo for the ensuing year, at a remuneration to be fixed by the board of directors;
4. to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution (the “**iCo Change of Control Resolution**”), approving the arrangement (the “**Arrangement**”) under Section 192 of the *Canada Business Corporations Act* (the “**CBCA**”) involving iCo Therapeutics Inc. (“**iCo**”) and Satellos Bioscience Inc. (“**Satellos**”) and shareholders of Satellos, including the issuance, or reservation for issuance, by iCo of such number of common shares of iCo (“**iCo Shares**”) as may be required to give effect to the Arrangement, such that iCo will, among other things, acquire all of the issued and outstanding common shares of Satellos in exchange for the issuance to the Satellos Shareholders of such number of iCo Shares that, as a result of the issuance, the Satellos Shareholders shall own approximately 57.1%, and the current iCo Shareholders shall own approximately 27.7%, of outstanding post-Arrangement iCo Shares, respectively (the “**Change of Control**”) all as more particularly described in this accompanying joint management information circular and proxy statement dated June 24, 2021 (the “**Information Circular**”);
5. subject to the approval of the iCo Change of Control Resolution, to set, effective as of completion of the Arrangement, the number of directors of iCo at 7;
6. to consider, and if thought advisable, to pass a special resolution (the “**Consolidation Resolution**”) approving, subject to the approval of the iCo Change of Control Resolution, the consolidation of iCo Shares at a ratio of 20 pre-consolidation iCo Shares for every 1 post consolidation iCo Share (the “**Consolidation**”), which Consolidation is anticipated to be completed immediately following the completion of the Arrangement, all as more particularly described and set forth in the accompanying Information Circular;
7. to consider, and if thought advisable, to pass a special resolution (the “**Name Change Resolution**”) approving, subject to the approval of the iCo Change of Control Resolution, a name change for iCo from “iCo Therapeutics Inc.” to “Satellos Bioscience Inc.”, or such other name as may be agreed to by iCo and Satellos and accepted by relevant regulatory authorities (the “**Name Change**”) all as more particularly described and set forth in the accompanying Information Circular;
8. to consider, and if thought advisable, to pass a special resolution (the “**Continuation Resolution**” and together with the iCo Change of Control Resolution, Consolidation Resolution and Name Change Resolution, the “**iCo Shareholder Resolutions**”) approving, subject to the approval of the iCo Change of Control Resolution, the continuation of iCo from the laws of the Province of British Columbia to the laws of Canada (the “**Continuation**”) all as more particularly described and set forth in the accompanying Information Circular; and
9. to transact such other business as may properly come before the iCo Meeting or any adjournment(s) or postponement thereof.

The details of all matters proposed to be put before the iCo Shareholders at the iCo Meeting are set forth in the accompanying Information Circular.

Further information regarding the above items is set out in the Information Circular accompanying this Notice of Annual General and Special Meeting of iCo Shareholders. Only shareholders of record at the close of business on June 24, 2021 are entitled to notice of and to vote at the iCo Meeting or any adjournment or postponement thereof.

Shareholders may vote their shares by completing, signing and returning the accompanying form of proxy to the transfer agent of iCo, Computershare Investor Services Inc., no less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the Meeting or by completing, signing and delivering the accompanying form of proxy to the Chairman of the Meeting prior to its commencement.

Information with respect to voting by non-registered beneficial shareholders is included in the Information Circular. Non-registered beneficial shareholders should seek instructions on how to vote their shares from their broker, investment dealer, bank, trust company or other intermediary.

Impact of COVID-19

iCo is carefully monitoring the public health recommendations and orders related to the COVID-19 pandemic and our first priority is the health and safety of our communities, shareholders, employees and other stakeholders. To mitigate risk and to comply with all recommendations, orders, safety measures and protocols related to COVID-19, shareholders are strongly advised to refrain from attending the iCo Meeting in person and are requested to read the enclosed Information Circular and proxy, and then complete and deposit the proxy together with the power of attorney or other authority, if any, under which it was signed or a notarially certified copy thereof with iCo's transfer agent by delivery to: Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, ON M5J 2Y1 by 10:00 a.m. (Vancouver time), on July 29, 2021, or at least forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays) before the time of the iCo Meeting or any adjournment of it unless the Chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently. Unregistered shareholders who received the proxy through an intermediary must deliver the proxy in accordance with the instructions given by such intermediary. iCo will provide a dial-in number to the Meeting so that shareholders or proxyholders can listen to the live iCo Meeting. Shareholders listening to the live iCo Meeting will only be entitled to vote by proxy and will only be counted in quorum if they send their proxies to iCo, as described above. The dial-in number for the live Meeting is an accommodation for shareholders and proxyholders who wish to hear the live iCo Meeting without attending in person because of COVID-19. If any shareholder does wish to attend the iCo Meeting in person, please contact **Michael Liggett at liggett@icotherapeutics.com** in order for iCo to determine whether arrangements can be made that comply with all recommendations, regulations and orders related to the COVID-19 pandemic in effect at the time of the iCo Meeting. No shareholder who is experiencing any symptoms of COVID-19, including fever, cough or difficulty breathing will be permitted to attend the Meeting in person.

iCo may take additional precautionary measures in relation to the iCo Meeting as necessary in response to further developments related to the COVID-19 pandemic and shall comply with all applicable health and safety recommendations, regulations and orders related thereto. In the event it is not possible or advisable to hold the Meeting in person, iCo will announce alternative arrangements for the iCo Meeting as promptly as practicable, which may include holding the iCo Meeting entirely by electronic means.

Shareholders who wish to listen to the live Meeting may do so by joining at the dial-in below:

Dial-in Number: +1 855 3184202

Access Code: 631-3341

DATED this 24th day of June, 2021.

**BY ORDER OF THE BOARD OF DIRECTORS OF ICO
THERAPEUTICS INC.**

(signed) "William Jarosz"

William Jarosz
Executive Chairman & Director

SATELLOS BIOSCIENCE INC.
NOTICE OF AN ANNUAL AND SPECIAL MEETING OF SATELLOS SHAREHOLDERS
TO BE HELD AUGUST 3, 2021

NOTICE IS HEREBY GIVEN THAT pursuant to an order (the “**Interim Order**”) of the Supreme Court of British Columbia dated June 24, 2021 an annual and special meeting (the “**Satellos Meeting**”) of holders (the “**Satellos Shareholders**”) of all of the issued and outstanding common shares (the “**Satellos Shares**”) in the capital of Satellos Bioscience Inc. (“**Satellos**”) will be held at 1:00 p.m. (Toronto time) on August 3, 2021 for the following purposes:

1. to receive and consider the financial statements of Satellos for the year ended December 31, 2020 and the report of the independent auditors thereon;
2. to fix the number of directors to be elected at the Satellos Meeting at five;
3. to elect directors of Satellos to hold office until the next annual meeting of Satellos Shareholders or until their successors are elected or appointed;
4. to appoint Norton McMullen LLP, Chartered Professional Accountants, as auditors of Satellos for the ensuing year, at a remuneration to be fixed by the board of directors;
5. to consider, pursuant to the Interim Order, and, if thought advisable, to pass, with or without variation, a special resolution (the “**Satellos Arrangement Resolution**”), the full text of which is set forth in Appendix A to the accompanying joint management information circular and proxy statement of Satellos and iCo dated June 24, 2021 (the “**Information Circular**”), to approve a plan of arrangement (the “**Plan of Arrangement**”) under Section 192 of the *Canada Business Corporations Act* (the “**CBCA**”), all as more particularly described in the accompanying Information Circular (the “**Arrangement**”); and
6. to transact such other business as may properly come before the Satellos Meeting or any adjournment(s) or postponement thereof.

The details of the proposed Arrangement to be put before the Satellos Shareholders at the Satellos Meeting are set forth in the accompanying Information Circular.

Further information regarding the above items is set out in the Information Circular accompanying this Notice of Annual General and Special Meeting of Satellos Shareholders.

Shareholders may vote their shares by completing, signing and returning the accompanying form of proxy to Computershare Investor Services Inc., 100 University Avenue, 8th Floor, North Tower, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, no less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the Meeting or by completing, signing and delivering the accompanying form of proxy to the Chairman of the Meeting prior to its commencement.

Information with respect to voting by non-registered beneficial shareholders is included in the Information Circular. Non-registered beneficial shareholders should seek instructions on how to vote their shares from their broker, investment dealer, bank, trust company or other intermediary.

Impact of COVID-19

Satellos is carefully monitoring the public health recommendations and orders related to the COVID-19 pandemic and our first priority is the health and safety of our communities, shareholders, employees and other stakeholders. To mitigate risk and to comply with all recommendations, orders, safety measures and protocols related to COVID-19, Satellos has determined that the Satellos Meeting will be held virtually (please see login instructions below) and the Satellos Shareholders will not be able to attend the Satellos Meeting in person. Satellos Shareholders are requested to read the enclosed Information Circular and proxy, and then complete and deposit the proxy together with the power of attorney or other authority, if any, under which it was signed or a notarially certified copy thereof with Computershare Investor Services Inc., 100 University Avenue, 8th Floor, North Tower, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department by 1:00 p.m. (Toronto time), on July 29, 2021, or at least forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays) before the time of the Satellos Meeting or any adjournment of

it unless the Chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently. Unregistered shareholders who received the proxy through an intermediary must deliver the proxy in accordance with the instructions given by such intermediary.

To join the Satellos Meeting please use the following dial-in numbers:

Guest Dial-in Numbers:

Local - Toronto (+1) 416 764 8658

Toll Free - North America (+1) 888 886 7786

DATED this 24th day of June, 2021.

**BY ORDER OF THE BOARD OF DIRECTORS OF
SATELLOS BIOSCIENCE INC.**

(signed) "Frank Gleeson"

Frank Gleeson
President and Chief Executive Officer

GLOSSARY

In this Information Circular, including the Summary and Appendices hereto, unless there is something in the context or subject matter inconsistent therewith, the following defined terms have the meanings hereinafter set forth:

- (a) **“Alexion”** means Alexion Pharmaceuticals, Inc.
- (b) **“allowable capital loss”** has the meaning set forth under the heading *“Principal Canadian Federal Income Tax Considerations – Taxation of Capital Gains and Capital Losses”*;
- (c) **“AKC”** means atopic keratoconjunctivitis;
- (d) **“Amp B”** means Amphotericin B Technologies, Inc.;
- (e) **“Applicable Laws”** in the context that refers to one or more Persons, means any domestic or foreign, federal, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority, and any terms and conditions of any grant of approval, permission, authority or license of any Governmental Authority, that is binding upon or applicable to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;
- (f) **“Applicable Securities Laws”** means all rules of applicable stock exchanges (including the TSXV), applicable corporate laws and applicable securities laws including the rules, regulations, notices, instruments, blanket orders and policies of the securities regulatory authorities in Canada;
- (g) **“Arrangement”** and similar expressions means the arrangement under Section 192 of the CBCA, on the terms and conditions set forth in the Arrangement Agreement and the Plan of Arrangement, subject to any amendment or supplement thereto made in accordance therewith or at the direction of the Court in the Final Order with the prior written consent of the Parties, each acting reasonably;
- (h) **“Arrangement Agreement”** means the arrangement agreement between iCo and Satellos dated March 21, 2021, as the same may be amended, amended and restated, modified or supplemented at any time or from time to time in accordance with the terms thereof, a copy of which is attached as Appendix D to this Information Circular;
- (i) **“Arrangement Filings”** means the filings in respect of the Arrangement required under Section 192 of the CBCA to be sent to the Registrar for filing after the Final Order has been made;
- (j) **“BCBCA”** means the *Business Corporations Act* (British Columbia) as from time to time amended or re enacted, including the regulations promulgated thereunder;
- (k) **“Beneficial Shareholder”** has the meaning set forth under the heading *“General Proxy Matters – Advice for Beneficial Holders”*;
- (l) **“BP”** means bullous pemphigoid;
- (m) **“Broadridge”** means Broadridge Financial Solutions, Inc.;

- (n) **“Business Day”** means a day other than a Saturday, a Sunday or other than a day when banks in the City of Toronto, Ontario or Vancouver, British Columbia are not generally open for business;
- (o) **“Bloom Burton Securities”** has the meaning set forth under the heading *“The Arrangement – Background in Respect of iCo”*;
- (p) **“Cachexia”** means the muscle wasting associated with an underlying disease such as cancer or chronic obstructive pulmonary disease;
- (q) **“Cardiomyopathy”** means disease of the heart muscle;
- (r) **“CBCA”** means the *Canada Business Corporations Act* as from time to time amended or re-enacted, including the regulations promulgated thereunder;
- (s) **“CCR3”** means C-C chemokine receptor type three;
- (t) **“Change of Control”** means the change of control of iCo pursuant to Arrangement;
- (u) **“Closing”** means the completion of the transactions contemplated by the Arrangement Agreement;
- (v) **“Court”** means the Supreme Court of British Columbia;
- (w) **“Consideration”** means the consideration to be received by the Satellos Shareholders pursuant to the Plan of Arrangement in exchange for their Satellos Shares, consisting of such number of iCo Shares as is equal to the Exchange Ratio multiplied by the number of Satellos Shares being exchanged;
- (x) **“Consideration Shares”** means the iCo Shares to be issued to the Satellos Shareholders pursuant to the Plan of Arrangement;
- (y) **“Consolidation”** means the consolidation of the Resulting Issuer Common Shares at a ratio of 20 pre-consolidation Resulting Issuer Common Shares for every 1 post consolidation Resulting Issuer Common Share, to be completed immediately following the Closing;
- (z) **“Continuation”** means the continuation of iCo from the laws of the Province of British Columbia to the laws of Canada;
- (aa) **“Continuation Dissent Rights”** means the rights of a iCo Shareholder to dissent to the Continuation and to be paid the fair value of the securities in respect of which the iCo Shareholder dissents, all in accordance with the provisions of the BCBCA and as described under the heading *“Summary of Procedure to Exercise Continuation Dissent Rights”* and as set forth in Appendix F to this Information Circular;
- (bb) **“Convention”** has the meaning set forth under the heading *“Principal Canadian Federal Income Tax Considerations – Dividends”*;
- (cc) **“CRA”** means the Canada Revenue Agency;
- (dd) **“CRO”** means contract research organizations – commercial centers that perform research in exchange for fees;
- (ee) **“CTA”** means clinical trial application;

- (ff) “**DC**” means development candidate – a small molecule suitable for performing IND studies and clinical trials;
- (gg) “**Depository**” means Computershare Investor Services Inc., or any nationally recognized trust company, bank or financial institution that may be appointed by iCo and Satellos for the purpose of, among other things, receiving the Letters of Transmittal, receiving deposits of certificates formerly representing Satellos Shares, and distributing certificate representing the iCo Shares;
- (hh) “**DGC**” means Dystrophin-associated Glycoprotein Complex – a complex of proteins that connects the internal cytoskeleton to the extracellular matrix, including dystrophin;
- (ii) “**Dissent Notice**” means written notice of the rights of dissent exercisable by a Satellos Shareholder only in respect of the Satellos Arrangement Resolution, to the extent considered at the Satellos Meeting;
- (jj) “**DMD gene**” means the largest know human gene which provides instructions for making the dystrophin protein. It is located on the X chromosome.
- (kk) “**D-M-T**” means design-make-test;
- (ll) “**DRS Advice**” means Direct Registration System Advice;
- (mm) “**Duchenne**” means Duchenne muscular dystrophy – a genetic disease that involves the mutation and functional disruption of the DMD gene and loss of Dystrophin;
- (nn) “**Dystrophin**” means the dystrophin protein encoded by the DMD gene. Known to play a vital role as part of a protein complex which connects the cystoskeleton of a muscle fiber to the extracellular matrix thereby helping to protect and strengthen muscle fibers. Dr. Rudnicki discovered the dystropin protein also plays a 2nd vital role as a signal transduction molecule enabling ongoing muscle repair and regeneration in response to normal muscle contractions and relaxations, and injury or damage;
- (oo) “**Effective Date**” means the date the Arrangement Filings are filed with the Registrar;
- (pp) “**Effective Time**” means 12:01 a.m. on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date;
- (qq) “**EGFR**” means epidermal growth factor receptor – biological receptor found in living cells that responds to epidermal growth factor, resulting in the propagation of a signaling event;
- (rr) “**Employment Agreements**” has the meaning set forth under the heading “*Effects of the Arrangement – iCo Employee Obligations*”;
- (ss) “**EMA**” means European Medicines Agency;
- (tt) “**Escrow Release Conditions**” has the meaning set forth under the heading “*The Arrangement – The Subscription Receipt Financing*”;
- (uu) “**Evans & Evans**” means Evans & Evans, Inc., financial advisor to the iCo Board;
- (vv) “**Evans & Evans Fairness Opinion**” means the verbal fairness opinion as of March 15, 2021 and subsequently confirmed in writing and delivered by Evans & Evans to the iCo Board on March 21, 2021, a copy of which is attached as Appendix G to this Information Circular;
- (ww) “**Exchange Ratio**” means, as applicable, 30.11 iCo Shares for each Satellos Share;

- (xx) **“Exempt Plans”** has the meaning set forth under the heading *“Principal Canadian Federal Income Tax Considerations – Eligibility for Investment”*;
- (yy) **“Expense Reimbursement Fee Event”** has the meaning set forth under the heading *“The Arrangement Agreement – Termination of the Arrangement Agreement”*;
- (zz) **“FDA”** means the United States of America Food and Drug Administration – department of government responsible for health policy in the United States of America;
- (aaa) **“Final Order”** means the final order of the Court pursuant to Section 192 of the CBCA, in a form acceptable to iCo and Satellos, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both iCo and Satellos, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both iCo and Satellos, each acting reasonably) on appeal;
- (bbb) **“Final Proscription Date”** has the meaning set forth under the heading *“The Arrangement Agreement – Arrangement Steps”*;
- (ccc) **“Former Satellos Shareholder”** means the holders of Satellos Shares immediately prior to the Effective Time;
- (ddd) **“GLP”** means good laboratory practice;
- (eee) **“Governmental Authority”** means any: (i) multinational, federal, provincial, state, regional, municipal, local or other government or any governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau ministry or agency, domestic or foreign; (ii) any subdivision, agent, commission, board or authority of any of the foregoing; (iii) any quasi-governmental or private body, including any tribunal, commission, regulatory agency, or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; and (iv) any stock exchange;
- (fff) **“HD Bioscience”** means HD Bioscience Co., Ltd;
- (ggg) **“Health Canada”** means department of government responsible for health policy in Canada;
- (hhh) **“Holder”** has the meaning set forth under the heading *“Principal Canadian Federal Income Tax Considerations”*;
- (iii) **“iCo-019”** means Oral Amp B Delivery System of Amphotericin B;
- (jjj) **“iCo”** means iCo Therapeutics Inc., a corporation organized under the *Business Corporations Act* (British Columbia);
- (kkk) **“iCo Change of Control Resolution”** means the ordinary resolution of the iCo Shareholders approving the Arrangement, including the issuance, or reservation for issuance, by iCo of such number of iCo Shares as may be required to give effect to the Arrangement, such that iCo will, among other things, acquire all of the issued and outstanding common shares of Satellos in exchange for the issuance to the Satellos Shareholders of such number of iCo Shares that, as a result of the issuance, the Satellos Shareholders shall own approximately 57.1%, and the current iCo Shareholders shall own approximately 27.7%, of outstanding post-Arrangement iCo Shares, respectively.
- (lll) **“iCo Board”** means the board of directors of iCo, as may be constituted from time to time;

- (mmm) **“iCo Consulting Agreements”** has the meaning set forth under the heading *“iCo Employee Obligations”*;
- (nnn) **“iCo Consolidation Resolution”** means the special resolution of the iCo Shareholders approving, subject to the approval of the iCo Change of Control Resolution, the Consolidation, all as more particularly described and set forth in the Information Circular;
- (ooo) **“iCo Continuation Resolution”** means the special resolution of the iCo Shareholders approving, subject to the approval of the iCo Change of Control Resolution, the Continuation, all as more particularly described and set forth in the Information Circular;
- (ppp) **“iCo Disclosure Letter”** means the disclosure letter executed by iCo and delivered to Satellos concurrently with the execution of the Arrangement Agreement;
- (qqq) **“iCo Meeting”** means the annual general and special meeting of the iCo Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of the Arrangement Agreement, to be held to consider, among other things, the: (i) iCo Change of Control Resolution; (ii) the Consolidation; (iii) the Name Change; (iv) the Continuation; and (v) related matters, and any adjournment(s) thereof;
- (rrr) **“iCo Name Change Resolution”** means the special resolution of the iCo Shareholders approving, subject to the approval of the iCo Change of Control Resolution, a name change for iCo from “iCo Therapeutics Inc.” to “Satellos Bioscience Inc.”, or such other name as may be agreed to by iCo and Satellos and accepted by relevant regulatory authorities, all as more particularly described and set forth in the Information Circular;
- (sss) **“iCo Option Plan”** means the iCo stock option plan in effect on the date hereof;
- (ttt) **“iCo Options”** means options granted pursuant to the iCo Option Plan;
- (uuu) **“iCo Record Date”** has the meaning set forth under the heading *“General Proxy Matters”*;
- (vvv) **“iCo Replacement Options”** means the iCo Options issued in exchange for Satellos Options in accordance with the Plan of Arrangement;
- (www) **“iCo Shareholder Resolutions”** means, collectively, the iCo Change of Control Resolution, the iCo Consolidation Resolution, the iCo Name Change Resolution and the iCo Continuation Resolution;
- (xxx) **“iCo Shareholders”** means the holders of iCo Shares;
- (yyy) **“iCo Shares”** means common shares in the capital of iCo;
- (zzz) **“iCo Support Agreements”** means agreements between Satellos and each of the iCo Support Shareholders pursuant to which the iCo Support Shareholders have agreed (among other things) to vote the iCo Shares beneficially owned or controlled by the iCo Support Shareholders in favour of the iCo Change of Control Resolution and to otherwise support the Arrangement, as provided therein;
- (aaaa) **“iCo Support Shareholders”** means those iCo Shareholders that have entered into iCo Support Agreements;
- (bbbb) **“IFRS”** means International Financial Reporting Standards, consistently applied as set forth by the Chartered Professional Accountants of Canada and the International Accounting Standards Board, as same may be amended from time to time;

- (cccc) **“IMMUNE”** means Immune, Inc.;
- (dddd) **“IMMUNE License Agreement”** means an exclusive sublicense for the development and commercialization rights to the systemic uses of iCo-008;
- (eeee) **“IND”** means investigational new drug – drugs that are undergoing clinical trials towards becoming approved medicines for use in the human population;
- (ffff) **“Information Circular”** means this joint management information circular of Satellos and iCo, notice of Satellos Meeting, notice of iCo Meeting, forms of proxy of each of Satellos and iCo and any amendments thereto and appendices thereto to be mailed or otherwise distributed by Satellos or iCo in respect of the Satellos Meeting or iCo Meeting, as applicable, as such Information Circular may be amended, supplemented or otherwise modified from time to time in accordance with Applicable Laws;
- (gggg) **“Instrument of Proxy”** means the instruments of proxy accompanying the Information Circular sent to the Satellos Shareholders or iCo Shareholders, as the case may be, in respect of the Satellos Meeting and iCo Meeting, as applicable;
- (hhhh) **“Interim Order”** means the interim order of the Court issued on June 29, 2021 pursuant to Section 192 of the CBCA, providing for, among other things, the calling and holding of the Satellos Meeting, as such order may be amended by the Court with the consent of iCo and Satellos, each acting reasonably;
- (iiii) **“IPO”** means initial public offering;
- (jjjj) **“Key Regulatory Approvals”** means those sanctions, rulings, consents, orders, exemptions, Permits and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Entities set out in Schedule C of the Arrangement Agreement;
- (kkkk) **“Key Third Party Consents”** means those consents, approvals and notices required from any third party to proceed with the transactions contemplated by the Arrangement Agreement and the Plan of Arrangement, set out in Schedule D of the Arrangement Agreement;
- (llll) **“Leede Jones Gable”** means Leede Jones Gable Capital Inc., financial advisor to the Satellos Board;
- (mmmm) **“Leede Jones Gable Fairness Opinion”** means the verbal fairness opinion as of March 16, 2021 and subsequently confirmed in writing and delivered by Leede Jones Gable to the Satellos Board on April 30, 2021, a copy of which is attached as Appendix H to this Information Circular;
- (nnnn) **“Letter of Transmittal”** means the letter of transmittal pursuant to which the Satellos Shareholders are required to deliver certificates representing Satellos Shares and other required documents to the Depositary in order to receive the iCo Shares issuable to them pursuant to the Arrangement;
- (oooo) **“LO”** means lead optimization – a stage of the drug development process whereby identified chemical compounds are modified in order to generate new chemical compounds with enhanced chemical and drug like properties;
- (pppp) **“Material Adverse Change”** or **“Material Adverse Effect”** means, with respect to either Party, any fact or state of facts, circumstance, change, effect, occurrence or event that

individually or in the aggregate is, or would reasonably be expected to be, material and adverse to the condition (financial or otherwise), business, operations, properties, licenses, affairs, assets, liabilities (contingent or otherwise), capitalization, results of operations, or cash flows of such Party (taken as a whole), or will, or would reasonably be expected to, prevent, materially delay or materially impair the ability of the Parties to consummate the transactions contemplated by the Arrangement, other than any fact, state of facts, circumstance, change, effect, occurrence or event relating to or resulting from:

- (i) general economic or financial conditions, currency exchange rates, or securities or commodity prices in Canada or the United States;
- (ii) any adoption, proposal, implementation or change in applicable law or any interpretation of applicable law by any Governmental Authority;
- (iii) any change in IFRS;
- (iv) any act of terrorism or any outbreak of hostilities or war (or any escalation or worsening thereof);
- (v) any natural disaster;
- (vi) any matter which has been publicly disclosed prior to the date hereof;
- (vii) the failure of the Party to meet any internal or published projections, forecasts or estimates of revenues, earnings or cash flow for any period ending on or after the date of the Arrangement (provided, however, that the causes underlying such failure may be considered to determine whether such causes constitute a Material Adverse Effect);
- (viii) the announcement of the Arrangement or the transactions contemplated thereby, including any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of the Party or its subsidiaries with the Party's employees, customers, suppliers, partners and other Persons with which the Party or any of its subsidiaries has business relations;
- (ix) any action taken by the Party or any of its subsidiaries which is permitted to be taken pursuant to this Agreement;
- (x) any action taken (or omitted to be taken) by a Party that is consented to by the other party expressly in writing; or
- (xi) with respect to iCo, a change in the market trading price or trading volume of the iCo Shares either as a result of a change, effect, event or occurrence excluded from the definition of Material Adverse Effect under clauses (i) to (x) above,

provided, however, that the change or effect referred to in clause (i) to (v) above does not primarily relate only to (or have the effect of primarily relating only to) a Party and its subsidiaries, if any (taken as a whole), or disproportionately affects a Party and its subsidiaries, if any (taken as a whole), compared to other entities of similar size operating in the biotechnology industry, in which case the relevant exclusion from this definition of Material Adverse Change or Material Adverse Effect referred to above shall not be applicable;

(qqqq) “**Meetings**” means, collectively, the Satellos Meeting and the iCo Meeting;

(rrrr) “**MyoReGenX™**” means the proprietary muscle stem cell regeneration screening platform developed by Dr. Rudnicki at the Ottawa Hospital Research Institute;

- (ssss) “**Name Change**” means the proposed name change of iCo from “iCo Therapeutics Inc.” to “Satellos Bioscience Inc.”, or such other name as may be agreed to by iCo and Satellos and accepted by relevant regulatory authorities;
- (tttt) “**Named Executive Officer**” means, in respect of a company, each of the following individuals:
- (i) a Chief Executive Officer;
 - (ii) a Chief Financial Officer;
 - (iii) each of the three most highly compensated executive officers of the company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and
 - (iv) each individual who would be a Named Executive Officer under paragraph (iii) above, but for the fact that the individual was neither an executive officer of the company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year;
- (uuuu) “**NI 52-110**” means National Instrument 52-110 – *Audit Committees*;
- (vvvv) “**NI 58-101**” means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*;
- (www) “**Niche**” means the physical location of tissue specific stem cells within a given tissue organ;
- (xxxx) “**Non-Resident Dissenting Holder**” has the meaning set forth under the heading “Principal Canadian Federal Income Tax Considerations – Dissenting Non-Resident Holders”;
- (yyyy) “**Non-Resident Holder**” has the meaning set forth under the heading “Principal Canadian Federal Income Tax Considerations – Holders Not Resident in Canada”;
- (zzzz) “**Notice of Meeting**” means the notice of annual and special meeting of iCo or the notice of annual and special meeting of Satellos, as the case may be, which accompany this Information Circular;
- (aaaaa) “**Notice of Hearing**” means the notice of hearing by Satellos to the Court for the Final Order, which is attached to this Information Circular as Appendix “C”;
- (bbbbb) “**Notice Shares**” has the meaning set forth under the heading “*Rights of Dissent*”;
- (ccccc) “**Offer to Purchase**” has the meaning set forth under the heading “*Rights of Dissent*”;
- (ddddd) “**OHRI**” means Ottawa Hospital Research Institute;
- (eeeee) “**orphan indication**” means indications that affect less than 200,000 persons in the United States of America.
- (fffff) “**Parties**” means, collectively, iCo and Satellos, and “**Party**” means any one of them;
- (ggggg) “**Payee**” has the meaning set forth under the heading “*Rights of Dissent*”;
- (hhhhh) “**PD**” means Pharmacodynamic – the branch of pharmacology concerned with the effects of drugs and the mechanism of their action;

- (iiii) **“Permit”** means any license, permit, certificate, consent, order, grant, approval, classification, registration or other authorization of and from any Governmental Authority;
- (jjjj) **“Person”** includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;
- (kkkk) **“PK”** means Pharmacokinetic – a branch of pharmacology concerned with the movement of drugs within the body;
- (llll) **“Plan of Arrangement”** means the plan of arrangement substantially in the form attached as Schedule A to Appendix D to this Information Circular and any amendments or variations to such plan made in accordance with the Arrangement Agreement and the plan of arrangement or made at the direction of the Court in the Final Order with the prior written consent of Satellos and iCo, each acting reasonably;
- (mmmm) **“PPMD”** means Parent Project Muscular Dystrophy;
- (nnnn) **“PPMD Agreement”** means the agreement entered into by Satellos and PPMD;
- (oooo) **“PPMD Convertible Note”** means the convertible promissory note dated December 7, 2020 issued in favour of PPMD by Satellos in accordance with the PPMD Agreement, in the principal amount of up to US\$1,000,000, upon which there is currently US\$850,000 principal and accrued interest owing;
- (pppp) **“PTP”** means protein tyrosine phosphatase – an enzyme that removes phosphate groups from other proteins and biomolecules;
- (qqqq) **“PTPX”** means Satellos drug target;
- (rrrr) **“PWC”** means the firm of PricewaterhouseCoopers LLP;
- (ssss) **“R&D”** means research and development;
- (tttt) **“Resident Dissenting Shareholder”** has the meaning set forth under the heading *“Principal Canadian Federal Income Tax Considerations – Dissenting Satellos Shareholders”*;
- (uuuu) **“Resident Holder”** has the meaning set forth under the heading *“Principal Canadian Federal Income Tax Considerations – Holders Resident in Canada”*;
- (vvvv) **“Registrar”** has the meaning ascribed to such term in the CBCA;
- (wwww) **“Related Party Transaction”** has the meaning set forth in TSXV Policy 5.9, and includes a related party transaction that is determined by the TSXV to be a Related Party Transaction;
- (xxxx) **“Resulting Issuer”** means Satellos Bioscience Inc. (formerly iCo Therapeutics Inc.), being iCo following completion of the Arrangement, the Continuation, and the Name Change, which will thereafter be named “Satellos Bioscience Inc.”;
- (yyyy) **“Resulting Issuer Common Shares”** means common shares in the capital of the Resulting Issuer;
- (zzzz) **“Replacement Option In-The Money Amount”** in respect of an iCo Replacement Option means the amount, if any, by which the total fair market value (determined immediately after

the Effective Time) of the iCo Shares that a holder is entitled to acquire on exercise of the Replacement Option at and from the Effective Time exceeds the amount payable to acquire such shares;

- (aaaaaa) **“Required Consents”** means collectively, the Key Regulatory Approvals and Key Third Party Consents;
- (bbbbbb) **“RESP”** has the meaning set forth under the heading *“Principal Canadian Federal Income Tax Considerations – Eligibility for Investment”*;
- (ccccc) **“RDSP”** has the meaning set forth under the heading *“Principal Canadian Federal Income Tax Considerations – Eligibility for Investment”*;
- (ddddd) **“RRIF”** has the meaning set forth under the heading *“Principal Canadian Federal Income Tax Considerations – Eligibility for Investment”*;
- (eeeeee) **“RRSP”** has the meaning set forth under the heading *“Principal Canadian Federal Income Tax Considerations – Eligibility for Investment”*;
- (ffffff) **“sarcopenia”** means age related loss of muscle tissue, mass, strength and function;
- (gggggg) **“Satellos”** means Satellos Bioscience Inc., a corporation organized under the CBCA;
- (hhhhh) **“Satellos Arrangement Resolution”** means the special resolution of Satellos Shareholders approving the Arrangement, as required by Applicable Laws, the full text of which is set forth in Appendix A to this Information Circular;
- (iiiiii) **“Satellos Arrangement Shares”** means all of the Satellos Shares;
- (jjjjj) **“Satellos Board”** means the board of directors of Satellos, as may be constituted from time to time;
- (kkkkk) **“Satellos Dissent Rights”** means the rights of a Satellos Shareholder to dissent to the Arrangement and to be paid the fair value of the securities in respect of which the Satellos Shareholder dissents, all in accordance with the provisions of the CBCA and as set forth in the Plan of Arrangement;
- (lllll) **“Satellos Dissenting Shareholder”** means a registered holder of Satellos Shares who dissents in respect of the Arrangement in strict compliance with the Satellos Dissent Rights has validly exercised his, her or its Satellos Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Satellos Dissent Rights, but only in respect of the Satellos Shares in respect of which Satellos Dissent Rights are validly exercised by such registered holder of Satellos Shares, as applicable, and who is ultimately entitled to be paid fair value for their Satellos Shares;
- (mmmmm) **“Satellos Disclosure Letter”** means the disclosure letter executed by Satellos and delivered to iCo concurrently on the date of the execution of the Arrangement Agreement;
- (nnnnn) **“Satellos Meeting”** means the special meeting of Satellos Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of the Arrangement Agreement, to be held to consider the Satellos Arrangement Resolution and related matters, and any adjournment(s) thereof;
- (ooooo) **“Satellos Optionholders”** means the holders of Satellos Options;

- (pppppp) **“Satellos Option In-The Money Amount”** in respect of a Satellos Option means the amount, if any, by which the total fair market value (determined immediately before the Effective Time) of the Satellos Shares that a holder is entitled to acquire on exercise of the Satellos Option immediately before the Effective Time exceeds the amount payable to acquire such shares;
- (qqqqqq) **“Satellos Option Plan”** means the amended and restated stock option plan of Satellos approved by the Satellos Board on March 21, 2021, and as further amended from time to time;
- (rrrrrr) **“Satellos Options”** means the outstanding options to purchase Satellos Shares issued pursuant to the Satellos Option Plan and granted at the discretion of the Satellos Board;
- (ssssss) **“Satellos Record Date”** has the meaning set forth under the heading *“General Proxy Matters”*;
- (tttttt) **“Satellos Shareholders”** means the holders of Satellos Shares;
- (uuuuuu) **“Satellos Shares”** means all the issued and outstanding shares in the capital of Satellos;
- (vvvvvv) **“Satellos Support Agreements”** means agreements between iCo and each of the Satellos Support Shareholders pursuant to which the Satellos Support Shareholders have agreed (among other things) to vote the Satellos Shares and/or Satellos Options beneficially owned or controlled by the Satellos Support Shareholders in favour of the Satellos Arrangement Resolution and to otherwise support the Arrangement, as provided therein;
- (wwwwww) **“Satellos Support Shareholders”** means those Satellos Shareholders that have entered into Satellos Support Agreements;
- (xxxxxx) **“Satellos Warrantholders”** means the holders of Satellos Warrants;
- (yyyyyy) **“Satellos Warrants”** means the common share purchase warrants of Satellos, each whole Satellos Warrant exercisable to purchase one Satellos Share;
- (zzzzzz) **“Securities”** has the meaning set forth under the heading *“Principal Canadian Federal Income Tax Considerations”*;
- (aaaaaaa) **“Securities Laws”** means the Securities Act, together with all other rules of applicable stock exchanges (including the TSXV), applicable corporate laws and applicable provincial securities laws, including the rules, instruments, regulations, notices, blanket orders, and published policies of the securities regulatory authorities in Canada thereunder, as now in effect and as they may be promulgated or amended from time to time;
- (bbbbbbb) **“Share Exchange”** has the meaning set forth under the heading *“Principal Canadian Federal Income Tax Considerations – Share Exchange”*;
- (cccccc) **“siRNA”** means small interfering ribonucleic acid – a methodology used to temporarily reduce the expression level of a specific protein;
- (ddddddd) **“Skymount”** means Skymount Medical Inc.;
- (eeeeeee) **“Spin Out”** means the transfer of all assets of iCo with respect to the “oral formulation of Amphotericin” from iCo to a wholly-owned subsidiary of iCo;
- (ffffff) **“SPR”** means surface plasmon resonance – a biophysical chemistry technique used to study the interaction between a drug and a protein target;

- (ggggggg) **“Subscription Receipt Agreement”** means the subscription receipt agreement entered into by iCo in connection with the Subscription Receipt Financing;
- (hhhhhhh) **“Subscription Receipt Financing”** means the private placement offering of Subscription Receipts for aggregate gross proceeds of \$7.25 million, at price of \$0.085 per Subscription Receipt;
- (iiiiiii) **“Subscription Receipts”** means the subscription receipts of iCo issued pursuant to the Subscription Receipt Financing, each such subscription receipt evidencing the right of the holder to receive one iCo Share upon satisfaction of the escrow conditions set forth in the Subscription Receipt Agreement;
- (jjjjjjj) **“subsidiary”** means, with respect to any specified Person, any other Person of which such specified Person will, at the time, directly or indirectly through one or more subsidiaries, (a) own at least 50% of the outstanding shares, (b) hold at least 50% of the partnership, limited liability company, joint venture or similar interests or (c) be a general partner, managing member or joint venture;
- (kkkkkkk) **“taxable capital gain”** has the meaning set forth under the heading *“Principal Canadian Federal Income Tax Considerations – Taxation of Capital Gains and Capital Losses”*;
- (lllllll) **“Tax Act”** means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5th Supp.); and the regulations thereunder, all as amended from time to time;
- (mmmmmmm) **“Tax Proposal”** has the meaning set forth under the heading *“Principal Canadian Federal Income Tax Considerations”*;
- (nnnnnnn) **“Termination Fee Event”** has the meaning set forth under the heading *“The Arrangement Agreement – Termination of the Arrangement Agreement”*;
- (ooooooo) **“TFSA”** has the meaning set forth under the heading *“Principal Canadian Federal Income Tax Considerations – Eligibility for Investment”*;
- (ppppppp) **“TPP”** means target product profile – a desired set of properties for a given drug in development;
- (qqqqqqq) **“TSXV”** means the TSX Venture Exchange Inc.;
- (rrrrrrr) **“TSXV Policy 4.4”** means TSXV Policy 4.4 – *Incentive Stock Options*;
- (sssssss) **“TSXV Policies”** means the policies of the TSXV, as amended from time to time;
- (ttttttt) **“UBC”** means the University of British Columbia;
- (uuuuuuu) **“United States”** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
- (vvvvvvv) **“U.S. Securities Act”** means the United States *Securities Act of 1933*, as amended, and the rules and regulations promulgated from time to time thereunder;
- (wwwwwww) **“Ultra-orphan indication”** means indications that affect less than 1 in 50,000 persons in the EU;
- (xxxxxxx) **“VKC”** means vernal keratoconjunctivitis;

- (yyyyyyy) **“Voluntary Lock-Up Agreement”** means the lock-up agreement to be delivered to Bloom Burton, iCo and Satellos by the holders of Satellos Shares, Satellos Options and Satellos Warrants, whereby the holders of such Satellos securities shall voluntarily agree to a contractual escrow of all of the Resulting Issuer Common Shares that they receive in exchange for their Satellos Shares (including upon the exercise of the Satellos Options and Satellos Warrants) pursuant to the Arrangement for a 12 month period, with 1/3 being released on the date that is 6 months following the date of closing of the Arrangement, an additional 1/3 being released on the date that is 9 months following the date of closing of the Arrangement and the final 1/3 being released on the date that is 12 months following the date of the closing of the Arrangement;
- (zzzzzzz) **“VVC”** means vulvovaginal candidiasis; and
- (aaaaaaa) **“X-ray crystallography”** means a tool used to visualize the three-dimensional structure of biomolecules such as proteins.

Words importing the singular include the plural and vice versa and words importing any gender include all genders.

CURRENCY

In this Information Circular, except where otherwise indicated, all dollar amounts are expressed in Canadian dollars, and all references to “\$” and “dollars” are to Canadian dollars.

INTRODUCTION

This Information Circular is furnished in connection with the solicitation of proxies by and on behalf of: (a) management of iCo for use at the iCo Meeting; and (b) management of Satellos for use at the Satellos Meeting. No Person has been authorized to give any information or make any representation in connection with the Arrangement or any other matters to be considered at the Meetings other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.

All summaries of, and references to, the Arrangement in this Information Circular are qualified in their entirety by reference to the complete text of the Plan of Arrangement, a copy of which is attached as Schedule A to the Arrangement Agreement, which agreement is attached as Appendix D to this Information Circular. **You are urged to carefully read the full text of the Plan of Arrangement.**

Information contained in this Information Circular is given as of June 24, 2021 unless otherwise specifically stated.

Information Concerning iCo

See “*Information Concerning the Issuer – iCo Therapeutics Inc.*” for information concerning iCo.

Information Concerning Satellos

See “*Information Concerning the Target Company – Satellos Bioscience Inc.*” for information concerning Satellos.

Risk Factors

It is important for an investor to consider the particular risk factors that may affect the industry in which it is investing. See “Risk Factors” in this Information Circular.

Forward-looking Statements

Certain statements contained in this Information Circular, the Appendices attached hereto and in the documents incorporated by reference herein constitute forward-looking statements. These statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions.

In particular, this Information Circular contains forward-looking statements pertaining to:

- the perceived benefits of the Arrangement;
- the timing of the iCo Meeting and the Satellos Meeting;
- the timing of the Final Order;
- the ability of iCo and Satellos to obtain the Required Consents;
- the structure and effect of the Arrangement;
- the composition of the management team of iCo and the iCo Board following Closing;
- the treatment of Satellos Shareholders under tax laws;
- the anticipated Effective Date; and
- the stock exchange listing of the iCo Shares to be issued to Satellos Shareholders pursuant to the Arrangement.

Forward-looking statements respecting:

- the perceived benefits of the Arrangement are based upon a number of factors, including the Evans & Evans Fairness Opinion, the Leede Jones Gable Fairness Opinion, the terms and conditions of the Arrangement Agreement and current industry, economic and market conditions (see “*The Arrangement – Fairness Opinions*” and “*The Arrangement Agreement*”)
- the structure and effect of the Arrangement are based upon the terms of the Arrangement Agreement and the transactions contemplated thereby (see “*The Arrangement Agreement*”);
- the consideration to be received by Satellos Shareholders as a result of the Arrangement is based upon the terms of the Arrangement Agreement and the Plan of Arrangement (see “*The Arrangement Agreement*”);
- the composition of the management team of iCo and the iCo Board following Closing is based upon the terms of the Arrangement Agreement and the Plan of Arrangement and the discussions to date between iCo and Satellos (see “*The Arrangement – Effect of the Arrangement*”);
- the listing of the iCo Shares issuable pursuant to the Arrangement on the TSXV is based on receiving approval from, and fulfilling all of the requirements of the TSXV (see “*The Arrangement – Stock Exchange Listings*”);
- certain steps in, and timing of, the Arrangement are based upon the terms of the Arrangement Agreement and the Plan of Arrangement and advice received from counsel to each of iCo and Satellos relating to timing expectations (see “*The Arrangement – Arrangement Agreement*”); and

- the treatment of the Satellos Shareholders under tax laws is subject to the statements under “*Principal Canadian Federal Income Tax Considerations*”.

By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. iCo and Satellos believe the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Information Circular and in the documents incorporated by reference herein should not be unduly relied upon. These statements speak only as of the date of this Information Circular.

Some of the risks that could cause results to differ materially from those expressed in the forward-looking statements include:

- the inability to obtain the Required Consents, permits or approvals, including Court approval of the Arrangement, Satellos Shareholder approval of the Arrangement, and regulatory approvals in accordance with the required timelines contained in the Arrangement Agreement;
- the conditions to Closing may not be satisfied or waived which may result in the Arrangement not being completed;
- iCo and Satellos may fail to realize the anticipated benefits of the Arrangement;
- iCo and Satellos will incur significant costs relating to the Arrangement, regardless of whether the Arrangement is completed or not completed;
- general business, economic, competitive, political and social uncertainties; and
- competition for, among other things, capital and skilled personnel.

If the Arrangement is not completed, iCo Shareholders and Satellos Shareholders will not realize the benefits of the Arrangement and iCo’s and Satellos’ future business and operations could be harmed. With regard to the forward-looking statements in iCo’s documents incorporated by reference herein, please refer to the forward-looking statements advisories in such documents in respect of the forward-looking statements contained therein, the assumptions upon which they are based and the risk factors in respect of such forward-looking statements.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this Information Circular are expressly qualified by this cautionary statement. Except as required by law, iCo and Satellos do not undertake any obligation to publicly update or revise any forward-looking statements.

Readers should also carefully consider the matters discussed under the heading “*Risk Factors*” in this Information Circular.

SUMMARY INFORMATION

The following is a summary of information relating to iCo and Satellos and should be read together with the more detailed information and financial data and statements contained elsewhere in this Information Circular and in the Appendices attached hereto. The following summary is provided for convenience only and is qualified in its entirety by reference to the more complete and detailed information contained or referred to elsewhere in this Information Circular.

iCo Meeting

The iCo Meeting will be held at the offices of iCo at 6th – 777 Hornby Street, Vancouver, British Columbia at 10:00 a.m. (Vancouver time) on August 3, 2021, for the purposes set forth in the accompanying Notice of Annual and Special Meeting of Shareholders of iCo. The business of the iCo Meeting will be the annual business of iCo and to consider and vote upon the iCo Shareholder Resolutions, all as more particularly described in iCo's Notice of Annual and Special Meeting of iCo Shareholders accompanying this Information Circular.

Satellos Meeting

The Satellos Meeting will be held virtually by teleconference at 1:00 p.m. (Toronto time) on August 3, 2021, for the purposes set forth in the accompanying Notice of Annual and Special Meeting of Satellos Shareholders. Please see the Notice of Annual and Special Meeting of Satellos Shareholders for dial-in information. The business of the Satellos Meeting will be the annual business of Satellos and to consider and vote upon the Satellos Arrangement Resolution.

Information Concerning iCo

iCo is a Canadian biotechnology company principally focused on the identification, development and commercialization of drug candidates to treat ocular and infectious diseases. The iCo Shares are listed for trading on the TSXV under the symbol "ICO.V".

See "*Information Concerning the Issuer*".

Information Concerning Satellos

Satellos is a regenerative medicine company focused on the discovery and development of novel therapeutic treatments for degenerative and incurable muscle disorders. Satellos is not a reporting issuer in any province of Canada and the Satellos Shares are not listed for trading on any stock exchange.

See "*Information Concerning the Target Company – Satellos Bioscience Inc.*".

Summary of the Arrangement

Satellos entered into the Arrangement Agreement with iCo on March 21, 2021, as amended effective April 30, 2021. The Arrangement Agreement provides for the implementation of the Plan of Arrangement (a copy of which is attached as Schedule A to the Arrangement Agreement attached hereto as Appendix D).

Pursuant to the Arrangement, Satellos Shareholders (other than Dissenting Satellos Shareholders) will receive, for each Satellos Share held, 30.11 iCo Shares. In addition, in accordance with the terms of the Satellos Option Plan, each Satellos Option outstanding immediately prior to the Effective Time shall be exchanged for a Replacement Option to acquire from iCo, other than as provided in the Plan of Arrangement, the number of iCo Shares equal to the product of: (A) the number of Satellos Shares subject to such Satellos Option immediately prior to the Effective Time; multiplied by (B) the Exchange Ratio, provided that, if the foregoing would result in the issuance of a fraction of an iCo Share on any particular exercise of Replacement Options, then the number of iCo Shares otherwise issued shall be rounded down to the nearest whole

number of iCo Shares. In accordance with the terms of each Satellos Warrant, each holder of a Satellos Warrant outstanding immediately prior to the Effective Time shall receive upon the subsequent exercise of such holder's Satellos Warrant, in accordance with its terms, and shall accept in lieu of each Satellos Share to which such holder was theretofore entitled upon such exercise (including payment of the same aggregate consideration), such number of iCo Shares that is equal to: (i) the number of Satellos Shares to which the holder was entitled; multiplied by (ii) the Exchange Ratio, provided that, if the foregoing would result in the issuance of a fraction of an iCo Share on any particular exercise of Satellos Warrants, then the number of iCo Shares otherwise issued shall be rounded down to the nearest whole number of iCo Shares.

Pursuant to the Arrangement Agreement, Satellos has covenanted to use its commercially reasonable efforts to cause each Satellos Shareholder, holder of Satellos Options and holder of Satellos Warrants to enter into the Voluntary Lock-Up Agreements.

The Arrangement and Subscription Receipt Financing will trigger the automatic conversion provisions of the PPMD Convertible Note, so that the principal and accrued interest thereon which is outstanding at Closing under the PPMD Convertible Note will convert into Resulting Issuer Common Shares. The conversion price per Resulting Issuer Common Share is equal to 90% of the purchase price of the Subscription Receipts, being \$0.0765.

The Arrangement is subject to customary conditions for a transaction of this nature, which include Court and regulatory approvals and approval of the Satellos Arrangement Resolution by not less than 66^{2/3}% of the votes cast on the Satellos Arrangement Resolution by Satellos Shareholders, present in person or represented by proxy at the Satellos Meeting.

See *"The Arrangement – Summary of the Arrangement"*, *"The Arrangement – Arrangement Steps"*, *"The Arrangement – Effects of the Arrangement"* and *"Risk Factors"*.

See *"The Arrangement – Procedure for the Arrangement Becoming Effective"* and *"Rights of Dissent"*.

It is anticipated that upon Closing, an aggregate of 373,614,444 iCo Shares shall be issued to the Satellos Shareholders in exchange for all of the issued outstanding Satellos Shares. The approximate value of the iCo Common Shares to be issued to the Satellos Shareholders pursuant to the Arrangement, based on the closing price of the iCo Shares on the TSXV on March 19, 2021, is approximately \$39.23 million. In addition, it is anticipated that PPMD will exercise its rights pursuant to the PPMD Convertible Note to conversion and, as a result, hold approximately 14,425,822 Resulting Issuer Common Shares if Closing occurs thereafter. Upon completion of the Arrangement, and including the Subscription Receipt Financing, it is expected that the current iCo Shareholders will hold approximately 27.7% and the current Satellos Shareholders will hold approximately 59.3% of the outstanding Resulting Issuer Common Shares, respectively.

See *"The Arrangement – Arrangement Steps"*.

Subject to approval of the TSXV and the applicable regulatory authorities, upon Closing the iCo Board will consist of seven members, being William Jarosz,

who will be the sole nominee of iCo, and Geoff Mackay, Frank Gleeson, Michael A. Rudnicki, John Holyoake, Brian Bloom, and William (Bill) McVicar, each of whom will be nominees of Satellos. It is expected that each of Frank Gleeson, Michael A. Rudnicki, Michael Liggett, William Jarosz, and John Holyoake will serve as Officers of the Resulting Issuer. Geoff Mackay will serve as Board Chair, Frank Gleeson will serve as President and Chief Executive Officer, Michael A. Rudnicki will serve as Chief Scientific Officer, Michael Liggett will serve as Interim Chief Financial Officer and Corporate Secretary, and William Jarosz will serve as Executive Director.

See “*Information Concerning the Issuer – iCo Therapeutics Inc.*”.

Immediately following Closing, it is anticipated that the Resulting Issuer shall complete the Consolidation.

The Arrangement Agreement

The Arrangement will be effected pursuant to the Arrangement Agreement. The Arrangement Agreement contains covenants, representations and warranties of and from each of Satellos and iCo, and containing various conditions precedent, both mutual and with respect to the specific obligations of Satellos and iCo. The Arrangement Agreement provides that, upon the occurrence of certain termination events, either of the Parties may be required to pay the other Party a termination fee. See “*The Arrangement Agreement*”.

This Information Circular contains a summary of certain provisions of the Arrangement Agreement and is qualified in its entirety by the full text of the Arrangement Agreement. The Arrangement Agreement is attached as Appendix D to this Information Circular and reference is made thereto for the full text thereof.

Procedure for the Arrangement to Become Effective

The Arrangement is proposed to be carried out under Section 192 of the CBCA. The following procedural steps must be taken in order for the Arrangement to become effective:

- (a) the Satellos Arrangement Resolution approving the Arrangement must be approved by not less than 66^{2/3}% of the votes cast on the Satellos Arrangement Resolution by Satellos Shareholders, present in person or represented by proxy at the Satellos Meeting, in the manner set forth in the Interim Order;
- (b) the iCo Shareholders must approve: (i) the Arrangement Resolution by not less than a majority of the votes cast by iCo Shareholders, present in person or represented by proxy at the iCo Meeting; and (ii) the Consolidation, Name Change and Continuation by not less than 66^{2/3}% of the votes cast by iCo Shareholders, present in person or represented by proxy at the iCo Meeting;
- (c) the Court must grant the Final Order approving the Arrangement;
- (d) all conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate Party;
- (e) the Final Order and Arrangement Filings in the form prescribed by the CBCA must be filed with the Registrar; and

- (f) the proof of filing to be issued by the Registrar in respect of the Arrangement Filings.

See “*The Arrangement – Procedure for the Arrangement Becoming Effective*”.

Effects of the Arrangement

Satellos Shares

The Arrangement provides, for among other things, the acquisition of all of the Satellos Shares by iCo. Satellos Shareholders (other than Dissenting Satellos Shareholders) will receive for each Satellos Share held 30.11 iCo Shares. Upon Closing, Satellos will become a subsidiary of iCo. See “*The Arrangement – Effects of the Arrangement – Satellos Shares*”.

Satellos Options

The Arrangement provides for, among other things, the exchange of all of the issued and outstanding Satellos Options for iCo Replacement Options. In accordance with the terms of the Satellos Option Plan, each Satellos Option outstanding immediately prior to the Effective Time shall be exchanged for a Replacement Option to acquire from iCo, other than as provided in the Plan of Arrangement, the number of iCo Shares equal to the product of: (A) the number of Satellos Shares subject to such Satellos Option immediately prior to the Effective Time; multiplied by (B) the Exchange Ratio, provided that, if the foregoing would result in the issuance of a fraction of an iCo Share on any particular exercise of Replacement Options, then the number of iCo Shares otherwise issued shall be rounded down to the nearest whole number of iCo Shares. The exercise price per iCo Share subject to a Replacement Option shall be an amount equal to the quotient of: (A) the exercise price per Satellos Share subject to each such Satellos Option immediately before the Effective Time; divided by (B) the Exchange Ratio, provided that the aggregate exercise price payable on any particular exercise of Replacement Options shall be rounded up to the nearest whole cent.

Satellos Warrants

In accordance with the terms of each Satellos Warrant, each holder of a Satellos Warrant outstanding immediately prior to the Effective Time shall receive upon the subsequent exercise of such holder’s Satellos Warrant, in accordance with its terms, and shall accept in lieu of each Satellos Share to which such holder was theretofore entitled upon such exercise (including payment of the same aggregate consideration), such number of iCo Shares that is equal to: (i) the number of Satellos Shares to which the holder was entitled; multiplied by (ii) the Exchange Ratio, provided that, if the foregoing would result in the issuance of a fraction of an iCo Share on any particular exercise of Replacement Options, then the number of iCo Shares otherwise issued shall be rounded down to the nearest whole number of iCo Shares.

PPMD Convertible Note

The Arrangement and Subscription Receipt Financing will trigger the automatic conversion provisions of the PPMD Convertible Note, so that the principal and accrued interest outstanding under the PPMD Convertible Note will convert into Resulting Issuer Common Shares. The conversion price per Resulting

Issuer Common Share is equal to 90% of the purchase price of the Subscription Receipts, being \$0.0765.

Voluntary Lock-Up Agreements

Pursuant to the Arrangement Agreement, Satellos has covenanted to use its commercially reasonable efforts to cause each Satellos Shareholder, holder of Satellos Options and holder of Satellos Warrants to enter into the Voluntary Lock-Up Agreements.

See “*The Arrangement – Effects of the Arrangement*”.

Approval of Satellos Shareholders Required for the Arrangement

At the Satellos Meeting, pursuant to the Interim Order, the Satellos Arrangement Resolution approving the Arrangement will require approval by not less than 66^{2/3}% of the votes cast on the Satellos Arrangement Resolution by Satellos Shareholders, present in person or represented by proxy at the Satellos Meeting. Each Satellos Shareholder shall be entitled to vote on the Satellos Arrangement Resolution, with the Satellos Shareholders entitled to one vote per Satellos Share held. The Satellos Arrangement Resolution must receive the requisite Satellos Shareholder approval in order for Satellos to seek the Final Order and implement the Arrangement on the Effective Date in accordance with the terms of the Final Order. See “*General Proxy Matters – Exercise of Discretion by Proxy Holders*”.

For information with respect to the procedures for Satellos Shareholders to follow to receive their consideration pursuant to the Arrangement, see “*Procedures for the Surrender of Satellos Shares and Satellos Options and Receipt of Consideration*”.

See “*The Arrangement – Procedure for the Arrangement Becoming Effective*”.

TSXV Approval

The TSXV has conditionally accepted the Arrangement, including the listing of the iCo Shares issuable pursuant to the Arrangement, subject to iCo fulfilling all of the requirements of the TSXV, pursuant to a letter dated June 18, 2021.

See “*The Arrangement – Procedure for the Arrangement Becoming Effective*”.

Court Approval

The Arrangement requires the Court’s approval of the Final Order. Prior to the mailing of this Information Circular, Satellos obtained the Interim Order authorizing and directing Satellos to call, hold and conduct the Satellos Meeting and to submit the Arrangement to the Satellos Shareholders for approval. A copy of the Interim Order is attached as Appendix B to this Information Circular. Subject to the terms of the Arrangement Agreement and the approval of the Satellos Arrangement Resolution by the Satellos Shareholders, Satellos will make an application to the Court for the Final Order. The hearing in respect of the Final Order is expected to take place on August 5, 2021 at 9:45 a.m. (Vancouver time) at a hearing before a Judge of the Supreme Court of British Columbia at the Courthouse, at 800 Smith Street in the City of Vancouver, in the Province of British Columbia.

See “*The Arrangement – Procedure for the Arrangement Becoming Effective*”.

Timing

If the Satellos Meeting is held as scheduled and is not adjourned or postponed and the other necessary conditions at that point in time are satisfied or waived, Satellos will apply for the Final Order approving the Arrangement. If the Final Order is obtained on August 5, 2021 in form and substance satisfactory to Satellos and iCo, and all other conditions set forth in the Arrangement Agreement are satisfied or waived, including the receipt of all required regulatory approvals, Satellos currently expects the Effective Date to occur on August 9, 2021. It is not possible, however, to state with certainty when the Effective Date will occur. The Effective Date could be delayed for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order on August 5, 2021 or the failure to obtain all regulatory approvals in the timeframes anticipated. See “*The Arrangement – Timing*”.

**Continuation & Continuation
Dissent Rights**

Immediately following or simultaneously at the Effective Time, iCo will complete the Continuation under the CBCA, subject to regulatory and shareholder approval. This means iCo will continue its corporate existence as a corporation governed by the CBCA rather than the BCBCA. The Continuance requires approval of a special resolution of not less than 66^{2/3}% of the votes cast by iCo Shareholders, present in person or represented by proxy at the iCo Meeting.

Pursuant to Sections 237 to 247 of the BCBCA, iCo Shareholders have the right to dissent in respect of the Continuation Resolution. This Continuation Dissent Right is described under the heading “*iCo Meeting – Summary of Procedure to Exercise Continuation Dissent Rights*” and in Appendix F attached to this Information Circular. If an iCo Shareholder wishes to dissent, a written notice must be received by iCo at least two business days (excluding Saturdays, Sundays and holidays) before the date of the iCo Meeting. As a result of giving a notice of dissent, an iCo Shareholder may, if the Continuation becomes effective, require the Resulting Issuer to purchase all of such iCo Shares held by the iCo Shareholder. Failure to strictly comply with the dissent procedures described in this Information Circular may result in the loss or unavailability of any right of dissent

Evans & Evans Fairness Opinion

The iCo Board engaged Evans & Evans to prepare and deliver the Evans & Evans Fairness Opinion to the iCo Board. Evans & Evans has provided the Evans & Evans Fairness Opinion to the iCo Board to the effect that, as at March 18, 2021, and subject to the assumptions, qualifications and limitations contained in the Evans & Evans Fairness Opinion, the Consideration Shares to be issued by iCo as consideration for the acquisition of Satellos pursuant to the Arrangement, is fair, from a financial point of view, to iCo.

The summary of the Evans & Evans Fairness Opinion in this Information Circular is qualified in its entirety by reference to the full text of the Evans & Evans Fairness Opinion. The Evans & Evans Fairness Opinion is subject to the assumptions, qualifications and limitations contained therein and should be read in its entirety. **The Evans & Evans Fairness Opinion was provided for the information and assistance of the iCo Board in connection with its consideration of the Arrangement. The Evans & Evans Fairness Opinion does not address the merits of the underlying decision by iCo to enter into the Arrangement Agreement or the Arrangement and does not constitute, nor should it be construed as, a recommendation to any iCo Shareholder as to how such iCo Shareholder should vote with respect to the iCo**

Shareholder Resolutions or any related matter. iCo Shareholders are urged to read the Evans & Evans Fairness Opinion in its entirety.

See Appendix G for the full text of the Evans & Evans Fairness Opinion and “*The Arrangement – Fairness Opinions – Evans & Evans Fairness Opinion*”.

Leede Jones Gable Fairness Opinion

The Satellos Board engaged Leede Jones Gable to prepare and deliver the Leede Jones Gable Fairness Opinion to the Satellos Board. Leede Jones Gable has provided the Leede Jones Gable Fairness Opinion to the Satellos Board to the effect that, as of April 30, 2021, and based upon and subject to the assumptions, limitations and qualifications contained therein, that the consideration to be paid by iCo to Satellos Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Satellos Shareholders.

The summary of the Leede Jones Gable Fairness Opinion in this Information Circular is qualified in its entirety by reference to the full text of the Leede Jones Gable Fairness Opinion. The Leede Jones Gable Fairness Opinion is subject to the assumptions, qualifications and limitations contained therein and should be read in its entirety. **The Leede Jones Gable Fairness Opinion was provided for the information and assistance of the Satellos Board in connection with its consideration of the Arrangement. The Leede Jones Gable Fairness Opinion does not address the merits of the underlying decision by Satellos to enter into the Arrangement Agreement or the Arrangement and does not constitute, nor should it be construed as, a recommendation to any Satellos Shareholder as to how such Satellos Shareholder should vote with respect to the Satellos Arrangement Resolution or any related matter.**

See Appendix H for the full text of the Leede Jones Gable Fairness Opinion and “*The Arrangement – Fairness Opinions – Leede Jones Gable Fairness Opinion*”

Recommendations of the iCo Board and the Satellos Board

The iCo Board has considered the Arrangement and the Evans & Evans Fairness Opinion and has unanimously concluded that the acquisition of Satellos by iCo through the Arrangement in consideration for the Consideration Shares, as set forth in the Arrangement Agreement, is in the best interests of iCo and unanimously recommends that the iCo Shareholders vote to approve the iCo Shareholder Resolutions.

The Satellos Board has considered the Arrangement and has concluded that the Arrangement is in the best interests of Satellos and based upon the Leede Jones Gable Fairness Opinion, determined that the consideration to be paid by iCo to the Satellos Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Satellos Shareholders and has resolved to recommend to the Satellos Shareholders that they vote in favour of the Satellos Arrangement Resolution.

See “*The Arrangement – Recommendations of the iCo Board and the Satellos Board*”.

Satellos Dissent Rights

Registered Satellos Shareholders (other than iCo and its affiliates) may exercise Satellos Dissent Rights with respect to Satellos Shares held by such Satellos Dissenting Shareholders, in connection with the Arrangement pursuant to and in the manner set forth in Section 190 of the CBCA, as modified by the Interim Order and the terms of the Plan of Arrangement; provided that, notwithstanding Section 190(5) of the CBCA, the written objection to the Arrangement Resolution referred to in Section 190(5) of the CBCA must be received by

Satellos not later than 5:00 p.m. (Vancouver time) two Business Days immediately preceding the date of the Satellos Meeting (as it may be adjourned or postponed from time to time). Each Satellos Dissenting Shareholder who duly exercises its Satellos Dissent Rights in accordance with the terms of the Plan of Arrangement, shall be deemed to have transferred all Satellos Shares held by such Satellos Dissenting Shareholder and in respect of which Satellos Dissent Rights have been validly exercised, to Satellos free and clear of all Liens.

To exercise Satellos Dissent Rights, a Satellos Shareholder must dissent with respect to all Satellos Shares of which it is the registered and beneficial owner. A registered holder of Satellos Shares who wishes to dissent must deliver a written Dissent Notice to Satellos as set forth below and such Dissent Notice must strictly comply with the requirements of Section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement, provided that, notwithstanding Section 190(5) of the CBCA, a Satellos Shareholder who wishes to exercise Satellos Dissent Rights must ensure that a Dissent Notice is received by Satellos at the offices of Borden Ladner Gervais LLP, Waterfront Centre, 200 Burrard Street, Suite 1200, Vancouver, BC V7X 1T2 Attention: Steve Warnett not later than 10:00 a.m. (Vancouver time) on July 29, 2021 or not less than 48 hours (excluding Sundays, Saturdays and statutory holidays in the Province of Ontario) prior to the time set for the Satellos Meeting or to any adjournments of the Satellos Meeting. Any failure by a Satellos Shareholder to fully comply with the provisions of the CBCA as modified by the Plan of Arrangement and the Interim Order, may result in the loss of that holder's Satellos Dissent Rights. See "*Rights of Dissent*".

It is a mutual condition to Closing and a condition to iCo's obligation to complete the Arrangement that Satellos Shareholders holding no more than 5% of the Satellos Shares shall have exercised Satellos Dissent Rights that have not been withdrawn as at the Effective Date.

The statutory provisions covering the right to dissent are technical and complex. **A Dissenting Satellos Shareholder who intends to exercise the Satellos Dissent Rights should carefully consider and comply with the provisions of the CBCA, as modified by the Interim Order and the Plan of Arrangement. Failure to adhere to the procedures established therein may result in the loss of all rights thereunder. Accordingly, each Satellos Dissenting Satellos Shareholder who might desire to exercise Satellos Dissent Rights should consult its own legal advisor.**

See "*Rights of Dissent*" and "*The Arrangement Agreement – Conditions to Completion of the Arrangement – Additional Conditions in Favour of iCo*".

Anticipated Benefits of the Arrangement

iCo and Satellos have identified the following potential benefits following Closing:

- the Resulting Issuer will be well-capitalized and developing a diversified set of assets that are expected to realize significant shareholder value;
- the Resulting Issuer will have an established board and management with financial, technical and scientific experience to advance the Resulting Issuer's business objectives;

- the Arrangement is the most favorable strategic alternative known to be available to Satellos and iCo;
- the Arrangement Agreement was the result of a comprehensive negotiation process and was undertaken with the oversight and participation of the Satellos Board, the iCo Board and their respective legal and financial advisors, and those negotiations resulted in terms and conditions that are reasonable in the judgment of the Satellos Board and the iCo Board;
- all of the directors and officers of Satellos and certain Satellos Shareholders, representing in aggregate approximately 66.7% of the outstanding Satellos Shares eligible to vote at the Satellos Meeting, have entered into the Satellos Support Agreements pursuant to which they have agreed, among other things, to vote their Satellos Shares in favour of the Satellos Arrangement Resolution and to otherwise support the Arrangement;
- all of the directors and officers of iCo, representing in aggregate approximately 0.9% of the outstanding iCo Shares eligible to vote at the iCo Meeting, have entered into the iCo Support Agreements pursuant to which they have agreed, among other things, to vote their iCo Shares in favour of the Arrangement Resolution and to otherwise support the Arrangement;
- under the Arrangement Agreement, the Satellos Board and the iCo Board each retain the ability to consider and respond to Superior Proposals until approval of the Arrangement by the iCo Shareholders and Satellos Shareholders on the specific terms and conditions set forth in the Arrangement Agreement;
- the likelihood that the conditions to complete the Plan of Arrangement will be satisfied, including the nature of the approvals and consents required by both iCo and Satellos to be obtained as a condition to completing the Plan of Arrangement;
- the Arrangement will only become effective if, after hearing from all interested Persons who choose to appear before it, the Court approves the Arrangement, and in doing so makes the determination that the Arrangement is fair both substantively and procedurally to the Satellos Shareholders;
- the registered Satellos Shareholders will be granted the right to dissent with respect to the Arrangement and receive the fair value of their Satellos Shares through a court proceeding in which a court could determine that the fair value is more than, equal to, or less than the consideration; and
- the complementary nature of iCo's and Satellos' combined asset base provides significant upside, increased diversification, less risk and the potential for improved efficiencies.

See *"The Arrangement – Anticipated Benefits of the Arrangement"*.

Market for Securities and Trading Price

The iCo Shares are listed on the TSXV under the symbol “ICO.V”. On March 19, 2021, the last trading day on which the iCo Shares traded prior to the announcement of the Arrangement, the closing price of the iCo Shares on the TSXV was \$0.105. On June 24, 2021, the date of this Information Circular, the trading of iCo shares remains halted by the TSXV.

See *“Information Concerning the Issuer – iCo Therapeutics Inc. – Price Range and Volume of Trading of the iCo Shares”*.

Procedure for Exchange of Satellos Shares and Satellos Options

A Letter of Transmittal is being sent to registered Satellos Shareholders with this Information Circular. From and after the Effective Time, certificates or DRS Advices formerly representing Satellos Shares shall represent only the right to receive iCo Shares to which the holders thereof are entitled pursuant to the Arrangement. In order to receive iCo Shares following Closing, registered holders of Satellos Shares must deposit with the Depositary (at the addresses specified in the Letter of Transmittal) a duly completed Letter of Transmittal together with the certificates or DRS Advices representing the holder’s Satellos Shares and such other documents and instruments as the Depositary may reasonably require.

Satellos Shareholders whose Satellos Shares are registered in the name of a broker, dealer, bank, trust company or other nominee must contact their nominee to deposit their Satellos Shares.

In addition, from and after the Effective Time, agreements formerly representing Satellos Options shall only represent the right to receive iCo Replacement Options to which the holders thereof are entitled pursuant to the Arrangement.

See *“The Arrangement – Procedure for the Arrangement Becoming Effective”*.

Treatment of Fractional Securities

No DRS Advices or certificates representing fractional iCo Shares or instruments representing fractional iCo Replacement Options shall be issued pursuant to the Arrangement. In the event that a Satellos Shareholder or Satellos Optionholder would otherwise be entitled to fractional iCo Shares or iCo Replacement Options, the number of iCo Shares or iCo Replacement Options issued to such holder of Satellos Shares or Satellos Options shall be rounded down to the next whole number of iCo Shares or iCo Replacement Options, as applicable.

iCo Support Agreements

All of the directors and officers of iCo and certain other iCo Shareholders, who beneficially own, or exercise control or direction over, approximately 0.9% of the outstanding iCo Shares, have entered into iCo Support Agreements. The iCo Support Agreements provide, among other things, that such parties will vote all of their iCo Shares in favour of the iCo Shareholder Resolutions and otherwise support the Arrangement.

See *“The Arrangement – iCo Support Agreements”*.

Satellos Support Agreements

All of the directors and officers and certain Satellos Shareholders, who beneficially own, or exercise control or direction over, approximately 66.7% of the outstanding Satellos Shares have entered into Satellos Support Agreements. The Satellos Support Agreements provide, among other things, that such parties will vote all of their Satellos Shares in favour of the Satellos Arrangement Resolution.

See “*The Arrangement – Satellos Support Agreements*”.

Summary of Canadian Federal Income Tax Considerations

This Information Circular contains a summary of the principal Canadian federal income tax considerations relevant to Satellos Shareholders with respect to the Arrangement.

See “*Principal Canadian Federal Income Tax Considerations*”.

Other Tax Considerations

This Information Circular does not address any tax considerations of the Arrangement other than Canadian income tax considerations. Satellos Shareholders who are resident in jurisdictions other than Canada should consult their tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions and with respect to the tax implications in such jurisdictions of owning iCo after the Arrangement. Satellos Shareholders should also consult their own tax advisors regarding provincial, state or territorial tax considerations of the Arrangement or of holding iCo Shares and/or iCo Replacement Options.

Selected Pro Forma Financial Information for Resulting Issuer upon Completion of the Arrangement

The following table sets forth certain selected unaudited, pro forma consolidated financial information for the Resulting Issuer after giving effect to the Arrangement. Such financial information is based on certain assumptions and adjustments and thus, may not necessarily be indicative of iCo’s consolidated financial position if the events reflected therein were in effect for the periods presented, nor do they purport to project iCo’s financial position or results from operations for any future period. Actual amounts recorded upon Closing will differ from the pro forma information presented below. No attempt has been made to calculate or estimate potential synergies between Satellos and iCo. The following information should be read in conjunction with the Resulting Issuer Pro Forma Financial Statements set forth in this Information Circular. See “*Appendix P – Pro Forma Financial Statements of the Resulting Issuer (Unaudited)*”.

	Pro Forma as at March 31, 2021 after Giving Effect to the Arrangement and the Subscription Receipt Financing
Current Assets	\$10,282,957
Current Liabilities	\$2,980,584
Shareholders’ Equity	\$22,451,668

See “*Selected Pro Forma Financial Information*”.

Risk Factors

Risk factors related to the Arrangement include:

- iCo and Satellos may fail to realize the anticipated benefits of the Arrangement;
- the conditions to Closing may not be satisfied or waived which may result in the Arrangement not being completed;
- each of iCo and Satellos will incur significant costs relating to the Arrangement, regardless of whether the Arrangement is completed or not completed;
- if the Arrangement is not completed, the future business and operations of each of iCo and Satellos could be harmed; and
- Satellos Optionholders will receive iCo Replacement Options at the Exchange Ratio, which may not reflect the current market value.

See “*Risk Factors*”.

The risk factors listed above are an abbreviated list of risk factors summarized under “*Risk Factors*”. iCo Shareholders and Satellos Shareholders should carefully consider all such risk factors.

THE ICO MEETING

Interest of Certain Persons or Companies in Matters to Be Acted Upon

No director or executive officer of iCo, or any person who has held such a position since the beginning of the last completed financial year end of iCo, nor any nominee for election as a director of iCo, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the iCo Meeting other than the election of directors, the appointment of the auditors and as may otherwise be set out herein.

Receive the Financial Statements

The audited consolidated financial statements of iCo for the financial year ended December 31, 2020, together with the report of the auditors thereon and related management discussion and analysis, all of which may be obtained on iCo's profile on SEDAR at www.sedar.com, will be placed before the Meeting.

Election of Directors

Advance Notice Policy

iCo's advance notice policy was approved by shareholders on June 27, 2018 (the "**Advance Notice Policy**"). The Advance Notice Policy provides that advance notice be given to iCo in circumstances where nominations of persons for election to the iCo Board are made by shareholders of iCo. In the case of an annual meeting of shareholders, notice to iCo must be made not less than 30 days prior to the date of the annual meeting. Additionally, the Advance Notice Policy sets forth the information that a shareholder must include in the notice to iCo and establishes the form in which the shareholder must submit the notice for that notice to be in proper written form.

The purpose of the Advance Notice Policy is to ensure that all shareholders, including those participating in a meeting by proxy rather than in person, receive adequate notice of the nominations to be considered and a meeting and can thereby exercise their voting rights in an informed manner.

The foregoing is merely a summary of the Advance Notice Policy, is not comprehensive and is qualified by the full text of such policy which is available under iCo's SEDAR profile at www.sedar.com.

As at the date hereof, iCo has not received notice of a nomination in compliance with the Advance Notice Policy

Nominees

The term of office for each of the present directors expires at the Meeting. Management of iCo proposes to nominate the persons named below for election as directors of iCo at the Meeting. Each director elected will hold office until the next annual general meeting of iCo or until his successor is duly elected or appointed, unless his office is vacated prior to such meeting in accordance with iCo's constating documents or the laws of iCo's governing jurisdiction.

Unless otherwise directed and if named as a proxy, it is the intention of the Persons named in the accompanying Instrument of Proxy to vote in favour of ordinary resolutions in favour of the election as directors of the four nominees set forth below. Management does not contemplate that any of such nominees will be unable to serve as a director. The accompanying Instrument of Proxy provides for Satellos Shareholders to vote for each director individually. In order to be effective, the ordinary resolutions in respect of the election of each nominee director must be passed by a majority of the votes cast by Satellos Shareholders who vote in respect of such ordinary resolutions.

William Jarosz
Michael Liggett

Peter Hnik

The names and residence of the persons nominated for election as directors, the number of voting securities of iCo beneficially owned or controlled or directed, directly or indirectly, the offices held by each in iCo, the period served as director and the principal occupation of each are set forth below. The information as to iCo Shares and iCo Options beneficially owned or controlled or directed, directly or indirectly, is based upon information furnished to iCo by the nominees.

Name, Province and Country of Residence	Offices Held and Time as Director or Officer	Principal Occupation (for last 5 years)	Holdings of iCo Shares (iCo Options)
William Jarosz ⁽¹⁾⁽²⁾⁽³⁾ , Montana, United States of America	Director since June 1, 2006, Chief Executive Officer, Chairman and Director	Partner, Cartesian Capital Group, LLC, a private equity firm (May 2005 to Present)	1,533,556 iCo Shares (1,050,000 iCo Options)
Michael Liggett British Columbia, Canada	Director since January 23, 2017, Corporate Secretary, Chief Financial Officer and Director	Chief Financial Officer, iCo Therapeutics Inc. (August 2016 to Present) Chief Financial Officer, Hit Technologies Inc. (November 2014 to January 2020) President, OGGE Finance Solutions Corp. (September 2012 to Present) Chief Financial Officer, Welco Lumber Supplies (January 2012 to January 2014)	Nil (660,000 iCo Options)
Peter Hnik British Columbia, Canada	Director since March 9, 2020, Chief Medical Officer and Director	Chief Medical Officer, iCo Therapeutics Inc. (July 2006 to Present)	159,200 iCo Shares (510,000 iCo Options)

Note:

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

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as described below, no director is as at the date hereof, or has been, within 10 years of the date hereof, a director or chief executive officer or chief financial officer of any company, including iCo, that: (a) while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (b) was subject to an event that resulted in such company, after the director or executive officer ceased to be a director chief executive officer or chief financial officer of the company, being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer.

Other than as described below, no director is as at the date hereof, or has been, other than as disclosed below, within 10 years of the date hereof, a director or chief executive officer of any company, including iCo, that: (a) while that person was acting in their capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

In addition, no director has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority; or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

William Jarosz, Executive Chairman and a director of iCo, was a director of Waypoint Leasing Holdings Ltd., a helicopter leasing company, which, along with certain of its subsidiaries, filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York on November 25, 2018.

Appointment of Auditors

Unless otherwise directed and if named as a proxy, it is the intention of the Persons named in the accompanying Instrument of Proxy to vote in favour of an ordinary resolution to re-appoint the firm of PricewaterhouseCoopers LLP (“PWC”) to serve as auditors of iCo until the next annual meeting of the Satellos Shareholders and to authorize the directors to fix their remuneration. In order to be effective, the ordinary resolution appointing the auditors of iCo and authorizing the directors to fix their remuneration must be passed by a majority of the votes cast by Satellos Shareholders in respect of such resolution. PWC has been iCo’s auditors since March 2, 2008.

Approval of the Change of Control

At the iCo Meeting, iCo Shareholders will be asked to consider, and if thought advisable, approve with or without variation, the iCo Change of Control Resolution set out below.

The number of votes required to pass the iCo Change of Control Resolution is a simple majority of the votes cast on the iCo Change of Control Resolution by iCo’s Shareholders, present in person or represented by proxy at the iCo Meeting.

Accordingly, the iCo Shareholders will be requested at the iCo Meeting to pass an ordinary resolution in the following terms to approving the Arrangement:

“IT IS RESOLVED THAT:

1. the arrangement (the “**Arrangement**”) under Section 192 of the Canada Business Corporations Act (the “**CBCA**”) involving iCo Therapeutics Inc. (“**iCo**”) and Satellos Bioscience Inc. (“**Satellos**”) and shareholders of Satellos (“**Satellos Shareholders**”), including the issuance, or reservation for issuance, by iCo of such number of common shares of iCo (“**iCo Shares**”) as may be required to give effect to the Arrangement (the “**Consideration Shares**”), such that iCo will, among other things, acquire all of the issued and outstanding common shares of Satellos in exchange for the issuance to the Satellos Shareholders of such number of iCo Shares that, as a result of the issuance, the Satellos Shareholders shall own approximately 57.1%, and the current iCo Shareholders shall own approximately 27.7%, of outstanding post-Arrangement iCo Shares, respectively (the “**Change of Control**”), is hereby authorized, approved and adopted;
2. the arrangement agreement (the “**Arrangement Agreement**”) between iCo and Satellos dated March 21, 2021, as may be amended from time to time, and all the transactions contemplated therein, the full text of which is attached as a schedule to the Circular, the actions of the directors of iCo in approving the

Arrangement and the Change of Control and the actions of the directors and officers of iCo in executing and delivering the Arrangement Agreement and any amendments thereto are hereby ratified and approved;

3. the plan of arrangement (the “**Plan of Arrangement**”) implementing the Arrangement and the Change of Control, the full text of which is set out in Schedule “A” to the Arrangement Agreement (as the Plan of Arrangement may be, or may have been, modified or amended in accordance with its terms), is hereby authorized, approved and adopted;
4. the performance by iCo of its obligations under the Arrangement Agreement, including the issuance of the Consideration Shares (as defined in the Arrangement Agreement) to the holders of common shares of Satellos as fully paid and non-assessable shares in the capital of iCo; all pursuant to the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, is hereby authorized, approved and adopted;
5. notwithstanding that this resolution has been passed (and the Arrangement approved) by the shareholders of iCo or that the Arrangement and Change of Control has been approved by the Supreme Court of British Columbia, the directors of iCo are hereby authorized and empowered, without further notice to, or approval of, the shareholders of iCo to:
 - A. amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or
 - B. subject to the terms of the Arrangement Agreement, not proceed with the Arrangement;
6. any director or officer of iCo is hereby authorized and directed for and on behalf of iCo to execute, whether under corporate seal of iCo or otherwise, and to deliver such other documents as are necessary or desirable in accordance with the Arrangement Agreement for filing; and
7. any one or more directors or officers of iCo is hereby authorized, for and on behalf and in the name of iCo, to execute and deliver, whether under corporate seal of iCo or otherwise, all such agreements, forms, waivers, notices, certificate, confirmations and other documents and instruments, and to do or cause to be done all such other acts and things, as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including:
 - A. all actions required to be taken by or on behalf of iCo, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and
 - B. the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by iCo; such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.”

See “*The Arrangement*” and “*The Arrangement Agreement*” for further details regarding the Arrangement and the Arrangement Agreement, respectively.

A copy of the Arrangement Agreement is attached hereto as Appendix D. A copy of the Plan of Arrangement is attached as Schedule A to the Arrangement Agreement attached hereto as Appendix D.

Unless otherwise directed and if named as proxy, it is the intention of the Persons named in the accompanying Instrument of Proxy to vote in favour of the iCo Change of Control Resolution. See “General Proxy Matters – Exercise of Discretion by Proxy Holders”. See “The Arrangement” and “The Arrangement Agreement” for further details regarding the Arrangement and the Arrangement Agreement, respectively.

Approval of the Continuation

Subject to iCo Shareholder approval of the iCo Change of Control Resolution, immediately following completion of the Arrangement, iCo will complete the Continuation under the CBCA, subject to regulatory and shareholder approval. This means iCo will continue its corporate existence as a corporation governed by the CBCA rather than the BCBCA. The Continuance requires approval of a special resolution of not less than 66^{2/3}% of the iCo Shareholders present at the Meeting in person or by proxy.

iCo Shareholders have the right to dissent in respect of the Continuation Resolution and to be paid the fair value of the iCo Shares held by them. The Continuation Dissent Right is required to be exercised in accordance with the provisions of the BCBCA. See “*Summary of Procedure to Exercise Continuation Dissent Rights*” and Appendix F to this Information Circular for further details regarding an iCo Shareholder’s right to dissent in respect of the Continuation Resolution.

Summary of the Differences between the BCBCA and the CBCA

The following is a summary only of certain differences between the *Canada Business Corporations Act* (the “CBCA”), the statute that will govern the corporate affairs of iCo upon the Continuation, and the *British Columbia Business Corporations Act* (the “BCBCA”), the statute which currently governs the corporate affairs of iCo.

In approving the Continuation, iCo Shareholders will be agreeing to hold securities in iCo as governed by the CBCA. This Information Circular summarizes some of the differences that could materially affect the rights and obligations of iCo Shareholders after giving effect to the Continuation. In exercising their vote, iCo Shareholders should consider the distinctions between the CBCA and the BCBCA, only some of which are outlined below.

Notwithstanding the alteration of iCo Shareholders’ rights and obligations under the CBCA and the proposed Continuation, iCo will still be bound by the rules and policies of the TSXV and the British Columbia, Alberta and Ontario Securities Commissions, as well as any other applicable securities legislation.

The following is a summary comparison of certain provisions and the highlights of the BCBCA and the CBCA which pertain to rights of iCo Shareholders. This summary is not intended to be exhaustive.

The following summary should not be construed as legal advice to any particular iCo Shareholder, all of whom are advised to consult their own legal advisors respecting all of the implications of the Continuation.

Corporate Governance Differences

In general terms, the CBCA provides to iCo Shareholders substantively the same rights as are available to iCo Shareholders under the BCBCA, including rights of dissent and appraisal and rights to bring derivative actions and oppression actions, and is consistent with corporate legislation in most other Canadian jurisdictions. There are, however, important differences concerning the qualifications of directors, location of iCo Shareholder meetings and certain Shareholder remedies.

Charter Documents

Under the BCBCA, the charter documents consist of a corporation’s “certificate of incorporation”, “notice of articles” (which sets forth the name of the corporation and the amount and type of authorized capital) and “articles” (which govern the management of the corporation). The “certificate of incorporation” might also be in the form of a “certificate of conversion”, “certificate of amalgamation” or “certificate of continuation”. The “notice of articles” is filed with the BCBCA Registrar of Companies and the “articles” are kept at the corporation’s records office.

Under the CBCA, the charter documents consist of a corporation’s “certificate of incorporation”, “articles of incorporation” (which set forth, among other things, the name of the corporation and the amount and type of authorized capital) and “by-laws” (which govern the management of the corporation). The “certificate of incorporation” might also be in the form of a “certificate of amalgamation” or “certificate of continuance”, and the “articles of

incorporation” might also be in the form of “articles of amalgamation” or “articles of continuance”. The “articles of incorporation” are filed with Corporations Canada and the “by-laws” are maintained at the corporation’s records office.

Amendments to Charter Documents

Any substantive change to the charter documents of a corporation under the BCBCA, such as an alteration of the restrictions, if any, on the business carried on by a corporation, a change in the name of a corporation, an increase, reduction or elimination of the maximum number of shares that the corporation is authorized to issue out of any class or series of shares, an alteration of the special rights and restrictions attached to issued shares, or continuance of a corporation out of the jurisdiction requires a resolution of the type specified in its articles. If the articles do not specify the type of resolution, a special resolution passed by the majority of votes that the articles of the corporation specify is required, if that specified majority is at least two-thirds and not more than three-quarters of the votes cast on the resolution or, if the articles do not contain such a provision, a special resolution passed by at least two-thirds of the votes cast on the resolution. Other fundamental changes such as a proposed amalgamation or arrangement require a similar special resolution passed by holders of shares of each class entitled to vote at a general meeting of the corporation and the holders of all classes of shares adversely affected by such changes.

Under the CBCA, certain fundamental changes require a special resolution passed by not less than two-thirds of the votes cast by the Shareholders voting on the resolution authorizing the alteration at a special meeting of iCo Shareholders and, in certain instances, where the rights of the holders of a class or series of shares are affected differently by the alteration than those of the holders of other classes or series of shares, a special resolution passed by not less than two-thirds of the votes cast by the holders of shares of each class or series so affected, whether or not they are otherwise entitled to vote. Authorization to amalgamate a CBCA corporation requires that a special resolution in respect of the amalgamation be passed by the holders of each class or series of shares entitled to vote thereon. The holders of a class or series of shares of an amalgamating corporation, whether or not they are otherwise entitled to vote, are entitled to vote separately as a class or series in respect of an amalgamation if the amalgamation agreement contains a provision that, if contained in a proposed amendment to the articles, would entitle such holders to vote separately as a class or series under section 176 of the CBCA.

Sale of Undertaking or Property

Under the BCBCA, a corporation may sell, lease or otherwise dispose of all or substantially all of the undertaking of the corporation if it does so in the ordinary course of its business or if it has been authorized to do so by a special resolution passed by the majority of votes that the articles of the corporation specify is required, if that specified majority is at least two thirds and not more than three quarters of the votes cast on the resolution or, if the articles do not contain such a provision, a special resolution passed by at least two thirds of the votes cast on the resolution.

The CBCA requires approval of the holders of shares of each class or series of a corporation represented at a duly called meeting, whether or not they are otherwise entitled to vote, by not less than two-thirds of the votes cast upon a special resolution for a sale, lease or exchange of all or substantially all of the property (as opposed to the “undertaking”) of the corporation other than in the ordinary course of business of the corporation, and the holders of shares of a class or series are entitled to vote separately only if the sale, lease or exchange would affect such class or series in a manner different from the shares of another class or series entitled to vote. While the Shareholder approval thresholds will be the same under the BCBCA as under the CBCA, there are differences in the nature of the sale which requires such approval (i.e., a sale of all or substantially all of the “property” under the CBCA and of all or substantially all of the “undertaking” under the BCBCA).

Rights of Dissent

Under the BCBCA, iCo Shareholders who dissent to certain actions being taken by the corporation may exercise a right of dissent and require the corporation to purchase the shares held by such iCo Shareholder at the fair value of such shares. The dissent right may be exercised by a holder of shares of any class of the corporation if ordered by the court or in certain other circumstances, including when the corporation proposes to:

- (a) alter its articles to alter restrictions on the powers of the corporation or the business that the corporation is permitted to carry on;
- (b) adopt an amalgamation agreement;
- (c) adopt a resolution to approve an amalgamation into a foreign jurisdiction;
- (d) adopt a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- (e) sell, lease or otherwise dispose of all or substantially all of the corporation's undertaking;
- (f) continue out of the jurisdiction; or
- (g) adopt any other resolution, if dissent is authorized by the resolution.

Although the procedure under the CBCA for exercising rights of dissent differs from the procedure under the BCBCA, the CBCA still provides that iCo Shareholders who dissent to certain actions being taken by the corporation may exercise a right of dissent and require the corporation to purchase the shares held by such Shareholder at the fair value of such shares. The dissent right is applicable where the corporation proposes to:

- (a) amend its articles to add, change or remove any provision restricting or constraining the issue or transfer of shares of that class;
- (h) amend its articles to add, change or remove any restrictions on the business or businesses that the corporation may carry on;
- (c) amalgamate other than by way of vertical or horizontal short form amalgamation;
- (d) continue out of the jurisdiction;
- (e) sell, lease or exchange all or substantially all of its property, other than in the ordinary course of business;
- (f) carry out a going private transaction or squeeze out transaction; or
- (g) amend its articles to alter the rights or privileges attaching to shares of any class where such alteration triggers a class vote.

See *"The iCo Meeting – Approval of the Continuation – Summary of Procedures to Exercise Continuation Dissent Rights"* and Appendix F to this Information Circular.

Oppression Remedies

Under the BCBCA, an iCo Shareholder of a corporation has the right to apply to a court on the ground that:

- (a) the affairs of the corporation are being or have been conducted, or that the powers of the directors are being or have been exercised, in a manner oppressive to one or more of the iCo Shareholders, including the applicant; or
- (b) some act of the corporation has been done or is threatened, or that some resolution of the iCo Shareholders or of the iCo Shareholders holding shares of a class or series of shares has been passed or is proposed, that is unfairly prejudicial to one or more of the iCo Shareholders, including the applicant.

On such an application, the court may make such order as it sees fit, including an order to prohibit any act proposed by the corporation.

The CBCA contains rights that are substantially broader in that they are available to a larger class of complainants. Under the CBCA, a registered holder or beneficial owner, and a former registered holder or beneficial owner of a security of the corporation or any of its affiliates, directors, former directors, officers or former officers of a corporation or any of its affiliates, the director appointed under the CBCA or any other person who, in the discretion of a court, is a proper person to seek an oppression remedy, may apply to a court for an order to rectify the matters complained of where, in respect of a corporation or any of its affiliates, (i) any act or omission of the corporation or its affiliates effects a result, (ii) the business or affairs of the corporation or its affiliates are, have been carried on or conducted in a manner, or (iii) the powers of the directors of the corporation or any of its affiliates are, have been exercised in a manner, that is oppressive or unfairly prejudicial to, or that unfairly disregards the interests of, any security holder, creditor, director or officer.

Shareholder Derivative Actions

Under the BCBCA, an iCo Shareholder or director of a corporation may, with leave of the court, bring an action in the name and on behalf of the corporation to enforce a right, duty or obligation owed to the corporation that could be enforced by the corporation itself or to obtain damages for any breach of such a right, duty or obligation.

A broader right to bring a derivative action is contained in the CBCA, and this right extends to a registered holder or beneficial owner, and a former registered holder or beneficial owner of a security of the corporation or any of its affiliates, director, former director, officer or former officer of a corporation or any of its affiliates, the Director appointed under the CBCA or any other person who, in the discretion of a court, is a proper person to make an application to court to bring a derivative action. In addition, the CBCA permits derivative actions to be commenced in the name and on behalf of a corporation or any of its subsidiaries. No leave may be granted under the CBCA unless the court is satisfied that:

- (a) the complainant has given at least fourteen days' notice to the directors of the corporation or its subsidiary of the complainant's intention to apply to the court if the directors of the corporation or its subsidiary do not bring, diligently prosecute, defend or discontinue the action;
- (b) the complainant is acting in good faith; and
- (c) it appears to be in the interests of the corporation or its subsidiary that the action be brought, prosecuted, defended or discontinued.

Place of Meetings

Under the BCBCA, general meetings of iCo Shareholders are to be held in British Columbia or may be held, at a location outside of British Columbia if:

- (a) the location is provided for in the articles;
- (b) the articles do not restrict the corporation from approving a location outside of British Columbia, the location is approved by the resolution required by the articles for that purpose (in the case of iCo, may be approved by directors' resolution), or if no resolution is specified then approved by ordinary resolution before the meeting is held; or
- (c) the location is approved in writing by the Registrar of Companies before the meeting is held.

Subject to certain exceptions, the CBCA provides that meetings of iCo Shareholders shall be held at the place within Canada provided in the by-laws or, in the absence of such provision, at the place within Canada that the directors determine.

Directors

The BCBCA provides that the corporation, as a public company, must have a minimum of three directors and does not impose any residency requirements on the directors. The CBCA requires that the corporation, as a distributing corporation whose shares are held by more than one person, have a minimum of three directors, at least two of whom are not officers or employees of the corporation or its affiliate, but it also requires that at least one-quarter of the directors (or, if the corporation has less than four directors, at least one) be resident Canadians.

Requisition of Meetings

Both the BCBCA and the CBCA provide that one or more iCo Shareholders of the corporation holding not less than 5% of the issued voting shares may give notice to the directors requiring them to call and hold a general meeting of the corporation.

Indemnification

Under the BCBCA, a corporation may:

- (a) indemnify an individual against all judgments, penalties or fines awarded or imposed in, or an amount paid in settlement of, a proceeding to which the individual is or may be liable; or
- (b) after the final disposition of a proceeding, pay the expenses actually and reasonably incurred by the individual in respect of a proceeding after the final disposition of any said proceeding.

The individual to be indemnified must:

- (a) be, or have been, a director or officer of the corporation;
- (b) be, or have been, a director or officer of another corporation (an “associated corporation”) at a time when the associated corporation is or was an affiliate of the corporation, or at the request of the corporation; or
- (c) at the request of the corporation, be or have been, or hold or have held, a position equivalent to that of a director or officer of a partnership, trust, joint venture or other unincorporated entity,

and the proceeding must be a legal proceeding or investigative action, whether current, threatened, pending or completed, in which the individual (or any of his or her heirs and personal or other legal representatives) by reason of said individual being or having been a director or officer of, or holding or having held a position equivalent to that of a director or officer of, the corporation or an associated corporation is or may be joined as a party or liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding.

Additionally, in such cases where the individual was wholly successful, on the merits or otherwise, in the outcome of the proceeding or was substantially successful on the merits of his or her defence of the action or proceeding against him or her, the BCBCA requires the corporation to pay the eligible party’s expenses actually and reasonably incurred in respect of the proceeding.

Notwithstanding the foregoing, the corporation must not indemnify the individual or pay his or her expenses if he or she did not act honestly and in good faith with a view to the best interests of the corporation or associated corporation or, in the case of proceeding other than a civil proceeding, the individual did not have reasonable grounds for believing that his or her conduct was lawful.

Under the CBCA, a corporation may indemnify an individual against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the corporation or other entity. The individual must be a director or officer of the corporation, a

former director or officer of the corporation or another individual who acts or acted at the corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity.

A corporation may not indemnify an individual unless he or she had:

- (a) acted honestly and in good faith with a view to the best interests of the corporation, or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the corporation's request; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, reasonable grounds for believing that his or her conduct was lawful.

An individual is entitled to indemnity from the corporation in respect of all costs, charges and expenses reasonably incurred by him or her in connection with the defence of any civil, criminal, administrative, investigative or other proceeding to which the individual is subject because of the individual's association with the corporation or other entity, if the individual seeking indemnity: (i) was not judged by the court or other competent authority to have committed any fault or omitted to do anything that the individual ought to have done; and (ii) fulfils the conditions set out in (a) and (b) above.

Dividends

The BCBCA allows a corporation to pay or declare dividends unless there are reasonable grounds for believing that the corporation is, or would after the payment be, unable to pay its debts as they become due in the ordinary course of its business. The CBCA prohibits a corporation from declaring dividends if there are reasonable grounds for believing that the corporation is, or would be after the payment, unable to pay its liabilities as they become due or the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes.

Summary Of Procedure To Exercise Dissent Rights

Following is a summary of the procedure set out in Part 8, Division 2 of the BCBCA ("**iCo Dissent Procedures**") to be followed by iCo Shareholders who intend to dissent from the iCo Continuation Resolution approving the Continuation described in this Information Circular and who wish to require iCo to acquire their iCo Shares and pay them the fair value thereof. It is strongly suggested that any iCo Shareholders wishing to dissent seek independent legal advice, as failure to comply strictly with the provisions of the BCBCA may prejudice such iCo Shareholders' rights to dissent.

Each registered holder of an iCo Share is entitled to be paid the fair value of the holder's iCo Shares, provided that the holder duly dissents to the Continuation and the Continuation becomes effective.

Beneficial iCo Shareholders who exercise iCo Dissent Rights must do so through their broker, custodian, nominee or intermediary. The iCo Dissent Rights are those rights pertaining to the right to dissent from the iCo Continuation Resolution that are contained in Sections 237 to 247 of the BCBCA. An iCo Shareholder is not entitled to exercise iCo Dissent Rights in respect of iCo Shares that the holder votes in favour of the iCo Continuation Resolution.

This summary does not purport to provide a comprehensive statement of the procedures to be followed by a dissenting iCo Shareholder who seeks payment of the fair value of the iCo Shares held and is qualified in its entirety by reference to Sections 237 to 247 of the BCBCA. Sections 237 to 247 of the BCBCA are reproduced in Appendix F to this Information Circular. The iCo Dissent Procedures must be strictly adhered to and any failure by an iCo Shareholder to do so may result in the loss of that holder's Continuation Dissent Rights.

Accordingly, each iCo Shareholder who wishes to exercise Continuation Dissent Rights should carefully consider and comply with the iCo Dissent Procedures and consult such holder's legal advisors.

Written notice of dissent from the iCo Continuation Resolution containing the information required by Section 242(4) of the BCBCA must be sent to iCo by a dissenting iCo Shareholder at least two (2) days before the iCo Meeting or any date to which the iCo Meeting may be postponed or adjourned. A notice of dissent should be delivered by registered mail to iCo at the address for notice described below. After the iCo Continuation Resolution is approved by iCo Shareholders and within one month after iCo notifies the dissenting iCo Shareholder of iCo's intention to act upon the iCo Continuation Resolution pursuant to Section 243 of the BCBCA, the dissenting iCo Shareholder must send to iCo, a written notice that such holder requires the purchase of all of the iCo Shares in respect of which such holder has given notice of dissent, together with the share certificate or certificates representing those iCo Shares (including a written statement prepared in accordance with Section 244(1)(c) of the BCBCA if the dissent is being exercised by the iCo Shareholder on behalf of a Beneficial Shareholder). Dissenting iCo Shareholders who do not strictly comply with the iCo Dissent Procedures will not be entitled to be paid fair value for their iCo Shares in respect of which the Continuation Dissent Rights are being exercised.

Any dissenting iCo Shareholder who has duly complied with Section 244(1) of the BCBCA will be entitled to receive the fair value that the iCo Shares had immediately before the passing of the iCo Continuation Resolution.

All notices to iCo of dissent to the iCo Continuation Resolution pursuant to Sections 237 to 247 of the BCBCA should be addressed to the attention of the individual set out below and be sent not later than 5:00 p.m. (Vancouver time) on July 29, 2021 or two Business Days prior to any date to which the iCo Meeting may be postponed or adjourned, by mail or email to:

Blake, Cassels & Graydon LLP
 2600 – 595 Burrard Street
 Vancouver, British Columbia
 Canada, V7X 1L3
 Attention: Alexandra Luchenko
 Or by email to alexandra.luchenko@blakes.com

Approval of the Continuation Resolution

Accordingly, the iCo Shareholders will be requested at the iCo Meeting to pass a special resolution in the following terms to approving the Continuation:

IT IS RESOLVED THAT:

1. iCo Therapeutics Inc. (“iCo”) is hereby authorized to make an application to the Registrar of Companies, under the *Business Corporations Act* (British Columbia), requesting that iCo be continued from the Province of British Columbia to the federal jurisdiction of Canada as if it had been incorporated under the laws of Canada (the “**Continuance**”);
2. iCo is hereby authorized to make an application to the Director under the *Canada Business Corporations Act* for a Certificate of Continuance continuing iCo under the *Canada Business Corporations Act*;
3. Any one director, officer or agent of iCo be and is hereby authorized and directed to electronically file the Articles of Continuance under the *Canada Business Corporations Act* and the Certificate of Continuance under the *Business Corporations Act* (British Columbia);
4. The directors of iCo are hereby authorized to revoke this resolution at any time prior to the Continuance becoming effective without further approval of the shareholders of iCo and to determine not to proceed with the Continuance; and
5. Any one or more officers and directors of iCo is hereby authorized and directed for and on behalf of iCo to execute and deliver articles of continuation to the Director under the *Canada Business Corporations Act* and to execute and deliver for and in the name of and on behalf of iCo, whether under corporate seal or not, all such other certificates, instruments, agreements, documents and notices, and to take all such further actions

that such person may determine to be necessary or appropriate to carry out the purposes and intent of the foregoing resolutions, such determination to be conclusively evidenced by the execution and delivery of such certificate, instrument, agreement, document or notice and taking of such action.

Management of iCo and the iCo Board believe that the Continuation is in the best interests of iCo and the iCo Shareholders and the iCo Board unanimously recommends that the iCo Shareholders vote in favour of the foregoing special resolution. Unless otherwise directed and if named as proxy, it is the intention of the Persons named in the accompanying Instrument of Proxy to vote in favour of the iCo Continuance Resolution. See “General Proxy Matters – Exercise of Discretion by Proxy Holders”.

Approval of the Consolidation

Pursuant to the Arrangement Agreement, iCo agreed to seek the approval of the iCo Shareholders for the Consolidation, such that iCo will be permitted to consolidate its issued and outstanding iCo Shares at a ratio of one (1) post-Consolidation iCo Share for every twenty (20) pre-Consolidation iCo Shares. The Consolidation requires approval of a special resolution of not less than 66^{2/3}% of the iCo Shareholders present at the Meeting in person or by proxy. It is currently anticipated that the Consolidation will be completed immediately following Closing.

In the event that the Consolidation has been completed, holders of iCo Options, iCo Warrants, iCo Replacement Options and Satellos Warrants will receive, on exercise, Resulting Issuer Shares, subject to an adjustment to take into account the Consolidation.

Accordingly, the iCo Shareholders will be requested to pass at the iCo Meeting a special resolution in the following terms:

IT IS RESOLVED THAT:

1. Subject to acceptance by the TSX Venture Exchange, the directors of iCo Therapeutics Inc. (“iCo”) be and they are hereby authorized to effect a consolidation of the issued and outstanding common shares of iCo at a time of their choosing on the basis that every twenty (20) issued and outstanding common shares of iCo before consolidation be consolidated into one (1) issued and outstanding common share of iCo after consolidation, with all resulting fractional shares being rounded up or down to the nearest whole number, and further with such ratio to be determined by the directors in accordance with the Arrangement Agreement;
2. Any one director or officer of iCo be and he is hereby authorized and directed, on behalf of iCo, to do all such acts and things and to execute and deliver all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to these resolutions; and
3. Notwithstanding approval of the consolidation by the shareholders of iCo, the directors of iCo may, in their sole discretion, revoke, modify, vary or amend this special resolution before it is acted upon, without further approval of the shareholders of iCo.

Management of iCo and the iCo Board believe that the Consolidation is in the best interests of iCo and the iCo Shareholders and the iCo Board unanimously recommends that the iCo Shareholders vote in favour of the foregoing special resolution. Unless otherwise directed and if named as proxy, it is the intention of the Persons named in the accompanying Instrument of Proxy to vote in favour of the iCo Consolidation Resolution. See “General Proxy Matters – Exercise of Discretion by Proxy Holders”.

Approval of Name Change

Upon the completion of the Arrangement, the Resulting Issuer will carry on the business currently carried on by Satellos and iCo, and will be majority owned by the current Satellos Shareholders. Accordingly, the iCo Board is recommending that the corporate name be changed to “Satellos Bioscience Inc.” or such other name as determined by the directors of the Resulting Issuer following the completion of the Transaction, and as may be accepted by the

Registrar of Companies (the “**Name Change**”). The Name Change requires approval of a special resolution of not less than 66^{2/3}% of the iCo Shareholders present at the Meeting in person or by proxy.

Accordingly, the iCo Shareholders will be requested to pass at the iCo Meeting a special resolution in the following terms:

“BE IT RESOLVED THAT:

1. iCo is hereby authorized to amend its articles to change iCo’s name to “Satellos Bioscience Inc.” or such other name as iCo and Satellos Bioscience Inc. agree, and as may be accepted by the Registrar of Companies for the Province of British Columbia; and
2. any one (or more) director(s) or officer(s) of iCo be and is hereby authorized and directed, on behalf of iCo, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things that may be necessary or desirable to give effect to this resolution.”

Management of iCo and the iCo Board believe that the Name Change n is in the best interests of iCo and the iCo Shareholders and the iCo Board unanimously recommends that the iCo Shareholders vote in favour of the foregoing special resolution. Unless otherwise directed and if named as proxy, it is the intention of the Persons named in the accompanying Instrument of Proxy to vote in favour of the iCo Name Change Resolution. See “General Proxy Matters – Exercise of Discretion by Proxy Holders”.

Conditional Number of Directors

At present, iCo currently has three directors. Therefore, if the iCo Change of Control Resolution is approved, iCo Shareholders will be asked to pass an ordinary resolution to set the number of directors of iCo at seven for the ensuing year, conditional upon and effective as of the Effective Date of the Arrangement. The number of directors of iCo must be approved by a simple majority of the votes cast by iCo Shareholders present in person or represented by proxy at the iCo Meeting.

If the Arrangement is approved, upon Closing, the iCo Board will consist of seven members, being William Jarosz, who will be the sole nominee of iCo, and Geoff Mackay, Frank Gleeson, Michael A. Rudnicki, John Holyoake, Brian Bloom, and William (Bill) McVicar, each of whom will be nominees of Satellos (the “**Resulting Issuer Board**”). It is expected that each of Frank Gleeson, Michael A. Rudnicki, Michael Liggett and William Jarosz will serve as Officers of the Resulting Issuer. Geoff Mackay will serve as Board Chair, Frank Gleeson will serve as President and Chief Executive Officer, Michael A. Rudnicki will serve as Chief Scientific Officer, Michael Liggett will serve as Interim Chief Financial Officer and Corporate Secretary, and William Jarosz will serve as Executive Director. See “*Information Concerning the Issuer – iCo Therapeutics Inc.*”.

Unless otherwise directed and if named as proxy, it is the intention of the Persons named in the accompanying Instrument of Proxy to vote in favour of the conditionally setting the number of directors of iCo at seven (7). See “General Proxy Matters – Exercise of Discretion by Proxy Holders”.

Additional Business

At the iCo Meeting, the iCo Shareholders will also transact such further or other business as may properly come before the iCo Meeting or any adjournments or postponements thereof. Management of iCo knows of no amendments, variations or other matters to come before the iCo Meeting, other than the matters referred to in the Notice of Meeting. However, if any other matter properly comes before the iCo Meeting, the accompanying Instrument of Proxy confers discretionary authority to vote on such amendments, variations and other matters and the Persons named in the accompanying Instrument of Proxy, if named as proxy, will vote on such matter in accordance with their best judgment.

THE SATELLOS MEETING

Interest of Certain Persons or Companies in Matters to Be Acted Upon

Other than as set out below, no director or executive officer of Satellos, or any person who has held such a position since the beginning of the last completed financial year end of Satellos, nor any nominee for election as a director of Satellos, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Satellos Meeting other than the election of directors, the appointment of the auditors and as may otherwise be set out herein.

Brian Bloom and John Holyoake are directors of Satellos. The former is Board Chair and CEO of both Bloom Burton & Co. Inc. and an affiliated company, Bloom Burton Securities Inc., while the latter is Managing Director, Investment Banking at Bloom Burton Securities Inc. Bloom Burton Development Corp., another affiliate of Bloom Burton & Co., Inc., is a significant shareholder of the Corporation. Bloom Burton Securities Inc. is acting as the lead agent in connection with the Subscription Receipt Financing and in connection therewith is receiving an agency fee equal to 6.0% of the gross proceeds of the Subscription Receipt Financing, as well as broker warrants equal to 6.0% of the total number of Subscription Receipts sold pursuant to the Subscription Receipt Financing. Bloom Burton Securities Inc. is also acting as exclusive financial advisor to iCo on the Arrangement and will receive contingent consideration in the event that the Arrangement is completed. **For the purposes of considering and approving the Arrangement, Brian Bloom and John Holyoake have each declared their conflict and recused themselves from the activities of the Satellos board in accordance with the requirements of the CBCA.**

Financial Statements and Independent Auditors' Report

The audited financial statements of Satellos for the year ended December 31, 2020 and the independent auditors' report thereon, and the management's discussion and analysis related thereto, will be presented at the Satellos Meeting. No vote by the Satellos Shareholders with respect to this matter will be required. The Satellos Board approved the financial statements prior to their delivery to the Satellos Shareholders.

Fixing the Number of Directors

At the Satellos Meeting, Satellos Shareholders will be asked to consider and, if thought advisable, approve an ordinary resolution fixing the number of directors for the present time at five, as may be adjusted between Satellos Shareholders' meetings by way of resolution of the Satellos Board. Accordingly, unless otherwise directed and if named as a proxy, it is the intention of the Persons named in the accompanying Instrument of Proxy to vote in favour of an ordinary resolution fixing the number of directors to be elected at the Satellos Meeting at five. In order to be effective, the ordinary resolution in respect of fixing the number of directors to be elected at the Satellos Meeting at five must be passed by a majority of the votes cast by Satellos Shareholders who vote in respect of this ordinary resolution.

Election of Directors

At the Satellos Meeting, Satellos Shareholders will be asked to elect five directors to hold office until the next annual meeting of Satellos or until their successors are elected or appointed. Each director nominee will be elected on an individual basis and not as a member of a slate.

Unless otherwise directed and if named as a proxy, it is the intention of the Persons named in the accompanying Instrument of Proxy to vote in favour of ordinary resolutions in favour of the election as directors of the five nominees set forth below. Management does not contemplate that any of such nominees will be unable to serve as a director. The accompanying Instrument of Proxy provides for Satellos Shareholders to vote for each director individually. In order to be effective, the ordinary resolutions in respect of the election of each nominee director must be passed by a majority of the votes cast by Satellos Shareholders who vote in respect of such ordinary resolutions.

Michael A. Rudnicki
Geoff Mackay
John Holyoake

Frank Gleeson
Brian Bloom

The names and residence of the persons nominated for election as directors, the number of voting securities of Satellos beneficially owned or controlled or directed, directly or indirectly, the offices held by each in Satellos, the period served as director and the principal occupation of each are set forth below. The information as to Satellos Shares and Satellos Options beneficially owned or controlled or directed, directly or indirectly, is based upon information furnished to Satellos by the nominees.

Name, Province and Country of Residence	Offices Held and Time as Director or Officer	Principal Occupation (for last 5 years)	Holdings of Satellos Shares (Satellos Options)
Frank Gleeson (Ontario, Canada)	Director since July 2012, Chief Executive Officer since March 2018, and President since April 2018.	Biotechnology Entrepreneur; Founder, President and CEO, 6857990 Canada Inc. o/a Gleeson & Associates	2,040,000 (nil)
Michael A. Rudnicki (Ontario, Canada)	Director since July 2012, and Chief Scientific Officer since March 2018.	Senior Scientist and Director, Regenerative Medicine Program, Ottawa Hospital Research Institute; Professor, Faculty of Medicine, University of Ottawa; Scientific Director, Stem Cell Network; Chief Scientific Officer & Founder, Satellos Bioscience Inc.	2,040,000 (nil)
Brian Bloom (Ontario, Canada)	Director since March 2018.	Co-founder, Chairman and Chief Executive Officer, Bloom Burton & Co., Inc.; Chairman and CEO, Bloom Burton Securities Inc.	4,038,400 ⁽¹⁾⁽²⁾ (nil)
John Holyoake (Ontario, Canada)	Director since March 2018, and Secretary since April 2018.	Managing Director, Investment Banking, Bloom Burton Securities Inc.	20,000 (nil)
Geoff Mackay (Maine, United States)	Director since July 2018.	Co-founder, Director, President & Chief Executive Officer, AVROBIO, Inc.	nil (200,000)

Notes:

- (1) 4,000,000 Satellos Shares are held through Bloom Burton Development Corp, an affiliated company of Bloom Burton and Co. Inc., of which Brian Bloom is co-founder, Chair and CEO.
- (2) Brian Bloom holds 19,200 Satellos Shares through 2194655 Ontario Inc., a company controlled by him.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director is as at the date hereof, or has been, within 10 years of the date hereof, a director or chief executive officer or chief financial officer of any company, including Satellos, that: (a) while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (b) was subject to an event that resulted in such company, after the director or executive officer ceased to be a director chief executive officer or chief financial officer of the company, being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer.

No director is as at the date hereof, or has been, other than as disclosed below, within 10 years of the date hereof, a director or chief executive officer of any company, including Satellos, that: (a) while that person was acting in their capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

In addition, no director has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority; or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Appointment of Auditors

Unless otherwise directed and if named as a proxy, it is the intention of the Persons named in the accompanying Instrument of Proxy to vote in favour of an ordinary resolution to re-appoint the firm of Norton McMullen LLP to serve as auditors of Satellos until the next annual meeting of the Satellos Shareholders and to authorize the directors to fix their remuneration. In order to be effective, the ordinary resolution appointing auditors of Satellos and authorizing the directors to fix their remuneration must be passed by a majority of the votes cast by Satellos Shareholders in respect of such resolution. Norton McMullen LLP has been Satellos' auditors since July 27, 2012.

Approval of the Arrangement

At the Satellos Meeting, pursuant to the Interim Order, Satellos Shareholders will be asked to consider, and if thought advisable, approve with or without variation, the Satellos Arrangement Resolution.

Pursuant to the Interim Order, the number of votes required to pass the Satellos Arrangement Resolution is not less than 66^{2/3}% of the votes cast on the Satellos Arrangement Resolution by Satellos Shareholders, present in person or represented by proxy at the Satellos Meeting. The Satellos Arrangement Resolution must receive the requisite Satellos Shareholder approval in order for Satellos to seek the Final Order and implement the Arrangement on the Effective Date in accordance with the terms of the Final Order.

See "*The Arrangement*" and "*The Arrangement Agreement*" for further details regarding the Arrangement and the Arrangement Agreement, respectively.

A copy of the Arrangement Agreement is attached hereto as Appendix D. A copy of the Satellos Arrangement Resolution is attached hereto as Appendix A. A copy of the Plan of Arrangement is attached as Schedule A to the Arrangement Agreement attached hereto as Appendix D.

Unless otherwise directed and if named as proxy, it is the intention of the Persons named in the accompanying Instrument of Proxy to vote in favour of the Satellos Arrangement Resolution. See "*General Proxy Matters – Exercise of Discretion by Proxy Holders*". See "*The Arrangement*" and "*The Arrangement Agreement*" for further details regarding the Arrangement and the Arrangement Agreement, respectively.

Additional Business

At the Satellos Meeting, the Satellos Shareholders will also transact such further or other business as may properly come before the Satellos Meeting or any adjournments or postponements thereof. Management of Satellos knows of no amendments, variations or other matters to come before the Satellos Meeting, other than the matters referred to in the Notice of Meeting. However, if any other matter properly comes before the Satellos Meeting, the accompanying Instrument of Proxy confers discretionary authority to vote on such amendments, variations and other matters and the Persons named in the accompanying Instrument of Proxy, if named as proxy, will vote on such matter in accordance with their best judgment.

INFORMATION CONCERNING THE ISSUER

ICO THERAPEUTICS INC.

Corporate Structure

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

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

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

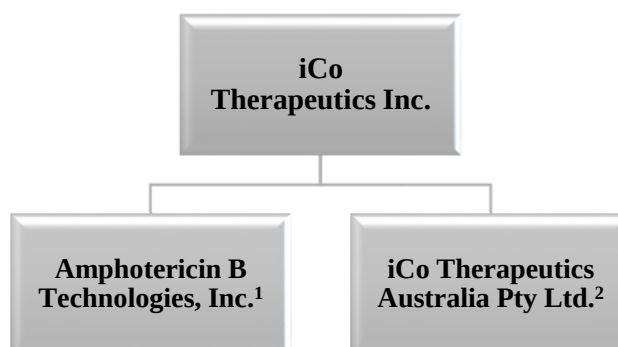
As a consequence of the Arrangement, Privateco became a wholly-owned subsidiary of iCo and the shareholders of Privateco acquired a majority of iCo’s shares. On January 8, 2008, iCo’s common shares began trading on the TSXV under the symbol “ICO”.

Following completion of the Arrangement, iCology continued to conduct the biotechnology business previously conducted by Privateco until January 1, 2009, when iCology and iCo were amalgamated with iCo being the successor entity.

Figure 1 below describes the current corporate structure displaying iCo and its two wholly-owned subsidiaries:

- iCo Therapeutics Australia Pty Ltd., a company incorporated under the laws of Australia on August 4, 2017 whose sole business purpose is conducting clinical trials in Australia on behalf of iCo as described further below; and,
- Amphotericin B Technologies, Inc. a company incorporated under the *Business Corporations Act* (British Columbia) on January 13, 2021 whose primary business purpose is to develop iCo’s Oral Amp B Delivery System and related therapeutic indications which are described below.

iCo’s head office is located at 6th Floor, 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4, and iCo’s registered and records office is located at 595 Burrard Street, Suite 2600, Vancouver, British Columbia, V7X 1L3.

Figure 1: Corporate organization structure

- (1) iCo is the registered owner of 100% of the issued and outstanding shares of Amphotericin B Technologies, Inc.
 (2) iCo is the registered owner of 100% of the issued and outstanding shares of iCo Therapeutics Australia Pty Ltd.

General Development of the Business

iCo is a Canadian biotechnology company whose principal strategy has been the in-licensing, development and commercialization of drug candidates to treat ocular and infectious diseases. To execute its strategy and identify suitable technologies or therapeutics to in-license, iCo management performed scientific evaluation and market assessment of pharmaceutical products and research developed by other biopharmaceutical companies. As part of this process, iCo evaluated 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 technology or product candidates.

Upon identifying a promising technology or product candidate, iCo would then attempt to acquire or license the rights thereto. iCo's objective was to assume the clinical, regulatory and commercial development activities with the objective of advancing the technology or product candidate along the regulatory and clinical pathway toward commercial approval and monetization. iCo sublicensed certain of its technology and intellectual property to partners via sublicensing agreements.

iCo's initial focus was on sight threatening diseases targeting unmet needs for new and effective ocular therapeutics. Several members of iCo's founding management team and key advisors had considerable expertise in ophthalmology. Subsequently, iCo broadened its focus to certain neglected infectious diseases where it possessed relevant experience.

iCo is currently advancing two development programs: the Oral Amp B Delivery System, which is iCo's lead initiative; and iCo-008, which iCo believes represents a monetization opportunity. These are discussed in the next section.

Narrative Description of the Business

iCo's two programs comprise one in-licensed technology platform and one in-licensed product candidate: Oral Amp B Delivery System and iCo-008, respectively. The development histories and status of each are described below.

Oral Amp B Delivery System

Background

The Oral Amp B Delivery System of Amphotericin B ("**Oral Amp B**") began development in the research labs of the UBC under the direction of Dr. Kishor Wasan who is the inventor of this technology. On May 6, 2008, iCo entered into a license agreement with UBC under which it obtained the exclusive rights to develop, manufacture and commercialize the Oral Amp B Delivery System. Currently Dr. Wasan is a University Scholar Adjunct Professor in the Department of Urologic Sciences, Department of Medicine at UBC and the Co-Director and Co-Founder of the Neglected Global Diseases Initiative at UBC. Prior to his current appointment Dr. Wasan served as Professor and

Dean of the College of Pharmacy and Nutrition at the University of Saskatchewan from August 2014 to June 2019. After completing his term as Dean and administrative leave Dr. Wasan retired from the University of Saskatchewan on April 15, 2020. On April 15, 2020, iCo announced the appointment of Dr. Wasan as Director of Research. In this role, Dr. Wasan focuses on the development of iCo's Oral Amp B program including advancing core research and the development of potential clinical partners.

Historically, Amphotericin B has been used intravenously for approximately 50 years. It is a potent but toxic drug for treating systemic fungal infections which 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, or in certain environments where systemic fungal infections are endemic. 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. A successful oral formulation could resolve the safety issues associated with intravenous delivery and enable a much broader patient access to this highly effective treatment option. Further, in developing nations, oral therapy would be valuable for the treatment of Visceral Leishmaniasis ("VL"), a parasitic infection affecting 12 million people worldwide and known for its high mortality rates. Current Amphotericin 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.

However, Amphotericin B in isolation has limited oral bioavailability due to its low aqueous solubility and poor membrane permeability.

iCo has completed several studies with its Oral Amp B formulation in two anti-fungal pre-clinical models. These studies have shown promising pharmacokinetic and tissue distribution results. Further, iCo's Oral Amp B formulation has also demonstrated encouraging results in pre-clinical models for VL conducted at independent laboratories in the United States. Based on the results from these studies, iCo received the Oral Amp B received Orphan Drug Status from the FDA for its Oral Amp B formulation for use in the treatment of VL.

On December 12, 2013, iCo 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. Leukapheresis 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, iCo 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 Oral Amp B. Samples from one patient were determined not to be susceptible to reactivation. In the remaining subjects, Oral Amp B 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 Oral Amp B. On October 26, 2015, iCo announced that Corealis Pharma Inc. ("Corealis"), a contract manufacturing organization, had been engaged to conduct analytical development, formulation optimization and scale-up of Oral Amp B. This work culminated in the development of new capsule formulations to deliver Oral Amp B.

During 2016, iCo was able to demonstrate scalable and stable drug product in a higher dose form with the new capsule formulations. iCo 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, iCo announced it had initiated multiple, pre-clinical studies with its Oral Amp B program including a fasted/fed study, a 7-day dose range finding study and, importantly, a 14-day 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).

Additionally, iCo has received non-dilutive, grant funding from the National Research Council Industrial Research Assistance Program (“**IRAP**”) to support the pre-clinical development of the Oral Amp. For 2017, iCo recognized \$190,865 (for 2016, \$251,199) in IRAP grants recorded as other income in the Statement of Loss and Comprehensive Loss. iCo has deployed all of the funding available under this grant application.

On October 23, 2018, iCo announced the formation of a clinical advisory board (the “**CAB**”) with the appointments of Drs. John Perfect, M.D., FIDSA and David Denning, FRCP, FRCPath, FMedSci, FIDSA. The purpose of the CAB is to provide guidance and direction for the design and execution of mid-range clinical studies intended to further the development of iCo’s novel oral formulations of Amphotericin B to treat fungal infections. Drs. Perfect of Duke University and Denning of the University of Manchester are acknowledged global medical experts in the antifungal area.

Oral Amp B clinical trials

Following completion of these preclinical studies and formulation work, iCo initiated clinical trials of Oral Amp B in humans. On April 17, 2018, the first subject was dosed in a Phase Ia, single ascending dose clinical trial. The Phase Ia clinical trial design was a randomized, double-masked, placebo-controlled, single dose ascending study to assess the safety, tolerability and bioavailability of Oral Amp B, code-named iCo-019, 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. In its Ia study 100 mg, 200 mg, 400 mg and 800 mg doses were administered.

This clinical study was conducted in Australia through iCo’s subsidiary, iCo Therapeutics Australia Pty. Ltd. Australia is an attractive venue for conducting clinical development work as it offers experienced CRO, a pool of suitable subjects plus generous refundable tax credits. These factors enable studies to be completed quickly and to high regulatory standards acceptable by other jurisdictions including the US and Europe with significantly lowered overall costs. The trial was registered with the Therapeutic Goods Administration (“**TGA**”) in Australia via the Clinical Trial Notification process. Linear Clinical Research in Perth, Australia, partnered with the global contract research organization, INC Research/inVentiv Health (recently renamed Syneos) conducted the trial under contract to iCo’s wholly owned subsidiary, iCo Therapeutics Australia Pty Ltd.

On June 27, 2018, iCo announced a positive primary end point in its Phase Ia clinical study. The study met its primary endpoint of safety and tolerability of iCo-019 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 Ia clinical study and advancement into later stage clinical trials. It was noted that the distinguishing features of iCo-019 are (i) enhanced plasma area under the concentration time curve (“**AUC_{0-inf}**”) – a measure of systemic drug exposure and blood circulation time, and (ii) an improved safety profile without the negative gastrointestinal effects, or liver and kidney toxicity.

On September 6, 2018, iCo announced additional positive pharmacokinetic data from its Ia study of iCo-019. Previously, iCo reported that iCo-019 achieved a median C_{max} of 28 ng/mL and AUC_{0-inf} of 1030 hr*ng/mL at the lowest dose level of 100 mg. This level itself represents a superior AUC_{0-inf} when compared to published AUC_{0-inf} data by iCo’s closest competitor at higher dose levels (i.e., 200 mg, 400 mg and 800 mg) of an oral coxleate formulation. At the higher iCo-019 dose level of 400 mg, iCo reported a median AUC_{0-inf} of 2029 hr*ng/mL, representing an almost two-fold increase of the critical AUC_{0-inf} measure. Based on these results, iCo made the determination to study both the 100 mg and 400 mg dose levels in its next, Ib, clinical study.

On November 8, 2019, iCo received ethics approval to initiate a Ib multi-dose escalation clinical study of iCo-019 in healthy volunteers at both the 100 mg and 400 mg dose levels. This study was registered with the TGA in Australia and initiated on December 9, 2019 as a single-center, double-blind, randomized, multiple ascending dose study. The objectives of the study were to evaluate the safety, tolerability and pharmacokinetics of iCo-019 or placebo in healthy subjects. Subjects were dosed for 10 consecutive days with an additional 10 days of follow-up (i.e., a total of 20 days). Safety and pharmacokinetic testing were performed throughout the study to assess which dose might be safer and more effective for future patient trials.

On April 14, 2020, iCo announced positive results of a Ib clinical study. All repeat doses of iCo-019 were well tolerated with no serious adverse events including no signs of GI, kidney or liver toxicities. At the 100 mg dose level, iCo-019 achieved a median plasma C_{max} of 25 ng AmB/mL and AUC_{0-inf} 990 hr* ng/mL after day 1 of dosing and a median plasma C_{max} of 44 ng AmB/mL and AUC_{0-inf} 1998 hr*ng/mL after 10 days of dosing. This approximate doubling of the AUC_{0-inf} measure between day 1 and day 10 was observed at both the 100 mg and 400 mg dose levels.

Taken together, these data suggest that iCo-019 is safe and tolerable following the administration of multiple doses to healthy human subjects. In addition, the increased AUC_{0-inf} observed in the Ib human clinical studies between 1 and 10 days of dosing may indicate that iCo-019 is capable of increasing and sustaining Amphotericin B tissue within infected tissues but importantly, without the GI, liver or kidney toxicities associated with intravenous dosing.

On October 21, 2020, iCo announced that two poster presentations regarding iCo-019 were accepted and highlighted at the AAPS 2020 PharmSci 360 Virtual Meeting held between October 26 and November 5, 2020. The posters were titled:

- “Phase Ia and Ib Double-Blind Randomized Clinical Study to Evaluate the Safety, Tolerability and Pharmacokinetics of a Novel Oral Amphotericin B Formulation (iCo-019) in Healthy Human Subjects”;
- and,
- “Assessing the Pharmacokinetics and Biodistribution of Amphotericin B following Oral Administration of Three Novel Oral Amphotericin B Formulations to Beagle Dogs”.

AAPS is a preeminent global scientific organization of more than 10,000 actively participating pharmaceutical scientists from industry, academia, government, and other related research institutes. iCo believes the acceptance of these posters at such a recognized event supports its view that there is considerable interest the potential safety and efficacy of iCo’s oral formulation of amphotericin B, iCo-019 for the treatment of fungal and parasitic infections.

In addition, two papers were subsequently published in Antimicrobial Agents and Chemotherapy in the Fall 2020 one of the top infectious diseases journals:

1. Hnik P, Wasan EK, Wasan KM. Safety, Tolerability, and Pharmacokinetics of a Novel Oral Amphotericin B Formulation (iCo-019) following Single-Dose Administration to Healthy Human Subjects: an Alternative Approach to Parenteral Amphotericin B Administration. *Antimicrob Agents Chemother.* 2020 Sep 21;64(10):e01450-20. doi: 10.1128/AAC.01450-20. PMID: 32690643; PMCID: PMC7508586.
2. Wasan KM, Wasan EK, Hnik P. Assessing the Safety, Tolerability, Pharmacokinetics, and Biodistribution of Novel Oral Formulations of Amphotericin B following Single- and Multiple-Dose Administration to Beagle Dogs. *Antimicrob Agents Chemother.* 2020 Oct 20;64(11):e01111-20. doi: 10.1128/AAC.01111-20. PMID: 32816728; PMCID: PMC7577158.

Oral Amp B (iCo-019) Current Development Status

iCo is preparing for continued clinical development of iCo-019. A Phase 2 clinical study is actively being planned. iCo intends to make a second ethics submission for a 90-patient Phase 2 study comparing two doses of iCo-019 to fluconazole in women with VVC. A multi-center, randomized study to evaluate the safety, tolerability and efficacy of 100 mg and 400 mg doses of iCo-019 compared to a 150 mg Dose of fluconazole in the treatment of patients with moderate-to-severe VVC. The primary end point will be to evaluate efficacy (clinical cure rate and mycology

eradication) of 100 mg and 400 mg doses of iCo-019 administered for 10 days compared to a single 150 mg dose of fluconazole in subjects with moderate-to-severe VVC. A secondary endpoint will be to evaluate safety and pharmacokinetics.

iCo is currently exploring partnering options and pursuing funding sources to initiate its intended Phase 2 trial of iCo-019 during 2021. On December 31, 2020 iCo announced that it had executed a non-binding Memorandum of Understanding with Skymount Medical Inc. (“**Skymount**”) to develop iCo-019. Skymount agrees to initially commit up to US\$550,000 to the iCo-019 program. These funds will support preclinical studies assessing iCo-019’s potential as a treatment for infections related to COVID-19. There is potential to expand the scope of this collaboration in the future based on certain events and circumstances. Negotiations with Skymount are ongoing and iCo is continuing to solicit additional investors to fund expansion of its Oral Amp B program.

iCo-008 Program

Background

iCo-008 is a human monoclonal eotaxin antibody invented by Cambridge Antibody Therapeutics (“**CAT**”) which we licensed in 2007. iCo-008 binds to and neutralizes eotaxin-1, a ligand to the **CCR3**. In doing so, iCo-008 inhibits intracellular signaling associated with mast cell degranulation and the recruitment of eosinophils to the site of allergic reactions. As a result, it has potential for treating both early and late-stage development of severe eotaxin-1 mediated allergic or inflammatory indications. Before we licensed the worldwide development rights to iCo-008, CAT had 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.

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

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 iCo sold all its shares in the merged company realizing net proceeds of \$1,011,569.

iCo-008 development undertaken by IMMUNE

IMMUNE changed the brand name of iCo-008 for intravenous applications to “**Bertilimumab**”. By early 2015, IMMUNE had developed an enhanced Good Manufacturing Practice (“**GMP**”) for Bertilimumab yielding higher comparable performance and improved productivity than the previous process. IMMUNE then initiated its Phase II clinical trial program with Bertilimumab.

On November 9, 2015, IMMUNE announced that the **FDA** had submitted an IND application to expand recruitment of a Phase II clinical trial for the treatment of BP, a rare autoimmune blistering disease of the skin, which is painful and itchy, and occurs predominantly in patients over 60 years of age. The BP trial was an open-label, single arm study in adult patients with moderate to severe BP. It 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 (“**BPD AI**”) 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 BPD AI 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 BPDAl 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).

Following authorization from Israeli health authorities, IMMUNE initiated a Phase II double-blind, placebo-controlled study with Bertilimumab, in patients with moderate-to-severe ulcerative colitis (“UC”). The clinical trial was a randomized, double-blind, placebo-controlled parallel group study to evaluate the safety, clinical efficacy, and pharmacokinetic profile of Bertilimumab in subjects with active, moderate-to-severe UC. Subjects were randomized in a 2:1 ratio received Bertilimumab 10 mg/kg IV or a placebo on days 0, 14 and 28, and were followed for safety and efficacy measures for 12 weeks. The primary end point was clinical response assessed by the Mayo Clinic Ulcerative Colitis Disease Index at eight weeks. Secondary end points include assessment of mucosal injury and clinical remission. 33 patients were enrolled into the study. Patients were evaluated for clinical response after six weeks to determine the decrease if any in the full Mayo Clinic Ulcerative Colitis Score. Secondary and exploratory end points included clinical remission defined as symptom free, fecal calprotectin, a recognized marker of gastro-intestinal inflammation, histopathology improvement and degree of mucosal injury.

In December 2018, IMMUNE announced a collaboration with WuXi Biologics Co. Ltd. (“WuXi Biologics”) to produce drug product for pivotal clinical studies, scaling production up to 2,000 liters. WuXi Biologics was to have served as the fill/finish manufacturer for Bertilimumab.

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 sublicense of iCo’s assets to 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 in respect of the settlement of IMMUNE’s creditor claims in exchange for IMMUNE’s rights under the sublicense.

The terms of the original IMMUNE sublicense were not altered and Alexion assumed the rights and obligations of IMMUNE under the original sublicense agreement granted by iCo in 2011.

iCo-018/Bertilimumab Current Development Status:

Bertilimumab for non-ophthalmic applications: After assuming the rights and obligations of IMMUNE under the IMMUNE sub-license, it is our understanding that Alexion began to formulate plans for developing iCo-008 (designated ALXN 2010 by Alexion) in BP and other possible systemic indications and to ensure sufficient product could be manufactured to advance clinical trials. On December 12, 2020, AstraZeneca announced it has signed an agreement for the acquisition of Alexion for \$39 billion. The transaction is expected to close in Q3 2021. According to the press announcement of the transaction, “AstraZeneca, with Alexion’s R&D team, will work to build on Alexion’s pipeline of 11 molecules across more than 20 clinical-development programmes across the spectrum of indications, in rare diseases and beyond.” A presentation issued along with the press release confirmed AstraZeneca’s interest in pursuing rare disease indications including Pemphigoid together with an ongoing interest in ophthalmic indications.

iCo is continuing its efforts to secure funding for the ophthalmic indications of iCo-008, and, based upon AstraZeneca’s public statements, should the AstraZeneca / Alexion transaction be completed, expects that AstraZeneca will continue to develop the systemic indications for iCo-008.

Other Corporate Developments

On March 9, 2020, iCo announced leadership changes with Mr. Andrew Rae resigning as Chief Executive Officer, President and Director of iCo. Mr. William Jarosz, Chair of the Board of Directors, assumed the role of Chief Executive Officer, Susan Koppy, Director, assumed the role of President and Dr. Peter Hnik, Chief Medical Officer, was appointed as a Director of iCo. Michael Liggett remains in his role as Chief Financial Officer. Ms. Koppy resigned from iCo in April, 2021.

On January 11, 2021, iCo announced submission of an application to the TSXV to amend the exercise price of 66,200,000 previously granted common share purchase warrants (the “**Warrants**”). These Warrants were issued pursuant to two private placements of (i) 25,000,000 units completed over several tranches from January 31, 2019 to March 4, 2019 (the “**Spring 2019 Private Placement**”) and (ii) 41,200,000 units that closed on August 16, 2019 (the “**Summer 2019 Private Placement**”).

Pursuant to the press release dated January 11, 2021, iCo amended the exercise price of the Warrants from \$0.075 to \$0.065 per Warrant. The Warrants issued under the Spring 2019 Private Placement are exercisable until dates ranging from January 31, 2022 to March 4, 2022. The Warrants issued under the Summer 2019 Private Placement are exercisable until August 16, 2022.

On March 21, 2021, iCo entered into the Arrangement Agreement and on April 27, 2021 the Corporation closed the Subscription Receipt Financing. Please see “*The Arrangement – Summary of the Arrangement*” and “*The Arrangement – The Subscription Receipt Financing*”.

Intellectual Property

iCo’s intellectual property rights for iCo-008 arise from a licensing agreement with Medimmune (now part of AstraZeneca) (the “**Medimmune License Agreement**”). Under the Medimmune License Agreement, iCo has exclusive rights to develop, manufacture and commercialize iCo-008 under all CAT-213 (also known as iCo-008) patents held by Medimmune in a number of key jurisdictions in North America, Europe and around the world, including the United States, Canada and Japan. The issued patents will expire in 2021-2022 absent any extensions thereto, except in Brazil, where the patent expires in 2028. Extensions may include patent term extension based upon United States FDA approval of iCo-008; however, this is subject to the drug being approved before the patent expires.

Under the Medimmune License Agreement, iCo directs patent prosecution and is responsible for all fees and costs related to the prosecution and maintenance of the patent rights underlying the agreement. iCo filed patent applications for the relevant intellectual property underlying the agreement in the United States, Canada, Europe, Japan, and numerous other jurisdictions. Under the UBC License Agreement, iCo and UBC jointly coordinate patent prosecution activities.

Certain intellectual property rights relating to the Oral Amp B Delivery System arise from the licensing agreement with UBC dated May 6, 2008 (the “**UBC License Agreement**”). Under the UBC License Agreement, iCo has exclusive rights to develop, manufacture and commercialize the Oral Amp B Delivery System under the relevant UBC patents related to stabilized formulations of Amp B, which include granted patents in the United States and pending patent applications in key jurisdictions in North America, Europe and around the world. The issued patents will expire in 2028-2030, absent any extensions thereto. iCo has also filed additional patent applications related to new uses for the Oral Delivery System technology for other stabilized drug formulations. Any patents that issue from these applications will expire in 2036, absent any extensions thereto. In addition, iCo filed patent applications related to new solid oral formulations of Amp B. Any patents that issue from these applications will expire in 2038-2039, absent any extensions thereto. In addition, on January 7, 2021 a new provisional patent application investigating the use of oral Amphotericin in the treatment of coronavirus was filed.

As of the date of this Circular, iCo owned or had exclusive rights to approximately 34 issued United States and foreign patents and approximately 19 pending United States and foreign patent applications. The actual protection afforded by a patent varies from country to country and depends upon many factors, including the country for which the patent has been granted, the type of patent, the scope of its coverage, the availability of regulatory related extensions, the

availability of legal remedies in a particular country and the validity and enforceability of the patent. For patent applications filed in the United States on or after June 8, 1995, patents are generally effective for 20 years from the earliest non-provisional filing date, (otherwise the term is the longer of 17 years from the issue date or 20 years from the earliest non-provisional filing date). The duration of patent terms for non-U.S. patents is typically 20 years from the earliest corresponding national or international filing date.

Licensing Agreements

Medimmune

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

IMMUNE and ALEXION

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

As noted above, Alexion has assumed the rights and obligations of IMMUNE under the original sublicense agreement.

UBC

On July 27, 2007, iCo entered into an option agreement with UBC which granted iCo 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. iCo exercised the option on February 26, 2008 and, on May 6, 2008, signed the UBC License Agreement. In consideration for the UBC License Agreement, iCo 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 for the Oral Amp B Delivery System is approved by the FDA or other regulatory body. iCo is required to make additional contingent payments of up to \$1,900,000 in aggregate upon the achievement of certain development and commercialization milestones and is also required to pay royalties on future revenues.

As part of the UBC License Agreement, iCo 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. iCo was 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 Dr. Kishor M. Wasan and to fund further research over a four-year period which has now ended. As of the date hereof, iCo has met all of our direct financial obligations to UBC and the CIHR Research Chair.

New or On-going Collaborations

In keeping with iCo’s strategy to outsource certain activities, iCo has entered into agreements with third parties for services, including but not limited to: pre-clinical studies, regulatory planning and management, clinical trial management, drug formulation and manufacturing, and data and information technology management. Specific agreements which are currently in effect include the following:

- On October 26, 2015, iCo announced that it had engaged Corealis, a contract manufacturing organization, for analytical development, formulation optimization and scale-up of the Oral Amp B Delivery System. This work culminated in the development of new capsule formulations to deliver Amp B.
- On November 22, 2017, iCo announced that the Linear Clinical Research in Perth, Australia, partnered with global contract research organization, INC Research/inVentiv Health, now Syneos, with respect to the Phase I Oral Amp B studies.

Additionally, iCo pursues collaborations which provide funding and risk-mitigation options related to preclinical and clinical development. **One of these relationships is with Skymount Medical (www.skymountmed.org) a company dedicated to using artificial intelligence to develop new therapeutics for emerging infectious diseases.**

Manufacturing

iCo does not manufacture our own products. iCo relies on contracts with third parties for the manufacture of product candidates for use in clinical trials. Should any products be approved for commercial sale, iCo expects to continue to enter into manufacturing contracts with third parties to manufacture drug products for commercial sale. iCo requires all third- party manufacturers to manufacture product in accordance with current GMP.

Facilities

iCo outsources the majority of its research and development; it does not own or lease any laboratories.

Consultant Driven Enterprise

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

All consultants have entered into non-disclosure agreements with iCo regarding IP, trade secrets and other confidential information. In addition, iCo has entered into non-competition agreements with each of its key consultants. None of iCo's consultants are represented by a labour union or covered by a collective bargaining agreement, nor has iCo experienced any work stoppages. iCo believes that it maintains satisfactory relations with our consultants.

Insurance

iCo maintains director and officer insurance, clinical trial insurance and general liability insurance. iCo does not have key person insurance. If and when marketing approval is obtained for any of our product candidates, iCo will expect to expand our insurance coverage to include shipping and storage policies among others related to the commercial sale of approved drug products.

Competitive Conditions

Oral Amp B Delivery System

With respect to the Oral Amp B Delivery System, iCo is aware of several companies, including Gilead Sciences, Inc., Astellas Pharma US, Inc., Three Rivers Pharmaceuticals, LLC and Bristol-Myers Squibb Co. that have developed injectable amphotericin formulations for the treatment of fungal infections, and one company, Matinas Biopharma, Inc., which has a systemic oral amphotericin formulation currently in Phase II clinical trials. Additionally, other technologies may be under development which could compete with our Oral Amp B Delivery System. Notably, iCo believes only two oral Amp B drug candidates are at the clinical stage, including iCo's asset. Other broader competitors in the development or marketing of oral anti-fungal therapies include Scynexis, Inc. and Basilea Pharmaceutica Ltd.

iCo-008

iCo is also aware of several companies who have developed or are developing drug products for the treatment of ocular indications targeted by iCo-008, including VKC and AKC. These companies include Alcon, Inc., Novartis Ophthalmics (a branch of Novartis Pharmaceuticals Corporation) and Santen Pharmaceutical Co., Ltd. (acquired Novagali Pharma SA.), and all of which would potentially compete with iCo-08. Santen Pharmaceutical Co., Ltd. conducted a Phase III VKC trial, which involved 69 children and adolescents between 4 and 18 years of age, treated for four months and followed up for an 8-month safety period. Traditional approaches have employed the use of immunosuppressive agents conferring significant safety issues and less specific targeting and iCo believes Bertilimumab may therefore be able to gain competitive advantage in these areas. Parties developing ulcerative colitis candidates include but are not limited to Janssen Pharmaceutica NV, Pfizer Inc., Arena Pharmaceuticals, Inc. and Topivert Pharma Limited. Parties developing BP candidates have included but are by no means limited to Eli Lilly and Company and True North Therapeutics, Inc. (subsequently acquired by Boverativ Inc.).

Prior Sales and Description of Securities**Prior Sales**

iCo has issued the following securities during the 12 month period prior to the date of this Information Circular:

Type of Security (Number of Securities Issued)	Date of Issuance	Issuance Price per Security	Other Details of the Security
800,000 Common Shares	16/02/2021	\$0.05	Issued from Warrant exercise
208,000 Common Shares	12/02/2021	\$0.05	Issued from Warrant exercise
224,000 Common Shares	02/03/2021	\$0.05	Issued from Warrant exercise
48,000 Common Shares	05/03/2021	\$0.05	Issued from Warrant exercise
100,000 Common Shares	02/02/2021	\$0.05	Issued from Warrant exercise
4,000,000 Common Shares	26/03/2021	\$0.065	Issued from Warrant exercise
2,000,000 Common Shares	03/03/2021	\$0.065	Issued from Warrant exercise
400,000 Common Shares	22/03/2021	\$0.065	Issued from Warrant exercise
105,000 Common Shares	26/03/2021	\$0.065	Issued from Warrant exercise
1,000,000 Common Shares	03/03/2021	\$0.065	Issued from Warrant exercise
2,500,000 Common Shares	03/03/2021	\$0.065	Issued from Warrant exercise
7,400,000 Common Shares	09/03/2021	\$0.065	Issued from Warrant exercise
1,100,000 Common Shares	24/03/2021	\$0.065	Issued from Warrant exercise
350,000 Common Shares	26/03/2021	\$0.065	Issued from Warrant exercise
6,000,000 Common Shares	09/03/2021	\$0.065	Issued from Warrant exercise
1,100,000 Common Shares	24/03/2021	\$0.065	Issued from Warrant exercise
210,000 Common Shares	04/29/2021	\$0.05	Issued from Option exercise

Price Range and Trading Volume

The following table shows the high and low trading prices and monthly trading volume of the iCo Shares on the TSXV for the six-month period preceding the date of this Circular:

Date	High	Low	Volume
March 1 – March 30, 2021	\$0.145	\$0.09	54,999,259
February, 2021	\$0.16	\$0.06	75,573,724
January, 2021	\$0.1	\$0.05	40,198,609
December, 2020	\$0.08	\$0.04	37,560,149
November, 2020	\$0.05	\$0.04	1,354,465
October, 2020	\$0.055	\$0.04	2,787,863
September, 2020	\$0.05	\$0.04	2,178,100
August, 2020	\$0.055	\$0.045	2,353,599
July, 2020	\$0.06	\$0.035	11,394,796
June, 2020	\$0.055	\$0.035	11,012,582
May, 2020	\$0.055	\$0.04	8,056,485
April, 2020	\$0.05	\$0.025	25,582,498
March, 2020	\$0.055	\$0.02	10,670,096
February, 2020	\$0.075	\$0.05	5,412,408
January, 2020	\$0.085	\$0.06	3,858,180

The closing price of the iCo Shares on the TSXV on March 31, 2021 was \$0.105. The closing price of the iCo Shares on the TSXV on March 19, 2021, the last trading day prior to the announcement of the Arrangement, was \$0.105.

Dividends

iCo has not, since its inception, declared or paid any dividends on its common shares. The declaration of dividends on the iCo Shares is within the discretion of the board of directors and will depend on the assessment of, among other factors, capital requirements, earnings, and the operating and financial condition of iCo. At the present time, iCo's anticipated capital requirements are such that iCo follows a policy of retaining all available funds and any future earnings in order to finance iCo's technology advancement, business development and corporate growth. iCo does not intend to declare or pay cash dividends on its common shares within the foreseeable future.

Selected Consolidated Financial Information and Management's Discussion and Analysis

iCo's audited consolidated financial statements for the years ended December 31, 2020 and 2019 and iCo's unaudited condensed consolidated financial statements for the three month period ended March 31, 2021, together with the notes thereto (the "**iCo Financial Statements**"), are attached to this Information Circular as Appendix J.

iCo's MD&A for the year ended December 31, 2020 and the three month period ended March 31, 2021, (collectively, the "**iCo MD&A**") is attached to this Information Circular as Appendix K. The attached iCo MD&A should be read in conjunction with the iCo Financial Statements.

Capitalization

Common Shares

The authorized share capital of iCo is an unlimited number of common shares without par value. As at the date of this Circular, iCo had 181,292,713 common shares issued and outstanding as fully paid and non-assessable. All of the common shares of iCo are of the same class and, once issued, rank equally. The holders of common shares are entitled

to dividends, if, as and when declared by the board of directors, to one vote per common share at meetings of the shareholders of the iCo and, upon liquidation, to share equally in such assets of iCo as are distributable to the holders of common shares. There are no pre-emptive or conversion rights.

Options

iCo has a share option plan which authorizes the iCo to grant options to acquire common shares to directors, officers, employees and consultants of iCo or any of its subsidiaries. iCo's option plan is "rolling plan" authorizing the grant of options thereunder equal to 10% of the issued and outstanding iCo Shares at the time of the option grant. The exercise of options granted under the plan must be greater than or equal to the fair market value of the common shares on the date the option is granted. The options are generally exercisable for up to five years from the date of grant. At the date of this Circular there are 3,075,000 iCo options outstanding.

Warrants

The iCo Warrants are exercisable on the terms and conditions set forth in the relevant warrant certificate at any time prior to the expiry thereof (subject to Acceleration, as defined herein). Each iCo Warrant will entitle the holder thereof ("**iCo Warrantholder**") to subscribe for and purchase one iCo Share at an exercise price specified in such warrant certificate, subject to adjustment as provided therein.

If the iCo Shares trade on a stock exchange at a volume weighted average price of C\$0.14 or more for a period of at least 10 consecutive trading days prior to the expiry of iCo Warrants, iCo may accelerate the exercise period of the iCo Warrants to a period ending at least 30 days from the date the iCo Warrantholder is provided notice of such acceleration ("**Acceleration**").

In case of any reclassification of the iCo Shares or change of the iCo Shares into other shares, or in case of the consolidation, arrangement, merger, reorganization or amalgamation of iCo with or into any other corporation or entity which results in any reclassification of the iCo Shares or a change of the iCo Shares into other shares, or in case of any transfer of the undertaking or assets of iCo as an entirety or substantially as an entirety to another person (any such event being hereinafter referred to as a "**Reclassification of iCo Shares**"), at any time prior to the time of expiry of the iCo Warrants, the iCo Warrantholder shall, after the effective date of such Reclassification of iCo Shares and upon exercise of the right to purchase iCo Shares thereunder, be entitled to receive, and shall accept, in lieu of the number of iCo Shares to which the iCo Warrantholder was theretofore entitled upon such exercise, the kind and amount of shares and other securities or property which the iCo Warrantholder would have been entitled to receive as a result of such Reclassification of iCo Shares if, on the effective date thereof, the iCo Warrantholder had been the registered holder of the number of iCo Shares to which the iCo Warrantholder was theretofore entitled upon such exercise. If necessary, appropriate adjustments shall be made in the application of the provisions set forth in the warrant certificate with respect to the rights and interests thereafter of the iCo Warrantholder of the iCo Warrant certificate to the end that the provisions set forth shall thereafter correspondingly be made applicable as nearly as may be reasonable in relation to any shares or other securities or property thereafter deliverable upon the exercise of the iCo Warrants evidenced hereby.

Certain warrants issued pursuant to the certain finder's agreements in 2019 contain the same terms as the Warrants but are not subject to Acceleration as described above.

As of the date hereof, iCo has 39,919,000 common share purchase warrants outstanding ("**iCo Warrants**"). Each iCo Warrant is exercisable into one iCo Common Share. The iCo Warrants have the following exercise prices and expiry dates: (i) 700,000 iCo Warrants with exercise price of \$0.065, which expire on January 31, 2022; (ii) 2,624,000 iCo Warrants with exercise price of \$0.06, which expire on August 16, 2021; (iii) 10,895,000 iCo Warrants with an exercise price of \$0.065, which expire on February 22, 2022; (iv) 2,600,000 iCo Warrants with an exercise price of 0.065, which expire on March 4, 2022; and (v) 23,100,000 iCo Warrants with exercise price of \$0.065, which expire on August 16, 2022.

Stock Option Plan

The following is a summary of the principal terms of the amended and restated stock option plan (2020) (the “**iCo Option Plan**”) in force as of the date hereof. Capitalized terms used but not defined herein shall have the respective meaning ascribed thereto in the iCo Option Plan.

The purpose of the iCo Option Plan is to promote the interests of iCo by (i) providing holders of iCo Options (“**iCo Optionholders**”) with additional incentive, (ii) increasing the proprietary interest of iCo Optionholders in the success of iCo, (iii) encouraging the iCo Optionholders to continue to act as a director, officer, employee, or consultant, as the case may be, of iCo or a subsidiary of iCo and (iv) attracting new directors, officers, employees and consultants.

Pursuant to the iCo Option Plan, the iCo Board may grant iCo Options to Eligible Persons (as defined below) in consideration of their services to iCo or a subsidiary. The number of iCo Options granted is determined by the iCo Board within the guidelines established by the iCo Option Plan. The iCo Options are exercisable by the iCo Optionholders giving iCo notice and payment of the exercise price for the number of iCo Shares to be acquired.

The maximum number of common shares of iCo (the “**iCo Shares**”) issuable under the iCo Option Plan is 10% of the iCo Shares issued and outstanding as of each iCo Option grant date.

The iCo Option Plan authorizes the iCo Board to grant iCo Options to any director, officer, employee or consultant of iCo or a subsidiary of iCo (each, an “**Eligible Person**”) on the following terms:

1. The number of common shares subject to issuance pursuant to outstanding options, in the aggregate, cannot exceed 10% of the number of iCo Shares issued and outstanding as of each award date.
2. The participation limit for insiders as a group, being that the number of iCo Shares which may be issuable under the iCo Option Plan, together with all of iCo’s other compensation arrangements shall not exceed 10% of the issued and outstanding iCo Shares within a one-year period.
3. The total number of iCo Options awarded to any one individual in any twelve month period shall not exceed 5% of the issued and outstanding iCo Shares at the award date unless iCo has obtained disinterested shareholder approval.
4. The total number of iCo Options awarded to any one consultant in any twelve-month period shall not exceed 2% of the issued and outstanding iCo Shares unless consent is obtained from the Exchange.
5. The iCo Options awarded to all persons retained to provide Investor Relation Activities are subject to the following terms:
 - (a) the total number shall not exceed 2% of the issued and outstanding iCo Shares, in any twelve-month period, calculated at the award date, unless consent is obtained from the TSXV; and
 - (b) the iCo Options will vest in stages over not less than 12 months with no more than one quarter of such iCo Options in any three-month period.
6. The exercise price of the iCo Options is determined by the iCo Board and cannot be less than:
 - (a) at any time during which the iCo Shares are listed and posted for trading on the TSXV, the allowable discounted market price; and

- (b) at any other time, the fair market value of the iCo Shares as determined by the iCo Board in its sole discretion, subject to the rules and regulations of any regulatory authority.
7. The iCo Options may be exercisable for up to 10 years from the award date.
 8. The iCo Options vest in stages over a period of at least 18 months, with no more than one-quarter of any such iCo Options vesting in any three-month period.
 9. The iCo Options can only be exercised by the iCo Optionholder or personal representative of such Optionholder, in whole or in part, at any time or from time to time up to 5:00 p.m. (Vancouver time) on its expiry date.
 10. An iCo Option granted will terminate on the earlier of:
 - (a) the expiry date determined by the iCo Board; or
 - (b) if the iCo Optionholder dies, within one year from the iCo Optionholder's death;
 - (c) if the iCo Optionholder becomes permanently disabled, within six months from the date the iCo Optionholder became permanently disabled;
 - (d) 90 days after the iCo Optionholder ceases to be an Eligible Person, provided that:
 - (i) The termination date for any iCo Options granted to an Eligible Person employed to provide Investor Relation Activities will be the date that is 30 days after the Optionholder ceases to be an Eligible Person; and
 - (ii) If the iCo Optionholder ceases to be an Eligible Person as a result of being terminated for Cause, in the case of an employee, ceasing to meet the qualifications for such position under applicable law, in the case of a director or officer, the termination date will be the date the iCo Optionholder ceases to be an Eligible Person;

The termination date for any unvested portion of such iCo Options will be the date on which the iCo Optionholder ceases to be an Eligible Person.
 - (e) if the iCo Optionholder is involuntarily removed or resigns (other than at the request of the iCo Board or for the benefit of another director or officer) from any of such positions the iCo Option will terminate concurrently; and
 - (f) if the expiration date occurs during a blackout period or within nine business days of a blackout period, the expiry date for such iCo Option will be the tenth business day after the end of such blackout period.
 11. The iCo Options are not transferable or assignable.

12. The iCo Board may implement procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law.
13. An iCo Option granted to a U.S. Participant may be an incentive stock option within the meaning of Section 422 of the U.S. Tax Code (an “**ISO**”), but only if so designated by iCo. ISOs shall only be granted to U.S. Participants who are employees within the meaning of the U.S. Tax Code (the “**Code**”). To the extent that the aggregate fair market value of shares (determined as of the date of grant of the iCo Option) with respect to which ISOs under the iCo Option Plan, are exercisable for the first time by a U.S. participant during any calendar year within the meaning set forth in section 422 of the Code, shall not exceed One Hundred Thousand Dollars in U.S. Funds (US\$100,000). An ISO will terminate no later than ten after the date of grant; provided, however, that in the case of a U. S participant who, at the time of grant, is a 10% shareholder, such ISO will terminate no later than five years after the date of grant; and the number of shares issued cannot not exceed 5% of the total number of iCo Shares issued and outstanding (on a non-diluted basis) at the time of any grant.
14. The iCo Board may adjust the number and kind of shares or other securities reserved for issuance, the number of shares issued upon the exercise of iCo Options or the Exercise Price of iCo Options in the event of any stock dividend or any recapitalization, amalgamation, subdivision, consolidation, combination or exchange of shares, or corporate events, in the manner it deems appropriate in its sole discretion. Additionally, no lots of iCo Shares shall be issued in amounts of less than 100 iCo Shares.
15. The iCo Board has the authority at any time and from time to time, to amend any of the provisions of the iCo Option Plan, or any iCo Option granted thereunder. However, no such amendment may be made that will materially prejudice the rights of any iCo Optionholder without the prior written consent of such iCo Optionholder.
16. The iCo Option Plan must be approved by iCo’s shareholders annually.
17. iCo Shareholder approval will be required for the following types of amendments:
 - (a) the persons eligible to be granted iCo Options under the iCo Option Plan;
 - (b) the maximum number iCo Shares that can be issued;
 - (c) the limits on grants of iCo Options to any one person, Insiders, consultants or persons involved with Investor Relations Activities (as defined with the policies of the TSXV);
 - (d) the method for determining the exercise price;
 - (e) the expiry date of an outstanding Option;
 - (f) the maximum term of iCo Options;
 - (g) the expiry and termination provisions applicable to iCo Options; or
 - (h) an amendment to section 3.1 of the iCo Option Plan.

18. If required by exchange policies, disinterested shareholder approval will be obtained if the iCo Option Plan, along with any other share-based compensation arrangement could result in:
- (a) the aggregate number of iCo Shares reserved for issuance under iCo Options granted to Insiders exceeding 10% of the issued iCo Shares;
 - (b) the grant to Insiders, within a 12-month period of an aggregate number of iCo Options exceeding 10% of the issued iCo Shares at the date an iCo Option is granted to any insider;
 - (c) the issuance of iCo Options to any one iCo Optionholder, within a 12-month period, whereby the number of iCo Shares reserved for issuance exceeding 5% of the issued iCo Shares; or
 - (d) iCo is decreasing the Exercise Price of iCo Options previously granted to insiders.
19. If iCo seeks shareholder approval for a transaction which would constitute an Acceleration Event (as defined in the iCo Option Plan) or third party makes a bona fide formal offer to iCo or its shareholders which would constitute an Acceleration Event, the iCo Board may (i) permit the iCo Optionholders to exercise their iCo Options, as to all or any of such iCo Options that have not previously been exercised (regardless of any vesting restrictions), but in no event later than the expiry date of the iCo Option, so that the iCo Optionholders may participate in such transaction; and (ii) require the acceleration of the time for the exercise of the iCo Options and of the time for the fulfilment of any conditions or restrictions on such exercise. Notwithstanding any other provision of the iCo Option Plan or the terms of any iCo Option, if at any time when iCo Options remains unexercised and iCo completes any transaction which constitutes an Acceleration Event, all outstanding unvested iCo Options will automatically vest.
20. The iCo Board may terminate the iCo Option Plan at any time provided that it does not alter the terms or conditions of any Option or impair any right of any iCo Optionholder pursuant to any iCo Option awarded to date.

On January 10, 2020, iCo granted 2,000,000 stock options to directors, officers, and an advisor. The stock options are exercisable at the price of \$0.08, the closing price of iCo's shares on the TSXV on January 10, 2020 (the "**Effective Date**"); they expire on January 10, 2025. The stock options vest as follows: 1/5 on the "Effective Date" and 1/5 every six months thereafter until all options are vested.

On October 26, 2020, iCo granted 1,535,000 stock options to directors, officers, and a contractor. The stock options are exercisable at the price of \$0.05, the closing price of iCo's shares on the TSXV on October 26, 2020 (the "**Effective Date**"); they expire on October 25, 2025. The stock options vest as follows: 1/5 on the "Effective Date" and 1/5 every six months thereafter until all options are vested.

After giving effect to these option grants as of the date of this Circular, 3,075,000 options remained outstanding. No further options remained for issuance under iCo's then-current stock option plan.

The iCo Option Plan was most recently approved by the iCo Shareholders at the iCo annual and special meeting held on December 30, 2020.

Executive & Director Compensation and Management Contracts

Statement of Executive Compensation

The following discussion and analysis covers the compensation paid to the individuals who served as Chief Executive Officer and Chief Financial Officer of iCo during the financial year ended December 31, 2020 and the most highly compensated individual who was an executive officer of iCo at the end of the financial year ended December 31, 2020 and whose total compensation exceeded \$150,000 (each such person, a "**Named Executive Officer**").

Compensation Philosophy and Objectives

iCo's executive compensation program is designed to retain key executive consultants in both the short and long term, incentivize both individual and corporate performance and align interests of executives with other corporate stakeholders such as shareholders and corporate partners. Compensation decisions are intended to be transparent, and iCo's compensation practices are intended to be simple in design. Given iCo's size, resources and business model, iCo primarily uses three elements of compensation for its Named Executive Officers: monthly retainer or daily consulting fee, annual incentive pay (bonus) and long-term equity compensation (options). In establishing the framework for iCo's compensation practices, iCo takes into account the inherent uncertainties of its business and the fact that the success of iCo is influenced by a number of risk factors, many of the most important of which are beyond iCo's control.

iCo strongly encourages its executive officers to maintain equity ownership in iCo, both through direct shareholdings and derivative holdings such as options. As at December 31, 2020, management and directors owned or exercised control or direction over 1,692,756 common shares, representing 0.9% of iCo's issued and outstanding common shares. iCo does not provide any financial assistance to Named Executive Officers to purchase equity in iCo.

Decision Making Process

The Compensation Committee of the iCo Board oversees and provides strategic direction to management regarding iCo's compensation policies and general human resources policies. In addition to that mandate of broad oversight and direction, the Compensation Committee is tasked with implementing programs to attract, retain and develop management of the highest caliber. The Compensation Committee makes recommendations to the board of directors with respect to the annual salary, bonus and other benefits of the Chief Executive Officer and approves the compensation for all other Named Executive Officers taking into consideration the recommendations of the Chief Executive Officer. iCo believes that its review process provides an effective ongoing evaluation of its executive compensation program relative to industry practice and allows for appropriate and timely adjustments to the program.

Until April, 2021 the members of the Compensation Committee were Susan Koppy and William Jarosz. Ms. Koppy and Mr. Jarosz were not independent directors. Mr. Jarosz is not independent as he is the Chief Executive Officer of iCo. Until the time of Ms. Koppy's resignation from iCo in April, 2021, Ms. Koppy was not independent as she was the President of iCo.

Assessment of Risks Associated with iCo's Compensation Policies and Practices

The Compensation Committee has assessed iCo's compensation plans and programs for its executive officers to ensure alignment with iCo's business plan and to evaluate the potential risks associated with those plans and programs. The Compensation Committee has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on iCo.

The Compensation Committee considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

Financial Instruments

iCo has not adopted a policy restricting its Named Executive Officers or directors from purchasing financial instruments that are designated to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its Named Executive Officers or directors. To the knowledge of iCo, none of the Named Executive Officers or directors has purchased such financial instruments.

Compensation Framework

The Compensation Committee considers all elements of compensation as a whole rather than any one element in isolation. In evaluating executive compensation, iCo considers a broad range of factors, including individual performance and corporate results. Other factors taken into account in establishing compensation include market

competitiveness and internal equity. The relative balance of those factors will likely differ from year to year. The Committee also examines the competitive positioning of total compensation, the ratio of current to long-term compensation and the amount of fixed and variable compensation. The Compensation Committee is tasked with ensuring that iCo's compensation practices are affordable as an element of iCo's overall cost of doing business, while rewarding performance and creating incentives to achieve long-term success.

Daily Consulting Fee

The daily consulting fee is a key component of compensation, both on its own and because annual incentive awards are based on percentages of the daily consulting fee. Fees for executive officers are determined by evaluating the responsibilities of each executive's position, as well as the experience and knowledge of the individual, with a view to internal equity and the competitive marketplace. The Compensation Committee balances the desire to set the daily consulting fee at a level competitive enough to attract highly qualified executive officers against the desire to ensure that performance remains a key factor in determining total compensation of iCo's management team. In determining the base salaries of the Named Executive Officers, the Compensation Committee reviews and considers compensation information from a number of publicly available sources relevant to the biotechnology and life sciences sector as well as external market surveys when available. In setting the salary of the Named Executive Officers (other than the Chief Executive Officer), the Compensation Committee also relies to a large extent on the Chief Executive Officer's recommendation and evaluation of each Named Executive Officer's performance.

For all employees, including Named Executive Officers (other than the Chief Executive Officer), salary adjustments are considered by the Compensation Committee in the first quarter of iCo's fiscal year and implemented at the time of approval by the board of directors. Annual adjustments to daily consulting fee are not guaranteed and any adjustment includes consideration for individual performance, internal equity and market conditions.

Annual Bonus

The Compensation Committee has established an annual bonus program to drive performance and the achievement of corporate goals. The bonus program rewards short term results and performance, all of which are linked to iCo's long-term objectives. All Named Executive Officers, as well as other employees of iCo, are eligible to receive a bonus. The award and amount of any bonus are not pre-determined under any policy and are at the sole discretion of the Compensation Committee, which in turn provides a recommendation to the board of directors for approval. A decision to award a bonus is based on the responsibility and accountability of the individual and the role within the organization, performance of the individual, performance of iCo in reaching certain corporate goals for any given year and a number of other factors, both internal and external.

Incentive Programs – Stock Options

iCo's Stock Option Plan is available to all employees, including the Named Executive Officers, and consultants of iCo. As options have increased value to the holder if the market value of the stock appreciates over time, the objective of the program is to tie the interests of employees directly to the interests of the shareholders. In that regard, the Stock Option Plan is intended to serve as a long-term retention and incentive tool. The exercise price, terms, vesting and conditions of any options granted are established by the board of directors and subject to the rules of the regulatory authorities having jurisdiction over the securities of iCo. The options granted may be exercised during a period not exceeding ten years. The options are non-transferable.

Awards of options for all employees, including Named Executive Officers, are approved by the board of directors upon the recommendation of the Compensation Committee. The determination of an award, as well as the amount of any award, is at the sole discretion of the board of directors. In deciding to grant options, the board of directors takes previous option grants into consideration. There are no performance or other conditions related to the vesting of the options, other than continued employment with iCo.

Employment Agreements, Termination and Change of Control Benefits

As of December 31, 2020, iCo was a party to iCo Consulting Agreements with each of the Named Executive Officers. Each iCo Consulting Agreement contains covenants in iCo's favour, including a non-competition covenant, a loyalty covenant, a non-solicitation of clients and employees covenant and confidentiality and non-disclosure obligations. Under the Agreements, all confidential information and intellectual property that is invented, conceived or originated by the Named Executive Officer is iCo's property. Each Named Executive Officer may be terminated by iCo immediately for cause or with six months written notice or payment.

Under the iCo Consulting Agreements, the Named Executive Officers are currently eligible to receive the following amounts per annum:

Name	Monthly Retainer or Hourly Consulting Fee
William Jarosz	US\$10,000 per month
Michael Liggett	\$135 per hour

Summary of Executive Compensation

Total Compensation

The following table provides a summary of the compensation earned in respect of iCo's completed financial years for 2018, 2019 and 2020 by the Named Executive Officers who were serving as executive officers of iCo on December 31, 2020.

Name & Principal Position	Year	Salary/Fees (\$)	Share-Based Awards (\$)	Option-Based Awards ⁽²⁾ (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
William Jarosz Chief Executive Officer ⁽¹⁾	2020 ⁽¹⁾	Nil	Nil	62,250	Nil	Nil	Nil	Nil	62,250
Michael Liggett, Chief Financial Officer	2020	64,726	Nil	34,500	Nil	Nil	Nil	Nil	99,226
	2019	42,450	Nil	Nil	Nil	Nil	Nil	Nil	42,450
	2018	50,350	Nil	Nil	Nil	Nil	Nil	Nil	50,350

Notes:

- (1) William Jarosz was appointed Chief Executive Officer on March 9, 2020. Pursuant to the consulting agreement between Mr. Jarosz and iCo, Mr. Jarosz is entitled to receive a monthly fee in the amount of US\$10,000 for services provided as the Chief Executive Officer, and an additional US\$25,000 per year to act as Chair of the iCo Board for 2016 to 2020 financial year; provided that these fees only become payable by iCo to Mr. Jarosz in the event that iCo completed a liquidity event in excess of \$1 million. The approximate amount owed under the consulting agreement by iCo (in the event of a liquidity event) as of December 31, 2020 would be US\$215,000.
- (2) The fair value of the option based awards is estimated as at the date of the option grant using the Black-Scholes option pricing model.

Incentive Plan Awards – Outstanding Option-Based Awards – Named Executive Officers

The following table provides a summary of all option-based and share-based awards to the Named Executive Officers outstanding at the end of iCo's financial year ended December 31, 2020.

Name	Option-Based Awards				Share-Based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of total unexercised in-the-money option ⁽²⁾ (\$)	Number of shares of units that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based rewards not paid out or distributed (\$)
William Jarosz Chief Executive Officer ⁽¹⁾	605,000	0.05	Oct 25, 2015 Jan 10, 2025	3,025	N/A	N/A	N/A
	400,000	0.08		Nil			
Michael Liggett, Chief Financial Officer	150,000	0.05	Jan 23, 2022 Jan 10, 2025 Oct 25, 2025	1,050	N/A	N/A	N/A
	300,000	0.08		Nil			
	210,000	0.05		0.005			

Note:

- (1) The value of unexercised in-the-money options is determined by calculating the intrinsic value of each option (market price less exercise price). The closing price of the common shares on the Exchange on December 31, 2020, the last trading day of iCo's fiscal year was \$0.055.

Incentive Plan Awards – Value Vested or Earned During the Year – Named Executive Officers

The following table sets forth, for each Named Executive Officer, the value vested for all outstanding option-based and share-based awards and the value earned for all non-equity incentive plan compensation during the twelve month period ended December 31, 2020.

Name	Option-based awards – Value vested during the year⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
William Jarosz Chief Executive Officer	3,025	N/A	N/A
Michael Liggett, Chief Financial Officer	1,050	N/A	N/A

Note:

- (1) Represents the intrinsic value, if any, of each option vested during the year (market price on the vesting date less exercise price).

Long Term Incentive Plans

iCo does not have a long-term incentive plan pursuant to which compensation was paid or distributed to the Named Executive Officers during the financial period ended December 31, 2020. A “long term incentive plan” means a plan providing compensation intended to motivate performance over a period greater than one financial year other than option plans, stock appreciation rights or restricted share compensation.

iCo has not granted any stock appreciation rights either during or prior to the year ended December 31, 2020.

Pension Plan Benefits

iCo does not provide any form of pension plan or other retirement benefit to the Named Executive Officers.

Compensation of Non-Management Directors

Total Compensation

It is iCo’s policy to provide compensation to independent directors for their role in overseeing the strategic direction of iCo, participating in various meetings (both the board as a whole and at various committee levels) and otherwise providing advice, governance and industry perspective to iCo and its management. Directors who are also Named Executive Officers do not receive additional compensation beyond what is provided for in their employment contracts. iCo pays directors primarily in two forms: a fixed quarterly fee payable in cash and through the grant of stock options. iCo only rewards directors for their role as directors and does not provide compensation to directors for their role in various committees.

The following table provides a summary of the compensation earned in respect of iCo’s financial year ended December 31, 2020 by the non-management members of iCo’s board of directors:

Name ⁽³⁾		Fees earned ⁽¹⁾ (\$)	Share-based awards (\$)	Option-based awards ⁽²⁾ (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Peter Hnik	2020	122,600	Nil	34,500	Nil	Nil	Nil	157,500
	2019	86,000	Nil	Nil	Nil	Nil	Nil	\$86,000
Susan Koppy ⁽⁴⁾⁽⁵⁾	2020	53,065	Nil	34,500	Nil	Nil	Nil	87,565
	2019	52,488	Nil	Nil	Nil	Nil	Nil	52,488

Notes:

- (1) Directors were reimbursed for their out-of-pocket expenses to attend meetings.
- (2) The fair value of the option-based awards is estimated as at the date of the option grant using the Black-Scholes option pricing model.
- (3) William Jarosz and Michael Liggett's compensation for their roles as directors are included above under "Summary of Executive Compensation".
- (4) Susan Koppy's compensation included compensation for her role as director and a consulting fee for business development services she provided to iCo.
- (5) Susan Koppy resigned as a director and officer of iCo in April 2021.

Incentive Plan Awards - Outstanding Option Based Awards – Non-Management Directors

The following table provides a summary of all option-based and share-based awards outstanding to non-management directors as at the end of iCo's financial year ended December 31, 2020:

Name	Option-Based Awards				Share-Based Awards		
	Number of securities underlying unexercised options	Option exercise price (\$)	Option expiration date	Value of total unexercised in-the-money option(1) (\$)	Number of shares or units that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Peter Hnik	300,000	0.08	Jan 10, 2025	Nil	N/A	N/A	N/A
	210,000	0.05	Oct 25, 2025	1,050			
Susan Koppy ⁽²⁾	100,000	0.05	Feb 16, 2021	500	N/A	N/A	N/A

Notes:

- (1) The value of unexercised in-the-money options is determined by calculating the intrinsic value of each option (market price less exercise price). The closing price of the common shares on the Exchange on December 31, 2020, was \$0.055, the last trading day of iCo's fiscal year.
- (2) Ms. Koppy resigned as a director and officer of iCo in April 2021.

Incentive Plan Awards – Value Vested or Earned During the Year – Non-Management Directors

The following table sets forth, for each non-management director, the value vested for all outstanding option-based and share-based awards and the value earned for all non-equity incentive plan compensation during the twelve-month period ended December 31, 2020.

Name	Option-based awards – Value vested during the year(1) (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Peter Hnik	1,050	N/A	N/A
Susan Koppy ⁽²⁾	500	N/A	N/A

Note:

- (1) Represents the intrinsic value, if any, of each option vested during the year (market price on the vesting date less exercise price).
- (2) Ms. Koppy resigned as a director and officer of iCo in April 2021.

Securities Authorized For Issuance under Equity Compensation Plans

As of the date hereof, iCo has 3,685,357 common shares reserved for issuance under the Stock Option Plan, representing 1.8% of the currently issued and outstanding common shares of iCo. As of the date hereof, options exercisable for 3,685,000 common shares are outstanding, representing 1.8% of the currently issued and outstanding common shares of iCo.

The following table sets forth information with respect to the number of options granted pursuant to the Stock Option Plan as at December 31, 2020. No options have been granted under stock option plans which have not been approved by iCo's shareholders.

Plan Category	Number of common shares to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column)
Equity compensation plans approved by security holders	3,075,000	\$0.065	14,823,271
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	3,285,000	\$0.065	14,823,271

Corporate Governance Practices

The following is an overview of iCo's corporate governance practices. In addition to the disclosure provided below, the audit committee charter is attached as Appendix L to this Circular.

iCo's Board of Directors

The iCo Board encourages sound and comprehensive corporate governance policies and practices designed to promote the ongoing development of iCo. The iCo Board is currently composed of three directors, none of whom are independent. A board member is "independent" if he has no direct or indirect material relationship with the iCo. After having examined the roles and relationships of each of the directors, the iCo Board has determined that the following members of its current board of directors are not independent: William Jarosz (Chairman), Michael Liggett and Peter Hnik as they are all executive officers of the iCo.

Other Directorships

The following table provides a summary of other reporting issuers that the directors of iCo are directors of:

iCo Board Member	Reporting Issuer
William Jarosz	None
Peter Hnik	None
Susan Koppy ⁽¹⁾	None
Michael Liggett	None

Orientation and Continuing Education

It is the mandate of the governance and nomination committee to ensure that a process is established for the orientation and education of new directors which addresses the nature and operation of iCo's business and their responsibilities and duties as directors (including the contribution individual directors are expected to make and the commitment of time and resources that iCo expects from its directors). The governance and nomination committee is also responsible for ensuring that directors receive adequate information and continuing education opportunities on an ongoing basis to enable directors to maintain their skills and abilities as directors and to ensure their knowledge and understanding of the iCo's business remains current.

Ethical Business Conduct

iCo is committed to maintaining the highest standards of corporate governance and this philosophy is communicated by the iCo Board to management, and by management to employees, on an ongoing basis. Given iCo's relatively small workforce, the iCo Board has not considered it necessary to adopt a formal code of business conduct and ethics or whistleblower policy but will regularly consider whether it would be advisable to adopt such a code or policy in the future.

Nomination of Directors

It is the mandate of the governance and nomination committee to identify, in consultation with the chief executive officer, and recommend qualified candidates for the iCo Board. In assessing whether identified candidates are suitable for the iCo Board, the governance and nomination committee considers: (i) the competencies and skills considered necessary for the iCo Board as a whole; (ii) the competencies and skills that the existing directors possess and the competencies and skills nominees will bring to the iCo Board; and (iii) whether a nominee can devote sufficient time and resources to his or her duties as a member of the iCo Board. In addition, the governance and nomination committee assesses the participation, contribution and effectiveness of the individual members of the iCo Board on an annual basis.

Compensation

The compensation committee is responsible for board compensation, the establishment of salaries of executive management and senior staff, review of the contingency plan for management succession and employee-employer relations. The compensation committee reviews and makes recommendations to the iCo Board regarding the corporate goals and objective, performance and compensation of the chief executive officer on an annual basis and is responsible for reviewing the recommendations of the chief executive officer regarding compensation of the senior officers, the compensation policy of iCo (including internal structure, annual review and relationship to market levels and changes), significant changes in iCo's benefit plan and human resources policies and the issuance of stock options to employees, consultants and directors.

Assessments

It is iCo Board's mandate, in conjunction with the governance and nomination committee, to assess the participation, contributions and effectiveness of the chair and the individual members of the iCo Board on an annual basis. The iCo

Board also monitors the effectiveness of the iCo Board and its committees and the actions of the iCo Board as viewed by the individual directors and senior management.

Non-Arm's Length Party Transactions

There are no material non-arm's length transactions.

Legal Proceedings

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

As of the date of this Circular, iCo is not subject to: (a) any penalties or sanctions imposed against iCo by a court relating to securities legislation or by a securities regulatory authority as of the date of this Circular; (b) any other penalties or sanctions imposed by a court or regulatory body against iCo that would likely be considered important to a reasonable investor in making an investment decision; or (c) settlement agreements iCo entered into before a court relating to securities legislation or with a securities regulatory authority during the financial year ended December 31, 2020. iCo is unaware of any condition of default under any debt, regulatory, exchange related or other contractual obligation.

Auditors, Transfer Agents and Registrars

iCo's auditors are PricewaterhouseCoopers LLP, Chartered Professional Accountants, of Vancouver, British Columbia. PricewaterhouseCoopers LLP has advised iCo that it is independent with respect to iCo within the meaning of the Chartered Professional Accountants of British Columbia Code of Professional Conduct.

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

Material Contracts

iCo is a party to the following material contracts:

1. The Medimmune License Agreement. See "Licensing Agreements";
2. The UBC License Agreement. See "Licensing Agreements"
3. The Arrangement Agreement; and
4. The Agency Agreement.

Additional Information

Additional information relating to iCo may be found on SEDAR at www.sedar.com. Financial information is provided in iCo's comparative annual financial statements and management's discussion and analysis for its most recently completed financial year. Security holders may obtain copies of the iCo's financial statements and management's discussion and analysis on SEDAR or by contacting iCo at iCo Therapeutics Inc., 6th floor – 777 Hornby Street, Vancouver, British Columbia, Canada V6Z 2T3, Telephone: (778) 802-9806, E-mail: liggett@icotherapeutics.com.

INFORMATION CONCERNING THE TARGET COMPANY

SATELLOS BIOSCIENCE INC.

Corporate Structure

Satellos Bioscience Inc. is a privately held Canadian company incorporated under the federal laws of Canada on July 27, 2012 as Adurant Therapeutics Inc.

On February 22, 2018, Satellos filed Articles of Amendment changing its name to Satellos Bioscience Inc. Satellos amended its capital structure by filing Articles of Amendment on March 28, 2018.

Satellos's registered office and principal place of business is located at 65 Front Street East, Suite 201, Toronto, Ontario, M5B 1E5.

General Development of the Business

Satellos is engaged in the research and development of novel therapeutics for the treatment of life-threatening diseases. The field in which Satellos operates is generally referred to as the biotechnology industry. Satellos has made certain biological discoveries which may have relevance to understanding and treating a range of degenerative muscular disorders and conditions. Based on these discoveries, Satellos is initially focused on the invention and development of new classes of therapeutics designed to help damaged muscles repair themselves. The first application of our technology is the development of a novel small molecule drug for the treatment of Duchenne, the most common fatal genetic disorder diagnosed in childhood. Duchenne is characterized by debilitating and progressively worsening muscle degeneration which generally culminates in death in the third decade of life. There is no known cure for Duchenne.

Satellos has generated proof of concept experimental data demonstrating that treatment of research mice bearing the same genetic defect as patients with Duchenne has potential to restore muscle regeneration. In the Mdx mouse, a gold standard research model of Duchenne, treatment with one of Satellos's first-generation small molecule drug candidates restored muscle regeneration capacity and muscle strength to near normal levels. Satellos is currently in the process of generating additional small molecules with modified chemical structures that yield optimized drug-like properties. These new small molecule drug candidates will be further evaluated in a range of preclinical experiments, including additional animal models of Duchenne, to further verify and hone their potential effectiveness and safety for treating Duchenne. By the end of 2021, Satellos aims to nominate a lead compound as its DC to advance into the requisite pre-IND studies prior to commencing clinical trial testing in humans, planned for the 2nd half of 2022.

History

Founding

Satellos was founded by biotechnology entrepreneurs Mr. Frank Gleeson ("**Gleeson**") and Dr. Michael A. Rudnicki ("**Rudnicki**") on July 27, 2012. Each was issued one common share for consideration of \$0.01. Satellos filed NIL tax returns for each taxation year from 2012 through 2017.

To accelerate progress and access growth capital, Satellos changed its capital structure on March 28, 2018 effecting a share split which resulted in each of Gleeson and Rudnicki holding 2,000,000 common shares. Contemporaneously, Bloom Burton Development Corp. ("**BBDC**") subscribed for 4,000,000 common shares in return for total consideration of \$2.00. Satellos, BBDC, Gleeson and Rudnicki entered into a shareholder agreement ("**SHA**") of even date. Under the SHA, BBDC has the right to nominate 2 board members with Gleeson and Rudnicki having the right to nominate one board member each. Upon the occurrence of certain events these rights may be reduced.

First Equity Financing

On April 30, 2018, Satellos issued 1,972,000 common shares at \$1.00 per common share for aggregate gross proceeds of \$1,972,000. On June 8 and 11, 2018, Satellos issued 135,000 and 250,000 common shares, respectively, at \$1.00 per share for aggregate gross proceeds of \$385,000. On November 5, 2018, Satellos issued 95,000 common shares at \$1.00 per share for aggregate gross proceeds of \$95,000. Cumulatively, Satellos has issued 2,452,000 common shares at \$1.00 per share for gross proceeds of \$2,452,000. Coincident with these sales, Satellos paid broker fees which totaled \$144,690, yielding net proceeds of \$2,307,310 and issued 144,690 broker warrants entitling the holder to purchase one common share at an exercise price of \$1.00 for a period of 24 months post-closing. These warrants have fully expired without exercise.

License and Research Agreements

Effective May 1st, 2018, Satellos and the Ottawa Hospital Research Institute (OHRI) entered into a license agreement (the “**OHRI License**”), under which the OHRI granted to Satellos the exclusive, world-wide, sub-licensable, royalty bearing right and license to a body of Technology and Patents comprised of 5 patent families (refer to section titled intellectual property for additional information) to develop make, have made, import, use, offer for sale, sell and have sold or otherwise Commercialize Licensed Products. As part of the consideration for the OHRI License, Satellos issued 80,000 warrants to OHRI, each warrant entitling OHRI to purchase one (1) Satellos Common Share at an exercise price of \$0.01 for a period of 10 years from the effective date. See “*Material Contracts*” for more information.

Effective May 1st, 2018, Satellos and the OHRI entered into a Sponsored Research Agreement (the “**OHRI SRA**”), during the term of which OHRI agrees to carry out specific research and development activities according to a prescribed statement of work (which may be amended from time to time) under the direction of Satellos’s co-founder, Dr. Michael A. Rudnicki. Under this agreement, Dr. Rudnicki leads a dedicated R&D team – currently comprised of one senior scientist and three research technicians -- who are engaged solely to execute the agreed R&D program of Satellos, as defined in the Statement of Work (refer to section titled Material Contracts for additional information).

Second Equity Financing

In 2019, in a series of closings, Satellos sold 927,294 common shares at a price of \$1.30 per common share for aggregate gross proceeds of \$1,205,482. Coincident with these sales, Satellos paid broker fees which totaled \$48,211, yielding aggregate net proceeds of \$1,157,271 and issued 37,076 broker warrants entitling the holder to purchase one common share at an exercise price of \$1.30 for a period of 24 months post-closing.

In 2020, in a series of closings, Satellos sold 708,940 common shares at a price of \$1.30 per common share for aggregate gross proceeds of \$921,622. Coincident with these sales, Satellos paid broker fees which totaled \$31,081, yielding aggregate net proceeds of \$890,541 and issued 23,917 broker warrants entitling the holder to purchase one common share at an exercise price of \$1.30 for a period of 24 months post-closing.

In January and February 2021, Satellos sold 120,600 common shares at a price of \$1.30 per common share for aggregate gross proceeds of \$156,780. Coincident with these sales, Satellos paid broker fees which totaled \$2,102, yielding aggregate net proceeds of \$154,678 and issued 1,617 broker warrants entitling the holder to purchase one common share at an exercise price of \$1.30 for a period of 24 months post-closing.

Subsequent to March 31, 2021, 21,784 broker warrants were exercised at \$1.30 per Satellos Common Share for proceeds of \$28,319, and 80,000 warrants were exercised at \$0.01 per Satellos Common Share by OHRI for proceeds of \$800. On May 6, 2021, 97,700 Satellos Common Shares were issued for cash consideration of \$250,112, for net proceeds of \$242,609 after subtracting broker fees.

The number, term and expiration dates of all broker warrants issued as part of the Second Equity Financing which remain outstanding as of the date hereof are:

Holder	Broker Warrants	Exercise Price	Issue Date	Expiry Date
Mackie Research Capital	1,750	\$1.30	12-Jul-19	12-Jul-21
Mackie Research Capital	2,800	\$1.30	12-Jul-19	12-Jul-21
Echelon Wealth Partners	2,450	\$1.30	15-Nov-19	15-Nov-21
GMP Securities LP	11,954	\$1.30	18-Feb-20	18-Feb-22
GMP Securities LP	7,525	\$1.30	11-Aug-20	11-Aug-22
Mackie Research Capital	1,750	\$1.30	11-Aug-20	11-Aug-22
Echelon Wealth Partners	2,688	\$1.30	18-Dec-20	18-Dec-22
Haywood Securities Inc.	1,617	\$1.30	27-Jan-21	27-Jan-23
Total	32,534			

Issuance of Promissory Note

On December 7, 2020, Satellos and PPMD, a US-based nonprofit organization committed to exploring and supporting new therapeutic treatments for Duchenne, entered into an agreement (the “**PPMD Agreement**”) under which PPMD agreed to make an investment in Satellos of up to US\$1 million by way of the PPMD Convertible Note. These funds have been deployed to support Satellos’s research activities towards development of a new therapeutic drug to treat Duchenne. Specifically, PPMD is enabling Satellos to broaden our preclinical efficacy data package, inform our efforts to optimize a DC, and expand the therapeutic potential of our technology to treat Duchenne patients.

Narrative Description of the Business

Satellos was incorporated in Canada in 2018 and is a biotechnology company focused on the discovery and development of novel therapeutic treatments for life altering muscle-wasting disorders. Our scientific founder, Dr. Michael A. Rudnicki, PhD, FRS, OC has made groundbreaking discoveries regarding the role muscle stem cells play in muscle regeneration. In particular, he has uncovered how defects in the way muscle stem cells divide may be causal factors in the progressive, debilitating muscle degeneration observed in muscle-wasting diseases, including Cachexia (muscle wasting associated with an underlying disease such as Cancer or Chronic Obstructive Pulmonary Disease), sarcopenia (age associated loss of muscle mass and function), and genetically based muscular dystrophies such as Duchenne.

Satellos was founded with the mission of developing novel therapeutic drugs to correct these underlying deficiencies in the way muscle stem cells divide in order to restore the body’s innate repair and regenerative mechanisms, thereby restoring functional capacity. Our lead program is focused on inventing and developing a small molecule drug to treat Duchenne, that can modulate the muscle stem cell division process in these patients. We expect this modulation will enable patients’ bodies to better self-repair and regenerate muscle, thereby improving both the quality and duration of lives of Duchenne patients.

Satellos Scientific and Discovery Platform

Science: Muscle Stem Cells

Two decades ago in a landmark publication, Dr. Rudnicki was the first to define so called muscle stem cells (a.k.a. ‘satellite cells’) and characterize a sub-population as bona fide multipotent stem cells capable of both self-renewal and regeneration¹. Since this landmark publication, the Rudnicki lab, based out of the Ottawa Hospital Research Institute (“**OHRI**”) has pursued a singular research campaign under his direction to discover the regulatory underpinnings of muscle stem cell biology. These efforts have led the Rudnicki lab to effectively ‘crack the code’ on how muscle stem

¹ Kuang et al. 2007. Cell.

cells functionally contribute to muscle regeneration and homeostasis through highly orchestrated processes involving the regulation of ‘symmetric’ and ‘asymmetric’ division by specific biological stimuli or conditions ³, as depicted below in Figure 1.

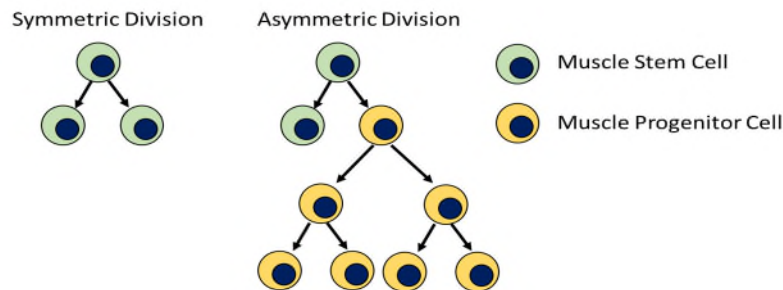


Figure 1: Muscle stem cells undergo symmetric or asymmetric divisions in response to injury stimuli. Muscle progenitor cells are generated to produce new muscle tissue or repair injured muscle.

Fundamentally, symmetric divisions result in two identical copies of the stem cell through the process of self-renewal. Asymmetric stem cell divisions, by contrast, result in one stem cell being produced and one differentiated daughter cell, called a progenitor muscle cell. Progenitor muscle cells then undergo normal mitosis to generate potentially thousands of new cells that ultimately incorporate into functional muscle tissue. The Rudnicki lab was first to elucidate how these specialized muscle stem cells react to cues from their environment triggering them to spring into action and begin producing fast dividing progenitor cells. These foundational findings have made a major contribution to the field’s current understanding that a multipotent stem cell population exists within the muscle environment (known colloquially as the “niche”) and importantly, is responsible for maintaining muscle growth, regeneration, and repair throughout an individual’s lifetime. Furthermore, they have significant implications for understanding disease processes and the development of new therapeutic approaches to treating them. Dr. Rudnicki has linked deficits in either symmetric or asymmetric division to multiple muscle wasting and degenerative diseases. For these and other contributions to the field Dr. Rudnicki was recently bestowed one of the highest scientific honors in the world, induction as a Fellow into the Royal Society.

Satellos Discovery Platform: MyoReGenX™

The muscle stem cell ‘niche’ resides deep within the muscle tissue. Muscle stem cells respond to signaling molecules and stimuli from this environmental niche to physically orient themselves in space and undergo either a symmetric or asymmetric division. To better study and understand these processes as well as advance the translation of these findings to humans as potential therapies, Dr. Rudnicki developed a proprietary muscle stem cell screening platform, MyoReGenX™.

MyoReGenX™ is an automated microscopy system which can track and identify the divisions of individual muscle stem cells in response to various stimuli. Critically, the Rudnicki lab has determined how to sustain the muscle stem cell in as near a natural setting as possible – i.e., preserving the muscle bundle, in order to reliably study their function. Developing this technology has taken years and represents a trade secret to which Satellos has exclusive commercial access under its relationship with the OHRI.

Through tracking of muscle stem cell divisions in response to biological or small molecule stimuli, Dr. Rudnicki has discovered numerous signaling pathways that regulate symmetric and asymmetric stem cell divisions² during normal homeostasis and in response to muscular injury. Importantly, his work has also led to the identification of disease specific deficiencies in either symmetric and asymmetric stem cell divisions including Sarcopenia, Cachexia, and Duchenne³. Satellos is building on these and other findings and actively deploying MyoReGenX™ in its drug discovery and development programs, commencing with Duchenne.

² Wang et al. 2019. Cell Stem Cell.

³ Feige et al. 2018. Cell Stem Cell.

Satellos' Lead Drug Development Program for Duchenne

Background and Core Discoveries

Duchenne is the most common fatal genetic disorder diagnosed in childhood, affecting approximately one in 5,000 live male births. Early signs of motor impairment and delays in motor-related milestones emerge between the ages of 2-5 years. Rapid disease progression and muscle weakening result in patients typically being wheelchair-bound by the age of 12. In the late teenage years, patients begin to suffer from heart problems known as Cardiomyopathy. Eventual respiratory failure, the inability to breathe caused by weakness in the muscles of the diaphragm, and heart failure are the leading causes of death in the third decade of life. There is no known cure and existing treatments are only partially effective.

Duchenne is caused by a change or mutation in the dystrophin gene that results in the loss of the dystrophin protein. Recently, Dr. Rudnicki made the seminal discovery that muscle stem cells, as a direct result of the loss of the dystrophin protein, are unable to divide properly⁴. In essence, the dystrophin protein has a dual role. In addition to its structural function stabilizing muscle, it serves as a signaling molecule that directs muscle stem cells to 'polarize' so that they may divide in an 'asymmetric' fashion. In this context, establishment of cellular polarity enables one muscle stem cell to divide creating a copy of itself (green cell in Figure 1 above) as well as to create an entirely different cell, namely, a muscle progenitor cell (yellow cells in Figure 1 above) which then goes on to divide through multiple rounds of conventional cell mitosis (i.e., 'symmetric' division) to generate new muscle.

Dr. Rudnicki's hypothesis is that, in Duchenne, the process of 'asymmetric' division is severely impaired; consequently, the production of muscle progenitor cells to repair muscle is dramatically reduced. As a result, Duchenne patients are unable to keep up with the continuous damage to their muscles throughout life induced by the most basic physiological muscle contractions requiring repair and regeneration of muscle including, for example: standing, walking, lifting, breathing, and climbing stairs. Fundamentally, Dr. Rudnicki has potentially identified a root cause of the progressive nature of Duchenne which, to date, had not been understood or appreciated.

Deploying MyoReGenX™, Dr. Rudnicki made a further seminal discovery. Published in Cell Stem Cell⁵, the Rudnicki lab showed experimentally that epidermal growth factor receptor ("EGFR") signaling can be modulated by drug intervention to reset polarity in Duchenne-affected muscle stem cells, thereby restoring their ability to generate progenitors through asymmetric division. Importantly, this effect of EGFR modulation occurs in the complete absence of dystrophin. In further investigating these findings, Satellos identified a specific protein target that is a unique modulator of EGFR signalling in muscle stem cells, which we code named PTPX. This protein is a member of a large family of proteins known as protein tyrosine phosphatases ("PTP"). Satellos has confirmed experimentally through genetic based interference (i.e., small interfering ribonucleic acid ("siRNA") knockdown) that PTPX is present in muscle stem cells and furthermore, modulates EGFR signaling and asymmetric divisions in muscle stem cells. Taken together, these unexpected findings may point to an entirely original therapeutic approach for the treatment of Duchenne patients based on the premise of modulating EGFR signalling in muscle stem cells to reset asymmetric divisions, thereby enabling the repair and regeneration of muscle.

Overview: Satellos Drug Development Infrastructure

Satellos is building on these novel findings to create the first ever therapy intended to reset asymmetric divisions in muscle stem cells and correct this potential root cause of the progressively degenerating nature of Duchenne. Specifically, our goal is the discovery and development of a first-in-class, orally-dosed small molecule inhibitor of PTPX. To achieve this goal, we first established a customized drug development infrastructure comprising an interleaved cascade of proprietary assays and network of specialized contract research organizations ("CRO").

These assays span from procurement and generation of chemical matter all the way through to demonstrating preclinical efficacy. Chemical compounds that progress through this process are evaluated for the specific inhibition of our PTP target, the ability to regulate EGFR signaling and asymmetric division, their physico-chemical behaviour once injected into living animals, and ultimately their ability to alter the disease course in representative Duchenne preclinical models. CROs were selected following a competitive process for their unique expertise in a range of drug

⁴ Dumont et al. 2016. Nature Medicine.

development skills such as: drug fragment screening, in silico drug screening, chemical synthesis, biomolecular assay development, x-ray crystallography, and DNA encoded library screening. The assays and CRO network are depicted in Figure 2 below.

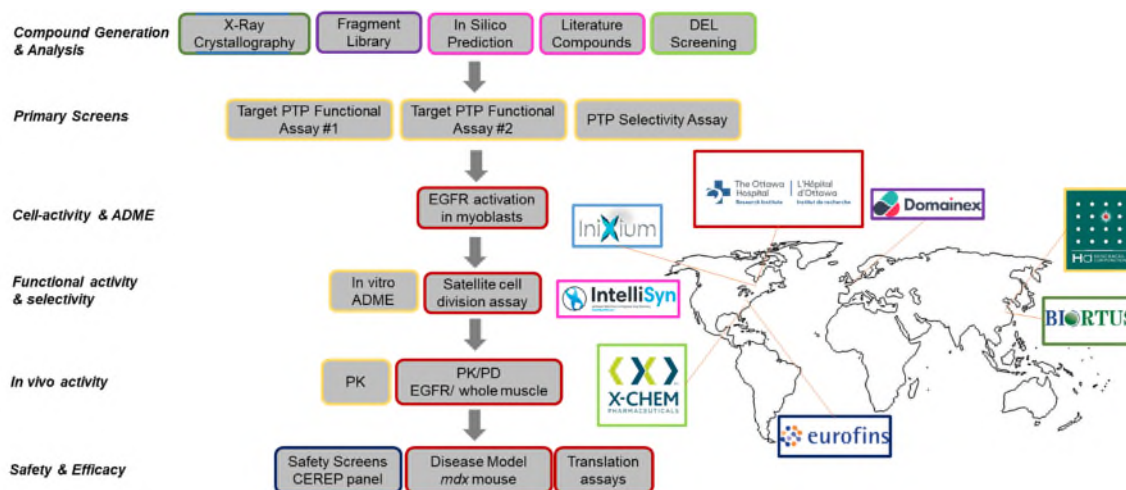


Figure 2:
Satellos Network of CROs and Drug Screening Cascade

Satellos has established an in-house team of drug development professionals to oversee its workplan and manage its infrastructure. Heading up the team is Dr. Sridhar Narayan, an experienced drug hunter whose profile can be viewed below in the section titled Executive Compensation.

The following section highlights the process Satellos is following to deploy its infrastructure for generating and evaluating new chemical matter plus the core *in vitro* and *in vivo* experiments that have been performed on our most advanced drug candidates but does not represent all of the data generated to date.

Drug Design and Medicinal Chemistry

Through a combination of independent starting points including a fragment screen, in silico predictions, and reverse engineering of a literature compound, Satellos has identified 5 distinct chemical series that are capable of inhibiting PTPX. These chemical series have served as substrate to perform additional medicinal chemistry in order to generate new compounds for evaluation in our cascade of *in vitro* and *in vivo* Duchenne drug development assays. We are presently concentrating on one of these 5 series.

Lead Optimization

The ultimate goal of the medicinal chemistry program is to invent a safe and potentially efficacious molecule which meets our desired target product profile (“TPP”) for clinical testing in and therapeutic treatment of Duchenne patients (see Table 1).

Categories	Characteristics	Comments
Product	Allosteric small molecule inhibitor of PTP-X	
Indication	Both ambulatory & non-ambulatory DMD patients (latter cohort likely in early clinical trials) Compatible with AAV treated patients, exon-skipping, and anti-inflammatory/fibrotic treatments	• Preclinical program to assess degree of muscle damage amenable for treatment
Dosing	Periodic administration 2x per week or less Low dose (<100mg) Oral formulation (s.c. or i.v. administration may be suitable for 1 st generation product)	• Dosing regimen to be determined in preclinical studies
Mechanism	Restore asymmetric divisions in DMD satellite cells to produce myofiber progenitors by prolonging EGFR phosphorylation through inhibition of PTP-X (which enforces satellite stem cell polarity).	• See below re PD markers
Efficacy/Benefit	- Enhanced muscle repair and regeneration, assessed by: - muscle MRI – readout of fat content/fibrosis, muscle area - PD markers to monitor progression and response such as: MYOG (progenitor generation), p-EGFR (pathway activity) - standard muscle function and ambulation measures for DMD will be assessed in clinical trials	• Potential to develop a panel of serum biomarkers during preclinical period
Pharmacology	- IC50 in nanomolar range 50% PTP-X inhibition - EC50<1μM	• Degree of selectivity to other PTPs to be established through preclinical study
Safety	- No significant safety risk with repeat administration - Minimal risk of DDI - No evidence of genotox or other off-target effects - Acceptable therapeutic window (>20x NOAEL)	• Planning to discuss future carcinogenicity study plan at FDA Type B meeting

Table 1. Target Product Profile. This profile is subject to change and may not represent the actual attributes that Satellos intends to achieve or results in achieving during the development of their drug candidate.

This process is termed lead optimization (“LO”). It is accomplished by iterative cycles of modifications of the chemical structures of compounds to produce improved chemical analogues that meet the desired criteria for *in vitro* activity, *in vivo* efficacy, and safety. Each cycle, conventionally referred to as design-make-test (“D-M-T”), consists of three components:

- (a) Design: New compounds are designed for synthesis based on test data and analysis of prior compounds
- (b) Make: Compounds designed in #(a) above are synthesized in the laboratory for rapid testing in #(c) below
- (c) Test: Newly synthesized compounds are tested in various assays in the cascade and data generated is fed back to inform #(a) above

Satellos has completed several D-M-T cycles, evaluated hundreds of compounds, including two generations of compounds which have advanced to or are commencing *in vivo* testing in representative animal models of Duchenne. We are currently in the LO stage and anticipate that by carrying out up to 8-10 additional D-M-T cycles we will achieve our TPP. Our goal is to accomplish this work by the end of 2021 to enable us to commence the suite of pre-investigational new drug (“IND”) studies which are required to be completed prior to submitting regulatory applications in the USA, Canada and other jurisdictions for approval to commence clinical trial testing in humans.

X-ray crystallography and biophysical studies

Satellos has successfully purified and produced PTPX in both bacterial and insect expression systems. We have a putative crystal structure from the literature that has helped to guide development to date. Studies aimed at elucidating the precise mechanism of action of our compounds at the molecular level are underway with our CRO network. These include X-ray crystallography studies wherein we aim to obtain a de novo 3-dimensional, atomic-level picture of how our lead compounds interact with the PTPX. A related set of studies utilizes biophysical measurements such as surface plasmon resonance (“SPR”) to quantify the binding affinity of compounds to PTPX. Information from both X-ray crystallography and SPR might be useful in designing new compounds that bind our target with higher affinity, an important consideration in a LO program.

In vitro Assay Testing Results

Satellos has performed multiple *in vitro* experiments that demonstrate the capability for small molecule compounds to inhibit PTPX, thereby increasing signaling in the EGFR pathway and increasing the number of asymmetric divisions

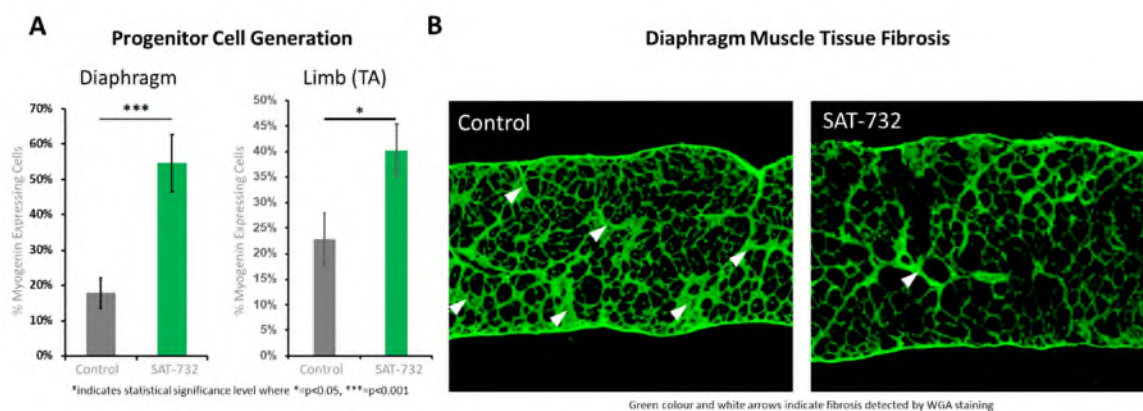
of muscle stem cells. Working through our CRO network we have designed and tested specific small molecule compounds that are capable of inhibiting the phosphatase function of PTPX. Compounds that demonstrate PTPX inhibitory activity are then further evaluated at the OHRI for their ability to increase signaling of the EGFR pathway in human muscle cells. Molecules with activity in both of these assays are then further evaluated by the OHRI for their ability to promote asymmetric division of muscle stem cells in intact muscle bundles in the MyoReGenX™ screen. This testing cascade has enabled us to also identify putative biomarkers which may enable us to obtain a surrogate readout of activity and represent valuable tools for future clinical and commercial development. Together, these experiments have allowed us to prioritize compounds for *in vivo* testing and evaluation in animal models of Duchenne.

In vivo Efficacy with Drug Treatment

Small molecules which demonstrate activity in *in vitro* enzyme and cell-based assays are then further scrutinized for their suitability for *in vivo* testing via pharmacokinetic (“PK”) and pharmacodynamic (“PD”) studies. In mice, PK studies are used to determine the level of drug in the systemic circulation as well in skeletal muscle tissue. Compounds achieving target drug levels in muscle tissue are then sent to the OHRI and tested in a mouse PD assay, wherein the ability of compounds to inhibit PTPX in muscle stem cells and modulate the EGFR pathway is measured. The combined results from PK and PD analysis are evaluated and used to prioritize compounds for evaluation in mouse models that mimic human disease. Satellos has developed unique expertise in assessing these results.

Following these tests, SAT-732 was selected as the first Satellos-designed small molecule to undergo *in vivo* efficacy testing in a well-published preclinical animal model of Duchenne, the ‘Mdx’ mouse. The results of this study showed that repeat treatment with SAT-732 over the course of a 4-week period did not affect body weight and generated statistically significant effects on several critical efficacy factors: (i) restoring the production of progenitor cells in the skeletal muscles found in both the diaphragm and limb muscles (see Figure 3, panel A); (ii) reducing the accumulation of fibrosis (see Figure 3, panel B); and (iii) improved limb muscle strength and running capacity. Satellos believes these results support Dr. Rudnicki’s hypothesis and confirm the mechanism of action of its drug candidates.

Figure 3: SAT-732 Exemplar Efficacy Data.



Panel A): Resulting changes in Mdx diaphragm and tibialis anterior (limb) muscle. Statistically significant increase in progenitor cells as measured by Myogenin expression after treatment with SAT-732 vs placebo control.

Panel B): Representative images of Mdx diaphragm muscle showing statistically increased muscle diameter and reduced fibrosis when stained with a fibrotic tissue biomarker after treatment with SAT-732 vs placebo control.

Recently, Satellos has selected a next generation compound with greater potency to SAT-732, called SAT-190, to be advanced into pre-clinical efficacy studies to compare and contrast with SAT-732 for purposes of informing ongoing lead optimization and drug development activities. These studies form part of the use of funds of the investment by PPMD and are intended to inform the potential range of Duchenne patients which might be amenable to treatment benefit from Satellos’ therapeutic approach.

Selected Additional data

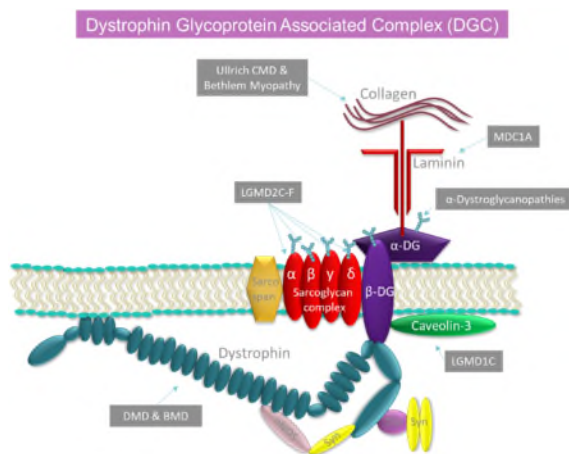
Genetic studies: Satellos has separately demonstrated that restoring asymmetric division of muscle stem cells through modulation of the EGFR pathway may work in a complementary fashion to augment the effect of gene therapy in treating Duchenne. In a proof-of-concept experimental collaboration with a corporate partner, Satellos demonstrated the potential for stimulation of asymmetric division in mice lacking dystrophin to complement the effect of micro-dystrophin gene therapy by generating stronger muscles. Separately, to confirm our hypothesis that PTPX inhibition leads to more asymmetric divisions, Satellos created a genetic mouse model lacking PTPX specifically (and only) in its muscle stem cells. We postulated that, consistent with our mechanism of action, the absence of PTPX would result in more asymmetric divisions. This is precisely what we observed, thereby providing additional validation of (i) PTPX as the unique drug target for our drug candidates and (ii) our underlying hypothesis that inhibition of PTPX provides a means of resetting asymmetric muscle stem cell divisions in Duchenne patients.

Safety screens: Satellos tests selected drug candidates showing the desired *in vitro* and *in vivo* activity profiles in industry-standard target panels to assess the potential for undesired off-target effects (e.g., Eurofins Panlabs SafetyScreen44). Satellos has generated preliminary data demonstrating that SAT-732 shows potential for a favorable safety profile, as evidenced by lack of off-target activity against the targets in the safety screen.

Follow-On Program

Beyond Duchenne there are more than 30 types of muscular dystrophy that affect humans. Each of these dystrophies have different causes that manifest into conditions that range across the entire spectrum of severity from benign, small impairments to motor function, through to full loss of ambulation and even death. Satellos is particularly interested in a subset of dystrophies associated with a multiprotein complex expressed in muscle and other tissues known as the Dystrophin-associated Glycoprotein Complex (“DGC”), pictured below.

Figure 4:
Dystrophin Glycoprotein Association Complex and Associated Muscular Dystrophies



Numerous dystrophies, highlighted in the DGC image above, are known to be characterized by an underlying disease gene which normally produces a protein that interacts via the DGC with dystrophin. Thus, in diseased individuals where the function of these proteins is disrupted, the function of the DGC complex may well be disrupted as well. Satellos has prioritized several of these dystrophies where we believe our mechanism of action may provide a therapeutic benefit to patients. These disease indications are shown in the Table 2 below.

Condition	Epidemiology*	Approved Therapeutics
<i>Collagen VI MD (Ullrich & Bethlem)</i>	1 in 143,000	none
<i>LAMA2 MD (MDC1A)</i>	1 in 50-400,000	none
<i>Limb Girdle MD (LGMD##)</i>	1 in 15-120,000	none
<i>Dystroglycanopathies</i>	1 in 50-100,000	none

Table 2. *These figures are estimates based on the current information known to health authorities, patient registries, and advocacy groups and are subject to change, and may or may not reflect the actual prevalence of these conditions.

As these diseases represent orphan or Ultra-orphan Indications, generally with few if any viable treatment options, reliable market data does not exist. To overcome this challenge, we have instead opted to include a table of epidemiology data to illustrate potential patient pool sizes. Satellos believes these conditions could serve as indication expansion and thus, market growth opportunities for our therapeutic drugs. Accordingly, Satellos plans to experimentally evaluate these conditions, to determine the extent to which impaired muscle stem cell divisions arise and whether our therapeutic drug candidates may be of benefit.

Satellos Second Drug Development Program

In addition to Satellos' lead program that is centered on the promotion of muscle stem cell asymmetric division, Satellos has licensed a large body of intellectual property related to compositions and methods for promoting symmetric division of muscle stem cells through the action of a naturally occurring protein called '**Wnt7a**'. Prior to discovering the specific deficits related to muscle stem cell asymmetric division in Duchenne, Dr. Rudnicki made numerous discoveries surrounding the signaling pathway that controls symmetric division of muscle stem cells, namely, the Wnt7a planar cell polarity pathway.

Wnt7a and Muscle Stem Cell Symmetric Division

Research from Dr. Rudnicki's laboratory demonstrated that administration of Wnt7a protein to muscle stem cells regulates the 'planar cell polarity pathway' and results in stimulation of symmetric stem cell division. Stimulation of muscle stem cell symmetric expansion serves to expand the resident pool of muscle stem cells, effectively enhancing the substrate material available to participate in muscle regeneration, producing a large stronger muscle tissue. Through the use of recombinant protein engineering, Dr. Rudnicki was successful in producing a modified Wnt7a protein that can be injected into muscle tissue in order to enhance the muscle regeneration process. In addition to promoting symmetric stem cell division, delivery of Wnt7a protein also stimulates the physical migration, proliferation, and differentiation of muscle progenitor cells, all aspects of the muscle regenerative process.

Target Indications for a Symmetric Division Program

Although not suitable for correcting the asymmetric division deficit observed in Duchenne, stimulating symmetric division of muscle stem cells for the purposes of enhancing regeneration with Wnt7a may be an effective treatment strategy in other muscle wasting conditions. Specifically, indications where significant muscle damage and/or atrophy (loss) has occurred due to physical trauma or disuse may represent opportunities for evaluation of Wnt7a therapeutic modality. Satellos has surveyed the scientific literature and identified a number of potential indication areas that may warrant future follow up through the design and execution of preliminary preclinical experimentation. Table 3 below is a summary of some of our findings:

Condition	Epidemiology*	Potential Approach
<i>Hip/Knee Replacement Surgery</i>	Nearly 1 million knees and hips are replaced each year in the US ⁵	Improve muscle recovery time, prevent slips, trips, falls
<i>Stress Urinary Incontinence</i>	Observed prevalence between 4-35% of adult women ⁶	Enhance muscle function, restore bladder control
<i>Fascioscapulohumeral M. Dystrophy</i>	1 in 20,000 persons	Enhance or prevent further loss of muscle function

Table 3. Target indications for a symmetric division program

Exclusivity Development Strategy

As a developer of therapeutics to treat a number of rare diseases, Satellos is eligible, and intends, to apply for specific government sponsored development programs that may provide strategic assistance during the regulatory review process, accelerated approval timelines and speed to market, and enhanced market exclusivity. When awarded, these programs can be of great value to the recipient parties. These programs include (but may not be limited to):

Orphan Drug Designation

The Orphan Drug Designation program provides status to drugs which are defined as those intended for the treatment, prevention or diagnosis of a rare disease or condition, such as Duchenne. Benefits for drugs that are bestowed ‘orphan status’ may include tax credits on clinical testing, waiving of the new drug application user fee, and eligibility for a seven-year market exclusivity upon approval of the drug. Orphan Drug Designation applications are often submitted alongside applications for Rare Pediatric Disease Designations (see below).

Rare Pediatric Disease Designation

As a developer of a therapeutic for Duchenne, a rare pediatric disease, Satellos is eligible and intends to apply for Rare Pediatric Disease Designation. Benefits for this designation include the potential for receiving a priority review voucher that is awarded after approval of the drug. This priority review voucher can be utilized to reduce the review process timeframe for a separate future drug development program. There is also an aftermarket for these vouchers which have been monetized for substantial sums.

Market Overview

Satellos Revenue Potential and Commercial Strategy

Satellos is developing novel drug candidates to treat degenerative, life altering and lethal muscle disorders. Its lead therapeutic program is focused on the discovery and development of a novel, disease modifying treatment for the genetic pediatric disease, Duchenne muscular dystrophy. Duchenne is the most common fatal genetic disorder diagnosed in childhood, affecting approximately one in 5,000 live male births worldwide. There is no known cure for Duchenne and treatments to-date are largely palliative or partially effective. It is an orphan disease of enormous medical need for new therapeutic approaches which improve the quality and duration of life.

Using prevalence estimations and census data, we have estimated the combined Duchenne patient population across all ages to be approximately ~21,500 persons in the major pharmaceutical markets of Canada, the US, the EU and Japan. Based on approved product sales data (see below), the current market for therapeutics to treat Duchenne is ~US\$0.7B⁸⁻¹⁰ with projected growth estimates ranging to US\$2B - \$13B⁸⁻¹⁰ as newer therapeutics intended to be disease modifying, such as microdystrophin gene replacement therapies, are developed and come to market.

⁵ Kremers et al. 2015. The Journal of Bone and Joint Surgery.

⁶ Lubner et al. 2004. Reviews in Urology.

Current standard of care in Duchenne consists of corticosteroid treatment with either prednisone or branded Deflazacort, the latter of which carries a ~US\$100,000 annual cost⁷. While playing an important role in alleviating inflammation and modestly modifying the course of this disease, corticosteroids do not treat the underlying causes of Duchenne and are associated with a myriad of serious side effects. A newer approach is exon skipping which attempts to address a root cause through the technique of skipping over the mutated exon. One recently approved exon-skipping drug therapy, Exondys 51 carries an annual cost of ~US\$600,000⁸. It is approved in the US and indicated only for patients with an exon 51 mutation, about 12% of the Duchenne population. Despite these factors, and its extremely modest efficacy, sales of Exondys 51 in 2019 were US\$380 million. A second genetics based therapy (alters ribosome activity during translation), Translarna, is indicated for roughly 15% of the Duchenne population that carry a nonsense mutation and is currently only approved in the EU. It too is modestly effective at best, yet its sales in 2019 were US\$180 million⁹. Notwithstanding efficacy considerations, growth estimates by market analysts remain high, with an estimated compound annual growth rate of ~41%¹⁰ for these and other products currently in late-stage development (see competition section below). We believe these favourable forecasts are due partly to the paucity of effective treatment options and partly to the longing of patients and their families for relief from this debilitating, progressive and ultimately fatal disease.

Based on these factors and the potentially transformative nature of our technology in treating a root cause of Duchenne, Satellos sees market potential for its products as enormous. We estimate that a novel, chronically delivered therapeutic with disease modifying potential such as Satellos envisages could be priced well in excess of US\$100,000 annually, generating hundreds of millions in sale revenue annually while still being considerably less than exon skipping drugs. With a potential patient population of 21,500 persons, the annual revenue potential for an effective, disease modifying drug treatment for Duchenne easily exceeds \$1 billion per year.

Satellos aims to first demonstrate the safety and potential efficacy of its drug candidate/s to treat Duchenne patients in early clinical trials (i.e., Phase I/II). Thereafter, its plan is to continue to develop and commercialize its products through development and marketing partnerships with pharmaceutical companies having the relevant expertise and market reach. This may include co-marketing or joint venture arrangement or regional partnerships depending on clinical trial outcomes, market and environmental conditions, and risk/reward trade-offs. Through these relationships, Satellos will seek to have its products approved and registered for sale globally with an initial focus on North America (USA and Canada).

Competition and Satellos Differentiation

Many past approaches to treating Duchenne have proved ineffective. These include anabolic steroids or Myostatin inhibitors which sought to bulk up existing skeletal muscle. We now know, from Dr. Rudnicki's findings, that these approaches were doomed to fail as they did not target the beginning of the muscle generation process: namely, muscle stem cells and the regeneration defect in Duchenne.

Below we have listed the current approved branded products in Duchenne as well as a sample of late-stage development programs categorized by their approach in Table 44:

⁷ [Drugs.com/price-guide/emflaza](https://www.drugs.com/price-guide/emflaza)

⁸ [Drugs.com/price-guide/exondys-51](https://www.drugs.com/price-guide/exondys-51)

⁹ PTC Therapeutics 2019 Annual Report

¹⁰ Grandview Research Market Analysis Report Duchenne Muscular Dystrophy Drugs Market Size

Status	Company	Product	MOA	Modality
Approved	PTC	Emflaza	Anti-inflammatory	Small molecule
Approved (EU)	PTC	Translarna	Restore native dystrophin	Small molecule
Accel. Approved	Sarepta	Exondys51	Restore native dystrophin	Exon skipper
Accel. Approved	Sarepta	Vyondys53	Restore native dystrophin	Exon skipper
Accel. Approved	NS Pharma	Viltepso	Restore native dystrophin	Exon skipper
Phase 3	Sarepta	Casimersen	Restore native dystrophin	Exon skipper
Phase 3	Italfarmaco	Givinostat	Anti-inflammatory	Small molecule
Phase 3	Pfizer	PF-06939926	Microdystrophin substitute	Gene therapy
Phase 2B	Santhera/Reveragen	Vamorolone	Anti-Inflammatory	Small molecule
Phase 2	Sarepta	SRP-9001	Microdystrophin substitute	Gene therapy
Phase 1/2	Solid Bioscience	SGT-001	Microdystrophin substitute	Gene therapy

Table 4. Current approved and select late-stage products for DMD

More recently, potentially disease modifying gene therapies have generated great hope. In these approaches, the intention is either to replace a subset of the coding regions of the dystrophin gene or alternately, skip over the mutated exon/s, so a partial dystrophin protein can be produced in muscle. The former approach, referred to as gene therapy, is now in clinical development with several companies testing product candidates. The latter, called exon skipping, has seen products approved and being marketed for sale such as those noted above -- Exondys 51, Vyondys 53, Viltepso among others. These approaches target mature muscle tissue as opposed to muscle stem cells. As a result, they may not be effective in addressing the inherent deficits in muscle stem cell asymmetric divisions which is required to enable life-long muscle repair and regeneration. Thus, we cannot know their ultimate efficacy as Duchenne patients age.

Whether gene therapy approaches prove to influence the disease course chronically, Satellos will need to differentiate its technology and ideally, be synergistic with these approaches. We expect, and have generated experimental evidence suggesting, that the stem cell mechanism targeted by Satellos should be complementary to - and should therefore augment - gene replacement and exon skipping approaches. Further, by focusing on addressing this root-cause defect in muscle stem cell divisions, which no one else is pursuing to our knowledge, we expect our technology will restore the body's ability to generate the progenitor cells required to effectively repair damaged muscles throughout life. Our goal is not to simply increase the bulk of muscles, but instead to boost the ability of Duchenne patients to self-repair and regenerate functional muscle, increasing muscle strength, to enhance both the quality and duration of their lives.

Intellectual Property and Proprietary Protection

Satellos holds numerous issued and pending patents related to the manipulation, modulation, and use of muscle stem cells for experimental and therapeutic purposes, comprising 5 patent families described below:

1. 'A method of stimulating asymmetric division of satellite stem cells' patent family (patents/applications derived from PCT/US2018/027920);
2. 'Wnt7a compositions and methods of using the same' patent family (patents/applications derived from PCT/US2012/055396);
3. 'Compositions and methods for modulating stem cells and uses thereof' patent family (patents/applications derived from PCT/CA2010/000601); and
4. 'Novel stem cells, nucleotide sequences and proteins therefrom' patent family (patents/applications derived from PCT/CA2006001907).

These patents represent core intellectual property for Satellos. Satellos's strategy is to maintain these patents and aggressively pursue protection as it makes new discoveries or inventions. Satellos has engaged Kirby Eades Gale Baker, one of Canada's leading intellectual property firms, to assist with developing its intellectual property strategy,

drafting and filing patent filings, and maintaining its international portfolio of filings. Satellos believes it has invented novel chemical matter and intends to file patent applications on a timely basis with a view to obtaining protection while optimizing patent life. Satellos's approach is to seek intellectual property protection by making filings in major markets including but not limited to the USA, EU, Japan, China and Canada. With this protection in place, Satellos intends to arrange for the manufacture, distribution and sale of the above-mentioned drug candidates in at least the named jurisdictions upon receipt of regulatory approvals.

Wherever feasible, Satellos will actively explore strategies to extend the useful life of our patents through follow-on filings and other means, as well as regulatory strategies to obtain accelerated market access or additional market exclusivity for our drug candidates. In addition, Satellos will ensure its know-how and proprietary expertise is guarded by trade secrets or trade-mark filings, as appropriate. MyoReGenX™ is one such example.

Selected Consolidated Financial Information and Management's Discussion and Analysis

The following table sets forth selected financial information for the periods indicated and should be read in conjunction with the Satellos Financial Statements and Satellos MD&A. The selected financial information for the three years ended December 31, 2018, 2019 and 2020 has been derived from audited financial statements and accompanying notes, while the selected financial information for the three months ended March 31, 2021 has been derived from unaudited interim financial statements and accompanying notes, in each case prepared in accordance with ASPE for the eight month period ending December 31, 2018, and in accordance with IFRS for all subsequent periods, and contained elsewhere in this Circular. Our audited financial statements for all have been audited by our auditors, Norton McMullen LLP. Note that 2018 was an 8-month period from the commencement of operations on April 1, 2018 to December 31, 2018.

	Three months ended March 31, 2021 (unaudited)	Financial year ended December 31, 2020 (audited)	Financial year ended December 31, 2019 (audited)	Financial year ended December 31, 2018 (audited)
Total Revenue	\$16,258	\$105,521	\$37,878	\$3,222
Net Loss	\$861,800	\$1,578,530	\$1,988,452	\$1,218,628
Total Assets	\$1,079,449	\$1,129,437	\$1,073,385	\$1,387,256
Current Liabilities	\$859,890	\$219,961	\$664,812	\$184,944
Long Term Liabilities	\$1,094,599	\$1,093,312	\$nil	\$nil
Total Liabilities	\$1,954,489	\$1,313,273	\$664,812	\$184,944

Satellos' audited financial statements for the years ended December 31, 2020, 2019 and 2018 and the unaudited financial statements for the period ended March 31, 2021, together with the notes thereto (the "**Satellos Financial Statements**"), are attached to this Information Circular as Appendix N. Satellos' MD&A for the year ended December 31, 2020 and the three months ended March 31, 2021 (the "**Satellos MD&A**"), are attached to this Information Circular as Appendix O. The attached MD&A should be read in conjunction with the Satellos Annual Financial Statements.

Description of the Securities

Satellos Shares

The Corporation is authorized to issue an unlimited number of common shares without nominal or par value. At the date hereof, there are 12,408,318 common shares issued and outstanding as fully paid and non-assessable.

The holders of the Satellos Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of Satellos and each Satellos Share confers the right to one vote in person or by proxy at all meeting of the shareholders of Satellos. The holders of the Satellos Shares are entitled to receive such dividends as the board of directors of Satellos may by resolution determine. The holders of Satellos Share are entitled to receive the remaining

property of Satellos in the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or other distribution of assets of Satellos among its shareholders for the purpose of winding-up Satellos' affairs.

Satellos Options

The purpose of the Satellos Option Plan is to allow certain directors, officers, key employees, consultants and advisors of Satellos and its subsidiaries, affiliates and associates to participate in the growth and development of Satellos and its subsidiaries by providing such persons with the opportunity, through share options, to acquire a proprietary interest in Satellos. Pursuant and subject to the Satellos Option Plan, the aggregate number of Satellos Shares reserved for issuance under the Satellos Option Plan together with any Satellos Shares reserved for issuance under any options for services or employee stock purchase or stock option plans or any other share compensation arrangement, shall not exceed 10% of the issued and outstanding shares of Satellos at the date of the grant of the Satellos Option.

Pursuant to the Satellos Option Plan, Satellos Options may be granted to any director, officer or bona fide full-time employees of Satellos or of any subsidiary, affiliate or associate or a consultant or advisor of or to Satellos or of or to any subsidiary, affiliate or associate. Subject to the Satellos Option Plan, the number of Satellos Shares subject to each Satellos Option, the option price, the expiration date of each Satellos Option, the extent to which each Satellos Option is exercisable from time to time during the term of the Satellos Option and other terms and conditions relating to each such Satellos Option are determined by the Satellos Board, all as more particularly described in the Satellos Option Plan.

Notwithstanding the foregoing, if the Satellos Board or the holders of a majority of the Satellos Shares approve or enter into an agreement or transaction contemplating: (a) a change in control of Satellos by reason of a change in ownership of more than 50% of the outstanding Satellos Shares, whether by amalgamation, arrangement, assignment, merger, recapitalization, reorganization, take-over bid or similar transaction, statutory or otherwise; (b) the sale of all or substantially all of the assets of Satellos to any arm's length third party who is not then a shareholder of Satellos; (c) the distribution of Satellos Shares to the public; (d) the dissolution, liquidation or winding-up of Satellos; or (e) any other transaction designated by the Satellos Board as a transaction to which Section 6.1 of the Satellos Option Plan shall apply; each optionee shall have the right, and the Satellos Board shall forthwith give notice in writing of such right to each optionee, to exercise Satellos Options, whether or not vested, within such period as the Satellos Board determines is necessary to permit optionees to tender all Satellos Shares underlying the Satellos Options to the offer or to permit all Satellos Shares underlying the Satellos Options to be included in the transaction, provided that, as a condition precedent to the exercise of his or her unvested Satellos Options, each optionee agrees in writing with Satellos to forthwith surrender any shares acquired upon the exercise of such Satellos Option to Satellos against reinstatement of such Satellos Options upon their original terms in the event that the proposed transaction is withdrawn or terminated. As an alternative to exercising his or her Satellos Options in accordance with the foregoing, and subject to the approval of the Satellos Board, an optionee may, if offered, elect to dispose of such Satellos Options, in whole or in part, in return for a cash payment from Satellos or any third party in an amount per Satellos Option equal to the difference between the option price and the fair market value per share (with such fair market value per share for this purpose being the purchase price of the Satellos Shares for transactions contemplated in Section 6.1(a) of the Satellos Option Plan, if applicable, and otherwise being the amount determined by the Board).

As of the date hereof, Satellos has reserved 387,500 Satellos Shares under Satellos Options granted to Satellos' directors, officers, employees and contractors, as follows:

Optionee	Number of Satellos Shares reserved under Satellos Option	Exercise Price per Satellos Share	Expiry Date
Geoff Mackay	200,000	\$1.00	01-11-2028
Sridhar Narayan	100,000	\$1.00	01-03-2029
Jonathan Smid	50,000	\$1.00	01-03-2029
Ricardo Carmona	12,500	\$1.00	01-03-2029
Ryan Mitchell	25,000	\$1.00	01-03-2029

Satellos Warrants

The Satellos Warrants are exercisable on the terms and conditions set forth in the relevant warrant certificate at any time prior to the expiry thereof. Each Satellos Warrant represented by such warrant certificate shall entitle the Satellos Warrantholder to acquire one (1) Satellos Shares at exercise price specified in such warrant certificate, subject to adjustment as provided therein.

If there is a reclassification of the Satellos Shares at any time outstanding (other than any subdivision or consolidation of Satellos Shares into a greater or lesser number of shares) or change of the Satellos Shares into other shares, or a Corporation Reorganization of Satellos (other than a Corporate Reorganization which does not result in a reclassification of the outstanding Satellos Shares or a change of the Satellos Shares into other shares), and if the Satellos Warrantholder has not exercised its right of purchase prior to the effective date of such reclassification, change or Corporate Reorganization, upon the exercise of such right, the Satellos Warrantholder is entitled to receive, and shall accept, in lieu of the number of Satellos Shares then subscribed for by it but for the same aggregate consideration payable therefor, the kind and amount of shares and other securities or property which the Satellos Warrantholder would have been entitled to receive as a result of such reclassification, change or Corporate Reorganization if, on the effective date thereof, it had been the registered holder of the number of Satellos Shares subscribed for (subject to necessary adjustments, as set forth in the relevant warrant certificate). **“Corporate Reorganization”** means, in respect of the Corporation, any transaction whereby all or substantially all of its undertaking, property and assets would become the property of any other person whether by way of arrangement, reorganization, consolidation, amalgamation, merger, continuance under any other jurisdiction of incorporation or otherwise.

As of the date hereof, Satellos has reserved 32,534 Satellos Shares under Satellos Warrants granted as follows:

Warrant Holder	Number of Satellos Shares reserved under Satellos Warrants	Exercise Price per Satellos Share	Expiry Date
Mackie Research Capital Corporation	1,750	\$1.30	12-07-2021
Mackie Research Capital Corporation	2,800	\$1.30	12-07-2021
Fidelity Clearing Canada ULC ITF Echelon Wealth Partners	2,450	\$1.30	15-11-2021
RF Securities Clearing LP	11,954	\$1.30	18-02-2022
Mackie Research Capital Corporation	1,750	\$1.30	11-08-2022

Warrant Holder	Number of Satellos Shares reserved under Satellos Warrants	Exercise Price per Satellos Share	Expiry Date
RF Securities Clearing LP	7,525	\$1.30	11-08-2022
Fidelity Clearing Canada ULC ITF Echelon Wealth Partners	2,688	\$1.30	18-12-2022
Haywood Securities Inc.	1,617	\$1.30	27-01-2023

PPMD Convertible Note

The PPMD Convertible Note was issued to PPMD on December 7, 2020 by Satellos in a principal amount of up to US\$1,000,000, of which US\$850,000 was disbursed to Satellos in December 2020. The remaining US\$150,00 has not been disbursed as of the date hereof, pending completion of certain milestones. The PPMD Convertible Note bears interest at a rate of 8% per annum and has a maturity date of December 31, 2023. In addition to the US\$850,000 principal amount owing pursuant to the PPMD Convertible Note, as of the date hereof there is also accrued interest of US\$36,898.63 owing to PPMD. Assuming that the Effective Date occurs on August 9, 2021, it is anticipated that there will be US\$45,468.49 accrued interest owing to PPMD, which would result in the aggregate amount of principal and interest owing to PPMD as of the Effective Date being US\$895,468.49 (\$1,103,575.37 based on exchange rate of CDN\$1.2324 for each US\$1.00).

The PPMD Convertible Note (including all accrued and unpaid interest thereon) is convertible into Satellos Shares upon the earlier of: (i) automatically into Satellos Shares simultaneously with the closing of an IPO or in connection with a change of control transaction at the price per share indicated in the final IPO prospectus or received by Satellos Shareholders in connection with a change of control transaction, the closing of which occurs prior to June 1, 2021, and ninety percent (90%) of such price per share in connection with an IPO or change of control transaction that occurs on or after June 1, 2021; or (ii) automatically into Satellos Shares at the lowest price per share paid by the other investors in a private placement of Satellos Shares for gross proceeds of five million United States dollars (US\$5,000,000.00) or more (or in the event that such private placement is denominated in Canadian dollars (CAD\$) the equivalent of five million United States dollars (US\$5,000,000.00) based on the applicable conversion rate reported on Bloomberg for the last Business Day prior to the closing of the private placement) occurring prior to June 1, 2021, and ninety percent (90%) of such price per share for such private placement that occurs on or after June 1, 2021; or (iii) if a conversion has not previously occurred pursuant to the preceding subparagraphs (i) and (ii) above within three hundred and sixty (360) days after the date of the PPMD Convertible Note, PPMD may elect to convert the principal amount of the PPMD Convertible Note plus all accrued interest thereon into Satellos Shares upon notice to Satellos at the then-current United States dollar equivalent (based on the applicable conversion rate reported on Bloomberg for the last Business Day prior to the date of such notice) of CAD\$1.30 per share.

Satellos has been provided with a confirmatory letter from PPMD confirming that the Subscription Receipt Financing will trigger the automatic conversion of the principal amount of the PPMD Convertible Note, together with all accrued and unpaid interest thereon. The conversion price per Resulting Issuer Common Share is equal to 90% of the purchase price of the Subscription Receipts, being \$0.0765.

Based upon the anticipated amount of accrued interest of US\$45,468.49 which will be owing on the PPMD Convertible Note as of the Effective Date (assuming the Effective Date occurs on August 9, 2021), and assuming an exchange rate of CAD\$1.2324 for each US\$1.00, it is anticipated that an aggregate of 14,425,822 Resulting Issuer Common Shares will be issued upon conversion.

Consolidated Capitalization

The following table sets forth the capitalization of Satellos as at the date hereof.

Subsequent to the date of its March 31, 2021 unaudited financial statements attached hereto as *Appendix “N” – Satellos Financial Statements*, 21,784 broker warrants were exercised at \$1.30 per Satellos Common Share for proceeds of \$28,319, and 80,000 warrants were exercised at \$0.01 per Satellos Common Share by OHRI for proceeds of \$800. On May 6, 2021, 97,700 Satellos Common Shares were issued for cash consideration of \$250,112, for net proceeds of \$242,609 after subtracting broker fees.

Designation of Security	Amount Authorized	Amount Outstanding as of the Date Hereof
Satellos Shares	Unlimited	12,408,318
Satellos Options ⁽¹⁾	10% of the issued and outstanding Satellos Shares (subject to adjustment or increase pursuant to the Satellos Option Plan)	387,500
Satellos Warrants ⁽²⁾	N/A	32,534
PPMD Convertible Note ⁽³⁾	N/A	US\$850,000 principal amount

Notes:

(1) See “Description of Securities – Satellos Options”

(2) See “Description of Securities – Satellos Warrants”

(3) See “Description of Securities – PPMD Convertible Note”

Prior Sales

Satellos has issued the following securities during the 12-month period prior to the date of this Information Circular:

Type of Security (Number of Securities Issued)	Date of Issuance	Issuance Price per Security	Other Details of the Security
Satellos Share (31,000)	04-08-2020	\$1.30	N/A
Satellos Share (40,000)	05-08-2020	\$1.30	N/A
Satellos Share (157,500)	11-08-2020	\$1.30	N/A
Satellos Share (98,400)	18-12-2020	\$1.30	N/A
Satellos Share (40,000)	04-01-2021	\$1.30	N/A
Satellos Share (23,100)	27-01-2021	\$1.30	N/A
Satellos Share (57,500)	03-02-2021	\$1.30	N/A
Satellos Warrant (9,275)	11-08-2020	Nominal	Expiry Date: 11-08-2022 Exercise Price: \$1.30 Vesting: Upon issuance
Satellos Warrant (2,688)	18-12-2020	Nominal	Expiry Date: 18-12-2022 Exercise Price: \$1.30 Vesting: Upon issuance
Satellos Warrant (1,617)	27-01-2021	Nominal	Expiry Date: 27-01-2023 Exercise Price: \$1.30 Vesting: Upon issuance

Type of Security (Number of Securities Issued)	Date of Issuance	Issuance Price per Security	Other Details of the Security
PPMD Convertible Note (1)	07-12-2020	US\$850,000 principal amount	See “Description of Securities – PPMD Convertible Note”
Satellos Shares (15,344)	01-04-2021	\$1.30	Exercise of warrants
Satellos Shares (97,700)	06-05-2021	\$2.56	N/A
Satellos Shares (5,390)	10-06-2021	\$1.30	Exercise of warrants
Satellos Shares (1,050)	10-06-2021	\$1.30	Exercise of warrants
Satellos Shares (80,000)	15-06-2021	\$0.01	Exercise of warrants

Stock Exchange Price

Satellos is not a registered issuer and does not issue stock on a registered exchange.

EXECUTIVE & DIRECTOR COMPENSATION AND MANAGEMENT CONTRACTS

Compensation Discussion and Analysis

This discussion describes Satellos’ compensation program for each person who has acted as Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”) and the three most highly compensated executive officers (or three most highly compensated individuals acting in a similar capacity), other than the CEO and CFO, during the financial year ended December 31, 2020 (each a “**Named Executive Officer**”).

Significant Elements

Compensation awarded to the Named Executive Officers is comprised of management fees and, in certain cases, the granting of stock options. Satellos does not presently have a long-term incentive plan for its Named Executive Officers. There is no policy or target regarding allocation between cash and non-cash elements of Satellos’ compensation program. The Board of Directors is solely responsible for determining compensation to be paid to Satellos’ Named Executive Officers. In addition, the Board of Directors reviews annually the total compensation package of each of the Satellos’ executives on an individual basis.

Management Fees

The management fees payable to the Named Executive Officers is based upon, among other things, the responsibility, skills and experience required to carry out the functions of each position held by each Named Executive Officer and varies with the amount of time spent by each Named Executive Officer in carrying out their functions on behalf of Satellos.

Option-Based Awards

Satellos’s Stock Option Plan is available to all employees, including the Named Executive Officers, and consultants of Satellos. As options have increased value to the holder if the fair market value of the stock appreciates over time, the objective of the program is to tie the interests of employees directly to the interests of the shareholders. In that regard, the Satellos Stock Option Plan is intended to serve as a long-term retention and incentive tool. The exercise price, terms, vesting and conditions of any options granted are established by the board of directors. See “Description of the Securities – Satellos Options”.

Awards of options for all employees, including Named Executive Officers, are approved by the board of directors of Satellos. The determination of an award, as well as the amount of any award, is at the sole discretion of the board of directors. In deciding to grant options, the board of directors takes previous option grants into consideration. There

are no performance or other conditions related to the vesting of the options, other than continued employment with iCo.

Summary Compensation Table

The following table sets forth information about compensation paid to, or earned by, Satellos's Named Executive Officers during the fiscal years ended December 31, 2020, 2019 and 2018.

Name and Principal Position	Year	Salary/ Fees (\$)	Share Based Awards (\$)	Option Based Awards (\$)	Non Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long Term Incentive Plans (\$)			
Frank Gleeson ⁽¹⁾ President and Chief Executive Officer	2020	192,000	Nil	Nil	Nil	Nil	Nil	Nil	192,000
	2019	180,000	Nil	Nil	Nil	Nil	Nil	Nil	180,000
	2018 ⁽²⁾	180,000	Nil	Nil	Nil	Nil	Nil	Nil	180,000
Michael Rudnicki Chief Scientific Officer	2020	72,000	Nil	Nil	Nil	Nil	Nil	Nil	72,000
	2019	69,000	Nil	Nil	Nil	Nil	Nil	Nil	69,000
	2018 ²	90,000	Nil	Nil	Nil	Nil	Nil	Nil	90,000
Sridhar Narayan, PhD VP-Drug Discovery ⁽³⁾	2020	214,132 ⁽⁴⁾	Nil	Nil	Nil	Nil	Nil	Nil	214,132 ⁽⁴⁾
	2019	259,984 ⁽⁴⁾							259,984 ⁽⁴⁾
	2018 ²	96,139 ⁽⁴⁾							96,139 ⁽⁴⁾

Notes

- (1) Mr. Gleeson is paid through his consulting company 6857990 Canada Inc.
- (2) Mr. Gleeson, Dr. Rudnicki and Dr. Narayan commenced in their current roles on March 1, 2018.
- (3) Dr. Narayan was paid through his consulting company Rias Medical Publications LLC.
- (4) Dr. Narayan was paid US\$73,800 in 2018, US\$195,904 in 2019 and \$159,800 in 2020, which amounts were converted into Cdn dollars at the following exchange rates: (i) 2018 - \$1.3027 Canadian dollars for each US dollar; (ii) 2019 - \$1.3271 Canadian dollars for each US dollar; and (iii) 2020 - \$1.3400 Canadian dollars for each US dollar.

Incentive Plan Awards

Incentive Plan Awards – Outstanding Option-Based Awards – Named Executive Officers

The following table provides a summary of all option-based and share-based awards to the Named Executive Officers outstanding at the end of Satellos' financial year ended December 31, 2020.

Name	Option-Based Awards				Share-Based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of total unexercised in-the-money option ⁽¹⁾ (\$)	Number of shares of units that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based rewards not paid out or distributed (\$)
Frank Gleeson	Nil	N/A	N/A	N/A	N/A	N/A	N/A
Michael Rudnicki	Nil	N/A	N/A	N/A	N/A	N/A	N/A
Sridhar Narayan	100,000	\$1.00	March 1, 2029	\$30,000	N/A	N/A	N/A

Note:

- (1) The value of unexercised in-the-money options is determined by calculating the intrinsic value of each option (fair market value less exercise price). The fair market value of the common shares on December 31, 2020, was \$1.30.

Incentive Plan Awards – Value Vested or Earned During the Year – Named Executive Officers

The following table sets forth, for each Named Executive Officer, the value vested for all outstanding option-based and share-based awards and the value earned for all non-equity incentive plan compensation during the twelve month period ended December 31, 2020.

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Frank Gleeson	N/A	N/A	N/A
Michael Rudnicki	N/A	N/A	N/A
Sridhar Narayan	\$13,125	N/A	N/A

Note:

- (1) Represents the intrinsic value, if any, of each option vested during the year (fair market value on the vesting date less exercise price).

DIRECTOR COMPENSATION

Director Compensation Table

The following table sets forth information in respect of all amounts of compensation provided to the directors of Satellos (other than directors who are also Named Executive Officers) during Satellos' financial year ended December 31, 2020.

Name	Fees earned (\$)	Share based awards (\$)	Option based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Brian Bloom	Nil	Nil	Nil	Nil	Nil	Nil	Nil
John Holyoake	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Geoff Mackay ¹	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) Geoff Mackay was granted 200,000 option on November 1, 2018, 50,000 of which vested in each of 2019 and 2020 and 25,000 of which vested in 2021, with 75,000 remaining unvested as of the date hereof.

Incentive Plan Awards For Non-Management Directors

Incentive Plan Awards - Outstanding Option Based Awards – Non-Management Directors

The following table sets forth all outstanding share based and option-based awards to the directors of Satellos (other than directors who are also Named Executive Officers) during Satellos' financial year ended December 31, 2020.

Name	Option Based Awards				Share Based Awards	
	Number of Securities underlying unexercised options (#)	Option exercise price (\$)	Option Expiration Date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Brian Bloom	Nil	-	-	-	-	-
John Holyoake	Nil	-	-	-	-	-
Geoff Mackay	200,000	1.00	01 Nov 2028	60,000 ¹	-	-

Notes:

(1) The value of unexercised in-the-money options is determined by calculating the intrinsic value of each option (fair market value less exercise price). The fair market value for the Satellos Shares as of December 31, 2020 of \$1.30.

Incentive Plan Awards – Value Vested or Earned During the Year – Non-Management Directors

The following table sets forth, for each director of Satellos (other than directors who are also Named Executive Officers) the value vested for all outstanding option-based and share-based awards and the value earned for all non-equity incentive plan compensation during the twelve-month period ended December 31, 2020.

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Brian Bloom	N/A	N/A	N/A
John Holyoake	N/A	N/A	N/A
Geoff Mackay	\$15,000	N/A	N/A

Note:

- (1) Represents the intrinsic value, if any, of each option vested during the year (fair market value on the vesting date less exercise price).

Termination and Change of Control Benefits

Other than as set out below, Satellos has no contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer, at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of Satellos or a change in the Named Executive Officer's responsibilities.

Both Frank Gleeson and Michael Rudnicki have agreements with Satellos that provide that, in the event of termination each will receive three months of severance pay. If their employment had been terminated as of December 31, 2020, Mr. Gleeson would have been entitled to receive \$48,000 plus HST and Dr. Rudnicki would have been entitled to receive \$18,000 plus HST.

Consultants

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

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

Securities Authorized For Issuance Under Equity Compensation Plans

The following table sets forth details of Satellos' equity compensation plans as of December 31, 2020.

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	Nil	Nil	Nil
Equity compensation plans not approved by security holders	1,208,823 ⁽¹⁾	\$1.00	821,323 ⁽²⁾
Total	1,208,823⁽¹⁾	\$1.00	821,323⁽²⁾

Notes:

- (1) The Satellos Option Plan permits the issuance of Satellos Options up to 10% of the issued and outstanding Satellos Shares, of which there were 12,088,234 Satellos Shares issued and outstanding as of December 31, 2020. See "Description of Securities – Satellos Options".
- (2) As of December 31, 2020, there were 387,500 Satellos Options issued and outstanding.

Non-Arm's Length Party Transactions

Other than: (i) accounts payable of \$42,576.22 as of Dec. 31, 2020 owing to Bloom Burton & Co. Inc. for the rental of office space; (ii) \$18,080 owing to 6857990 Canada Inc. for consulting fees, including HST; and (iii) \$2,260 owing to shareholders (being consulting fees invoiced by Dr. Rudnicki in 2020 but which were not paid until 2021), there are no material non-arm's length transactions.

Legal Proceedings

There are no material legal proceedings material to Satellos to which Satellos is a party or of which any of their respective property is the subject matter and no such proceedings known to Satellos are contemplated.

As of the date of this Information Circular, Satellos is not subject to: (a) any penalties or sanctions imposed against iCo by a court relating to securities legislation or by a securities regulatory authority as of the date of this Information Circular; (b) any other penalties or sanctions imposed by a court or regulatory body against Satellos that would likely be considered important to a reasonable investor in making an investment decision; or (c) settlement agreements Satellos entered into before a court relating to securities legislation or with a securities regulatory authority during the financial year ended December 31, 2020. Satellos is unaware of any condition of default under any debt, regulatory, exchange related or other contractual obligation.

Auditors

The auditors of Satellos are Norton McMullen LLP. Norton McMullen LLP is independent of Satellos within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

Material Contracts

Satellos has entered into the following material contracts in the last three years, currently still in effect or in respect of which Satellos has outstanding obligations (other than contracts entered into in the ordinary course of business):

1. OHRI License;
2. OHRI SRA;

3. PPMD Convertible Note; and
4. Arrangement Agreement

A copy of the foregoing material contracts are available for inspection at the offices of Satellos located at 65 Front St. E., Ste. 201, Toronto, ON, M5E 1B5 until the date of Closing and for a period of 30 days thereafter.

THE ARRANGEMENT

Background of the Arrangement

The terms of the Arrangement are the result of arm's length negotiations between iCo and Satellos and their respective advisors. The following is a summary of material events leading up to the negotiation of the Arrangement Agreement and the execution of the Arrangement Agreement and public announcement of the Arrangement.

Background in Respect of iCo

In July, 2020, the iCo Board began discussions with potential advisors regarding the selection of targets for acquisition. The iCo Board believed that in order to raise additional capital to support the business operations of iCo, iCo needed to acquire additional assets to diversify risk and generate shareholder interest. On July 27, 2020 the iCo Board retained Bloom Burton Securities, Inc. ("**Bloom Burton Securities**") to act as the exclusive transaction advisor to the iCo Board and provide technical, strategic, and financial advisory services to the iCo Board. With the assistance of Bloom Burton Securities, the iCo Board reviewed more than 600 opportunities and ultimately approached Satellos Biosciences, Inc. regarding a potential business combination.

On September 23, 2020, iCo and Satellos entered into a Confidential Disclosure Agreement ("**CDA**"), pursuant to which the Parties exchanged confidential business information, undertook mutual due diligence and conducted business discussions and negotiations. This led to the Boards of iCo and Satellos approving a Confidential Preliminary Non-binding Term Sheet ("**Term Sheet**") outlining terms and conditions for a potential business combination which was entered into by the Parties on December 15, 2020. The Term Sheet was subsequently amended by the Parties on March 3, 2021 following continued negotiations and market developments ("**Amended Term Sheet**"). On March 21, 2021, iCo and Satellos entered into the Arrangement Agreement and trading in iCo stock was halted by the TSXV.

Background in Respect of Satellos

The proposed Arrangement is the result of extensive capital raising and investment initiatives undertaken by Satellos over the previous two years, including outreach with venture capital funds and a range of strategic or corporate partnering entities. The decision by Satellos to enter into a CDA with iCo was one element of those initiatives. Following execution of the CDA, the Parties conducted mutual due diligence and engaged in business discussions for a period of approximately three months. At that time, Satellos' management and the Satellos Board concluded that a business combination with iCo was an attractive opportunity, leading to execution of the Term Sheet and continued negotiation of the Arrangement. On December 8, 2020 and February 26, 2021 respectively, Satellos engaged external legal counsel and financial advisors to advise on the proposed business combination. Satellos' management and the Satellos Board met on a number of occasions to discuss the ongoing due diligence findings, consider market developments and any material matters arising, and to affirm their decision to continue to pursue the Arrangement. Following these deliberations and further business discussions with iCo, the Satellos Board approved and management signed the Amended Term Sheet setting out revised terms and conditions in connection with a potential business combination. In arriving at this decision to execute the Arrangement Agreement on March 21, 2021, the Satellos Board and management team considered, among other factors, including the Leede Jones Gable Fairness Opinion: market feedback; probabilities of success of a variety of alternatives and their potential to create shareholder value; and competitive urgency and projected timelines to execution. In summary, the Satellos' management and the Satellos Board determined that iCo was both an attractive business combination candidate and the preferred financing and value creation option and further concluded that, among other considerations: the Arrangement was the most favorable strategic alternative known to be available to Satellos within the foreseeable future, and following a comprehensive negotiation process resulted in terms and conditions that were beneficial to Satellos' stakeholders including that:

1. the Resulting Issuer would likely be able to more effectively and efficiently raise sufficient capital to enable the execution of the Resulting Issuer's business plans;
2. combining the respective assets of iCo and Satellos would provide stakeholders with a more diversified and clinically balanced asset pool thereby diversifying the risk profile of the Resulting Issuer's business; and,

3. the Resulting Issuer would provide Satellos' shareholders with a measure of liquidity that a private corporation cannot provide.

Background in Respect of the Arrangement

iCo and Satellos entered into the Amended Term Sheet on March 3, 2021, which updated and amended certain terms and conditions and provided for a period of exclusivity during which neither iCo nor Satellos would engage in discussions with any third party in respect of a possible business combination or other material or financing event. Among other things, the Arrangement was subject to completing satisfactory due diligence, negotiation of mutually satisfactory definitive transaction documentation and approval of the iCo Board and the Satellos Board.

Between execution of the CDA on September 23, 2020 and March 21, 2021, with the assistance of their respective legal and financial advisors, as the case may be, each of iCo and Satellos conducted their due diligence reviews and the Parties negotiated the definitive terms of the draft Arrangement Agreement and related documentation. The due diligence reviews included: (a) information concerning the business, operations, property, assets, financial conditions, operating results and the prospects of each of iCo and Satellos; (b) historical information regarding the trading price and volumes of the iCo Shares; (c) current and prospective industry, economic and market conditions and trends affecting iCo and Satellos; (d) the financial position of the combined entity and its ability to fund its ongoing operations, in light of the expenditures required in connection therewith, and the ability of the combined entity to fund such expenditures; (e) the expected benefits of the proposed Arrangement for iCo, Satellos and their stakeholders, and the combined entity following the completion of the proposed Arrangement; (f) the risks associated with the completion and non-completion of the proposed Arrangement; and (g) the specific terms of the draft Arrangement Agreement.

On March 16, 2021, Leede Jones Gable provided the Satellos Board with its detailed financial analysis and advice in respect of Satellos, iCo and the proposed Arrangement and delivered its verbal opinion that, as at March 16, 2021 and subject to the review of the final form of definitive documents, the consideration to be paid by iCo to the Satellos Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Satellos Shareholders.

The Satellos Board approved, in a written resolution dated March 21, 2021, the Arrangement and the entering into of the Arrangement Agreement substantially in the form as provided to the Satellos Board. For the purposes of considering and approving the Arrangement Agreement, certain employees of Bloom Burton & Co. Inc. and/or Bloom Burton Securities Inc., who are also directors of Satellos, have declared their conflict and recused themselves from the activities of the Satellos board in accordance with the requirements of the CBCA. Bloom Burton Securities Inc. is acting as exclusive financial advisor to iCo on the Arrangement.

Prior to the execution of the Arrangement Agreement, the iCo Board held various meetings with its legal and financial advisors to discuss the results of due diligence reviews, the terms of the proposed Arrangement Agreement and related matters. On March 21, 2021 the iCo Board met to consider the approval of the Arrangement Agreement and Evans & Evans provided the iCo Board with its detailed financial analysis and advice in respect of iCo, Satellos and the proposed Arrangement. At that meeting Evans & Evans also delivered its verbal opinion that, as at March 21, 2021, and based on and subject to the assumptions, qualifications and limitations contained in the Evans & Evans Fairness Opinion, the consideration to be paid by iCo for the acquisition of Satellos pursuant to the Arrangement, is fair, from a financial point of view, to iCo. At that time, iCo's legal advisors also reviewed in detail, among other things, due diligence matters, matters related to the Arrangement, and the terms and conditions of the Arrangement Agreement. On March 21, 2021, based, in part, on the advice and analysis provided by Evans & Evans, the iCo Board unanimously determined that the acquisition of Satellos by iCo, through the Arrangement, in consideration for iCo Shares, as set forth in the Arrangement Agreement, was in the best interests of iCo and resolved unanimously to recommend that iCo Shareholders vote in favour of the iCo Change in Management Resolution.

The Arrangement Agreement, the iCo Support Agreements and the Satellos Support Agreements were executed and delivered later on March 21, 2021. A news release announcing the Arrangement was issued by iCo before the opening of markets on March 22, 2021.

On June 24, 2021 the iCo Board approved this Information Circular and the mailing thereof to iCo Shareholders. On June 24, 2021 the Satellos Board approved this Information Circular and the mailing thereof to Satellos Shareholders.

Leede Jones Gable delivered the written Leede Jones Gable Fairness Opinion, and on April 30, 2021, the Satellos Board approved this Information Circular and the mailing thereof to Satellos Shareholders and confirmed its determination and recommendations as made by written resolution dated March 21, 2021.

Anticipated Benefits of the Arrangement

iCo management and the iCo Board and Satellos management and the Satellos Board believe that combining the resources of each company through the Arrangement provides a number of anticipated benefits to iCo, Satellos, iCo Shareholders and Satellos Shareholders including, without limitation, the following:

- (a) by combining the respective assets of iCo and Satellos, the Resulting Issuer will be able to raise capital more efficiently, and present investors and shareholders with an asset pool that is more diversified in terms of clinical risk, while also presenting potentially larger financial returns to such investors and shareholders;
- (b) the Arrangement is the most favorable strategic alternative known to be available to Satellos and iCo;
- (c) the Arrangement Agreement was the result of a comprehensive negotiation process and was undertaken with the oversight and participation of the Satellos Board, the iCo Board and their respective legal and financial advisors, and those negotiations resulted in terms and conditions that are reasonable in the judgment of the Satellos Board and the iCo Board;
- (d) all of the directors and officers of Satellos and certain Satellos Shareholders, representing in aggregate approximately 66.7% of the outstanding Satellos Shares eligible to vote at the Satellos Meeting eligible, have entered into the Satellos Support Agreements pursuant to which they have agreed, among other things, to vote their Satellos Shares in favour of the Satellos Arrangement Resolution and to otherwise support the Arrangement;
- (e) all of the directors and officers of iCo, representing in aggregate approximately 0.9% of the outstanding iCo Shares eligible to vote at the iCo Meeting, have entered into the iCo Support Agreements pursuant to which they have agreed, among other things, to vote their iCo Shares in favour of the Arrangement Resolution and to otherwise support the Arrangement;
- (f) under the Arrangement Agreement, the Satellos Board and the iCo Board each retain the ability to consider and respond to Superior Proposals until approval of the Arrangement by the iCo Shareholders and Satellos Shareholders on the specific terms and conditions set forth in the Arrangement Agreement;
- (g) the likelihood that the conditions to complete the Plan of Arrangement will be satisfied, including the nature of the approvals and consents required by both iCo and Satellos to be obtained as a condition to completing the Plan of Arrangement;
- (h) the Arrangement will only become effective if, after hearing from all interested Persons who choose to appear before it, the Court approves the Arrangement, and in doing so makes the determination that the Arrangement is fair both substantively and procedurally to the Satellos Shareholders;
- (i) the registered Satellos Shareholders will be granted the right to dissent with respect to the Arrangement and receive the fair value of their Satellos Shares through a court proceeding in which a court could determine that the fair value is more than, equal to, or less than the consideration; and
- (j) the complementary nature of iCo's and Satellos' combined asset base provides significant upside, increased diversification, less risk and the potential for improved efficiencies.

Fairness Opinions

Evans & Evans Fairness Opinion

Evans & Evans was retained to act as financial advisor to the iCo Board in connection with, among other things, providing the iCo Board with its opinion as to the fairness, from a financial point of view, of the acquisition of Satellos by iCo through the Arrangement in consideration for iCo Shares, as set forth in the Arrangement Agreement. Evans & Evans will receive a customary fee for such services. In addition, iCo has agreed to reimburse Evans & Evans for certain expenses and to indemnify it against certain liabilities arising out of its engagement.

At the meeting of the iCo Board on March 15, 2021, Evans & Evans verbally delivered the Evans & Evans Fairness Opinion to the iCo Board, that, as of the date of the opinion, and based on and subject to the assumptions, qualifications and limitations contained in the Evans & Evans Fairness Opinion, the consideration to be paid by iCo for the acquisition of Satellos pursuant to the Arrangement, is fair, from a financial point of view, to iCo.

On March 21, 2021, Evans & Evans delivered the written Evans & Evans Fairness Opinion to the iCo Board.

The Evans & Evans Fairness Opinion does not address the relative merits of the Arrangement as compared to other business strategies or transactions that might be available with respect to iCo or iCo's underlying business decision to effect the Arrangement, nor does the Evans & Evans Fairness Opinion address any terms of the Arrangement Agreement, except as specifically set forth therein.

In the course of preparing the Evans & Evans Fairness Opinion, Evans & Evans, among other things: (a) reviewed drafts of the transaction documents; (b) reviewed certain non-public business and financial information regarding iCo's business and prospects, including internal financial analyses of iCo prepared by management of iCo; (c) held discussions with members of the senior management of iCo regarding their strategic and financial rationale for the transaction as well as their assessment of the past and current business operations, financial condition and future prospects of iCo; (d) reviewed the valuation and financial metrics of certain mergers and acquisitions which Evans & Evans deemed generally relevant in evaluating the transaction; and (e) conducted such other studies, analyses, inquiries, and investigations as Evans & Evans deemed appropriate.

The full text of the Evans & Evans Fairness Opinion, which sets forth, among other things, assumptions made, procedures followed, matters considered and limitations on the review undertaken by Evans & Evans in rendering its opinion, is attached as Appendix G to this Information Circular. The Evans & Evans Fairness Opinion was provided for the information and assistance of the iCo Board in connection with its consideration of the Arrangement. The Evans & Evans Fairness Opinion does not address the merits of the underlying decision by iCo to enter into the Arrangement Agreement or the Arrangement and does not constitute, nor should it be construed as, a recommendation to any iCo Shareholder as to how such iCo Shareholder should vote with respect to the iCo Change in Management Resolution or any related matter. iCo Shareholders are urged to read the Evans & Evans Fairness Opinion in its entirety. This summary of the Evans & Evans Fairness Opinion is qualified in its entirety by reference to the full text of such opinion, attached hereto as Appendix G.

Neither Evans & Evans nor any of its affiliates is an insider, associate or affiliate (as such terms are defined under applicable securities legislation) of iCo, Satellos or any of their affiliates or associates. There are no understandings, agreements or commitments between Evans & Evans and either iCo or Satellos, or either of their respective affiliates or associates with respect to any future business dealings. However, Evans & Evans and its affiliates engage in a wide range of financial services activities for their own accounts and the accounts of customers, including asset and investment management, investment banking, corporate finance, mergers and acquisitions, restructuring, merchant banking, fixed income and equity sales, trading and research derivatives, foreign exchange and futures. In the ordinary course of these activities, Evans & Evans or its affiliates may, in the future, perform financial advisory or investment banking services or provide such other financial services to iCo, Satellos, other participants in the Arrangement or the solicitation process or any of their respective affiliates, subsidiaries, investment funds and portfolio companies for which services Evans & Evans or certain of its affiliates has received, and may receive, compensation.

Leede Jones Gable Fairness Opinion

Leede Jones Gable was retained to act as financial advisor to Satellos on February 26, 2021 in connection with, among other things, providing the Satellos Board with its opinion as to the fairness, from a financial point of view, of the consideration to be paid by iCo to the Satellos Shareholders pursuant to the Arrangement. Leede Jones Gable will receive a customary fixed fee for such services, no part of which is contingent on the opinion being favorable of the Arrangement or the closing of the Arrangement. In addition, Satellos has agreed to reimburse Leede Jones Gable for certain expenses and to indemnify it against certain liabilities arising out of its engagement.

On March 16, 2021, Leede Jones Gable delivered its verbal opinion that, as of March 16, 2021 and subject to the review of the final form of definitive documents, the consideration to be paid by iCo to the Satellos Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Satellos Shareholders.

On April 30, 2021 Leede Jones Gable delivered the written Leede Jones Gable Fairness Opinion to the Satellos Board.

In the course of preparing the Leede Jones Gable Fairness Opinion, Leede Jones Gable, among other things: (a) reviewed drafts of the transaction documents; (b) reviewed certain non-public business and financial information regarding Satellos' and iCo's businesses and prospects, including internal management modelling, forecasts, projections, estimates and budgets prepared by Satellos and iCo on behalf of the management of Satellos and iCo, as applicable, including financial statements and management discussions and analysis; (c) reviewed certain publicly available information relating to the business, operations, financial condition and trading history of iCo and other selected public companies Leede Jones Gable deemed relevant; (d) conducted due diligence with the management of each of Satellos and iCo; (e) held discussions with members of the senior management of Satellos and certain members of the Satellos Board with respect to the information provided for the purposes of the Leede Jones Gable Fairness Opinion, business plan of Satellos, financial condition, industry outlook, prospects and other issues considered relevant; (f) reviewed the public information with respect to certain mergers and acquisitions which Leede Jones Gable deemed generally relevant in evaluating the transaction; and (g) conducted such other corporate, industry, financial market information, investigations and analyses as Leede Jones Gable deemed appropriate.

The full text of the Leede Jones Gable Fairness Opinion, which sets forth, among other things, assumptions made, procedures followed, matters considered and limitations on the review undertaken by Leede Jones Gable in rendering its opinion, is attached as Appendix H to this Information Circular. The Leede Jones Gable Fairness Opinion was provided for the information and assistance of the Satellos Board in connection with its consideration of the Arrangement. The Leede Jones Gable Fairness Opinion does not address the merits of the underlying decision by Satellos to enter into the Arrangement Agreement or the Arrangement and does not constitute, nor should it be construed as, a recommendation to any Satellos Shareholder as to how such Satellos Shareholder should vote with respect to the Satellos Arrangement Resolution or any related matter. The Leede Jones Gable Fairness Opinion does not address the relative merits of the Arrangement as compared to other business strategies or transactions that might be available with respect to Satellos or Satellos' underlying business decision to effect the Arrangement. Satellos Shareholders are urged to read the Leede Jones Gable Fairness Opinion in its entirety. This summary of the Leede Jones Gable Fairness Opinion is qualified in its entirety by reference to the full text of such opinion, attached hereto as Appendix H.

Neither Leede Jones Gable nor any of its affiliates is an insider, associate or affiliate (as such terms are defined under applicable securities legislation) of iCo, Satellos or any of their affiliates or associates. However, Leede Jones Gable acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have and may in the future have positions in the securities of iCo or Satellos, or either of their respective affiliates or associates, and from time to time, may have executed or may execute transactions on behalf of any such parties or other clients for which it may have received or may receive compensation. As an investment dealer, Leede Jones Gable conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including matters with respect to Satellos and the Arrangement.

There are no understandings, agreements or commitments between Leede Jones Gable and either iCo or Satellos, or either of their respective affiliates or associates with respect to any future financial advisory or investment banking business. Leede Jones Gable may in the future, in the ordinary course of its business, perform financial advisory or investment banking services for Satellos, iCo, or any of their respective affiliates and associates.

Recommendations of the iCo Board and the Satellos Board

The iCo Board has considered the Arrangement and has unanimously concluded that the acquisition of Satellos by iCo through the Arrangement in consideration for iCo Shares, as set forth in the Arrangement Agreement, is in the best interests of iCo and unanimously recommends that the iCo Shareholders vote to approve the iCo Resolutions.

The non-conflicted members of the Satellos Board have considered the Arrangement and have concluded that the Arrangement is in the best interests of Satellos and based upon the Leede Jones Gable Fairness Opinion, that the consideration to be paid by iCo to the Satellos Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Satellos Shareholders and has resolved to recommend to the Satellos Shareholders that they vote in favour of the Satellos Arrangement Resolution.

Summary of the Arrangement

The following is a summary only of certain of the material terms of the Arrangement Agreement, including the Plan of Arrangement and is subject to, and qualified in its entirety by, the full text of the Arrangement Agreement, and the Plan of Arrangement, which is attached as Schedule A to the Arrangement Agreement.

Satellos entered into the Arrangement Agreement with iCo on March 21, 2021. The Arrangement Agreement provides for the implementation of the Plan of Arrangement (a copy of which is attached as Schedule A to the Arrangement Agreement).

The Arrangement provides, for among other things, the acquisition of all of the issued and outstanding Satellos Shares by iCo. Pursuant to the Arrangement, Satellos Shareholders (other than Dissenting Satellos Shareholders) will receive 30.11 iCo Shares for each Satellos Share held. In addition, in accordance with the terms of the Satellos Option Plan, each Satellos Option outstanding immediately prior to the Effective Time shall be exchanged for an iCo Replacement Option to acquire from iCo, other than as provided in the Plan of Arrangement, the number of iCo Shares equal to the product of: (A) the number of Satellos Shares subject to such Satellos Option immediately prior to the Effective Time; multiplied by (B) the Exchange Ratio, provided that, if the foregoing would result in the issuance of a fraction of an iCo Share on any particular exercise of iCo Replacement Options, then the number of iCo Shares otherwise issued shall be rounded down to the nearest whole number of iCo Shares. The exercise price per iCo Share under a Replacement Option shall be an amount equal to the quotient of: (A) the exercise price per Satellos Share pursuant to each Satellos Option immediately prior to the Effective Time; divided by: (B) the Exchange Ratio, provided that the aggregate exercise price payable on any particular exercise of Replacement Options shall be rounded up to the nearest whole cent. In accordance with the terms of each Satellos Warrant, each holder of a Satellos Warrant outstanding immediately prior to the Effective Time shall receive upon the subsequent exercise of such holder's Satellos Warrant, in accordance with its terms, and shall accept in lieu of each Satellos Share to which such holder was theretofore entitled upon such exercise (including payment of the same aggregate consideration), such number of iCo Shares that is equal to: (i) the number of Satellos Shares to which the holder was entitled; multiplied by (ii) the Exchange Ratio, provided that, if the foregoing would result in the issuance of a fraction of an iCo Share on any particular exercise of the Satellos Warrant, then the number of iCo Shares otherwise issued shall be rounded down to the nearest whole number of iCo Shares.

Pursuant to the Arrangement Agreement, Satellos has covenanted to use its commercially reasonable efforts to cause each Satellos Shareholder, holder of Satellos Options and holder of Satellos Warrants to enter into the Voluntary Lock-Up Agreements.

The Arrangement and Subscription Receipt Financing will trigger the automatic conversion provisions of the PPMD Convertible Note, so that the principal and accrued interest thereon which is outstanding at Closing under the PPMD Convertible Note will convert into Resulting Issuer Common Shares. Provided Closing occurs on or before May 31, 2021 the conversion price per Resulting Issuer Common Share will be the purchase price of the Subscription Receipts, being \$0.085, or, in the event that the Closing occurs on or after June 1, 2021, the conversion price per Resulting Issuer Common Share will be equal to 90% of the purchase price of the Subscription Receipts, being \$0.0765.

Satellos Shareholders have a right to dissent in respect of the Satellos Arrangement Resolution and to be paid an amount equal to the fair value of their Satellos Arrangement Shares in accordance with Section 190(3) of the CBCA, as modified by the Interim Order and the Plan of Arrangement. Details regarding the dissent procedures are set forth under the heading “Rights of Dissent” in this Information Circular. Satellos Shareholders who might desire to exercise their right to dissent should carefully consider and comply with the provisions of Section 190 of the CBCA, the full text of which is set forth in Appendix E of this Information Circular, and consult their own legal advisor.

The Arrangement is subject to customary conditions for a transaction of this nature, which includes Court and regulatory approvals, and approval of the Satellos Arrangement Resolution by not less than 66^{2/3}% of the votes cast on such resolution by Satellos Shareholders, present in person or represented by proxy at the Satellos Meeting, voting together as a single class.

See “*The Arrangement – Arrangement Steps*”, “*The Arrangement – Effects of the Arrangement*” and “*The Arrangement Agreement*”.

Arrangement Steps

The following summarizes the steps that will occur under the Plan of Arrangement on the Effective Date, if all conditions to Closing have been satisfied or waived. The following description of steps is subject to, and qualified in its entirety by, the full text of the Plan of Arrangement attached as Schedule A to the Arrangement Agreement.

Pursuant to the Plan of Arrangement, commencing at the Effective Time, the following shall occur and shall be deemed to occur sequentially in the following order without any further authorization, act or formality, in each case, unless stated otherwise, effective as at two-minute intervals starting at the Effective Time (unless otherwise indicated):

- (a) Subject to terms of the Plan of Arrangement, each Satellos Share held by a Satellos Dissenting Shareholder shall be deemed to have been transferred without any further act or formality to Satellos in consideration for a debt claim against Satellos for the amount determined under the Plan of Arrangement, and
 - (i) such Satellos Dissenting Shareholder shall cease to be the holder of such Satellos Shares and to have any rights as a Satellos Shareholder other than the right to be paid fair value for such Satellos Shares as set out in the Plan of Arrangement;
 - (ii) such Satellos Dissenting Shareholder’s name shall be removed as the holder of such Satellos Shares from the register of Satellos Shares maintained by or on behalf of Satellos; and
 - (iii) the Satellos Shares so transferred shall be cancelled; and
- (b) each Satellos Share held by a Satellos Shareholder (other than a Satellos Dissenting Shareholder, iCo or any subsidiary of iCo) shall, without any further action by or on behalf of any Satellos Shareholder, be deemed to be assigned and transferred by the holder thereof to iCo in exchange for the Consideration, and
 - (i) each holder of such Satellos Shares shall cease to be the holder thereof and to have any rights as a Satellos Shareholder other than the right to be paid the Consideration in respect of such Satellos Shares in accordance with this Plan of Arrangement;
 - (ii) the name of each such holder shall be removed from the register of the Satellos Shares maintained by or on behalf of Satellos; and

- (iii) iCo shall be deemed to be the transferee of such Satellos Shares free and clear of all Liens and shall be entered in the register of the Satellos Shares maintained by or on behalf of Satellos;
- (c) in accordance with the terms of each Satellos Warrant, each holder of a Satellos Warrant outstanding immediately prior to the Effective Time shall receive upon the subsequent exercise of such holder's Satellos Warrant, in accordance with its terms, and shall accept in lieu of each Satellos Share to which such holder was theretofore entitled upon such exercise (including payment of the same aggregate consideration), such number of iCo Shares that is equal to: (i) the number of Satellos Shares to which the holder was entitled; multiplied by (ii) the Exchange Ratio, provided that, if the foregoing would result in the issuance of a fraction of an iCo Share on any particular exercise of the Satellos Warrant, then the number of iCo Shares otherwise issued shall be rounded down to the nearest whole number of iCo Shares;
- (d) in accordance with the terms of the Satellos Option Plan, each Satellos Option outstanding immediately prior to the Effective Time shall be exchanged for a Replacement Option to acquire from iCo, other than as provided in the Plan of Arrangement, the number of iCo Shares equal to the product of: (A) the number of Satellos Shares subject to such Satellos Option immediately prior to the Effective Time; multiplied by (B) the Exchange Ratio, provided that, if the foregoing would result in the issuance of a fraction of an iCo Share on any particular exercise of Replacement Options, then the number of iCo Shares otherwise issued shall be rounded down to the nearest whole number of iCo Shares. The exercise price per iCo Share subject to a Replacement Option shall be an amount equal to the quotient of: (A) the exercise price per Satellos Share subject to each such Satellos Option immediately before the Effective Time; divided by (B) the Exchange Ratio, provided that the aggregate exercise price payable on any particular exercise of Replacement Options shall be rounded up to the nearest whole cent. It is intended that the provisions of subsection 7(1.4) of the Tax Act apply to the exchange of a Satellos Option for a Replacement Option. Therefore, in the event that the Replacement Option In-The Money Amount in respect of a Replacement Option exceeds the Satellos Option In-The Money Amount in respect of the Satellos Option for which it is exchanged, the number of iCo Shares which may be acquired on exercise of the Replacement Option at and after the Effective Time will be adjusted accordingly with effect at and from the Effective Time to ensure that the Replacement Option In-The Money Amount in respect of the Replacement Option does not exceed the Satellos Option In-The Money Amount in respect of the Satellos Option and the ratio of the amount payable to acquire such shares to the value of such shares to be acquired shall be unchanged. Each Replacement Option shall continue to be governed by and be subject to the terms of the Satellos Option Plan and the agreement evidencing the grant of such Satellos Options; and
- (e) To the extent that a Former Satellos Shareholder shall not have complied with the provisions of Section 4.01 or Section 4.02 of the Plan of Arrangement on or before the date that is six years after the Effective Date (the "**Final Proscription Date**"), then the iCo Shares that such Former Satellos Shareholder was entitled to receive shall be automatically cancelled without any repayment of capital in respect thereof and the certificates representing such iCo Shares, to which such Former Satellos Shareholder was entitled, shall be delivered to iCo by the Depositary and the share certificates shall be cancelled by iCo, and the interest of the Former Satellos Shareholder in such iCo Shares to which it was entitled shall be terminated as of such Final Proscription Date.

Effects of the Arrangement

The Arrangement provides, for among other things, the acquisition of all of the issued and outstanding Satellos Shares by iCo.

Satellos Shares

Pursuant to the Arrangement, Satellos Shareholders (other than Dissenting Satellos Shareholders) will receive 30.11 iCo Shares for each Satellos Share held.

Pursuant to the Arrangement Agreement, Satellos has covenanted to use its commercially reasonable efforts to cause each Satellos Shareholder, holder of Satellos Options and holder of Satellos Warrants to enter into the Voluntary Lock-Up Agreements.

Satellos Options

In addition, in accordance with the terms of the Satellos Option Plan, each Satellos Option outstanding immediately prior to the Effective Time shall be exchanged for a Replacement Option to acquire from iCo, other than as provided in the Plan of Arrangement, the number of iCo Shares equal to the product of: (A) the number of Satellos Shares subject to such Satellos Option immediately prior to the Effective Time; multiplied by (B) the Exchange Ratio, provided that, if the foregoing would result in the issuance of a fraction of an iCo Share on any particular exercise of Replacement Options, then the number of iCo Shares otherwise issued shall be rounded down to the nearest whole number of iCo Shares. The exercise price per iCo Share under a Replacement Option shall be an amount equal to the quotient of: (A) the exercise price per Satellos Share pursuant to each Satellos Option immediately prior to the Effective Time; divided by: (B) the Exchange Ratio, provided that the aggregate exercise price payable on any particular exercise of Replacement Options shall be rounded up to the nearest whole cent.

As at the date hereof, there are 387,500 Satellos Options outstanding. On the basis of the foregoing and on the assumption that no Satellos Options will be exercised between the date of this Information Circular and the Effective Date, 11,667,625 iCo Replacement Options will be issued to holders of Satellos Options.

Satellos Warrants

In accordance with the terms of each Satellos Warrant, each holder of a Satellos Warrant outstanding immediately prior to the Effective Time shall receive upon the subsequent exercise of such holder's Satellos Warrant, in accordance with its terms, and shall accept in lieu of each Satellos Share to which such holder was theretofore entitled upon such exercise (including payment of the same aggregate consideration), such number of iCo Shares that is equal to: (i) the number of Satellos Shares to which the holder was entitled; multiplied by (ii) the Exchange Ratio, provided that, if the foregoing would result in the issuance of a fraction of an iCo Share on any particular exercise of the Satellos Warrant, then the number of iCo Shares otherwise issued shall be rounded down to the nearest whole number of iCo Shares.

PPMD Convertible Note

The Arrangement and Subscription Receipt Financing will trigger the automatic conversion provisions of the PPMD Convertible Note, so that the principal and accrued interest outstanding thereon which is outstanding at Closing under the PPMD Convertible Note will convert into Resulting Issuer Common Shares. The conversion price per Resulting Issuer Common Share is equal to 90% of the purchase price of the Subscription Receipts, being \$0.0765. Based upon the anticipated amount of accrued interest of US\$45,468.49 which will be owing on the PPMD Convertible Note as of the Effective Date (assuming the Effective Date occurs on August 9, 2021), and assuming an exchange rate of CAD\$1.2324 for each US\$1.00, it is anticipated that an aggregate of 14,425,822 Resulting Issuer Common Shares will be issued upon conversion.

Interests of Directors and Executive Officers of iCo in the Arrangement

The directors and executive officers of iCo may have interests in the Arrangement that are, or may be, different from, or in addition to, the interests of other iCo Shareholders. Except as described below, management of iCo is not aware of any material interest direct or indirect, by way of beneficial ownership or otherwise of any director or executive officer of iCo or anyone who has held office as such since the beginning of iCo's last financial year or of any associate or affiliate of any of the foregoing in the Arrangement.

iCo Securities Ownership

The chart below sets forth the iCo Shares and iCo Options which the directors and executive officers of iCo beneficially own, directly or indirectly, or exercise control or direction over, as of the date hereof. The iCo Board was

aware of these interests and considered them, among other matters, when recommending approval of the iCo Shareholder Resolutions to iCo Shareholders.

Name and Position	Number and % of iCo Shares Held Immediately Prior to the Effective Time	Number and % of iCo Options	Number and % of Satellos Shares Held Immediately Prior to the Effective Time	Number and % of Resulting Issuer Shares Held Immediately Following Completion of the Arrangement and Consolidation
William Jarosz				
Executive Chairman, Chief Executive Officer and Director	1,533,556 (0.8%)	1,050,000 (0.6%)	Nil	76,678 (0.2%)
Michael Liggett				
Corporate Secretary, Chief Financial Officer and Director	Nil	660,000 (0.4%)	Nil	Nil
Peter Hnik				
Chief Medical Officer and Director	159,200 (0.1%)	510,000 (0.3%)	Nil	7,960 (<0.1%)

iCo Employee Obligations

As of the date of this circular, iCo was a party to consulting agreements with each of its directors and officers. Each such agreement (collectively, the “**iCo Consulting Agreements**”) contains covenants in iCo’s favour, including a non-competition covenant, a loyalty covenant, a non-solicitation of clients and employees covenant and confidentiality and non-disclosure obligations. Under the Agreements, all confidential information and intellectual property that is invented, conceived or originated by the Named Executive Officer is Satellos’s property. Each consultant of iCo may be terminated by iCo immediately for cause or with six months written notice or payment.

The iCo Consulting Agreements contain provisions that would entitle Mr. Jarosz and Mr. Liggett to receive already accrued fees and expenses by iCo payable within thirty (30) days.

Interests of Directors and Executive Officers of Satellos in the Arrangement

The directors and executive officers of Satellos may have interests in the Arrangement that are, or may be, different from, or in addition to, the interests of other Satellos Shareholders. Except as described below, management of Satellos is not aware of any material interest direct or indirect, by way of beneficial ownership or otherwise of any director or executive officer of Satellos or anyone who has held office as such since the beginning of Satellos’ last financial year or of any associate or affiliate of any of the foregoing in the Arrangement.

Satellos Securities Ownership

The chart below sets forth the Satellos Shares and Satellos Options which the directors and executive officers of Satellos beneficially own, directly or indirectly, or exercise control or direction over, as of the date hereof. The Satellos Board was aware of these interests and considered them, among other matters, when recommending approval of the Satellos Arrangement Resolution to Satellos Shareholders.

Upon Closing, all issued, outstanding and unexercised Satellos Options will be cancelled and exchanged for such number of Replacement Options equal to the product determined by multiplying the number of Satellos Options held by Satellos Optionholders prior to the Effective Time by the Exchange Ratio at an exercise price per share equal to (i) the exercise price per Satellos Share of such Satellos Option immediately prior to the issuance of the Replacement Options, divided by (ii) the Exchange Ratio, rounding the resulting exercise price up to the nearest whole cent.

Name and Position	Number and % of Satellos Shares Held Immediately Prior to the Effective Time	Number and % of Satellos Options	Number and % of iCo Shares Held Immediately Prior to the Effective Time	Number and % of iCo Shares Held Immediately Following Completion of the Arrangement and Consolidation (Undiluted)
Frank Gleeson, Director, President and Chief Executive Officer	2,040,000 (16.4%)	Nil	Nil	3,071,220 (9.4%)
Michael A. Rudnicki, Director, Chief Scientific Officer	2,040,000 (16.4%)	Nil	Nil	3,071,220 (9.4%)
Brian Bloom, Director	4,038,400 ⁽¹⁾⁽²⁾ (32.6%)	Nil	Nil	6,079,812 (18.6%)
John Holyoake, Director and Secretary	20,000 (0.2%)	Nil	Nil	30,110 (0.1%)
Geoff Mackay, Director and Chair	Nil	200,000 (51.6%)	Nil	Nil
Total	8,138,400 (66.7%)	200,000 (51.6%)	Nil	12,252,362 (37.5%)

Notes:

- (1) 4,000,000 Satellos Shares are held through Bloom Burton Development Corp, an affiliated company of Bloom Burton and Co. Inc., of which Brian Bloom is co-founder, Chair and CEO.
- (2) Brian Bloom holds 19,200 Satellos Shares through 2194655 Ontario Inc., a company controlled by him.

Satellos Employee Obligations

There are no contractual arrangements in place that would entitle a director or officer to receive a benefit upon the completion of the Arrangement.

Bloom Burton Interest

Bloom Burton Securities Inc. ("**Bloom Burton Securities**"), of which Brian Bloom, a Satellos Director is founder, Chair and CEO, is acting as exclusive financial advisor to iCo on the Arrangement and will receive contingent compensation from iCo in the event that the Arrangement is completed. Bloom Burton Development Corp., an affiliated entity, indirectly owns approximately 31.2% of the outstanding Satellos Shares on a fully diluted basis. John Holyoake is Managing Director – Investment Banking of Bloom Burton Securities and is also a Satellos Director. For the purposes of considering and approving the Arrangement, these individuals have declared their conflict and recused themselves from the activities of the Satellos board in accordance with the requirements of the CBCA.

In addition, Bloom Burton Securities is acting as the lead agent in connection with the Subscription Receipt Financing and in connection therewith is receiving an agency fee equal to 6.0% of the gross proceeds of the Subscription Receipt

Financing, as well as broker warrants equal to 6.0% of the total number of Subscription Receipts sold pursuant to the Subscription Receipt Financing.

iCo Support Agreements

All of the directors and officers and certain iCo Shareholders, who beneficially own, or exercise control or direction over, approximately 0.9% of the outstanding iCo Shares, have entered into iCo Support Agreements. The iCo Support Agreements provide, among other things, that such parties will vote all of their iCo Shares in favour of the iCo Shareholder Resolutions.

The iCo Support Agreements shall terminate on the earlier of: (a) the completion of the Arrangement; or (b) the termination of the Arrangement Agreement in accordance with its terms.

Satellos Support Agreements

All of the directors and officers and certain Satellos Shareholders, who beneficially own, or exercise control or direction over, approximately 66.7% of the outstanding Satellos Shares have entered into Satellos Support Agreements. The Satellos Support Agreements provide, among other things, that such parties will vote all of their Satellos Shares in favour of the Satellos Arrangement Resolution.

The Satellos Support Agreements shall terminate on the earlier of: (a) the completion of the Arrangement; or (b) the termination of the Arrangement Agreement in accordance with its terms.

Stock Exchange Listings

It is a condition to Closing that the TSXV will have conditionally approved the listing of the iCo Shares to be issued pursuant to the Arrangement. The TSXV granted conditional approval for the listing of such iCo Shares on June 18, 2021. Listing will be subject to iCo fulfilling all the requirements of the TSXV set forth in its conditional listing approval.

As part of the Plan of Arrangement, each issued and outstanding Satellos Share (other than those held by Satellos Dissenting Shareholders) shall be transferred to iCo in exchange for such number of iCo Shares equal to the product determined by multiplying the number of Satellos Shares held by such shareholder by the Exchange Ratio. It is a condition to Closing that the TSXV shall have approved the listing of the Consideration Shares, with such listing to be effective at the time such Satellos Shares are to be acquired by iCo pursuant to the Plan of Arrangement. Listing will be subject to iCo fulfilling all the requirements of the TSXV.

Procedure for the Arrangement Becoming Effective

The Arrangement is proposed to be carried out under Section 192 of the CBCA. The following procedural steps must be taken for the Arrangement to become effective:

- (a) the Satellos Arrangement Resolution approving the Arrangement must be approved by not less than 66^{2/3}% of the votes cast on the Satellos Arrangement Resolution by Satellos Shareholders, present in person or represented by proxy at the Satellos Meeting, voting together as a single class, in the manner set forth in the Interim Order;
- (b) the iCo Shareholders must approve the iCo Shareholder Resolutions;
- (c) the Court must grant the Final Order approving the Arrangement;
- (d) all conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate Party;

- (e) the Final Order and Arrangement Filings in the form prescribed by the CBCA must be filed with the Registrar; and
- (f) the proof of filing to be issued by the Registrar in respect of the Arrangement Filings.

Satellos Shareholder Approvals

At the Satellos Meeting, pursuant to the Interim Order, Satellos Shareholders will be asked to approve the Satellos Arrangement Resolution. Each Satellos Shareholder shall be entitled to vote on the Satellos Arrangement Resolution, with the Satellos Shareholders entitled to one vote per Satellos Share. The Arrangement will require approval by not less than 66^{2/3}% of the votes cast on the Satellos Arrangement Resolution by Satellos Shareholders, present in person or represented by proxy at the Satellos Meeting. The Satellos Arrangement Resolution must receive the requisite Satellos Shareholder approval in order for Satellos to seek the Final Order and implement the Arrangement on the Effective Date in accordance with the terms of the Final Order.

For information with respect to the procedures for Satellos Shareholders to follow to receive their consideration pursuant to the Arrangement, see *“Procedures for the Surrender of Satellos Shares and Satellos Options and Receipt of Consideration”*.

See also *“The Arrangement”* and *“General Proxy Matters”*.

Court Approval

Interim Order

On June 29, 2021, the Court granted the Interim Order directing the calling of the Satellos Meeting and prescribing the conduct of the Satellos Meeting and other matters. The Interim Order is attached as Appendix B to this Information Circular.

Final Order

The CBCA provides that a plan of arrangement requires Court approval. Subject to the terms of the Arrangement Agreement, and if the Satellos Arrangement Resolution is approved by the Satellos Shareholders at the Satellos Meeting in the manner required by the Interim Order, Satellos will make application to the Court for the Final Order.

The application for the Final Order approving the Arrangement is scheduled for August 5, 2021 at 9:45 a.m. (PST), or as soon thereafter as counsel may be heard, at a hearing before a Judge of the Supreme Court of British Columbia at the Courthouse, at 800 Smith Street in the City of Vancouver, in the Province of British Columbia. At the hearing, any Satellos securityholder and any other interested party who wishes to participate or to be represented or to present evidence or argument may do so, subject to filing with the Court and serving upon Satellos a Response to Petition together with all supporting evidence that such party intends to present to the Court on or before 4:00 p.m. (Vancouver time) on August 3, 2021. Service of such notice shall be effected by service upon the solicitors for Satellos: Borden Ladner Gervais LLP, 1200 Waterfront Centre, 200 Burrard Street, Vancouver, BC V7X 1T2, Attention: Steve Warnett. See the Notice of Hearing accompanying this Information Circular.

The Court has broad discretion under the CBCA when making orders with respect to plans of arrangement and that the Court will consider, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and a procedural point of view. The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court thinks fit.

Depending upon the nature of any required amendments, Satellos and/or iCo may determine not to proceed with the Arrangement.

Timing

If the Satellos Meeting is held as scheduled and is not adjourned or postponed and the other necessary conditions at that point in time are satisfied or waived, Satellos will apply for the Final Order approving the Arrangement. If the Final Order is obtained on August 5, 2021 in form and substance satisfactory to Satellos and iCo, and all other conditions set forth in the Arrangement Agreement are satisfied or waived, including the receipt of all required regulatory approvals, Satellos currently expects the Effective Date to occur on August 9, 2021. It is not possible, however, to state with certainty when the Effective Date will occur. The Effective Date could be delayed for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order on August 5, 2021 or the failure to obtain all regulatory approvals in the time-frames anticipated.

The Arrangement will become effective upon the filing with the Registrar of the Arrangement Filings and a copy of the Final Order, together with such other materials as may be required by the Registrar.

The Subscription Receipt Financing

The Subscription Receipt Financing closed on April 27, 2021 for gross proceeds of \$7.25 million. Bloom Burton Securities Inc. and Richardson Wealth Ltd. acted as agents in connection with the Subscription Receipt Financing and received an agency fee equal to 6.0% of the gross proceeds of the Subscription Receipt Financing. In addition, the agents received such number of broker warrants that is equal to 6.0% of the number of Subscription Receipts sold pursuant to the Subscription Receipt Financing.

The gross proceeds from the Subscription Receipt Financing will be held in escrow pursuant to the Subscription Receipt Agreement and will continue to be held in escrow pending the satisfaction of certain customary escrow release conditions, which shall include, among other things:

- (a) the completion or satisfaction, as the case may be, of all conditions precedent to the Arrangement being satisfied or waived in accordance with the terms of the Arrangement Agreement, other than the filing of the Arrangement Filings and the Final Order or such other materials as may be required by the Registrar; and
- (b) the receipt of all required shareholder, third party (as applicable) and regulatory approvals in connection with the Arrangement, including the conditional approval of the TSXV to list all iCo Shares issued in connection with the Arrangement on the TSXV,

(collectively, the “**Escrow Release Conditions**”).

Upon satisfaction of the Escrow Release Conditions, each Subscription Receipt issued under the Subscription Receipt Financing will entitle the holder thereof to receive one iCo Share.

In the event the Escrow Release Conditions are not satisfied on or before August 22, 2021, the gross proceeds of the Subscription Receipt Financing, plus the interest accrued thereon, will be returned to the subscribers thereunder pro rata and the Subscription Receipts will be automatically cancelled, void and of no value or effect.

A total of 85,294,117 Subscription Receipts were issued at a price of \$0.085 in connection with the Subscription Receipt Financing for gross proceeds of \$7,250,000. After giving effect to the Arrangement, the number of Resulting Issuer Common Shares issuable pursuant to the Subscription Receipt Financing will be 85,294,117. Accordingly, subscribers under the Subscription Receipt Financing will hold, after giving effect to the Arrangement, 13.1% of the issued and outstanding Resulting Issuer Common Shares on an undiluted basis.

Consolidation and Continuation

Immediately following the Closing, the Resulting Issuer intends to complete the Consolidation and the Continuation.

THE ARRANGEMENT AGREEMENT

The following is a summary only of the material terms of the Arrangement Agreement and is subject to, and qualified in its entirety by, the full text of the Arrangement Agreement. Capitalized terms used under this heading “The Arrangement Agreement” but not otherwise defined have the meanings set forth in the Arrangement Agreement. Satellos Shareholders are urged to read the Arrangement Agreement, including the Plan of Arrangement, in its entirety. The Arrangement Agreement is attached as Appendix D to this Information Circular and reference is made thereto for the full text thereof.

Representations, Warranties and Covenants

The Arrangement Agreement contains certain customary representations and warranties of each of Satellos and iCo relating to, among other things, their respective organization, capitalization, operations, compliance with laws and regulations and other matters, including their authority to enter into the Arrangement Agreement and to consummate the Arrangement. For the complete text of the applicable provisions, see Sections 3.1 and 4.1 of the Arrangement Agreement which is attached as Appendix D to this Information Circular.

In addition, pursuant to the Arrangement Agreement, each of the Parties has covenanted, among other things, until the earlier of the Effective Date or the termination of the Arrangement Agreement, to conduct its business in the ordinary course of business consistent with past practice, and use commercially reasonable efforts to maintain and preserve their respective business organization, assets, employees, goodwill and business relationships. For the complete text of the applicable provisions, see Sections 5.1 and 5.4 of the Arrangement Agreement which is attached as Appendix D to this Information Circular.

Covenants Regarding Non-Solicitation

Under the Arrangement Agreement, iCo and Satellos have each agreed to certain non-solicitation covenants and each has provided the other Party with a right to match any Superior Proposal (as defined in the Arrangement Agreement) that it may receive. See Sections 7.1 and 7.3 of the Arrangement Agreement which is attached as Appendix D to this Information Circular for the full text of the specific non-solicitation covenants.

Conditions to Closing

Mutual Conditions

The Arrangement Agreement provides that the respective obligations of iCo and Satellos to consummate the transactions contemplated thereby, including the Arrangement, are subject to the fulfillment, on or before the Effective Time, of each of the following conditions precedent, each of which may be waived only with the mutual consent iCo or Satellos:

- (a) the Satellos Arrangement Resolution shall have been approved and adopted by the Satellos Shareholders at the Satellos Meeting in accordance with the Interim Order;
- (b) the iCo Shareholder Resolutions shall have been approved and adopted by the iCo Shareholders at the iCo Meeting;
- (c) the Interim Order and the Final Order shall each have been obtained on terms consistent with the Arrangement Agreement, and shall not have been set aside or modified in a manner unacceptable to Satellos or iCo, acting reasonably, on appeal or otherwise;
- (d) there shall not exist any prohibition at Law, including a cease trade order, injunction or other prohibition or order at Law or under applicable legislation, and there shall not have been any action taken under any Law or by any Governmental Authority or other regulatory authority, that makes it illegal or otherwise directly or indirectly restrains, enjoins, prevents or prohibits the consummation of the Arrangement;

- (e) the distribution of the securities pursuant to the Arrangement shall be exempt from the prospectus and registration requirements of Applicable Securities Laws either by virtue of exemptive relief from the securities regulatory authorities of each of the provinces of Canada or by virtue of applicable exemptions under Securities Laws and shall not be subject to resale restrictions under Applicable Securities Laws (other than as applicable to control Persons or pursuant to Section 2.6 of National Instrument 45-102);
- (f) the iCo Shares and Replacement Options to be issued pursuant to the Arrangement shall be exempt from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereof and will not be subject to resale restrictions under the U.S. Securities Act, subject to restrictions applicable to affiliates (as defined in Rule 405 of the U.S. Securities Act) of iCo following the Effective Date;
- (g) the TSXV shall have approved the Arrangement and conditionally approved for listing, subject to the payment of fees and the filing of customary required documents, the iCo Shares issuable pursuant to the Arrangement and the iCo Shares issuable upon exercise of the Replacement Options, Satellos Warrants and the Convertible Note;
- (h) the Key Regulatory Approvals shall have been obtained;
- (i) the Key Third Party Consents shall have been obtained; and
- (j) the Arrangement Agreement shall not have been terminated pursuant to Article 8 thereby.

Additional Conditions in Favour of Satellos

The Arrangement Agreement provides that the obligations of Satellos to consummate the transactions contemplated thereby, including the Arrangement, are subject to the fulfillment of each of the following conditions precedent on or before the Effective Date or such other time as specified below (each of which is for the exclusive benefit of Satellos and may be waived by Satellos in whole or in part at any time):

- (a) all covenants of iCo under the Arrangement Agreement to be performed on or before the Effective Date shall have been duly performed by iCo in all material respects, and Satellos shall have received a certificate of iCo addressed to Satellos and dated the Effective Date, signed by a senior executive officer of iCo (on behalf of iCo and without personal liability), confirming the same as at the Effective Date;
- (b) all representations and warranties of iCo set forth in the Arrangement Agreement shall be true and correct in all respects as at the Effective Date as though made on and as of the Effective Date (except for representations and warranties made as at a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of any such representations and warranties to be so true and correct in all respects would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on iCo and Satellos shall have received a certificate of iCo addressed to Satellos and dated the Effective Date, signed on behalf of iCo by a senior executive officer of iCo (on behalf of iCo and without personal liability), confirming the same as at the Effective Date;
- (c) since the date of the Arrangement Agreement, there shall not have occurred, or have been disclosed to the public (if previously undisclosed to the public) any Material Adverse Effect in respect of iCo, and iCo shall have provided to Satellos a certificate of a senior executive officer of iCo certifying the same as at the Effective Date;
- (d) on the Effective Date, the outstanding securities of iCo shall be as set out in Section 6.2 of the iCo Disclosure Letter;
- (e) at the Effective Time, iCo shall have completed the Subscription Receipt Financing for gross proceeds of not less than \$6,000,000; and

- (f) at the Effective Time, iCo shall have completed the incorporation of a wholly owned subsidiary for the purposes of the Spin Out.

Additional Conditions in Favour of iCo

The Arrangement Agreement provides that the obligations of iCo to consummate the transactions contemplated thereby, including the Arrangement, are subject to the fulfillment of each of the following conditions precedent on or before the Effective Date or such other time as specified below (each of which is for the exclusive benefit of iCo and may be waived by iCo in whole or in part at any time):

- (a) all covenants of Satellos under the Arrangement Agreement to be performed on or before the Effective Date shall have been duly performed by Satellos in all material respects, and iCo shall have received a certificate of Satellos, addressed to iCo and dated the Effective Date, signed by a senior executive officer of Satellos (on behalf of Satellos and without personal liability), confirming the same as at the Effective Date;
- (b) all representations and warranties of Satellos set forth in the Arrangement Agreement shall be true and correct in all respects as at the Effective Date as though made on and as at the Effective Date (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of any such representations and warranties to be so true and correct in all respects would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Satellos; and iCo shall have received a certificate of Satellos addressed to iCo and dated the Effective Date, signed by a senior executive officer of Satellos (on behalf of Satellos and without personal liability), confirming the same as at the Effective Date;
- (c) since the date of the Arrangement Agreement there shall not have occurred any Material Adverse Effect in respect of Satellos, and iCo shall have received a certificate of, addressed to iCo and dated the Effective Date, signed by a senior executive officer of Satellos (on Satellos' behalf and without personal liability), confirming the same as at the Effective Date;
- (d) on the Effective Date, the outstanding securities of Satellos shall be as set out in Section 6.3 of the Satellos Disclosure Letter;
- (e) holders of no more than 5% of the total issued and outstanding Satellos Shares shall have exercised Satellos Dissent Rights (and not withdrawn such exercise) and iCo shall have received a certificate of a senior executive officer of Satellos confirming the same as at the Effective Date; and
- (f) there shall be no outstanding indebtedness of Satellos other than payables incurred in the normal course of business or as otherwise set out in the Satellos Disclosure Letter.

Termination of the Arrangement Agreement

Subject to the terms of Article 8 of the Arrangement Agreement, the Arrangement Agreement, may be terminated and the Arrangement may be abandoned at any time prior to the Effective Time (notwithstanding any approval of this Agreement or the Arrangement Resolution by the iCo Shareholders or the Arrangement by the Court):

- (a) by mutual written agreement of iCo and Satellos;
- (b) by either iCo or Satellos, in accordance with Section 8.2(b) of the Arrangement Agreement;
- (c) by Satellos, in accordance with Section 8.2(c) of the Arrangement Agreement;
- (d) by iCo, in accordance with Section 8.2(d) of the Arrangement Agreement.

Termination Fees

Pursuant to Section 8.3(a) of the Arrangement Agreement, iCo shall be entitled to a fee of \$500,000 upon the occurrence of any of the events listed in Sections 8.3(a)(i)-(iii) of the Arrangement Agreement (each, a “**Termination Fee Event**”) which shall be paid by Satellos within the time specified in respect of each such Termination Fee Event.

Pursuant to Section 8.3(b) of the Arrangement Agreement, Satellos shall be entitled to a fee of \$250,000 upon the occurrence of any of the events listed in Sections 8.3(b)(i)-(iii) of the Arrangement Agreement (each an “**Expense Reimbursement Fee Event**”) which shall be paid by iCo within the time specified in respect of each such Expense Reimbursement Fee Event.

Amendment

The Arrangement Agreement and, subject to Section 6.01 thereof, the Plan of Arrangement, may, at any time and from time to time before or after the holding of the Satellos Meeting and iCo Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, and any such amendment may, subject to the Interim Order and the Final Order and applicable Law, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained in the Arrangement Agreement or in any document delivered pursuant thereto;
- (c) waive compliance with or modify any of the covenants contained in the Arrangement Agreement and waive or modify the performance of any of the obligations of the Parties; and/or
- (d) waive compliance with or modify any mutual conditions precedent contained in the Arrangement Agreement.

PRINCIPAL LEGAL MATTERS

Court Approval and Completion of the Arrangement

An arrangement under the CBCA requires Court approval. See “*The Arrangement – Procedure for the Arrangement Becoming Effective*”.

Assuming that the Final Order is granted, and that the other conditions set forth in the Arrangement Agreement are satisfied or waived by the Party or Parties for whose benefit they exist, then the Arrangement Filings will be filed with the Registrar to give effect to the Arrangement and all other arrangements and documents necessary to complete the Arrangement will be delivered as soon as reasonably practicable thereafter. Subject to receipt of the Final Order and the satisfaction of the other conditions to Closing, Satellos currently expects the Effective Date of the Arrangement to occur in December of 2019.

Resale of Securities Received in the Arrangement

Resulting Issuer Common Shares to be issued to Satellos Shareholders pursuant to the Arrangement will be issued in reliance on exemptions from the prospectus requirements of Applicable Securities Laws in Canada and will generally not be subject to any resale restrictions under Applicable Securities Laws in Canada (provided the conditions set out in subsection 2.6(3) of National Instrument 45-102 – *Resale of Securities*, are satisfied). Satellos Shareholders should consult with their own financial and legal advisors with respect to the tradability of Resulting Issuer Common Shares received on Closing.

In addition, it is anticipated that each holder of Satellos Share, Satellos Options and Satellos Warrants shall enter into the Voluntary Lock-Up Agreements in connection with the completion of the Arrangement, which will result in a

voluntary escrow period of 12 months, with 1/3 of such locked up Resulting Issuer Common Shares being released at each of 6, 9 and 12 months from the date of closing of the Arrangement.

Judicial Developments

The Plan of Arrangement will be implemented under Section 192 of the CBCA, which provides that, where it is not practicable for a corporation to effect an arrangement under any other provision of the CBCA, a corporation may apply to the Court for an order approving the arrangement proposed by such corporation. An application will be made by Satellos for approval of the Arrangement pursuant to this section of the CBCA. See “*The Arrangement – Procedure for the Arrangement Becoming Effective*”. Although there have been a number of judicial decisions considering this section and applications to various arrangements, there have not been, to the knowledge of Satellos, any recent significant decisions that would apply in this instance. Satellos Shareholders should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement.

Other Required Regulatory Approvals

To the best knowledge of Satellos, there are no filings, consents, waiting periods or approvals required to be made with, applicable to, or required to be received from any Governmental Authority in connection with the Arrangement except as described herein and the Court’s approval of the Final Order, which will be sought on or about August 5, 2021 and which is a condition to Closing.

PRINCIPAL CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary, as of the date hereof, of the principal Canadian federal income tax considerations generally applicable to a Person who is a Beneficial Shareholder of Satellos Shares in respect of the transactions described herein, and who, for all purposes of the Tax Act and at all relevant times: (a) deals at arm’s length with Satellos and iCo; (b) is not affiliated with Satellos or iCo; and (c) holds the Satellos Shares and will hold iCo Shares received pursuant to the Arrangement (collectively, “**Securities**”) as capital property.

Securities will generally be considered to be capital property to a Holder unless the Holder uses or holds such securities in the course of carrying on a business of buying or selling securities or acquired such securities in one or more transactions considered to be an adventure or concern in the nature of trade with respect to such Securities.

This summary is not applicable to a Holder: (a) that is a “financial institution”, as defined in subsection 142.2(1) of the Tax Act for the purposes of the mark-to-market rules therein; (b) that is a “specified financial institution”, as defined in subsection 248(1) of the Tax Act; (c) an interest in which is a “tax shelter”, as defined in subsection 237.1(1) of the Tax Act, or a “tax shelter investment”, as defined in subsection 143.2 of the Tax Act; (d) that reports its “Canadian tax results”, as defined in subsection 261(1) of the Tax Act, in a currency other than Canadian currency; (e) who has entered into or will enter into, in respect of any of the Securities, a “derivative forward agreement” or a “synthetic disposition arrangement”, each as defined in subsection 248(1) of the Tax Act; (f) that is a partnership or trust; (g) that, immediately following the Arrangement, will, either along or together with Persons that such Holder does not deal at arm’s length, either controls iCo or beneficially own shares of iCo which have after market value in excess of 50% of the fair market value of all outstanding shares in the capital stock of iCo; (h) who has acquired or will acquire Securities pursuant to a stock option agreement or any employee incentive plan, including Satellos Optionholders; (i) who holds warrants or other rights to acquire shares of Satellos, including Satellos Warrants; or (j) a “foreign affiliate” of a taxpayer resident in Canada, as defined in subsection 95(1) of the Tax Act; (k) that is exempt from tax under Part I of the Tax Act, except for the limited discussion under the heading “Principal Canadian Federal Income Tax Considerations – Eligibility for Investment”; or (l) that is a corporation resident in Canada for purposes of the Tax Act that is or becomes, or does not deal at arm’s length for purposes of the Tax Act with a corporation resident in Canada that is or becomes, controlled by a non-resident person or a group of non-resident persons not dealing with each other at arm’s length for the purposes of the “foreign affiliate dumping” rules in section 212.3 of the Tax Act. Such Holders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of Securities. In addition, this summary does not address the deductibility of interest by a Holder who has borrowed money, or will borrow money, to acquire Securities.

This summary is based on the facts set out in this Information Circular, the current provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”) and Satellos’ understanding of the current administrative policies and assessing practices of the CRA made publicly available prior to the date hereof. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, or changes in the CRA’s administrative policies or assessing practices, nor does it take into account or consider any other Canadian federal tax considerations or any provincial, territorial or foreign considerations, which may differ materially from those discussed herein. This summary assumes that the Tax Proposals will be enacted as currently proposed, but no assurance can be given that this will be the case. There can be no assurance that the CRA will not change its administrative policies or assessing practices. Satellos has not obtained, nor sought, an advance tax ruling from the CRA in respect of any of the matters discussed herein.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations. This summary is not intended to be, nor should it be construed to be, legal or tax advice or representations to any particular Holder. Accordingly, each Holder should obtain independent advice regarding the income tax consequences of acquiring, holding and disposing of Securities pursuant to the Arrangement.

Holders Resident in Canada

The following part of this summary is applicable to a Holder who, at all relevant times, is or is deemed to be resident in Canada for the purposes of the Tax Act and any applicable income tax treaty (each, a “**Resident Holder**”).

Certain Resident Holders (other than certain traders or dealers in securities) whose Securities might not otherwise constitute capital property may be entitled to make an irrevocable election pursuant to subsection 39(4) of the Tax Act to have their Securities and every other “Canadian security” (as defined in subsection 39(6) of the Tax Act) owned by such Resident Holder in the taxation year of the election or subsequently acquired by them deemed to be capital property for the purposes of the Tax Act. Resident Holders contemplating a subsection 39(4) election should first consult with their own tax advisors.

Share Exchange

Resident Holders (other than Dissenting Satellos Shareholders) will dispose of their Satellos Shares solely in exchange for iCo Shares pursuant to the Arrangement (the “**Share Exchange**”). Where a Resident Holder does not choose to recognize a capital gain (or capital loss) in respect of the Share Exchange in such Resident Holder’s return of income for the taxation year in which the Share Exchange occurred, such Resident Holder will be deemed pursuant to section 85.1 of the Tax Act, and provided the requirements thereof have been satisfied, to have disposed of the Satellos Shares for proceeds of disposition equal to the Resident Holder’s adjusted cost base (as defined in the Tax Act) of the Satellos Shares, determined immediately before the exchange, and the Resident Holder will be deemed to have acquired the iCo Shares at an aggregate cost equal to the proceeds of disposition of the Satellos Shares. This cost will be averaged with the adjusted cost base of all other iCo Shares held by the Resident Holder as capital property for the purposes of determining the adjusted cost base of each iCo Share held by the Resident Holder.

Where a Resident Holder chooses to recognize a capital gain (or capital loss) on the Share Exchange, the Resident Holder will realize a capital gain (or capital loss) equal to the amount, if any, by which the aggregate fair market value of the iCo Shares received exceeds (or is less than) the total of: (a) the adjusted cost base, as defined in the Tax Act, to the Resident Holder of the Satellos Arrangement Shares immediately before the Share Exchange; and (b) the Resident Holder’s reasonable costs of disposition. For a description of the tax treatment of capital gains and capital losses, see “*Principal Canadian Federal Income Tax Considerations – Holders Resident in Canada*” below. The cost of the iCo Shares acquired on the Share Exchange will be equal to the fair market value thereof. This cost is generally averaged with the adjusted cost of all other iCo Shares held by the Resident Holder for the purpose of determining the adjusted cost base of each iCo Share held by the Resident Holder.

Disposition of iCo Shares

A Resident Holder who disposes or is deemed for the purposes of the Tax Act to have disposed of an iCo Share (other than upon a disposition to iCo thereof, subject to certain detailed exceptions in the Tax Act) will generally realize a capital gain (or capital loss) in the taxation year of disposition equal to the amount, if any, by which the proceeds of disposition of the iCo Share are greater (or less) than the total of: (a) the adjusted cost base, as defined in the Tax Act, to the Resident Holder of the iCo Share, immediately before the disposition or deemed disposition; and (b) the Resident Holder's reasonable costs of the disposition. The taxation of capital gains and capital losses is described below under the heading "*Principal Canadian Federal Income Tax Considerations – Holders Resident in Canada*".

Taxation of Dividends

A Resident Holder will be required to include in computing its income for a taxation year any dividend received or deemed to be received on an iCo Share.

In the case of a Resident Holder that is an individual (other than certain trusts), such dividend or deemed dividend will be subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to dividends received from taxable Canadian corporations. Dividends that are designated by iCo as "eligible dividends" will be subject to an enhanced gross-up and tax credit regime, pursuant to the rules in the Tax Act. There may be limitations on the ability of iCo to designate dividends as eligible dividends.

In the case of a Resident Holder that is a corporation, the amount of any dividend that is included in its income for a taxation year will generally be deductible in computing its taxable income for that taxation year. A Resident Holder that is a "private corporation" or a "subject corporation", each as defined in the Tax Act, or any other corporation resident in Canada controlled, whether because of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), may be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received on an iCo Share, to the extent such dividends are deductible in computing the Resident Holder's taxable income for the year. In certain circumstances, subsection 55(2) of the Tax Act will treat a dividend received or deemed to be received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to the potential application of this provision to their own particular circumstances.

Taxation of Capital Gains and Capital Losses

A Resident Holder must include in income for a taxation year one-half of any capital gain (a "**taxable capital gain**") realized by the Resident Holder on the disposition or deemed disposition of a Satellos Share or an iCo Share in the year. The Resident Holder must deduct one-half of the amount of any capital loss ("**allowable capital loss**") realized by the Resident Holder in a taxation year on the disposition or deemed disposition of a Satellos Share or an iCo Share from taxable capital gains realized in such year. Allowable capital losses in excess of taxable capital gains realized by the Resident Holder in a taxation year may generally be carried back and deducted in any of the three preceding taxation years or carried forward and deducted against net taxable capital gains in any subsequent year, subject to the detailed provisions of the Tax Act.

The amount of any capital loss otherwise realized by a Resident Holder that is a corporation or a trust (other than a mutual fund trust) on the disposition or deemed disposition of a Satellos Share or iCo Share may be reduced by the amount of any dividends received or deemed to have been received by it on such share to the extent and in the circumstances prescribed by the Tax Act. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

Refundable Tax

A Resident Holder that is a Canadian-controlled private corporation, as defined in the Tax Act, may be subject to a refundable tax in respect of its aggregate investment income for the year, which may include any capital gains realized

on a disposition of Securities, and any dividends or deemed dividends that are not deductible by the Canadian-controlled private corporation in computing its taxable income.

Minimum Tax

A Resident Holder who is an individual (other than certain specified trusts) may have an increased liability for alternative minimum tax as a result of taxable dividends received on the Securities or capital gains realized on a disposition of Securities.

Dissenting Satellos Shareholders

A Satellos Dissenting Shareholder that is a Resident Holder (a “**Resident Dissenting Holder**”) who receives a cash payment from Satellos in consideration for the Resident Dissenting Holder’s Satellos Shares will be deemed to receive a taxable dividend equal to the amount by which the amount received (excluding interest awarded by a court) from Satellos exceeds the paid-up capital of the Resident Dissenting Holder’s Satellos Shares. In the case of a Resident Dissenting Holder that is a corporation, in some circumstances, the amount of such deemed dividend may be treated as proceeds of disposition and not a dividend. See “*Taxation of Dividends*” above for a general description of the treatment of dividends under the Tax Act. The Resident Dissenting Holder will also be deemed to have received proceeds of disposition for the Satellos Shares equal to the amount (excluding interest awarded by a court) received by the Resident Dissenting Holder less the amount of the deemed dividend referred to above. Consequently, the Resident Dissenting Holder will realize a capital gain (or capital loss) to the extent that such proceeds of disposition exceed (or are exceeded by) the adjusted cost base of such Resident Dissenting Holder’s Satellos Shares. See “*Taxation of Capital Gains and Capital Losses*” above for a general description of the treatment of capital gains and losses under the Tax Act.

Any interest awarded by the Court to a Resident Dissenting Shareholder will be included in such Resident Dissenting Shareholder’s income for the purposes of the Tax Act. Resident Dissenting Shareholder who are contemplating exercising their Satellos Dissent Rights should consult their own tax advisors.

Eligibility for Investment

The iCo Shares, if issued on the date hereof, would be qualified investments under the Tax Act for trusts governed by a registered retirement savings plan (“**RRSP**”), a registered retirement income fund (“**RRIF**”), a registered education savings plan (“**RESP**”), a deferred profit sharing plan, a registered disability savings plan (“**RDSP**”) or a tax free savings account (“**TFSA**”), each as defined in the Tax Act, (collectively “**Exempt Plans**”) at any particular time, provided that, at that time, the iCo Shares are listed on a “designated stock exchange” for the purposes of the Tax Act (which currently includes the TSXV).

Notwithstanding that the iCo Shares may be a qualified investment for an Exempt Plan of a particular Holder, as described above, the annuitant under such RRSP or RRIF, the subscriber of such RESP, or the holder of such RDSP or TFSA, as the case may be, will be subject to a penalty tax on such shares if such shares are a “prohibited investment”, as described immediately below, for the RRSP, RRIF, RESP, RDSP or TFSA.

Securities of a particular corporation will generally be a “prohibited investment”, as defined in subsection 207.01 of the Tax Act, for a RRSP, RRIF, RESP, RDSP or TFSA if the annuitant of the RRSP or RRIF, the subscriber of the RESP or the holder of the TFSA or RDSP, as the case may be: (a) does not deal at arm’s length with the particular corporation for the purposes of the Tax Act; or (b) has a “significant interest”, as defined in subsection 207.01(4) of the Tax Act, in the particular corporation. A “significant interest” generally includes, but is not limited to, the ownership of 10% or more of any class of issued shares of the particular corporation. In addition, securities of a particular corporation will generally not be a “prohibited investment” if they are “excluded property”, as defined in subsection 207.01(1) of the Tax Act.

Holders who currently hold Satellos Shares in an Exempt Plan or who wish to hold the iCo Shares received under the Arrangement in an Exempt Plan should consult their own tax advisors as to the application of these rules in their particular circumstances.

Holders who wish to hold iCo Shares in an Exempt Plan or who wish to hold any such securities in an Exempt Plan should consult their own tax advisors as to the application of these rules in their particular circumstances.

Holders Not Resident in Canada

The following part of this summary is generally applicable to a Holder who, for the purposes of the Tax Act and any applicable income tax treaty, at all relevant times: (a) is not resident or deemed to be resident in Canada; and (b) does not use or hold, and is not deemed to use or hold, Securities in connection with carrying on a business in Canada (a “**Non-Resident Holder**”). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer that carries on an insurance business in Canada or elsewhere, or an “authorized foreign bank”, as defined in the Tax Act.

Non-Resident Holders should consult with their own tax advisors with respect to the tax consequences to them of acquiring, holding and disposing of Securities.

Share Exchange

The discussion of the income tax consequences of the Share Exchange for Resident Holders under the heading “*Principal Canadian Federal Income Tax Considerations – Holders Resident in Canada*” generally will also apply to Non-Resident Holders in respect of the Share Exchange, subject to the discussion regarding Non-Resident Holders herein and the detailed rules in the Tax Act.

A Non-Resident Holder will not be subject to section 116 withholding of tax provided that the Satellos Shares are not “taxable Canadian property” for the purposes of the Tax Act. Satellos has represented that Satellos Shares will not be taxable Canadian property to Non-Resident Holders for purposes of the Tax Act at the Effective Time because at no particular time during the 60-month period that ends at the Effective Time, more than 50% of the fair market value of such Satellos Shares will have been derived directly or indirectly (otherwise than through a corporation, partnership, or trust the shares or interests in which were not themselves taxable Canadian property at the time) from one or any combination of: (a) real or immovable property situated in Canada, (b) “Canadian resource properties”, as defined in the Tax Act, (c) “timber resource properties”, as defined in the Tax Act, and (d) options in respect of, or interests in, property described in any of (a) to (c), whether or not the property exists.

Dissenting Non-Resident Holders

The discussion of the income tax consequences relating to Resident Dissenting Shareholders under the heading “*Principal Canadian Federal Income Tax Considerations – Holders Resident in Canada*” will also generally apply to Non-Resident Holders that are Dissenting Satellos Shareholders (“**Non-Resident Dissenting Holder**”) to whom Satellos consequently pays the fair value of his, her or its Satellos Shares, subject to the discussion regarding Non-Resident Holders herein and the detailed rules in the Tax Act.

A Non-Resident Dissenting Holder will not be subject to any Canadian withholding tax on any interest awarded to the Non-Resident Holder in respect of the exercise of Satellos Dissent Rights under the Arrangement, provided that such interest is not “participating debt interest” for the purposes of the Tax Act.

A Non-Resident Dissenting Holder who receives a cash payment from Satellos in consideration for the Non-Resident Dissenting Holder’s Satellos Shares will be deemed to receive a taxable dividend equal to the amount by which the amount received (excluding interest awarded by a court) from Satellos exceeds the paid-up capital of the Non-Resident Dissenting Holder’s Satellos Shares. See “*Dividends*” below for a discussion of withholding tax applicable on deemed dividends paid to Non-Resident Holders.

A Non-Resident Dissenting Holder will also be considered to have disposed of such Satellos Shares for proceeds of disposition equal to the amount paid to such Non-Resident Dissenting Holder less an amount in respect of interest, if any, awarded by a court and the amount of any deemed dividend. A Non-Resident Dissenting Holder will generally not be subject to income tax under the Tax Act in respect of any capital gain realized on a disposition of Satellos Shares pursuant to the exercise of their Satellos Dissent Rights unless such Satellos Shares constitute, or are deemed to constitute, “taxable Canadian property” of the Non-Resident Dissenting Holder and the Non-Resident Dissenting Holder is not entitled to relief under an applicable income tax treaty or convention.

A Non-Resident Dissenting Holder will not be subject to section 116 withholding tax provided that the Satellos Shares are not “taxable Canadian property” for the purposes of the Tax Act, as discussed above under the heading “*Principal Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Share Exchange*”.

Dividends

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder on a Satellos Share or an iCo Share will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled under any applicable income tax convention. For example, under the Canada-U.S. Income Tax Convention (1980) (the “**Convention**”), where such dividends are considered to be paid to or derived by a Non-Resident Holder that is the beneficial owner of the dividends and is a U.S. resident for the purposes of, and is entitled to benefits in accordance with, the provisions of the Convention, the applicable rate of Canadian withholding tax is generally reduced to 15%.

Disposition of iCo Shares

A Non-Resident Holder who disposes or is deemed for the purposes of the Tax Act to have disposed of an iCo Share will generally, subject to the detailed rules in the Tax Act, realize a capital gain (or capital loss) in the taxation year of the disposition equal to the amount, if any, by which the proceeds of disposition are greater (or less) than the total of: (a) the adjusted cost base, as defined in the Tax Act, to the Resident Holder of the iCo Share, as the case may be, immediately before the disposition or deemed disposition; and (b) the Resident Holder’s reasonable costs of the disposition.

A Non-Resident Holder will generally be subject to Canadian tax on such gain (or loss) only if the iCo Share is “taxable Canadian property” for the purposes of the Tax Act.

Taxable Canadian Property

Provided that the iCo Shares are, at the time of the applicable disposition, listed on a “designated stock exchange, as defined in the Tax Act (which currently includes the TSXV), the iCo Shares generally will not constitute taxable Canadian property of a Non-Resident Holder at that time unless, at any time in the 60-month period preceding the disposition the following two conditions are met concurrently: (a) 25% or more of the issued shares of any class of the capital stock of iCo were owned by any combination of: (i) the Non-Resident Holder; (ii) Persons with whom the Non-Resident Holder did not deal at arm’s length; and (iii) partnerships in which Persons referred to in (i) or (ii) hold a membership interest (directly or indirectly through one or more partnerships); and (b) more than 50% of the fair market value of the iCo Shares was derived, directly or indirectly, from one or any combination of: (i) real or immovable property situated in Canada; (ii) “Canadian resource properties”, as defined in the Tax Act; (iii) “timber resource properties”, as defined in the Tax Act; and (iv) options in respect of, or interests in, or civil law rights in, property described in (i) to (iii), whether or not such property exists.

Notwithstanding the foregoing, an iCo Share may otherwise be deemed to be taxable Canadian property to a Non-Resident Holder for the purposes of the Tax Act. A Non-Resident Holder who disposes of taxable Canadian property will generally be required to file a Canadian tax return for the taxation year in which the disposition of property occurs. If iCo Shares constitute taxable Canadian property, a Non-Resident Holder may be entitled to claim an exemption from tax in Canada under the terms of a tax treaty or convention between Canada and the country of residence of the Non-Resident Holder in respect of capital gains realized on the disposition of such iCo Shares. **Non-Resident Holders**

should consult their own tax advisors with respect to these matters, having regard to their own particular circumstances.

PROCEDURES FOR THE SURRENDER OF SATELLOS SHARES, SATELLOS OPTIONS AND SATELLOS WARRANTS AND RECEIPT OF CONSIDERATION

Procedures for Satellos Shareholders

The details of the procedures for the deposit of physical certificates or forwarding of DRS Advices representing Satellos Shares and the delivery by the Depositary of iCo Shares payable to former registered Satellos Shareholders are set out in the Letter of Transmittal accompanying this Information Circular. Registered Satellos Shareholders who have not received a Letter of Transmittal should contact the Depositary at **100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, by phone at 1-800-564-6253 or by email at corporateactions@computershare.com.**

Only registered Satellos Shareholders are required to submit a Letter of Transmittal. If you are a Beneficial Shareholder of Satellos Shares and are holding your Satellos Shares through a nominee such as a broker or dealer, you should carefully follow any instructions provided to you by such nominee.

Registered Satellos Shareholders must validly complete, duly sign and return the enclosed Letter of Transmittal, together with the certificate(s) or DRS Advices representing their Satellos Shares, to the Depositary at one of the offices specified in the Letter of Transmittal.

Registered Satellos Shareholders who deposit a validly completed and duly signed Letter of Transmittal, together with accompanying share certificate(s) or DRS Advice representing their Satellos Shares, will be forwarded the consideration to which they are entitled as soon as practicable after the later of the Effective Date and the date of receipt by the Depositary of the Letter of Transmittal and certificate(s) or DRS Advice representing such Satellos Shares. Once registered Satellos Shareholders surrender their share certificates or forward their DRS Advice, they will not be entitled to sell the Satellos Shares to which those certificates relate.

Registered Satellos Shareholders who do not forward to the Depositary a validly completed and duly signed Letter of Transmittal, together with their share certificate(s) or DRS Advice representing their Satellos Arrangement, will not receive the consideration to which they are otherwise entitled until deposit is made. Whether or not Satellos Shareholders forward their share certificate(s) or DRS Advice, as applicable, upon the completion of the Plan of Arrangement on the Effective Date, Satellos Shareholders will cease to be shareholders of Satellos as of the Effective Date and will only be entitled to receive iCo Shares to which they are entitled under the Plan of Arrangement or, in the case of registered Satellos Shareholders who properly exercise Satellos Dissent Rights, the right to receive fair value for their Satellos Shares in accordance with Section 190 of the CBCA, as modified by the Interim Order.

The method of delivery of certificate(s) or DRS Advices representing Satellos Shares and all other required documents is at the option and risk of the Person depositing their Satellos Shares. Any use of the mail to forward certificate(s) or DRS Advices representing Satellos Shares and the related Letters of Transmittal shall be at the election and sole risk of the Person depositing Satellos Shares, and documents so mailed shall be deemed to have been received by Satellos only upon actual receipt by the Depositary. If such certificates and other documents are to be mailed, Satellos recommends that registered mail be used with proper insurance and an acknowledgement of receipt requested.

DRS Advices representing iCo Shares payable under the Arrangement to a former registered holder of Satellos Shares who has complied with the procedures set out above and in the Letter of Transmittal will be, as soon as practicable after the Effective Date and after the receipt of all required documents: (a) forwarded to the former Satellos Shareholder at the address specified in the Letter of Transmittal by first class mail; or (b) made available at the office of the Depositary at which the Letter of Transmittal and the certificate(s) or DRS Advice representing Satellos Shares were delivered for pick up by the Satellos Shareholder as requested by the Satellos Shareholder in the Letter of Transmittal.

If no address is provided on the Letter of Transmittal, DRS Advices will be forwarded to the address of the Satellos Shareholder as shown on the register maintained by Satellos. Under no circumstances will interest accrue or be paid

by Satellos, iCo or the Depositary on iCo Shares exchanged for the Satellos Shares to Persons depositing Satellos Shares with the Depositary, regardless of any delay in making any payment for the Satellos Shares.

Where a certificate representing Satellos Shares has been lost, stolen or destroyed, the registered holder of that share certificate should immediately complete the Letter of Transmittal as fully as possible and forward it, together with an affidavit describing the loss, theft or destruction to the Depositary in accordance with instructions in the Letter of Transmittal. The Depositary has been instructed to respond with replacement share certificate requirements, which are also set out in Section 4.02 of the Plan of Arrangement. A copy of the Plan of Arrangement is attached as Schedule A to the Arrangement Agreement. All required documentation must be completed and returned to the Depositary before a cheque will be issued.

The Depositary will act as the agent of Persons who have deposited Satellos Arrangement Shares pursuant to the Arrangement for the purpose of receiving the consideration to be paid to Satellos Shareholders pursuant to the Arrangement and transmitting it to such Persons, and receipt of such consideration by the Depositary will be deemed to constitute receipt of payment by Persons depositing Satellos Arrangement Shares pursuant to the Arrangement.

Satellos Shareholders who are Beneficial Shareholders, and where such Satellos Arrangement Shares are registered in the name of an intermediary (a bank, trust company, securities broker, trustee or other nominee) should contact that intermediary for instructions and assistance in delivering those Satellos Arrangement Shares.

Procedures for Satellos Optionholders

Registered Satellos Optionholders must deliver the instrument(s) representing their Satellos Options to iCo's counsel, Blake Cassels & Graydon LLP, 625 Burrard St, Vancouver, BC V6C 0A4, Attn: Alexandra Luchenko . Registered Satellos Optionholders who deposit instrument(s) representing their Satellos Options will be forwarded the consideration to which they are entitled as soon as practicable after the later of the Effective Date and the date of receipt by iCo of the instrument(s) representing such Satellos Options.

The method of delivery of instrument(s) representing Satellos Options and all other required documents is at the option and risk of the Person depositing their Satellos Options. Any use of the mail to forward instrument(s) representing Satellos Options shall be at the election and sole risk of the Person depositing Satellos Options, and documents so mailed shall be deemed to have been received by Satellos only upon actual receipt by iCo. If such certificates and other documents are to be mailed, Satellos recommends that registered mail be used with proper insurance and an acknowledgement of receipt requested.

Instrument(s) representing the iCo Replacement Options issued in exchange for Satellos Options pursuant to the Arrangement will be forwarded to the address of the Satellos Optionholder as shown on the register maintained by Satellos.

Where an instrument representing Satellos Options has been lost or destroyed, the registered holder of that instrument should immediately notify Satellos and iCo of such loss or destruction to arrange for a replacement.

Cancellation of Rights of Satellos Shareholders

From and after the Effective Time, instruments formerly representing Satellos Options and Satellos Warrants and certificates and DRS Advices formerly representing Satellos Shares under the Arrangement shall represent only the right to receive the consideration to which the former Satellos Shareholders, Satellos Optionholders and Satellos Warrantholders are entitled under the Arrangement, or as to those held by Dissenting Satellos Shareholders, other than those Dissenting Satellos Shareholders deemed to have participated in the Arrangement pursuant to Section 3.01 of the Plan of Arrangement, to receive the fair value of the Satellos Shares represented by such certificates or DRS Advices.

Subject to applicable law relating to unclaimed property, any share certificate formerly representing Satellos Shares that is not deposited with all other documents as required by this Arrangement on or before the day that is six years from the Effective Date shall cease to represent a right or claim of any kind or nature and, for greater certainty, the

right of the holder of such Satellos Shares to receive certificates representing iCo Shares, together with all dividends, distributions or cash payments thereon held for such holder, shall be deemed to be surrendered to iCo. On such date, the consideration in the form of iCo Shares to which such former holder was entitled shall be deemed to have been cancelled, and none of iCo or any other Person shall have any obligations to issue such iCo Shares.

Fractional Securities

No DRS Advices representing fractional iCo Shares or instruments representing fractional Replacement Options shall be issued pursuant to the Arrangement. In the event that a Satellos Shareholder or Satellos Optionholder would otherwise be entitled to fractional iCo Shares or Replacement Options, the number of iCo Shares or iCo Options issued to such holder of Satellos Shares or Satellos Options shall be rounded down to the nearest whole iCo Share or Replacement Option, as applicable. In calculating such fractional interests, all Satellos Shares and Satellos Options registered in the name of or beneficially held by such Satellos Shareholder or Satellos Optionholder, as applicable, or their nominee shall be aggregated.

SATELLOS RIGHTS OF DISSENT

The following is a summary of the provisions of the CBCA relating to a Satellos Shareholder's dissent and appraisal rights in respect of the Satellos Arrangement Resolution. Such summary is not a comprehensive statement of the procedures to be followed by a Satellos Dissenting Shareholder who seeks payment of the fair value of its Satellos Shares and is qualified in its entirety by reference to the full text of Section 190, which is attached to this Information Circular as Appendix E, as modified by the Plan of Arrangement and the Interim Order.

It is a condition to iCo's obligation to complete the Arrangement that Satellos Shareholders holding no more than 5% of the Satellos Shares shall have exercised Satellos Dissent Rights that have not been withdrawn as at the Effective Date.

The statutory provisions dealing with the right of dissent are technical and complex. Any Dissenting Satellos Shareholders should seek independent legal advice, as failure to comply strictly with the provisions of Section 190 of the CBCA, as modified by the Plan of Arrangement and the Interim Order, may result in the loss of all Satellos Dissent Rights.

The Interim Order expressly provides registered holders of Satellos Shares with the right to dissent with respect to the Satellos Arrangement Resolution. Each Satellos Dissenting Shareholder is entitled to be paid the fair value (determined as of immediately before the passing of the Satellos Arrangement Resolution) of all, but not less than all, of the holder's Satellos Shares, provided that the holder duly dissents to the Satellos Arrangement Resolution and the Arrangement becomes effective.

In many cases, Satellos Shares beneficially owned by a holder are registered either: (a) in the name of an intermediary that such Satellos Shareholder deals with in respect of such Satellos Shares, such as, among others, banks, trust companies, securities brokers, trustees and other similar entities; or (b) in the name of a depository, such as CDS, of which the intermediary is a participant. Accordingly, such holders who beneficially own, control and direct Satellos Shares will not be entitled to exercise his, her or its rights of dissent directly (unless the Satellos Shares are reregistered in such holder's name).

With respect to Satellos Shares in connection to the Arrangement, pursuant to the Interim Order, a registered holder of Satellos Shares, other than iCo and its affiliate, may exercise Satellos Dissent Rights with respect to Satellos Shares held by such Satellos Dissenting Shareholders, in connection with the Arrangement pursuant to and in the manner set forth in Section 190 of the CBCA, as modified by the Interim Order and the terms of the Plan of Arrangement; provided that, notwithstanding Section 190(5) of the CBCA, the written objection to the Arrangement Resolution referred to in Section 190(5) of the CBCA must be received by Satellos not later than 5:00 p.m. (Vancouver time) two Business Days immediately preceding the date of the Satellos Meeting (as it may be adjourned or postponed from time to time). Each Satellos Dissenting Shareholder who duly exercises its Satellos Dissent Rights in accordance with the terms of the Plan of Arrangement, shall be deemed to have transferred all Satellos Shares held by such Satellos Dissenting

Shareholder and in respect of which Satellos Dissent Rights have been validly exercised, to Satellos free and clear of all Liens.

To exercise Satellos Dissent Rights, a Satellos Shareholder must dissent with respect to all Satellos Shares of which it is the registered and beneficial owner. A registered holder of Satellos Shares who wishes to dissent must deliver a written Dissent Notice to Satellos as set forth below and such Dissent Notice must strictly comply with the requirements of Section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement, provided that, notwithstanding Section 190(5) of the CBCA, a Satellos Shareholder who wishes to exercise Satellos Dissent Rights must ensure that a Dissent Notice is received by Satellos at the offices of Borden Ladner Gervais LLP, Waterfront Centre, 200 Burrard Street, Suite 1200, Vancouver, BC V7X 1T2 Attention: Steve Warnett not later than 10:00 a.m. (Vancouver time) on July 29, 2021 or not less than 48 hours (excluding Sundays, Saturdays and statutory holidays in the Province of British Columbia) prior to the time set for the Satellos Meeting or to any adjournments of the Satellos Meeting. Any failure by a Satellos Shareholder to fully comply with the provisions of the CBCA as modified by the Plan of Arrangement and the Interim Order, may result in the loss of that holder's Satellos Dissent Rights.

Beneficial Shareholders of Satellos Shares who wish to exercise Satellos Dissent Rights must cause each registered holder of Satellos Shares holding their Satellos Shares to deliver the Dissent Notice.

To exercise Satellos Dissent Rights, a registered holder of Satellos Shares must prepare a separate Dissent Notice for him, her or itself, if dissenting on his, her or its own behalf, and for each other holder of Satellos Shares who beneficially owns, controls or directs Satellos Shares registered in the Satellos Shareholder's name and on whose behalf the registered holder of Satellos Shares is dissenting; and must dissent with respect to all of the Satellos Shares registered in his, her or its name or if dissenting on behalf of a Beneficial Shareholder of Satellos Shares, with respect to all of the Satellos Shares registered in his, her or its name and beneficially owned by the holder on whose behalf the registered holder of Satellos Shares is dissenting. The Dissent Notice must set out the number of Satellos Shares in respect of which the Satellos Dissent Rights are being exercised (the "**Notice Shares**") and: (a) if such Satellos Shares constitute all of the Satellos Shares of which the Satellos Shareholder is the registered and beneficial owner and the Satellos Shareholder owns no other Satellos Shares beneficially, a statement to that effect; (b) if such Satellos Shares constitute all of the Satellos Shares of which the Satellos Shareholder is both the registered and beneficial owner, but the Satellos Shareholder owns additional Satellos Shares beneficially, a statement to that effect and the names of the registered holders of Satellos Shares, the number of Satellos Shares held by each such registered holder of Satellos Shares and a statement that written notices of dissent are being or have been sent with respect to such other Satellos Shares; or (c) if the Satellos Dissent Rights are being exercised by a registered holder of Satellos Shares who is not the beneficial owner of such Satellos Shares, a statement to that effect and the name of the Beneficial Shareholder and a statement that the registered holder of Satellos Shares is dissenting with respect to all Satellos Shares of the Beneficial Shareholder registered in such registered holder's name.

If the Satellos Arrangement Resolution is approved by the Satellos Shareholders, and Satellos notifies a registered holder of Notice Shares of Satellos' intention to act upon the Satellos Arrangement Resolution pursuant to section 190(6) of the CBCA, in order to exercise Satellos Dissent Rights, such Satellos Shareholder must, within twenty (20) days after Satellos gives such notice, send to Satellos a written notice that such holder requires the purchase of all of the Notice Shares in respect of which such holder has given Dissent Notice. Such written notice must be accompanied by the certificate(s) or DRS Advice(s) representing those Notice Shares, whereupon, subject to the provisions of the CBCA relating to the termination of Satellos Dissent Rights, the Satellos Shareholder becomes a Dissenting Satellos Shareholder, and is entitled to be paid the fair value of those Satellos Shares. Such Dissenting Satellos Shareholder may not vote, or exercise or assert any rights of a Satellos Shareholder in respect of such Notice Shares, other than the rights set forth in Section 190 of the CBCA, as modified by the Plan of Arrangement and the Interim Order.

Each Satellos Dissenting Shareholder who duly exercises its Satellos Dissent Rights in accordance with Section 3.01 of the Plan of Arrangement, shall be deemed to have transferred all Satellos Shares held by such Satellos Dissenting Shareholder and in respect of which Satellos Dissent Rights have been validly exercised, to Satellos free and clear of all Liens, as provided in Section 2.04(a) of the Plan of Arrangement and if such Satellos Dissenting Shareholder:

- (a) is ultimately entitled to be paid fair value for its Satellos Shares, such Satellos Dissenting Shareholder: (i) shall be deemed not to have participated in the transactions in Section 2.04 of the Plan of Arrangement

(other than Section 2.04(a) thereof); (ii) will be entitled to be paid the fair value of such Satellos Shares by iCo, which fair value, notwithstanding anything to the contrary contained in Part XV of the CBCA, shall be determined as of the close of business on the Business Day immediately preceding the date on which the Arrangement Resolution was adopted; and (iii) will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement if such Satellos Dissenting Shareholder had not exercised its Satellos Dissent Rights in respect of such Satellos Shares; or

- (b) ultimately is not entitled, for any reason, to be paid fair value for such Satellos Shares, such Satellos Dissenting Shareholder shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Satellos Shares and shall be entitled to receive only the Consideration contemplated by Section 2.04(b) of the Plan of Arrangement that such Satellos Dissenting Shareholder would have received pursuant to the Arrangement if such Satellos Dissenting Shareholder had not exercised its Satellos Dissent Rights, but in no case shall iCo, Satellos or any other person be required to recognize holders of Satellos Shares who exercise Satellos Dissent Rights as holders of Satellos Shares after the time that is immediately prior to the Effective Time, and the names of such holders of Satellos Shares who exercise Satellos Dissent Rights shall be deleted from the central securities register as holders of Satellos Shares at the Effective Time and Satellos shall be recorded as the registered holder of the Satellos Shares so transferred and such Satellos Shares will be cancelled.

If the Arrangement is approved, any Dissenting Satellos Shareholder, or Satellos, may apply to the Court to fix the fair value of the Dissenting Satellos Shareholder's Satellos Shares, and the Court may determine the payout value of the Satellos Shares, giving judgment in that amount against iCo, in favour of the Dissenting Satellos Shareholder and fixing the time by which iCo must pay that amount to the Dissenting Satellos Shareholder. If such an application is made by a Dissenting Satellos Shareholder, Satellos (or iCo in lieu of Satellos) (the "**Payee**") shall, unless the Court orders otherwise, send to each Dissenting Satellos Shareholder a written offer (the "**Offer to Purchase**") to pay the Dissenting Satellos Shareholder an amount considered by the board of directors of the Payee to be the fair value of the subject Satellos Shares, together with a statement showing how the fair value of such Satellos Shares was determined. Every Offer to Purchase shall be on the same terms. At any time before the Court pronounces an order fixing the fair value of a Dissenting Satellos Shareholder's Satellos Shares, such Dissenting Satellos Shareholder may enter an agreement with the Payee for the purchase of such Satellos Shares in the amount of the Offer to Purchase or otherwise. The Offer to Purchase shall be sent to each Dissenting Satellos Shareholder within ten days of iCo being served with a copy of the Notice of Hearing. Any order of the Court may also contain direction in relation to the payment to the Dissenting Satellos Shareholder of all or part of the sum offered by the Payee for such Satellos Shares, the deposit of the certificates representing such Satellos Shares and other matters. If a Dissenting Satellos Shareholder strictly complied with the foregoing Satellos Dissent Rights requirement, but the Arrangement is not completed, the Payee will return to the Dissenting Satellos Shareholder the certificates delivered to the Payee by the Dissenting Satellos Shareholder, if any.

On (a) the Effective Time, (b) the making of an agreement between the Payee and the Dissenting Satellos Shareholder as to the payment to be made for the Dissenting Satellos Shareholder's Satellos Shares, or (c) the pronouncement of an order by the Court, whichever occurs first, the Dissenting Satellos Shareholder ceases to have any rights as a Satellos Shareholder other than the right to be paid the fair value of his or her Satellos Shares in an amount agreed to by the Payee and such Dissenting Satellos Shareholder or in the amount set forth in an order of the Court, as the case may be, which fair value shall be determined as of the close of business on the last business day before the day on which the Satellos Arrangement Resolution was approved. Until any one of such events occurs, the Dissenting Satellos Shareholder may withdraw his or her dissent or Satellos may rescind the Satellos Arrangement Resolution and in either event, the dissent proceedings shall be discontinued. If a Dissenting Satellos Shareholder fails to strictly comply with the Satellos Dissent Rights requirements, they will lose their Satellos Dissent Rights, the Payee will return to the Dissenting Satellos Shareholder the certificates representing their Satellos Shares that were delivered to the Payee, if any, and if the Arrangement is completed, that Dissenting Satellos Shareholder will be deemed to have participated in the Arrangement on the same terms as any Satellos Shareholder.

If the Payee is not permitted to make a payment to a Dissenting Satellos Shareholder due to there being reasonable grounds for believing the Payee would after the payment be unable to pay its liabilities as they become due, or the realizable value of the Payee's assets would thereby be less than the aggregate of its liabilities, then the Payee shall, within ten days of after the pronouncement of an order, or the making of an agreement between the Payee and the

Dissenting Satellos Shareholder as to the payment to be made for his or her Satellos Shares, notify each Dissenting Satellos Shareholder that it is unable to lawfully pay Dissenting Satellos Shareholders for their Satellos Shares.

Notwithstanding that a judgement has been given in favour of a Dissenting Satellos Shareholder by the Court, if the Payee is not permitted to make a payment to a Dissenting Satellos Shareholder for the reasons stated above, the Dissenting Satellos Shareholder by written notice delivered to the Payee within thirty days after receiving the notice, as set forth in the previous paragraph, may withdraw his or her Dissent Notice, in which case the Payee is deemed to consent to the withdrawal and the Dissenting Satellos Shareholder is reinstated to his or her full rights as a Satellos Shareholder, failing which he or she retains his or her status as a claimant against the Payee to be paid as soon as it is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the Payee but in priority to shareholders.

There is no obligation on Satellos to make an application to the Court. The Dissenting Satellos Shareholder will be entitled to receive the fair value that the Satellos Shares had immediately before the close of business on the day before the passing of the Satellos Arrangement Resolution, excluding any appreciation or depreciation in anticipation of the vote (unless such exclusion would be inequitable).

After a determination of the fair value of the Satellos Shares in respect of which a Satellos Shareholder is dissenting, the Payee must then promptly pay that amount to the Dissenting Satellos Shareholder. In no case will iCo, the Depositary or any other Person be required to recognize Dissenting Satellos Shareholders as iCo Shareholders after the Effective Time, and the names of such Dissenting Satellos Shareholders will be deleted from the central securities register as Satellos Shareholders at the Effective Time.

In no circumstances will iCo, Satellos or any other Person be required to recognize a Person as a Dissenting Satellos Shareholder: (a) unless such Person is the holder of the Satellos Shares in respect of which Satellos Dissent Rights are purported to be exercised immediately prior to the Effective Time; (b) if such Person has voted or instructed a proxy holder to vote such Notice Shares for the Satellos Arrangement Resolution; or (c) unless such Person has strictly complied with the procedures for exercising Satellos Dissent Rights set out in Section 190 of the CBCA, as modified by the Plan of Arrangement and the Interim Order and does not withdraw such Dissent Notice prior to the Effective Time.

In no circumstances will iCo, Satellos or any other Person be required to recognize a Dissenting Satellos Shareholder as the holder of any iCo Share in respect of which Satellos Dissent Rights have been validly exercised at and after the completion of the steps contemplated in the Plan of Arrangement. Satellos Dissent Rights with respect to Notice Shares will terminate and cease to apply to the Dissenting Satellos Shareholder if, before full payment is made for the Notice Shares, the Arrangement in respect of which the Dissent Notice was sent is abandoned or by its terms will not proceed, a court permanently enjoins or sets aside the corporate action approved by the Satellos Arrangement Resolution, or the Dissenting Satellos Shareholder withdraws the Dissent Notice with Satellos' written consent. If any of these events occur, Satellos must return the share certificates representing the Satellos Shares to the Dissenting Satellos Shareholder and the Dissenting Satellos Shareholder regains the ability to vote and exercise its rights as a Satellos Shareholder.

The discussion above is only a summary of the Satellos Dissent Rights, which are technical and complex. A Satellos Shareholder who intends to exercise Satellos Dissent Rights must strictly adhere to the procedures established in Section 190 of the CBCA, as modified by the Plan of Arrangement and the Interim Order, and failure to do so may result in the loss of all Satellos Dissent Rights. Persons who are holders of Satellos Shares registered in the name of an intermediary, or in some other name, who wish to exercise Satellos Dissent Rights should be aware that only the registered owner of such Satellos Shares is entitled to dissent.

There can be no assurance that the amount Dissenting Satellos Shareholders receive as fair value for their Satellos Shares will be more than or equal to the consideration under the Arrangement.

Accordingly, each Satellos Shareholder wishing to avail himself, herself or itself of the Satellos Dissent Rights should carefully consider and comply with the provisions of the Interim Order, the Plan of Arrangement and Section 190 of the CBCA, which are attached to this Information Circular as Appendix B, Schedule A to Appendix D and Appendix E, respectively, and seek his, her or its own legal advice.

INFORMATION CONCERNING THE RESULTING ISSUER

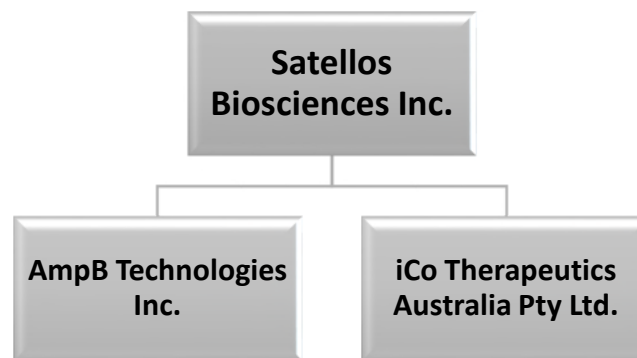
Corporate Structure Information contained in this section is forward looking in nature and assumes the completion of the Arrangement. See “*Cautionary Statement Regarding Forward Looking Statements*”.

Corporate Structure

The registered and head office of the Resulting Issuer will be at 65 Front St. E., Suite 201, Toronto, ON M5E 1B5. The Resulting Issuer will be Satellos Bioscience Inc. (“**Satellos**”), being iCo following completion of the Arrangement, the Continuation, and the Name Change, which will thereafter be named “Satellos Bioscience Inc.” and will be governed federally under the *Canada Business Corporations Act*.

On closing of the Arrangement, the Resulting Issuer will have two wholly owned subsidiaries as described in Table 1 below:

Table 1: Corporate Structure



Notes:

- (1) The Resulting Issuer is the registered owner of 100% of the issued and outstanding shares of Amp B Technologies Inc.
- (2) The Resulting Issuer is the registered owner of 100% of the issued & outstanding shares of iCo Therapeutics Australia Pty Ltd.

Narrative Description of the Business

The Resulting Issuer will be a biotechnology company committed to developing novel therapeutics in areas which management believes represent high commercial value and well-documented unmet medical need. The Resulting Issuer will possess a diversified portfolio of assets following completion of the Arrangement. The assets will be diversified both in terms of clinical risk and the size of the markets they target, presenting investors with a valuable risk/reward proposition. The assets provided by iCo are generally farther along in their clinical development, however the assets of Satellos address much larger markets and, if successfully developed, could yield much more significant returns.

The organization’s emphasis over the coming 12 months will be tightly focused on rapidly advancing the development of its assets, namely:

- (a) a proprietary technology platform and a competitively differentiated and entirely original therapeutic approach based on the ground-breaking scientific discoveries of Dr. Rudnicki which we believe have the potential for providing first-in-class, disease altering therapeutics for treating life-changing or fatal muscle disorders of great medical need and market demand; and
- (b) a novel drug delivery technology for the development of oral versions of non-water soluble drugs with toxicity or other issues which render them less than optimal (**the “Oral Amp B Delivery System”**) with a

lead indication in the development of an oral formulation of Amphotericin B to treat intractable fungal and parasitic infections and potentially viral infections related to the novel coronavirus.

In parallel, the Resulting Issuer plans to lay the groundwork to broaden its pipeline with additional therapeutic drug candidates through selective in-licensing and progressing the innovative stem cell research of its founder, Dr. Michael A. Rudnicki. It will also pursue the monetization of value inherent in iCo-008, a human monoclonal antibody that neutralizes eotaxin 1 currently sublicensed to Alexion Pharmaceuticals, Inc., and which potentially may yield milestone and royalty payments.

The corporate structure described in Table 1 above has been designed to facilitate this focus with the intention that the Oral Amp B Delivery System will be developed through Amp B Technologies Inc., as further described below in the section titled *Amp B Technologies Inc.*

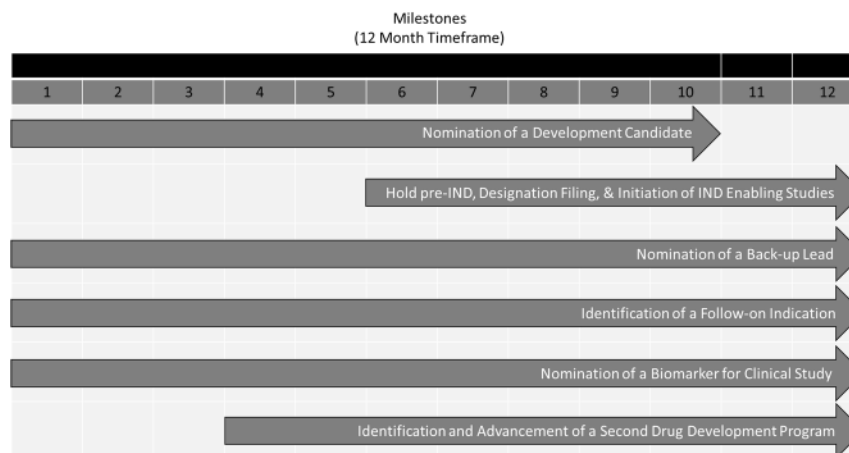
See “Information Concerning the Issuer – iCo Therapeutics Inc.” and “Information Concerning Target Company – Satellos Bioscience Inc.”.

Resulting Issuer Business Description and 12-month Milestones

The Resulting Issuer will carry on the strategic business activities of Satellos. As such, the over-arching aim of the Resulting Issuer will be to identify and develop a novel drug candidate for the treatment of life-threatening muscle disorders with a lead program in Duchenne and to establish a second, follow-on development program. As shown in Table 2 below, Satellos has identified six (6) scientific and development milestones for the Resulting Issuer over the next 12 months which it believes provide the potential for a major value inflection. These milestones are:

- (1) Complete drug discovery activities and nominate one drug candidate, which meets its target product profile and is ready to start IND enabling preclinical studies, as the development candidate (“**DC**”);
- (2) Schedule and hold a pre-IND meeting with the FDA, file for Orphan and Rare Pediatric Drug designations, and initiate IND enabling studies;
- (3) Develop and select a back-up series of chemical structures and designate one or more back-up drug candidates to the DC in the event of unforeseen development challenges (the “**Back-up Lead**”);
- (4) Identify and generate data which supports a second or follow-on disease indication that has potential to expand the market opportunity for the DC beyond Duchenne;
- (5) Validate a surrogate biomarker which is indicative of the potential effect in humans and which can be used to accelerate clinical development; and,
- (6) Establish a second drug development program for enhancing the regenerative capacity and performance of muscle.

Table 2: 12-month Milestones



1. *Nomination of a DC*

The Resulting Issuer will continue lead optimization (“LO”) activities of the chemical series previously identified by Satellos with the goal of identifying chemistry that satisfies the properties outlined in our target product profile (“TPP”) (see “*Information Concerning the Target Company – Satellos Bioscience Inc.*”). In addition, as a strategy to accelerate the process through information exchange, the Resulting Issuer intends to advance and interleave the development of a second chemical series from the 5 chemical series previously identified by Satellos. Briefly, the Resulting Issuer will engage additional medicinal chemists and instruct HD Bioscience in China to re-initiate cycles of medicinal chemistry on the previously identified chemical series. In parallel, the Resulting Issuer will continue to pursue the generation of a crystal structure of the target PTPX, which may provide insight during the molecule design phase of the medicinal chemistry cycle. Generated material will be assayed for in vitro and in vivo activity as outlined in the drug development assay cascade in order to determine a suitable DC. Nomination of a DC will enable the Resulting Issuer to initiate the IND enabling studies that are required to be completed prior to seeking authorization to commence human clinical trial testing.

2. *FDA Meeting, Drug Designation filings and Initiation of IND enabling studies*

Prior to nominating a DC, the Resulting Issuer will begin planning the IND studies to ensure secure space or schedules with CROs are available on a timely basis. The Resulting Issuer also plans to request and conduct a pre-IND meeting with the FDA which is often informative and helpful to the smooth roll-out of a clinical trial program. Upon nomination of a DC, the Resulting Issuer will initiate execution of the body of non-clinical and manufacturing studies collectively referred to as IND enabling studies. Successful conduct and completion of these studies on a timely basis will enable the Resulting Issuer to file regulatory submissions in jurisdictions such as the FDA in the USA, the TGA in Australia and Health Canada seeking approval to commence clinical trials in human subjects. The Resulting Issuer will also file applications to obtain Orphan and Rare Pediatric Drug designations.

3. *Nomination of a Back-up Lead*

To de-risk the lead drug development program in Duchenne, the Resulting Issuer will aim to nominate a Back-up Lead series to be developed in the event of an unforeseen challenge that arises during development of our lead chemistry program. It is expected that data from the DNA encoded drug library screen initiated by the Resulting Issuer with X-Chem, Inc. will become available in Q2, 2021. If successful, this screening initiative will yield small molecule drugs which bind to PTPX. These will serve as another pool of chemical structures from which the Resulting Issuer can design and test drug candidates which meet TPP. In addition to a strategy for developing a back-up series, it has the potential to leap-frog development efforts and possibly shorten timelines. Accordingly, the Resulting Issuer will follow up on the results of this screen as soon as they are available and will expand its teams with HDB and potentially other providers skilled in the area to iterate through multiple medicinal chemistry cycles.

4. *Identification of a Disease Expansion Indication*

The Resulting Issuer is planning to experimentally evaluate the potential impact of enhancing stem cell mediated muscle regeneration in additional muscle wasting disease indications to identify additional disease indications for its therapeutic approach. Through a survey of the scientific literature, Satellos has identified a number of genetic based muscular dystrophies, as well as conditions where muscle wasting occurs as a resulting of an underlying disease (e.g., Cachexia associated with cancer or chronic obstructive pulmonary disorder), with evidence suggesting impaired muscle stem cell asymmetric division may be a contributing factor. To maintain focus on its lead program while pursuing this line of scientific enquiry, Satellos has prioritized these disease applications and the Resulting Issuer plans to engage commercial and/or academic partners with the appropriate expertise to conduct preclinical efficacy experiments in one or more of these disease indications to evaluate their potential as future indication expansion opportunities.

5. *Nomination of a biomarker for clinical development*

The Resulting Issuer plans to compile a strong body of preclinical evidence in support of the use of a muscle expressed biomarker as an indicator of functional regeneration that may correlate with a positive impact on muscle function. The Resulting Issuer will evaluate a series of prospective mRNA and protein-based biomarkers that were previously identified by Satellos in both *in vitro* and *in vivo* assays, with the goal of correlating biomarker levels with functional

improvements in muscle regeneration and function. The Resulting Issuer plans to incorporate measurement of this biomarker in its clinical trial program with the ultimate goal of investigating its potential utility as a surrogate marker. Surrogate markers can be used as the basis for drug approval prior to demonstrating an effect on a known, meaningful clinical indicator of response (dystrophin has been used as a surrogate marker in the approval of exon skipping agents in Duchenne).

6. Advancing and Identifying a Second Drug Development Program

The Resulting Issuer is planning to experimentally evaluate the potential impact of modulating stem cell expansion and/or stem cell mediated regeneration using signalling pathways and enzyme targets that have been recently discovered by the scientific team at the OHRI. Identification of novel signalling pathways and enzyme targets that are capable of modulating muscle stem cell function may lead to the nomination of a new drug development program that seeks to enhance regeneration and muscle performance in one more muscle wasting disorders. The Resulting Issuer plans to identify a new drug development program with a unique MOA to that of the current lead program in DMD so as to build a diversified pipeline of regeneration inducing therapeutics in the muscle space.

Amp B Technologies, Inc.

Amp B Technologies, Inc. (**“Amp B Inc.”**) was established as a subsidiary of the Resulting Issuer to fulfill three broad aims: (i) as a vehicle to enable the separate funding and clinical development of the Oral Amp B Delivery System across multiple indications; (ii) more generally to investigate the extension of the novel delivery system to other non-water soluble therapeutic compounds; and (iii) to establish a franchise area in Women’s health, in particular using iCo-019 as a treatment for vulvovaginal candidiasis. Accordingly, it is anticipated that Amp B Inc. will seek financing from third parties to prosecute its business independently of its parent company, the Resulting Issuer.

For narrative descriptions of iCo-019 and the Oral Amp B Delivery System, please see *“Information Concerning the Issuer – iCo Therapeutics Inc.”*.

Corporate Organization of Amp B Inc.

At Closing, Amp B Inc. will be a wholly owned subsidiary of the Resulting Issuer. To manage its operations, it is anticipated that Amp B Inc. will be separately financed, staffed and managed. Mr. William Jarosz, who is currently the CEO of iCo and who will join the Board of the Resulting Issuer as a Director, will serve as the CEO of Amp B Inc. to implement this plan. He will be joined by Dr. Kishor M. Wasan, the inventor of iCo-019. Dr. Wasan currently holds a number of positions at the University of British Columbia including, Distinguished University Scholar & Adjunct Professor in the Department of Urologic Sciences, Faculty of Medicine, Co-Director/Co-Founder, Neglected Global Diseases Initiative and is the Director of Research at iCo. He will serve as Chief Science Officer of Amp B Inc. Dr. Peter Hnik is currently the Chief Medical Officer of iCo and will serve as Chief Medical Officer of Amp B Inc. Governance will be provided by a separate, pluralistic Board with anticipated representation from Satellos, Amp B Inc., investors, and industry experts.

Oral Amp B Delivery System: progress to date

The global market for antifungal treatments is large. Estimated at more than US\$13bn in 2018. Amphotericin B, in parenteral form, has a proven track record as an antifungal treatment, but it also carries significant risks of kidney toxicity as is difficult to administer in many parts of the globe. Accordingly, Amp B Inc. is targeting this large and expanding market with a novel oral formulation of Amphotericin B and has made significant progress to date.

Data from preclinical and clinical studies conducted by iCo (see *“Information Concerning the Issuer – iCo Therapeutics Inc.”*) suggest that its novel, oral formulation of Amphotericin B is safe and tolerable following multiple dosing to healthy human subjects. It has shown promising pharmacokinetic and tissue distribution results in anti-fungal pre-clinical models. 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.

In the light of this clinical progress, Amp B Inc. believes that the Oral Amp B Delivery System is ready to be evaluated in Phase II clinical trials and is targeting two separate disease modalities: Vulvovaginal Candidiasis (“**VVC**”) and Visceral Leishmaniasis (“**VLBB**”).

Oral Amp B Delivery System in VVC

More commonly known as ‘yeast infection’, VVC is a fungal infection affecting nearly all women at least once in their lifetime, causing redness, itchiness, discharge, and discomfort in the vaginal area. Current treatment includes the antifungal fluconazole delivered orally or topically. While effective in most cases, there are few options for treatment resistant infections other than systemic Amphotericin B which has toxic side effects.

Amp B Inc. plans to make an ethics submission for a 90-patient study comparing two doses of oral Amphotericin B to fluconazole over a ten-day period in women with VVC. 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.

Oral Amp B Delivery System in VLBB

VLBB is a parasitic infection common in tropical, subtropical regions as well as Southern EU known for its high mortality rates. Amphotericin B is currently a recognized therapy for VLBB but requires one or more intravenous infusions in a hospital setting and is often associated with infusion-related adverse events, such as renal toxicity. Amp B Inc.’s Oral Amp B Delivery System has demonstrated promising results in pre-clinical models for VLBB and received Orphan Drug Status from the FDA for the treatment of VLBB. A 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. Thus, Amp B Inc., intends to pursue clinical development in this disease indication.

iCo Therapeutics Australia Pty Ltd.

iCo Therapeutics Australia Pty Ltd will continue to facilitate the conduct of clinical trials where it is suited for the technical purpose, is economically attractive and can execute on a timely basis. These trials may relate to development programs from either the Resulting Issuer or Amp B.

Description of the Securities

Common Shares

The authorized share capital of the Resulting Issuer will be unlimited number of common shares without par value. Immediately following the Effective Time of the Arrangement, 654,627,096 Resulting Issuer Common Shares will be issued and outstanding as fully paid and non-assessable. The Resulting Issuer intends to complete the Consolidation immediately following Closing, and upon completion of the Consolidation 32,731,355 Resulting Issuer Common Shares will be issued and outstanding as fully paid and non-assessable.

All of the common shares of the Resulting Issuer are of the same class and, once issued, rank equally. The holders of common shares are entitled to dividends, if, as and when declared by the board of directors, to one vote per common share at meetings of the shareholders of the Resulting Issuer and, upon liquidation, to share equally in such assets of the Resulting Issuer as are distributable to the holders of common shares. There are no pre-emptive or conversion rights.

Options

The Resulting Issuer has a share option plan which authorizes the Resulting Issuer to grant options to acquire common shares to directors, officers, employees and consultants of Satellos or any of its subsidiaries. The Resulting Issuer

Option Plan is a “rolling plan” authorizing the grant of options thereunder equal to 10% of the issued and outstanding Resulting Issuer Common Shares at the time of the option grant. The exercise of options granted under the plan must be greater than or equal to the fair market value of the common shares on the date the option is granted. The options are generally exercisable for up to five years from the date of grant. At the Effective Date after giving effect to the Arrangement and the issuance of iCo Replacement Options, there shall be 14,742,625 Resulting Issuer Options outstanding. The Resulting Issuer intends to complete the Consolidation immediately following Closing, and upon completion of the Consolidation, the iCo Replacement Options will be exercisable for 737,131 Resulting Issuer Common Shares.

Warrants

After the Effective Date, the Resulting Issuer is anticipated to have 40,898,594 common share purchase warrants outstanding (“**Resulting Issuer Warrants**”). Each Resulting Issuer Warrant is exercisable into one Resulting Issuer Common Share. The Resulting Issuer Warrants have the following exercise prices and expiry dates: (i) 137,000 Resulting Issuer Warrants with an exercise price of \$0.043, which expire on July 12, 2021; (ii) 2,624,000 Resulting Issuer Warrants with an exercise price of \$0.06, which expire on August 16, 2021; (iii) 73,769 Resulting Issuer Warrants with an exercise price of \$0.043, which expire on November 11, 2021; (iv) 700,000 Resulting Issuer Warrants with an exercise price of \$0.065, which expire on January 31, 2022; (v) 359,934 Resulting Issuer Warrants with an exercise price of \$0.043, which expire on February 18, 2022; (vi) 10,895,000 Resulting Issuer Warrants with an exercise price of \$0.065, which expire on February 22, 2022; (vii) 2,600,000 Resulting Issuer Warrants with an exercise price of 0.065, which expire on March 4, 2022; (viii) 279,269 Resulting Issuer Warrants with an exercise price of \$0.043, which expire on August 11, 2021; (ix) 23,100,000 Resulting Issuer Warrants with exercise price of \$0.065, which expire on August 16, 2022; (x) 80,935 Resulting Issuer Warrants with an exercise price of \$0.043, which expire on December 18, 2022; and (xi) 48,687 Resulting Issuer Warrants with an exercise price of \$0.043, which expire on January 1, 2023.

The Resulting Issuer intends to complete the Consolidation immediately following Closing, and upon completion of the Consolidation, the Resulting Issuer Warrants will be exercisable for 2,044,930 Resulting Issuer Common Shares.

Pro Forma Consolidated Capitalization

The following table sets forth the capitalization of iCo as at the Effective Date after giving effect to the Arrangement and assuming completion of the Subscription Receipt Financing and based on certain assumptions related to conversion of the PPMD Convertible Note. Such information should be read in conjunction with the information contained in “*Information Concerning the Issuer- iCo Therapeutics Inc.*” and “*Information Concerning the Target Company – Satellos Bioscience Inc.*”.

Designation of Security	Amount Authorized	Amount Outstanding Immediately Following the Completion of the Arrangement (Undiluted)	Amount Outstanding Immediately Following the Completion of the Arrangement and the Consolidation (Undiluted)	% of Issued and Outstanding Resulting Issuer Common Shares on a non-diluted basis (and a fully-diluted basis)
iCo Common Shares	unlimited	181,292,713	9,064,636	27.7% (25.5%)
Resulting Issuer Common Shares issued to former holders of Satellos Common Shares	unlimited	373,614,444	18,680,722	57.1% (52.6%)
Resulting Issuer Common Shares issued upon conversion of the Subscription Receipts	Unlimited	85,294,117	4,264,706	13.0% (12.0%)
Resulting Issuer Shares issued upon conversion of the PPMD Convertible Note ⁽¹⁾	Unlimited	14,425,822	721,291	2.2% (2.0%)
Total (Undiluted)		654,627,096	32,731,355	100% (92.2%)
Resulting Issuer Options ⁽²⁾	10% of issued and outstanding common shares	14,742,625	737,131	N/A (2.0%)
Resulting Issuer Warrants	40,898,594	40,898,594	2,044,930	N/A (5.8%)
Total (Fully Diluted)⁽³⁾		710,268,315	35,513,416	N/A (100%)

Notes:

- (1) Based upon the anticipated amount of accrued interest of US\$45,468.49 which will be owing on the PPMD Convertible Note as of the Effective Date (assuming the Effective Date occurs on August 9, 2021), and assuming an exchange rate of CAD\$1.2324 for each US\$1.00, it is anticipated that an aggregate of 14,425,822 Resulting Issuer Common Shares will be issued upon conversion.
- (2) Includes iCo Options and iCo Replacement Options
- (3) In addition, it is anticipated that the Resulting Issuer will issue 5,117,647 broker warrants (255,882 following completion of the Consolidation) to the agents in connection with the Subscription Receipt Financing. These warrants have not been included in the above table, as they will not be issued until the completion of the Arrangement.

Dividends

The payment of dividends on the Resulting Issuer Common Shares is within the discretion of the board of directors and will depend on the assessment of, among other factors, capital requirements, earnings, and the operating and financial condition of the Resulting Issuer. At the present time, the Resulting Issuer anticipated capital requirements are such that the Resulting Issuer will follow a policy of retaining all available funds and any future earnings in order to finance the Resulting Issuer's technology advancement, business development and corporate growth. The Resulting Issuer does not intend to declare or pay cash dividends on its common shares within the foreseeable future.

Principal Security Holders

To the knowledge of the directors and executive officers of Resulting Issuer, upon completion of the Arrangement, the following person or company will beneficially own, or exercises control or direction over, directly or indirectly, common shares of the Resulting Issuer carrying more than 10% of the voting rights attached to all of the issued and outstanding common shares.

Name	No. of Resulting Issuer Securities Owned, Controlled or Directed (non-diluted) After Giving Effect to the Arrangement and the Consolidation	Percentage of Outstanding Resulting Issuer Securities (non-diluted) after Giving Effect to the Arrangement ⁽¹⁾
Bloom Burton Development Corp.	6,079,812	18.6%

Notes:

- (1) It is anticipated there will be 32,731,355 Resulting Issuer Common Shares issued and outstanding immediately following completion of the Arrangement and the Consolidation.

Available Funds and Principal Purposes

The gross proceeds of the Subscription Receipt Financing totaled \$7.25 million. On Closing, after allowing for fees and expenses associated with the Arrangement and trade payables outstanding, it is expected that the Resulting Issuer will have working capital of \$6,250,000, including an opening cash balance of \$6,325,000. These proceeds will be deployed to achieve the milestones specified herein above, in the section titled "*Satellos Business Description and 12-month Milestones*". The principal purposes and estimated 12-month budget for each are shown below:

Principal Purposes	Approximate 12-month Budget
Milestones 1, 2 & 3: Identification of second drug series and one or more Back-up Lead candidates, nomination of a DC, meeting with the FDA and submission of filings for rare/orphan disease designations	\$3,100,000
Milestones 4 & 6: Identification of a follow-on disease indication for the DC & a second drug development program	\$400,000
Milestone 5: Validation of a surrogate, predictive biomarker for use in clinical development	\$400,000
Category: Unallocated general & administration expenses	\$2,200,000
Total	\$5,900,000

Inclusive of the above, the Resulting Issuer's quarterly cash burn rate is expected, on average, to be approximately \$1,475,000.

Pending the use of the proceeds described herein, the Resulting Issuer may invest all or portion of the proceeds in short-term, high quality, interest bearing corporate, government-issued or government-guaranteed securities, appropriately hedged as needed to offset currency risk.

Directors, Officers, and Promoters

Upon Closing, the Resulting Issuer Board will consist of seven members, being William Jarosz, who will be the sole nominee of iCo, and Geoff Mackay, Frank Gleeson, Michael A. Rudnicki, John Holyoake, Brian Bloom, and William (Bill) McVicar, each of whom will be nominees of Satellos. It is expected that each Frank Gleeson, Michael A. Rudnicki, Michael Liggett and William Jarosz will serve as Officers of the Resulting Issuer. Geoff Mackay will serve as Board Chair, Frank Gleeson will serve as President and Chief Executive Officer, Michael A. Rudnicki will serve as Chief Scientific Officer, Michael Liggett will serve as Interim Chief Financial Officer and Corporate Secretary, and William Jarosz will serve as Executive Director. Biographies of these individuals can be found below.

Frank Gleeson, President and CEO, Director and Officer (age 66)

Mr. Gleeson is an experienced business executive, venture capital partner and biotech entrepreneur. Over the past 25 years, he has established an extensive background in start-up situations playing a formative or governance role in over 20 biotechnology companies where he led or established teams, negotiated multiple business transactions and secured funding in excess of US\$200M. In 2018, Frank co-founded Satellos Bioscience Inc., with Dr. Michael Rudnicki. He is the founding Chair of GlycoNet, the Glycomics Network of Canada. Prior to joining the biotechnology sector, Frank had a successful 17-year career with ICI plc, a multinational chemicals, advanced materials and pharmaceuticals company which became AstraZeneca. Frank holds BBA and MBA degrees from York University in Toronto.

It is expected that Mr. Gleeson will work full time as an employee of the Resulting Issuer. It is anticipated that Mr. Gleeson will enter into a non-compete and non-solicitation agreement with the Resulting Issuer.

Michael Rudnicki, OC, PhD, FRS, FRSC, Chief Scientific Officer, Director and Officer (age 60)

Dr. Rudnicki is the Scientific Director of the Canadian Stem Cell Network, a Fellow of both the Royal Society and the Royal Society of Canada and was an International Research Scholar of the Howard Hughes Medical Institute. He is an Associate Editor of the Journal of Cell Biology as well as Cell Stem Cell and is a leading authority on satellite stem cell function and muscle regeneration. He has published 235 scientific articles, 14 patents, and has an h-index of 96 based on an excess of 44,000 citations of his work. His numerous findings and discoveries have transformed the field's understanding of the role of stem cells in muscle and pointed the way to potential new therapies to treat currently incurable and fatal muscle disorders. Dr. Rudnicki co-founded Satellos Bioscience Inc. to develop novel therapeutics to modulate satellite stem cell divisions with a view to regenerating muscle and saving the lives of Duchenne patients, and treating other severe muscle disorders. Dr. Rudnicki received his Ph.D. at the University of Ottawa and trained at the post-doctoral level at the Massachusetts Institute of Technology in the Whitehead Institute.

It is expected that Mr. Rudnicki will work part-time (approximately 20%) as a contractor to the Resulting Issuer. It is anticipated that Mr. Rudnicki will enter into a non-compete and non-solicitation agreement with the Resulting Issuer.

Michael Liggett CPA, Interim Chief Financial Officer and Corporate Secretary (age 61)

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

on the Toronto Stock Exchange. Mr. Liggett is a Chartered Professional Accountant and worked for PWC prior to joining Inflazyme.

It is expected that Mr. Liggett will work part-time (approximately 20%) as a contractor to the Resulting Issuer.

Geoff Mackay, Board Chair (Independent) (age 55)

Mr. Mackay is a pioneer in cell and gene therapy with a track record of successful leadership at innovative biotech companies. He is the former CEO of Organogenesis Inc., the world's leading cell therapy company, and the founding CEO of eGenesis, a biotech dedicated to applying CRISPR Cas-9 gene editing to xenotransplantation. Geoff spent 11 years at Novartis in senior leadership positions within the global transplantation and immunology franchise. Geoff sits on the boards of Talaris Therapeutics.

William (Bill) McVicar, PhD, Director and Strategic Advisor (age 62)

Dr. McVicar is an experienced C-suite executive whose career in the pharmaceutical industry spans more than 30 years. Over this time, Dr. McVicar has personally overseen the development of multiple drug candidates from early testing to approval, including BROVANA®, XOPENEX MDI®, and XOPENEX's pediatric approval. He has held numerous senior positions, leading teams at Sandoz, Novartis, RPR Gencell, Sepracor, Inotek Pharmaceuticals, and Flex Pharmaceuticals. Dr. McVicar has raised well over US\$100M in venture financing, led numerous licensing transactions, and successfully executed the merger of Flex and Salaria Pharmaceuticals, where he remains Chair of the Board of Directors. Dr. McVicar earned his B.S. in Chemistry from SUNY College at Oneonta and his Ph.D. in Chemistry from the University of Vermont. He is an author on numerous peer-reviewed scientific publications and an inventor on 15 issued US patents.

It is expected that Mr. McVicar may provide part-time support as a strategic advisor to the Resulting Issuer. It is anticipated that Mr. McVicar will enter into a non-compete and non-solicitation agreement with the Resulting Issuer.

William Jarosz, JD, Executive Director and Officer and CEO of Amphotericin B Technologies Inc. (age 65)

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

It is expected that Mr. Jarosz will provide services full services (approximately 20 hours) as a contractor to the Resulting Issuer. It is anticipated that Mr. Jarosz will enter into a non-compete and non-solicitation agreement with the Resulting Issuer.

Brian Bloom, Director (age 45)

Mr. Bloom is the co-founder, Chairman & CEO Bloom Burton & Co. He serves on the Board of Directors of Triumvira Immunologics, Appili Therapeutics, and Qing Bile Therapeutics. Brian is also on the Faculty of Science Dean's Advisory Board at McMaster University. He was formerly the Chairman of the Board of Grey Wolf Animal Health, a member of the Life Sciences Advisory Board at the National Research Council of Canada and on the Boards of BIOTECCanada and the Baycrest Foundation. Before co-founding Bloom Burton in 2008, Brian spent six years at Dundee Securities in the healthcare and biotechnology institutional sales and equity research groups. Brian received an Honors Bachelor of Science in Biochemistry from McMaster University and subsequently studied at the Mount Sinai Graduate School for Biological Sciences of New York University, with a focus in molecular endocrinology and biophysics. Brian is the proud recipient of the McMaster University 2017 Distinguished Alumni Award in Science.

John Holyoake, DPhil, Director (age 40)

Dr. Holyoake is Managing Director, Investment Banking at Bloom Burton, where his responsibilities include M&A advisory, licensing advisory and monetization planning, as well as conducting technical and commercial due diligence of companies across all healthcare sectors. John is a member of the Board of Directors of the Canadian Glycomics Network and was a founding Board member of Triumvira Immunologics. Additionally, John is a member of the Core Evaluation Team for Genome Canada's Genomic Applications Partnership Program. John joined Bloom Burton from a background of industry experience in the clinical stage oncology company TenX BioPharma and at the life science consulting group SHI Link. John holds a Master's in Biochemistry from the University of Oxford and received his doctorate from the same institution.

Name, Address, Occupation and Security Holdings

The following table sets forth certain information regarding each of the proposed individuals who will be directors and officers of iCo upon Closing. The names of the directors and officers of iCo upon Closing, their municipalities of residence, their positions with iCo, the periods served as a director of iCo or Satellos prior to the Arrangement, as applicable, the number and percentage of voting securities of iCo that will be beneficially owned by them upon Closing, directly or indirectly (on a non-diluted basis), or over which control or direction is proposed to be exercised, and their principal occupations during the past five years are as follows:

Name, Province and Country of Residence	Proposed Office	Principal Occupation and Positions Held During the last 5 years	Prior Position with iCo or Satellos	Number and % of Resulting Issuer Shares Held Following Completion of the Arrangement and Consolidation (Undiluted) ⁽¹⁾⁽²⁾⁽³⁾
Geoff Mackay (Maine, United States)	Board Chair	Co-founder, Director, President & Chief Executive Officer, AVROBIO, Inc.	Director of Satellos.	Nil (N/A)
Frank Gleeson (Ontario, Canada)	President and Chief Executive Officer	Biotechnology Entrepreneur; Founder, President and CEO, 6857990 Canada Inc. o/a Gleeson & Associates	Director, President and Chief Executive Officer of Satellos.	3,071,220 (9.4%)
Michael A. Rudnicki (Ontario, Canada)	Chief Scientific Officer	Senior Scientist and Director, Regenerative Medicine Program, Ottawa Hospital Research Institute; Professor, Faculty of Medicine, University of Ottawa; Scientific Director, Stem Cell Network; Chief Scientific Officer & Founder, Satellos Bioscience Inc.	Director and Chief Scientific Officer of Satellos	3,071,220 (9.4%)
William Jarosz ⁽⁶⁾ (Montana, USA)	Executive Director	Partner, Cartesian Capital Group, LLC, a private equity firm (May 2005 to Present)	Director and Chief Executive Officer of iCo	76,678 (0.2%)

Name, Province and Country of Residence	Proposed Office	Principal Occupation and Positions Held During the last 5 years	Prior Position with iCo or Satellos	Number and % of Resulting Issuer Shares Held Following Completion of the Arrangement and Consolidation (Undiluted) ⁽¹⁾⁽²⁾⁽³⁾
Brian Bloom (Ontario, Canada)	Director	Co-founder, Chair and Chief Executive Officer, Bloom Burton & Co., Inc.; Chair and CEO, Bloom Burton Securities Inc.	Director of Satellos	6,079,812 ⁽⁴⁾⁽⁵⁾ (18.6%)
John Holyoake ⁽⁶⁾ (Ontario, Canada)	Director	Managing Director, Investment Banking, Bloom Burton Securities Inc.	Director and Secretary of Satellos	30,110 (0.1%)
William (Bill) McVicar ⁽⁶⁾ (Massachusetts, USA)	Director	Founder and CEO, BioStrat Consulting LLC Chair, Salarius Pharmaceuticals Inc. CEO, Flex Pharmaceuticals Inc.	Chief Operating Officer of Satellos	Nil (N/A)

Notes:

- (1) Includes conversion of Subscription Receipts into Resulting Issuer Common Shares at the Effective Time.
- (2) Based upon the anticipated amount of accrued interest of US\$45,468.49 which will be owing on the PPMD Convertible Note as of the Effective Date (assuming the Effective Date occurs on August 9, 2021), and assuming an exchange rate of CAD\$1.2324 for each US\$1.00, it is anticipated that an aggregate of 14,425,822 Resulting Issuer Common Shares will be issued upon conversion of the PPMD Convertible Note.
- (3) Is anticipated there will be 32,731,355 Resulting Issuer Common Shares issued and outstanding immediately following completion of the Arrangement and the Consolidation.
- (4) 6,022,000 Resulting Issuer Common Shares will be held through Bloom Burton Development Corp, an affiliated company of Bloom Burton and Co. Inc., of which Brian Bloom is co-founder, Chair and CEO.
- (5) Brian Bloom will hold 28,906 Resulting Issuer Common Shares through 2194655 Ontario Inc., a company controlled by him.
- (6) Members of the audit committee.

Assuming completion of the Arrangement, all proposed officers and directors of the Resulting Issuer will hold an aggregate of 12,329,040 Resulting Issuer Shares representing approximately 37.7% of the issued and outstanding Resulting Shares on a non-diluted basis.

The term of office of the directors will expire annually at the time of the Resulting Issuer's annual general meeting or when or until their successor is duly appointed or elected. The term of office of the Resulting Issuer's executive officers will expire at the discretion of the iCo directors. Frank Gleeson, Michael Rudnicki, William Jarosz and William McVicar will not be independent within the meaning of NI 58-101, as they each are, or have been within the last 3 years, executive officers of the Resulting Issuer or Satellos. The remaining proposed directors of the Resulting Issuer are considered to be independent within the meaning of NI 58-101.

Cease Trade Orders or Bankruptcies

None of the proposed directors, officers, or promoters of iCo following Closing has, within the last 10 years, been a director, officer or promoter of any company that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied that company access to any exemptions under Applicable Securities Laws for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating

to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that company.

Penalties or Sanctions

None of the proposed directors, officers, or promoters of iCo following Closing has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulating authority that would be likely to be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

None of the proposed directors, officers, or promoters of iCo upon Closing, or a personal holding company of any such persons has, within the last 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

Conflicts of Interest

There are potential conflicts of interest to which some of the directors, officers, insiders and promoters of iCo may be subject in connection with the operations of iCo following Closing. Some of the individuals who will be appointed as directors or officers of iCo are also directors and/or officers of other reporting and non-reporting issuers. As of the date of this Information Circular, and to the knowledge of the directors and officers of iCo and Satellos, there are no existing conflicts of interest between iCo and any of the individuals who will continue as directors or officers following Closing. Additional situations may arise where the directors and/or officers of iCo may be in competition with iCo following Closing. Conflicts, if any, will be subject to the procedures and remedies as provided under the CBCA.

Other Reporting Issuer Experience

Certain of the Resulting Issuer's directors are currently directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:

Name of Director, Officer or Promoter	Name of Reporting Issuer	Exchange	Position	Term
Frank Gleeson	Mercal Capital Corp.	TSXV, NEX	Director	May 2016 – April 2019
Michael Liggett	EACOM Timber Corporation (formerly Inflazyme Pharmaceuticals Ltd)	TSX, TSXV, NEX	Chief Financial Officer	April 1997 – February 2011
	Hit Technologies Inc.	TSXV	Chief Financial Officer, Director	November 2014 – January 2020
	iCo Therapeutics Inc.	TSXV	Director, Corporate Secretary, and Chief Financial Officer	January 23, 2017 to present
	Greenlane Renewables Inc.	TSXV	Chief Financial Officer	January 2019 – October 2019

Name of Director, Officer or Promoter	Name of Reporting Issuer	Exchange	Position	Term
	GreenFirst Forest Products Inc.	TSXV	Chief Financial Officer	December 2020 - Present
Geoff Mackay	AVROBIO, Inc.	NASDAQ	Director, President and Chief Executive Officer	November 2015 – present
	Talaris Therapeutics, Inc.	NASDAQ	Independent board member; Nom & Gov & Comp committee member	December 2019 - present
William (Bill) McVicar	Inotek Pharma, Inc.	NASDAQ	Chief Scientific Officer	February 18, 2015 to April 4, 2017
	Flex Pharmaceuticals, Inc.	NASDAQ	President, Head of R&D; Director, Chief Executive Officer	April 5, 2017 to August 12, 2019
	Salarius Pharmaceuticals, Inc.	NASDAQ	Director, Chair Board of Directors	August 13, 2019 to present
William Jarosz	iCo Therapeutics Inc.	TSXV	Director, Chief Executive Officer, and Chairman	June 1, 2006 to present
Brian Bloom	Appili Therapeutics, Inc.	TSX	Director & Chair Director	May 2015 – February 2019 March 2019 – present
John Holyoake	N/A	N/A	N/A	N/A
Michael A. Rudnicki	N/A	N/A	N/A	N/A

Executive Compensation

Compensation Philosophy and Objectives

The Resulting Issuer's executive compensation program will be substantially similar to iCo's current program and will be designed to retain key executive consultants in both the short and long term, incentivize both individual and corporate performance and align interests of executives with other corporate stakeholders such as shareholders and corporate partners. Given the Resulting Issuer's size, resources and business model, it is anticipated that the Resulting Issuer will primarily use three elements of compensation for its Named Executive Officers: base salary or consulting fees, annual incentive pay (bonus) and long-term equity compensation (options). In establishing the framework for the Resulting Issuer's compensation practices, the Resulting Issuer will take into account the inherent uncertainties of its business and the fact that the success of the Resulting Issuer will be influenced by a number of risk factors, many of the most important of which will be beyond the Resulting Issuer's control.

The Resulting Issuer will strongly encourage its executive officers to maintain equity ownership in the Resulting Issuer, both through direct shareholdings and convertible holdings such as options. It is not anticipated that the

Resulting Issuer will provide any financial assistance to Named Executive Officers to purchase equity in the Resulting Issuer.

Decision Making Process

The Board of Directors of the Resulting Issuer will oversee and provides strategic direction to management regarding the Resulting Issuer's compensation policies and general human resources policies. In addition to that mandate of broad oversight and direction, the Board of Directors will be tasked with implementing programs to attract, retain and develop management of the highest caliber. The Board of Directors will determine the annual salary, bonus and other benefits of the Chief Executive Officer and approve the compensation for all other Named Executive Officers taking into consideration the recommendations of the Chief Executive Officer.

Assessment of Risks Associated with the Resulting Issuer's Compensation Policies and Practices

The Board of Directors of the Resulting Issuer will assess the Resulting Issuer's compensation plans and programs for its executive officers to ensure alignment with the Resulting Issuer's business plan and to evaluate the potential risks associated with those plans and programs. The Board of Directors will consider the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

Financial Instruments

It is not anticipated that the Resulting Issuer will adopt a policy restricting its Named Executive Officers or directors from purchasing financial instruments that are designated to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its Named Executive Officers or directors.

Compensation Framework

The Board of Directors of the Resulting Issuer will consider all elements of compensation as a whole rather than any one element in isolation. In evaluating executive compensation, the Resulting Issuer will consider a broad range of factors, including individual performance and corporate results. Other factors that will be taken into account in establishing compensation include market competitiveness and internal equity. The relative balance of those factors will likely differ from year to year. The Board of Directors will also examine the competitive positioning of total compensation, the ratio of current to long-term compensation and the amount of fixed and variable compensation. The Board of Directors will also be tasked with ensuring that the Resulting Issuer's compensation practices are affordable as an element of the Resulting Issuer's overall cost of doing business, while rewarding performance and creating incentives to achieve long-term success.

Base Salary/Consulting Fees

Salary and/or fees for executive officers will be determined by evaluating the responsibilities of each executive's position, as well as the experience and knowledge of the individual, with a view to internal equity and the competitive marketplace. The Board of Directors of the Resulting Issuer will balance the desire to set the salary and/or fees at a level competitive enough to attract highly qualified executive officers against the desire to ensure that performance remains a key factor in determining total compensation of the Resulting Issuer's management team. In determining the base salaries of the Named Executive Officers, The Board of Directors will review and consider compensation information from a number of publicly available sources relevant to the biotechnology and life sciences sector as well as external market surveys when available. In setting the salary of the Named Executive Officers (other than the Chief Executive Officer), the Board of Directors will also rely to a large extent on the Chief Executive Officer's recommendation and evaluation of each Named Executive Officer's performance.

For all employees, including Named Executive Officers (other than the Chief Executive Officer), salary adjustments are expected to be considered by the Board of Directors of the Resulting Issuer in the first quarter of the Resulting Issuer's fiscal year and implemented at the time of approval by the board of directors. Annual adjustments to salary and/or fees will not be guaranteed and any adjustment will include consideration for individual performance, internal equity and market conditions.

Annual Bonus

It is expected that the Resulting Issuer will establish an annual bonus program to drive performance and the achievement of corporate goals. The bonus program will be designed to rewards short term results and performance, all of which will be linked to the Resulting Issuer's long-term objectives. It is anticipated that all Named Executive Officers, as well as other employees of the Resulting Issuer, will be eligible to receive a bonus. The award and amount of any bonus will not be pre-determined under any policy and will be at the sole discretion of the Board of Directors of the Resulting Issuer. A decision to award a bonus will be based on the responsibility and accountability of the individual and the role within the organization, performance of the individual, performance of the Resulting Issuer in reaching certain corporate goals for any given year and a number of other factors, both internal and external.

Incentive Programs – Stock Options

Upon completion of the Arrangement, iCo's Stock Option Plan will become the stock option plan of the Resulting Issuer. The iCo Stock Option Plan will be available to all employees, including the Named Executive Officers, and consultants of the Resulting Issuer. As options have increased value to the holder if the market value of the stock appreciates over time, the objective of the program is to tie the interests of employees directly to the interests of the shareholders. In that regard, the iCo Stock Option Plan is intended to serve as a long-term retention and incentive tool. The exercise price, terms, vesting and conditions of any options granted will be established by the board of directors and subject to the rules of the regulatory authorities having jurisdiction over the securities of the Resulting Issuer. The options granted under the iCo Stock Option Plan may be exercised during a period not exceeding ten years and are non-transferable.

Awards of options for all employees, including Named Executive Officers will be determined by the Board of Directors of the Resulting Issuer. The determination of an award, as well as the amount of any award, will be at the sole discretion of the board of directors. In deciding to grant options, the board of directors will take previous option grants into consideration. There will be no performance or other conditions related to the vesting of the options, other than continued employment with the Resulting Issuer.

Employment Agreements, Termination and Change of Control Benefits

It is anticipated that following completion of the Arrangement, the Resulting Issuer will enter into employment or consulting agreements with each of Frank Gleeson, the proposed President and Chief Executive Officer, Michael Rudnicki, the proposed Chief Scientific Officer, Sridhar Narayan, the proposed VP, Drug Discovery and William Jarosz, the proposed Executive Director.

It is anticipated that such contracts will include the following termination provisions:

Name	Termination Provisions	Anticipated Amount of Payment if Terminated Immediately Following the Effective Date
Frank Gleeson	Guaranteed 6 month terms of employment commencing on the Effective Date, and 6 months' notice or severance	\$260,000
Michael Rudnicki	3 months' notice or severance	\$30,000
Sridhar Narayan	3 months' notice or severance	\$60,885 ⁽¹⁾
William Jarosz	Contract may be terminated on 1 month notice	\$12,300 ⁽¹⁾

Note:

(1) Based on an exchange rate of CDN\$1.23 for each US\$1.00.

Compensation Summary

The following table sets forth information about the compensation anticipated to be paid by the Resulting Issuer to the Named Executive Officers of the Resulting Issuer during the 12-month period following the Effective Date.

Name and Principal Position	Year	Fees/Salary (\$)	Share Based Awards (\$)	Option Based Awards ⁽¹⁾ (\$)	Non Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (Consulting Fees) (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long Term Incentive Plans (\$)			
Frank Gleeson President and Chief Executive Officer	2021	260,000	Nil	Nil	104,000	Nil	Nil	8,000	372,000
Michael Rudnicki, PhD Chief Scientific Officer	2021	120,000	Nil	Nil	30,000	Nil	Nil	Nil	150,000
William Jarosz Executive Director	2021	147,600 ⁽²⁾	Nil	Nil	Nil	Nil	Nil	29,520 ⁽³⁾	177,120
Michael Liggett Interim Chief Financial Officer and Corporate Secretary ⁽⁴⁾	2021	60,000	Nil	Nil	Nil	Nil	Nil	Nil	60,000
Sridhar Narayan, PhD VP-Drug Discovery ⁽⁵⁾	2021	243,540 ⁽⁶⁾	Nil	Nil	63,960 ⁽⁷⁾	Nil	Nil	Nil	307,500

Notes:

- (1) It is anticipated that certain NEOs of the Resulting Issuer will receive options to acquire Resulting Issuer Shares pursuant to the iCo Stock Option Plan following the completion of the Arrangement, however individual allocations have not yet been determined. It is anticipated that an aggregate of approximately, 753,150 Resulting Issuer options will be issued to the directors, officer, employees and contractors of the Resulting Issuer following completion of the Arrangement, some of whom will be NEOs.
- (2) Mr. Jarosz will receive US\$120,000 per annum. The Canadian dollar amount was calculated using an exchange rate of CDN\$1.23 for each US\$1.00.
- (3) Board compensation fees to be paid to Mr. Jarosz, in an amount of US\$24,000 per annum. The Canadian dollar amount was calculated using an exchange rate of CDN\$1.23 for each US\$1.00.
- (4) Mr. Liggett will be paid through his management company, OGEE Financial Corp.
- (5) Dr. Narayan will be paid through his management company, Rias Medical Publications, LLC.
- (6) Dr. Narayan will receive US\$198,000 per annum. The Canadian dollar amount was calculated using an exchange rate of CDN\$1.23 for each US\$1.00.
- (7) In addition to his fees, it is anticipated that Dr. Narayan will receive an additional amount under the Resulting Issuer's annual incentive plan in an amount equal to US\$52,000. The Canadian dollar amount was calculated using an exchange rate of CDN\$1.23 for each US\$1.00.

Director Compensation Table

The following table sets forth information in respect of all amounts of compensation anticipated to be paid by the Resulting Issuer to its directors (other than directors who are also Named Executive Officers) during the 12 month period following the Effective Date.

Name	Fees earned (\$)	Share based awards (\$)	Option based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Geoff Mackay ⁽²⁾	44,280	Nil	Nil	Nil	Nil	Nil	44,280
Brian Bloom	Nil	Nil	Nil	Nil	Nil	Nil	Nil
John Holyoake	Nil	Nil	Nil	Nil	Nil	Nil	Nil
William (Bill) McVicar ⁽³⁾⁽⁴⁾⁽⁵⁾	29,520	Nil	Nil	Nil	Nil	59,040	88,290

Notes:

- (1) It is anticipated that certain directors of the Resulting Issuer will receive options to acquire Resulting Issuer Shares pursuant to the iCo Stock Option Plan following the completion of the Arrangement, however individual allocations have not yet been determined. It is anticipated that an aggregate of approximately, 753,150 Resulting Issuer options will be issued to the directors, officer, employees and contractors of the Resulting Issuer following completion of the Arrangement, some of whom will be directors.
- (2) It is anticipated that Mr. Mackay will receive US\$36,000 per annum in board fees. The Canadian dollar amount was calculated using an exchange rate of CDN\$1.23 for each US\$1.00.
- (3) It is anticipated that Mr. McVicar will receive US\$24,000 per annum in board fees. The Canadian dollar amount was calculated using an exchange rate of CDN\$1.23 for each US\$1.00.
- (4) It is anticipated that Mr. McVicar will receive US\$24,00 per annum in consulting fees from the Resulting Issuer. The Canadian dollar amount was calculated using an exchange rate of CDN\$1.23 for each US\$1.00.
- (5) It is anticipated that Mr. McVicar will be paid through his management company, Biostrat Consulting, LLC.

Indebtedness of Directors and Officers

Upon Closing, no director, officer or employee of iCo or Satellos or any person proposed to be a director, officer or employee of the Resulting Issuer upon Closing or person who was a director, officer or employee of iCo or Satellos in the most recently completed financial year of each, respectively, or any affiliate or associate of any such individual, will be indebted to the Resulting Issuer or any of the Resulting Issuer's subsidiaries or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by iCo or Satellos or any of their respective subsidiaries.

Options to Purchase Securities

Upon completion of the Arrangement, the iCo Option Plan will continue in place. There will be no change to the iCo Option Plan as a result of the completion of the Arrangement. It is anticipated that an aggregate of approximately, 753,150 Resulting Issuer options will be issued to the directors, officer, employees and contractors of the Resulting Issuer following completion of the Arrangement, however individual allocations have not been determined at this time.

Proforma Financial Information

The following table sets forth certain selected pro forma consolidated financial information for the Resulting after giving effect to the Arrangement. Such unaudited pro forma consolidated financial information is based on certain assumptions and adjustments and are not necessarily indicative of iCo's consolidated financial position if the events reflected therein were in effect for the periods presented, nor do they purport to project the iCo's financial position or results from operations for any future period. Actual amounts recorded upon Closing will differ from the pro forma

information presented below. No attempt has been made to calculate or estimate potential synergies between Satellos and iCo.

The following information should be read in conjunction with the Resulting Issuer Pro Forma Financial Statements set forth in this Information Circular. See “Appendix P – Pro Forma Financial Statements of the Resulting Issuer (Unaudited)”.

	iCo (as at March 31, 2021 (unaudited))	Satellos (as at March 31, 2021 (unaudited))	Pro Forma Adjustments	Pro Forma as at March 31, 2021 after Giving Effect to the Arrangement ⁽¹⁾⁽²⁾
Current Assets	\$2,182,882	\$1,077,847	\$7,022,228	\$10,282,957
Current Liabilities	\$1,920,694	\$859,890	\$200,000	\$2,980,584
Shareholders' Equity ⁽¹⁾⁽²⁾	\$264,447	\$(875,040)	\$23,062,261	\$22,451,668

Notes:

- (1) Is anticipated there will be 32,731,355 Resulting Issuer Common Shares issued and outstanding immediately following completion of the Arrangement and the Consolidation.
- (2) Includes conversion of Subscription Receipts into Common Shares at the Effective Time and the conversion of the PPMD Convertible Note.

Escrowed Securities

TSXV Escrow Agreement

Pursuant to TSXV Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*, all Resulting Issuer Shares and securities convertible into Resulting Issuer Shares held by the principals of Resulting Issuer (being the directors, officers, holders of 10% or more of the outstanding Resulting Issuer Shares and their spouses) following the completion of the Amalgamation (the “**Surplus Securities**”) will be held in escrow by Computershare Investor Services Inc. pursuant to a Tier 2 Surplus Security Escrow Agreement in accordance with the policies of the TSXV (the “**TSXV Surplus Escrow**”). The following table lists the Resulting Issuer Securities that are anticipated to be subject to the TSXV Surplus Escrow as of the date hereof after giving effect to the Amalgamation.

Name, Province and Country of Residence	Designation of Securities	Number and percentage of class of securities held in TSXV Surplus Escrow after giving effect to the Arrangement and the Consolidation ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾
Geoff Mackay (Maine, United States)	Replacement Options	301,100 (0.8%)
Frank Gleeson (Ontario, Canada)	Resulting Issuer Common Shares	3,071,200 (8.6%)
Michael A. Rudnicki (Ontario, Canada)	Resulting Issuer Common Shares	3,071,200 (8.6%)
William Jarosz (Montana, USA)	Resulting Issuer Common Shares	76,678 (0.2%)
William Jarosz (Montana, USA)	iCo Options	52,500 (0.1%)
Brian Bloom (Ontario, Canada)	Resulting Issuer Common Shares	28,906 (0.1%)

Name, Province and Country of Residence	Designation of Securities	Number and percentage of class of securities held in TSXV Surplus Escrow after giving effect to the Arrangement and the Consolidation⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾
Bloom Burton Securities (Ontario, Canada)	Resulting Issuer Warrants	255,882 (N/A) ⁽⁷⁾
John Holyoake (Ontario, Canada)	Resulting Issuer Common Shares	30,110 (0.1%)
Michael Liggett (British Columbia, Canada)	iCo Options	33,000 (0.1%)
Bloom and Burton Development Corp. (Ontario, Canada) ⁽⁵⁾	Resulting Issuer Common Shares	6,022,000 (17.0%)
2194655 Ontario Inc. ⁽⁶⁾	Resulting Issuer Common Shares	28,906 (0.1%)

Notes:

- (1) On a fully diluted basis.
- (2) Includes conversion of Subscription Receipts into Common Shares at the Effective Time.
- (3) Based upon the anticipated amount of accrued interest of US\$45,468.49 which will be owing on the PPMD Convertible Note as of the Effective Date (assuming the Effective Date occurs on August 9, 2021), and assuming an exchange rate of CAD\$1.2324 for each US\$1.00, it is anticipated that an aggregate of 14,425,822 Resulting Issuer Common Shares will be issued upon conversion.
- (4) Is anticipated there will be 32,731,355 Resulting Issuer Common Shares issued and outstanding immediately following completion of the Arrangement and the Consolidation.
- (5) Bloom and Burton Development Corp. an affiliated company of Bloom Burton and Co. Inc., of which Brian Bloom is co-founder, Chair and CEO.
- (6) Brian Bloom will hold 28,904 Resulting Issuer Shares through 2194655 Ontario Inc., a company controlled by him.
- (7) Bloom Burton Securities, of which Brian Bloom, a Satellos Director is founder, Chair and CEO, is acting as the lead agent in connection with the Subscription Receipt Financing and in connection therewith is receiving broker warrants equal to 6.0% of the total number of Subscription Receipts sold pursuant to the Subscription Receipt Financing. All such broker warrants will be subject to TSXV Surplus Escrow. Such broker warrants will not be issued until the completion of the Arrangement and the release of the subscription proceeds from escrow. Bloom Burton Securities may receive less than 255,882 broker warrants, in the event that certain of the warrants are issued to other brokers who participated in the financing, in which case less than 255,882 Resulting Issuer Warrants would be considered Surplus Securities.

Conditions of Escrow

The following is a general discussion of the conditions governing the release, transfer and cancellation of escrowed securities. The TSXV has the discretion to alter the TSXV Escrow discussed herein. For further details see the TSXV Policies.

Release of Escrowed Securities

After the Final TSXV Bulletin is issued, the Surplus Securities held by the principals of the Resulting Issuer will be Surplus Securities of a “Tier 2 TSXV Issuer” and will be released from escrow as follows:

- 5% - at the time of the Final TSXV Bulletin (1/20 of Surplus Securities)
- 5% - 6 months from the Final TSXV Bulletin (1/19 of remaining Surplus Securities)
- 10% - 12 months from the Final TSXV Bulletin (1/9 of remaining Surplus Securities)
- 10% - 18 months from the Final TSXV Bulletin (1/8 of remaining Surplus Securities)
- 15% - 24 months from the Final TSXV Bulletin (3/14 of remaining Surplus Securities)
- 15% - 30 months from the Final TSXV Bulletin (3/11 of remaining Surplus Securities)

40% - 36 months from the Final TSXV Bulletin (all remaining Surplus Securities)

Transfer of Escrowed Securities

During the time that any Resulting Issuer Securities are held in escrow, the holder of such securities shall not sell, transfer, assign, mortgage, enter into a derivative transaction concerning, or otherwise deal in any way with the securities without the prior approval of the TSXV. Subject to compliance with the terms of the Resulting Issuer Escrow Agreement, the TSXV may approve a transfer of escrowed securities within escrow under the following circumstances:

1. The pledge, mortgage or charge of escrowed securities to a financial institution as collateral for a loan, and any subsequent transfer of the securities upon the realization of the collateral;
2. The transfer of escrowed securities to existing or, upon their appointment, incoming directors or senior officers of Resulting Issuer or any of its material operating subsidiaries;
3. The transfer of escrowed securities to a person or company that before the proposed transfer holds more than 20% of the voting rights attached to Resulting Issuer's outstanding securities, or to a person or company that after the proposed transfer:
 - (a) will hold more than 10% of the voting rights attached to Resulting Issuer's outstanding securities, and
 - (b) has the right to elect or appoint one or more directors or senior officers of Resulting Issuer or any of its material operating subsidiaries;
4. The transfer of escrowed securities to a trustee in bankruptcy or another person or company entitled to escrow securities on bankruptcy;
5. The transfer of escrowed securities to or between a registered retirement savings plan, registered retirement income fund or other similar registered plan or fund with a trustee, where the beneficiaries of the plan or fund are limited to the spouse, children and parents of the shareholder;
6. The transfer of escrowed securities to an offeror or other person in connection with certain prescribed business combinations; and
7. Any transfer of escrowed securities that the TSXV in its discretion, upon application, may approve.

The Resulting Issuer Escrow Agreement will also provide that the escrowed securities of a holder will be released upon the death of the holder. It will also provide that if Resulting Issuer should become a Tier 1 issuer during the term of the Resulting Issuer Escrow Agreement, any securities remaining in escrow shall become subject to the more liberal release provisions applicable to Tier 1 issuers.

Seed Share Resale Restrictions

Applicable Seed Share Resale Restrictions (SSRRs) will be imposed on securities purchased by non-principals in certain circumstances at price which was below 75% of the price at which the Subscription Receipts were issued (the "**Seed Shares**"). An aggregate of 826,944 Resulting Issuer Common Shares and 20,445 Resulting Issuer Warrants will be subject to SSRRs, as set out below.

The release schedule of the Seed Shares subject to such resale restrictions is determined based on the price at which such Seed Shares were issued in comparison to the price of the Subscription Receipts and the length of time such Seed Shares have been held. To the extent permissible under TSXV policies, SSRs will be imposed by imprinting legends on the applicable certificates representing such securities which set forth the particulars of the resale restrictions.

Designation of Security	Date of Original Issuance of Satellos Shares	Adjusted Issuance Price/Exercise Price of the Satellos Shares/Warrants after Giving Effect to the Arrangement and Consolidation	Number of Resulting Issuer Common Shares held in Exchange Escrow	Length of Hold Period
Resulting Issuer Common Shares issued in connection with the Arrangement to OHRI	June 15, 2021	\$0.0066	120,440	18 months in accordance with a Value Security Agreement ⁽¹⁾
Resulting Issuer Common Shares issued in connection with the Arrangement to Satellos Shareholders less than 1 year but more than 3 months prior to the date hereof	August 4, 2020 to February 3, 2021	\$0.8635	673,713	4 month hold period ⁽²⁾
Resulting Issuer Common Shares issued in connection with the Arrangement to Satellos Shareholders less than 3 months prior to the date hereof	April 1, 2021 to June 10, 2021	\$0.8635	32,796	1 year hold period ⁽³⁾
Resulting Issuer Warrants issued in connection with the Arrangement to holders of Satellos Warrants less than 1 year but more than 3 months prior to the date hereof	August 11, 2020 to January 27, 2021	\$0.8635	20,445	4 month hold period ⁽²⁾

Notes:

- (1) After the Final TSXV Bulletin is issued, these securities will be treated as Value Securities of a "Tier 2 TSXV Issuer" and will be released from escrow as follows: (i) 25% - at the time of the Final TSXV Bulletin; (ii) 25% - 6 months from the Final TSXV Bulletin; (iii) 25% - 12 months from the Final TSXV Bulletin; and (iv) 25% - 18 months from the Final TSXV Bulletin.
- (2) After the Effective Date, these securities will be released from escrow as follows: (i) 20% - at the time of the Effective Date; (ii) 20% - 1 month from the Effective Date; (iii) 20% - 2 months from the Effective Date; (iv) 20% - 3 months from the Effective Date; and (v) 20% - 4 months from the Effective Date.
- (3) After the Effective Date, these securities will be released from escrow as follows: (i) 20% - at the time of the Effective Date; (ii) 20% - 3 months from the Effective Date; (iii) 20% - 6 months from the Effective Date; (iv) 20% - 9 months from the Effective Date; and (v) 20% - 12 months from the Effective Date.

Other than as disclosed above, no other securities of the Resulting Issuer are held in escrow or are anticipated to be held in escrow.

Voluntary Lock-Up Agreements

In addition to the foregoing, it is anticipated that each holder of Satellos Shares, Satellos Options and Satellos Warrants shall enter into the Voluntary Lock-Up Agreements in connection with the completion of the Arrangement, which will result in a voluntary escrow period of 12 months, with 1/3 of such locked up Resulting Issuer Common Shares being released at each of 6, 9 and 12 months from the date of closing of the Arrangement.

Audit Committee

Audit Committee Charter

The Resulting Issuer's Audit Committee will be a committee of the Board of Directors of the Resulting Issuer established for the purpose of overseeing the accounting and financial reporting process of the Resulting Issuer. The Resulting Issuer's Audit Committee's responsibilities and composition requirements in fulfilling its oversight in relation to the Corporation's internal accounting standards and practices, financial information, accounting systems and procedures are set out in the iCo Audit Committee Charter, which shall become the Audit Committee Charter of the Resulting Issuer. A copy of the iCo Audit Committee Charter is attached hereto as Appendix L.

Composition of the Audit Committee

The Resulting Issuer Audit Committee will consist of William Jarosz, John Holyoake and William (Bill) McVicar. Mr. Holyoake will serve as Chair of the Resulting Issuer Audit Committee. Messrs. Jarosz, Holyoake and McVicar are all considered "financially literate" as defined in National Instrument 52-110 – *Audit Committees* ("NI 52-110"). Mr. Holyoake and Mr. McVicar will be considered "independent" as defined in NI 52-110 and Mr. Jarosz will not be independent by virtue of being the Executive Director of the Corporation.

Relevant Education and Experience

Each of the members of the Resulting Issuer Audit Committee have the industry experience necessary to understand and analyze financial statements of the level of complexity of the Resulting Issuer, as well as the understanding of internal controls and procedures necessary for financial reporting. The specific education and experience of each is set out under their respective names under the heading "*Directors, Officers and Promoters*" above.

Reliance on Certain Exemptions

As the Resulting Issuer will be a "venture issuer" following completion of the Arrangement, the Resulting Issuer will rely on the exemptions provided by section 6.1 of NI 52-110 with respect to Part 3 – *Composition of the Audit Committee* and Part 5 – *Reporting Obligations*.

Pre-Approval Policies and Procedures

The Resulting Issuer Audit Committee will adopt specific pre-approval policies and procedures for the engagement of non-audit services as described in the iCo Audit Committee Charter.

Statement Of Corporate Governance Practices

Board of Directors

The Board of Directors of the Corporation will consist of seven (7) directors, of whom Geoff Mackay (Chair), Brian Bloom, John Holyoake and William (Bill) McVicar are independent. None of the independent directors will have any direct or indirect material relationship with the Resulting Issuer (other than shareholdings) which could, in the view of the Resulting Issuer's Board of Directors, reasonably interfere with the exercise of a director's independent judgment. The remainder of the directors of the Resulting Issuer are not independent as Mr. Jarosz is the Executive Director of the Resulting Issuer, Mr. Gleeson is the President and Chief Executive Officer of the Resulting Issuer and Mr. Rudnicki is the Chief Scientific Officer of the Resulting Issuer.

Upon completion of the Arrangement, the Resulting issuer will not have a formal board mandate, however it may adopt one at a later time.

Other Directorships

Please see "*Other Reporting Issuer Experience*" above.

Orientation and Continuing Education

It is expected that orientation and education of new members of the Board will be conducted by the Resulting Issuer Board of Directors and by management. The orientation will provide background information on the Resulting Issuer's history, performance and strategic plans. All new directors will be provided with copies of the Resulting Issuer's board and committee mandates and policies, the Resulting Issuer's by-laws and other reference materials. Prior to joining the board, each new director will meet with the Chief Executive Officer of the Resulting Issuer. Such officer will be responsible for outlining the business and prospects of the Resulting Issuer, both positive and negative, with a view to ensuring that the new director is properly informed to commence his duties as a director. Each new director will also be given the opportunity to meet with the auditors and counsel to the Resulting Issuer.

In addition, the Board of Directors of the Resulting Issuer as a whole is also responsible for ensuring that directors receive adequate information and continuing education opportunities on an ongoing basis to enable directors to maintain their skills and abilities as directors and to ensure their knowledge and understanding of the Resulting Issuer's business remains current.

Ethical Business Conduct

The directors of the Resulting Issuer will encourage and promote a culture of ethical business conduct through communication and supervision as part of their overall stewardship responsibility. The Resulting Issuer is of the view that the requirements of the iCo Audit Committee Charter and the ability of the members of the Resulting Issuer Board of Directors to reference outside professional advisors, facilitate the Resulting Issuer meeting ethical business standards.

Nomination of Directors

The Resulting Issuer Board of Directors as a whole will be responsible for identifying and nominating new Board member candidates. The Board of Directors will assess the composition of the Resulting Issuer Board of Directors and will be responsible for identifying potential director nominees, with the goal of ensuring that the Board of Directors consists of an appropriate number of directors who collectively possess the competencies identified as being appropriate to the effectiveness of the Board of Directors as a whole, and that there is an appropriate level of representation on the Resulting Issuer Board of Directors by independent directors.

Compensation

Certain members of the Resulting Issuer Board of Directors will be compensated for acting as directors, through fees and equity-based compensation, including stock options. The Board of Directors as a whole will be responsible for reviewing the Resulting Issuer's overall compensation strategy and approving the fees and stock options for each director taking into account such matters as time commitment, responsibility and compensation provided by comparable organizations. Please see "*Director and Named Executive Officer Compensation*" for additional information regarding the anticipated role of the Board of Directors of the Resulting Issuer in determining compensation for directors and the Chief Executive Officer.

Other Board Committees

The Resulting Issuer will have no standing committees other than the Audit Committee.

Assessments

The Resulting Issuer Board of Directors as a whole will be responsible for assessing, on a regular basis, the structure, composition, effectiveness and contribution of the Board of Directors, each committee of the Board of Directors and of the directors.

Auditors, Transfer Agent(S) And Registrar(S)

The auditors of the Reporting Issuer will be PricewaterhouseCoopers LLP, Chartered Professional Accountants, of Vancouver, British Columbia. PricewaterhouseCoopers LLP has advised that it will be independent with respect to the Resulting Issuer within the meaning of the Chartered Professional Accountants of British Columbia Code of Professional Conduct.

The registrar and transfer agent for the Resulting Issuer Common Shares will be Computershare Investor Services Inc., 510 Burrard Street, 3rd Floor, Vancouver, BC, V6C 3B9.

INTERESTS OF CERTAIN PERSONS OR COMPANIES IN THE ARRANGEMENT

Bloom Burton Securities is acting as exclusive financial advisor to iCo on the Arrangement and will receive contingent consideration in the event that the Arrangement is completed. Bloom Burton Development Corp., an affiliated entity, owns approximately 31.4% of the outstanding Satellos Shares on a fully diluted basis and certain Bloom Burton employees are directors of Satellos. For the purposes of considering and approving the Arrangement, such Bloom Burton directors have declared their conflict and recused themselves from the activities of the Satellos board in accordance with the requirements of the CBCA.

In addition, Bloom Burton Securities is acting as the lead agent in connection with the Subscription Receipt Financing and in connection therewith is receiving an agency fee equal to 6.0% of the gross proceeds of the Subscription Receipt Financing, as well as broker warrants equal to 6.0% of the total number of Subscription Receipts sold pursuant to the Subscription Receipt Financing.

Except as described in this Information Circular, management of each of iCo and Satellos are not aware of any material interest direct or indirect, by way of beneficial ownership or otherwise of any director or executive officer of either of iCo and Satellos or anyone who has held office as such since the beginning of the last financial year of each of iCo and Satellos or of any associate or affiliate of any of the foregoing in the Arrangement.

See also *“Interests of Informed Persons in Material Transactions”*, *“The Arrangement – Interests of Directors and Executive Officers of iCo in the Arrangement”* and *“The Arrangement – Interests of Directors and Executive Officers of Satellos in the Arrangement”*.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed elsewhere in this Information Circular (including the Appendices hereto), iCo is not aware of any material interest, direct or indirect, of any informed person of iCo, any nominee director of iCo, or any associate or affiliate of any informed person or nominee director, in any transaction since the commencement of iCo's most recently completed financial year, or in any proposed transaction, that has materially affected or would materially affect iCo or its subsidiaries.

Other than as disclosed elsewhere in this Information Circular (including the Appendices hereto), Satellos is not aware of any material interest, direct or indirect, of any informed person of Satellos, any nominee director of Satellos, or any associate or affiliate of any informed person or nominee director, in any transaction since the commencement of Satellos' most recently completed financial year, or in any proposed transaction, that has materially affected or would materially affect Satellos or its subsidiaries.

For the purposes of this Information Circular an **“informed person”** of iCo or Satellos means a director or executive officer of a person or company that is itself an **“informed person”** or subsidiary of iCo or Satellos, respectively, and any person or company who beneficially owns, directly or indirectly, voting securities of iCo or Satellos, respectively, or who exercises control or direction over voting securities of iCo or Satellos, respectively, or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of iCo or Satellos, as applicable.

INTERESTS OF EXPERTS

Certain legal matters relating to the Arrangement are to be passed upon by Borden Ladner Gervais LLP, on behalf of Satellos.

As at June 24, 2021, the partners and associates of Borden Ladner Gervais LLP beneficially owned, directly or indirectly, none of the outstanding Satellos Shares.

Evans & Evans has prepared for and delivered to the iCo Board the Evans & Evans Fairness Opinion with respect to the Arrangement, a copy of which is attached to this Information Circular as Appendix G. The partners and associates of Evans & Evans do not own, beneficially, directly or indirectly, any of the issued and outstanding iCo Shares and Satellos Shares, respectively, as of the date of this Information Circular.

Leede Jones Gable has prepared for and delivered to the Satellos Board the Leede Jones Gable Fairness Opinion with respect to the Arrangement, a copy of which is attached to this Information Circular as Appendix H. Leede Jones Gable, or any partner or associate thereof, has not received nor will receive a direct or indirect interest in the property of iCo or Satellos. The partners and associates of Leede Jones Gable do not own, beneficially, directly or indirectly, any of the issued and outstanding iCo Shares and Satellos Shares, respectively, as of the date of this Information Circular.

The auditors of iCo are PricewaterhouseCoopers LLP. PricewaterhouseCoopers LLP is independent of iCo within the meaning of the Chartered Professional Accountants of British Columbia.

The auditors of Satellos are Norton McMullen LLP. Norton McMullen LLP is independent of Satellos within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

RISK FACTORS

AN INVESTMENT IN SECURITIES OF THE RESULTING ISSUER IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK AND SHOULD ONLY BE MADE BY INVESTORS WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT.

Prior to making an investment decision, investors should consider the investment risks set forth below and those described elsewhere in this document. The Directors of iCo and Satellos (with respect to the Resulting Issuer) consider the risks set forth below to be the most significant for potential investors. However, they do not necessarily comprise all the risks associated with the Resulting Issuer. Furthermore, additional risks and uncertainties not currently known to the Directors may arise. If any of these risks, whether identified or unknown, materialize into actual events or circumstances, the Resulting Issuer's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Resulting Issuer's securities may well decline, and investors may lose all or part of their investment.

Risk Factors Relating to the Arrangement

There can be no assurances that all conditions precedent to the Arrangement will be satisfied.

The completion of the Arrangement is subject to Shareholder approval of each of iCo and Satellos as well as numerous conditions precedent, certain of which are outside the control of the Parties, including, but not limited to, obtaining the final approval of the Exchange and the Court. There is no certainty, nor can iCo and Satellos provide any assurances, that the conditions precedent to the Arrangement will be satisfied, or if satisfied, when they will be satisfied. The requirement to take certain actions or agree to certain conditions to satisfy such requirements or obtain any such approvals may have a materially adverse effect on the business and affairs of iCo and Satellos and/or the trading price of iCo's securities. If for any reason the Arrangement is not completed, there can be no assurances that Issuer will pursue or be able to complete an alternative Arrangement. Accordingly, the market price of iCo's securities may be adversely affected.

The Definitive Agreement may be terminated under certain circumstances.

Each of iCo and Satellos has the right to terminate the Definitive Agreement in certain circumstances including when conditions to the obligations of iCo and Satellos have neither been completed nor waived in accordance with the terms and conditions of the Definitive Agreement. Accordingly, there is no certainty, nor can iCo and Satellos provide any assurances, that the Definitive Agreement will not be terminated before the completion of the Arrangement.

Possible liabilities associated with the Arrangement.

Although due diligence has been conducted with respect to each of iCo and Satellos, there is no certainty that the due diligence procedures have revealed all of the risks and liabilities associated with the Arrangement. Each of iCo and Satellos has provided certain representations in the Definitive Agreement but those representations may be limited by the knowledge of the persons giving such representations. Risks and liabilities associated with the Arrangement may be unknown and accordingly the potential monetary cost of any such liability is also unknown.

iCo and Satellos expect to incur significant costs in connection with the Arrangement.

iCo and Satellos will collectively incur significant costs in connection with the Arrangement. Actual direct Arrangement costs incurred in connection with the Arrangement may be higher than expected. Moreover, certain of iCo's and Satellos' costs related to the Arrangement, including legal and accounting services costs, must be paid even if the Arrangement is not completed.

The effect of the Arrangement on the securities of the Resulting Issuer is uncertain.

The effect of the Arrangement upon the market price of the Resulting Issuer's securities cannot be predicted with any certainty, and history of similar Arrangements for corporations similar to iCo is varied. There can be no assurance that the per-share market price of the Resulting Issuer's securities will be higher than the per-share market price of iCo's securities immediately before the announcement of the Arrangement, irrespective of any share consolidation which may occur.

There can be no assurance of the accurateness of a Fairness Opinion.

ICo and Satellos have each obtained a Fairness Opinion from independent third-party firms with expertise in conducting such assessments in the biotechnology industry. Fairness Opinions are, of necessity, based on many factors, including an analysis of past results and certain assumptions governing future results. There can be no assurance that a Fairness Opinion will prove, in retrospect, to have been accurate.

Risk Factors Relating to the Resulting Issuer

The Resulting Issuer's principal business upon completion of the Arrangement will be substantively constituted by Satellos' business with its primary objective being the discovery and development of new drug candidates to treat muscle wasting disorders, initially for Duchenne. Due to the nature of Satellos' business as a biotechnology company, the Resulting Issuer may be subject to significant risks and uncertainties, including but not necessarily limited to technical and scientific, regulatory and clinical, and business and financial, which are set out and discussed below. Readers should carefully consider all such risks and uncertainties set out in the discussion below and be mindful that additional risks and uncertainties not currently known or reasonably foreseeable may arise.

Satellos has incurred significant losses since inception, and the Resulting Issuer expects to incur losses for the foreseeable future and may never achieve nor sustain profitability.

Since its inception, Satellos has incurred significant losses. The Resulting Issuer expects these losses to increase substantially in the coming years as it continues to dedicate its resources to conducting R&D, clinical trials and regulatory filings, commercialization activities and general business operations. To achieve profitability, Satellos must develop and eventually commercialize a product or products with significant market potential either on their own or in collaboration with a partner. These development and commercialization activities are challenging, and include successfully inventing a novel product or products, completing preclinical activities and clinical trials in humans, obtaining regulatory approval for product marketing, and going to market. The Resulting Issuer may never realize revenue from its products and even if it does, it may not generate sufficient revenue to be profitable.

It will be many years before the Resulting Issuer expects to generate revenues from product sales to fund its operations, if ever.

The Resulting Issuer does not expect to have a product candidate approved for sale for several years as it advances its technology through the various stages of the drug discovery, preclinical development, clinical trial evaluation and regulatory approval process. As a result, and as is typical for biotechnology companies in such circumstances, the Resulting Issuer anticipates financing its on-going cash requirements for the foreseeable future through a combination of equity offerings, debt financings, government or other third-party funding, marketing and distribution arrangements and other collaborations, partnership agreements and licensing arrangements, and government or philanthropic programs. There is considerable market risk and uncertainties associated with securing such arrangements that may adversely affect the Resulting Issuer's ability to prosecute its business plan as intended and negatively impact its stock price.

The Resulting Issuer will need substantial additional funding to develop and realize commercial value for its technologies and drug candidates. Raising additional capital may not be possible on a timely basis or at all due to market conditions, or may cause dilution to existing shareholders, or require undue restrictions on or rights in its technologies or drug candidates.

R&D efforts in the biotechnology sector, which include drug discovery, and preclinical, clinical and regulatory development activities, are capital intensive and require significant investment. The Resulting Issuer expects R&D expenses to increase substantially as it scales its drug discovery efforts and advances its ensuing product candidates through the standard stages of biotechnology product development. To continue its current business activities, achieve its milestones and fund increasing future research and product development expenses, the Resulting Issuer will require additional capital. Securing financing, if available, will likely require the Resulting Issuer to sell additional common shares or other financial instruments that are exchangeable for or convertible into common shares, and/or enter into development, distribution or licensing relationships, and/or incur additional debt which may or may not be convertible into equity shares. It is probable that any future debt financing arrangements would contain restrictive covenants that would impose significant operating and/or financial restrictions on the Resulting Issuer or include a lien on its assets. It is uncertain if these types of equity or debt financing will be available on a timely basis or at all, or available on reasonably acceptable terms. They will be dependent on, among other things, the results and perceived value of its R&D efforts and product candidates, its ability to obtain regulatory approvals, the state of the capital markets overall, agreements with partners, and other relevant commercial considerations. Any future financing activity may be dilutive to existing shareholders.

If the Resulting Issuer cannot obtain sufficient funding on a timely basis or on reasonably acceptable terms, its ability to continue as a going concern and realize the value of its assets and pay its liabilities as they become due is at risk. Consequently, it may be forced to significantly change or limit current or planned operations in order to safeguard its cash until such time, if ever, that sufficient proceeds from operations are generated. This also could lead to, among other things, the Resulting Issuer not taking advantage of business development opportunities, the termination or delay of future clinical trials for one or more of its product candidates and jeopardize its ability to continue as a going concern.

Resulting Issuer may not be able to maintain its TSXV listing.

The Resulting Issuer will require significant infusions of capital to advance its development programs. If the Resulting Issuer is unable to raise capital on a timely basis or satisfactory terms, its business prospects could be harmed and its stock price negatively affected. A sustained failure to raise capital, whether due to market conditions or development setbacks or other factors, may further cause the Resulting Issuer to fall below the minimum listing standards, such as share price and financial ratios, set by the TSXV. In such an event, its ability to maintain its listing may be compromised and the Resulting Issuer could be delisted. Delisting could have serious consequences for investor liquidity.

Risks associated with the Novelty and Early Stage of Development of the Resulting Issuer's Technologies and Therapeutic Products or Programs

The Resulting Issuer's programs are subject to significant technical risks and scientific unknowns due to their novelty and stage of development.

The Resulting Issuer's technology is based on highly original discoveries and hypotheses, and its drug development programs are of an early nature, being in the preclinical stage of the drug development process. As such, R&D activities over the next 12 months are expected to focus on three principal areas: (i) continuing to validate the biological safety and efficacy of the novel mechanism of action discovered by Dr. Rudnicki; (ii) LO (i.e., modifying and optimizing the chemical structures of potential drug candidates) to invent and nominate a lead DC and a back-up chemical series; and (iii) filing for appropriate intellectual property protection. Technical or scientific setbacks are likely due to the nature of the scientific process and general uncertainties associated with the drug development process. While the Resulting Issuer has anticipated the potential for setbacks in its resource and timeline plans, it is possible that serious unforeseen setbacks could occur in any or all of these three focal areas over the next 12 months. Such an eventuality would likely cause the Resulting Issuer to incur additional costs or experience delays in completing its plans on a timely basis, or, depending on their severity, possibly preclude the development and

subsequent commercialization of its product candidates. Depending on the gravity of delays or cost increases, the share price of the Resulting Issuer may be adversely affected and potentially, its business operations could be materially harmed.

The Resulting Issuer's LO efforts may not produce a lead drug DC on a timely basis.

The Resulting Issuer's drug candidates for treating Duchenne are in the LO stage of the drug discovery process. Five chemical series have been identified at the time of this document, from which dozens of putative lead drug candidates have been designed, synthesized and tested in vitro in the Resulting Issuer's proprietary assays for enzymatic and biochemical activity. Several of these candidates have been further tested in vivo to assess their PK suitability and efficacy. Before nominating a DC, the Resulting Issuer anticipates undertaking multiple medicinal chemistry cycles encompassing compound design, synthesis and testing with the intent of optimizing the specific properties which will meet its target product profile (see "*Information Concerning the Target Company – Satellos Bioscience Inc.*"). There is a high degree of uncertainty in the medicinal chemistry process and accordingly, there can be no guarantee that the Resulting Issuer's chemistry efforts will prove to be successful on a timely basis nor that a suitable DC meeting its target product profile will ever be identified. A significant delay in or failure to nominate a DC would increase costs and would likely have a material adverse effect on the Resulting Issuer's value and stock price, and potentially impair its ability to continue operations.

The Resulting Issuer's drug product candidates may display serious adverse or intolerable side effects during preclinical development.

The Resulting Issuer's drug product candidates are in the preclinical phase of development. On a statistical basis, drug candidates at this stage of development have a high risk of failure. It is not uncommon for toxicologic, serious adverse or intolerable side effects to be identified during the development of the drug product candidates in the biotechnology industry. If such adverse effects arise, the Resulting Issuer may incur additional costs and/or time delays in attempting to address the underlying issue/s giving rise to the adverse effects. If the Resulting Issuer is unable to correct the problem on a timely basis or at a reasonable cost, it may need to abandon development of the drug candidate or limit its development to certain uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective. Any or all of these outcomes could adversely affect the value of the Resulting Issuer and its stock price, and potentially impair its ability to continue operations.

The Resulting Issuer's therapeutic approach is based upon modulating the EGFR which may require additional safety studies.

Preclinical studies are often designed to highlight the potential for untoward safety issues that may be expected to hinder development. The Resulting Issuer is cognizant of a theoretical risk that inhibition of the PTP-X enzyme to modulate EGFR signaling may promote tumorigenesis in individuals with pre-existing cancer, or those at high risk for the development of cancer. While no direct evidence of such outcomes has been seen in preclinical studies conducted to date by the Resulting Issuer, plans are being established to experimentally evaluate these concerns as exhaustively as is practical given the state of the art of using preclinical research tools and models. Information derived from these experiments will be presented to regulators prior to receiving approval to commence with human clinical trials. There can be no guarantee that these results of these experiments will be acceptable to regulators and additional experimental studies may be requested prior to receiving approval to commence clinical trials in humans. This would delay the commencement of clinical trials, likely introducing additional costs and risk, and may adversely affect the Resulting Issuer's value and share price.

The Resulting Issuer's DC may exhibit unexpected issues during IND enabling studies which delay or prevent the commencement of clinical trials on a timely basis.

Prior to commencing clinical trials in humans, successful completion of which are a precondition for ultimately obtaining a product registration and marketing approval, a sponsoring company must submit a prescribed dossier to regulatory authorities in jurisdictions in which it is seeking approval to conduct clinical trials. Typical choices include the FDA in the USA, the EMEA in Europe and Health Canada ("**HC**"); the filing dossier is known as either an IND submission in the case of the FDA or a CTA in the case of the EMEA and HC. Prior to submitting an IND/CTA dossier, a body of largely experimental work is undertaken in order to generate the requisite data set expected by the

regulators. During the execution of IND-enabling studies, it is possible that untoward effects that had not previously been seen in preclinical studies, such as a dose-limiting toxicity or a manufacturing issue, will manifest. Such findings may introduce material delays or add additional costs to the Resulting Issuer's timelines and budgets for commencing clinical trials. Additional financing may be required which may cause dilution to shareholders. Depending on the severity of the issues, the Resulting Issuer's share price may be negatively affected and the competitive viability of its Duchenne program impaired.

Risks to the Resulting Issuer associated with Clinical and Regulatory Processes

There can be no guarantee that the Resulting Issuer will obtain the required regulatory authorization/s to commence clinical trials in humans on a timely basis, or at all.

Prior to obtaining regulatory approval to register and begin marketing a new drug candidate, a sponsoring company must conduct exhaustive clinical trials in humans, often over many years, to evaluate and determine the safety and efficacy of its drug candidates. The Resulting Issuer has not commenced clinical trials for any of its future drug candidates to treat Duchenne or other muscle wasting disorders, in any jurisdiction. Generally, sponsoring companies will seek authorization to conduct clinical trials in humans in one or more jurisdictions such as with the FDA in the USA, the EMEA in Europe or Health Canada once it has completed the requisite preclinical development work. Securing FDA or Health Canada authorization to commence human clinical testing requires the submission of extensive preclinical and supporting information to the FDA or Health Canada for each product candidate to be tested. The process of obtaining authorization to commence human clinical testing, both in the United States and Canada, as well as abroad, is expensive and lengthy and can vary substantially based upon a variety of factors, including the type, complexity and novelty of the product candidates involved. Regulators such as the FDA or Health Canada have substantial discretion in the authorization process and may refuse to accept any application or may decide that the submitting company's data is insufficient for approval to commence human clinical testing and/or require additional preclinical or other studies. In addition, varying interpretations of the data obtained from preclinical testing could delay, limit or prevent authorization to commence human clinical testing of a product candidate.

Efficacy or other positive results of the Resulting Issuer's drug candidate/s seen in preclinical animal model testing may not translate to and be seen in human clinical trials which would have a deleterious effect on the clinical development and potential for regulatory approval of the Resulting Issuer's drug candidates.

Evaluating drug candidates in human clinical testing can be very costly, challenging to design and implement, and take significant time to complete. These trials are done in a stepped fashion from Phase I to Phase II to Phase III with the intent to show safety on a continuing, progressive basis through exposure to increased populations of healthy and then patient volunteers while in parallel, exploring and demonstrating the potential for beneficial therapeutic effect. Clinical trials are inherently risky and there can be no assurance that the desired outcomes will be achieved nor that a drug candidate will progress smoothly from one step to the next. It is not uncommon in the biotechnology industry that positive efficacy or other beneficial therapeutic results seen in preclinical testing in animal models of a disease do not translate in an equivalent manner, or at all, to humans during clinical trial testing as animals are not always predictive of humans. This is true in Duchenne as well, where numerous therapeutic approaches which showed promise in preclinical developments did not demonstrate sufficient promise in human clinical testing to warrant continued development or market approval. There can be no assurance that positive or beneficial results shown by the Resulting Issuer's drug candidates in preclinical animal model testing will translate to meaningful benefits in humans which are sufficient to justify and support continued clinical development. Such an outcome could potentially lead to the cessation of clinical development of the drug candidate/s and adversely affecting the Resulting Issuer's market value and possible viability.

Clinical trials in humans may exhibit previously undetected side-effects which may cause additional costs or delays in conducting clinical trials and possibly impede the Resulting Issuer's ability to complete clinical development of its drug candidate/s.

Unexpected or more severe adverse side effects than seen from preclinical safety testing can occur in human clinical testing as the number patients treated or duration of treatments increase. There can be no assurance that Resulting Issuer's product candidates will not be shown in human clinical testing to have unacceptable side effects or toxicities not seen or predicted from preclinical safety assessments. If clinical trials of the Resulting Issuer's DC/s fail to

demonstrate adequate safety to the satisfaction of Health Canada and the FDA (or similar regulatory authorities outside the US) on a progressive basis through the phases of clinical development, the Resulting Issuer may incur additional costs or experience delays in completing, or ultimately be unable to complete the clinical development of its product candidate/s. Such an outcome may severely impair the Resulting Issuer's value and ability to continue operations.

Clinical trials of the Resulting Issuer's lead drug candidate/s may be protracted due to a limited number of patients available for recruitment and may not be completed on a timely basis.

Duchenne is a rare disease, with an estimated total prevalence in the US of 6,000 persons and therefore represents a disease with a small patient pool for clinical testing. This patient pool is further reduced to approximately 1,000 persons when considering the most widely utilized age range of patients between 5 and 9 years which are often enrolled in studies where effects on ambulation are to be evaluated. Although Duchenne patients are often motivated to participate in clinical trials, the small number of patients available, compounded with the growing number of DCs entering clinical testing, creates competition for patient enrollment during clinical studies. Failure to enroll sufficient numbers of patients in a reasonable amount of time in a clinical trial can significantly delay the time to completion of the trial, subsequent outcome analysis of the trial, as well as any future trials that rely on the outcomes of these studies. Such delays or lack of patient enrollment in clinical trials may cause the Resulting Issuer to incur additional costs or experience delays in completing, or ultimately to be unable to complete the clinical development of its product candidate/s. Such an outcome may severely impair the Resulting Issuer's value and ability to continue operations.

The FDA has not established a set of required or recommended clinical outcome measurements for studies in Duchenne.

The FDA has produced guidance on the development of drugs for the treatment of Duchenne, however there are no generally accepted criteria for how to design, implement, or evaluate clinical outcome measures that would provide any guarantee of a favorable review for the purpose of drug approval. The FDA has suggested that it will consider the use of existing outcomes measures developed for other clinical trials in Duchenne or related muscular dystrophies, as well as proposals for the use of novel outcome measures that are capable of measuring clinically meaningful effects in patients. The FDA encourages sponsors to engage with them early to discuss use of previously utilized measures or the proposition of novel measures prior to submitting official clinical trial designs. The FDA suggests that sponsors should include an assessment of multiple efficacy endpoints, when feasible, to characterize the breadth of effects on dystrophin-related pathologies, including skeletal, respiratory, and cardiac muscle function, even if the primary endpoint is only one of these measures. The open-ended nature of these suggestions may result in selection of inappropriate endpoints that do not yield meaningful results, or a large number of endpoints that significantly increase the cost of clinical trials. Implementing open ended trial designs with multiple endpoints or having to redesign and execute additional trials due to inappropriate selection of clinical endpoints that do not yield meaningful results may cause the Resulting Issuer to incur additional costs or experience delays in completing, or ultimately be unable to complete the clinical development of its product candidate/s. Such an outcome may impair the Resulting Issuer's value and ability to continue operations.

Risks Related to the Resulting Issuer's Dependence on Third Party Service Providers

The Resulting Issuer depends on timely access to highly skilled experts to conduct its drug discovery and development activities including in the areas of LO, preclinical drug development, developing and submitting regulatory submissions necessary to obtain approval to conduct clinical trials, and conducting clinical trials. Many of these expert skills are quite specialized, expensive to hire and challenging to recruit, particularly at scale. The Resulting Issuer believes its core skills to be in muscle stem cell biology and the professional management of the drug development process. As high-quality expert resources are widely available in the biotechnology industry on a fee-for-service basis through third-party contract resource organizations ("CROs"), the Resulting Issuer intends to maintain a lean infrastructure focused on its core capabilities and engage CROs wherever it deems technically advantageous, timely and cost-effective to advance its drug discovery, and preclinical and clinical development activities.

The Resulting Issuer will engage specialized CROs on a fee-for-service basis to conduct its drug discovery and LO chemistries and preclinical development including pharmacology and IND-enabling studies; those third parties may not perform satisfactorily, including failing to meet deadlines.

By engaging CROs, the Resulting Issuer is implicitly relying on third party entities to execute the agreed workplans and deliverables therein to a high skill level, on time and within budget. While the Resulting Issuer intends to use due care in the selection, evaluating and contracting of only the highest quality CROs with reputations for successfully meeting client needs, it is possible that one or more CROs may not meet their contractual obligations on a timely basis or at all. It may not be possible for the Resulting Issuer to effectively redirect their activities or resources to achieve the desired outcomes on time, within budget or to the expected standard, thereby adding further uncertainty. Depending on the severity of the delays, performance deficiencies or cost overruns, the Resulting Issuer may be forced to change to a different CRO or CROs, which can be disruptive. If required to switch or add new CROs, management's attention and resources may be redirected and constrained until alternative service providers are in place. These changes may have undesirable knock-on effects to other components of the R&D plan and have the very real potential to extend timelines and increase costs by significant amounts.

The Resulting Issuer will rely on fee-for-service CROs to develop and submit its regulatory filings and to conduct and report on clinical trials for its DCs, and those third parties may not perform satisfactorily, including failing to meet deadlines.

To submit regulatory applications to obtain approval for and to conduct clinical trials in humans for its DC or DCs, the Resulting Issuer plans to engage third party service providers with specialized domain expertise for: (i) drafting and submitting IND and CTA submission and interactions with key regulatory authorities including the FDA and Health Canada; and/or (ii) planning, executing, providing data management and analysis, and reporting of clinical trials with particular expertise in therapies to treat Duchenne. These may and likely will be different entities and could include academic institutions, CROs, hospitals, clinics, and other third-party collaborators. Should the Resulting Issuer be unable to maintain or enter into agreements with these third parties on acceptable terms, or if any such engagement is terminated prematurely, the Resulting Issuer may be unable to enroll patients on a timely basis or otherwise conduct the desired clinical trials in the manner and timeframe originally intended. There is no guarantee that these third parties will devote adequate time and resources to the Resulting Issuer's clinical studies or perform as required by the agreed terms in the contract or in accordance with regulatory requirements. If these third parties fail to meet expected deadlines, fail to transfer the Resulting Issuer's regulatory information in a timely manner, fail to adhere to protocols or act in accordance with regulatory requirements, fail to perform in accordance with the agreed contract terms, or if they otherwise perform in a substandard manner or in a way that compromises the quality or accuracy of their activities or the data they obtain, then clinical trials of the Resulting Issuer's DCs may be extended or delayed with additional costs incurred, or the clinical trial data may be rejected by the FDA, Health Canada or other regulatory agencies. Such delays, cost increases or rejections could impede or harm the DC's development and market potential and impair the market value and stock price of the Resulting Issuer.

Failure by CRO's to meet regulatory requirements, guidelines and standards could be injurious to the Resulting Issuer.

The Resulting Issuer and its CROs are required to comply with GLP and cGCP regulations and guidelines enforced by the FDA, Health Canada, and comparable foreign regulatory authorities. Regulatory authorities enforce these GLP/cGCP regulations through periodic inspections of CRO laboratories, clinical services CROs, principal investigators and clinical trial sites. Failure to comply with applicable cGCP regulations may result in the clinical data generated in clinical trials being deemed unreliable. In addition, clinical trials must typically be conducted with products produced under the cGMP regulations per FDA, Health Canada and other regulatory authorities. Failure to comply with these regulations may impede ongoing clinical development and ultimately, submission of marketing applications may be delayed. Depending on the gravity of the non-compliance, the FDA, HC or other regulatory authorities may demand that clinical trials be repeated, which would cause significant delays and cost increases. If any of the clinical trial sites terminate for any reason, the follow-up information on patients enrolled in an ongoing clinical trial may be lost unless the Resulting Issuer is successfully able to transfer the care of those patients to another qualified clinical trial site, which is not guaranteed. Further, if the Resulting Issuer must terminate the agreements with any of its CROs, it may not be possible to enter into arrangements with alternative CROs on a timely basis or on commercially reasonable terms, or at all. Redoing clinical trials and/or switching CROs during a clinical trial would

impose serious pressures on management and could severely delay development and market potential of the Resulting Issuer's drug candidates, as well as adversely affect its market value and stock price.

Risks Related to Competitive Environment, Development Partnerships, and Registration, Market Access and Reimbursement of the Resulting Issuer's product candidate drug/s.

There are multiple therapeutic approaches and product candidates currently in clinical development for the treatment of Duchenne including but not limited to gene correction and gene therapy. These or other approaches not yet in clinical development may be approved faster or achieve far better results than anticipated or than the Resulting Issuer's product candidates.

The Resulting Issuer faces competition from pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies as well as academic institutions, government agencies and other public and private research organizations that conduct research in Duchenne. Many of these competitors or potential competitors have greater financial resources and development and selling and marketing capabilities than the Resulting Issuer. Numerous therapeutic approaches and product candidates including but not limited to: exon skipping, gene therapy and CRISPR-CAS, anti-fibrosis, myostatin inhibition, mitochondrial and metabolic modulation, and others are in or close to commencing clinical development in humans. While the Resulting Issuer believes its approach is distinctive and may well complement other approaches due to its different mechanism of action, there can be no guarantee that this proves to be the case and one or more competing products may get to market faster with better outcomes for patients, thus reducing the market opportunity for the Resulting Issuer's product candidates. If the Resulting Issuer's products are ultimately not competitive, the Resulting Issuer's revenue and financial results, and general business prospects including market value would be adversely affected.

The Resulting Issuer may not be successful in developing an oral form of delivery for its intended product candidate to treat Duchenne patients.

The Resulting Issuer is currently planning for its DC to be taken orally, by mouth, in the form of a pill. Preclinical data generated to-date has deployed an intraperitoneal injection of an early generation drug candidate which was contained in a reagent solution. The Resulting Issuer's drug discovery program is currently focused on inventing next generation compounds with certain enhanced properties including as an oral formulation. There is no certainty that the Resulting Issuer will be successful in developing its DC in pill form with similar or better levels of efficacy than a product delivered by injection. Failure to do so could potentially reduce the market attractiveness of the Resulting Issuer's product/s or limit their use to a smaller sub-set of patients, thus lowering the product's revenue prospects.

If sufficient beneficial advantages for patients are not shown in clinical trials, the Resulting Issuer may be unable to secure development partners on favourable terms, or at all.

The Resulting Issuer may pursue development and commercialization partnership arrangements with third parties. Potential partners for any clinical development, co-marketing, licensing or broader arrangements may include large and mid-size pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies. Often partnership agreements are made to obtain up-front capital, offset development costs, increase the probability of success from leveraging the skill sets of a more experienced partner, and secure a royalty annuity. In return the partner generally receives downstream commercialization rights (or co-rights) on a region-by-region basis, or globally. The Resulting Issuer may benefit from such a partnership/s particularly given the pediatric nature of Duchenne, complexity of disease progression and its sequelae, and the specialization of the medical centers which treat patients. Failure to demonstrate sufficient patient benefit may make it more difficult or preclude the Resulting Issuer from being successful in establishing these agreements should it choose to do so. This may increase the Resulting Issuer's business costs and risks, delay commercialization activities and revenue generation, and potentially impair the business.

Despite launching products in the future, the Resulting Issuer may experience limits in market access, unfavorable reimbursement or pricing, or healthcare policy reform initiatives, which would limit the value of the products.

The Resulting Issuer's ability to commercialize any products successfully will depend, in part, on the extent to which coverage and reimbursement for these products and related treatments will be available from government healthcare

programs, private health insurers, managed care plans, and other organizations. Government authorities and third-party payers, such as private health insurers and health maintenance organizations, decide which medications they will pay for and establish reimbursement levels. A primary trend in the U.S. healthcare industry is cost containment. Government authorities and third-party payers have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Increasingly, third party payers are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. The Resulting Issuer cannot be sure that coverage and reimbursement will be available on a timely basis for any product that it, or any of its partners, commercializes and, if reimbursement is available, the level of reimbursement may be reduced. Access to reimbursement may impact the demand for, or the price of, any product candidate for which the Resulting Issuer or its partner/s obtains marketing approval. If reimbursement is not available on a timely basis or is available only to limited levels or is delayed, the commercial potential for any product candidate for which the Resulting Issuer or its partner has obtained marketing approval may be reduced. Such an outcome could adversely affect the Resulting Issuer's profitability and share price.

Product liability lawsuits could cause reputational damage and legal liabilities for the Resulting Issuer, limiting the commercial prospects for its products.

There is an inherent risk of product liability exposure related to the future evaluation of the Resulting Issuer's product candidates in human clinical trials. The Resulting Issuer's current product candidates have not been tested in human clinical trials, and therefore, safety data is limited and the data which has been generated to-date may not translate to humans. If the Resulting Issuer cannot successfully defend itself against claims that its product candidates or products caused injuries, it will incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in decreased demand for any product candidates or products that it may develop, reputational injury and negative attention, withdrawal of clinical trial participants, significant costs to defend the related litigation, potential monetary awards to trial participants or patients, and lost or delayed product revenues. Such outcomes would be injurious to the Resulting Issuer's business.

Liability Insurance may not be adequate.

The Resulting Issuer does not yet hold clinical trial liability insurance coverage, and any coverage that may be obtained in the future may not be adequate to cover all liabilities that it may incur. When the Resulting Issuer begins to commercialize its product candidates, it will need to increase its insurance coverage, which is increasingly expensive. The Resulting Issuer may not be able to maintain insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise.

Risks Related to the Resulting Issuer's Intellectual Property and Privacy Legislation

If the Resulting Issuer fails to comply with its obligations under its intellectual property licenses with third parties, it could lose license rights that are important to its business.

The Resulting Issuer is party to an intellectual property license agreement with the OHRI and expects to enter into additional license agreements in the future. The Resulting Issuer's existing license agreement imposes, and future license agreements will most likely impose, various milestone payments, royalties, insurance, indemnification and other obligations on the Resulting Issuer. The Resulting Issuer's current agreement with the OHRI requires the Resulting Issuer to maintain its patents and pay annual license fees and research fees. If the Resulting Issuer fails to comply with its obligations under this license, the OHRI may have the right to terminate this license agreement. In such event, the Resulting Issuer might not be able to market any product that is covered by such license, or to convert such license to a non-exclusive license. This could materially adversely affect the value of the product candidate being developed under the OHRI license agreement. Termination of any license agreement or reduction or elimination of the Resulting Issuer's licensed rights may result in the Resulting Issuer having to negotiate new or reinstated licenses with less favorable terms.

If the Resulting Issuer is unable to obtain and maintain patent protection for its technology and products, or if the Resulting Issuer's partners or licensors are unable to obtain and maintain patent protection for the technology or products that it licenses from them, or if the scope of the patent protection obtained is not sufficiently broad, the Resulting Issuer's competitors could develop and commercialize technology and products similar or identical to that

of the Resulting Issuer, and its ability to successfully commercialize its technology and products may be adversely affected.

The Resulting Issuer's success will depend on its ability to obtain and maintain patent and other intellectual property protection with respect to its product candidates. The Resulting Issuer and its licensors have sought to protect the Resulting Issuer's proprietary position by filing patent applications in the United States, Canada, and abroad related to its novel technologies and products that are important to its business. This process is expensive and time-consuming, and the Resulting Issuer may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. In addition, patents might not be issued or granted with respect to the Resulting Issuer's patent applications that are currently pending, and issued or granted patents might later be found to be invalid or unenforceable, be interpreted in a manner that does not adequately protect the Resulting Issuer's current product or any future products, or fail to otherwise provide us with any competitive advantage. The patent position of biotechnology and pharmaceutical companies is generally uncertain because it involves complex legal and factual considerations and in recent years has been the subject of much litigation. The standards applied by the U.S. Patent and Trademark Office and foreign patent offices in granting patents are not always applied uniformly or predictably. As a result, the issuance, scope, validity, enforceability and commercial value of the Resulting Issuer's and its partners' or licensors' patent rights are highly uncertain. The degree of future protection that the Resulting Issuer will have on its proprietary products and technology, if any, is uncertain and a failure to obtain adequate intellectual property protection with respect to the Resulting Issuer's product candidates and proprietary technology could have a material adverse impact on the success of its business.

Even if the Resulting Issuer's owned and licensed patent applications issue as patents, they may not issue in a form that will provide the Resulting Issuer with any meaningful protection, prevent competitors from competing with the Resulting Issuer or otherwise provide the Resulting Issuer with any competitive advantage, including not being listed in FDA's Orange Book. The Resulting Issuer's competitors may be able to circumvent its owned or licensed patents by developing similar or alternative technologies or products in a non-infringing manner. The issuance of a patent is not conclusive as to its scope, validity or enforceability, and the Resulting Issuer's owned and licensed patents may be challenged in the courts or patent offices in Canada, the United States and abroad. Such challenges may result in patent claims being narrowed, invalidated or held unenforceable, which could limit the Resulting Issuer's ability to or stop or prevent the Resulting Issuer from stopping others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of its technology and products. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, the Resulting Issuer's owned and licensed patent portfolio may not provide it with sufficient rights to exclude others from commercializing products similar or identical to the Resulting Issuer's.

The Resulting Issuer may become involved in lawsuits to protect or enforce its patents, which could be expensive, time consuming and whether successful or unsuccessful, limit the commercial value of the Resulting Issuer's product or have a material adverse effect on the Resulting Issuer's business.

Competitors may infringe any of the Resulting Issuer's current or future patents. To counter infringement or unauthorized use, the Resulting Issuer may be required to file expensive and time-consuming infringement claims. Also, the court may decide in an infringement proceeding that a specific patent held by the Resulting Issuer is not valid or enforceable or may refuse to stop the other party from using the Resulting Issuer's intellectual technology at issue on the grounds that its patents do not cover the intellectual property being disputed. An adverse result in any litigation proceeding could put one or more of the Resulting Issuer's patents at risk of being invalidated or interpreted narrowly. Additionally, due to the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of the Resulting Issuer's confidential information could be compromised by disclosure during this type of litigation. In addition, the Resulting Issuer's licensor may have rights to file and prosecute such claims and it is reliant on them.

The Resulting Issuer's commercial successes depend upon its ability and the ability of its partners and other collaborators to develop, manufacture, market and sell its product candidates and use its proprietary technologies without infringing the proprietary rights of third parties. Third parties may assert infringement claims against the Resulting Issuer based on existing patents or patents that may be granted in the future which at this time cannot be known to the Resulting Issuer. The Resulting Issuer may become party to, or threatened with, future adversarial

proceedings or litigation regarding intellectual property rights with respect to its products and technology, including interference proceedings before the U.S. Patent and Trademark Office or other similar regulatory authorities. If the third party is successful and the Resulting Issuer is found to infringe on their intellectual property rights, the Resulting Issuer could be forced to negotiate the rights to the third party's intellectual property in order to continue to develop and market the Resulting Issuer's products and technology. There is no guarantee that the Resulting Issuer will be able to obtain any required license on commercially reasonable terms or at all. Even if the Resulting Issuer was able to obtain a license, it could be non-exclusive, thereby giving its competitors access to the same technologies licensed to the Resulting Issuer. If the Resulting Issuer is not able to obtain a license for the rights to their technology, the Resulting Issuer could be forced, including by court order, to cease commercializing the infringing technology or product. In addition, the Resulting Issuer could be found liable for additional monetary damages. A finding of infringement could prevent the Resulting Issuer from commercializing its product candidates, or delay commercialization during adjudication of a patent dispute, including a 30-month injunction, or force the Resulting Issuer to cease some of its business operations, pay royalties and/or damages to companies holding the patents that were infringed, all of which could materially harm the Resulting Issuer's business. Claims that the Resulting Issuer has misappropriated the confidential information or trade secrets of third parties could have a similar negative impact on its business.

Litigation or other legal proceedings relating to intellectual property claims may cause the Resulting Issuer to incur significant expenses and could distract the Resulting Issuer's employees from their normal responsibilities, even if it is resolved in the Resulting Issuer's favour. Also, any public announcements of the results of hearings, motions or other interim proceedings or developments could be perceived to be negative by securities analysts or investors, leading to a potential adverse effect on the price of the Common Shares. These types of litigation or proceedings could substantially increase the Resulting Issuer's operating losses and reduce the resources available for product development activities. The Resulting Issuer may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of the Resulting Issuer's competitors may be able to sustain the costs of such litigation or proceedings more effectively than it can because of their greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on the Resulting Issuer's ability to compete in the marketplace.

The Resulting Issuer may be subject to claims that its employees have wrongfully used or disclosed alleged trade secrets of their former employers.

The Resulting Issuer makes efforts to ensure that its employees do not use the proprietary information or know-how of others in their work for the Resulting Issuer; however, the Resulting Issuer may nonetheless be subject to claims that it or these employees have used or disclosed IP, including trade secrets or other proprietary information, of any such employee's former employer. This would most likely result in the Resulting Issuer having to enter litigation to defend against these claims. If the Resulting Issuer fails in defending any such claims, in addition to paying monetary damages, it may lose valuable intellectual property rights and/or personnel. Even if the Resulting Issuer is successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

If the Resulting Issuer is unable to protect the confidentiality of its trade secrets, the Resulting Issuer's innovative capacity and competitive position could be harmed.

The Resulting Issuer relies on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain its competitive position, in addition to filing patents for some of its technology and products. The types of protections available for trade secrets are particularly important with respect to the Resulting Issuer's proprietary MyoRegenX™ technology platform, which involves significant unpatented know-how. The Resulting Issuer seeks to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as the Resulting Issuer's employees, corporate collaborators, outside scientific collaborators, sponsored researchers, contract manufacturers, consultants, advisors and other third parties. The Resulting Issuer also enters into confidentiality and invention or patent assignment agreements with its employees and consultants. Despite these efforts, any of these parties may breach the agreements and disclose the Resulting Issuer's proprietary information, including its trade secrets, and the Resulting Issuer may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, courts in certain jurisdictions are less willing or unwilling to protect trade secrets. If any of the Resulting Issuer's trade secrets were to be lawfully

obtained or independently developed by a competitor, it would have no right to prevent them from using that technology or information to compete with the Resulting Issuer. If any of the Resulting Issuer's trade secrets were to be disclosed to or independently developed by a competitor, its competitive position would be harmed.

The Resulting Issuer must protect and manage confidential personal health information, including reporting from marketed product adverse event reporting and clinical trials. Accidental release of information could harm the Resulting Issuer.

As the Resulting Issuer's programs advance in development, the Resulting Issuer expects to generate or otherwise obtain clinical data that may include personal information and personal health information. These data are required for successful development and commercialization of pharmaceutical products, such as clinical trial data to support regulatory submissions and pharmacovigilance data to monitor for potential adverse events following product launch. The Resulting Issuer recognizes the sensitivity of this data and will apply protections to minimize the risk of release, including strict data blinding protocols and secure information technology infrastructure. However, despite these measures, it is possible that personal information or personal health information could be released and may expose the Resulting Issuer to substantial reputational risk and legal liabilities. Regardless of merit or eventual outcome, liability claims may result in decreased demand for any product candidates or products that it may develop, injury to the Resulting Issuer's reputation and significant negative media attention, withdrawal of clinical trial participants, significant costs to defend the related litigation, substantial monetary awards to trial participants or patients, loss of revenue and the inability to commercialize any products that the Resulting Issuer may develop.

Risks Related to Regulatory Approval of the Resulting Issuer's Product Candidates and Other Legal Compliance Matters

The Resulting Issuer's future product candidates and the activities associated with their development and commercialization, including their design, testing, manufacture, safety, efficacy, recordkeeping, labeling, storage, approval, advertising, promotion, sale and distribution, are subject to comprehensive regulation by the FDA, Health Canada and by comparable authorities in other countries.

If the Resulting Issuer, one of its contractors, or license partners are not able to comply with regulations and guidelines governing pharmaceutical product development (including, but not limited to GMP, Good Clinical Practices, GLP, quality assurance/quality control, and guidelines set forth by the International Conference for Harmonization), it could impact the overall development and/or commercialization activities, the timing of development or result in a supply disruption of commercial product that would negatively impact the business.

The development and manufacturing of pharmaceutical products is strictly governed by a series of standardized regulations and guidelines to ensure data and product quality including, but not limited to GMP, GLP, and additional guidelines set forth by the International Conference for Harmonization. These guidelines are mandatory standards for most regulatory agencies and designed to ensure the highest quality of research and manufacturing for pharmaceutical products. The Resulting Issuer team has experience in the development and commercialization of pharmaceutical products under these regulations. The Resulting Issuer aims to put in place infrastructure to ensure compliance with relevant guidelines, including standard operation procedures and third-party audits. Despite these precautions, it is possible that activities conducted internally or by a third party may be non-compliant with industry standard regulations, with significant negative impact on the Resulting Issuer.

During product development, non-compliance with standard guidelines and regulations may invalidate drug product and/or data such that they are not appropriate to support regulatory filings. The Resulting Issuer may be required to repeat development activities as a result, incurring additional development risk and costs. Repeating specific development activities could also delay overall development and commercialization timelines, negatively impacting a product's revenue potential. Adverse effects on timing and costs could lead to discontinuation of product development. In the event that non-compliance with standard guidelines adversely impacts clinical trial activities and trial participants, the Resulting Issuer could also be exposed to substantial reputational risk and legal liabilities. Regardless of merit or eventual outcome, liability claims may result in decreased demand for any product candidates or products that it may develop, injury to the Resulting Issuer's reputation and significant negative media attention, significant costs to defend the related litigation, substantial monetary awards to trial participants, loss of revenue and the inability to commercialize any products that the Resulting Issuer may develop.

For commercial products, non-compliance with standard guidelines and regulations may prevent the Resulting Issuer from releasing product to the market or require the Resulting Issuer to withdraw product from the market. In either case, the Resulting Issuer would incur manufacturing costs for product without the potential to generate revenues. In addition, delays in delivery of product to the market could adversely impact long-term product utilization and drive substitution to competitor products. In the case where product released to the market is retroactively found to be non-compliant with existing guidelines, the Resulting Issuer could also incur significant costs related to the returns, refunds, and destructions of non-compliant product. Additionally, the Resulting Issuer could be exposed to substantial reputational risk and legal liabilities with potential negative consequences outlined above.

In any situation of guideline non-compliance, the Resulting Issuer will be required to undertake a comprehensive investigation and engage in activities to remedy and prevent future deviations. These activities could impose significant costs on the Resulting Issuer and draw resources away from other Resulting Issuer objectives.

Failure to obtain regulatory approval in international jurisdictions would prevent the Resulting Issuer's product candidates from being marketed abroad. Risk of a rejection, incomplete response, a poor approved label or pricing restrictions by a regulatory authority outside of the United States may adversely impact the United States market opportunity and limit the value of the asset to the Resulting Issuer.

The Resulting Issuer intends to enter into agreements with third parties for the marketing of its products outside Canada and the United States. In order to market and sell the Resulting Issuer's products in the European Union and many other jurisdictions, the Resulting Issuer or its third parties must obtain separate regulatory approvals and comply with numerous and varying regulatory requirements. The approval procedure varies among countries and can involve additional testing. The time required to obtain approval may differ substantially from that required to obtain FDA or Health Canada approval. The regulatory approval process outside the United States generally includes all the risks associated with obtaining FDA or Health Canada approval. In addition, in many countries outside the United States or Canada, it is required that the product be approved for reimbursement before the product can be approved for sale in that country. The Resulting Issuer may not obtain approvals from regulatory authorities outside the United States or Canada on a timely basis, if at all. Approval by the FDA or Health Canada does not ensure approval by regulatory authorities in other countries or jurisdictions, and approval by one regulatory authority outside the United States or Canada does not ensure approval by regulatory authorities in other countries or jurisdictions or by the FDA. The Resulting Issuer may not be able to file for regulatory approvals and may not receive necessary approvals to commercialize its products in any market, thus limiting its revenue potential.

The Resulting Issuer's direct and indirect relationships with healthcare customers, government, Payors, and reimbursement/contract decision makers, will be subject to applicable anti-bribery anti-corruption and other healthcare laws and regulations, which could expose the Resulting Issuer to criminal sanctions, civil penalties, program exclusion, debarment, contractual damages, reputational harm and diminished profits and future earnings.

Healthcare providers, physicians and third-party Payors play a primary role in the recommendation and prescription of any product candidates for which the Resulting Issuer obtains marketing approval. The Resulting Issuer's future arrangements with third party Payers and customers may expose the Resulting Issuer to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which it markets, sells and distributes its products for which it obtains marketing approval. Restrictions under applicable United States federal and state healthcare laws and regulations that may impact the Resulting Issuer's activities, include the following:

- the federal healthcare anti-kickback statute prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under federal and state healthcare programs;
- civil penalties could be imposed against individuals or entities for knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government;

- criminal and civil liability could be imposed for executing a scheme to defraud any healthcare benefit program and also imposes obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information;
- manufacturers of drugs, devices, biologics and medical supplies are generally required to report information related to physician payments and other transfers of value and physician ownership and investment interests; and
- analogous laws and regulations, such as state anti-kickback and false claims laws, may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third party Payers, including private insurers, and some laws require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government in addition to requiring drug manufacturers to report information related to payments to physicians and other health care providers or marketing expenditures.

Costs will be substantial to ensure that the Resulting Issuer's business arrangements with third parties will comply with applicable healthcare laws and regulations in each jurisdiction when the Resulting Issuer products will eventually be offered. It is possible that governmental authorities will conclude that the Resulting Issuer's business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If the Resulting Issuer's operations are found to be in violation of any of these laws or any other governmental regulations that may apply to it, it may be subject to significant civil, criminal and administrative penalties, damages, fines, exclusion from government funded healthcare programs, such as Medicare and Medicaid in the United States, and the curtailment or restructuring of the Resulting Issuer's operations. If any of the physicians or other providers or entities with whom the Resulting Issuer expects to do business are found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs.

Market access, legislative and pricing policy changes may increase the difficulty and cost for the Resulting Issuer to obtain optimal marketing approval to commercialize its product candidates and affect the prices it may obtain.

In the United States and other foreign jurisdictions, there have been legislative and regulatory changes and proposed changes regarding, among other matters, biopharmaceutical product approvals and pricing that could prevent or delay marketing approval of and commercial prospects for the Resulting Issuer's product candidates, potentially having a negative impact on its ability to profitably sell any of its future product candidates. Such an outcome may have a materially adverse effect on the value and going concern prospects of the Resulting Issuer.

Risks Related to Employee Matters, Managing Growth and Natural Disasters

The Resulting Issuer is highly dependent upon certain key executives and other key personnel and their loss could adversely affect its ability to achieve its business objectives.

The Resulting Issuer is highly dependent on its executive officers. Although the Resulting Issuer has or will have formalized contractual agreements with each of its executive officers, these agreements do not prevent them from terminating their engagement with the Resulting Issuer at any time. The loss of the services of any of these persons could potentially harm the Resulting Issuer's research, development and commercialization objectives and financial condition.

The Resulting Issuer's success is also dependent on its ability to recruit, retain and motivate qualified scientific, drug development, clinical, project management, financial and business personnel. The Resulting Issuer may not be able to attract and retain these personnel on a timely basis or on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel. The Resulting Issuer also experiences competition for the hiring of scientific and clinical personnel from universities and research institutions. The Resulting Issuer also

depends on scientific and clinical collaborators and advisors, all of whom have outside commitments that may limit their availability.

The Resulting Issuer expects to expand its research, preclinical drug development, project management and clinical planning capabilities, and as a result, the Resulting Issuer may encounter difficulties in managing its growth, which could disrupt the Resulting Issuer's operations. As the Resulting Issuer executes on its R&D plans and business strategy, the Resulting Issuer expects to experience significant growth in the number of CROs and full-time equivalent staff members it is funding through these operations, particularly in the areas of research, drug discovery and preclinical development, clinical planning and project management. As a result, the Resulting Issuer will need to identify, hire and integrate personnel who have not worked together previously.

This growth will also result in significant additional responsibilities on management, who may need to spend a disproportionate amount of its attention away from the business operations and spend a substantial amount of time to managing these growth activities. Managing this growth will also require the Resulting Issuer to continue to implement and improve its managerial, operational, and financial systems, and continue to recruit and train additional qualified personnel. Due to its limited financial resources, the Resulting Issuer may not be able to effectively manage the expansion of its operations or recruit and train additional qualified personnel. If the Resulting Issuer is unable to effectively manage this growth, the expenses may increase more than anticipated and the Resulting Issuer may not be able to effectively implement its business strategy.

Failure to maintain adequate internal controls over financial processes and reporting may negatively impact the Resulting Issuer's results of operations or its ability to comply with its reporting obligations.

Effective internal controls are necessary for the Resulting Issuer to provide reliable financial reports and to help prevent fraud. Although the Resulting Issuer intends to undertake a number of procedures in order to help ensure the reliability of its financial reports, including those imposed on it under Canadian securities laws, the Resulting Issuer cannot be certain that such measures will ensure that the Resulting Issuer will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Resulting Issuer's results of operations or cause it to fail to meet its reporting obligations once it becomes a reporting issuer.

Natural disasters such as continuing or new epidemic or pandemic outbreaks.

The Resulting Issuer and its employees could be affected by an epidemic or pandemic outbreak, either within a facility or within the communities in which the Resulting Issuer operates. The Resulting Issuer will develop and adopt policies and procedures in order to deal with any potential epidemic or pandemic outbreaks impacting its facilities. There can be no assurance that such policies and procedures will ensure that the Resulting Issuers' operations would not be adversely affected.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It remains unclear how and to what extent the recent COVID-19 global outbreak will impact the Resulting Issuer's business and the global economy in general. The extent of such impact will depend on future developments which are highly uncertain, rapidly evolving and difficult to predict, including new information which may emerge concerning the severity of COVID-19 and additional actions which may be taken to contain COVID-19.

Authorities in Canada have implemented policies in response to the outbreak, but as of the date of this Information Circular, we cannot predict the range of policies that will be pursued or the impact these will have on the Resulting Issuer's business and operations. As of the date of this Information Circular, restrictions imposed by Government bodies on the operations of the Resulting Issuer and its contracted Research partners due to the COVID-19 pandemic has resulted in delays to the development of the Resulting Issuer's drug development program. The extent to which these delays will ultimately impact the timeline for completion of current or future planned drug development activities cannot be known with certainty, and whether additional delays or complete shut-downs will occur in the future remains uncertain.

Manufacturing Risks Related to the Resulting Issuer

If identified, product candidates may be inherently challenging to synthesize, manufacture and/or formulate, and may prove unstable. If the Resulting Issuer is unable to have its products manufactured on a timely basis, the Resulting Issuer could face delayed clinical trial approvals.

The Resulting Issuer currently does not own or operate any manufacturing facilities and does not have any significant in-house manufacturing experience or personnel. Therefore, the Resulting Issuer intends to engage specialized contract manufacturing organizations (“CMO” or “CMOs”) to develop manufacturing processes and produce and package product for clinical trials in humans. If the CMO is unable to develop such processes on a timely basis, the Resulting Issuer’s timelines to initiate pre-IND studies and the ensuing clinical trials in humans may be adversely affected, resulting in significant additional costs for the Resulting Issuer.

If a CMO of the Resulting Issuer’s products or constituents thereof experiences quality assurance/quality control issues or receives an inspection by a regulatory authority and is required to enact remediation which delay supply, it may impact the supply and timing of the initiation of clinical trials in humans or interrupt and delay their continuation.

Reliance on third party CMOs entails risks to which the Resulting Issuer would not be subject if the Resulting Issuer manufactured its product candidates, including the following:

- reliance on the third party for regulatory compliance and quality control and assurance;
- the possibility of breach of the manufacturing agreement by the third party because of factors beyond the Resulting Issuer’s control (including a failure to synthesize and manufacture the Resulting Issuer’s product candidates in accordance with the product specifications); and
- the possibility of termination or nonrenewal of the agreement by the third party at a time that is costly or damaging to us.

In addition, the FDA, Health Canada, EMA and other regulatory authorities require that the Resulting Issuer’s future product candidates be manufactured according to cGMP and similar foreign standards. Pharmaceutical manufacturers and their subcontractors are required to register their facilities and/or products manufactured at the time of submission of the marketing application and then annually thereafter with the FDA, EMA and other regulatory agencies. They are also subject to periodic unannounced inspections by the FDA, EMA and other regulatory agencies. Any subsequent discovery of problems with a product, or a manufacturing or laboratory facility used by the Resulting Issuer or its collaborators, may result in restrictions on the product or on the manufacturing or laboratory facility, including product recall, suspension of manufacturing, product seizure or a voluntary withdrawal of the drug from the market. Any failure by its third-party manufacturers to comply with cGMP or any failure to deliver sufficient quantities of product candidates in a timely manner, could lead to a delay in, or failure to obtain, regulatory approvals of any of the Resulting Issuer’s product candidates.

If the Resulting Issuer has to make changes in methods for formulation, manufacturing or testing of the product candidates, it may result in additional costs or delay.

As product candidates are developed through pre-clinical to late-stage clinical trials towards approval and commercialization, various aspects of the development program, such as manufacturing methods and formulation, may be altered in an effort to optimize processes, product stability and results. There is no certainty that these changes will achieve the intended objectives. Any of these changes could cause a significant delay in product candidates’ development timeline and/or cause the product candidates to perform differently and affect the results of planned clinical trials or other future clinical trials conducted with the altered materials. This could delay completion of clinical trials, require the conduct of bridging clinical trials or the repetition of one or more clinical trials, increase clinical trial costs, delay approval of our product candidates and/or jeopardize our or our collaborators’ ability to commence product sales and generate revenue.

Other Risk Factors

Our Director and Officer (“D&O”) insurance policies may be inadequate and potentially expose us to unrecoverable risks.

We have limited D&O and commercial insurance policies. Any significant insurance claims could have a material adverse effect on our financial condition. Insurance availability, coverage terms and pricing varies with market conditions. We will continue to obtain appropriate insurance coverage for insurable risks that we identify; however, we may fail to correctly anticipate or quantify these risks, or we may not be able to obtain appropriate insurance coverage, or insurers may not cover insurable events that may occur as we expect. Conditions in the insurance markets are rapidly changing including those related to director and officer coverage. These conditions have resulted in rising premium costs, higher policy deductibles and lower coverage limits. For some risks, we may not be able to maintain insurance coverage because of cost or availability.

Our information technology (“IT”) and infrastructure may fail or suffer security breaches, which could result in significant disruption of our discovery and product development programs and our ability to operate our business effectively.

Satellos contracts IT services through internet service, web hosting and data sharing service providers. We also engage with a wide range of collaborators, contractors or consultants, financial institutions and other business providers or partners. It is possible that any of our systems, whether in-house or contracted, and those of our current and future collaborators, contractors or consultants, financial institutions and other business providers or partners may be vulnerable to disruptive elements, including computer viruses, phishing attacks, espionage and hacking programs resulting in unauthorized access; or be damaged or compromised through natural disasters, terrorism, war and telecommunication or electrical failures. Although we take such steps to help protect sensitive information from unauthorized access or disclosure, our IT and infrastructure may be vulnerable in the future to attacks by hackers or viruses, failures, or breaches due to third-party action, employee or contractor negligence or error, malfeasance, or other incidents or disruptions. If such an event were to occur and cause interruptions in our operations or result in a loss of or damage to, our data, or inappropriate access to or disclosure of confidential or proprietary information including trade secrets, Satellos could incur liability, our competitive position could be harmed, our reputation could be damaged, and the further development and commercialization of our product candidates could be significantly compromised or delayed.

GENERAL PROXY MATTERS

Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by each of: (a) the management of iCo to be used at the iCo Meeting; and (b) the management of Satellos to be used at the Satellos Meeting. Solicitations of proxies will be primarily by mail, but may also be by newspaper publication, in person or by telephone, fax or oral communication by directors, officers, employees or agents of iCo and Satellos, as the case may be, who will be specifically remunerated therefor. All costs of the solicitation for the Meetings will be borne by iCo.

iCo will send proxy-related materials directly to its non-objecting beneficial shareholders and iCo intend to pay for intermediaries to deliver proxy-related materials to objecting beneficial shareholders.

Record Dates for Meetings

The record date for determination of iCo Shareholders entitled to receive notice of and to vote at the iCo Meeting is June 24, 2021 (the “**iCo Record Date**”). Only iCo Shareholders whose names have been entered in the register of iCo Shares on the close of business on the iCo Record Date will be entitled to receive notice of and to vote at the iCo Meeting. Holders of iCo Shares who acquire iCo Shares after the iCo Record Date will not be entitled to vote such iCo Shares at the iCo Meeting unless, after the iCo Record Date, a holder of record transfers his or her iCo Shares and the transferee, upon producing properly endorsed certificates evidencing such iCo Shares or otherwise establishing that he or she owns such iCo Shares, requests at least 10 days before the iCo Meeting that the transferee’s name is included in the list of iCo Shareholders entitled to vote, in which case such transferee shall be entitled to vote such iCo Shares at the iCo Meeting.

The record date for determination of Satellos Shareholders entitled to receive notice of and to vote at the Satellos Meeting is June 24, 2021 (the “**Satellos Record Date**”). Only Satellos Shareholders whose names have been entered in the register of Satellos Shares on the close of business on the Satellos Record Date will be entitled to receive notice of and to vote at the Satellos Meeting. Satellos Shareholders who acquire Satellos Shares after the Satellos Record Date will not be entitled to vote such Satellos Shares at the Satellos Meeting unless, after the Satellos Record Date, a holder of record transfers his or her Satellos Shares and the transferee producing properly endorsed certificates evidencing such Satellos Shares or otherwise establishing that he or she owns such Satellos Shares, requests at least 10 days before the Satellos Meeting that the transferee is included in the list of Satellos Shareholders entitled to vote, in which case such transferee shall be entitled to vote such Satellos Shares at the Satellos Meeting.

Appointment and Revocation of Proxies

Accompanying this Information Circular is a white Instrument of Proxy for use by holders of iCo Shares in respect of the iCo Meeting and a blue Instrument of Proxy for use by Satellos Shareholders in respect of the Satellos Meeting.

The Persons named in the enclosed Instruments of Proxy are directors and/or officers of iCo or Satellos, as applicable.

An iCo Shareholder desiring to appoint a Person (who need not be a securityholder) to represent such securityholder at the iCo Meeting other than the Persons designated in the applicable accompanying Instrument of Proxy may do so either by inserting such Person’s name in the blank space provided in the appropriate Instrument of Proxy or by completing another form of proxy and, in either case, sending or delivering the completed proxy to the offices of Computershare Investor Services Inc. Attn: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, by facsimile to (866) 249-7775 (toll free). You may also cast your vote by telephone (1-866-249-7775) or internet (www.investorvote.com) by following the instructions provided on the form. If you choose to vote by telephone or internet, your vote must also be cast no later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of British Columbia) prior to the time of the iCo Meeting or any adjournment thereof.

The iCo form of proxy must be received by Computershare Investor Services Inc. not later than 10:00 a.m. on July 29, 2021 or later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of British

Columbia) prior to the time set for the iCo Meeting or any adjournment of the iCo Meeting. Failure to so deposit a form of proxy shall result in its invalidation.

A Satellos Shareholder desiring to appoint a Person (who need not be a securityholder) to represent such securityholder at the Satellos Meeting other than the Persons designated in the applicable accompanying Instrument of Proxy may do so either by inserting such Person's name in the blank space provided in the appropriate Instrument of Proxy or by completing another form of proxy and, in either case, sending or delivering the completed proxy to the offices of Computershare Investor Services Inc., 100 University Avenue, 8th Floor, North Tower, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department.

The Satellos form of proxy must be received by Computershare not later than 1:00 p.m.(Toronto time) on July 29, 2021 or not less than 48 hours (excluding Sundays, Saturdays and statutory holidays in the Province of British Columbia) prior to the time set for the Satellos Meeting or to any adjournments of the Satellos Meeting. Failure to so deposit a form of proxy shall result in its invalidation.

An iCo Shareholder or Satellos Shareholder who has given a form of proxy may revoke it as to any matter on which a vote has not already been cast pursuant to its authority by an instrument in writing executed by such securityholder or by his attorney duly authorized in writing or, if the iCo Shareholder or Satellos Shareholder is a corporation, by a director, officer or attorney thereof duly authorized, and deposited at the above mentioned office of Computershare Investor Services Inc., no later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of British Columbia) prior to the time set for the applicable Meeting, or any adjournment thereof, or with the Chairman of the iCo Meeting or Satellos Meeting, as applicable, on the day of the iCo Meeting or Satellos Meeting, as applicable, or any adjournment thereof.

Signature of Proxy

The applicable Instrument of Proxy must be executed by the registered iCo Shareholder or registered Satellos Shareholder, as applicable, or his or her attorney authorized in writing, or if the iCo Shareholder or Satellos Shareholder is a corporation, the applicable Instrument of Proxy should be signed in its corporate name under its corporate seal (if required) by an authorized officer whose title should be indicated. An Instrument of Proxy signed by a Person acting as attorney or in some other representative capacity should reflect such Person's capacity following his or her signature and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with iCo or Satellos, as applicable).

Exercise of Discretion by Proxy Holders

All iCo Shares and Satellos Shares represented at the respective Meetings by properly executed Instruments of Proxy will be voted. Where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the securities represented by the proxy will be voted in accordance with such specification. **In the absence of such specification, such securities will be voted in favour of each applicable resolution.** The enclosed Instruments of Proxy confer discretionary authority upon the Persons named therein with respect to amendments or variations to matters identified in the Notices of Meeting and with respect to other matters which may properly come before the Meetings. At the time of printing of this Information Circular, management of iCo and Satellos know of no such amendment, variation or other matter.

Advice for Beneficial Holders

The information set forth in this section is of significant importance to many iCo Shareholders and Satellos Shareholders, respectively, as a substantial number of shareholders do not hold their shares in their own name. iCo Shareholders or Satellos Shareholders who do not hold their shares in their own name ("**Beneficial Shareholders**") should note that only proxies deposited by shareholders whose names appear on the records of the registrar and transfer agent for the registered holders of shares can be recognized and acted upon at the iCo Meeting or Satellos Meeting, respectively. If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder's name on the records of iCo or Satellos, as the case may be. Such shares will more likely be registered under the name of the shareholder's broker or an agent

of that broker. With respect to iCo Shareholders and Satellos Shareholders, in Canada, the vast majority of such iCo Shares and Satellos Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominees for many Canadian brokerage firms). Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. Neither Satellos nor iCo know for whose benefit the Satellos Shares or iCo Shares, as applicable, registered in the name of CDS & Co. are held. The majority of shares held in the United States are registered in the name of Cede & Co., the nominee for the Depository Trust Company, which is the United States equivalent of CDS Clearing and Depository Services Inc.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their iCo Shares or Satellos Shares, as the case may be, are voted at the applicable Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. In the case of public companies, in this case iCo, the majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a scannable Voting Instruction Form in lieu of the form of proxy. The Beneficial Shareholder is requested to complete and return the Voting Instruction Form to them by mail or facsimile. Alternatively the Beneficial Shareholder can call a toll-free telephone number or access the internet to vote the shares held by the Beneficial Shareholder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of iCo Shares or Satellos Shares to be represented at the Meetings. **A Beneficial Shareholder of iCo or Satellos receiving a Voting Instruction Form cannot use that Voting Instruction Form to vote iCo Shares or Satellos Shares, as applicable, directly at the Meetings as the Voting Instruction Form must be returned as directed by Broadridge well in advance of the Meetings in order to have the iCo Shares or Satellos Shares, as applicable, voted.**

Although you may not be recognized directly at the applicable Meeting for the purposes of voting iCo Shares or Satellos Shares, as the case may be, registered in the name of your broker or other intermediary, you may attend at the applicable Meeting as a proxyholder for the registered holder and vote your iCo Shares or Satellos Shares, as the case may be, in that capacity. If you wish to attend the applicable Meeting and vote your own iCo Shares or Satellos Shares, as the case may be, you must do so as proxyholder for the registered holder. To do this, you should enter your own name in the blank space on the applicable form of proxy provided to you and return the document to your broker or other intermediary (or the agent of such broker or other intermediary) in accordance with the instructions provided by such broker, intermediary or agent well in advance of the applicable Meeting.

Voting Securities and Principal Holders thereof

iCo has authorized share capital of an unlimited number of iCo Shares and an unlimited number of preferred shares, issuable in series, and, as at the date hereof, iCo had issued and outstanding: (a) 181,292,713 Shares; (b) 39,919,000 iCo Warrants; and (c) 3,075,000 iCo Options. Each iCo Shareholder will be entitled to one vote at the iCo Meeting for each iCo Share held by them. The quorum at the iCo Meeting in respect of iCo Shareholders will be two persons present in person or represented by proxy and holding or representing not less than 5% of the outstanding iCo Shares entitled to be voted at such Meeting.

To the knowledge of the directors and officers of iCo, as at the date hereof, no Shareholder of iCo beneficially owns, or exercises control or direction over, directly or indirectly, iCo Shares entitled to more than 10% of the votes which may be cast at the iCo Meeting.

Satellos has authorized share capital of an unlimited number of common shares.

As at the date hereof, Satellos had issued and outstanding 12,408,318 common shares, 32,534 Satellos Warrants and 387,500 Satellos Options.

The quorum at the Satellos Meeting in respect of Satellos Shareholders will be one person present in person, being a Satellos Shareholders entitled to vote thereat or a duly appointed proxyholder for an absent Satellos Shareholder so

entitled, and holding or representing in the aggregate not less than a majority of the outstanding shares of the Corporation entitled to vote at such Meeting.

To the knowledge of the directors and officers of Satellos, other than as set out below, as at the date hereof, there are no Persons or companies who are beneficial holders of Satellos Shares entitled to more than 10% of the votes which may be cast at the Satellos Meeting:

<u>Name</u>	<u>Number and % of Satellos Shares as at the date hereof</u>
Frank Gleeson	2,040,000 (16.44%)
Michael A. Rudnicki	2,040,000 (16.44%)
Brian Bloom	4,038,400 (32.55%)

Notes:

- (1) 4,000,000 Satellos Shares are held through Bloom Burton Development Corp, an affiliated company of Bloom Burton and Co. Inc., of which Brian Bloom is co-founder, Chair and CEO.
- (2) Brian Bloom holds 19,200 Satellos Shares through 2194655 Ontario Inc., a company controlled by him.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS OF ICO AND SATELLOS

iCo is not aware of any individuals who are, or who at any time during the most recently completed financial year were, a director or executive officer of iCo, a proposed nominee for election or appointment as a director of iCo, or an associate of any of those directors, executive officers or proposed nominees, who are, or have been at any time since the beginning of the most recently completed financial year of iCo, indebted to iCo or whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year of iCo has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by iCo

Satellos is not aware of any individuals who are, or who at any time during the most recently completed financial year were, a director or executive officer of Satellos, a proposed nominee for election or appointment as a director of Satellos or iCo following Closing, or an associate of any of those directors, executive officers or proposed nominees, who are, or have been at any time since the beginning of the most recently completed financial year of Satellos, indebted to Satellos or any of its subsidiaries or whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year of Satellos has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Satellos or any of its subsidiaries.

OTHER MATERIAL FACTS

Neither iCo nor Satellos is aware of any material facts concerning the securities of iCo or Satellos, respectively, or any other matter not described in this Information Circular that has not been previously disclosed and is known to either iCo or Satellos but which would reasonably be expected to affect the decision of the iCo Shareholders or Satellos Shareholders, respectively, with respect to the matters to be voted upon at the Meetings.

RELIANCE

The information concerning iCo contained in this Information Circular has been provided by iCo. Although Satellos has no knowledge that would indicate that any of such information is untrue or incomplete, Satellos does not assume any responsibility for the accuracy or completeness of such information or the failure by iCo

to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to Satellos.

The information concerning Satellos contained in this Information Circular has been provided by Satellos. Although iCo has no knowledge that would indicate that any of such information is untrue or incomplete, iCo does not assume any responsibility for the accuracy or completeness of such information or the failure by Satellos to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to iCo.

APPROVAL OF INFORMATION CIRCULAR BY DIRECTORS

This Information Circular has been approved by the iCo Board and the Satellos Board.

APPENDIX A

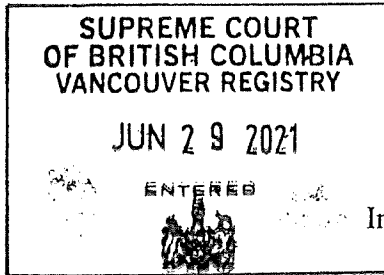
SATELLOS ARRANGEMENT RESOLUTION

“BE IT RESOLVED THAT:

1. The arrangement (the “**Arrangement**”) under Section 192 of the Canada Business Corporations Act (the “**CBCA**”) involving Satellos Bioscience Inc. (“**Satellos**”), all as more particularly described and set forth in the Management Proxy Circular (the “**Proxy Circular**”) of Satellos dated June 24, 2021, accompanying the notice of this meeting (as the Arrangement may be modified or amended), is hereby authorized, approved and adopted;
2. The plan of arrangement, as it may be or has been amended (the “**Plan of Arrangement**”), involving Satellos and implementing the Arrangement, the full text of which is set out in Schedule A to the Arrangement Agreement attached as Appendix D to the Proxy Circular, is hereby authorized, approved and adopted;
3. The arrangement agreement (the “**Arrangement Agreement**”) between Satellos and iCo Therapeutics Inc. dated March 21, 2021, as may be amended from time to time, and all the transactions contemplated therein, the actions of the directors of Satellos in approving the Arrangement and the actions of the officers of Satellos in executing and delivering the Arrangement Agreement and any amendments thereto are hereby confirmed, ratified, authorized and approved;
4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of Satellos are hereby authorized and empowered, without further notice to, or approval of, any securityholders of Satellos:
 - (a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or
 - (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement;
5. Any one or more directors or officers of Satellos is hereby authorized, for and on behalf and in the name of Satellos, to execute and deliver, whether under corporate seal of Satellos or not, all such agreements, applications, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including:
 - (a) all actions required to be taken by or on behalf of Satellos, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and
 - (b) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by Satellos; such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.”

APPENDIX B
INTERIM ORDER

S 216027



No. _____
Vancouver Registry

In the Supreme Court of British Columbia

In the Matter of the *Canada Business Corporations Act*,
R.S.C., 1985, c. C-44, as amended

In the Matter of a Proposed Arrangement among
Satellos Bioscience Inc., its securityholders and iCo Therapeutics Inc.

Satellos Bioscience Inc.

Petitioner

ORDER MADE AFTER APPLICATION

BEFORE MASTER

)

29 June 2021

CAMERON

)

ON THE APPLICATION of the petitioner Satellos Bioscience Inc., on notice to the Director under the *Canada Business Corporations Act*, coming on for hearing by MS Teams at 800 Smithe Street, Vancouver, British Columbia on June 29, 2021 and on hearing Stephen T.C. Warnett, counsel to the petitioner, and on reading the Petition to the Court herein and the affidavit of Frank Gleeson made June 24, 2021; and being advised that it is Satellos Bioscience Inc.'s intention to rely upon the exemption from the registration requirements of the United States Securities Act of 1933, as amended (the "1933 Act"), provided by Section 3(a)(10) of the 1933 Act, with respect to the issuance of securities of iCo Therapeutics Inc. in exchange for securities of Satellos Bioscience Inc. under the proposed plan of arrangement based on the Court's approval of the arrangement;

THIS COURT ORDERS that:

1. Satellos Bioscience Inc. ("**Satellos**") may call, and hold on August 3, 2021, at 10:00 a.m. (Vancouver time), via videoconference, a special meeting (the "**Meeting**") of the shareholders (the "**Satellos Shareholders**") of its issued and outstanding common shares (each share a "**Satellos Share**"), to consider, and if thought advisable, to pass, with or

without variation, a special resolution approving a proposed arrangement involving Satellos, its securityholders, and iCo Therapeutics Inc. pursuant to an arrangement agreement dated March 21, 2021 (the “**Arrangement Agreement**”).

2. Satellos will call and hold the Meeting in accordance with the Notice of Meeting described in paragraph 3 of the Interim Order (the “**Interim Order**”), the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44, as amended (the “**CBCA**”), its articles and applicable securities laws, the terms of the Interim Order and any further order of this Court, the rulings and directions of the Chair of the Meeting, such rulings and directions not be inconsistent with the terms of this Interim Order, and to the extent of any inconsistency, the terms of the Interim Order will govern.

3. Satellos will mail or deliver to Satellos Shareholders, in paper or electronic format, or any combination of those, the Notice of Meeting, form of proxy, letter of transmittal, and the joint management information circular (the “**Information Circular**”) included in Exhibit “B” to the affidavit of Frank Gleeson made June 24, 2021 (the “**Gleeson Affidavit**”), (collectively, the “**Meeting Materials**”). The Notice of Meeting and Information Circular will be substantially in the form contained in Exhibit “B” to the Gleeson Affidavit, with such amendments as counsel for Satellos may advise are necessary or desirable, provided they are not inconsistent with the terms of the Interim Order. Satellos will mail or deliver the Meeting Materials to Satellos Shareholders at least 21 days before the date of the Meeting, excluding the dates of mailing or delivery and the Meeting. That mailing and delivery will be valid and timely notice of the Meeting by Satellos to the Satellos Shareholders.

4. The Information Circular, including the Notice of Hearing of Petition (the “**Notice Materials**”) in substantially the same form as contained in Exhibit “B” and Exhibit “C” to the Gleeson Affidavit, with such deletions, amendments or additions thereto as counsel for Satellos may advise are necessary or desirable, provided that such amendments are not inconsistent with the terms of the Interim Order, shall be sent by prepaid ordinary mail or by email transmission to the holders of options to purchase Satellos Shares (the “**Satellos Optionholders**”) and to the holders of warrants to purchase Satellos Shares (the “**Satellos Warrantholders**”), at least 21 days before the date of the Meeting, excluding the dates of

mailing or delivery and the Meeting, and that such mailing, delivery and distribution will be valid and timely notice of the Petition.

5. The persons entitled to receive notice of the Meeting and to vote at the Meeting, in person or by proxy, will be the Satellos Shareholders of record as of the close of business on June 24, 2021. A representative of iCo Therapeutics Inc. is entitled to attend the Meeting.

6. The accidental omission to give notice of the Meeting to, or the non-receipt of notice by, any Satellos Shareholder, Satellos Optionholder or Satellos Warrantholder will not invalidate any resolution passed or proceeding taken at the Meeting.

7. The resolution approving the proposed arrangement, set forth in the plan of arrangement (the “**Arrangement**”) attached to the Information Circular, will be effective if passed by not less than 66 2/3% of the votes cast by Satellos Shareholders, voting as a single class, attending in person or by proxy at the Meeting.

8. Satellos may adjourn or postpone the Meeting from time to time without the need for the approval of this Court.

9. The adjournment or postponement of the Meeting will not change the record date for the Meeting.

10. In all other respects, the terms, restrictions and conditions of Satellos’ constating documents, including quorum requirements, apply in respect of the Meeting.

11. Registered Satellos Shareholders will be entitled to dissent in respect of the Arrangement, provided that such Satellos Shareholders strictly comply with the dissent procedures set forth in section 190 of the CBCA, as modified by Article 3 of the Arrangement and this Interim Order (“**Dissent Right**”).

12. In order for a registered Satellos Shareholder to exercise the Dissent Right:

- (a) a dissenting Satellos Shareholder shall, despite subsection 190(5) of the CBCA, deliver a written objection to Satellos not later than 10:00 a.m. (Vancouver time) on July 30, 2021 or in the case of any postponement or adjournment of the

Meeting, not less than 48 hours, Saturdays, Sundays and holidays excepted, prior to the time of the postponed or adjourned meeting. Satellos' address for delivery for such purpose is Borden Ladner Gervais LLP, Waterfront Centre, 200 Burrard Street, Suite 1200, Vancouver, BC V7X 1T2 Attention: Steve Warnett;

- (b) a dissenting Satellos Shareholder shall not have voted his, her or its common shares at the Meeting, either by proxy or in person, in favour of the Arrangement resolutions;
- (c) a vote against the Arrangement resolutions or an abstention shall not constitute the written objection required under subparagraph (a);
- (d) a dissenting Satellos Shareholder may not exercise rights of dissent in respect of only a portion of such dissenting Satellos Shareholder's common shares but may dissent only with respect to all of the common shares held by such person; and
- (e) the exercise of such right of dissent must otherwise comply with the requirements of Section 190 of the CBCA, as modified by the Article 3 of the Arrangement, the Interim Order and the Final Order.

13. Satellos Shareholders who duly exercise the Dissent Right and who are ultimately determined to be entitled to be paid fair value for their Satellos common shares shall be deemed to have transferred such Satellos Shares as of the Effective Time, as defined in the Arrangement, to Satellos in consideration of a payment of cash by Satellos equal to such fair value. In no case shall Satellos be required to recognize such Satellos Shareholders as Satellos Shareholders at and after the Effective Time, the names of such Satellos Shareholders shall be removed from Satellos' register of shareholders as of the Effective Date, and the dissenting Satellos Shareholders will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Right in respect of such Satellos Shares. If a dissenting Satellos Shareholder ultimately is not entitled, for any reason, to be paid fair value for such Satellos common shares, such dissenting Satellos Shareholders will be deemed to have

participated in the Arrangement on the same basis as a non-dissenting holder of Satellos Shares.

14. On approval of the Arrangement resolution attached as Appendix “A” to the Information Circular (the “**Arrangement Resolution**”) at the Meeting as described in the Interim Order, Satellos may apply to this Court for a final order approving the Arrangement (the “**Final Order**”), at the Courthouse at 800 Smithe Street, Vancouver, British Columbia, on August 5, 2021, at 9:45 a.m., or as soon afterward as practicable.

15. The mailing or delivery of the Meeting Materials and Notice Materials will be valid and timely service of the Interim Order, this Petition and the Gleeson Affidavit on, and notice of hearing of the Petition to, all persons entitled to be served or to receive notice. No other form of service or notice need be made or given. No other material need be served on those persons in respect of this proceeding.

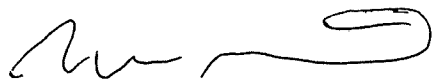
16. Any securityholder of Satellos may appear on the application for approval of the proposed Arrangement by this Court, provided they file with this Court and deliver to the lawyers for Satellos by 4:00 p.m. (Vancouver Time) on August 3, 2021, a response to petition setting out their address for service and all evidence they intend to present to this Court.

17. If the application for approval of the proposed Arrangement is adjourned, only those persons who have filed and delivered a response, in accordance with paragraph 16 above, need to be notified of the adjourned date.

18. Satellos is at liberty to apply to vary the Interim Order.

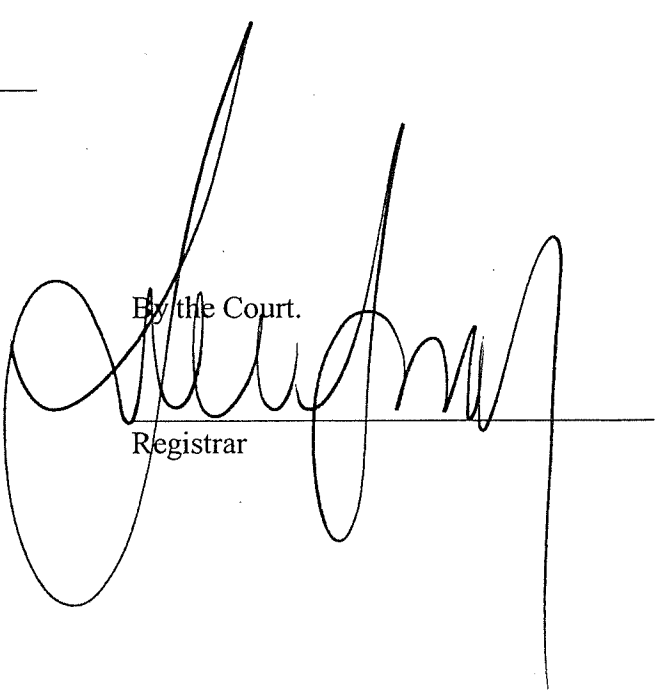
19. Rules 8-1, 8-2 and 16-1 of the Supreme Court Civil Rules will not apply to any further applications in respect of this proceeding, including the application for approval of the proposed Arrangement and any application to vary the Interim Order.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Signature of Stephen T.C. Warnett
Borden Ladner Gervais LLP

☐ party ☒ lawyer for petitioner,
Satellos Bioscience Inc.



By the Court.

Registrar

No.
Vancouver Registry

In the Supreme Court of British Columbia

In the Matter of the *Canada Business Corporations Act*,
R.S.C., 1985, c. C-44, as amended

In the Matter of a Proposed Arrangement among
Satellos Bioscience Inc., its securityholders and iCo Therapeutics Inc.

Satellos Bioscience Inc.

Petitioner

ORDER MADE AFTER APPLICATION

BORDEN LADNER GERVAIS LLP
1200 Waterfront Centre
200 Burrard Street
P.O. Box 48600
Vancouver, British Columbia
V7X 1T2
Telephone: (604) 687-5744
Attn: Stephen T.C. Warnett

APPENDIX C

NOTICE OF HEARING

S 216027

No.
Vancouver Registry



In the Supreme Court of British Columbia

In the Matter of the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44, as amended

In the Matter of a Proposed Arrangement among
Satellos Bioscience Inc., its securityholders and iCo Therapeutics Inc.

Satellos Bioscience Inc.

Petitioner

NOTICE OF HEARING

To: The securityholders of Satellos Bioscience Inc.

And to: THE DIRECTOR UNDER THE CANADA BUSINESS CORPORATIONS ACT
Corporations Canada
Innovation, Science and Economic Development Canada
C.D. Howe Building
235 Queen Street
Ottawa, Ontario K1A 0H5
Attention: Ray Edwards

TAKE NOTICE that the petition of Satellos Bioscience Inc., dated June 24, 2021 will be heard by telephone at the courthouse at 800 Smithe Street, in the City of Vancouver, in the Province of British Columbia, on August 5, 2021, at 9:45 a.m.

1. Date of hearing

The petition is unopposed.

2. Duration of hearing

The hearing will take 15 minutes.

3. Jurisdiction

This matter is not within the jurisdiction of a master because it seeks a final order.

Date: June 24, 2021



Signature of Stephen T.C. Warnett

☐ Petitioners ☒ lawyer for Petitioners

BORDEN LADNER GERVAIS LLP

1200 Waterfront Centre

200 Burrard Street

P.O. Box 48600

Vancouver, BC V7X 1T2

Tel: (604) 640-4189

Email: swarnett@blg.com

No.
Vancouver Registry

In the Supreme Court of British Columbia

In the Matter of the *Canada Business Corporations Act*,
R.S.C., 1985, c. C-44, as amended

In the Matter of a Proposed Arrangement among
Satellos Bioscience Inc., its securityholders and iCo Therapeutics Inc.

Satellos Bioscience Inc.

Petitioner

NOTICE OF HEARING

STW/eb

341876/0000003

BORDEN LADNER GERVAIS LLP
1200 Waterfront Centre
200 Burrard Street
P.O. Box 48600
Vancouver, British Columbia
V7X 1T2
Telephone: (604) 640-4189
Attention: Stephen T.C. Warnett

APPENDIX D
ARRANGEMENT AGREEMENT

SATELLOS BIOSCIENCE INC.

– and –

ICO THERAPEUTICS INC.

ARRANGEMENT AGREEMENT

DATED March 21, 2021

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ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT dated March 21, 2021,

BETWEEN:

SATELLOS BIOSCIENCE INC., a corporation existing under the federal laws of Canada ("**Satellos**")

- and -

ICO THERAPEUTICS INC., a corporation existing under the laws of the Province of British Columbia ("**iCo**")

WHEREAS:

- A. The Satellos Board has determined that the Arrangement is in the best interests of Satellos and that the Consideration Shares to be received by the Satellos Shareholders pursuant to the Arrangement based on the Exchange Ratio is fair, from a financial point of view, to the Satellos Shareholders.
- B. The Satellos Board has approved the transactions contemplated by this Agreement and determined to recommend approval of the Arrangement to the Satellos Shareholders.
- C. The iCo Board has unanimously determined that the Arrangement is in the best interests of iCo. The iCo Board has approved the transactions contemplated by this Agreement and unanimously determined to recommend approval of the Arrangement to the iCo Shareholders.
- D. Satellos and iCo intend that the Arrangement be effected by way of Plan of Arrangement under the provisions of the CBCA, and in furtherance of the Arrangement, the Satellos Board has agreed to submit the Arrangement Resolution to the Satellos Shareholders and the Court for approval and the iCo Board has agreed to submit the iCo Resolution to the iCo Shareholders for approval.
- E. The directors, officers and certain shareholders of iCo have entered into Satellos Lock-Up Agreements pursuant to which, among other things, they have agreed to vote in favour of the iCo Resolution, on the terms and subject to the conditions set forth in the Satellos Lock-Up Agreements.
- F. The directors, officers and certain shareholders of Satellos have entered into iCo Lock-Up Agreements pursuant to which, among other things, they have agreed to vote in favour of the Arrangement Resolution, on the terms and subject to the conditions set forth in the iCo Lock-Up Agreements.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto covenant and agree as follows:

ARTICLE 1 **INTERPRETATION**

1.1 Definitions

In this Agreement, unless the context otherwise requires:

“Acceptable Confidentiality Agreement” has the meaning ascribed thereto in Section 7.1(c)(ii);

“Acquisition Proposal” means, other than the transactions involving the Parties contemplated by this Agreement, any offer, proposal, expression of interest, or inquiry from any Person or group of Persons acting jointly or in concert (within the meaning of National Instrument 62-104 – *Take-Over Bids and Issuer Bids*), whether or not in writing and whether or not delivered to the shareholders of a Party, made after the date hereof and that relates to:

- (i) any acquisition, sale, disposition, alliance, joint venture or purchase, direct or indirect, whether in a single transaction or a series of related transactions, of: (a) the assets of the Party and/or one or more of its subsidiaries that, individually or in the aggregate, constitute 20% or more of the consolidated assets of the Party and its subsidiaries taken as a whole; or (b) 20% or more of any voting or equity securities of the Party or any of its subsidiaries whose assets, individually or in the aggregate, constitute 20% or more of the consolidated assets of the Party and its subsidiaries;
- (ii) any take-over bid, tender offer, exchange offer, treasury issuance or other transaction for any class of equity securities of the Party or any of its subsidiaries that, if consummated, would result in any such Person beneficially owning 20% or more of any equity securities of the Party or any of its subsidiaries whose assets, individually or in the aggregate, constitute 20% or more of the consolidated assets of the Party and its subsidiaries; or
- (iii) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving the Party or any of its subsidiaries whose assets, individually or in the aggregate, constitute 20% or more of the consolidated assets of the Party and its subsidiaries; or
- (iv) any other similar transaction or series of transactions involving the Party or any of its subsidiaries;

“affiliate” has the meaning ascribed thereto in the Securities Act;

“Agreement” means this arrangement agreement, together with the schedules, appendices and exhibits attached hereto, as it may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof;

“Arm’s Length” has the meaning ascribed thereto in the Tax Act;

“Arrangement” means the arrangement under Section 192 of the CBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments

or variations thereto in accordance with Section 9.1 hereof or Section 6.01 of the Plan of Arrangement or at the direction of the Court in the Interim Order or Final Order;

“Arrangement Resolution” means the special resolution of the Satellos Shareholders, approving the Plan of Arrangement, to be considered at the Satellos Meeting, substantially in the form attached as Schedule B, subject to any amendments or variations thereto in accordance with Section 9.1 hereof and Section 6.01 of the Plan of Arrangement or at the direction of the Court in the Interim Order or Final Order;

“Articles of Arrangement” means the articles of arrangement of Satellos to be filed in connection with the Arrangement and required by subsection 192(6) of the CBCA, such articles to be filed with the Registrar after the Final Order has been granted, giving effect to the Arrangement, and which shall be in a form and content satisfactory to Satellos and iCo, each acting reasonably;

“Business Day” means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Vancouver, British Columbia;

“CBCA” means the *Canada Business Corporations Act* and the regulations made thereunder, as promulgated or amended from time to time, and includes any successor thereto;

“CFPOA” means the *Corruption of Foreign Public Officials Act*, S.C. 1998, c. 34, as amended;

“Change in Recommendation” has the meaning ascribed thereto in Section 8.2(c)(ii);

“Concurrent Financing” means a private placement of subscription receipts of iCo at a price to be determined in the market for not less than \$6,000,000;

“Confidentiality Agreement” means the confidentiality agreement between Satellos and iCo dated September 23, 2020, as it may be amended from time to time in accordance with its terms;

“Consideration Shares” means the iCo Shares to be issued to the Satellos Shareholders pursuant to the Plan of Arrangement;

“Consolidation” means the consolidation of the iCo Shares at a ratio of 60 iCo Shares for every 1 post consolidation iCo Share;

“Continuation” means the continuation of iCo from the laws of the Province of British Columbia to the laws of Canada;

“Contract” means any contract, agreement, license, franchise, lease, arrangement or other contractual right or obligation to which a Party or any of its subsidiaries is a party or by which it or any of its subsidiaries is bound or affected or to which any of their respective properties or assets is subject;

“Convertible Note” means the convertible promissory note issued by Satellos, as set forth in the Satellos Disclosure Letter;

“Court” means the Supreme Court of British Columbia;

“Depository” means any nationally recognized trust company, bank or financial institution engaged by iCo and Satellos for the purpose of, among other things, receiving Letters of Transmittal (as defined in the Plan of Arrangement) receiving deposits of certificates formerly representing Satellos Shares and distributing certificates representing the Consideration Shares;

“Dissent Rights” means the rights of Satellos Shareholders to dissent in respect of the Arrangement described in the Plan of Arrangement;

“Effective Date” means the date upon which the Arrangement becomes effective, as set out in the Plan of Arrangement;

“Effective Time” means the time on the Effective Date that the Arrangement becomes effective, as set out in the Plan of Arrangement;

“Environmental Laws” means all applicable federal, provincial, state, local and foreign Laws, imposing liability or standards of conduct for, or relating to, the regulation of activities, materials, substances or wastes in connection with, or for, or to, the protection of human health, safety, the environment or natural resources (including ambient air, surface water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and vegetation);

“Environmental Liabilities” means, with respect to any Person, all liabilities, reclamation costs, costs of remediation, investigation costs, capital costs, operation and maintenance costs, losses, damages, (including punitive damages, property damages and consequential damages), costs and expenses, fines, penalties and sanctions incurred as a result of, or related to, any claim, suit, action, administrative order, investigation, proceeding, demand or cost recovery action by any Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law arising under, or related to, any Environmental Laws, Environmental Permits, or in connection with any Release or threatened Release or presence of a Hazardous Substance whether on, at, in, under, from or about or in the vicinity of any real or personal property;

“Environmental Permits” means all Permits, licenses, written authorizations, certificates, approvals, program participation requirements, sign-offs, orders or registrations required by or available with or from any Governmental Entity under any Environmental Laws;

“Exchange Ratio” means 30.11 iCo Shares for each Satellos Share, which will result in the Satellos Shareholders immediately prior to the Effective Time owning, in aggregate, 370,000,000 of the issued and outstanding iCo Shares immediately after the Effective Time;

“Expense Reimbursement Fee” has the meaning ascribed thereto in Section 8.3(b);

“Expense Reimbursement Fee Event” has the meaning ascribed thereto in Section 8.3(b);

“FCPA” means the *Foreign Corrupt Practices Act of 1977*, of the United States;

“Final Application” has the meaning ascribed thereto in Section 2.2(b)(iv);

“Final Order” means the final order of the Court approving the Arrangement pursuant to Section 192 of the CBCA, after a hearing upon the fairness of the terms and conditions of the Arrangement, in a form acceptable to Satellos and iCo, acting reasonably, as such order may be amended by the Court at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

“Governmental Entity” means any applicable: (a) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (b) subdivision, agent, commission, board or authority of any of the foregoing; (c) quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or (d) the TSX-V;

“Hazardous Substance” means any pollutant, contaminant, waste or chemical or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous or deleterious substance, or material, including petroleum, polychlorinated biphenyls, asbestos and urea-formaldehyde insulation, and any other material or contaminant deemed under any Environmental Law to be deleterious to the environment or worker or public health or safety;

“iCo Board” means the board of directors of iCo as the same is constituted from time to time;

“iCo Circular” means the notice of the iCo Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, and information incorporated by reference in such management information circular, to be sent to the iCo Shareholders in connection with the iCo Meeting, as amended, supplemented or otherwise modified from time to time, which for greater certainty may be a joint circular with the Satellos Circular;

“iCo Disclosure Letter” means the disclosure letter executed by iCo and delivered to Satellos on the date hereof in connection with the execution of this Agreement;

“iCo Fairness Opinion” has the meaning ascribed thereto in Section 3.1(a)(i);

“iCo Financial Statements” has the meaning ascribed thereto in Section 3.1(j);

“iCo IP” means: (a) all Intellectual Property relating to the iCo Products in which iCo and its subsidiaries have an ownership interest; (b) all other Intellectual Property which iCo and its subsidiaries use and exploit in connection with the manufacture, use, testing, sale, licence or other commercialization of the iCo Products; and (c) all Intellectual Property in which iCo and its subsidiaries have an ownership interest;

“iCo Lock-Up Agreements” means the lock-up agreements between iCo and each of the directors and officers and certain shareholders of Satellos, substantially in the form of Schedule E;

“iCo Meeting” means the special meeting of iCo Shareholders, including any adjournment or postponement thereof, to be held to consider, among other things, the iCo Resolution;

“iCo Nominee” means any one nominee to be selected by iCo prior to completion of the Arrangement, provided that such director nominee shall be selected from Persons that are directors and/or officers of iCo as of the date of this Agreement;

“iCo Options” means the outstanding options to purchase iCo Shares granted under or otherwise subject to the iCo Stock Option Plan, as set forth in the iCo Disclosure Letter;

“iCo Products” has the meaning set out in the iCo Disclosure Letter;

“iCo Public Disclosure Record” means all documents and information filed by iCo under applicable Securities Laws on the System for Electronic Document Analysis Retrieval (SEDAR), during the three years prior to the date hereof, which are publicly available as of the date hereof or as of the Effective Date;

“iCo Resolution” means the ordinary resolutions of the iCo Shareholders approving the Arrangement, the Consolidation, the Name Change and the Continuation, to be considered at the iCo Meeting;

“iCo Shareholder Approval” has the meaning ascribed to such term in Section 2.2(a)(ii);

“iCo Shareholders” means the holders of iCo Shares;

“iCo Shares” means the common shares in the authorized share structure of iCo, as currently constituted;

“iCo Stock Option Plan” means the Amended and Restated Stock Option Plan (2020) of iCo, as amended from time to time;

“iCo Warrants” means the outstanding warrants to purchase iCo Shares, as set forth in the iCo Disclosure Letter;

“IFRS” means International Financial Reporting Standards as developed and adopted by the International Accounting Standards Board from time to time;

“including” means including without limitation, and **“include”** and **“includes”** each have a corresponding meaning;

“Intellectual Property” means United States and Canadian, foreign and international patents, patent applications, including provisional applications, statutory invention registrations, invention disclosures, inventions, trademarks, service marks, trade names, domain names, URLs, trade dress, logos and other source identifiers, including registrations and applications for registration thereof, together with the goodwill symbolized by any of the foregoing, copyrights, including registrations and applications for registration thereof, software, formulae, trade secrets, know-how, methods, processes, protocols, specifications, techniques, and other forms of technology (whether or not embodied in any tangible form and including all tangible embodiments of the foregoing, such as laboratory notebooks, samples, studies and summaries), and all rights under, in or to any of the foregoing that may exist or be created under the Laws of any jurisdiction in the world;

“Interim Order” means the interim order of the Court made in connection with the Arrangement in a form acceptable to Satellos and iCo, acting reasonably, providing for, among other things, the calling and holding of the Satellos Meeting, as the same may be

amended, supplemented or varied by the Court with the consent of the Parties, acting reasonably;

“Key Regulatory Approvals” means those sanctions, rulings, consents, orders, exemptions, Permits and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Entities set out in Schedule C hereto;

“Key Third Party Consents” means those consents, approvals and notices required from any third party to proceed with the transactions contemplated by this Agreement and the Plan of Arrangement, set out in Schedule D hereto;

“Law” or **“Laws”** means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgements, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity, and the term **“applicable”** with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are applicable to such Party or its business, undertaking, assets, property or securities and emanate from a Person having jurisdiction over the Party or Parties or its or their business, undertaking, assets, property or securities;

“Legal Proceeding” means any action, suit, litigation, arbitration, proceeding, (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, inquiry, audit, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any court or other Governmental Entity or any arbitrator or arbitration panel;

“Liens” means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances and adverse rights or claims, other third Person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;

“Material Adverse Effect” means, in respect of a Party, any change, event, development or occurrence that is, or could reasonably be expected to be, either individually or in the aggregate with other such changes, events, developments or occurrences, material and adverse to the business, condition (financial or otherwise), properties, assets (tangible or intangible), liabilities (including any contingent liabilities), operations or results of operations of that Party and its subsidiaries, taken as a whole, other than any change, event, development or occurrence resulting from or relating to: (i) the announcement of the execution of this Agreement or the transactions contemplated hereby; (ii) general political, economic or financial conditions in Canada or the United States; (iii) the state of securities or commodity markets in general; (iv) the commencement, continuation or worsening of any state of emergency, pandemic (including any worsening of the COVID-19 pandemic), epidemic, disease outbreak, health crisis, public health event, war, armed hostilities or acts of terrorism; (v) any decrease in the trading price or any decline in the trading volume of that Person’s securities (it being understood that the causes underlying such change in trading price or trading volume (other than those in items (i) to (iv) above and (vi) to (viii) below) may be taken into account in determining whether a Material Adverse Effect has occurred); (vi) any actions taken (or omitted to be taken) by a Party upon the written request

of any other Party; (vii) any changes in applicable Laws or IFRS, including authoritative interpretations thereof; or (viii) earthquakes, hurricanes, other natural disasters or acts of god, except in the case of (ii), (iii), (iv), (vii) and (viii) to the extent such event, change, development or occurrence has a material and disproportionate adverse effect on the business of the Party and its subsidiaries, taken as a whole, as compared to other companies of similar size operating in the industry in which it operates;

“material change” has the meaning ascribed thereto in the Securities Act;

“Material Contracts” means, in respect of either Party, any Contract: (i) which, if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Material Adverse Effect on such Party; (ii) under which such Party or any of its subsidiaries has directly or indirectly guaranteed any liabilities or obligations of a third party (other than ordinary course endorsements for collection) in excess of \$50,000; (iii) relating to indebtedness for borrowed money, whether incurred, assumed, guaranteed or secured by any asset, with an outstanding principal amount in excess of \$50,000; (iv) providing for the establishment, organization or formation of any partnership or joint venture; (v) under which such Party or any of its subsidiaries is obligated to make or expects to receive payments in excess of \$50,000 over the remaining term of the Contract; (vi) that limits or restricts such Party or any of its subsidiaries from engaging in any line of business or any geographic area in any material respect; (vii) any capital lease or any other lease or other Contract relating to tangible personal property providing for annual rental payments in excess of \$50,000; (viii) any lease in respect of real property; (ix) under which such Party is, or may become, obligated to pay any amount in respect of indemnification obligations, purchase price adjustment or otherwise in connection with any (a) acquisition or disposition of assets or securities (other than the sale of inventory in the ordinary course of business), (b) merger, consolidation or other business combination or (c) series or group of related transactions or events of the type specified in the immediately preceding clauses (a) and (b); (x) under which any other Person has guaranteed any debt of such Party; (xi) under which such Party is, or may become, obligated to incur or pay any severance payment or special compensation obligations which would become payable by reason of this Agreement or the transactions contemplated hereby; (xii) that is a profit sharing, equity option, equity purchase, equity appreciation, deferred compensation, severance or other plan or arrangement for the benefit of such Party’s current or former directors, shareholders, officers or employees, consultants or independent contractors; (xiii) in respect of any settlement, conciliation or similar arrangement or obligation imposing an obligation on such Party after the Effective Date; (xiv) relating to any Intellectual Property; or (xv) that is otherwise material to such Party and its subsidiaries, considered as a whole; and, for greater certainty, in respect of iCo includes the Material Contracts listed in Section 3.1(r) of the iCo Disclosure Letter, and in respect of Satellos, includes the Material Contracts listed in Section 4.1(r) of the Satellos Disclosure Letter;

“material fact” has the meaning ascribed thereto in the Securities Act;

“MD&A” has the meaning ascribed thereto in Section 3.1(j);

“Name Change” means the proposed name change of iCo from “iCo Therapeutics Inc.” to “Satellos Bioscience Inc.”, or such other name as may be agreed to by iCo and Satellos and accepted by relevant regulatory authorities;

“Outside Date” means June 30, 2021, or such later date as may be agreed to in writing by the Parties;

“Parties” means Satellos and iCo, and **“Party”** means any one of them;

“Permit” means any license, permit, certificate, consent, order, grant, approval, classification, registration or other authorization of and from any Governmental Entity;

“Person” includes an individual, partnership, association, body corporate, trust, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

“Plan of Arrangement” means the plan of arrangement, substantially in the form and on the terms set out in Schedule A hereto, and any amendments or variations thereto made in accordance with Section 9.1 or the Plan of Arrangement;

“Post-Closing Amalgamation” means the short form amalgamation of iCo and Satellos immediately following the Effective Time;

“Registered IP” means all Intellectual Property that is registered, filed or issued with, by or under the authority of any Governmental Entity, including all patents, registered copyrights, registered mask works, and registered trademarks and all applications for any of the foregoing;

“Registrar” has the meaning ascribed to such term in the CBCA;

“Release” means any release, spill, emission, leaking, pumping, pouring, emitting, emptying, escape, injection, deposit, disposal, discharge, dispersal, dumping, leaching or migration of Hazardous Substance in the indoor or outdoor environment, including the movement of Hazardous Substance through or in the air, soil, surface water, groundwater or property;

“Replacement Option” means an option to purchase iCo Shares granted by iCo in exchange for Satellos Options pursuant to the Plan of Arrangement;

“Representatives” means, collectively, in respect of a Person, (a) its directors, officers, employees, agents, representatives and any financial advisor, law firm, accounting firm or other professional firm retained to assist the Person in connection with the transactions contemplated in this Agreement, and (b) the Person’s affiliates and subsidiaries and the directors, officers, employees, agents and representatives and advisors thereof;

“Response Period” has the meaning ascribed to such term in Section 7.3(a);

“Returns” means all reports, forms, elections, designations, information statements and returns (whether in tangible, electronic or other form) including any amendments, schedules, attachments, supplements, appendices and exhibits thereto relating to, or required to be filed or prepared in connection with any Taxes;

“Satellos Board” means the board of directors of Satellos as the same is constituted from time to time;

“Satellos Circular” means the notice of the Satellos Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, to be sent to the Satellos Shareholders in connection with the Satellos Meeting, as

amended, supplemented or otherwise modified from time to time, which for greater certainty may be a joint circular with the iCo Circular;

“Satellos Disclosure Letter” means the disclosure letter executed by Satellos and delivered to iCo on the date hereof in connection with the execution of this Agreement;

“Satellos Fairness Opinion” has the meaning ascribed thereto in Section 3.1(a)(i);

“Satellos Financial Statements” has the meaning ascribed thereto in Section 4.1(j);

“Satellos IP” means: (a) all Intellectual Property relating to the Satellos Products in which Satellos and its subsidiaries have an ownership interest; and (b) all other Intellectual Property which Satellos and its subsidiaries use and exploit in connection with the manufacture, use, testing, sale, licence or other commercialization of the Satellos Products;

“Satellos Lock-Up Agreements” means the lock-up agreements between Satellos and each of the directors and officers and certain shareholders of iCo, substantially in the form of Schedule F;

“Satellos Meeting” means the annual and special meeting of Satellos Shareholders, including any adjournment or postponement thereof, to be held to consider, among other things, the Arrangement Resolution;

“Satellos Nominees” means any six nominees to be selected by Satellos prior to completion of the Arrangement;

“Satellos Options” means the outstanding options to purchase Satellos Shares granted under or otherwise subject to the Satellos stock option plan, as set forth in the Satellos Disclosure Letter;

“Satellos Products” has the meaning set out in the Satellos Disclosure Letter;

“Satellos Shareholder Approval” has the meaning ascribed thereto in Section 2.2(a)(ii);

“Satellos Shareholders” means the holders of Satellos Shares;

“Satellos Shares” means the common shares in the authorized share capital of Satellos, as currently constituted;

“Satellos Warrants” means the outstanding warrants to purchase Satellos Shares, as set forth in the Satellos Disclosure Letter;

“Section 3(a)(10) Exemption” has the meaning ascribed thereto in Section 2.2(b);

“Securities Act” means the *Securities Act* (British Columbia) and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated or amended from time to time;

“Securities Authorities” means the securities commissions in each of the provinces of British Columbia, Alberta and Ontario;

“Securities Laws” means the Securities Act, together with all other applicable provincial securities laws, rules, instruments and regulations and published policies thereunder, as now in effect and as they may be promulgated or amended from time to time;

“Spin Out” means the transfer of all assets of iCo with respect to the “oral formulation of Amphotericin” from iCo to a wholly-owned subsidiary of iCo;

“subsidiary” means, with respect to any specified Person, any other Person of which such specified Person will, at the time, directly or indirectly through one or more subsidiaries, (a) own at least 50% of the outstanding shares, (b) hold at least 50% of the partnership, limited liability company, joint venture or similar interests or (c) be a general partner, managing member or joint venturer;

“Superior Proposal” means any bona fide Acquisition Proposal made in writing by a third party or third parties acting jointly or in concert with one another, who deal at Arm’s Length to iCo or Satellos, as the case may be, after the date hereof that, in the good faith determination of the iCo Board or the Satellos Board, as applicable, after receipt of advice from its outside financial advisor and legal counsel: (i) is reasonably capable of being completed in accordance with its terms without undue delay, taking into account all legal, financial, regulatory and other aspects of such proposal and the party making such proposal; (ii) is not subject to any financing condition and in respect of which any required financing to complete such Acquisition Proposal has been demonstrated to be available to the satisfaction of the iCo Board or Satellos Board, as the case may be, acting reasonably; (iii) is not subject to a due diligence or access condition; (iv) did not result from a material breach of Section 7.1 or Section 7.2 of this Agreement, by the receiving Party or its Representatives; (v) in the case of a transaction that involves the acquisition of common shares of a Party, is made available to all iCo Shareholders or Satellos Shareholders, as the case may be, on the same terms and conditions; (vi) failure to recommend such Acquisition Proposal to the iCo Shareholders or Satellos Shareholders, as the case may be, would be inconsistent with the iCo Board’s fiduciary duties or the Satellos Board’s fiduciary duties, respectively; (vii) complies with Securities Laws in all material respects; and (viii) taking into account all of the terms and conditions of such Acquisition Proposal, if consummated in accordance with its terms (but not assuming away any risk of non-completion), would result in a transaction more favourable to its shareholders, taken as a whole, from a financial point of view, than the Arrangement (after taking into account any adjustment to the terms and conditions of the Arrangement proposed by the other Party pursuant to Section 7.3(b) of this Agreement);

“Superior Proposal Notice” has the meaning ascribed thereto in Section 7.3(a);

“Tax Act” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;

“Taxes” in respect of a Party means: (a) any and all taxes, imposts, levies, withholdings, duties, fees, premiums, assessments and other charges of any kind, however denominated and instalments in respect thereof, including any interest, penalties, fines or other additions that have been, are or will become payable in respect thereof, imposed by any Governmental Entity, including for greater certainty all income or profits taxes (including Canadian federal, provincial and territorial income taxes), payroll and employee withholding taxes, employment taxes, unemployment insurance, disability taxes, social insurance taxes, sales and use taxes, *ad valorem* taxes, excise taxes, goods and services taxes, harmonized sales taxes, franchise taxes, gross receipts taxes, capital taxes, business

license taxes, royalties, alternative minimum taxes, estimated taxes, abandoned or unclaimed (*escheat*) taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, severance taxes, workers' compensation, Canada, British Columbia and other government pension plan premiums or contributions and other governmental charges and other obligations of the same or of a similar nature to any of the foregoing, which such Party or any of its subsidiaries is required to pay, withhold or collect, together with any interest, penalties or other additions to tax that may become payable in respect of such taxes, and any interest in respect of such interest, penalties and additions whether disputed or not; and (b) any liability for the payment of any amount described in clause (a) of this definition as a result of being a member of an affiliated, consolidated, combined or unitary group for any period, as a result of any Tax sharing or Tax allocation agreement, arrangement or understanding, or as a result of being liable to another Person's Taxes as a transferee or successor, by contract or otherwise;

"Termination Fee" has the meaning ascribed thereto in Section 8.3(b);

"Termination Fee Event" has the meaning ascribed thereto in Section 8.3(b);

"TSX-V" means the TSX Venture Exchange;

"U.S. Securities Act" means the *United States Securities Act* of 1933 as the same has been, and hereinafter from time to time may be, amended;

"U.S. Tax Code" means the *United States Internal Revenue Code* of 1986, as amended;

"United States" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia; and

"Voluntary Escrow Agreement" means the escrow agreement to be entered into between iCo and the holders of Satellos Shares whereby such Satellos Shareholders shall voluntarily agree to a contractual escrow of all of the Consideration Shares that they receive in exchange for their Satellos Shares pursuant to the Arrangement for a twelve (12) month period, subject to the following release schedule: (i) 1/3 of the Consideration Shares on the date that is four (4) months following the Effective Date; (ii) 1/3 of the Consideration Shares on the date that is eight (8) months following the Effective Date; and, (iii) 1/3 of the Consideration Shares on the date that is twelve (12) months following the Effective Date.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section or Schedule by number or letter or both refer to the Article, Section or Schedule, respectively, bearing that designation in this Agreement.

1.3 Number and Gender

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and *vice versa*, and words importing gender include all genders.

1.4 Date for Any Action

If the date on or by which any action is required or permitted to be taken hereunder by a Party is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

1.5 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada and "\$" or "CAD\$" refers to Canadian dollars.

1.6 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature required to be made shall be made in a manner consistent with IFRS consistently applied.

1.7 Knowledge

In this Agreement:

- (a) references to "the knowledge of iCo" mean the actual collective knowledge of William Jarosz, Michael Liggett, Susan Koppy and Peter Hnik in their capacities as officers of iCo, each of whom will be deemed to additionally have knowledge of all such matters as he or she would have discovered, had he or she made reasonable inquiries, including reasonable inquiries of the officers and directors of iCo and its subsidiaries; and
- (b) references to "the knowledge of Satellos" mean the actual collective knowledge of Frank Gleeson, Dr. Michael Rudnicki and John Holyoake in their capacities as officers of Satellos, each of whom will be deemed to additionally have knowledge of all such matters as he would have discovered, had he made reasonable inquiries, including reasonable inquiries of the officers and directors of Satellos and its subsidiaries.

1.8 Schedules

The following Schedules are annexed to this Agreement and are incorporated by reference into this Agreement and form a part hereof:

- Schedule A - Plan of Arrangement
- Schedule B - Arrangement Resolution
- Schedule C - Key Regulatory Approvals
- Schedule D - Key Third Party Consents
- Schedule E - Form of iCo Lock-Up Agreement
- Schedule F - Form of Satellos Lock-Up Agreement

ARTICLE 2

THE ARRANGEMENT

2.1 Arrangement and Meetings

Satellos and iCo agree that:

- (a) the Arrangement will be implemented in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement; and
- (b) unless one or both of the Satellos Meeting and the iCo Meeting is postponed or adjourned in accordance with the terms of this Agreement, the Satellos Meeting and the iCo Meeting shall be held on the same day and at the same time, and the Parties agree to take such actions from time to time as may be necessary in order to ensure that this occurs.

2.2 Court Orders

Satellos shall apply to the Court, in a manner acceptable to iCo, acting reasonably, pursuant to Section 192 of the CBCA for the Interim Order and the Final Order as follows:

- (a) As soon as reasonably practicable following the date of execution of this Agreement, but in any event not later than April 30, 2021, Satellos shall prepare, file, proceed with and diligently prosecute an application to the Court for the Interim Order which shall provide, among other things:
 - (i) for the class of Persons to whom notice is to be provided in respect of the Arrangement and the Satellos Meeting and the manner in which such notice is to be provided;
 - (ii) that the requisite approval for the Arrangement Resolution shall be at least 66⅔% of the votes cast on the Arrangement Resolution by Satellos Shareholders, present in person or represented by proxy at the Satellos Meeting (the “**Satellos Shareholder Approval**”);
 - (iii) that in all other respects, other than as ordered by the Court, the terms, conditions and restrictions of the Satellos constating documents, including quorum requirements and other matters, shall apply in respect of the Satellos Meeting;
 - (iv) for the grant of the Dissent Rights to registered holders of Satellos Shares, which Dissent Rights shall provide for written objection to any Arrangement Resolution to be sent to Satellos by such Satellos Shareholders who wish to dissent at least two days before the Satellos Meeting;
 - (v) for notice requirements with respect to the presentation of the application to the Court for the Final Order;
 - (vi) that the Satellos Meeting may be adjourned or postponed from time to time by management of Satellos without the need for additional approval of the Court; and

- (vii) that the record date for Satellos Shareholders entitled to notice of and to vote at the Satellos Meeting will not change in respect of any adjournment(s) or postponement(s) of the Satellos Meeting, unless required by applicable Laws.
- (b) The Parties agree that the Arrangement will be carried out with the intention that all Consideration Shares issued to the Satellos Shareholders and Replacement Options issued to the holders of the Satellos Options pursuant to the Arrangement will be issued and exchanged in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof (the **"Section 3(a)(10) Exemption"**). In order to ensure the availability of the Section 3(a)(10) Exemption, the Parties agree that the Arrangement will be carried out on the following basis:
- (i) the Arrangement will be subject to the approval of the Court;
 - (ii) the Court will be advised as to the intention of the Parties to rely on the Section 3(a)(10) Exemption based on the Court's approval of the Arrangement prior to the hearing of the Court required to approve the Arrangement;
 - (iii) the Court will be invited to satisfy itself and find, prior to approving the Arrangement, that the Arrangement is fair and reasonable, both procedurally and substantively, to the Satellos Shareholders;
 - (iv) Satellos will ensure that: each Satellos Shareholder entitled to receive Consideration Shares pursuant to the Arrangement will be given adequate notice advising such Satellos Shareholder of his or her right to attend the hearing of the Court with respect to the application for the Final Order (the **"Final Application"**) and provide each with sufficient information necessary for him or her to exercise that right;
 - (v) each Satellos Shareholder in the United States entitled to receive Consideration Shares will be advised that the Consideration issued pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act and will be issued by iCo in reliance on the Section 3(a)(10) Exemption, and may be subject to restrictions on resale under the applicable securities laws of the United States, including Rule 144 under the U.S. Securities Act with respect to affiliates of Satellos and iCo;
 - (vi) the Interim Order will specify that each Satellos Shareholder have the right to appear before the Court at the Final Application so long as they enter an appearance within a reasonable time;
 - (vii) the Final Order shall include statements substantially to the following effect:

in the preamble to the Final Order:

"AND UPON BEING ADVISED by counsel for Satellos Bioscience Inc. that this Court's approval of the arrangement and its determination that the arrangement and the procedures followed by Satellos Bioscience Inc. are fair to the persons to be issued securities or to have securities made

issuable to them pursuant to the arrangement will serve as the basis of a claim to an exemption from the registration requirements of the United States Securities Act of 1933, as amended, pursuant to Section 3(a)(10) thereof, regarding the distribution of securities of iCo Therapeutics Inc. pursuant to the Plan of Arrangement”; and

as a term of the Final Order:

“The Arrangement is fair and reasonable, both procedurally and substantively, to the Satellos Shareholders.”;

- (viii) under no circumstances shall iCo offer cash consideration to any Satellos Shareholders for Satellos Shares.
- (c) iCo shall take all steps as may be required to cause the securities to be issued under the Plan of Arrangement to be issued pursuant to an exemption from the prospectus and registration requirements of applicable Securities Laws and not be subject to resale restrictions under applicable Securities Laws (other than as applicable to control persons or pursuant to Section 2.6 of National Instrument 45-102 – *Resale of Securities*).

2.3 **Satellos Meeting**

Subject to receipt of the Interim Order and the terms of this Agreement:

- (a) Satellos agrees to convene and conduct the Satellos Meeting for the purposes of considering the Arrangement Resolution in accordance with the Interim Order, Satellos’ constating documents and applicable Laws as soon as reasonably practicable and in any event on or before May 31, 2021; provided, however, that if Satellos receives an Acquisition Proposal within seven Business Days prior to the date scheduled for the Satellos Meeting, then the Satellos Board shall be permitted to postpone or adjourn that meeting for a period of up to 15 days in order to review and consider such Acquisition Proposal and, if the Satellos Board ultimately determines it to be a Superior Proposal, to observe and satisfy the Response Period, all as contemplated in Article 7 and Article 9 hereof (and to postpone the Satellos Meeting to a day not more than five Business Days following the expiry of the Response Period, if requested by iCo to do so); and provided further that, in exercising the right to postpone or adjourn set out in this Section 2.3(a), Satellos shall not be permitted to change the record date for its meeting, unless required by applicable Law. For purposes of this Section 2.3(a), all references to “20%” in the definition of “Acquisition Proposal” shall instead be references to “51%”.
- (b) Satellos will schedule the Satellos Meeting on the same day and at the same time as the iCo Meeting. Satellos will not adjourn, postpone or cancel the Satellos Meeting without the prior written consent of iCo, not to be unreasonably withheld, except as required to align with the iCo Meeting or as otherwise permitted herein or as required for quorum purposes (in which case, the Satellos Meeting shall be adjourned and not cancelled) or as required by applicable Laws or a Governmental Entity.
- (c) Subject to the terms of this Agreement, and compliance by the directors and officers of Satellos with their fiduciary duties, Satellos will use all commercially reasonable

efforts to solicit proxies in favour of the approval of the Arrangement Resolution in compliance with any Laws applicable to the solicitation of proxies. Satellos shall advise iCo as iCo may reasonably request, and on a daily basis on each of the last ten (10) Business Days prior to the Satellos Meeting, as to the aggregate tally of the proxies received by Satellos in respect of the Arrangement Resolution.

- (d) Satellos will promptly advise iCo of any written notice of dissent or purported exercise by any Satellos Shareholder of Dissent Rights received by Satellos in relation to the Arrangement Resolution and any withdrawal of Dissent Rights received by Satellos and, subject to applicable Law, any written communications sent by or on behalf of Satellos to any Satellos Shareholder exercising or purporting to exercise Dissent Rights in relation to the Arrangement Resolution. Subject to applicable Law, Satellos shall provide a copy of any written communication it proposes to send to any Satellos Shareholder exercising or purporting to exercise Dissent Rights in relation to the Arrangement Resolution and provide iCo and its Representatives a reasonable period of time to review and comment on such written communication prior to Satellos' transmitting such communication to such Satellos Shareholder, and Satellos shall give reasonable and good faith consideration to all additions, deletions or changes suggested thereto by iCo and its Representatives.
- (e) Within three days of execution of this Agreement and as soon as practicable after the record date for the Satellos Meeting, Satellos will deliver to iCo a list of the holders of Satellos Shares, and will deliver to iCo thereafter on demand supplemental lists setting out any changes thereto.

2.4 Satellos Circular

- (a) Subject to iCo's compliance with Section 2.4(c), Satellos shall prepare the Satellos Circular in compliance with all applicable Laws and file the Satellos Circular on a timely basis, after obtaining the Interim Order and in any event on or before April 30, 2021, in all jurisdictions where the same is required to be filed and mail the same as required by the Interim Order and in accordance with all applicable Laws, in all jurisdictions where the same is required.
- (b) Subject to iCo's compliance with Section 2.4(c), Satellos shall ensure that the Satellos Circular complies with applicable Laws, and, without limiting the generality of the foregoing, that the Satellos Circular does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than in each case with respect to any information relating to iCo and provided by iCo in writing) and shall provide Satellos Shareholders with information in sufficient detail to permit them to form a reasoned judgement concerning the matters to be placed before them at the Satellos Meeting. Subject to Sections 7.1 to 7.3, the Satellos Circular will include a copy of the Satellos Fairness Opinion, a statement that the Satellos Board has received the Satellos Fairness Opinion, the recommendation of all of the members of the Satellos Board, other than those directors that recused themselves due to conflicts, that Satellos Shareholders vote in favour of the Arrangement Resolution, and a statement that each director, officer and certain shareholders of Satellos intends to vote all of such director's, officer's and shareholder's Satellos Shares in favour of

the Arrangement Resolution, subject to the other terms of this Agreement and the Satellos Lock-Up Agreements.

- (c) iCo will, in a timely manner, furnish to Satellos all such information regarding iCo its affiliates and its securities as may be reasonably required by Satellos in the preparation of the Satellos Circular and other documents related thereto. iCo shall ensure that no such information will include any untrue statement of a material fact or omit to state a material fact required to be stated in the Satellos Circular in order to make any information so furnished or any information concerning iCo, its affiliates and its securities not misleading in light of the circumstances in which it is disclosed. iCo shall use commercially reasonable efforts to obtain any necessary consents from any of its auditors and any other advisors to the use of any financial, technical or other expert information required to be included in the Satellos Circular and to the identification in the Satellos Circular of each such advisor.
- (d) iCo and its Representatives shall be given a reasonable opportunity to review and comment on the Satellos Circular, prior to the Satellos Circular being printed and mailed to Satellos Shareholders, and Satellos shall give reasonable consideration to all additions, deletions or changes suggested thereto by iCo and its Representatives; provided that all information relating to iCo included in the Satellos Circular shall be in form and content satisfactory to iCo, acting reasonably. Satellos shall provide iCo with a final copy of the Satellos Circular prior to mailing to the Satellos Shareholders.
- (e) iCo and Satellos shall each promptly notify the other if at any time before the Effective Date, any of them becomes aware (in the case of iCo only with respect to iCo and in the case of Satellos only with respect to Satellos) that the Satellos Circular contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Satellos Circular, and the Parties shall cooperate in the preparation of any amendment or supplement to the Satellos Circular, as required or appropriate, and Satellos shall promptly mail or otherwise publicly disseminate any amendment or supplement to the Satellos Circular to Satellos Shareholders and, if required by the Court or applicable Laws, file the same with the Securities Authorities or any other Governmental Entity and as otherwise required.

2.5 iCo Meeting

Subject to the terms of this Agreement:

- (a) iCo agrees to convene and conduct the iCo Meeting for the purposes of considering the iCo Resolution in accordance with iCo's constating documents and applicable Laws as soon as reasonably practicable and in any event on or before May 31, 2021; provided, however, that if iCo receives an Acquisition Proposal within seven Business Days prior to the date scheduled for the iCo Meeting, then the iCo Board shall be permitted to postpone or adjourn that meeting for a period of up to 15 days in order to review and consider such Acquisition Proposal and, if the iCo Board ultimately determines it to be a Superior Proposal, to observe and satisfy the Response Period, all as contemplated in Article 7 and Article 9 hereof (and to postpone the iCo Meeting to a day not more than five Business Days following the

expiry of the Response Period, if requested by Satellos to do so); and provided further that, in exercising the right to postpone or adjourn set out in this Section 2.5(a), iCo shall not be permitted to change the record date for its meeting, unless required by applicable Law. For purposes of this Section 2.5(a), all references to “20%” in the definition of “Acquisition Proposal” shall instead be references to “51%”.

- (b) iCo will schedule the iCo Meeting on the same day and at the same time as the Satellos Meeting. iCo will not adjourn, postpone or cancel the iCo Meeting without the prior written consent of Satellos, not to be unreasonably withheld, except as required to align with the Satellos Meeting or as otherwise permitted herein or as required for quorum purposes (in which case, the iCo Meeting shall be adjourned and not cancelled) or as required by applicable Laws or a Governmental Entity.
- (c) Subject to the terms of this Agreement, and compliance by the directors and officers of iCo with their fiduciary duties, iCo will use all commercially reasonable efforts to solicit proxies in favour of the approval of the iCo Resolution, including, if so requested by Satellos and at Satellos’ cost, by using proxy solicitation services, designated by Satellos, in compliance with any Laws applicable to the solicitation of proxies. iCo shall instruct iCo’s transfer agent and any such proxy solicitation agents to report to Satellos concurrently with their reports to iCo, and to advise Satellos as Satellos may reasonably request, and on a daily basis on each of the last ten (10) Business Days prior to the iCo Meeting, as to the aggregate tally of the proxies received by iCo in respect of the iCo Resolution.
- (d) Within three days of execution of this Agreement and as soon as practicable after the record date for the iCo Meeting, iCo will deliver or cause to be delivered by its transfer agent and provided to Satellos a list of the holders of iCo Shares, and will deliver to Satellos thereafter on demand supplemental lists setting out any changes thereto.

2.6 iCo Circular

- (a) Subject to Satellos’ compliance with Section 2.6(c), iCo shall prepare the iCo Circular in compliance with applicable Laws and file the iCo Circular on a timely basis, and in any event on or before April 30, 2021 in all jurisdictions where the same is required to be filed and mail the same as required by the Interim Order and in accordance with all applicable Laws, in all jurisdictions where the same is required. Without limiting the generality of the foregoing, iCo shall, in consultation with Satellos, use all commercially reasonable efforts to abridge the timing contemplated by National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, as provided in Section 2.20 thereof.
- (b) Subject to Satellos’ compliance with Section 2.6(c), iCo shall ensure that the iCo Circular complies with applicable Laws, and, without limiting the generality of the foregoing, that the iCo Circular does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than in each case with respect to any information relating to Satellos and provided by Satellos in writing) and shall provide iCo Shareholders with information in sufficient detail to permit them to form a reasoned judgement concerning the matters to be placed before them at the iCo Meeting.

Subject to Sections 7.1 to 7.3, the iCo Circular will include a copy of the iCo Fairness Opinion, a statement that the iCo Board has received the iCo Fairness Opinion, and the unanimous recommendation of the iCo Board that iCo Shareholders vote in favour of the Arrangement Resolution, and a statement that each director, officer and certain shareholders of iCo intends to vote all of such director's, officer's and shareholder's iCo Shares in favour of the iCo Resolution, subject to the other terms of this Agreement and the iCo Lock-Up Agreements.

- (c) Satellos will, in a timely manner, furnish to iCo all such information regarding Satellos, its affiliates and its securities as may be reasonably required by iCo in the preparation of the iCo Circular and other documents related thereto. Satellos shall ensure that no such information will include any untrue statement of a material fact or omit to state a material fact required to be stated in the iCo Circular in order to make any information so furnished or any information concerning Satellos, its affiliates and its securities not misleading in light of the circumstances in which it is disclosed. Satellos shall also provide iCo with disclosure regarding Satellos that is reasonably sufficient to allow iCo to rely upon the Section 3(a)(10) Exemption with respect to the distribution of the Consideration Shares and Replacement Options pursuant to the transactions described herein, and iCo shall include such disclosure in the form provided by Satellos in the iCo Circular.
- (d) Satellos and its Representatives shall be given a reasonable opportunity to review and comment on the iCo Circular, prior to the iCo Circular being printed and mailed to iCo Shareholders and filed with the Securities Authorities, and iCo shall give reasonable consideration to all additions, deletions or changes suggested thereto by Satellos and its Representatives; provided that all information relating to Satellos included in the iCo Circular shall be in form and content satisfactory to Satellos, acting reasonably. iCo shall provide Satellos with a final copy of the iCo Circular prior to mailing to the iCo Shareholders.
- (e) iCo and Satellos shall each promptly notify the other if at any time before the Effective Date, any of them becomes aware (in the case of iCo only with respect to iCo and in the case of Satellos only with respect to Satellos) that the iCo Circular contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the iCo Circular, and the Parties shall cooperate in the preparation of any amendment or supplement to the iCo Circular, as required or appropriate, and iCo shall promptly mail or otherwise publicly disseminate any amendment or supplement to the iCo Circular to iCo Shareholders and, if required by the Court or applicable Laws, file the same with the Securities Authorities or any other Governmental Entity and as otherwise required.

2.7 Final Order

If (i) the Interim Order is obtained, and (ii) the Arrangement Resolution is passed at the Satellos Meeting by the Satellos Shareholders as provided for in the Interim Order and as required by applicable Law, subject to the terms of this Agreement, Satellos shall as soon as reasonably practicable thereafter and in any event within three (3) Business Days thereafter take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to Section 192 of the CBCA.

2.8 Court Proceedings

Subject to the terms of this Agreement, iCo will cooperate with, assist and consent to Satellos seeking the Interim Order and the Final Order, including by providing Satellos on a timely basis any information required to be supplied by iCo in connection therewith. Satellos will provide legal counsel to iCo with a reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, and will give reasonable consideration to all such comments. Satellos will also provide legal counsel to iCo on a timely basis with copies of any notice of appearance or notice of intent to oppose and any evidence served on Satellos or its legal counsel in respect of the application for the Interim Order or the Final Order or any appeal therefrom. Subject to applicable Law, Satellos will not file any material with the Court in connection with the Arrangement or serve any such material, and will not agree to modify or amend materials so filed or served, except as contemplated hereby or with iCo's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed; provided that nothing herein shall require iCo to agree or consent to any modifications or amendments to such filed or served materials that expand or increase iCo's obligations set forth in this Agreement. In addition, Satellos will not object to legal counsel to iCo making submissions on the hearing of the motion for the Interim Order and the application for the Final Order as such counsel considers appropriate; *provided that*, Satellos is advised of the nature of any submissions prior to the hearing and such submissions are consistent with this Agreement and the Plan of Arrangement.

2.9 Effect on the Arrangement and Effective Date

Subject to the satisfaction or, where not prohibited by applicable Law, the waiver of the conditions set forth in Article 6 by the applicable Party for whose benefit such conditions exist (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited by applicable Law, the waiver of those conditions as of the Effective Date by the applicable Party for whose benefit such conditions exist), upon the Arrangement Resolution having been approved by the Satellos Shareholders at the Satellos Meeting, in accordance with the Interim Order, the iCo Resolution having been approved by the iCo Shareholders at the iCo Meeting, and Satellos obtaining the Final Order, the Arrangement shall be effective at the Effective Time on the Effective Date, whereupon, the transactions comprising the Arrangement shall be deemed to occur in the order set out in the Plan of Arrangement without any further act or formality. From and after the Effective Time, the Plan of Arrangement shall have all the effects provided by applicable Law, including the CBCA.

2.10 Payment of Consideration

iCo shall, prior to the filing by Satellos of the Articles of Arrangement with the Registrar: (i) provide or cause to be provided the Depositary with an irrevocable direction for the issuance of the Consideration Shares (the terms and conditions of such escrow and direction to be satisfactory to Satellos and iCo, acting reasonably) and any treasury directions addressed to iCo's transfer agent as may be necessary, in order to pay and deliver the Consideration Shares as provided in the Plan of Arrangement; and (ii) issue and deliver the Replacement Options to the holders of Satellos Options as provided in the Plan of Arrangement. .

2.11 Preparation of Filings

The Parties shall cooperate in the preparation of any application for the Key Regulatory Approvals and any other orders, registrations, consents, filings, rulings, exemptions, no-action letters and approvals and the preparation of any documents reasonably deemed by either of them

to be necessary to discharge its respective obligations or otherwise advisable under applicable Laws in connection with this Agreement or the Plan of Arrangement.

2.12 Announcement and Shareholder Communications

iCo and Satellos shall issue a joint press release with respect to this Agreement and the Arrangement promptly following the execution of this Agreement, the text of such announcement to be in a form approved by each of iCo and Satellos in advance, acting reasonably and without delay. Each Party shall consult with the other Party prior to issuing any other press releases or otherwise making public written statements with respect to the Arrangement or this Agreement and shall provide the other Party with a reasonable opportunity to review and comment on all such press releases or public written statements prior to the release thereof. iCo and Satellos agree to cooperate in the preparation of presentations, if any, to Satellos Shareholders regarding the Plan of Arrangement; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any disclosure or filing required under applicable Laws or stock exchange rules, and the Party making such disclosure shall use all commercially reasonable efforts to give prior oral or written notice to the other Party and reasonable opportunity to review or comment on the disclosure or filing, and if such prior notice is not possible, to give such notice immediately following the making of such disclosure or filing. For the avoidance of doubt, the foregoing shall not prevent either Party from making internal announcements to employees and having discussions with shareholders and financial analysts and other stakeholders so long as such statements and announcements are consistent with the most recent news releases, public disclosures or public statements made by the Parties. Without limiting the generality of the foregoing and for greater certainty, Satellos acknowledges and agrees that iCo shall file, in accordance with Securities Laws, this Agreement, together with a material change report related thereto, under iCo's profile on SEDAR.

2.13 Withholding Taxes

iCo, Satellos and the Depositary shall be entitled to deduct and withhold from all dividends, distributions, other payments or other consideration payable to any Person such amounts as iCo, Satellos or the Depositary is required or permitted to deduct and withhold with respect to such payment under the Tax Act, the U.S. Tax Code or any provision of any applicable federal, provincial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Person in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

2.14 iCo Board

iCo shall take all necessary actions to ensure that upon the completion of the Arrangement the iCo Board will be reconstituted such that the iCo Board will be comprised solely of the Satellos Nominees and the iCo Nominee and shall ensure that the Satellos Nominees and the iCo Nominee are nominated for election as directors of iCo at the iCo next annual general meeting of iCo Shareholders.

2.15 Adjustment of Consideration Shares

If on or after the date hereof, either Party, with the prior written consent of the other Party: (a) splits, consolidates or reclassifies any of its common shares; (b) undertakes any other capital reorganization; or (c) declares, sets aside or pays any dividend or other distribution to its

shareholders of record as of a time prior to the Effective Date, the Parties hereto shall make such adjustments to the Arrangement, including the number or fraction of Consideration Shares deliverable per Satellos Share under the Arrangement, as they determine acting in good faith to be necessary to restore the original intention of the Parties in the circumstances and to provide to Satellos Shareholders the same economic effect as contemplated by this Agreement and the Plan of Arrangement prior to such action.

ARTICLE 3 **REPRESENTATIONS AND WARRANTIES OF ICO**

3.1 Representations and Warranties

iCo hereby represents and warrants to and in favour of Satellos as follows, except to the extent that such representations and warranties are qualified by the iCo Disclosure Letter (which shall make reference to the applicable section, subsection, paragraph or subparagraph below in respect of which such qualification is being made), and acknowledges that Satellos is relying upon such representations and warranties in connection with the entering into of this Agreement:

- (a) Fairness Opinion and Board Approval. As of the date hereof:
 - (i) the iCo Board has received the opinion of Evans & Evans, Inc. to the effect that, as of the date of such opinion, based upon and subject to the assumptions, qualifications, limitations and other matters considered in connection with the preparation of such opinion, the Exchange Ratio is fair to iCo (the “**iCo Fairness Opinion**”); and
 - (ii) the iCo Board, after consultation with its financial and legal advisors, has determined that the Arrangement is in the best interests of iCo and that the Exchange Ratio is fair to iCo and accordingly has resolved unanimously to recommend to the iCo Shareholders that they vote in favour of the iCo Resolution. The iCo Board has approved the Arrangement and the execution and performance of this Agreement.
- (b) Organization and Qualification; Subsidiaries. Each of iCo and its subsidiaries is a corporation duly incorporated, amalgamated, continued or created and validly existing under the applicable Laws of its jurisdiction of incorporation, continuance or creation and has all necessary corporate or legal power and capacity to own its property and assets as now owned and to carry on its business as it is now being conducted. A true and complete copy of the constating documents of iCo has been provided to Satellos. Each of iCo and its subsidiaries is duly registered, licensed or otherwise authorized and qualified to do business and each is in good standing in each jurisdiction in which the character of its properties, owned, leased, licensed or otherwise held, or the nature of its activities, makes such qualification necessary, except where the failure to be so registered or in good standing or to have such Permits would not have, or be expected to have, a Material Adverse Effect on iCo. No steps or proceedings have been taken by any Person, voluntary or otherwise, requiring or authorizing the dissolution or winding up of iCo.
- (c) Authority Relative to this Agreement. iCo has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by iCo as contemplated by this Agreement, and to perform its obligations hereunder and under such other agreements and

instruments. The execution and delivery of this Agreement by iCo and the performance by iCo of its obligations under this Agreement have been duly authorized by the iCo Board and except for obtaining iCo Shareholder Approval in the manner contemplated herein, no other corporate proceedings on its part are necessary to authorize this Agreement or the Arrangement. This Agreement has been duly executed and delivered by iCo and, constitutes a legal, valid and binding obligation of iCo, enforceable against iCo in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

- (d) No Violations. Neither the authorization, execution and delivery of this Agreement by iCo nor the completion of the transactions contemplated by this Agreement or the Arrangement, nor the performance of its obligations hereunder or thereunder, nor the compliance by iCo with any of the provisions hereof will:
- (i) result in a violation or breach of, constitute a default (or an event which, with notice or lapse of time or both, would become a default), require any consent or approval to be obtained or notice to be given under, or give rise to any third party right of termination, cancellation, suspension, acceleration, penalty or payment obligation or right to purchase or sale under, any provision of:
 - (A) its or any iCo subsidiary's notice of articles, articles or other comparable organizational documents;
 - (B) any material Permit or Material Contract to which iCo or any of the iCo subsidiaries is a party or to which any of them, or any of their respective properties or assets, may be subject or by which iCo or any of the iCo subsidiaries is bound; or
 - (C) any Laws, regulation, order, judgment or decree applicable to iCo or the iCo subsidiaries, or any of their respective properties or assets;
 - (ii) give rise to any rights of first refusal or trigger any change in control provisions, rights of first offer or first refusal or any similar provisions or any restrictions or limitations under any material note, bond, mortgage, indenture, Material Contract, license, franchise or Permit to which iCo or its subsidiaries is a party;
 - (iii) give rise to any termination or acceleration of indebtedness, or cause any third party indebtedness to come due before its stated maturity or cause any available credit to cease to be available;
 - (iv) result in the imposition of any Lien upon any of the property or assets of iCo or its subsidiaries or restrict, hinder, impair or limit the ability of either iCo or its subsidiaries to conduct its business as and where it is now being conducted which would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on iCo; or

- (v) result in any material payment (including retention, severance, unemployment compensation, golden parachute, bonus or otherwise) becoming due to any director, officer or employee of iCo or any of the iCo subsidiaries, or increase any benefit payable to such director, officer or employee by iCo or any of the iCo subsidiaries, or result in the acceleration of the time of payment or vesting of any such benefits.
- (e) Required Consents. No consents, approvals or notices are required from any third party under any Material Contracts of iCo or any of the iCo subsidiaries in order for iCo and its subsidiaries to proceed with the execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement and the Arrangement pursuant to the Plan of Arrangement.
- (f) Capitalization. The authorized share capital of iCo consists of an unlimited number of iCo Shares. As of the close of business on March 17, 2021, there were issued and outstanding 174,027,713 iCo Shares. As of the close of business on March 17, 2021, an aggregate of up to 3,285,000 iCo Shares were issuable upon the exercise of iCo Options and an aggregate of up to 46,974,000 iCo Shares were issuable upon the exercise of iCo Warrants. Section 3.1(f) of the iCo Disclosure Letter sets forth with respect to each iCo Options and iCo Warrant outstanding as of the date of this Agreement, (i) the number of iCo Shares issuable therefor; (ii) the purchase price payable therefor upon the exercise thereof, as applicable; and (iii) the date on which such security was granted or issued. Except for the iCo Options, iCo Warrants and the Plan of Arrangement, there are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever requiring or which may require the issuance, sale or transfer by iCo of any securities of iCo (including iCo Shares), or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any securities of iCo (including iCo Shares) or any subsidiary of iCo. All outstanding iCo Shares have been duly authorized and validly issued, are fully paid and non-assessable, and all iCo Shares issuable upon the exercise of iCo Options and iCo Warrants in accordance with their respective terms have been duly authorized and, upon issuance, will be validly issued as fully paid and non-assessable, and are not and will not be subject to, or issued in violation of, any pre-emptive rights or any applicable rules or policies of the TSX-V. All securities of iCo (including the iCo Shares, the iCo Options and the iCo Warrants) have been issued in compliance with all applicable Laws and Securities Laws. Other than the iCo Options and iCo Warrants, there are no securities of iCo or of any of its subsidiaries outstanding which have the right to vote generally (or are convertible into or exchangeable for securities having the right to vote generally) with the iCo Shareholders on any matter. There are no outstanding contractual or other obligations of iCo or any of its subsidiaries to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any outstanding securities of any of its subsidiaries. There are no outstanding bonds, debentures or other evidences of indebtedness of iCo or any of its subsidiaries having the right to vote with the holders of the outstanding iCo Shares on any matters. iCo has provided Satellos with a true and complete copy of the iCo Stock Option Plan and there are no contracts, commitments, agreements, arrangements or understandings between (A) iCo or any of its subsidiaries on the one hand and (B) any current holder of iCo Options, warrants and other convertible securities of iCo on the other, which would

result in any such security vesting solely as a result of the Arrangement. All dividends or distributions on securities of iCo that have been declared or authorized have been paid.

- (g) Ownership of Subsidiaries. Section 3.1(g) of the iCo Disclosure Letter lists, as of the date hereof, each iCo subsidiary (including its jurisdiction of incorporation or formation). Other than as set out in the iCo Disclosure Letter, all of the outstanding shares of, or other equity interests in, each iCo subsidiary is, directly or indirectly, owned by iCo. All the issued and outstanding shares of, or other equity interests in, each such iCo subsidiary owned by iCo, to the extent applicable, have been validly issued and are fully paid and non-assessable and are owned directly or indirectly by iCo free and clear of all Liens, free of any restriction on the right to vote, sell or otherwise dispose of such shares or other equity or similar interests, and no Person has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming a right, agreement or option, for the purchase of any interest in any of such shares or for the issue or allotment of any unissued shares in the capital of any iCo subsidiaries or any other security convertible into or exchangeable for any such shares. Except as set forth in Section 3.1(g) of the iCo Disclosure Letter, iCo does not own, directly or indirectly any shares of, or other voting securities or equity or similar interests in, any corporation, partnership, joint venture, association, limited liability company or other entity or Person.
- (h) Reporting Status and Securities Laws Matters. iCo is a “reporting issuer” and not on the list of reporting issuers in default under applicable Canadian provincial Securities Laws in each of the Provinces of British Columbia, Alberta and Ontario. The iCo Shares are listed on the TSX-V, and iCo is in compliance with the rules and policies of the TSX-V and of applicable Securities Laws in all material respects. iCo is not subject to regulation by any other stock exchange. No delisting, suspension of trading in or cease trading order with respect to any securities of iCo and, to the knowledge of iCo, no inquiry or investigation (formal or informal) of any Securities Authority or the TSX-V is in effect or ongoing or, to the knowledge of iCo, expected to be implemented or undertaken. As of the date of this Agreement, iCo has not taken any action to cease to be a reporting issuer in any province or territory of Canada nor has iCo received notification from any Securities Authority to revoke the reporting issuer status of iCo.
- (i) Public Filings. iCo has filed all material documents required to be filed by it in accordance with applicable Securities Laws with the Securities Authorities and the TSX-V. All such documents and information comprising the iCo Public Disclosure Record, as of their respective dates (or, if amended, as of the date of such amendment), (1) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, and (2) complied in all material respects with the requirements of applicable Securities Laws, and any amendments to the iCo Public Disclosure Record required to be made have been filed on a timely basis with the Securities Authorities and the TSX-V. iCo has not filed any confidential material change report with any Securities Authorities or the TSX-V that at the date of this Agreement remains confidential. To the knowledge of iCo, neither iCo nor any of the iCo Public Disclosure Record is subject to an ongoing audit, review, comment or investigation by any Securities Authorities or the TSX-V.

- (j) iCo Financial Statements. iCo's audited consolidated financial statements as at and for the fiscal year ended December 31, 2019 (including the notes thereto), the auditor's report thereon and related management's discussion and analysis ("MD&A") and iCo's unaudited consolidated financial statements as at and for the nine months ended September 30, 2020 (collectively, the "**iCo Financial Statements**") were prepared in accordance with IFRS consistently applied (except as such statements are otherwise indicated in such financial statements and the notes thereto and subject to normal period-end adjustments (none of which are material, individually or in the aggregate) and may omit notes which are not required by applicable Laws in the unaudited statements) and present fairly in all material respects the consolidated financial condition, results of operations, changes in financial position of iCo and its subsidiaries as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal period-end adjustments, none of which are material, individually or in the aggregate) and reflect reserves required by IFRS in respect of all material contingent liabilities, if any, of iCo and its subsidiaries on a consolidated basis. There has been no material change in iCo's accounting policies, except as described in the notes to the iCo Financial Statements, since December 31, 2019.
- (k) Financial Reporting. iCo has not failed to disclose any information regarding any event, circumstance or action taken or failed to be taken within the knowledge of iCo as at the date of this Agreement which could reasonably be expected to have a Material Adverse Effect on iCo. To the knowledge of iCo, prior to the date of this Agreement there is and has been no fraud, whether or not material, involving management or any other employees who have a significant role in the financial reporting of iCo. Since December 31, 2019, iCo has received no: (x) complaints from its auditors, the TSX-V or any Governmental Entity regarding accounting, internal accounting controls or auditing matters; or (y) expressions of concern from employees of iCo or any iCo subsidiary regarding questionable accounting or auditing matters.
- (l) Books and Records. The financial books, records and accounts of iCo and its subsidiaries: (i) have been maintained in all material respects in accordance with applicable Laws and IFRS on a basis consistent with prior years; (ii) are stated in reasonable detail and accurately and fairly reflect the transactions, acquisitions and dispositions of the assets of iCo and its subsidiaries in all material respects; and (iii) accurately and fairly reflect the basis for iCo Financial Statements.
- (m) Minute Books. The corporate minute books of iCo and its subsidiaries contain minutes of all meetings and resolutions of its board of directors, committees of such board of directors and shareholders, as applicable, other than those reflecting discussions of the Arrangement, and are complete and accurate in all material respects. No material meeting, resolution or proceeding of any such shareholders, directors or committees of the board of directors of iCo or any of its subsidiaries has been held or passed that has not been reflected in such minute books.
- (n) No Undisclosed Liabilities. iCo and its subsidiaries have no outstanding indebtedness, liability or obligation (including liabilities or obligations to fund any operations or work or exploration program, to give any guarantees or for Taxes), whether accrued, absolute, contingent or otherwise, and are not party to or bound by any suretyship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar commitment with respect to the obligations,

liabilities or indebtedness of any Person, other than those (i) fully disclosed or reflected or reserved in the iCo Financial Statements, (ii) disclosed in Schedule 3.1(n) of the iCo Disclosure Letter or (iii) pursuant to this Agreement or the Plan of Arrangement.

- (o) No Material Change. Since September 30, 2020, except as contemplated by this Agreement or as set out in the iCo Disclosure Letter:
- (i) Each of iCo and its subsidiaries has conducted its business only in the ordinary and regular course of business;
 - (ii) there has not occurred any event that constituted or with the passage of time would constitute a Material Adverse Effect in respect of iCo and its subsidiaries taken as a whole;
 - (iii) other than in connection with this Agreement and the Plan of Arrangement and the Consolidation, iCo has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding iCo Shares;
 - (iv) iCo has not effected any material change in its accounting methods, principles or practices;
 - (i) there has been no dividend or distribution of any kind declared, paid or made by iCo on any iCo Shares or any other securities of iCo;
 - (ii) the business and property of iCo and its subsidiaries conform in all material respects to the description thereof contained in the iCo Public Disclosure Record and there has not been any acquisition or sale by iCo or any of its subsidiaries of any material property or assets;
 - (iii) other than in the ordinary course of business consistent with past practice, there has not been any incurrence, assumption or guarantee by iCo or any of its subsidiaries of any debt for borrowed money, any creation or assumption by iCo or any of its subsidiaries of any Lien or any making by iCo or any of its subsidiaries of any loan, advance or capital contribution to or investment in any other Person; and
 - (iv) there has not been any material increase in or modification of the compensation payable to or to become payable by iCo or any of its subsidiaries to any of their respective directors, officers, employees or consultants or any grant to any such director, officer, employee or consultant of any material increase in severance or termination pay or any material increase or modification of any bonus, pension, insurance or benefit arrangement (including the granting of iCo Options pursuant to the iCo Stock Option Plan) made to, for or with any of such directors, officers, employees or consultants.
- (p) Litigation. There is no claim, action, suit, grievance, complaint, proceeding or investigation that has been commenced or, to the knowledge of iCo, is threatened affecting iCo or the iCo subsidiaries or affecting any of their respective property or assets or Intellectual Property at law or in equity before or by any Governmental

Entity, including matters arising under Environmental Laws, which, individually or in the aggregate, if determined adversely to iCo or the iCo subsidiaries, as the case may be, has or could reasonably be expected to result in liability to iCo in excess of \$50,000. Neither iCo nor any of the iCo subsidiaries nor their respective assets or properties is subject to any outstanding judgment, order, writ, injunction or decree.

(q) Taxes.

- (i) iCo has filed or caused or will cause to be filed all Returns required to be filed by applicable Law on or before the Effective Date. All such Returns are or will be correct and complete in all material respects. iCo has timely paid all Taxes that are due and payable by iCo, including all instalments on account of taxes for the current year that are due and payable by iCo whether or not assessed (or reassessed) by the appropriate Governmental Entity, and has, as applicable, timely remitted such Taxes to the appropriate Governmental Entity under applicable Law. iCo and its subsidiaries have no liability for unpaid Taxes that, in the aggregate, would be expected to have a Material Adverse Effect on iCo. There are no Liens for Taxes upon any of the assets or properties of iCo except Liens for current Taxes not yet due and payable.
- (ii) There is no material dispute or claim, including any audit, investigation or examination by any Governmental Entity, actual, pending or, to the knowledge of iCo, threatened, concerning any Tax liability of iCo, no written notice of such an audit, investigation, examination, material dispute or claim has been received by iCo.
- (iii) iCo has not requested, or entered into any agreement or other arrangement, or executed any waiver providing for, any extension of time within which:
 - (A) to file any Return (which has not since been filed) in respect of any Taxes for which iCo is or may be liable;
 - (B) to file any elections, designations or similar filings relating to Taxes (which have not since been filed) for which iCo is or may be liable;
 - (C) iCo is required to pay or remit any Taxes or amounts on account of Taxes (which have not since been paid or remitted); or
 - (D) any Governmental Entity may assess or collect Taxes for which iCo is liable.
- (iv) iCo has duly and timely deducted, collected or withheld from any amount paid or credited by it to or for the account or benefit of any Person and has duly and timely remitted the same (or is properly holding for such remittance) to the appropriate Governmental Entity all Taxes and amounts it is required by applicable Law to so deduct or collect and remit.
- (v) iCo has not acquired property or services from, or disposed of property or provided services to, any Person with whom it does not deal at Arm's Length

for an amount that is other than the fair market value of such property or services.

- (vi) For all transactions between iCo and any Person who is not resident in Canada for purposes of the Tax Act with whom iCo was not dealing at Arm's Length, iCo has made or obtained records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the Tax Act.
- (vii) To iCo's knowledge, no claim has ever been made by any Governmental Entity in a jurisdiction where iCo does not file Returns that iCo is or may be subject to Taxes or is required to file Returns in that jurisdiction.
- (viii) There are no rulings or closing agreements relating to iCo which could affect iCo's liability for Taxes for any taxable period after the Effective Date. iCo has not requested an advance tax ruling from the Canada Revenue Agency or comparable rulings from other Governmental Entities.
- (ix) iCo has maintained and continues to maintain in all material respects at its place of business in Canada all records and books of account required to be maintained under the Tax Act, the Excise Tax Act (Canada) and any comparable Law of any province or territory in Canada, including Laws relating to sales and use taxes.
- (x) The terms and conditions made or imposed in respect of every transaction (or series of transactions) between iCo and any Person that is (i) a non-resident of Canada for purposes of the Tax Act, and (ii) not dealing at Arm's Length with iCo, do not differ from those that would have been made between Persons dealing at Arm's Length.
- (xi) iCo is not party to or bound by any tax sharing agreement or tax indemnity obligation in favour of any Person or similar agreement in favour of any Person with respect to Taxes (including any advance pricing agreement or other similar agreement relating to Taxes with any Governmental Entity). Without limiting the generality of the foregoing, iCo has not entered into an agreement contemplated in Section 80.04 or 191.3, or subsection 18(2.3), 125(3), 127(13) to (17) or 127(20) of the Tax Act or any analogous provision of any comparable Law of any province or territory of Canada.
- (xii) iCo will not be required to include in a tax period ending after the Effective Date any amount of net taxable income (after taking into account deductions claimed for such a period that relate to a prior period) attributable to income that accrued, or that was required to be reported for financial accounting purposes in a prior taxable period but that was not included in taxable income for that or another prior tax period.
- (xiii) There are no transactions or events that have resulted, and no circumstances existing which could result, in the application of Sections 80, 80.01, 80.02, 80.03, 80.04 of the Tax Act or any analogous provision of any comparable Law of any province or territory of Canada.
- (xiv) iCo has not incurred any deductible outlay or expense owing to a Person not dealing at Arm's Length with iCo, the amount of which would, in the

absence of an agreement filed under paragraph 78(1)(b) of the Tax Act, be included in iCo's income for Canadian income tax purposes for any taxation year or fiscal period beginning on or after the Effective Date under paragraph 78(1)(a) of the Tax Act or any analogous provision of any comparable Law of any province or territory of Canada.

- (xv) iCo has not acquired property from a Person not dealing at Arm's Length with it in circumstances that would result in iCo becoming liable to pay Taxes of such Person under subsection 160(1) of the Tax Act or any analogous provision of any comparable Law of any province or territory of Canada.
- (xvi) iCo is a "Canadian corporation" as defined in subsection 89(1) of the Tax Act.

(r) Material Contracts. With respect to the Material Contracts of iCo:

- (i) Section 3.1(r) of the iCo Disclosure Letter includes a complete and accurate list of all Material Contracts to which iCo or its subsidiaries are bound, and that are currently in force and iCo and its subsidiaries have made available to Satellos for inspection true and complete copies of all such Material Contracts;
- (ii) All of the Material Contracts of iCo and its subsidiaries are in full force and effect, and iCo and its subsidiaries are entitled to all rights and benefits thereunder in accordance with the terms thereof. iCo and its subsidiaries have not waived any material rights under any Material Contracts and no material default or breach exists in respect thereof on the part of iCo or its subsidiaries or, to the knowledge of iCo or its subsidiaries, on the part of any other party thereto, and to the knowledge of iCo no event has occurred which, after the giving of notice or the lapse of time or both, would constitute such a default or breach or trigger a right of termination of any of such Material Contracts;
- (iii) All of the Material Contracts of iCo and its subsidiaries are valid and binding obligations of iCo and its subsidiaries, as applicable, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction;
- (iv) As at the date hereof, iCo and its subsidiaries have not received written notice that any party to a Material Contract of iCo or its subsidiaries intends to cancel, terminate or otherwise modify or not renew such Material Contract, and to the knowledge of iCo and its subsidiaries, no such action has been threatened; and
- (v) iCo and its subsidiaries are not a party to any Material Contract that contains any non-competition obligation or otherwise restricts in any material way the business of iCo or its subsidiaries.

(s) Intellectual Property.

- (i) iCo does not own any Registered IP other than as identified on Section 3.1(s) of the iCo Disclosure Letter.
- (ii) iCo has delivered or made available to Satellos an accurate and complete copy of each standard form of the following documents and Contracts used by iCo at any time, to the extent applicable: (A) terms and conditions with respect to the clinical testing, distribution, sale, or provisioning of any iCo Product; (B) employee agreement or similar Contract containing any assignment or license of Intellectual Property or any confidentiality provision; or (C) consulting or independent contractor agreement or similar Contract containing any assignment or license of Intellectual Property or any confidentiality provision. Section 3.1(s) of the iCo Disclosure Letter accurately identifies each Contract concerning the subject matter of (A), (B) or (C) that is material to iCo and that deviates in any material respect from the corresponding standard form described above.
- (iii) iCo exclusively owns all right, title and interest to and in the iCo IP (other than Intellectual Property licensed to iCo, as identified in Section 3.1(s) of the iCo Disclosure Letter or pursuant to commercially available third party software and material transfer agreements entered into in the ordinary course of business) free and clear of any Liens. Without limiting the generality of the foregoing:
 - (A) all documents and instruments required to perfect the rights of iCo in the registered trademarks identified on Section 3.1(s) of the iCo Disclosure Letter have been validly executed, delivered and filed in a timely manner with the appropriate Governmental Entity;
 - (B) no current or former officer or other employee, or any individual who is a current or former independent contractor, consultant or director, of iCo or its subsidiaries, to the knowledge of iCo, has any claim, right (whether or not currently exercisable) or interest to or in any iCo IP and each such individual who is or was involved in the creation or development of any Intellectual Property for or on behalf of iCo has signed a valid, enforceable agreement containing an assignment of all rights in and to such Intellectual Property to iCo and confidentiality provisions protecting the iCo IP;
 - (C) iCo and its subsidiaries have taken all reasonable steps to maintain the confidentiality of and otherwise protect and enforce its rights in all proprietary information held by iCo and its subsidiaries, or purported to be held by iCo and its subsidiaries, as a trade secret;
 - (D) none of iCo and its subsidiaries is now or has ever been a member or promoter of, or a contributor to, any industry standards body or any similar organization that would reasonably be expected to require or Satellos and its subsidiaries to grant or offer to any other Person any license or right to any iCo IP; and

- (E) iCo and its subsidiaries own or otherwise have, and after the completion of the transactions contemplated by this Agreement, will continue to have, the right, through ownership, license or otherwise, to all Intellectual Property reasonably necessary to conduct the business of iCo and its subsidiaries as conducted as of the date of this Agreement.
- (iv) All iCo IP that is material to the business of iCo and its subsidiaries is valid, subsisting and, to the knowledge of iCo, enforceable.
- (v) Neither the execution, delivery or performance of this Agreement nor the consummation of any of the transactions contemplated by this Agreement will, or would reasonably be expected to, with or without notice or the lapse of time, result in or give any other Person the right or option to cause, create, impose or declare: (A) a loss of, or Lien on, any iCo IP; (B) the release, disclosure or delivery of any iCo IP by or to any escrow agent or other Person; or (C) the grant, assignment or transfer to any other Person of any license or other right or interest under, to or in any of the iCo IP.
- (vi) To the knowledge of iCo, no Person has infringed, misappropriated or otherwise violated, and no Person is infringing, misappropriating or otherwise violating, any iCo IP. Section 3.1(s) of the iCo Disclosure Letter: (A) accurately identifies (and iCo has made available to Satellos an accurate and complete copy of) each letter or other written or electronic communication or correspondence that has been sent or otherwise delivered by or to iCo and its subsidiaries or any Representative of iCo and its subsidiaries regarding any alleged or suspected infringement or misappropriation of any iCo IP, as of the date of this Agreement; and (B) provides a brief description of the current status of the matter referred to in such letter, communication or correspondence.
- (vii) To the knowledge of iCo, the conduct of the business of iCo and its subsidiaries as previously conducted or as currently conducted including, without limitation, the development, manufacture, use, import, export, offer for sale, sale or other commercialization of any of the iCo Products, does not and has not infringed (directly, contributorily, by inducement or otherwise), misappropriated or otherwise violated any valid Intellectual Property of any other Person. Section 3.1(s) of the iCo Disclosure Letter: (A) accurately identifies (and iCo has made available to Satellos an accurate and complete copy of) each letter or other written or electronic communication or correspondence that has been sent or otherwise delivered by or to iCo and its subsidiaries or any Representative of any of iCo and its subsidiaries, as of the date of this Agreement regarding any alleged or suspected infringement or misappropriation of any Intellectual Property of any other Person by iCo and its subsidiaries or any of the iCo Products; and (B) provides a brief description of the current status of the matter referred to in such letter, communication or correspondence.
- (viii) No written notice of infringement, misappropriation or similar claim or Legal Proceeding involving infringement or misappropriation of any Intellectual Property of any other Person is or has been pending and served or, to the knowledge of iCo, pending and not served or threatened against any of iCo

and its subsidiaries or against any other Person who is, or has asserted or would reasonably be expected to assert that it is, entitled to be indemnified, defended, held harmless or reimbursed by iCo and its subsidiaries with respect to such claim or proceeding (including any claim or Legal Proceeding that has been settled, dismissed or otherwise concluded).

- (ix) Except as set forth in Section 3.1(s) of the iCo Disclosure Letter, none of iCo and its subsidiaries have transferred title to, or granted any exclusive license, or granted an option to acquire title or an exclusive license, with respect to, any material iCo IP.
 - (x) Section 3.1(s) of the iCo Disclosure Letter lists all proceedings or actions known to iCo before any court or tribunal related to any iCo IP. No iCo IP is the subject of any outstanding decree, order, judgment, settlement agreement, or stipulation restricting in any manner the use, transfer, or licensing thereof by iCo and its subsidiaries, or that may affect the validity, use or enforceability of such iCo IP.
 - (xi) iCo and its subsidiaries have not taken any action or failed to take any action that reasonably could be expected to result in the abandonment, cancellation, forfeiture, relinquishment, invalidation or unenforceability of any registered trademarks identified on Section 3.1(s) of the iCo Disclosure Letter.
 - (xii) Neither iCo nor its subsidiaries has entered into any services agreements relating to development, testing, manufacture or formulation of any iCo Product under which the party performing such services has obtained rights to Intellectual Property covering such iCo Products or their manufacture, formulation or use.
- (t) Status of iCo Products.
- (i) Section 3.1(t) of the iCo Disclosure Letter sets out a complete list of all products or services that are (a) designed, manufactured, marketed, licensed, leased, sold, performed, made available or otherwise distributed or disposed of by iCo or any of its subsidiaries or in connection with its business currently or in the past five years (including, to the extent included in the intellectual property owned by iCo, any part of any product or service that iCo or its subsidiaries of iCo designs, manufactures, markets, licenses, sells, performs, makes available or, in connection with iCo's business, otherwise distributes or disposes of), or (b) is currently the subject of service or maintenance obligations provided by iCo (the "**iCo Products**").
 - (ii) iCo or its subsidiaries have the Permits and approvals to market, use, import, export, distribute, offer for sale, sale or other commercialization of the iCo Products.
 - (iii) There have been no adverse regulatory actions taken (nor, to the knowledge of iCo, threatened in writing) by any Governmental Entity with respect to any iCo Products.

(u) Environmental Matters.

- (i) iCo and its subsidiaries have carried on their respective businesses and operations in compliance in all material respects with all applicable Environmental Laws and all terms and conditions of all Environmental Permits.
- (ii) neither iCo nor its subsidiaries has received any written order, request or notice from any Person alleging a material violation of any Environmental Law.
- (iii) neither iCo nor its subsidiaries (a) is a party to any litigation or administrative proceeding, or is any litigation or administrative proceeding, or to the knowledge of iCo, threatened against it or its property or assets, which in either case (1) asserts or alleges that it violated any Environmental Laws, (2) asserts or alleges that it is required to clean up, remove or take remedial or other response action due to the Release of any Hazardous Substances, or (3) asserts or alleges that it is required to pay all or a portion of the cost of any past, present or future cleanup, removal or remedial or other response action which arises out of or is related to the Release of any Hazardous Substances, (b) is subject to any judgment, decree, order or citation related to or arising out of applicable Environmental Law and has not been named or listed as a potentially responsible party by any Governmental Entity in a matter arising under any Environmental Laws; and (c) is involved in remediation operations and does not know of any facts, circumstances or conditions, including any Release of Hazardous Substance, that, in the case of each of the foregoing clauses (a), (b) and (c) would reasonably be expected to result in any material Environmental Liabilities.

(v) Compliance with Laws.

- (i) iCo and its subsidiaries have complied in all material respects with and none are in material violation of, any applicable Laws and have not received any written notices or other correspondence from any Governmental Entity regarding any circumstances that have existed or currently exist which would lead to a loss, suspension, or modification of, or a refusal to issue, any material license, Permit, authorization, approval, registration or consent of a Governmental Entity relating to its activities which would reasonably be expected to restrict, curtail, limit or adversely affect the ability of iCo and its subsidiaries to operate their businesses in a manner which would have, or would reasonably be expected to have, a Material Adverse Effect on iCo.
- (ii) To the knowledge of iCo, the studies, tests and nonclinical, preclinical, safety, and clinical studies and testing, if any, conducted by iCo and its subsidiaries relating to any iCo Product and product of its subsidiaries, and, if still pending, are being conducted in all material respects in accordance with standard and accepted medical and professional scientific research procedures and all applicable Laws; the descriptions of the results of such studies, tests and trials provided to Satellos are accurate in all material respects; none of iCo and its subsidiaries have received any written notices or correspondence from any applicable Governmental Entity requiring the

termination, suspension, material modification or clinical hold of any such studies, tests or trials conducted by or on behalf of iCo and its subsidiaries, which termination, suspension, material modification or clinical hold would reasonably be expected to result in a Material Adverse Effect on iCo. Research involving human subjects conducted by or on behalf of iCo and its subsidiaries: (i) was approved by an institutional review board, if required, (ii) had the informed consent of the subjects, if required, and (iii) to knowledge of iCo, did not involve any investigator who has been disqualified as a clinical investigator by the United States Food and Drug Administration or any other Governmental Entity or has been found by any agency with jurisdiction to have engaged in scientific misconduct.

(w) Employment Matters.

- (i) Section 3.1(w) of the iCo Disclosure Letter sets forth a complete list of all employees and consultants of iCo, together with their titles, salaries and bonus (whether monetary or otherwise), and a list of the directors and the terms of their compensation. Other than as set forth in Section 3.1(w) of the iCo Disclosure Letter, no such employee is on long-term disability leave, extended absence or workers' compensation leave.
- (ii) Other than as set forth in Section 3.1(w) of the iCo Disclosure Letter, iCo is not:
 - (A) a party to any written or oral agreement, arrangement, plan, obligation, policy or understanding providing for severance or termination payments to, or any employment or consulting agreement with, any director or officer of iCo;
 - (B) a party to any collective bargaining agreement or multiemployer plan nor, to the knowledge of iCo, subject to any application for certification or threatened or apparent union-organizing campaigns for employees not covered under a collective bargaining agreement nor are there any current, or to the knowledge of iCo, pending or threatened strikes or lockouts at iCo; and
 - (C) subject to any claim for wrongful dismissal, constructive dismissal or any other tort claim, actual or, to the knowledge of iCo, threatened, or any litigation, actual or, to the knowledge of iCo, threatened, relating to its employees or independent contractors (including any termination of such individuals).
- (iii) iCo has been and is now in compliance, in all material respects, with all applicable Laws with respect to employment and labour and there are no current, pending, or, to the knowledge of iCo, threatened proceedings before any Governmental Entity with respect to employment or labour.
- (iv) Other than the iCo Stock Option Plan or as disclosed in the iCo Disclosure Letter, iCo has not, and is not subject to any present or future obligation or liability under, any pension plan, deferred compensation plan, retirement income plan, stock option or share purchase plan, profit sharing plan, bonus

plan, employee benefit plan or policy, employee group insurance plan, program policy or practice, formal or informal, with respect to its employees.

- (x) Related Party Transactions. With the exception of any contracts related to iCo Options or as disclosed in Section 3.1(x) of the iCo Disclosure Letter, there are no Contracts or other transactions currently in place between iCo or its subsidiaries, on the one hand, and: (i) any officer or director of iCo or the iCo subsidiaries; (ii) any holder of record or, to the knowledge of iCo, beneficial owner of 10% or more of the iCo Shares; or (iii) to the knowledge of iCo, any affiliate or associate of any such, officer, director, holder of record or beneficial owner, on the other hand.
- (y) Registration Rights. No Person has any right to compel iCo to register or otherwise qualify the iCo Shares (or any of them) or any other securities of iCo or any of its subsidiaries for public sale or distribution.
- (z) Rights of Other Persons. Other than as set out in Section 3.1(z) of the iCo Disclosure Letter, no Person has any right of first refusal or option to purchase or any other right of participation in any of the material properties or assets owned by iCo or its subsidiaries, or any part thereof.
- (aa) Restrictions on Business Activities. There is no arbitral award, judgment, injunction, constitutional ruling, order or decree binding upon iCo or its subsidiaries that has or could reasonably be expected to have the effect of prohibiting, restricting, or impairing any business practice of any of them, any acquisition or disposition of property by any of them, or the conduct by of the business by any of them as currently conducted, which could reasonably be expected to have a Material Adverse Effect on iCo.
- (bb) Brokers. Except set out in Section 3.1(bb) to the iCo Disclosure Letter, no broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of iCo, and the aggregate amount of such fees that may become payable in respect of all such arrangements is set out in Section 3.1(bb) to the iCo Disclosure Letter.
- (cc) Insurance. As of the date hereof, iCo has such policies of insurance as are listed in Section 3.1(cc) of the iCo Disclosure Letter. All insurance maintained by iCo is in full force and effect and in good standing and is in amounts and in respect of such risks as are normal and usual for companies of similar size operating in the same industry and in the locations in which iCo operates.
- (dd) No Cease Trade. iCo is not subject to any cease trade or other order of any applicable Securities Authority and, to the knowledge of iCo, no investigation or other proceedings involving iCo which may operate to prevent or restrict trading of any securities of iCo are currently in progress or pending before any applicable Securities Authority.
- (ee) Certain Business Practices. To the knowledge of iCo, neither iCo, the iCo subsidiaries nor any director, officer, agent or employee of iCo or the iCo subsidiaries (in their capacities as such) has:

- (i) used or agreed to use funds for contributions, gifts, entertainment or other purposes relating to political activity in violation of Law including the CFPOA or the FCPA; or
 - (ii) made or agreed to make any payment to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns in violation of Law, including the CFPOA or the FCPA.
- (ff) Expropriation. No part of the property or assets of iCo or its subsidiaries has been taken, condemned or expropriated by any Governmental Entity nor has any written notice or proceeding in respect thereof been given or commenced nor does iCo know of any intent or proposal to give such notice or commence any such proceedings.
- (gg) Permits.
 - (i) Each of iCo and its subsidiaries has obtained and is in material compliance with all material Permits required by applicable Laws, necessary to conduct its current business as now being conducted;
 - (ii) there are no facts, events or circumstances that would reasonably be expected to result in a failure to obtain or be in material compliance with such material Permits as are necessary to conduct the business of iCo and its subsidiaries as it is currently being conducted; and
 - (iii) the execution, delivery and performance by iCo of its obligations under this Agreement and the consummation of the Arrangement do not require any other Permits or other action by or in respect of, or filing with, or notification to, any Governmental Entity other than: (i) any actions or filings with the Securities Authorities and TSX-V; and (ii) any consents, waivers, approvals or actions or filings or notifications, the absence of which would not reasonably be expected to materially impede or delay the ability of iCo to consummate the Arrangement.
- (hh) Residence of iCo. iCo is not a non-resident of Canada within the meaning of the Tax Act.
- (ii) Consideration Shares. The Consideration Shares to be issued pursuant to the Arrangement, the iCo Shares issuable upon the exercise from time to time of the Replacement Options in accordance with their respective terms, the iCo Shares issuable upon the exercise from time to time of the Satellos Warrants in accordance with their respective terms, and the iCo Shares issuable upon the conversion of the Convertible Note in accordance with its terms, will, when issued and delivered, be duly and validly issued by iCo on their respective dates of issue as fully paid and non-assessable shares and will not subject to a hold period under Securities Laws (other than as applicable to control persons or pursuant to Section 2.6 of National Instrument 45-102 – *Resale of Securities*) or be issued in violation of the terms of any agreement or other understanding binding upon iCo at the time that such shares are issued and will be issued in compliance with the constating documents of iCo and all applicable Laws. As of the Effective Date, all of the Replacement Options will be outstanding as duly authorized and validly existing options to acquire

iCo Shares, which will not be issued in violation of the terms of any agreement or other understanding binding upon iCo at the time at which they are issued.

- (jj) Significant Shareholder. Except as disclosed in Section 3.1(jj) of the iCo Disclosure Letter, to the knowledge of iCo, no Person beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the votes attached to the iCo Shares.
- (kk) Shareholders' and Similar Agreements. Neither iCo nor any of its subsidiaries is subject to any unanimous shareholders' agreement and is not a party to any shareholder, pooling, voting, voting trust or other similar arrangement or agreement relating to the ownership or voting of any of the securities of iCo or of any of its subsidiaries or pursuant to which any Person may have any right or claim in connection with any existing or past equity interest in iCo or in any of its subsidiaries and iCo has not adopted a shareholders' rights plan or any similar plan or agreement.
- (ll) Auditors. To the knowledge of iCo, iCo's auditors, who audited the iCo Financial Statements and provided their audit report, were, at the relevant time, independent public accountants as required under the Securities Laws and there has never been a reportable event (within the meaning of National Instrument 51-102 – *Continuous Disclosure Obligations*) between iCo and such auditors or any former auditors of iCo or its subsidiaries.
- (mm) Sufficient Funds. iCo has, or reasonably expects to have, sufficient immediately available funds (through existing credit arrangements or otherwise) to pay when due the aggregate of all of its fees and expenses related to the transactions contemplated by this Agreement, including, without limitation, the Expense Reimbursement Fee.
- (nn) Material Facts not Withheld. iCo has not withheld and will not withhold from Satellos prior to the Effective Time, any material facts relating to iCo or its subsidiaries.
- (oo) Insolvency. No act or proceeding has been taken by or against iCo or any of its subsidiaries in connection with the dissolution, liquidation, winding up, bankruptcy or reorganization of iCo or any of its subsidiaries or for the appointment of a trustee, receiver, manager or other administrator of iCo or any of its subsidiaries or any of its properties or assets nor, to the knowledge of iCo, is any such act or proceeding threatened. iCo (nor any of its subsidiaries) has not sought protection under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or similar legislation. Neither iCo nor any of its subsidiaries nor any of their respective properties or assets are subject to any outstanding judgment, order, writ, injunction or decree that involves or may involve, or restricts or may restrict, the right or ability of iCo or any of its subsidiaries to conduct its business in all material respects as it has been carried on prior to the date hereof, or that would reasonably be expected to prevent or significantly impede or materially delay the completion of the Arrangement.
- (pp) Real Property and Leased Properties. iCo and its subsidiaries do not own any real property and do not lease any real or immovable property.

- (qq) Personal Property. iCo and its subsidiaries have valid, good and marketable title to all personal property owned by them, except as would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect.
- (rr) Material Assets and Property. iCo and each of its subsidiaries owns or has the right to use all material assets and properties currently owned or used in the business, including: (i) all Material Contracts; and (ii) all material assets and properties necessary to enable it to carry on its business as now conducted and as presently proposed to be conducted.
- (ss) No Pending Acquisitions. iCo (or any of its subsidiaries) has not approved, is not contemplating, nor has it entered into any agreement in respect of, and to the knowledge of iCo (or any of its subsidiaries): (i) the purchase of any property material to iCo or material assets or any interest therein or the sale, transfer or other disposition of any material property of iCo or material assets or any interest therein currently owned, directly or indirectly, by iCo, whether by asset sale, transfer or sale of shares or otherwise; or (ii) the change of control (by sale or transfer of shares or sale of all or substantially all of the property and assets of iCo) of iCo (or any of its subsidiaries).

3.2 Survival of Representations and Warranties

The representations and warranties of iCo contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms. Any investigation by Satellos and its Representatives shall not mitigate, diminish or affect the representations and warranties of iCo pursuant to this Agreement.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF SATELLOS

4.1 Representations and Warranties

Satellos hereby represents and warrants to and in favour of iCo as follows, except to the extent that such representations and warranties are qualified by the Satellos Disclosure Letter (which shall make reference to the applicable section, subsection, paragraph or subparagraph below in respect of which such qualification is being made), and acknowledges that iCo is relying upon such representations and warranties in connection with the entering into of this Agreement:

- (a) Fairness Opinion and Board Approval. As of the date hereof:
 - (i) the Satellos Board has received the opinion of Leede Jones Gable Inc. to the effect that, as of the date of such opinion, based upon and subject to the assumptions, qualifications, limitations and other matters considered in connection with the preparation of such opinion, the Exchange Ratio is fair to Satellos (the “**Satellos Fairness Opinion**”); and
 - (ii) the Satellos Board, after consultation with its financial and legal advisors, has determined that the Arrangement is in the best interests of Satellos and that the Exchange Ratio is fair to Satellos and accordingly has resolved to recommend to the Satellos Shareholders that they vote in favour of the

Satellos Resolution. The Satellos Board has approved the Arrangement and the execution and performance of this Agreement.

- (b) Authority Relative to this Agreement. Satellos has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by Satellos as contemplated by this Agreement, and to perform its obligations hereunder and under such other agreements and instruments. The execution and delivery of this Agreement by Satellos and the performance by it of its obligations under this Agreement have been duly authorized by its board of directors and except for obtaining Satellos Shareholder Approval, the Interim Order and the Final Order in the manner contemplated herein, no other corporate proceedings on its part are necessary to authorize this Agreement or the Arrangement. This Agreement has been duly executed and delivered by Satellos and constitutes a legal, valid and binding obligation of Satellos, enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (c) Organization and Qualification; Subsidiaries. Each of Satellos and its subsidiaries is a corporation duly incorporated, amalgamated, continued or created and validly existing under the applicable Laws of its jurisdiction of incorporation, continuance or creation and has all necessary corporate or legal power and capacity to own its property and assets as now owned and to carry on its business as it is now being conducted. A true and complete copy of the constating documents of Satellos has been provided to iCo. Each of Satellos and its subsidiaries is duly registered, licensed or otherwise authorized and qualified to do business and each is in good standing in each jurisdiction in which the character of its properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such qualification necessary, except where the failure to be so registered or in good standing or to have such Permits would not have, or be expected to have, a Material Adverse Effect on Satellos. No steps or proceedings have been taken by any Person, voluntary or otherwise, requiring or authorizing the dissolution or winding up of Satellos.
- (d) No Material Change. Since December 31, 2020, except as contemplated by this Agreement or as set out in the Satellos Disclosure Letter:
 - (i) Each of Satellos and its subsidiaries has conducted its business only in the ordinary and regular course of business;
 - (ii) there has not occurred any event that constituted or with the passage of time would constitute a Material Adverse Effect in respect of Satellos and its subsidiaries taken as a whole;
 - (iii) Satellos has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Satellos Shares;
 - (iv) Satellos has not effected any material change in its accounting methods, principles or practices;

- (v) there has been no dividend or distribution of any kind declared, paid or made by Satellos on any Satellos Shares;
 - (vi) the business and property of Satellos and its subsidiaries conform in all material respects to the description thereof contained in the documents made available to iCo and there has not been any acquisition or sale by Satellos or its subsidiaries of any material property or assets; and
 - (vii) other than in the ordinary and regular course of business consistent with past practice, there has not been any incurrence, assumption or guarantee by Satellos or its subsidiaries of any debt for borrowed money, any creation or assumption by Satellos or its subsidiaries of any Lien or any making by Satellos of any loan, advance or capital contribution to or investment in any other Person.
- (e) No Violations. Neither the authorization, execution and delivery of this Agreement by Satellos nor the completion of the transactions contemplated by this Agreement or the Arrangement, nor the performance of its obligations hereunder or thereunder, nor compliance by Satellos with any of the provisions hereof will:
- (i) result in a violation or breach of, constitute a default (or an event which, with notice or lapse of time or both, would become a default), require any consent or approval to be obtained or notice to be given under, or give rise to any third party right of termination, cancellation, suspension, acceleration, penalty or payment obligation or right to purchase or sale under, any provision of:
 - (A) the articles of incorporation, by-laws or other constating documents of Satellos or its subsidiaries,
 - (B) any material Permit or Material Contract to which Satellos or its subsidiaries is a party or to which any of them, or any of their respective properties or assets, may be subject or by which Satellos or its subsidiaries is bound, or
 - (C) any Law, regulation, order, judgment or decree applicable to Satellos, its subsidiaries or any of their respective properties or assets.
 - (ii) give rise to any rights of first refusal or trigger any change in control provisions, rights of first offer or first refusal or any similar provisions or any restrictions or limitations under any material note, bond, mortgage, indenture, Material Contract, license, franchise or Permit to which Satellos or its subsidiaries is a party;
 - (iii) give rise to any termination or acceleration of indebtedness, or cause any third party indebtedness to come due before its stated maturity or cause any available credit to cease to be available;
 - (iv) result in the imposition of any Lien upon any of the property or assets of Satellos or its subsidiaries or restrict, hinder, impair or limit the ability of either Satellos or its subsidiaries to conduct its business as and where it is

now being conducted which would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Satellos; or

- (v) result in any material payment (including retention, severance, unemployment compensation, golden parachute, bonus or otherwise) becoming due to any director, officer or employee of Satellos or any of the Satellos subsidiaries, or increase any benefit payable to such director, officer or employee by Satellos or any of the Satellos subsidiaries, or result in the acceleration of the time of payment or vesting of any such benefits.
- (f) Required Consents. No consents, approvals or notices are required from any third party under any Material Contracts of Satellos or its subsidiaries in order for Satellos or its subsidiaries to proceed with the execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement and the Arrangement pursuant to the Plan of Arrangement.
- (g) Capitalization. The authorized share capital of Satellos consists of an unlimited number of Satellos Shares. As of the close of business on March 17, 2021, there were issued and outstanding 12,208,834 Satellos Shares. As of the close of business on March 17, 2021, an aggregate of up to 387,500 Satellos Shares were issuable upon the exercise of Satellos Options, an aggregate of up to 142,610 Satellos Shares were issuable upon the exercise of Satellos Warrants and an aggregate of up to approximately 13,300,000 iCo Shares shall become issuable upon the conversion of the Convertible Note upon completion of the Arrangement and the closing of the Concurrent Financing (assuming the Concurrent Financing is completed at a price of C\$0.084 per iCo subscription receipt and the Arrangement is completed prior to June 1, 2021). Section 4.1(g) of the Satellos Disclosure Letter sets forth: (i) a summary of the Convertible Note and (ii) with respect to each Satellos Option and Satellos Warrant outstanding as of the date of this Agreement, (A) the number of Satellos Shares issuable therefor; (B) the purchase price payable therefor upon the exercise thereof, as applicable; and (C) the date on which such security was granted or issued. Except for the Satellos Options, Satellos Warrants, Convertible Notes, and the Plan of Arrangement, there are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever requiring or which may require the issuance, sale or transfer by Satellos of any securities of Satellos (including Satellos Shares), or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any securities of Satellos (including Satellos Shares) or any subsidiary of Satellos. All outstanding Satellos Shares have been duly authorized and validly issued, are fully paid and non-assessable, and all Satellos Shares issuable upon the exercise of Satellos Options and Satellos Warrants and the conversion of the Convertible Note in accordance with their respective terms have been duly authorized and, upon issuance, will be validly issued as fully paid and non-assessable, and are not and will not be subject to, or issued in violation of, any pre-emptive rights. All securities of Satellos (including the Satellos Shares, the Satellos Options, the Satellos Warrants and the Convertible Note) have been issued in compliance with all applicable Laws and Securities Laws. Other than the Satellos Options, Satellos Warrants and Convertible Notes, there are no securities of Satellos or of any of its subsidiaries outstanding which have the right to vote generally (or are convertible into or exchangeable for securities having the right to

vote generally) with the Satellos Shareholders on any matter. There are no outstanding contractual or other obligations of Satellos or any of its subsidiaries to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any outstanding securities of any of its subsidiaries. There are no outstanding bonds, debentures or other evidences of indebtedness of Satellos or any of its subsidiaries having the right to vote with the holders of the outstanding Satellos Shares on any matters. All dividends or distributions on securities of Satellos that have been declared or authorized have been paid.

- (h) Ownership of Subsidiaries. Section 4.1(h) of the Satellos Disclosure Letter lists, as of the date hereof, each of Satellos' subsidiaries (including its jurisdiction of incorporation or formation). All of the outstanding shares of, and any other equity interests in, each Satellos' subsidiary is, directly or indirectly, owned by Satellos. All the issued and outstanding shares of, or other equity interests in, Satellos' subsidiaries, to the extent applicable, have been validly issued and are fully paid and non-assessable and are owned directly or indirectly by Satellos free and clear of all Liens, and free of any restriction on the right to vote, sell or otherwise dispose of such shares or other equity or similar interests, and no Person has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming a right, agreement or option, for the purchase of any interest in any of such shares or for the issue or allotment of any unissued shares in the capital of any Satellos subsidiaries or any other security convertible into or exchangeable for any such shares. Except as set forth in Section 4.1(h) of the Satellos Disclosure Letter, Satellos does not own, directly or indirectly any shares of, or other voting securities or equity or similar interests in, any corporation, partnership, joint venture, association, limited liability company or other entity or Person.
- (i) Reporting Status. Satellos is not and is not required to be a "reporting issuer" or the equivalent under the applicable Securities Laws of any jurisdiction.
- (j) Satellos Financial Statements. Satellos' audited consolidated financial statements as at and for the fiscal years ended **2019 and 2020** (including the notes thereto) (collectively, the "**Satellos Financial Statements**") were prepared in accordance with IFRS consistently applied (except as otherwise indicated in such financial statements and the notes thereto, and such statements are otherwise subject to normal period-end adjustments (none of which are material, individually or in the aggregate) and may omit notes which are not required by applicable Laws in the unaudited statements) and present fairly in all material respects the financial condition, results of operations and changes in financial position of Satellos as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal period-end adjustments, none of which are material, individually or in the aggregate) and reflect reserves required by IFRS in respect of all material contingent liabilities, if any, of Satellos and, to the extent applicable, its subsidiaries on a consolidated basis. There has been no material change in Satellos' accounting policies, except as described in the notes to the Satellos Financial Statements, since December 31, 2020.
- (k) Financial Reporting. Satellos has not failed to disclose any information regarding any event, circumstance or action taken or failed to be taken within the knowledge of Satellos as at the date of this Agreement which could reasonably be expected to have a Material Adverse Effect on Satellos. To the knowledge of Satellos, prior to the date of this Agreement there is and has been no fraud, whether or not material,

involving management or any other employees who have a significant role in the financial reporting of Satellos. Since December 31, 2020 Satellos has received no: (x) complaints from its auditors or any Governmental Entity regarding accounting, internal accounting controls or auditing matters; or (y) expressions of concern from employees of Satellos or any Satellos subsidiary regarding questionable accounting or auditing matters.

- (l) Books and Records. The financial books, records and accounts of Satellos and its subsidiaries: (i) have been maintained in all material respects in accordance with applicable Laws and IFRS on a basis consistent with prior years; (ii) are stated in reasonable detail and accurately and fairly reflect the transactions, acquisitions and dispositions of the assets of Satellos and its subsidiaries in all material respects; and (iii) accurately and fairly reflect the basis for the Satellos Financial Statements.
- (m) Minute Books. The corporate minute books of Satellos and its subsidiaries contain minutes of all meetings and resolutions of its board of directors, committees of such board of directors and shareholders, as applicable, other than those reflecting discussions of the Arrangement, and are complete and accurate in all material respects. No material meeting, resolution or proceeding of any such shareholders, directors or committees of the board of directors of Satellos or any of its subsidiaries has been held or passed that has not been reflected in such minute books.
- (n) No Undisclosed Liabilities. Satellos and its subsidiaries have no outstanding indebtedness, liability or obligation (including liabilities or obligations to fund any operations or work or exploration program, to give any guarantees or for Taxes), whether accrued, absolute, contingent or otherwise, and are not party to or bound by any suretyship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any Person other than those (i) fully disclosed or reflected or reserved in the Satellos Financial Statements, (ii) disclosed in Schedule 4.1(n) of the Satellos Disclosure Letter or (iii) pursuant to this Agreement or the Plan of Arrangement.
- (o) Taxable Canadian Corporation. Satellos is a "Taxable Canadian corporation" as defined in subsection 89(1) of the Tax Act.
- (p) Taxes. Except as set forth in Section 4.1(p) of the Satellos Disclosure Letter:
 - (i) Satellos has filed or caused or will cause to be filed all Returns required to be filed by applicable Law on or before the Effective Date. All such Returns are or will be correct and complete in all material respects. Satellos has timely paid all Taxes that are due and payable by Satellos, including all instalments on account of taxes for the current year that are due and payable by Satellos whether or not assessed (or reassessed) by the appropriate Governmental Entity, and has, as applicable, timely remitted such Taxes to the appropriate Governmental Entity under applicable Law. Satellos and its subsidiaries have no liability for unpaid Taxes that, in the aggregate, would be expected to have a Material Adverse Effect on Satellos. There are no Liens for Taxes upon any of the assets or properties of Satellos except Liens for current Taxes not yet due and payable.

- (ii) There is no material dispute or claim, including any audit, investigation or examination by any Governmental Entity, actual, pending or, to the knowledge of Satellos, threatened, concerning any Tax liability of Satellos, no written notice of such an audit, investigation, examination, material dispute or claim has been received by Satellos.
- (iii) Satellos has not requested, or entered into any agreement or other arrangement, or executed any waiver providing for, any extension of time within which:
 - (A) to file any Return (which has not since been filed) in respect of any Taxes for which Satellos is or may be liable;
 - (B) to file any elections, designations or similar filings relating to Taxes (which have not since been filed) for which Satellos is or may be liable;
 - (C) Satellos is required to pay or remit any Taxes or amounts on account of Taxes (which have not since been paid or remitted); or
 - (D) any Governmental Entity may assess or collect Taxes for which Satellos is liable.
- (iv) Satellos has duly and timely deducted, collected or withheld from any amount paid or credited by it to or for the account or benefit of any Person and has duly and timely remitted the same (or is properly holding for such remittance) to the appropriate Governmental Entity all Taxes and amounts it is required by applicable Law to so deduct or collect and remit.
- (v) Satellos has not acquired property or services from, or disposed of property or provided services to, any Person with whom it does not deal at Arm's Length for an amount that is other than the fair market value of such property or services.
- (vi) For all transactions between Satellos and any Person who is not resident in Canada for purposes of the Tax Act with whom Satellos was not dealing at Arm's Length, Satellos has made or obtained records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the Tax Act.
- (vii) To Satellos' knowledge, no claim has ever been made by any Governmental Entity in a jurisdiction where Satellos does not file Returns that Satellos is or may be subject to Taxes or is required to file Returns in that jurisdiction.
- (viii) There are no rulings or closing agreements relating to Satellos which could affect Satellos' liability for Taxes for any taxable period after the Effective Date. Satellos has not requested an advance tax ruling from the Canada Revenue Agency or comparable rulings from other Governmental Entities.
- (ix) Satellos has maintained and continues to maintain in all material respects at its place of business in Canada all records and books of account required to be maintained under the Tax Act, the Excise Tax Act (Canada) and any

comparable Law of any province or territory in Canada, including Laws relating to sales and use taxes.

- (x) The terms and conditions made or imposed in respect of every transaction (or series of transactions) between Satellos and any Person that is (i) a nonresident of Canada for purposes of the Tax Act, and (ii) not dealing at Arm's Length with Satellos, do not differ from those that would have been made between Persons dealing at Arm's Length.
- (xi) Satellos is not party to or bound by any tax sharing agreement or tax indemnity obligation in favour of any Person or similar agreement in favour of any Person with respect to Taxes (including any advance pricing agreement or other similar agreement relating to Taxes with any Governmental Entity). Without limiting the generality of the foregoing, Satellos has not entered into an agreement contemplated in Section 80.04 or 191.3 or subsection 18(2.3), 125(3), 127(13) to (17) or 127(20) of the Tax Act or any analogous provision of any comparable Law of any province or territory of Canada.
- (xii) Satellos will not be required to include in a tax period ending after the Effective Date any amount of net taxable income (after taking into account deductions claimed for such a period that relate to a prior period) attributable to income that accrued, or that was required to be reported for financial accounting purposes in a prior taxable period but that was not included in taxable income for that or another prior tax period.
- (xiii) There are no transactions or events that have resulted, and no circumstances existing which could result, in the application of Sections 80, 80.01, 80.02, 80.03 or 80.04 of the Tax Act or any analogous provision of any comparable Law of any province or territory of Canada.
- (xiv) Satellos has not incurred any deductible outlay or expense owing to a Person not dealing at Arm's Length with Satellos, the amount of which would, in the absence of an agreement filed under paragraph 78(1)(b) of the Tax Act, be included in Satellos's income for Canadian income tax purposes for any taxation year or fiscal period beginning on or after the Effective Date under paragraph 78(1)(a) of the Tax Act or any analogous provision of any comparable Law of any province or territory of Canada.
- (xv) Satellos has not acquired property from a Person not dealing at Arm's Length with it in circumstances that would result in Satellos becoming liable to pay Taxes of such Person under subsection 160(1) of the Tax Act or any analogous provision of any comparable Law of any province or territory of Canada.
- (q) Litigation. Except as set forth in Section 4.1(q) of the Satellos Disclosure Letter, there are no claims, actions, suits, grievances, complaints, investigations or proceedings commenced, pending or, to the knowledge of Satellos, threatened affecting Satellos or its subsidiaries or affecting any of their respective material property or assets or Intellectual Property at law or in equity before or by any Governmental Entity, including matters arising under Environmental Laws which, individually or in the aggregate, if determined adversely to Satellos or the Satellos

subsidiaries, as the case may be, has or could reasonably be expected to result in liability to Satellos in excess of \$50,000. Neither Satellos nor its subsidiaries nor any of their respective assets or properties is subject to any outstanding judgment, order, writ, injunction or decree.

(r) Material Contracts. With respect to the Material Contracts of Satellos:

- (i) Section 4.1(r) of the Satellos Disclosure Letter includes a complete and accurate list of all Material Contracts to which Satellos or its subsidiaries are bound, and that are currently in force and Satellos and its subsidiaries have made available to iCo for inspection true and complete copies of all such Material Contracts.
- (ii) All of the Material Contracts of Satellos and its subsidiaries are in full force and effect, and Satellos and its subsidiaries are entitled to all rights and benefits thereunder in accordance with the terms thereof. Satellos and its subsidiaries have not waived any material rights under any Material Contract and no material default or breach exists in respect thereof on the part of Satellos or its subsidiaries or, to the knowledge of Satellos or its subsidiaries, on the part of any other party thereto, and to the knowledge of Satellos no event has occurred which, after the giving of notice or the lapse of time or both, would constitute such a default or breach or trigger a right of termination of any of such Material Contracts.
- (iii) All of the Material Contracts of Satellos and its subsidiaries are valid and binding obligations of Satellos and its subsidiaries, as applicable, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.
- (iv) As at the date hereof, Satellos and its subsidiaries have not received written notice that any party to a Material Contract of Satellos or its subsidiaries intends to cancel, terminate or otherwise modify or not renew such Material Contract, and to the knowledge of Satellos and its subsidiaries, no such action has been threatened.
- (v) Satellos and its subsidiaries are not a party to any Material Contract that contains any non-competition obligation or otherwise restricts in any material way the business of Satellos or its subsidiaries.

(s) Permits.

- (i) Each of Satellos and its subsidiaries has obtained and is in material compliance with all material Permits required by applicable Laws, necessary to conduct its current business as now being conducted; and
- (ii) there are no facts, events or circumstances that would reasonably be expected to result in a failure to obtain or be in material compliance with such material Permits as are necessary to conduct the business of Satellos and its subsidiaries as it is currently being conducted.

- (iii) the execution, delivery and performance by Stellos of its obligations under this Agreement and the consummation of the Arrangement do not require any other Permits or other action by or in respect of, or filing with, or notification to, any Governmental Entity other than: (i) any consents, waivers, approvals or actions or filings or notifications, the absence of which would not reasonably be expected to materially impede or delay the ability of Satellos to consummate the Arrangement.
- (t) Expropriation. No part of the property or assets of Satellos or its subsidiaries has been taken, condemned or expropriated by any Governmental Entity nor has any written notice or proceeding in respect thereof been given or commenced nor does Satellos know of any intent or proposal to give such notice or commence any such proceedings.
- (u) Rights of Other Persons. No Person has any right of first refusal or option to purchase or any other right of participation in any of the material properties or assets owned by Satellos or its subsidiaries, or any part thereof, except as disclosed in the Satellos Financial Statements.
- (v) Environmental Matters.
 - (i) Satellos and its subsidiaries have carried on their respective businesses and operations in compliance in all material respects with all applicable Environmental Laws and all terms and conditions of all Environmental Permits;
 - (ii) neither Satellos nor its subsidiaries has received any written order, request or notice from any Person alleging a material violation of any Environmental Law; and
 - (iii) neither Satellos nor its subsidiaries (a) is a party to any litigation or administrative proceeding, or is any litigation or administrative proceeding, or to the knowledge of Satellos, threatened against it or its property or assets, which in either case (1) asserts or alleges that it violated any Environmental Laws, (2) asserts or alleges that it is required to clean up, remove or take remedial or other response action due to the Release of any Hazardous Substances, or (3) asserts or alleges that it is required to pay all or a portion of the cost of any past, present or future cleanup, removal or remedial or other response action which arises out of or is related to the Release of any Hazardous Substances, (b) is not subject to any judgment, decree, order or citation related to or arising out of applicable Environmental Law and has not been named or listed as a potentially responsible party by any Governmental Entity in a matter arising under any Environmental Laws and (c) is involved in remediation operations and does not know of any facts, circumstances or conditions, including any Release of Hazardous Substance, that, in the case of each of the foregoing clauses (a), (b) and (c) would reasonably be expected to result in any material Environmental Liabilities.

(w) Intellectual Property.

- (i) Satellos does not own any Registered IP other than as identified on Section 4.1(w) of the Satellos Disclosure Letter;
- (ii) Satellos has delivered or made available to iCo an accurate and complete copy of each standard form of the following documents and Contracts used by Satellos at any time, to the extent applicable: (A) terms and conditions with respect to the clinical testing, distribution, sale, or provisioning of any Satellos Product; (B) employee agreement or similar Contract containing any assignment or license of Intellectual Property or any confidentiality provision; or (C) consulting or independent contractor agreement or similar Contract containing any assignment or license of Intellectual Property or any confidentiality provision. Section 4.1(w) of the Satellos Disclosure Letter accurately identifies each Contract concerning the subject matter of (A), (B) or (C) that is material to Satellos and that deviates in any material respect from the corresponding standard form described above;
- (iii) Satellos exclusively owns all right, title and interest to and in the Satellos IP (other than Intellectual Property licensed to Satellos, as identified in Section 4.1(w) of the Satellos Disclosure Letter or pursuant to commercially available third party software and material transfer agreements entered into in the ordinary course of business) free and clear of any Liens. Without limiting the generality of the foregoing:
 - (A) all documents and instruments required to perfect the rights of Satellos in the registered trademarks identified on Section 4.1(w) of the Satellos Disclosure Letter have been validly executed, delivered and filed in a timely manner with the appropriate Governmental Entity;
 - (B) no current or former officer or other employee, or any individual who is a current or former independent contractor, consultant or director, of Satellos or its subsidiaries, to the knowledge of Satellos, has any claim, right (whether or not currently exercisable) or interest to or in any Satellos IP and each such individual who is or was involved in the creation or development of any Intellectual Property for or on behalf of Satellos has signed a valid, enforceable agreement containing an assignment of all rights in and to such Intellectual Property to Satellos and confidentiality provisions protecting the Satellos IP;
 - (C) Satellos and its subsidiaries have taken all reasonable steps to maintain the confidentiality of and otherwise protect and enforce its rights in all proprietary information held by Satellos and its subsidiaries, or purported to be held by Satellos and its subsidiaries, as a trade secret;
 - (D) none of Satellos and its subsidiaries is now or has ever been a member or promoter of, or a contributor to, any industry standards body or any similar organization that would reasonably be expected

to require or Satellos and its subsidiaries to grant or offer to any other Person any license or right to any Satellos IP; and

- (E) Satellos and its subsidiaries own or otherwise have, and after the completion of the transactions contemplated by this Agreement, will continue to have, the right, through ownership, license or otherwise, to all Intellectual Property reasonably necessary to conduct the business of Satellos and its subsidiaries as conducted as of the date of this Agreement;
- (iv) all Satellos IP that is material to the business of Satellos and its subsidiaries is valid, subsisting and, to the knowledge of Satellos, enforceable;
- (v) neither the execution, delivery or performance of this Agreement nor the consummation of any of the transactions contemplated by this Agreement will, or would reasonably be expected to, with or without notice or the lapse of time, result in or give any other Person the right or option to cause, create, impose or declare: (A) a loss of, or Lien on, any Satellos IP; (B) the release, disclosure or delivery of any Satellos IP by or to any escrow agent or other Person; or (C) the grant, assignment or transfer to any other Person of any license or other right or interest under, to or in any of the Satellos IP;
- (vi) to the knowledge of Satellos, no Person has infringed, misappropriated or otherwise violated, and no Person is infringing, misappropriating or otherwise violating, any Satellos IP. Section 4.1(w) of the Satellos Disclosure Letter: (A) accurately identifies (and Satellos has made available to iCo an accurate and complete copy of) each letter or other written or electronic communication or correspondence that has been sent or otherwise delivered by or to Satellos and its subsidiaries or any Representative of Satellos and its subsidiaries regarding any alleged or suspected infringement or misappropriation of any Satellos IP, as of the date of this Agreement; and (B) provides a brief description of the current status of the matter referred to in such letter, communication or correspondence;
- (vii) to the knowledge of Satellos, the conduct of the business of Satellos and its subsidiaries as previously conducted or as currently conducted including, without limitation, the development, manufacture, use, import, export, offer for sale, sale or other commercialization of any of the Satellos Products, does not and has not infringed (directly, contributorily, by inducement or otherwise), misappropriated or otherwise violated any valid Intellectual Property of any other Person. Section 4.1(w) of the Satellos Disclosure Letter: (A) accurately identifies (and Satellos has made available to iCo an accurate and complete copy of) each letter or other written or electronic communication or correspondence that has been sent or otherwise delivered by or to Satellos and its subsidiaries or any Representative of any of Satellos and its subsidiaries, as of the date of this Agreement regarding any alleged or suspected infringement or misappropriation of any Intellectual Property of any other Person by Satellos and its subsidiaries or any of the Satellos Products; and (B) provides a brief description of the current status of the matter referred to in such letter, communication or correspondence;

- (viii) no written notice of infringement, misappropriation or similar claim or Legal Proceeding involving infringement or misappropriation of any Intellectual Property of any other Person is or has been pending and served or, to the knowledge of Satellos, pending and not served or threatened against any Satellos and its subsidiaries or against any other Person who is, or has asserted or would reasonably be expected to assert that it is, entitled to be indemnified, defended, held harmless or reimbursed by Satellos and its subsidiaries with respect to such claim or proceeding (including any claim or Legal Proceeding that has been settled, dismissed or otherwise concluded);
 - (ix) except as set forth in Section 4.1(w) of the Satellos Disclosure Letter, none of Satellos and its subsidiaries have transferred title to, or granted any exclusive license, or granted an option to acquire title or an exclusive license, with respect to, any material Satellos IP;
 - (x) Section 4.1(w) of the Satellos Disclosure Letter lists all proceedings or actions known to Satellos before any court or tribunal related to any Satellos IP. No Satellos IP is the subject of any outstanding decree, order, judgment, settlement agreement, or stipulation restricting in any manner the use, transfer, or licensing thereof by Satellos and its subsidiaries, or that may affect the validity, use or enforceability of such Satellos IP;
 - (xi) Satellos and its subsidiaries have not taken any action or failed to take any action that reasonably could be expected to result in the abandonment, cancellation, forfeiture, relinquishment, invalidation or unenforceability of any registered trademarks identified on Section 4.1(w) of the Satellos Disclosure Letter; and
 - (xii) neither Satellos nor its subsidiaries has entered into any services agreements relating to development, testing, manufacture or formulation of any Satellos Product under which the party performing such services has obtained rights to Intellectual Property covering such Satellos Products or their manufacture, formulation or use.
- (x) Status of Satellos Products.
- (i) Section 4.1(x) of the Satellos Disclosure Letter sets out a complete list of all products or services that are (a) designed, manufactured, marketed, licensed, leased, sold, performed, made available or otherwise distributed or disposed of by Satellos or any of its subsidiaries or in connection with its business currently or in the past five years (including, to the extent included in the intellectual property owned by Satellos, any part of any product or service that Satellos or its subsidiaries of Satellos designs, manufactures, markets, licenses, sells, performs, makes available or, in connection with Satellos' business, otherwise distributes or disposes of), or (b) is currently the subject of service or maintenance obligations provided by Satellos (the "**Satellos Products**").
 - (ii) Satellos or its subsidiaries have the Permits and approvals to market, use, import, export, distribute, offer for sale, sale or other commercialization of the Satellos Products.

- (iii) There have been no adverse regulatory actions taken (nor, to the knowledge of Satellos, threatened in writing) by any Governmental Entity with respect to any Satellos Products.

(y) Compliance with Laws.

- (i) Satellos and its subsidiaries have complied in all material respects with and are not in material violation of any applicable Laws and have not received any written notices or other correspondence from any Governmental Entity regarding any circumstances that have existed or currently exist which would lead to a loss, suspension, modification of, or a refusal to issue, any material license, Permit, authorization, approval, registration or consent of a Governmental Entity relating to its activities which would reasonably be expected to restrict, curtail, limit or adversely affect the ability of Satellos and its subsidiaries to operate their businesses in a manner which would have, or would reasonably be expected to have, a Material Adverse Effect on Satellos.
- (ii) To the knowledge of Satellos, the studies, tests and nonclinical, preclinical, safety, and clinical studies and testing, if any, conducted by Satellos and its subsidiaries relating to any Satellos Product and product of its subsidiaries, and, if still pending, are being conducted in all material respects in accordance with standard and accepted medical and professional scientific research procedures and all applicable Laws; the descriptions of the results of such studies, tests and trials provided to iCo are accurate in all material respects; none of Satellos and its subsidiaries have received any written notices or correspondence from any applicable Governmental Entity requiring the termination, suspension, material modification or clinical hold of any such studies, tests or trials conducted by or on behalf of Satellos and its subsidiaries, which termination, suspension, material modification or clinical hold would reasonably be expected to result in a Material Adverse Effect on Satellos. Research involving human subjects conducted by or on behalf of Satellos and its subsidiaries: (i) was approved by an institutional review board, if required, (ii) had the informed consent of the subjects, if required, and (iii) to knowledge of Satellos, did not involve any investigator who has been disqualified as a clinical investigator by the United States Food and Drug Administration or any other Governmental Entity or has been found by any agency with jurisdiction to have engaged in scientific misconduct.

(z) Employment Matters.

- (i) Section 4.1(z) of the Satellos Disclosure Letter sets forth a complete list of all employees and consultants of Satellos, together with their titles, salaries and bonus (whether monetary or otherwise), and a list of the directors and the terms of their compensation. Other than set forth in Section 4.1(z) of the Satellos Disclosure Letter, no such employee is on long-term disability leave, extended absence or workers' compensation leave.
- (ii) Other than set forth in Section 4.1(z) of the Satellos Disclosure Letter, Satellos is not:

- (A) a party to any written or oral agreement, arrangement, plan, obligation, policy or understanding providing for severance or termination payments to, or any employment or consulting agreement with, any director or officer of Satellos;
 - (B) a party to any collective bargaining agreement or multiemployer plan nor, to the knowledge of Satellos, subject to any application for certification or threatened or apparent union-organizing campaigns for employees not covered under a collective bargaining agreement nor are there any current, or to the knowledge of Satellos, pending or threatened strikes or lockouts at Satellos; and
 - (C) subject to any claim for wrongful dismissal, constructive dismissal or any other tort claim, actual or, to the knowledge of Satellos, threatened, or any litigation, actual or, to the knowledge of Satellos, threatened, relating to its employees or independent contractors (including any termination of such individuals).
- (iii) Satellos has been and is now in compliance, in all material respects, with all applicable Laws with respect to employment and labour and there are no current, pending, or, to the knowledge of Satellos, threatened proceedings before any Governmental Entity with respect to employment or labour.
- (iv) Satellos has not, and is not subject to any present or future obligation or liability under, any pension plan, deferred compensation plan, retirement income plan, stock option or share purchase plan, profit sharing plan, bonus plan, employee benefit plan or policy, employee group insurance plan, program policy or practice, formal or informal, with respect to its employees.
- (aa) Related Party Transactions. Except as set forth in Section 4.1(aa) of the Satellos Disclosure Letter, there are no Contracts or other transactions currently in place between Satellos or its subsidiaries, on the one hand, and: (i) any officer or director of Satellos or its subsidiaries; (ii) any holder of record or, to the knowledge of Satellos, beneficial owner of 10% or more of the Satellos Shares; and (iii) to the knowledge of Satellos, any affiliate or associate of any such, officer, director, holder of record or beneficial owner, on the other hand.
- (bb) Registration Rights. No Person has any right to compel Satellos to register or otherwise qualify the Satellos Shares (or any of them) or any other securities of Satellos or any of its subsidiaries for public sale or distribution.
- (cc) Restrictions on Business Activities. There is no arbitral award, judgment, injunction, constitutional ruling, order or decree binding upon Satellos or its subsidiaries that has or could reasonably be expected to have the effect of prohibiting, restricting, or impairing any business practice of any of them, any acquisition or disposition of property by any of them, or the conduct of the business by any of them as currently conducted, which could reasonably be expected to have a Material Adverse Effect on Satellos.
- (dd) Brokers. Except as set out in Section 4.1(dd) of the Satellos Disclosure Letter, no broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in

connection with the transactions contemplated hereby based upon arrangements made by or on behalf of Satellos, and the aggregate amount of such fees that may become payable in respect of all such arrangements is set out in Section 4.1(dd) to the Satellos Disclosure Letter.

- (ee) Insurance. As of the date hereof, Satellos has such policies of insurance as are listed in Section 4.1(ee) of the Satellos Disclosure Letter. All insurance maintained by Satellos is in full force and effect and is in amounts and in respect of such risks as are normal and usual for companies of similar size operating in the same industry and in the location in which Satellos operates.
- (ff) No Cease Trade. Satellos is not subject to any cease trade or other order of any applicable Securities Authority and, to the knowledge of Satellos, no investigation or other proceedings involving Satellos which may operate to prevent or restrict trading of any securities of Satellos are currently in progress or pending before any applicable Securities Authority.
- (gg) Certain Business Practices. To the knowledge of Satellos, neither Satellos, its subsidiaries nor any director, officer, agent or employee of Satellos or its subsidiaries (in their capacities as such) has:
 - (i) used or agreed to use funds for contributions, gifts, entertainment or other purposes relating to political activity in violation of Law; or
 - (ii) made or agreed to make any payment to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns in violation of Law.
- (hh) Material Facts not Withheld. Satellos has not withheld and will not withhold from iCo prior to the Effective Time, any material facts relating to Satellos or its subsidiaries.
- (ii) Insolvency. No act or proceeding has been taken by or against Satellos or any of its subsidiaries in connection with the dissolution, liquidation, winding up, bankruptcy or reorganization of Satellos or any of its subsidiaries or for the appointment of a trustee, receiver, manager or other administrator of Satellos or any of its subsidiaries or any of its properties or assets nor, to the knowledge of Satellos, is any such act or proceeding threatened. Satellos (nor any of its subsidiaries) has not sought protection under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or similar legislation. Neither Satellos nor any of its subsidiaries nor any of their respective properties or assets are subject to any outstanding judgment, order, writ, injunction or decree that involves or may involve, or restricts or may restrict, the right or ability of Satellos or any of its subsidiaries to conduct its business in all material respects as it has been carried on prior to the date hereof, or that would reasonably be expected to prevent or significantly impede or materially delay the completion of the Arrangement.
- (jj) Real Property and Leased Properties. Real Property and Leased Properties.
 - (i) Satellos does not own any real or immovable property.

- (ii) Satellos has provided to iCo complete and accurate copies of all leases and subleases for real and immovable property leased or subleased by Satellos or any of its subsidiaries (the "Satellos Leased Properties").
- (iii) With respect to all Satellos Leased Properties: (A) each lease or sublease in respect thereof is in good standing, legal, valid, binding and in full force and effect and is a legal, valid, binding obligation of, and is enforceable against, each other party thereto in accordance with its terms subject to any limitation under bankruptcy, insolvency or other Law affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies, such as specific performance and injunction; and (B) there is no event of breach or default, or any event which, with the giving of notice, the lapse of time or both, would become an event of default, under any such lease or sublease and, to the knowledge of Satellos, none of Satellos or any of its subsidiaries has received or delivered any notice of any material breach of, or default under, any such lease or sublease.
- (kk) Personal Property. Satellos and its subsidiaries have valid, good and marketable title to all personal property owned by them, except as would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect.
- (ll) Material Assets and Property. Satellos and each of its subsidiaries owns or has the right to use all material assets and properties currently owned or used in the business, including: (i) all Material Contracts; and (ii) all material assets and properties necessary to enable it to carry on its business as now conducted and as presently proposed to be conducted.
- (mm) No Pending Acquisitions. Satellos (or any of its subsidiaries) has not approved, is not contemplating, nor has it entered into any agreement in respect of, and to the knowledge of Satellos (or any of its subsidiaries): (i) the purchase of any property material to Satellos or material assets or any interest therein or the sale, transfer or other disposition of any material property of Satellos or material assets or any interest therein currently owned, directly or indirectly, by Satellos, whether by asset sale, transfer or sale of shares or otherwise; or (ii) the change of control (by sale or transfer of shares or sale of all or substantially all of the property and assets of Satellos) of Satellos (or any of its subsidiaries).

4.2 Survival of Representations and Warranties

The representations and warranties of Satellos contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms. Any investigation by iCo and its Representatives shall not mitigate, diminish or affect the representations and warranties of Satellos pursuant to this Agreement.

ARTICLE 5

COVENANTS OF ICO AND SATELLOS

5.1 Covenants of iCo Regarding the Conduct of Business

- (a) iCo covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except as required or permitted by this Agreement, required by applicable Laws or any Governmental Entities or consented to by Satellos in writing (which consent shall not be unreasonably withheld or delayed), iCo shall, and shall cause each of its subsidiaries to conduct its business in the ordinary course of business consistent with past practice, and use commercially reasonable efforts to maintain and preserve their respective business organization, assets, employees, goodwill and business relationships. Without limiting the generality of the foregoing, from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except as required or permitted by this Agreement or as disclosed in Section 5.1(a) of the iCo Disclosure Letter, iCo shall not, and shall cause each of its subsidiaries not to, directly or indirectly, without the prior written consent of Satellos (such consent not to be unreasonably withheld, conditioned or delayed):
 - (i) take any action other than in the ordinary course of business or as otherwise required or permitted pursuant to this Agreement;
 - (ii) (i) amend its or its subsidiaries notice of articles, articles or other comparable organizational documents; (ii) split, combine or reclassify any shares in the capital of iCo or any of its subsidiaries; (iii) issue, grant, deliver, sell or pledge, or agree to issue, grant, deliver, sell or pledge, any shares of iCo or its subsidiaries, or any rights convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares or other securities of iCo or its subsidiaries, other than the issuance of iCo Shares pursuant to the terms of the outstanding iCo Options and iCo Warrants; (iv) redeem, purchase or otherwise acquire, or offer to redeem, purchase or otherwise acquire, any outstanding securities of iCo or any of its subsidiaries, (v) amend the terms of any of its securities; (vi) adopt a plan of liquidation or resolution providing for the liquidation or dissolution of iCo or any of the iCo subsidiaries; (vii) amend its accounting policies or adopt new accounting policies, in each case except as required in accordance with IFRS; or (viii) enter into any agreement with respect to any of the foregoing;
 - (iii) (i) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets or otherwise), directly or indirectly, any assets, securities, properties, interests, business, corporation, partnership or other business organization or division thereof, or make any investment either by the purchase of securities, contribution of capital, property transfer, or purchase of any other property or assets of any other Person other than pursuant to a Contract in existence on the date hereof; (ii) incur, create, assume or otherwise become liable for or its subsidiaries become liable for, any indebtedness for borrowed money or any other liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other

Person, or make any loans, capital contributions, investments or advances other than pursuant to a Contract in existence on the date hereof; (iii) waive, release, grant or transfer any rights of material value; or (iv) authorize or propose any of the foregoing or enter into any agreement to do any of the foregoing;

- (iv) except in the ordinary course of business (i) sell, pledge, hypothecate, lease, license, sell and lease back, mortgage, dispose of or encumber or otherwise transfer any assets, tangible or intangible, securities, properties, interests or businesses of iCo or its subsidiaries; (ii) pay, discharge or satisfy any material liabilities or obligations; or (iii) authorize or propose any of the foregoing or enter into any agreement to do any of the foregoing;
- (v) other than as is necessary to comply with applicable Laws or Material Contracts, or in accordance with the iCo Stock Option Plan: (i) grant to any officer, employee, consultant or director of iCo or any of its subsidiaries an increase in compensation in any form, or grant any general salary increase; (ii) make any loan to any officer, employee, consultant or director of iCo or any of its subsidiaries; (iii) take any action with respect to the grant of any severance, change of control, bonus or termination pay to, or enter into any employment agreement, deferred compensation or other similar agreement (or amend any such existing agreement) with, or hire or terminate employment (except for just cause) of, any officer, employee, consultant or director of iCo or any of its subsidiaries; (iv) increase any benefits payable under any existing severance or termination pay policies or employment agreements, or adopt or materially amend any bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, compensation or other similar plan, agreement, trust, fund or arrangement for the benefit of directors, officers, employees, consultants or former directors, officers, employees or consultants of iCo or any of its subsidiaries; (v) increase bonus levels or other benefits payable to any director, executive officer, consultant or employee of iCo or any of its subsidiaries; (vi) provide for accelerated vesting, removal of restrictions or an exercise of any share based or share related awards (including stock options, share appreciation rights, deferred share units, performance units and restricted share awards) upon a change of control occurring on or prior to the Effective Time; or (vii) establish, adopt or amend (except as required by applicable Law) any collective bargaining agreement or similar agreement;
- (vi) settle, pay, discharge, satisfy, compromise, waive, assign or release (i) any material action, claim or proceeding brought against iCo and/or any of its subsidiaries; or (ii) any action, claim or proceeding brought by any present, former or purported holder of its securities in connection with the transactions contemplated by this Agreement or the Plan of Arrangement;
- (vii) declare any dividend, or make any other distribution whatsoever to its securityholders;
- (viii) enter into any agreement or arrangement that limits or otherwise restricts in any material respect iCo or its subsidiaries or any successor thereto, or that

would, after the Effective Time, limit or restrict in any material respect iCo or its subsidiaries from competing in any manner;

- (ix) waive, release or assign any material rights, claims or benefits of iCo or its subsidiaries;
- (x) (i) enter into any agreement that if entered into prior to the date hereof would be a Material Contract; (ii) modify or amend in any material respect, transfer or terminate any Material Contract, or waive, release or assign any material rights or claims thereto or thereunder; or (iii) enter into or modify any Contract or series of Contracts resulting in a new Contract or series of related new Contracts or enter into any modifications to an existing Contract or series of related existing Contracts outside of the ordinary course of business;
- (xi) amend or change any of its methods of reporting income deductions or accounting for Tax purposes, make, amend or rescind any Tax election, amend any Return, settle or compromise any Tax claim, action, litigation, proceeding, arbitration, investigation, audit, controversy, assessment, reassessment or liability, agree to an extension or waiver of the limitation period with respect to the assessment, reassessment or determination of Taxes, enter into any closing agreement with respect to any Tax or surrender any right to claim a Tax abatement, reduction, deduction, exemption, credit or refund;
- (xii) make a request for a Tax ruling or enter into any material agreement with a Governmental Entity with respect to Taxes.
- (xiii) fail to reasonably defend all claims or other Legal Proceedings against Satellos or any of its subsidiaries challenging or affecting iCo IP;
- (xiv) take any action or fail to take any action which action or failure to act would result, under any Securities Laws or any rules of the TSX-V, in the material loss, expiration or surrender of any right of iCo, or the loss of any material benefit of iCo, or that would reasonably be expected to cause any Governmental Entity to institute proceedings for the suspension, revocation or limitation of any rights of iCo necessary to conduct its businesses as now conducted and as proposed to be conducted upon completion of the Arrangement, or fail to prosecute with commercially reasonable due diligence any pending applications to any Governmental Entities for Permits or approvals including with respect to Intellectual Property;
- (xv) take any action or fail to take any action that is intended to, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the ability of iCo to consummate the Arrangement or the other transactions contemplated by this Agreement;
- (xvi) enter into a new line of business or abandonment or discontinuance of existing lines of business;

- (xvii) dispose of, transfer or allow to lapse any material rights in any of the iCo IP, other than in the ordinary course of business consistent with past practice, or disclose any material trade secrets to a third party; or
- (xviii) agree, resolve or commit to do any of the foregoing.
- (b) iCo shall use commercially reasonable efforts to cause the current insurance (or re-insurance) policies maintained by iCo or any of its subsidiaries, including directors' and officers' insurance, not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or reinsurance companies of nationally recognized standing having comparable deductibles and providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect; provided that, subject to Section 7.5, none of iCo or any of its subsidiaries shall obtain or renew any insurance (or re-insurance) policy for a term exceeding 12 months.
- (c) iCo shall promptly notify Satellos in writing of any circumstance or development that, to the knowledge of iCo, is or could reasonably be expected to constitute a Material Adverse Effect.
- (d) iCo shall be in compliance with the rules and policies of the TSX-V and the iCo Shares shall be listed for trading thereon.

5.2 Covenants of iCo Relating to the Arrangement

iCo shall and shall cause its subsidiaries to perform all obligations required or desirable to be performed by iCo or any of its subsidiaries under this Agreement, co-operate with Satellos in connection therewith, and do or cause to be done all such further acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement, including the execution and delivery of such documents as Satellos may reasonably require. Without limiting the generality of the foregoing, iCo shall and, where applicable, shall cause its subsidiaries to:

- (a) provide to Satellos at least seven (7) Business Days prior to the Effective Date a reasonable estimate of the cash that will be held by iCo and its subsidiaries immediately before the Effective Time;
- (b) subject to obtaining confirmation that insurance coverage is maintained as contemplated in Section 7.5 and subject to Section 5.5, it shall use commercially reasonable efforts to cause to be delivered to Satellos on the Effective Date resignations, effective on the Effective Date or at such other time and in the manner requested by Satellos, of the directors, officers and employees of iCo agreed to by the Parties, with nominees of Satellos to be appointed to the iCo Board immediately after each such resignation;
- (c) apply for and use commercially reasonable efforts to obtain all required approvals from Governmental Entities, including the Key Regulatory Approvals, relating to iCo or its subsidiaries which are typically applied for by iCo and, in doing so, keep Satellos informed as to the status of the proceedings related to obtaining such approvals, including providing Satellos with copies of all related applications and

notifications, in draft form (except where such material is confidential in which case it will be provided (subject to applicable Laws) to Satellos' outside counsel on an "external counsel" basis), in order for Satellos to provide its comments thereon, which shall be given due and reasonable consideration;

- (d) upon reasonable notice and subject to the Confidentiality Agreement and applicable Laws, until the earlier of the Effective Date and termination of this Agreement, iCo shall provide Satellos and its Representatives reasonable access (without disruption of the conduct of iCo's business), during normal business hours, to the, books, contracts and records as well as to the management personnel of iCo and its subsidiaries on an as reasonably requested basis as well as reasonable access to iCo's and its subsidiaries' properties for the purpose of confirming the representations and warranties of iCo contained herein;
- (e) use commercially reasonable efforts to obtain as soon as practicable following execution of this Agreement all third party consents, approvals and notices required under any of the Material Contracts, including all Key Third Party Consents, as applicable;
- (f) defend all lawsuits or other legal, regulatory or other proceedings against iCo or any of its subsidiaries challenging or affecting this Agreement or the consummation of the transactions contemplated hereby;
- (g) allow Representatives of Satellos (including legal and financial advisors) to attend the iCo Meeting; and
- (h) use all commercially reasonable efforts to obtain the TSX-V's conditional approval of the Arrangement and the listing of the Consideration Shares and the iCo Shares underlying the Replacement Options, Satellos Warrants and the Convertible Note.

5.3 Covenants of iCo Regarding Employees

Any severance obligations of iCo or other payments payable to employees, consultants and directors of iCo or its subsidiaries resulting from the change of control of iCo as a result of the Arrangement shall be a responsibility of and paid by iCo. From and after the Effective Date, iCo shall be responsible for and shall satisfy all obligations with respect to the employment of all employees, consultants and directors of iCo and its subsidiaries, including with respect to all notice of termination and severance pay in accordance with applicable Law (including employment standards), and contract, if applicable, and for all unpaid wages, accrued vacation pay and other amounts owing to employees, consultants and directors of iCo or its subsidiaries and for all claims of any nature or kind relating to employment or engagement by iCo or its subsidiaries up to the Effective Time, including for breach of contract or wrongful dismissal. The obligations contained in this Section 5.3 shall survive the execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement, including the Arrangement.

5.4 Covenants of Satellos Regarding the Conduct of Business

- (a) Satellos covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except as required or permitted by this Agreement, required by applicable Laws or any Governmental Entities or

consented to by iCo in writing (which consent shall not be unreasonably withheld or delayed), Satellos shall, and shall cause its subsidiaries to, conduct its business in the ordinary course of business consistent with past practice, and use commercially reasonable efforts to maintain and preserve their respective business organization, assets, employees, goodwill and business relationships. Without limiting the generality of the foregoing, from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except as required or permitted by this Agreement or as disclosed in Section 5.4(a) of the Satellos Disclosure Letter, Satellos shall not, and shall cause each of its subsidiaries not to, directly or indirectly, without the prior written consent of iCo (such consent not to be unreasonably withheld, conditioned or delayed):

- (i) take any action other than in the ordinary course of business or as otherwise required or permitted pursuant to this Agreement;
- (ii) (i) amend its articles or by-laws or other comparable organizational documents; (ii) split, combine or reclassify any shares in the capital of Satellos or its subsidiaries; (iii) issue, grant, deliver, sell or pledge, or agree to issue, grant, deliver, sell or pledge, any shares of Satellos or its subsidiaries, or any rights convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares or other securities of Satellos or its subsidiaries, other than the issuance of Satellos Shares pursuant to the terms of the outstanding Satellos Options and Satellos Warrants; (iv) redeem, purchase or otherwise acquire, or offer to redeem, purchase or otherwise acquire, any outstanding securities of Satellos or its subsidiaries, (v) amend the terms of any of its securities; (vi) adopt a plan of liquidation or resolution providing for the liquidation or dissolution of Satellos or its subsidiaries; (vii) amend its accounting policies or adopt new accounting policies, in each case except as required in accordance with IFRS; or (viii) enter into any agreement with respect to any of the foregoing;
- (iii) (i) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets or otherwise), directly or indirectly, any assets, securities, properties, interests, business, corporation, partnership or other business organization or division thereof, or make any investment either by the purchase of securities, contribution of capital, property transfer, or purchase of any other property or assets of any other Person other than pursuant to a Contract in existence on the date hereof; (ii) incur, create, assume or otherwise become liable for, any indebtedness for borrowed money or any other liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other Person, or make any loans, capital contributions, investments or advances other than pursuant to a Contract in existence on the date hereof; (iii) waive, release, grant or transfer any rights of material value; or (iv) authorize or propose any of the foregoing or enter into any agreement to do any of the foregoing;
- (iv) except in the ordinary course of business (i) sell, pledge, hypothecate, lease, license, sell and lease back, mortgage, dispose of or encumber or otherwise transfer any assets, tangible or intangible, securities, properties, interests or businesses of Satellos or its subsidiaries; (ii) pay, discharge or

satisfy any material liabilities or obligations; or (iii) authorize or propose any of the foregoing or enter into any agreement to do any of the foregoing;

- (v) other than as is necessary to comply with applicable Laws or Material Contracts: (i) grant to any officer, employee, consultant or director of Satellos or its subsidiaries an increase in compensation in any form, or grant any general salary increase; (ii) make any loan to any officer, employee, consultant or director of Satellos or its subsidiaries; (iii) take any action with respect to the grant of any severance, change of control, bonus or termination pay to, or enter into any employment agreement, deferred compensation or other similar agreement (or amend any such existing agreement) with, or hire or terminate employment (except for just cause) of, any officer, employee, consultant or director of Satellos or its subsidiaries; (iv) increase any benefits payable under any existing severance or termination pay policies or employment agreements, or adopt or materially amend any bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, compensation or other similar plan, agreement, trust, fund or arrangement for the benefit of directors, officers, employees, consultants or former directors, officers, employees or consultants of Satellos or its subsidiaries; (v) increase bonus levels or other benefits payable to any director, executive officer, consultant or employee of Satellos or its subsidiaries; (vi) provide for accelerated vesting, removal of restrictions or an exercise of any share based or share related awards (including stock options, share appreciation rights, deferred share units, performance units and restricted share awards) upon a change of control occurring on or prior to the Effective Time; or (vii) establish, adopt or amend (except as required by applicable Law) any collective bargaining agreement or similar agreement;
- (vi) settle, pay, discharge, satisfy, compromise, waive, assign or release (i) any material action, claim or proceeding brought against Satellos or its subsidiaries; or (ii) any action, claim or proceeding brought by any present, former or purported holder of its securities in connection with the transactions contemplated by this Agreement or the Plan of Arrangement;
- (vii) declare any dividend, or make any other distribution whatsoever to its securityholders;
- (viii) enter into any agreement or arrangement that limits or otherwise restricts in any material respect Satellos or its subsidiaries or any successor thereto, or that would, after the Effective Time, limit or restrict in any material respect Satellos or its subsidiaries from competing in any manner;
- (ix) waive, release or assign any material rights, claims or benefits of Satellos or its subsidiaries;
- (x) (i) enter into any agreement that if entered into prior to the date hereof would be a Material Contract; (ii) modify or amend in any material respect, transfer or terminate any Material Contract, or waive, release or assign any material rights or claims thereto or thereunder; or (iii) enter into or modify any Contract or series of Contracts resulting in a new Contract or series of related new Contracts or enter into any modifications to an existing Contract

or series of related existing Contracts outside of the ordinary course of business;

- (xi) change any method of Tax accounting, make or change any Tax election, file any amended Return, settle or compromise any Tax liability, agree to an extension or waiver of the limitation period with respect to the assessment, reassessment or determination of Taxes, enter into any closing agreement with respect to any Tax or surrender any right to claim a Tax refund;
 - (xii) fail to reasonably defend all claims or other Legal Proceedings against Satellos or any of its subsidiaries challenging or affecting Satellos IP;
 - (xiii) take any action or fail to take any action which action or failure to act would result in the material loss, expiration or surrender of any right of Satellos, or the loss of any material benefit of Satellos, or that would reasonably be expected to cause any Governmental Entity to institute proceedings for the suspension, revocation or limitation of any rights of Satellos necessary to conduct its businesses as now conducted and as proposed to be conducted upon completion of the Arrangement, or fail to prosecute with commercially reasonable due diligence any pending applications to any Governmental Entities for approvals including with respect to Intellectual Property;
 - (xiv) take any action or fail to take any action that is intended to, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the ability of Satellos to consummate the Arrangement or the other transactions contemplated by this Agreement;
 - (xv) enter into a new line of business or abandonment or discontinuance of existing lines of business;
 - (xvi) dispose of, transfer, or allow to lapse any material rights in any of the Satellos IP, other than in the ordinary course of business consistent with past practice, or disclose any material trade secrets to a third party; or
 - (xvii) agree, resolve or commit to do any of the foregoing.
- (b) Satellos shall promptly notify iCo in writing of any circumstance or development that, to the knowledge of Satellos, constitutes, or could reasonably be expected to constitute, a Material Adverse Effect.

5.5 Covenants of Satellos Relating to the Arrangement

Satellos shall, and shall cause its subsidiaries to, perform all obligations required or desirable to be performed by Satellos or its subsidiaries under this Agreement, co-operate with iCo in connection therewith, and do or cause to be done all such further acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement, including the execution and delivery of such documents as iCo may reasonably require. Without limiting the generality of the foregoing, Satellos shall and, where applicable shall cause its subsidiaries to:

- (a) apply for and use commercially reasonable efforts to obtain all required approvals from Governmental Entities, including the Key Regulatory Approvals relating to

Satellos or its subsidiaries which are typically applied for by Satellos and, in doing so, keep iCo informed as to the status of the proceedings related to obtaining such approvals, including providing iCo with copies of all related applications and notifications in draft form (except where such material is confidential in which case it will be provided (subject to applicable Laws) to iCo's outside counsel on an "external counsel" basis), in order for iCo to provide its comments thereon, which shall be given due and reasonable consideration;

- (b) upon reasonable notice and subject to the Confidentiality Agreement and applicable Laws, until the earlier of the Effective Date and termination of this Agreement, Satellos shall provide iCo and its Representatives reasonable access (without disruption of the conduct of Satellos' business), during normal business hours, to the, books, contracts and records as well as to the management personnel of Satellos and its subsidiaries on an as reasonably requested basis as well as reasonable access to Satellos' and its subsidiaries' properties for the purpose of confirming the representations and warranties of Satellos contained herein;
- (c) use commercially reasonable efforts to obtain as soon as practicable following execution of this Agreement all third party consents, approvals and notices required under any of the Material Contracts, including all Key Third Party Consents;
- (d) allow Representatives of iCo (including legal and financial advisors) to attend the Satellos Meeting; and
- (e) use commercially reasonable efforts to assist and cooperate with iCo in fulfilling all of the requirements of the TSX-V related to the Arrangement, including promptly providing any information related to Satellos or iCo following completion of the Arrangement that is requested by the TSX-V;
- (f) defend all lawsuits or other legal, regulatory or other proceedings against Satellos or any of its subsidiaries challenging or affecting this Agreement or the consummation of the transactions contemplated hereby; and
- (g) use commercially reasonable efforts to cause all Satellos Shareholders to enter into the Voluntary Escrow Agreement.

5.6 Mutual Covenants

Each of the Parties covenants and agrees that, except as contemplated in this Agreement, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms:

- (a) it shall, and shall cause its subsidiaries to, use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder as set forth in Article 6 to the extent the same is within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the Plan of Arrangement, including using commercially reasonable efforts to: (i) obtain all Key Regulatory Approvals required to be obtained by it; (ii) effect all necessary registrations, filings and submissions of information requested by Governmental Entities required to be effected by it in connection with the Plan of Arrangement; (iii) oppose, lift or rescind any injunction or restraining order against it or other order or

action against it seeking to stop, or otherwise adversely affecting its ability to make and complete, the Plan of Arrangement; and (iv) co-operate with the other Party in connection with the performance by it and its subsidiaries of their obligations hereunder; in addition, subject to the terms and conditions of this Agreement, none of the Parties shall knowingly take or cause to be taken any action which would reasonably be expected to prevent or materially delay the consummation of the transactions contemplated hereby; and

- (b) it shall not take any action, refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with this Agreement or which would reasonably be expected to, individually or in the aggregate, materially delay or materially impede the making or completion of the Arrangement except as permitted by this Agreement.
- (c)

ARTICLE 6

CONDITIONS

6.1 Mutual Conditions Precedent

The obligations of the Parties to complete the transactions contemplated by this Agreement, including the Arrangement, are subject to the fulfillment, on or before the Effective Time, of each of the following conditions precedent, each of which may be waived only with the mutual consent of the Parties:

- (a) the Arrangement Resolution shall have been approved and adopted by the Satellos Shareholders at the Satellos Meeting in accordance with the Interim Order;
- (b) the iCo Resolution shall have been approved and adopted by the iCo Shareholders at the iCo Meeting;
- (c) the Interim Order and the Final Order shall each have been obtained on terms consistent with this Agreement, and shall not have been set aside or modified in a manner unacceptable to Satellos or iCo, acting reasonably, on appeal or otherwise;
- (d) there shall not exist any prohibition at Law, including a cease trade order, injunction or other prohibition or order at Law or under applicable legislation, and there shall not have been any action taken under any Law or by any Governmental Entity or other regulatory authority, that makes it illegal or otherwise directly or indirectly restrains, enjoins, prevents or prohibits the consummation of the Arrangement;
- (e) the distribution of the securities pursuant to the Arrangement shall be exempt from the prospectus and registration requirements of applicable Securities Laws either by virtue of exemptive relief from the securities regulatory authorities of each of the provinces of Canada or by virtue of applicable exemptions under Securities Laws and shall not be subject to resale restrictions under applicable Securities Laws (other than as applicable to control Persons or pursuant to Section 2.6 of National Instrument 45-102);
- (f) the iCo Shares and Replacement Options to be issued pursuant to the Arrangement shall be exempt from the registration requirements of the U.S. Securities Act

pursuant to Section 3(a)(10) thereof and will not be subject to resale restrictions under the U.S. Securities Act, subject to restrictions applicable to affiliates (as defined in Rule 405 of the U.S. Securities Act) of iCo following the Effective Date;

- (g) the TSX-V shall have approved the Arrangement and conditionally approved for listing, subject to the payment of fees and the filing of customary required documents, the iCo Shares issuable pursuant to the Arrangement and the iCo Shares issuable upon exercise of the Replacement Options, Satellos Warrants and the Convertible Note;
- (h) the Key Regulatory Approvals shall have been obtained;
- (i) the Key Third Party Consents shall have been obtained; and
- (j) this Agreement shall not have been terminated pursuant to Article 8.

6.2 Additional Conditions Precedent to the Obligations of Satellos

The obligations of Satellos to complete the transactions contemplated by this Agreement are subject to the fulfillment of each of the following conditions precedent on or before the Effective Date or such other time as specified below (each of which is for the exclusive benefit of Satellos and may be waived by Satellos in whole or in part at any time):

- (a) all covenants of iCo under this Agreement to be performed on or before the Effective Date shall have been duly performed by iCo in all material respects, and Satellos shall have received a certificate of iCo addressed to Satellos and dated the Effective Date, signed by a senior executive officer of iCo (on behalf of iCo and without personal liability), confirming the same as at the Effective Date;
- (b) all representations and warranties of iCo set forth in this Agreement shall be true and correct in all respects as at the Effective Date as though made on and as of the Effective Date (except for representations and warranties made as at a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of any such representations and warranties to be so true and correct in all respects would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on iCo and Satellos shall have received a certificate of iCo addressed to Satellos and dated the Effective Date, signed on behalf of iCo by a senior executive officer of iCo (on behalf of iCo and without personal liability), confirming the same as at the Effective Date;
- (c) since the date of this Agreement, there shall not have occurred, or have been disclosed to the public (if previously undisclosed to the public) any Material Adverse Effect in respect of iCo, and iCo shall have provided to Satellos a certificate of a senior executive officer of iCo certifying the same as at the Effective Date;
- (d) on the Effective Date, the outstanding securities of iCo shall be as set out in Section 6.2 of the iCo Disclosure Letter;
- (e) at the Effective Time, iCo shall have completed the Concurrent Financing for gross proceeds of not less than \$6,000,000; and

- (f) at the Effective Time, iCo shall have completed the incorporation of a wholly owned subsidiary for the purposes of the Spin Out.

6.3 Additional Conditions Precedent to the Obligations of iCo

The obligations of iCo to complete the transactions contemplated by this Agreement are subject to the fulfillment of each of the following conditions precedent on or before the Effective Date or such other time as specified below (each of which is for the exclusive benefit of iCo and may be waived by iCo in whole or in part at any time):

- (a) all covenants of Satellos under this Agreement to be performed on or before the Effective Date shall have been duly performed by Satellos in all material respects, and iCo shall have received a certificate of Satellos, addressed to iCo and dated the Effective Date, signed by a senior executive officer of Satellos (on behalf of Satellos and without personal liability), confirming the same as at the Effective Date;
- (b) all representations and warranties of Satellos set forth in this Agreement shall be true and correct in all respects as at the Effective Date as though made on and as at the Effective Date (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of any such representations and warranties to be so true and correct in all respects would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Satellos; and iCo shall have received a certificate of Satellos addressed to iCo and dated the Effective Date, signed by a senior executive officer of Satellos (on behalf of Satellos and without personal liability), confirming the same as at the Effective Date;
- (c) since the date of this Agreement there shall not have occurred any Material Adverse Effect in respect of Satellos, and iCo shall have received a certificate of, addressed to iCo and dated the Effective Date, signed by a senior executive officer of Satellos (on Satellos' behalf and without personal liability), confirming the same as at the Effective Date;
- (d) on the Effective Date, the outstanding securities of Satellos shall be as set out in Section 6.3 of the Satellos Disclosure Letter;
- (e) holders of no more than 5% of the total issued and outstanding Satellos Shares shall have exercised Dissent Rights (and not withdrawn such exercise) and iCo shall have received a certificate of a senior executive officer of Satellos confirming the same as at the Effective Date; and
- (f) there shall be no outstanding indebtedness of Satellos other than as set out in the Satellos Disclosure Letter.

6.4 Satisfaction of Conditions

The conditions precedent set out in Section 6.1, Section 6.2 and Section 6.3 shall be conclusively deemed to have been satisfied, waived or released at the Effective Time.

6.5 Notice and Cure Provisions

Each Party will give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof until the earlier to occur of the termination of this Agreement and the Effective Time of any event or state of facts which occurrence or failure would, or would be likely to:

- (a) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect on the date hereof or at the Effective Time; or
- (b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such Party hereunder prior to the Effective Time.

Satellos may not exercise its rights to terminate this Agreement pursuant to Section 8.2(c)(iii) and iCo may not exercise its right to terminate this Agreement pursuant to Section 8.2(d)(iii) unless the Party intending to rely thereon has delivered a written notice to the other Party specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the non-fulfilment or the applicable condition or termination right, as the case may be. If any such notice is delivered, provided that a Party is proceeding diligently to cure such matter and such matter is capable of being cured, no Party may terminate this Agreement until the expiration of a period of 10 Business Days from such notice, and then only if such matter has not been cured by such date. If such notice has been delivered prior to the making of the application for the Final Order or the iCo Meeting, such application and/or such filing shall be postponed until the expiry of such period.

ARTICLE 7 ADDITIONAL COVENANTS

7.1 Non-Solicitation

- (a) On and after the date hereof until the date upon which this Agreement is terminated, and except as otherwise expressly provided in this Section 7.1, neither Party shall, directly or indirectly, or through any of its Representatives, and shall cause its subsidiaries and their Representatives not to:
 - (i) solicit, initiate, encourage or facilitate (including by way of furnishing information or entering into any form of agreement, arrangement or understanding) the initiation of any inquiries or proposals whatsoever which would constitute an Acquisition Proposal;
 - (ii) participate in any discussions or negotiations with any Person (other than the other Party hereto or its Representatives) regarding an Acquisition Proposal;
 - (iii) approve, accept, endorse or recommend, or propose publicly to accept, approve, endorse or recommend, any Acquisition Proposal;
 - (iv) accept or enter into or publicly propose to accept or enter into, any agreement, understanding or arrangement or other contract in respect of an Acquisition Proposal; or

- (v) make a Change in Recommendation, unless (A) it does not relate to an Acquisition Proposal, (B) it is in response to any fact, event, change, development or circumstances not known by the iCo Board or Satellos Board, as applicable, as of the date hereof and (C) in the opinion of the iCo Board or Satellos Board, as applicable, acting in good faith and after receiving advice from its outside financial advisors and outside legal counsel, the iCo Board or Satellos Board is required to make a Change in Recommendation in order to comply with the fiduciary duties of such directors under applicable Law.
- (b) Except as otherwise provided in this Section 7.1, each Party shall, and shall cause its subsidiaries and its and their Representatives to, immediately cease and cause to be terminated any solicitation, encouragement, discussion or negotiation with any Persons (other than the other Party and its Representatives) conducted heretofore by the Party, its subsidiaries or its or their respective Representatives with respect to any potential Acquisition Proposal and, in connection therewith, each Party will discontinue access to any of its confidential information (and not establish or allow access to any of its confidential information, or any data room, virtual or otherwise) and shall as soon as possible request (and exercise all rights it has to require) the return or destruction of all confidential information (including all material including or incorporating or otherwise reflecting any material confidential information) regarding the Party and its subsidiaries previously provided to any such Person or any other Person. Each Party agrees that, except as permitted by Section 7.1(c), neither it nor any of its subsidiaries shall terminate, waive, amend or modify any provision of any existing confidentiality agreement relating to a potential Acquisition Proposal or any standstill agreement to which it or any of its subsidiaries is a party (it being acknowledged and agreed that the automatic termination of any standstill provisions of any such agreement as the result of the entering into an announcement of this Agreement by the Parties, pursuant to the express terms of any such agreement, shall not be a violation of this Section 7.1(b)) and each of the Parties undertakes to enforce all standstill, non-disclosure, non-disturbance, non-solicitation and similar covenants that it or any of its subsidiaries have entered into prior to the date hereof; provided, however, that the foregoing shall not prevent the board of directors of a Party from considering an Acquisition Proposal that is reasonably likely to lead to a Superior Proposal and accepting a Superior Proposal that might be made by any such third party, in each case subject to the terms of this Agreement.
- (c) Notwithstanding Sections 7.1(a) and 7.1(b) and any other provision of this Agreement or of any other agreement between Satellos and iCo, if at any time following the date of this Agreement and prior to obtaining the iCo Shareholder Approval of the iCo Resolution at the iCo Meeting or the Satellos Shareholder Approval of the Arrangement Resolution at the Satellos Meeting, a Party (the "**Solicited Party**") receives a written Acquisition Proposal (that was not solicited after the date hereof in contravention of Section 7.1(a) and provided that the Solicited Party is in compliance with Sections 7.1(b) and 7.2(a)), the Solicited Party may (directly or through its advisors or Representatives):
 - (i) if it believes, acting in good faith, that the Acquisition Proposal would reasonably be expected to lead to a Superior Proposal, contact the Person(s) making such Acquisition Proposal and its advisors solely for the

purpose of clarifying such Acquisition Proposal and any material terms thereof and the conditions thereto and likelihood of consummation so as to determine whether such proposal is a Superior Proposal; and

- (ii) if, in the opinion of the Board of Directors of the Solicited Party, acting in good faith and after receiving advice from its outside financial advisors and outside legal counsel, the Acquisition Proposal constitutes, if consummated in accordance with its terms, a Superior Proposal, then, and only in such case, the Solicited Party may:
 - (A) furnish information with respect to such Party and its subsidiaries to the Person making such Acquisition Proposal; and/or
 - (B) participate in discussions or negotiations with, the Person making such Acquisition Proposal; and/or
 - (C) waive any standstill provision or agreement that would otherwise prohibit such Person from making an Acquisition Proposal,

provided that the Solicited Party shall not, and shall not allow its Representatives to, disclose any non-public information with respect to the Party to such Person (i) if such non-public information has not been previously provided to, or is not concurrently provided to, the other Party; (ii) without entering into a confidentiality and standstill agreement (if one has not already been entered into) which is customary in such situations and which is no less favourable to the other Party and no more favourable to the counterparty than the confidentiality and standstill provisions contained in the Confidentiality Agreement (an “**Acceptable Confidentiality Agreement**”); and (iii) without providing to the other Party a copy of such Acceptable Confidentiality Agreement and any information provided to the Person making such Acquisition Proposal.

7.2 Notification of Acquisition Proposals

- (a) A Solicited Party shall promptly notify the other Party, at first orally and then in writing within 24 hours of receipt of any proposal, inquiry, offer or request received by the Party or its Representatives after the date hereof (i) relating to an Acquisition Proposal or potential Acquisition Proposal or inquiry that could reasonably lead to or be expected to lead to an Acquisition Proposal; (ii) for discussions or negotiations in respect of an Acquisition Proposal or potential Acquisition Proposal; or (iii) for non-public information relating to the Solicited Party or its subsidiaries, access to properties, books and records or a list of the Solicited Party's shareholders. Such notice shall indicate the identity of the Person making such proposal, inquiry or request, include a copy of the Acquisition Proposal and include a copy of any other documentation received by the Solicited Party or its Representatives and such other details of the Acquisition Proposal known to the Solicited Party as the other Party may reasonably request. The Solicited Party shall keep the other Party promptly and fully informed of the status, including any change to the material terms, of such proposal, inquiry, offer or request and shall respond promptly to all reasonable inquiries by the other Party with respect thereto and shall provide copies of any written documents or correspondence provided to the Solicited Party relating to such Acquisition Proposal.

- (b) Subject to Section 7.3(a) and provided that the Party has complied with this Section 7.2, at all times following the date of this Agreement and prior to obtaining the iCo Shareholder Approval and Satellos Shareholder Approval, if a Party (the **"Terminating Party"**) receives an Acquisition Proposal which the board of directors of the Terminating Party concludes in good faith constitutes a Superior Proposal, the Terminating Party may, subject to compliance with the procedures set forth in Section 8.2 and Section 8.3, terminate this Agreement to enter into a definitive agreement with respect to such Superior Proposal.

7.3 Responding to Acquisition Proposal and Superior Proposals

- (a) Notwithstanding Section 7.1 and subject to compliance with the obligations in Section 7.1 and Section 7.2, a Terminating Party may enter into a definitive agreement (a **"Proposed Agreement"**) with a third party providing for an Acquisition Proposal, if such Acquisition Proposal constitutes a Superior Proposal; provided that the Terminating Party may do so only after it has provided the other Party with written notice that the board of directors of the Terminating Party has determined that it has received a Superior Proposal (a **"Superior Proposal Notice"**), which identifies the party making the Superior Proposal, specifies the cash amount that the board of directors of the Terminating Party has ascribed to any non-cash consideration being offered in the Superior Proposal, and provides the other Party with a copy of all documentation related to the Superior Proposal and any Proposed Agreement, in each case not less than five (5) Business Days (the **"Response Period"**) prior to the proposed execution of such Proposed Agreement by the Terminating Party. For purposes of this Agreement, the Response Period shall expire at 5:00 p.m. (Vancouver time) on the fifth (5th) Business Day following the day on which the Superior Proposal Notice and Proposed Agreement were received by the other Party.
- (b) During the Response Period, the Terminating Party acknowledges and agrees that the other Party shall have the right, but not the obligation, to offer to amend the terms of this Agreement and the Plan of Arrangement in order to provide for terms at least equivalent to those provided for in the Superior Proposal. If the other Party does so, then the board of directors of the Terminating Party shall review any such proposal by the other Party to determine (acting in good faith and in accordance with its fiduciary duties) whether the Acquisition Proposal to which the Terminating Party is responding would continue to be a Superior Proposal when assessed against the amended Agreement and Plan of Arrangement as proposed by the other Party. If the board of directors of the Terminating Party determines that the Acquisition Proposal would thereby cease to be a Superior Proposal, it will cause the other Party to enter into an amendment to this Agreement and the Plan of Arrangement reflecting the offer by the other Party to amend the terms of this Agreement and Plan of Arrangement and will further agree not to enter into the applicable Proposed Agreement and not to withdraw, modify or change any recommendation regarding the Plan of Arrangement save and except to reaffirm its recommendation of the amended Plan of Arrangement.
- (c) If (i) the other Party does not offer to amend the terms of this Agreement and Plan of Arrangement within the Response Period or (ii) the board of directors of the Terminating Party determines acting in good faith and in the proper discharge of its fiduciary duties (after consultation with its financial advisor and after receiving advice from its outside legal counsel) that the Acquisition Proposal would

nonetheless remain a Superior Proposal with respect to the other Party's proposal to amend this Agreement and Plan of Arrangement, and therefore rejects the other Party's offer to amend the Plan of Arrangement and this Agreement, the Terminating Party shall be entitled to terminate this Agreement pursuant to Section 8.2 following the expiry of the Response Period and enter into the Proposed Agreement upon payment to the other Party of the amount payable pursuant to Section 8.3.

- (d) Each Party acknowledges and agrees that each successive material modification of any Acquisition Proposal shall constitute a new Acquisition Proposal for purposes of the requirement of Section 7.3(a) to initiate an additional five (5) Business Day Response Period.
- (e) The board of directors of the Terminating Party shall promptly reaffirm its recommendation of the Arrangement by news release after any Acquisition Proposal which is not determined to be a Superior Proposal is publicly announced or the Terminating Party determines that a proposed amendment to the terms of this Agreement as contemplated under Section 7.3(b) would result in an Acquisition Proposal constituting a Superior Proposal no longer being a Superior Proposal. The Terminating Party shall provide the other Party and its outside legal counsel with a reasonable opportunity to review the form and content of any such new release and shall make all reasonable amendments to such new release as requested by the other Party and its legal counsel.
- (f) Nothing in this Agreement shall prevent a Party from responding through a directors' circular or otherwise as required by applicable Laws to an Acquisition Proposal that it determines is not a Superior Proposal. The other Party and its advisors shall be given a reasonable opportunity to review and comment on the content of any directors' circular prior to its printing and the Party shall consider for inclusion all reasonable comments made by the other Party and its advisors.

7.4 Access to Information; Confidentiality

From the date hereof until the earlier of the Effective Time and the termination of this Agreement, subject to compliance with applicable Law and the terms of any existing Contracts, each Party shall, and shall cause its subsidiaries and their respective officers, directors, employees, independent auditors, accounting advisors and agents to, afford to the other Party and to the officers, employees, agents and other Representatives of the other Party (upon reasonable advance notice and, at the option of the Party, with a Representative of the Party present), such reasonable access during regular business hours as the other Party may reasonably require at all reasonable times, without disruption to the conduct of the Party's business, including for the purpose of facilitating integration business planning, to their officers, employees, agents, properties, books, records and Contracts of the Party and its subsidiaries, and shall furnish the other Party with all data and information as the Party may reasonably request. The Parties acknowledge and agree that information furnished pursuant to this Section 7.4 shall be subject to the terms and conditions of the Confidentiality Agreement.

7.5 Insurance and Indemnification

- (a) iCo shall be entitled to purchase run off directors' and officers' liability insurance for a period of up to six years from the Effective Date with the prior written consent of Satellos, not to be unreasonably withheld. iCo shall ensure that the notice of articles

and/or articles of iCo and its subsidiaries (or their respective successors) shall contain the provisions with respect to indemnification set forth in iCo's or the applicable subsidiary's current notice of articles and/or articles, which provisions shall not, except to the extent required by applicable Laws, be amended, repealed or otherwise modified for a period of six years from the Effective Date in any manner that would adversely affect any rights of indemnification of individuals who, immediately prior to the Effective Date, were directors or officers of iCo or any of its subsidiaries.

- (b) iCo agrees that it shall directly honour all rights to indemnification or exculpation now existing in favour of present and former officers and directors of iCo and its subsidiaries, to the extent that they are disclosed in Section 7.5(b) of the iCo Disclosure Letter, and acknowledges that such rights, to the extent they are disclosed in Section 7.5(b) of the iCo Disclosure Letter, shall survive the completion of the Plan of Arrangement and shall continue in full force and effect for a period of not less than six years from the Effective Date.
- (c) The provisions of this Section 7.5 are intended for the benefit of, and shall be enforceable by, each insured or indemnified Person, his or her heirs and his or her legal representatives and, for such purpose. Furthermore, this Section 7.5 shall survive the termination of this Agreement as a result of the occurrence of the Effective Date for a period of six years.

7.6 Post-Closing Amalgamation

Immediately following the Effective Time, iCo and Satellos shall take all steps and do all things as are necessary to complete the Post-Closing Amalgamation.

ARTICLE 8 TERM, TERMINATION, AMENDMENT AND WAIVER

8.1 Term

This Agreement shall be effective from the date hereof until the earlier of the Effective Time and the termination of this Agreement in accordance with this Article 8.

8.2 Termination

Subject to the last paragraph of this Section 8.2, this Agreement, may be terminated and the Arrangement may be abandoned at any time prior to the Effective Time (notwithstanding any approval of this Agreement or the Arrangement Resolution by the iCo Shareholders or the Arrangement by the Court):

- (a) by mutual written agreement of iCo and Satellos;
- (b) by either iCo or Satellos, if:
 - (i) the Effective Date shall not have occurred on or before the Outside Date, except that the right to terminate this Agreement under this Section 8.2(b)(i) shall not be available to any Party whose failure to fulfill any of its obligations or breach of any of its representations and warranties under this Agreement

has been the cause of, or resulted in, the failure of the Effective Time to occur by the Outside Date;

- (ii) after the date hereof, there shall be enacted or made any applicable Law or there shall exist any injunction or court order that makes consummation of the Arrangement illegal or otherwise prohibits or enjoins iCo or Satellos from consummating the Arrangement and such applicable Law, injunction or court order shall have become final and non-appealable;
 - (iii) the Arrangement Resolution shall have failed to obtain the Satellos Shareholder Approval at the Satellos Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order; or
 - (iv) the iCo Resolution shall have failed to obtain the iCo Shareholder Approval at the iCo Meeting (including any adjournment or postponement thereof);
- (c) by Satellos, if:
- (i) Satellos, subject to complying with the terms of this Agreement including Section 7.3, proposes to enter into a Proposed Agreement with respect to a Superior Proposal; provided that concurrently with such termination, Satellos pays the Termination Fee payable pursuant to Section 8.3;
 - (ii) prior to obtaining the iCo Shareholder Approval, the iCo Board shall (i) withdraw, qualify, modify, change or amend in any manner adverse to the transactions contemplated by this Agreement or Satellos, or publicly propose to withdraw, qualify, modify, change or amend in any manner adverse to the transactions contemplated by this Agreement or Satellos, the iCo Board's recommendation of the Arrangement, (ii) adopt or recommend an Acquisition Proposal (it being understood that taking a neutral position or no position with respect to any Acquisition Proposal shall be considered a violation of this clause (ii)), (iii) fail to make or reaffirm the iCo Board's recommendation of the Arrangement within three (3) Business Days (and in any case prior to the iCo Meeting) after having been requested in writing by Satellos to do so, including for greater certainty in the circumstances described in Section 7.1(a)(v), (iv) approve or recommend, or publicly propose to approve or recommend, or cause or permit iCo or any of its subsidiaries to execute or enter into any agreement (other than an Acceptable Confidentiality Agreement pursuant to Section 7.1(c)(ii)), arrangement or understanding, including any letter of intent, memorandum of understanding, agreement in principle, merger agreement, acquisition agreement, option agreement, joint venture agreement, partnership agreement or other similar agreement with respect to an Acquisition Proposal, or (v) resolve or publicly propose to take any action described in the foregoing clauses (i) through (iv) (each of the foregoing actions described in clauses (i) through (v) being referred to as a **"Change in Recommendation"**);
 - (iii) any of the conditions set forth in Section 6.1 or Section 6.2 have not been satisfied or waived by the Outside Date or it is clear that such condition is incapable of being satisfied by the Outside Date provided that Satellos is

not then in breach of this Agreement so as to cause any of the conditions set forth in Section 6.1 or Section 6.3 not to be satisfied;

- (iv) subject to Section 6.5, iCo breaches any representation or warranty of iCo set forth in this Agreement which breach would, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect on iCo, or iCo breaches any covenant (with the exception of the covenants contained in Sections 7.1, 7.2 and 7.3), or other obligation made in this Agreement, in each case, in any material respect; provided that Satellos is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 6.1 or Section 6.3 not to be satisfied;
 - (v) iCo is in breach or in default of any of its obligations or covenants set forth in (i) Section 7.1 or, (ii) in any material respect, Sections 7.2 or 7.3;
 - (vi) the iCo Meeting has not occurred on or before May 31, 2021 or such later date to which the iCo Meeting may have been postponed or adjourned in accordance with Section 2.3(a) provided that the right to terminate this Agreement pursuant to this Section 8.2(c)(v) shall not be available to Satellos if the failure by Satellos to fulfil any obligation hereunder is the cause of, or results in, the failure of the iCo Meeting to occur on or before such date;
 - (vii) iCo provides Satellos with a Superior Proposal Notice; or
 - (viii) if there shall occur after the date hereof any change, effect, event, circumstance or fact that constitutes a Material Adverse Effect in respect of iCo and its subsidiaries, taken as a whole;
- (d) by iCo, if:
- (i) iCo, subject to complying with the terms of this Agreement including Section 7.3, proposes to enter into a Proposed Agreement with respect to a Superior Proposal; provided that concurrently with such termination, iCo pays the Expense Reimbursement Fee payable pursuant to Section 8.3;
 - (ii) prior to obtaining the Satellos Shareholder Approval, the Satellos Board shall (i) withdraw, qualify, modify, change or amend in any manner adverse to the transactions contemplated by this Agreement or iCo, or publicly propose to withdraw, qualify, modify, change or amend in any manner adverse to the transactions contemplated by this Agreement or iCo, the Satellos Board's recommendation of the Arrangement, (ii) adopt or recommend an Acquisition Proposal (it being understood that taking a neutral position or no position with respect to any Acquisition Proposal shall be considered a violation of this clause (ii)), (iii) fail to make or reaffirm the Satellos Board's recommendation of the Arrangement within three (3) Business Days (and in any case prior to the Satellos Meeting) after having been requested in writing by iCo to do so, including for greater certainty in the circumstances described in Section 7.1(a)(v), (iv) approve or recommend, or publicly propose to approve or recommend, or cause or permit Satellos or any of its subsidiaries to execute or enter into any agreement (other than an Acceptable Confidentiality Agreement pursuant

to Section 7.1(c)(ii)), arrangement or understanding, including any letter of intent, memorandum of understanding, agreement in principle, merger agreement, acquisition agreement, option agreement, joint venture agreement, partnership agreement or other similar agreement with respect to an Acquisition Proposal, or (v) resolve or publicly propose to take any action described in the foregoing clauses (i) through (iv) (each of the foregoing actions described in clauses (i) through (v) being referred to as a **"Change in Recommendation"**);

- (iii) any of the conditions set forth in Section 6.1 or Section 6.3 have not been satisfied or waived by the Outside Date or it is clear that such condition is incapable of being satisfied by the Outside Date, provided that iCo is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 6.1 or Section 6.2 not to be satisfied;
- (iv) subject to Section 6.5, Satellos breaches any representation or warranty of Satellos set forth in this Agreement which breach would, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect on Satellos, or Satellos breaches any covenant (with the exception of the covenants contained in Sections 7.1, 7.2 and 7.3) or other obligation made in this Agreement, in each case, in any material respect; provided that iCo is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 6.1 or Section 6.2 not to be satisfied;
- (v) Satellos is in breach or in default of any of its obligations or covenants set forth in (i) Section 7.1 or, (ii) in any material respect, Sections 7.2 or 7.3;
- (vi) the Satellos Meeting has not occurred on or before May 31, 2021 or such later date to which the Satellos Meeting may have been postponed or adjourned in accordance with Section 2.3(a) provided that the right to terminate this Agreement pursuant to this Section 8.2(c)(v) shall not be available to iCo if the failure by iCo to fulfil any obligation hereunder is the cause of, or results in, the failure of the Satellos Meeting to occur on or before such date;
- (vii) Satellos provides iCo with a Superior Proposal Notice; or
- (viii) if there shall occur after the date hereof any change, effect, event, circumstance or fact that constitutes a Material Adverse Effect in respect of Satellos and its subsidiaries, taken as a whole.

The Party desiring to terminate this Agreement pursuant to this Section 8.2 (other than pursuant to Section 8.2(a)) shall give notice of such termination to the other Party. If this Agreement is terminated pursuant to this Section 8.2, this Agreement shall become void and of no effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or Representative of such Party) to any other Party hereto, except as otherwise expressly contemplated hereby, and provided that the provisions of this paragraph and Sections 7.4, 7.5, 8.3, 9.3, 9.4, 9.5 and 9.7 and the provisions of the Confidentiality Agreement (pursuant to the terms set out therein) shall survive any termination hereof pursuant to Section 8.2; provided further that neither the termination of this Agreement nor anything contained in this Section 8.2 shall relieve a Party from any liability for breach of this Agreement arising prior to such termination.

8.3 **Termination Fee, Expense Reimbursement Fee and Expenses**

- (a) iCo shall be entitled to a fee of \$500,000 (the “**Termination Fee**”) upon the occurrence of any of the following events (each a “**Termination Fee Event**”) which shall be paid by Satellos within the time specified in respect of each such Termination Fee Event:
- (i) This Agreement is terminated by iCo pursuant to Section 8.2(d)(ii), Section 8.2(d)(v) or Section 8.2(d)(vii) in which case the Termination Fee shall be paid on the first Business Day following such termination;
 - (ii) This Agreement is terminated by Satellos pursuant to Section 8.2(c)(i), in which case the Termination Fee shall be paid concurrent with such termination; or
 - (iii) This Agreement is terminated by either Party pursuant to Section 8.2(b)(iii), but only if, in the case of this Section 8.3(a)(iii), prior to the earlier of the termination of this Agreement or the holding of the Satellos Meeting, an Acquisition Proposal shall have been made to Satellos, or the intention to make an Acquisition Proposal with respect to Satellos shall have been publicly announced by any Person (other than iCo) and within twelve months following the date of such termination:
 - (A) an Acquisition Proposal is consummated by Satellos (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in (iii) above); or
 - (B) Satellos and/or one or more of its subsidiaries enters into a definitive agreement in respect of, or the Satellos Board approves or recommends, an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in (iii) above) and at any time thereafter (whether or not within twelve months following the date of termination of this Agreement), such Acquisition Proposal is consummated;

in which case the Termination Fee shall be payable within two Business Days following the closing of the applicable transaction referred to therein.
- (b) Satellos shall be entitled to a fee of \$250,000 (the “**Expense Reimbursement Fee**”) upon the occurrence of any of the following events (each an “**Expense Reimbursement Fee Event**”) which shall be paid by iCo within the time specified in respect of each such Expense Reimbursement Fee Event:
- (i) This Agreement is terminated by Satellos pursuant to Section 8.2(c)(ii), 8.2(c)(v), or Section 8.2(c)(vii) in which case the Expense Reimbursement Fee shall be paid on the first Business Day following such termination;
 - (ii) This Agreement is terminated by iCo pursuant to Section 8.2(d)(i), in which case the Expense Reimbursement Fee shall be paid concurrent with such termination; or

- (iii) This Agreement is terminated by either Party pursuant to Section 8.2(b)(iv), but only if, in the case of this Section 8.3(b)(iii), prior to the earlier of the termination of this Agreement or the holding of the iCo Meeting, an Acquisition Proposal shall have been made to iCo, or the intention to make an Acquisition Proposal with respect to iCo shall have been publicly announced by any Person (other than Satellos) and within twelve months following the date of such termination:
 - (A) an Acquisition Proposal is consummated by iCo (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in (iii) above); or
 - (B) iCo and/or one or more of its subsidiaries enters into a definitive agreement in respect of, or the iCo Board approves or recommends, an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in (iii) above) and at any time thereafter (whether or not within twelve months following the date of termination of this Agreement), such Acquisition Proposal is consummated;

in which case the Expense Reimbursement Fee shall be payable within two Business Days following the closing of the applicable transaction referred to therein.

- (c) The Termination Fee and Expense Reimbursement Fee shall be payable by the applicable Party to the other Party by wire transfer in immediately available funds to an account specified in writing by the other Party.
- (d) Each of the Parties acknowledges that the agreements contained in this Section 8.3 are an integral part of the transactions contemplated in this Agreement and that, without those agreements, the Parties would not enter into this Agreement. Each of the Parties acknowledges that the Termination Fee and Expense Reimbursement Fee, as applicable, is a payment of liquidated damages which is a genuine estimate of the damages, which the other Party will suffer or incur as a result of the event giving rise to such payment and the resultant non-completion of the Arrangement, and is not a penalty. Each Party irrevocably waives any right it may have to raise as a defense that any such liquidated damages are excessive or punitive. Each Party hereby acknowledges and agrees that, upon any termination of this Agreement under circumstances where a Party is entitled to the Termination Fee or Expense Reimbursement Fee and such Termination Fee or Expense Reimbursement Fee is paid in full, such Party shall be precluded from any other remedy against the other Party at law or in equity or otherwise (including, without limitation, an order for specific performance), and shall not seek to obtain any recovery, judgment, or damages of any kind, including consequential, indirect, or punitive damages, against the other Party or any of its subsidiaries or any of their respective directors, officers, employees, partners, managers, members, shareholders or affiliates in connection with this Agreement or the transactions contemplated hereby, other than with respect to Section 8.3(g).
- (e) Nothing in this Section 8.3 shall relieve or have the effect of relieving any Party in any way from liability for damages incurred or suffered by a Party as a result of a knowing and intentional breach of this Agreement.

- (f) Nothing in this Section 8.3 shall preclude a Party from seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements set forth in this Agreement or otherwise to obtain specific performance of any such covenants or agreements, without the necessity of posting bond or security in connection therewith.
- (g) All legal fees and other expenses incurred in connection with this Agreement and the Arrangement will be borne separately by the respective Party incurring such fees and other expenses; however all fees and expenses relating to the preparation of this Agreement and all ancillary documents hereto will be borne jointly, in equal proportion by the Parties.

ARTICLE 9

GENERAL PROVISIONS

9.1 Amendment

This Agreement and, subject to Section 6.01 thereof, the Plan of Arrangement, may, at any time and from time to time before or after the holding of the Satellos Meeting and iCo Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, and any such amendment may, subject to the Interim Order and the Final Order and applicable Law, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify the performance of any of the obligations of the Parties; and/or
- (d) waive compliance with or modify any mutual conditions precedent herein contained.

9.2 Waiver

Any Party may (i) extend the time for the performance of any of the obligations or acts of the other Party, (ii) waive compliance, except as provided herein, with any of the other Party's agreements or the fulfilment of any conditions to its own obligations contained herein, or (iii) waive inaccuracies in any of the other Party's representations or warranties contained herein or in any document delivered by the other Party; *provided, however*, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived.

9.3 Notices

All notices and other communications given or made pursuant hereto shall be sent by email and shall be deemed to have been duly given or made as of the date sent by email, or as of the following Business Day if sent by email after 5:00pm (Vancouver time) or on a day that is not a Business Day, to the Parties at the following addresses (or at such other addresses as shall be specified by any Party by notice to the other given in accordance with these provisions):

(a) if to Satellos:

with a copy (which shall not constitute notice) to:

(b) if to iCo:

with a copy (which shall not constitute notice) to:

9.4 Governing Law; Waiver of Jury Trial

This Agreement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of British Columbia and the laws of Canada applicable therein. Each of the Parties hereby irrevocably attorns to the exclusive jurisdiction of the Courts of the Province of British Columbia in respect of all matters arising under and in relation to this Agreement and waives any defences to the maintenance of an action in the Courts of the Province of British Columbia. EACH PARTY TO THIS AGREEMENT HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF THE PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT.

9.5 Injunctive Relief

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not

performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions and other equitable relief to prevent breaches of this Agreement, any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief hereby being waived.

9.6 Time of Essence

Time shall be of the essence in this Agreement.

9.7 Entire Agreement, Binding Effect and Assignment

This Agreement, the Plan of Arrangement and the Confidentiality Agreement constitute the entire agreement, and supersede all other prior agreements and understandings, both written and oral, between the parties, or any of them, with respect to the subject matter hereof and thereof and, except as expressly provided herein, this Agreement is not intended to and shall not confer upon any Person other than the Parties any rights or remedies hereunder. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by either of the Parties without the prior written consent of the other Party.

9.8 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

9.9 Counterparts, Execution

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement (including by email attachment), and such facsimile or similar executed electronic copy (including by email attachment) shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF Satellos and iCo have caused this Agreement to be executed as of the date first written above.

SATELLOS BIOSCIENCE INC.

By: Frank Gleeson
Name: Frank Gleeson
Title: President and Chief Executive Officer

ICO THERAPEUTICS INC.

By: WJ
Name: William Jarosz
Title: Chief Executive Officer

A-1

SCHEDULE A
PLAN OF ARRANGEMENT

**PLAN OF ARRANGEMENT
UNDER SECTION 192 OF THE
CANADA BUSINESS CORPORATIONS ACT**

ARTICLE ONE

DEFINITIONS AND INTERPRETATION

Section 1.01 Definitions

In this Plan of Arrangement, unless the context otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the meanings ascribed to them below:

- (a) **“Arrangement”** means the arrangement under Section 192 of the CBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto in accordance with Section 9.1 of the Arrangement Agreement and Section 6.01 of this Plan of Arrangement or at the direction of the Court in the Interim Order or Final Order.
- (b) **“Arrangement Agreement”** means the arrangement agreement dated as of March 18, 2021 between iCo and Satellos, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.
- (c) **“Arrangement Resolution”** means the special resolution of the Satellos Shareholders approving this Plan of Arrangement, to be considered at the Satellos Meeting, substantially in the form attached as Schedule B to the Arrangement Agreement, subject to any amendments or variations thereto in accordance with Section 9.1 of the Arrangement Agreement and Section 6.01 of this Plan of Arrangement or at the direction of the Court in the Interim Order or Final Order.
- (d) **“Articles of Arrangement”** means the articles of arrangement of Satellos in respect of the Arrangement, required by the CBCA to be sent to the Director after the Final Order is made, which shall be in form and content satisfactory to Satellos and iCo, each acting reasonably;
- (e) **“Business Day”** means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Vancouver, British Columbia.
- (f) **“CBCA”** means the *Canada Business Corporations Act* and the regulations made thereunder, as promulgated or amended from time to time, and includes any successor thereto.
- (g) **“Certificate of Arrangement”** means the certificate giving effect to the Arrangement issued by the Director pursuant to Section 192(7) of the CBCA in respect of the Articles of Arrangement;
- (h) **“Consideration”** means the consideration to be received by the Satellos Shareholders pursuant to this Plan of Arrangement in exchange for their Satellos Shares, consisting of such number of iCo Shares as is equal to the Exchange Ratio multiplied by the number of Satellos Shares being exchanged.

- (i) **“Court”** means the Supreme Court of British Columbia.
- (j) **“Depository”** means any nationally recognized trust company, bank or financial institution engaged by iCo and Satellos for the purpose of, among other things, receiving Letters of Transmittal, receiving deposits of certificates formerly representing Satellos Shares and distributing certificates representing the iCo Shares issued as the Consideration.
- (k) **“Director”** means the Director appointed pursuant to Section 260 of the CBCA;
- (l) **“Dissent Rights”** has the meaning ascribed thereto in Article 3.01.
- (m) **“Dissenting Shareholder”** means a registered holder of Satellos Shares who dissents in respect of the Arrangement in strict compliance with the Dissent Rights and who is ultimately entitled to be paid fair value for their Satellos Shares.
- (n) **“DRS Advice”** means a Direct Registry System Advice.
- (o) **“Effective Date”** means the date shown on the Certificate of Arrangement.
- (p) **“Effective Time”** means 12:01 a.m. (Vancouver time) on the Effective Date.
- (q) **“Exchange Ratio”** means 30.11 iCo Shares for each Satellos Share, which will result in the Satellos Shareholders immediately prior to the Effective Time owning, in aggregate, 370,000,000 of the issued and outstanding iCo Shares immediately after the Effective Time.
- (r) **“Final Order”** means the final order of the Court approving the Arrangement pursuant to Section 192 of the CBCA, after a hearing upon the fairness of the terms and conditions of the Arrangement, in a form acceptable to Satellos and iCo, acting reasonably, as such order may be amended by the Court at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal.
- (s) **“Former Satellos Shareholders”** means the holders of Satellos Shares immediately prior to the Effective Time.
- (t) **“iCo Shares”** means the common shares in the authorized share structure of iCo, as currently constituted.
- (u) **“Interim Order”** means the interim order of the Court made in connection with the Arrangement in a form acceptable to Satellos and iCo, acting reasonably, providing for, among other things, the calling and holding of the Satellos Meeting, as the same may be amended, supplemented or varied by the Court with the consent of the Parties, acting reasonably.
- (v) **“Letter of Transmittal”** means the letter of transmittal to be sent to Satellos Shareholders for use in connection with the Arrangement.
- (w) **“Lien”** means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances and adverse rights or claims, other third Person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right

or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing.

- (x) **“Parties”** means Satellos and iCo and **“Party”** means either of them.
- (y) **“Plan of Arrangement”** means this plan of arrangement and any amendments or variations hereto made in accordance with Section 9.1 of the Arrangement Agreement or Section 6.01 of this plan of arrangement or made at the direction of the Court.
- (z) **“Replacement Option”** means an option to purchase an iCo Share in exchange for each outstanding Satellos Option at the Effective Time pursuant to section 2.04(g) hereof.
- (aa) **“Replacement Option In-The Money Amount”** in respect of a Replacement Option means the amount, if any, by which the total fair market value (determined immediately after the Effective Time) of the iCo Shares that a holder is entitled to acquire on exercise of the Replacement Option at and from the Effective Time exceeds the amount payable to acquire such shares.
- (bb) **“Satellos Meeting”** means the special and annual meeting of Satellos Shareholders, including any adjournment or postponement thereof, to be held to consider, among other things, the Arrangement Resolution.
- (cc) **“Satellos Options”** means the outstanding options to purchase Satellos Shares issued pursuant to the Satellos Option Plan;
- (dd) **“Satellos Option Plan”** means the stock option plan of Satellos approved by the Satellos board of directors on November 1, 2018 and as further amended from time to time.
- (ee) **“Satellos Option In-The Money Amount”** in respect of a Satellos Option means the amount, if any, by which the total fair market value (determined immediately before the Effective Time) of the Satellos Shares that a holder is entitled to acquire on exercise of the Satellos Option immediately before the Effective Time exceeds the amount payable to acquire such shares.
- (ff) **“Satellos Shareholders”** means the holders of Satellos Shares.
- (gg) **“Satellos Shares”** means the common shares in the authorized share capital of Satellos, as currently constituted.
- (hh) **“Satellos Warrants”** means the outstanding warrants to purchase Satellos Shares, as set forth in the Arrangement Agreement.
- (ii) **“Tax Act”** means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time.
- (jj) **“U.S. Holder”** means a person in or a resident of the United States.
- (kk) **“U.S. Securities Act”** means the *United States Securities Act of 1933* as the same has been, and hereinafter from time to time may be, amended.
- (ll) **“U.S. Tax Code”** means the United States *Internal Revenue Code of 1986*, as amended.

In addition, words and phrases used herein and defined in the CBCA and not otherwise defined herein shall have the same meaning herein as in the CBCA unless the context otherwise requires.

Section 1.02 *Interpretation Not Affected by Headings*

The division of this Plan of Arrangement into articles, sections, paragraphs and subparagraphs and the insertion of headings herein are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. The terms “this Plan of Arrangement”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions refer to this Plan of Arrangement and not to any particular article, section or other portion hereof and include any instrument supplementary or ancillary hereto.

Section 1.03 *Number, Gender and Persons*

In this Plan of Arrangement, unless the context otherwise requires, words importing the singular shall include the plural and *vice versa*, words importing the use of either gender shall include both genders and neuter and the word person and words importing persons shall include a natural person, firm, trust, partnership, association, corporation, joint venture or government (including any governmental agency, political subdivision or instrumentality thereof) and any other entity or group of persons of any kind or nature whatsoever.

Section 1.04 *Date for any Action*

If the date on which any action is required to be taken hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

Section 1.05 *Statutory References*

Any reference in this Plan of Arrangement to a statute includes all regulations made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

Section 1.06 *Currency*

Unless otherwise stated, all references herein to amounts of money are expressed in lawful money of Canada.

Section 1.07 *Governing Law*

This Plan of Arrangement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of British Columbia and the laws of Canada applicable therein.

Section 1.07 *U.S. Securities Law Matters*

Notwithstanding any provision herein to the contrary, this Plan of Arrangement will be carried out with the intention that all iCo Shares to be issued to Satellos Shareholders in exchange for their Satellos Shares pursuant to this Plan of Arrangement, as applicable, will be issued and exchanged in reliance on the exemption from the registration requirements of the U.S. Securities Act as provided by section 3(a)(10) thereof, and pursuant to the terms, conditions and procedures set forth in the Arrangement Agreement.

ARTICLE TWO ARRANGEMENT

Section 2.01 Arrangement Agreement

This Plan of Arrangement is made pursuant to, and is subject to the provisions of, the Arrangement Agreement, except in respect of the sequence of the steps comprising the Arrangement, which shall occur in the order set forth herein.

Section 2.02 Binding Effect

This Plan of Arrangement constitutes an arrangement as referred to in section 192 of the CBCA. The Arrangement will become effective at, and be binding at and after, the Effective Time on: (i) Satellos; (ii) iCo (iii) all Satellos Shareholders (including Dissenting Shareholders); and (iv) the Depositary, without any further act or formality required on the part of any person, except as expressly provided herein.

Section 2.02 No Liens

Any exchange or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens or other claims of third parties of any kind.

Section 2.04 Arrangement

At the Effective Time, the following shall occur and shall be deemed to occur sequentially in the following order without any further authorization, act or formality, in each case, unless stated otherwise, effective as at two-minute intervals starting at the Effective Time (unless otherwise indicated):

- (a) Subject to Section 3.01 hereof, each Satellos Share held by a Dissenting Shareholder shall be deemed to have been transferred without any further act or formality to Satellos in consideration for a debt claim against Satellos for the amount determined under Article 3, and
 - (i) such Dissenting Shareholder shall cease to be the holder of such Satellos Shares and to have any rights as a Satellos Shareholder other than the right to be paid fair value for such Satellos Shares as set out in Section 3.01;
 - (ii) such Dissenting Shareholder's name shall be removed as the holder of such Satellos Shares from the register of Satellos Shares maintained by or on behalf of Satellos; and
 - (iii) the Satellos Shares so transferred shall be cancelled; and
- (b) each Satellos Share held by a Satellos Shareholder (other than a Dissenting Shareholder, iCo or any subsidiary of iCo) shall, without any further action by or on behalf of any Satellos Shareholder, be deemed to be assigned and transferred by the holder thereof to iCo in exchange for the Consideration, and
 - (i) each holder of such Satellos Shares shall cease to be the holder thereof and to have any rights as a Satellos Shareholder other than the right to be paid the Consideration in respect of such Satellos Shares in accordance with this Plan of Arrangement;

- (ii) the name of each such holder shall be removed from the register of the Satellos Shares maintained by or on behalf of Satellos; and
- (iii) iCo shall be deemed to be the transferee of such Satellos Shares free and clear of all Liens and shall be entered in the register of the Satellos Shares maintained by or on behalf of Satellos.

Section 2.05 *No Fractional Consideration*

No fractional iCo Shares shall be issued to Former Satellos Shareholders. The number of iCo Shares to be issued to Former Satellos Shareholders shall be rounded down to the nearest whole iCo Share in the event that a Former Satellos Shareholder is entitled to a fractional share.

Section 2.06 *Satellos Warrants*

In accordance with the terms of each Satellos Warrant, each holder of a Satellos Warrant outstanding immediately prior to the Effective Time shall receive upon the subsequent exercise of such holder's Satellos Warrant, in accordance with its terms, and shall accept in lieu of each Satellos Share to which such holder was theretofore entitled upon such exercise (including payment of the same aggregate consideration), such number of iCo Shares that is equal to: (i) the number of Satellos Shares to which the holder was entitled; multiplied by (ii) the Exchange Ratio.

Section 2.06 *Satellos Options*

In accordance with the terms of the Satellos Option Plan, each Satellos Option outstanding immediately prior to the Effective Time shall be exchanged for a Replacement Option to acquire from iCo, other than as provided herein, the number of iCo Shares equal to the product of: (A) the number of Satellos Shares subject to such Satellos Option immediately prior to the Effective Time; multiplied by (B) the Exchange Ratio, provided that, if the foregoing would result in the issuance of a fraction of an iCo Share on any particular exercise of Replacement Options, then the number of iCo Shares otherwise issued shall be rounded down to the nearest whole number of iCo Shares. The exercise price per iCo Share subject to a Replacement Option shall be an amount equal to the quotient of: (A) the exercise price per Satellos Share subject to each such Satellos Option immediately before the Effective Time; divided by (B) the Exchange Ratio, provided that the aggregate exercise price payable on any particular exercise of Replacement Options shall be rounded up to the nearest whole cent. It is intended that the provisions of subsection 7(1.4) of the Tax Act apply to the exchange of a Satellos Option for a Replacement Option. Therefore, in the event that the Replacement Option In-The Money Amount in respect of a Replacement Option exceeds the Satellos Option In-The Money Amount in respect of the Satellos Option for which it is exchanged, the number of iCo Shares which may be acquired on exercise of the Replacement Option at and after the Effective Time will be adjusted accordingly with effect at and from the Effective Time to ensure that the Replacement Option In-The Money Amount in respect of the Replacement Option does not exceed the Satellos Option In-The Money Amount in respect of the Satellos Option and the ratio of the amount payable to acquire such shares to the value of such shares to be acquired shall be unchanged. Each Replacement Option shall continue to be governed by and be subject to the terms of the Satellos Option Plan and the agreement evidencing the grant of such Satellos Options.

ARTICLE THREE DISSENT RIGHTS

Section 3.01 Dissent Rights

Registered Satellos Shareholders (other than iCo and its affiliates) may exercise dissent rights with respect to Satellos Shares held by such Dissenting Shareholders (“**Dissent Rights**”), in connection with the Arrangement pursuant to and in the manner set forth in Section 190 of the CBCA, as modified by the Interim Order and this Section 3.01; provided that, notwithstanding Section 190(5) of the CBCA, the written objection to the Arrangement Resolution referred to in Section 190(5) of the CBCA must be received by Satellos not later than 5:00 p.m. (Vancouver time) one Business Day immediately preceding the date of the Satellos Meeting (as it may be adjourned or postponed from time to time). Each Dissenting Shareholder who duly exercises its Dissent Rights in accordance with this Section 3.01, shall be deemed to have transferred all Satellos Shares held by such Dissenting Shareholder and in respect of which Dissent Rights have been validly exercised, to Satellos free and clear of all Liens, as provided in Section 2.04(a) and if such Dissenting Shareholder:

- (a) is ultimately entitled to be paid fair value for its Satellos Shares, such Dissenting Shareholder: (i) shall be deemed not to have participated in the transactions in Section 2.04 (other than Section 2.04(a)); (ii) will be entitled to be paid the fair value of such Satellos Shares by iCo, which fair value, notwithstanding anything to the contrary contained in Part XV of the CBCA, shall be determined as of the close of business on the Business Day immediately preceding the date on which the Arrangement Resolution was adopted; and (iii) will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement if such Dissenting Shareholder had not exercised its Dissent Rights in respect of such Satellos Shares; or
- (b) ultimately is not entitled, for any reason, to be paid fair value for such Satellos Shares, such Dissenting Shareholder shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Satellos Shares and shall be entitled to receive only the Consideration contemplated by Section 2.04(b) hereof that such Dissenting Shareholder would have received pursuant to the Arrangement if such Dissenting Shareholder had not exercised its Dissent Rights. but in no case shall iCo, Satellos or any other person be required to recognize holders of Satellos Shares who exercise Dissent Rights as holders of Satellos Shares after the time that is immediately prior to the Effective Time, and the names of such holders of Satellos Shares who exercise Dissent Rights shall be deleted from the central securities register as holders of Satellos Shares at the Effective Time and Satellos shall be recorded as the registered holder of the Satellos Shares so transferred and such Satellos Shares will be cancelled.

In no circumstances shall iCo, Satellos or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is the registered holder of the Satellos Shares in respect of which such Dissent Rights are purported to be exercised. For greater certainty, in no case shall iCo, Satellos or any other Person be required to recognize any Dissenting Holder as a holder of Satellos Shares in respect of which Dissent Rights have been validly exercised after the completion of the transfer under Section 2.04(a), and the name of such Dissenting Holder shall be removed from the register of Satellos Shareholders as to those Satellos Shares in respect of which Dissent Rights have been validly exercised at the same time as the event described in Section 2.04(a) occurs. In addition to any other restrictions under Section 190 of the CBCA, none of the following Persons shall be entitled to exercise Dissent Rights: (i) any holder of a Satellos Option; (ii) any holder of a Satellos Warrant; and (iii) any Satellos Shareholder

who votes or has instructed a proxyholder to vote such Satellos Shareholder's Satellos Shares in favour of the Arrangement Resolution (but only in respect of such Satellos Shares).

ARTICLE FOUR DELIVERY OF ICO SHARES

Section 4.01 Delivery of iCo Shares

- (a) Following the receipt of the Final Order and prior to the Effective Date, iCo shall deliver or arrange to be delivered to the Depositary the Consideration required to be issued to Former Satellos Shareholders in accordance with the provisions of Section 2.04, which securities shall be held by the Depositary as agent and nominee for such Former Satellos Shareholders for distribution to such Former Satellos Shareholders.
- (b) Upon surrender to the Depositary of a duly completed and validly executed Letter of Transmittal, together with one or more certificates or DRS Advices, such other documents and instruments as would have been required to effect the transfer of the Satellos Shares formerly represented by such certificate under the CBCA and the by-laws of Satellos and such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder following the Effective Time, certificates or DRS Advices representing the iCo Shares that such holder is entitled to receive in accordance with Section 2.04. After the Effective Time, the Depositary shall cause the Consideration to be delivered to the Former Satellos Shareholder as instructed by such holder in the Letter of Transmittal.
- (c) After the Effective Time and until surrendered for cancellation as contemplated by Section 4.01(b), each certificate or DRS Advice that immediately prior to the Effective Time represented one or more Satellos Shares shall be deemed at all times to represent only the right to receive in exchange therefor the Consideration that the holder of such certificate is entitled to receive in accordance with Section 2.04.

Section 4.02 Lost Certificates

In the event any certificate, that immediately prior to the Effective Time represented one or more outstanding Satellos Shares that were exchanged for iCo Shares in accordance with Section 2.04, shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depositary shall deliver in exchange for such lost, stolen or destroyed certificate, certificate representing iCo Shares that such holder is entitled to receive in accordance with Section 2.04. When authorizing such delivery of certificates representing iCo Shares that such holder is entitled to receive in exchange for such lost, stolen or destroyed certificate, the holder to whom certificates representing such iCo Shares is to be delivered shall, as a condition precedent to the delivery of such iCo Shares, give a bond satisfactory to iCo and the Depositary in such amount as iCo and the Depositary may direct, or otherwise indemnify iCo and the Depositary in a manner satisfactory to iCo and the Depositary, against any claim that may be made against iCo or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise take such actions as may be required by the articles of Satellos.

Section 4.03 *Distributions with Respect to Unsurrendered Certificates*

No dividend or other distribution declared or made after the Effective Time with respect to iCo Shares with a record date after the Effective Time shall be delivered to the holder of any unsurrendered certificate that, immediately prior to the Effective Time, represented outstanding Satellos Shares unless and until the holder of such certificate shall have complied with the provisions of Section 4.01 or Section 4.02. Subject to applicable law and to Section 4.04, at the time of such compliance, there shall, in addition to the delivery of certificates representing iCo Shares to which such holder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to such iCo Shares.

Section 4.04 *Withholding Rights*

iCo, Satellos and the Depositary shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any Person hereunder and from all dividends or other distributions otherwise payable to any Former Satellos Shareholders such amounts as iCo, Satellos or the Depositary may be required or permitted to deduct and withhold therefrom under any provision of applicable Laws in respect of Taxes. To the extent that such amounts are so deducted, withheld and remitted, such amounts shall be treated for all purposes under this Agreement as having been paid to the person to whom such amounts would otherwise have been paid, provided that such deducted or withheld amounts are actually remitted to the appropriate taxation authority. To the extent the amount required to be deducted or withheld from any consideration payable or otherwise deliverable to any Person hereunder exceeds the amount of cash consideration, if any, otherwise payable to the Person, any of iCo, Satellos or the Depositary is hereby authorized to sell or otherwise dispose of any non-cash consideration payable to the Person as is necessary to provide sufficient funds to iCo, Satellos or the Depositary, as the case may be, to enable it to comply with all deduction or withholding requirements applicable to it, and iCo, Satellos and the Depositary shall notify such Person and remit to such Person any unapplied balance of the net proceeds of such sale.

Section 4.05 *Limitation and Proscription*

To the extent that a Former Satellos Shareholder shall not have complied with the provisions of Section 4.01 or Section 4.02 on or before the date that is six years after the Effective Date (the “**Final Proscription Date**”), then the iCo Shares that such Former Satellos Shareholder was entitled to receive shall be automatically cancelled without any repayment of capital in respect thereof and the certificates representing such iCo Shares, to which such Former Satellos Shareholder was entitled, shall be delivered to iCo by the Depositary and the share certificates shall be cancelled by iCo, and the interest of the Former Satellos Shareholder in such iCo Shares to which it was entitled shall be terminated as of such Final Proscription Date.

ARTICLE FIVE SATELLOS WARRANTS AND REPLACEMENT OPTIONS

Section 5.01 *Exercise of Satellos Warrants and Satellos Options Post-Effective Time*

Upon any exercise of a Satellos Warrant or Replacement Option following the Effective Time, Satellos shall cause iCo to issue the necessary the number of iCo Shares needed to settle such exercise.

ARTICLE SIX AMENDMENTS AND WITHDRAWAL

Section 6.01 Amendments to Plan of Arrangement

- (a) iCo and Satellos reserve the right to amend, modify or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification or supplement must be (i) set out in writing, (ii) agreed to in writing by iCo and Satellos, (iii) filed with the Court and, if made following the Satellos Meeting, approved by the Court, and (iv) communicated to Satellos Shareholders if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Satellos at any time prior to the Satellos Meeting provided that iCo shall have consented thereto in writing, with or without any other prior notice or communication, and, if so proposed and accepted by the persons voting at the Satellos Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Satellos Meeting shall be effective only if: (i) it is consented to in writing by each of iCo and Satellos; and (ii) if required by the Court, it is consented to by the Satellos Shareholders voting in the manner directed by the Court.
- (d) Notwithstanding Section 6.01(a), iCo and Satellos may, at any time following the Effective Time, amend, modify or supplement this Plan of Arrangement without the approval of the Satellos Shareholders or the Court provided that each amendment, modification or supplement (i) must be set out in writing, (ii) must concern a matter which, in the reasonable opinion of each of iCo and Satellos is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement, and (iii) is not adverse to the economic interests of any Former Satellos Shareholders or holders of Satellos securities.

Section 6.02 Withdrawal

This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

ARTICLE SEVEN MISCELLANEOUS

Section 7.01 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order further to document or evidence any of the transactions or events set out herein.

Section 7.02 *Paramountcy*

From and after the Effective Time:

- (a) this Plan of Arrangement shall take precedence and priority over any and all rights related to the Satellos Shares;
- (b) the rights and obligations of the holders of Satellos Shares and any trustee and transfer agent therefor, shall be solely as provided for in this Plan of Arrangement; and
- (c) all actions, causes of action, claims or proceedings (actual or contingent, and whether or not previously asserted) based on or in any way relating to Satellos Shares shall be deemed to have been settled, compromised, released and determined without any liability except as set forth herein.

SCHEDULE B
ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the “**Arrangement**”) under Section 192 of the *Canada Business Corporations Act* (the “**CBCA**”) involving Satellos Bioscience Inc. (“**Satellos**”), all as more particularly described and set forth in the Management Proxy Circular (the “**Proxy Circular**”) of Satellos dated ●, 2021, accompanying the notice of this meeting (as the Arrangement may be modified or amended), is hereby authorized, approved and adopted;
2. The plan of arrangement, as it may be or has been amended (the “**Plan of Arrangement**”), involving Satellos and implementing the Arrangement, the full text of which is set out in Appendix B to the Proxy Circular, is hereby authorized, approved and adopted;
3. The arrangement agreement (the “**Arrangement Agreement**”) between Satellos and iCo Therapeutics Inc. dated March 18 2021 and all the transactions contemplated therein, the actions of the directors of Satellos in approving the Arrangement and the actions of the officers of Satellos in executing and delivering the Arrangement Agreement and any amendments thereto are hereby confirmed, ratified, authorized and approved;
4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of Satellos are hereby authorized and empowered, without further notice to, or approval of, any securityholders of Satellos:
 - (a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or
 - (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement;
5. Any one or more directors or officers of Satellos is hereby authorized, for and on behalf and in the name of Satellos, to execute and deliver, whether under corporate seal of Satellos or not, all such agreements, applications, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including:
 - (a) all actions required to be taken by or on behalf of Satellos, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and
 - (b) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by Satellos; such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

SCHEDULE C

KEY REGULATORY APPROVALS

Key Regulatory Approvals Related to Satellos

- TSXV Approval is required to complete the Arrangement.

Key Regulatory Approvals Related to iCo

- TSXV Approval is required to complete the Arrangement.

SCHEDULE D

KEY THIRD PARTY CONSENTS

Key Third Party Consents Related to Satellos

- Nil.

Key Third Party Consents Related to iCo

- Nil.

SCHEDULE E

FORM OF SATELLOS LOCK-UP AGREEMENT

VOTING AND SUPPORT AGREEMENT

THIS AGREEMENT is made as of March_____, 2021

BETWEEN:

The person executing this Agreement as “Satellos Securityholder” on the signature page hereof
(the “**Satellos Securityholder**”)

- and -

ICO THERAPEUTICS INC.

a corporation existing under the laws of the British Columbia

(“**iCo**”)

WHEREAS iCo and Satellos Bioscience Inc., a company existing under the laws of Canada (“**Satellos**”) have entered into an arrangement agreement (the “**Arrangement Agreement**”) concurrently with the entering into of this Agreement and propose to consummate an arrangement as set forth in the plan of arrangement attached to the Arrangement Agreement (the “**Arrangement**”);

AND WHEREAS the Satellos Securityholder owns, beneficially or of record, directly or indirectly or exercises control or direction over, certain (i) common shares in the capital of Satellos (“**Satellos Shares**”); and/or (ii) warrants to acquire Satellos Shares (“**Satellos Warrants**”); and/or (iii) options to acquire Satellos Shares (“**Satellos Options**”);

AND WHEREAS this Agreement sets out the terms and conditions, among other things, under which the Satellos Securityholder has agreed to vote or cause to be voted all of his, her or its Subject Securities (defined below) in respect of the Arrangement and other matters related thereto;

AND WHEREAS the Satellos Securityholder acknowledges that iCo and Satellos would not have entered into the Arrangement Agreement but for the execution and delivery of this Agreement by the Satellos Securityholder;

NOW THEREFORE in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I INTERPRETATION

Section 1.01 Definitions

All terms used in this Agreement that are not defined herein shall have the respective meanings ascribed to them in the Arrangement Agreement.

For the purposes of this Agreement:

“**Subject Options**” means all Satellos Options which the Satellos Securityholder owns, beneficially or of record, directly or indirectly or exercises control or direction over, particulars of which are set forth on Schedule A to this Agreement;

“**Subject Securities**” means, collectively, the Subject Shares, the Subject Warrants, and the Subject Options;

“**Subject Shares**” means all Satellos Shares which the Satellos Securityholder owns, beneficially or of record, directly or indirectly or exercises control or direction over, particulars of which are set forth on Schedule A to this Agreement, and shall further include any Satellos Shares issued or issuable upon the exercise and/or vesting of Subject Warrants or Subject Options, or otherwise acquired, whether beneficially or of record, directly or indirectly or over which control or direction is exercised over, by the Satellos Securityholder after the date hereof; and

“**Subject Warrants**” means all Satellos Warrants which the Satellos Securityholder owns, beneficially or of record, directly or indirectly or exercises control or direction over, particulars of which are set forth on Schedule A to this Agreement.

ARTICLE II COVENANTS

Section 2.01 General Covenants of the Satellos Securityholder

The Satellos Securityholder hereby covenants and agrees in favour of iCo that, from the date hereof until the termination of this Agreement, except as permitted by this Agreement:

- (a) at any meeting of securityholders of Satellos called to vote upon the Arrangement, the Arrangement Agreement or the transactions contemplated by the Arrangement Agreement or at any adjournment or postponement thereof or in any other circumstances upon which a vote, consent or other approval (including by written consent in lieu of a meeting) with respect to the Arrangement, the Arrangement Agreement or the transactions contemplated by the Arrangement Agreement is sought, the Satellos Securityholder shall cause all Subject Securities eligible to vote at such meeting to be counted as present for purposes of establishing quorum and shall vote (or cause to be voted) all such Subject Securities:
 - (i) in favour of (A) the approval of the Arrangement and any other matter necessary for the consummation of the Arrangement or the transactions contemplated by the Arrangement Agreement and (B) any other matter necessary for the consummation of the Arrangement or the transactions contemplated by the Arrangement Agreement; and
 - (ii) against (i) any Acquisition Proposal and (ii) any action, proposal, transaction or agreement that would reasonably be expected to in any material respect impede, interfere with, delay, discourage, adversely affect or inhibit the timely consummation of the Arrangement or the transactions contemplated by the Arrangement Agreement (the “**Prohibited Matters**”);
- (b) the Satellos Securityholder shall forthwith revoke any and all previous proxies granted or voting instruction forms or other voting documents delivered that may conflict or be inconsistent with the matters set forth in this Agreement;
- (c) the Satellos Securityholder agrees not to directly or indirectly (i) sell, transfer, assign, grant a participation interest in, option, pledge, hypothecate, grant a security interest in or otherwise convey or encumber (each, a “**Transfer**”), or enter into any agreement, option or other arrangement with respect to the Transfer of, any of its Subject Securities to any person, other than pursuant to the Arrangement Agreement, or (ii) grant any proxies or power of attorney, deposit any of its Subject Securities into any voting trust or enter into any voting arrangement, whether by proxy, voting agreement or otherwise, with respect to its Subject Securities, other than pursuant to this Agreement. Notwithstanding the foregoing, the Satellos Securityholder may, in the sole discretion of the Satellos Securityholder:

- (i) exercise any Subject Warrants and Subject Options; and
 - (ii) Transfer a sufficient number of Satellos Shares issued upon exercise of such Subject Securities in order for the Satellos Securityholder to receive the funds necessary to pay for the exercise price, withholding tax, CPP and any other obligations or payments required in connection with the exercise of such Subject Securities;
- (d) the Satellos Securityholder shall as a holder of Subject Securities cooperate with Satellos and iCo to successfully complete the Arrangement and the transactions contemplated by the Arrangement Agreement, and to oppose any Prohibited Matter;
- (e) the Satellos Securityholder shall not (i) exercise (and hereby waives) any rights of appraisal or rights of dissent, as applicable, from the Arrangement or the transactions contemplated by the Arrangement Agreement and (ii) commence or participate in, and shall, and hereby agrees to, take all actions necessary to opt out of any class in any class action with respect to, any claim, derivative or otherwise, against the Satellos or iCo or any of their subsidiaries (or any of their respective successors) relating to the negotiation, execution and delivery of the Arrangement Agreement or the consummation of the transactions contemplated by the Arrangement Agreement;
- (f) the Satellos Securityholder shall (i) immediately cease and terminate, and cause to be terminated, any discussions or negotiations commenced prior to the date of this Agreement with any person (other than Satellos or iCo) by or on behalf of the Satellos Securityholder with respect to any Acquisition Proposal, whether or not initiated by the Satellos Securityholder; and (ii) not solicit, initiate or knowingly encourage inquiries, proposals or offers from any other person relating to, or participate in any negotiations regarding, or furnish to any other person any information with respect to, or otherwise cooperate in any way with or assist or participate in or facilitate or encourage any effort or attempt (and shall promptly notify iCo in writing of any inquiries, proposals, or offers of which it becomes aware) with respect to: (A) any Acquisition Proposal; (B) except as provided by the terms of this Agreement, the direct or indirect acquisition or disposition of all or any of the Subject Securities; or (C) any action which is inconsistent with the successful completion of the Arrangement or the transactions contemplated by the Arrangement Agreement;
- (g) the Satellos Securityholder hereby agrees to deposit a proxy or voting instruction form, as the case may be, duly completed and executed in respect of all of the Subject Securities eligible to vote on any matter as soon as practicable following the mailing of the Satellos Circular and in any event at least 5 days prior to the Satellos Meeting. Such proxy or voting instruction form shall appoint as proxyholder(s), the individual(s) designated by Satellos in the Satellos Circular, and vote all such Subject Securities as required by Section 2.01(a). The Satellos Securityholder hereby agrees that neither it nor any person on its behalf will take any action to withdraw, amend or invalidate any proxy or voting instruction form deposited by the Satellos Securityholder pursuant to this Agreement, unless this Agreement has at such time been previously terminated;
- (h) if the Satellos Securityholder acquires any additional Satellos Shares, Satellos Warrants or Satellos Options, the Satellos Securityholder covenants to notify iCo of each such acquisition and agrees and acknowledges that such additional securities shall be deemed to be Subject Securities, and Subject Shares, Subject Warrants and Subject Options, for purposes of this Agreement;
- (i) if the Subject Securities are registered in the name of a person other than the Satellos Securityholder or otherwise held other than personally, the Satellos Securityholder will cause the direct owner of such securities to perform (and the Satellos Securityholder shall be liable for the performance of) all covenants of the Satellos Securityholder under this Agreement as if the Securityholder; and

- (j) the Satellos Securityholder shall not take any other action of any kind which might reasonably be regarded as likely to impede, interfere with, delay, discourage, adversely affect or inhibit the timely consummation of the Arrangement or the transactions contemplated by the Arrangement Agreement.

Section 2.02 Covenants of iCo

iCo agrees to comply with its obligations under the Arrangement Agreement. iCo hereby agrees and confirms to the Satellos Securityholder that it shall take all steps required of it to consummate the Arrangement and cause the consideration to be made available to pay for the Subject Securities, in each case in accordance with and subject to the terms and conditions of the Arrangement Agreement and the Plan of Arrangement.

ARTICLE III REPRESENTATIONS AND WARRANTIES

Section 3.01 Representations and Warranties of the Satellos Securityholder

The Satellos Securityholder hereby represents and warrants to and covenants with iCo as follows, and acknowledges that iCo is relying upon such representations, warranties and covenants in entering into this Agreement and the Arrangement Agreement:

- (a) **Incorporation; Capacity; Authorization.** Where the Satellos Securityholder is not an individual, it is duly formed and validly existing under the laws of its jurisdiction of formation and has the requisite corporate power and capacity and has received all requisite approvals to execute and deliver this Agreement and to perform its obligations hereunder. Where the Satellos Securityholder is an individual, he or she has the power and capacity and has received all requisite approvals to execute and deliver this Agreement and to perform his or her obligations hereunder.
- (b) **Enforceable.** This Agreement has been duly executed and delivered by the Satellos Securityholder and constitutes a legal, valid and binding obligation, enforceable against the Satellos Securityholder in accordance with its terms, subject to bankruptcy, insolvency and other similar Laws affecting creditors' rights generally, and to general principles of equity.
- (c) **Ownership of Subject Securities.** Schedule A accurately sets forth all of the Subject Securities which the Satellos Securityholder owns, beneficially or of record, directly or indirectly or exercises control or direction over. The Satellos Securityholder is, and will be at all times up to the Effective Time, the registered and/or beneficial owner of the Subject Securities, with good and marketable title thereto, free and clear of any and all Liens.
- (d) **No Breach.** Neither the execution and delivery of this Agreement by the Satellos Securityholder, the consummation by the Satellos Securityholder of the transactions contemplated hereby nor the compliance by the Satellos Securityholder with any of the provisions hereof will:
 - (i) result in any breach of, or constitute a default (or an event which with notice or lapse of time or both would become a default) under any provision of the certificate of incorporation, articles, by-laws, or any other constating document of the Satellos Securityholder, if the Satellos Securityholder is a corporation, or under any of the terms, conditions or provisions of any note, loan agreement, bond, mortgage, indenture, contract, license, agreement, lease, permit or other instrument or obligation to which the Satellos Securityholder is a party or by which the Satellos Securityholder or any of its properties or assets (including the Subject Securities) may be bound;

- (ii) require on the part of the Satellos Securityholder any filing with (other than pursuant to the requirements of Securities Laws (which filings the Satellos Securityholder will undertake)) or permit, consent, approval, order or authorization of any Governmental Entity or other person; or
- (iii) subject to compliance with any approval or Laws contemplated by the Arrangement Agreement, violate or conflict with any Law or order applicable to the Satellos Securityholder,

in each case of (i), (ii) and (iii), other than as would not be reasonably expected to have a materially adverse effect on the Satellos Securityholder's ability to perform its obligations hereunder.

- (e) **No Proceedings.** There is no private or governmental action, suit, proceeding, claim, arbitration or investigation pending before any Governmental Entity, or, to the knowledge of the Satellos Securityholder, threatened against the Satellos Securityholder or any of its properties that, individually or in the aggregate, would reasonably be expected to have a material and adverse effect on the Satellos Securityholder's ability to perform its obligations hereunder. There is no order of any Governmental Entity against the Satellos Securityholder that would reasonably be expected to have an adverse effect on the Satellos Securityholder's ability to perform its obligations hereunder.
- (f) **Voting.** The Satellos Securityholder has the sole and exclusive right to enter into this Agreement and to vote the Subject Securities as contemplated by this Agreement. None of the Subject Securities is subject to any proxy, power of attorney, attorney-in-fact, voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of shareholders or give consents or approvals of any kind. Except pursuant to this Agreement, no individual, firm or entity has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, requiring the Satellos Securityholder to Transfer any Subject Securities or any interest therein.

Section 3.02 Representations and Warranties of iCo

iCo hereby represents and warrants and covenants to the Satellos Securityholder, acknowledging that the Satellos Securityholder is relying upon such representations, warranties and covenants in entering into this Agreement:

- (a) **Incorporation; Capacity; Authorization.** iCo is a corporation duly incorporated and validly existing under the laws of its jurisdiction of incorporation and has the requisite corporate power and capacity to execute and deliver this Agreement and to perform its obligations hereunder.
- (b) **Enforceable.** This Agreement has been duly executed and delivered by iCo and constitutes a legal, valid and binding obligation, enforceable against iCo in accordance with its terms, subject to bankruptcy, insolvency and other similar Laws affecting creditors' rights generally, and to general principles of equity.

ARTICLE IV TERMINATION

Section 4.01 Automatic Termination

This Agreement will automatically terminate and be of no further force or effect upon the earliest to occur of:

- (a) completion of the Arrangement; or
- (b) termination of the Arrangement Agreement in accordance with its terms.

Section 4.02 Termination by the Parties

This Agreement may be terminated at any time:

- (a) by mutual consent of iCo and the Satellos Securityholder;
- (b) by either party, when not in material default in performance of its obligations hereunder, if the other party has not complied with its covenants contained herein in all materials respects; or
- (c) by either party, when not in material default in performance of its obligations hereunder, if any of the representations and warranties of the other party contained herein is untrue or inaccurate in any material respect.

Section 4.03 Effect of Termination

If this Agreement is terminated in accordance with this Article 4, the provisions of this Agreement will become void and the Satellos Securityholder shall be entitled to withdraw any form of proxy or power of attorney which it may have given with respect of the Subject Securities and (ii) no party shall have liability to any other party, except in respect of any breach of this Agreement which occurred prior to such termination or in respect of any wilful breach by it of this Agreement.

ARTICLE V GENERAL

Section 5.01 Capacity and Fiduciary Obligations

iCo agrees and acknowledges that the Satellos Securityholder is bound hereunder solely in his or her capacity as a securityholder of Satellos and that the provisions of this Agreement shall not be deemed or interpreted to bind the Satellos Securityholder or, if applicable, any of its directors, officers or shareholders, in his or her capacity as a director or officer of Satellos or any of its subsidiaries. For the avoidance of doubt, nothing in this Agreement shall limit or restrict any party from properly fulfilling his or her fiduciary duties as a director or officer of Satellos or any of its subsidiaries and nothing in this Agreement shall prevent a Satellos Securityholder who is a member of the board of directors or an officer of Satellos from engaging, in such Satellos Securityholder's capacity as a director or officer of Satellos or any of its subsidiaries, in discussion or negotiations with a person in response to any bona fide Acquisition Proposal or Superior Proposal in accordance with the terms of the Arrangement Agreement.

Section 5.02 Disclosure

The Satellos Securityholder hereby consents to the disclosure of the substance of this Agreement, and any discussions leading up to the execution hereof, in any press release, documents filed with the court in connection with the Arrangement or transactions contemplated by the Arrangement Agreement or any filing pursuant to

applicable Securities Laws, including the Satellos Circular provided that the Satellos Securityholder is afforded a reasonable opportunity to review and comment upon such disclosure prior to such disclosure being made.

Except as set forth above or as required by applicable Law or by any Governmental Entity, each party shall not make any public announcement or statement with respect to this Agreement without the approval of the other party, which shall not be unreasonably withheld or delayed.

Section 5.03 Time

Time shall be of the essence in this Agreement.

Section 5.04 Governing Law

This Agreement shall be governed by and construed in accordance with the Laws of the Province of British Columbia and the federal laws of Canada applicable therein, without regard to any conflict of laws rules or principles. The Satellos Securityholder and Satellos irrevocably attorn and submit to the exclusive jurisdiction of the courts of the Province of British Columbia in respect of all matters arising under and in relation to this Agreement and waive, to the fullest extent possible, the defense of an inconvenient forum or any similar defense to the maintenance of proceedings in such courts.

Section 5.05 Entire Agreement

This Agreement, including the schedules hereto and the provisions of the Arrangement Agreement incorporated herein by reference constitutes the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes any prior agreement, representation or understanding with respect thereto.

Section 5.06 Amendments

This Agreement may not be modified, amended, altered or supplemented, except upon the execution and delivery of a written agreement executed by each of the parties hereto.

Section 5.07 Severability

If any term or other provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the terms of this Agreement remain as originally contemplated to the fullest extent possible.

Section 5.08 Assignment

The provisions of this Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns, and neither party may assign, delegate or otherwise transfer any of its rights, interests or obligations under this Agreement without the prior written consent of the other party hereto.

Section 5.09 Notices

Any notice, request, consent, agreement or approval which may or is required to be given pursuant to this Agreement shall be in writing and shall be sufficiently given or made if delivered, or sent by overnight courier or e-mail, to iCo, addressed as follows:

(a) iCo, addressed as follows:

(b) the Satellos Securityholder, addressed as set forth on the signature page hereto,

or to such other address as the relevant party may from time to time advise by notice in writing given pursuant to this Section. The date of receipt of any such notice, request, consent, agreement or approval shall be deemed to be the date of delivery thereof if delivered before 4:30 p.m. (Vancouver time) on a Business Day at the place and time of receipt and, otherwise, on the next following Business Day.

Section 5.10 Equitable Relief

It is recognized and acknowledged that a breach by any party of any material obligations contained in this Agreement will cause the other party to sustain injury for which it would not have an adequate remedy at law for money damages. Accordingly, in the event of any such breach, any aggrieved party shall be entitled to the remedy of specific performance of such obligations and interlocutory, preliminary and permanent injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity.

Section 5.11 Expenses

Each of the parties shall pay its out of pocket and other expenses incurred in connection with the preparation, execution and delivery of this Agreement and transactions contemplated hereby.

Section 5.12 Independent Legal Advice

Each of the parties hereby acknowledges that it has been afforded the opportunity to obtain independent legal advice and confirms by the execution and delivery of this Agreement that they have either done so or waived their right to do so in connection with the entering into of this Agreement.

Section 5.13 No Third Party Beneficiaries

The parties intend that this Agreement will not benefit or create any right or cause of action in favour of any person, other than the parties and no person, other than the parties, is entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum.

Section 5.14 Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The parties shall be entitled to rely upon delivery of an executed electronic copy of this Agreement (including, without limitation, PDF) and such executed electronic copy shall be legally effective to create a valid and binding agreement between the parties.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

ICO THERAPEUTICS INC.

By: _____

Name:

Title:

SATELLOS SECURITYHOLDER:

(Signature of Satellos Securityholder or Authorized Signatory)

Name:

Title:

(Signature of Satellos Securityholder or Authorized Signatory, if owned jointly)

Name:

Title:

Satellos Securityholder Notice Information

Address: _____

Attention: _____

E-mail: _____

SCHEDULE A

Subject Securities

1. Subject Shares:

Name of Beneficial Owner	Total Number of Satellos Shares Beneficially Owned or Controlled	Registered holder (if different from beneficial owner)

2. Subject Warrants:

Name of Beneficial Owner	Total Number of Satellos Warrants Beneficially Owned or Controlled	Registered holder (if different from beneficial owner)

3. Subject Options:

Name of Beneficial Owner	Total Number of Satellos Options Beneficially Owned or Controlled	Registered holder (if different from beneficial owner)

SCHEDULE F
FORM OF ICO LOCK-UP AGREEMENT

VOTING AND SUPPORT AGREEMENT

THIS AGREEMENT is made as of March_____, 2021

BETWEEN:

The person executing this Agreement as “iCo Securityholder” on the signature page hereof
(the “**iCo Securityholder**”)

- and -

SATELLOS BIOSCIENCE INC.

a corporation existing under the laws of the Canada

(“**Satellos**”)

WHEREAS Satellos and iCo Therapeutics Inc., a company existing under the laws of the Province of British Columbia (“**iCo**”) have entered into an arrangement agreement (the “**Arrangement Agreement**”) concurrently with the entering into of this Agreement and propose to consummate an arrangement as set forth in the plan of arrangement attached to the Arrangement Agreement (the “**Arrangement**”);

AND WHEREAS the iCo Securityholder owns, beneficially or of record, directly or indirectly or exercises control or direction over, certain (i) common shares in the capital of iCo (“**iCo Shares**”); and/or (ii) warrants to acquire iCo Shares (“**iCo Warrants**”); and/or (iii) options to acquire iCo Shares (“**iCo Options**”);

AND WHEREAS this Agreement sets out the terms and conditions, among other things, under which the iCo Securityholder has agreed to vote or cause to be voted all of his, her or its Subject Securities (defined below) in respect of the Arrangement and other matters related thereto;

AND WHEREAS the iCo Securityholder acknowledges that Satellos and iCo would not have entered into the Arrangement Agreement but for the execution and delivery of this Agreement by the iCo Securityholder;

NOW THEREFORE in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I INTERPRETATION

Section 1.01 Definitions

All terms used in this Agreement that are not defined herein shall have the respective meanings ascribed to them in the Arrangement Agreement.

For the purposes of this Agreement:

“**Subject Options**” means all iCo Options which the iCo Securityholder owns, beneficially or of record, directly or indirectly or exercises control or direction over, particulars of which are set forth on Schedule A to this Agreement;

“**Subject Securities**” means, collectively, the Subject Shares, the Subject Warrants, and the Subject Options;

“**Subject Shares**” means all iCo Shares which the iCo Securityholder owns, beneficially or of record, directly or indirectly or exercises control or direction over, particulars of which are set forth on Schedule A

to this Agreement, and shall further include any iCo Shares issued or issuable upon the exercise and/or vesting of Subject Warrants or Subject Options, or otherwise acquired, whether beneficially or of record, directly or indirectly or over which control or direction is exercised over, by the iCo Securityholder after the date hereof; and

“**Subject Warrants**” means all iCo Warrants which the iCo Securityholder owns, beneficially or of record, directly or indirectly or exercises control or direction over, particulars of which are set forth on Schedule A to this Agreement.

ARTICLE II COVENANTS

Section 2.01 General Covenants of the iCo Securityholder

The iCo Securityholder hereby covenants and agrees in favour of Satellos that, from the date hereof until the termination of this Agreement, except as permitted by this Agreement:

- (a) at any meeting of securityholders of iCo called to vote upon the Arrangement, the Arrangement Agreement or the transactions contemplated by the Arrangement Agreement or at any adjournment or postponement thereof or in any other circumstances upon which a vote, consent or other approval (including by written consent in lieu of a meeting) with respect to the Arrangement, the Arrangement Agreement or the transactions contemplated by the Arrangement Agreement is sought, the iCo Securityholder shall cause all Subject Securities eligible to vote at such meeting to be counted as present for purposes of establishing quorum and shall vote (or cause to be voted) all such Subject Securities:
 - (i) in favour of (A) the approval of the Arrangement and any other matter necessary for the consummation of the Arrangement or the transactions contemplated by the Arrangement Agreement and (B) any other matter necessary for the consummation of the Arrangement or the transactions contemplated by the Arrangement Agreement; and
 - (ii) against (i) any Acquisition Proposal and (ii) any action, proposal, transaction or agreement that would reasonably be expected to in any material respect impede, interfere with, delay, discourage, adversely affect or inhibit the timely consummation of the Arrangement or the transactions contemplated by the Arrangement Agreement (the “**Prohibited Matters**”);
- (b) the iCo Securityholder shall forthwith revoke any and all previous proxies granted or voting instruction forms or other voting documents delivered that may conflict or be inconsistent with the matters set forth in this Agreement;
- (c) the iCo Securityholder agrees not to directly or indirectly (i) sell, transfer, assign, grant a participation interest in, option, pledge, hypothecate, grant a security interest in or otherwise convey or encumber (each, a “**Transfer**”), or enter into any agreement, option or other arrangement with respect to the Transfer of, any of its Subject Securities to any person, other than pursuant to the Arrangement Agreement, or (ii) grant any proxies or power of attorney, deposit any of its Subject Securities into any voting trust or enter into any voting arrangement, whether by proxy, voting agreement or otherwise, with respect to its Subject Securities, other than pursuant to this Agreement. Notwithstanding the foregoing, the iCo Securityholder may, in the sole discretion of the iCo Securityholder:
 - (i) exercise any Subject Warrants and Subject Options; and

- (ii) Transfer a sufficient number of iCo Shares issued upon exercise of such Subject Securities in order for the iCo Securityholder to receive the funds necessary to pay for the exercise price, withholding tax, CPP and any other obligations or payments required in connection with the exercise of such Subject Securities;
- (d) the iCo Securityholder shall as a holder of Subject Securities cooperate with iCo and Satellos to successfully complete the Arrangement and the transactions contemplated by the Arrangement Agreement, and to oppose any Prohibited Matter;
- (e) the iCo Securityholder shall not (i) exercise (and hereby waives) any rights of appraisal or rights of dissent, as applicable, from the Arrangement or the transactions contemplated by the Arrangement Agreement and (ii) commence or participate in, and shall, and hereby agrees to, take all actions necessary to opt out of any class in any class action with respect to, any claim, derivative or otherwise, against the iCo or Satellos or any of their subsidiaries (or any of their respective successors) relating to the negotiation, execution and delivery of the Arrangement Agreement or the consummation of the transactions contemplated by the Arrangement Agreement;
- (f) the iCo Securityholder shall (i) immediately cease and terminate, and cause to be terminated, any discussions or negotiations commenced prior to the date of this Agreement with any person (other than iCo or Satellos) by or on behalf of the iCo Securityholder with respect to any Acquisition Proposal, whether or not initiated by the iCo Securityholder; and (ii) not solicit, initiate or knowingly encourage inquiries, proposals or offers from any other person relating to, or participate in any negotiations regarding, or furnish to any other person any information with respect to, or otherwise cooperate in any way with or assist or participate in or facilitate or encourage any effort or attempt (and shall promptly notify Satellos in writing of any inquiries, proposals, or offers of which it becomes aware) with respect to: (A) any Acquisition Proposal; (B) except as provided by the terms of this Agreement, the direct or indirect acquisition or disposition of all or any of the Subject Securities; or (C) any action which is inconsistent with the successful completion of the Arrangement or the transactions contemplated by the Arrangement Agreement;
- (g) the iCo Securityholder hereby agrees to deposit a proxy or voting instruction form, as the case may be, duly completed and executed in respect of all of the Subject Securities eligible to vote on any matter as soon as practicable following the mailing of the iCo Circular and in any event at least 5 days prior to the iCo Meeting. Such proxy or voting instruction form shall appoint as proxyholder(s), the individual(s) designated by iCo in the iCo Circular, and vote all such Subject Securities as required by Section 2.01(a). The iCo Securityholder hereby agrees that neither it nor any person on its behalf will take any action to withdraw, amend or invalidate any proxy or voting instruction form deposited by the iCo Securityholder pursuant to this Agreement, unless this Agreement has at such time been previously terminated;
- (h) if the iCo Securityholder acquires any additional iCo Shares, iCo Warrants or iCo Options, the iCo Securityholder covenants to notify Satellos of each such acquisition and agrees and acknowledges that such additional securities shall be deemed to be Subject Securities, and Subject Shares, Subject Warrants and Subject Options, for purposes of this Agreement;
- (i) if the Subject Securities are registered in the name of a person other than the iCo Securityholder or otherwise held other than personally, the iCo Securityholder will cause the direct owner of such securities to perform (and the iCo Securityholder shall be liable for the performance of) all covenants of the iCo Securityholder under this Agreement as if the Securityholder; and
- (j) the iCo Securityholder shall not take any other action of any kind which might reasonably be regarded as likely to impede, interfere with, delay, discourage, adversely affect or inhibit the timely

consummation of the Arrangement or the transactions contemplated by the Arrangement Agreement.

Section 2.02 Covenants of Satellos

Satellos agrees to comply with its obligations under the Arrangement Agreement. Satellos hereby agrees and confirms to the iCo Securityholder that it shall take all steps required of it to consummate the Arrangement and cause the consideration to be made available to pay for the Subject Securities, in each case in accordance with and subject to the terms and conditions of the Arrangement Agreement and the Plan of Arrangement.

ARTICLE III REPRESENTATIONS AND WARRANTIES

Section 3.01 Representations and Warranties of the iCo Securityholder

The iCo Securityholder hereby represents and warrants to and covenants with Satellos as follows, and acknowledges that Satellos is relying upon such representations, warranties and covenants in entering into this Agreement and the Arrangement Agreement:

- (a) **Incorporation; Capacity; Authorization.** Where the iCo Securityholder is not an individual, it is duly formed and validly existing under the laws of its jurisdiction of formation and has the requisite corporate power and capacity and has received all requisite approvals to execute and deliver this Agreement and to perform its obligations hereunder. Where the iCo Securityholder is an individual, he or she has the power and capacity and has received all requisite approvals to execute and deliver this Agreement and to perform his or her obligations hereunder.
- (b) **Enforceable.** This Agreement has been duly executed and delivered by the iCo Securityholder and constitutes a legal, valid and binding obligation, enforceable against the iCo Securityholder in accordance with its terms, subject to bankruptcy, insolvency and other similar Laws affecting creditors' rights generally, and to general principles of equity.
- (c) **Ownership of Subject Securities.** Schedule A accurately sets forth all of the Subject Securities which the iCo Securityholder owns, beneficially or of record, directly or indirectly or exercises control or direction over. The iCo Securityholder is, and will be at all times up to the Effective Time, the registered and/or beneficial owner of the Subject Securities, with good and marketable title thereto, free and clear of any and all Liens.
- (d) **No Breach.** Neither the execution and delivery of this Agreement by the iCo Securityholder, the consummation by the iCo Securityholder of the transactions contemplated hereby nor the compliance by the iCo Securityholder with any of the provisions hereof will:
 - (i) result in any breach of, or constitute a default (or an event which with notice or lapse of time or both would become a default) under any provision of the certificate of incorporation, articles, by-laws, or any other constating document of the iCo Securityholder, if the iCo Securityholder is a corporation, or under any of the terms, conditions or provisions of any note, loan agreement, bond, mortgage, indenture, contract, license, agreement, lease, permit or other instrument or obligation to which the iCo Securityholder is a party or by which the iCo Securityholder or any of its properties or assets (including the Subject Securities) may be bound;
 - (ii) require on the part of the iCo Securityholder any filing with (other than pursuant to the requirements of Securities Laws (which filings the iCo Securityholder will undertake)) or

permit, consent, approval, order or authorization of any Governmental Entity or other person; or

- (iii) subject to compliance with any approval or Laws contemplated by the Arrangement Agreement, violate or conflict with any Law or order applicable to the iCo Securityholder,

in each case of (i), (ii) and (iii), other than as would not be reasonably expected to have a materially adverse effect on the iCo Securityholder's ability to perform its obligations hereunder.

- (e) **No Proceedings.** There is no private or governmental action, suit, proceeding, claim, arbitration or investigation pending before any Governmental Entity, or, to the knowledge of the iCo Securityholder, threatened against the iCo Securityholder or any of its properties that, individually or in the aggregate, would reasonably be expected to have a material and adverse effect on the iCo Securityholder's ability to perform its obligations hereunder. There is no order of any Governmental Entity against the iCo Securityholder that would reasonably be expected to have an adverse effect on the iCo Securityholder's ability to perform its obligations hereunder.
- (f) **Voting.** The iCo Securityholder has the sole and exclusive right to enter into this Agreement and to vote the Subject Securities as contemplated by this Agreement. None of the Subject Securities is subject to any proxy, power of attorney, attorney-in-fact, voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of shareholders or give consents or approvals of any kind. Except pursuant to this Agreement, no individual, firm or entity has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, requiring the iCo Securityholder to Transfer any Subject Securities or any interest therein.

Section 3.02 Representations and Warranties of iCo

Satellos hereby represents and warrants and covenants to the iCo Securityholder, acknowledging that the iCo Securityholder is relying upon such representations, warranties and covenants in entering into this Agreement:

- (a) **Incorporation; Capacity; Authorization.** Satellos is a corporation duly incorporated and validly existing under the laws of its jurisdiction of incorporation and has the requisite corporate power and capacity to execute and deliver this Agreement and to perform its obligations hereunder.
- (b) **Enforceable.** This Agreement has been duly executed and delivered by Satellos and constitutes a legal, valid and binding obligation, enforceable against Satellos in accordance with its terms, subject to bankruptcy, insolvency and other similar Laws affecting creditors' rights generally, and to general principles of equity.

ARTICLE IV TERMINATION

Section 4.01 Automatic Termination

This Agreement will automatically terminate and be of no further force or effect upon the earliest to occur of:

- (a) completion of the Arrangement; or
- (b) termination of the Arrangement Agreement in accordance with its terms.

Section 4.02 Termination by the Parties

This Agreement may be terminated at any time:

- (a) by mutual consent of Satellos and the iCo Securityholder;
- (b) by either party, when not in material default in performance of its obligations hereunder, if the other party has not complied with its covenants contained herein in all materials respects; or
- (c) by either party, when not in material default in performance of its obligations hereunder, if any of the representations and warranties of the other party contained herein is untrue or inaccurate in any material respect.

Section 4.03 Effect of Termination

If this Agreement is terminated in accordance with this Article 4, the provisions of this Agreement will become void and the iCo Securityholder shall be entitled to withdraw any form of proxy or power of attorney which it may have given with respect of the Subject Securities and (ii) no party shall have liability to any other party, except in respect of any breach of this Agreement which occurred prior to such termination or in respect of any wilful breach by it of this Agreement.

ARTICLE V GENERAL

Section 5.01 Capacity and Fiduciary Obligations

Satellos agrees and acknowledges that the iCo Securityholder is bound hereunder solely in his or her capacity as a securityholder of iCo and that the provisions of this Agreement shall not be deemed or interpreted to bind the iCo Securityholder or, if applicable, any of its directors, officers or shareholders, in his or her capacity as a director or officer of iCo or any of its subsidiaries. For the avoidance of doubt, nothing in this Agreement shall limit or restrict any party from properly fulfilling his or her fiduciary duties as a director or officer of iCo or any of its subsidiaries and nothing in this Agreement shall prevent a iCo Securityholder who is a member of the board of directors or an officer of iCo from engaging, in such iCo Securityholder's capacity as a director or officer of iCo or any of its subsidiaries, in discussion or negotiations with a person in response to any bona fide Acquisition Proposal or Superior Proposal in accordance with the terms of the Arrangement Agreement.

Section 5.02 Disclosure

The iCo Securityholder hereby consents to the disclosure of the substance of this Agreement, and any discussions leading up to the execution hereof, in any press release, documents filed with the court in connection with the Arrangement or transactions contemplated by the Arrangement Agreement or any filing pursuant to applicable Securities Laws, including the iCo Circular provided that the iCo Securityholder is afforded a reasonable opportunity to review and comment upon such disclosure prior to such disclosure being made.

Except as set forth above or as required by applicable Law or by any Governmental Entity, each party shall not make any public announcement or statement with respect to this Agreement without the approval of the other party, which shall not be unreasonably withheld or delayed.

Section 5.03 Time

Time shall be of the essence in this Agreement.

Section 5.04 Governing Law

This Agreement shall be governed by and construed in accordance with the Laws of the Province of British Columbia and the federal laws of Canada applicable therein therein, without regard to any conflict of laws rules or

principles. The iCo Securityholder and Satellos irrevocably attorn and submit to the exclusive jurisdiction of the courts of the Province of British Columbia in respect of all matters arising under and in relation to this Agreement and waive, to the fullest extent possible, the defense of an inconvenient forum or any similar defense to the maintenance of proceedings in such courts.

Section 5.05 Entire Agreement

This Agreement, including the schedules hereto and the provisions of the Arrangement Agreement incorporated herein by reference constitutes the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes any prior agreement, representation or understanding with respect thereto.

Section 5.06 Amendments

This Agreement may not be modified, amended, altered or supplemented, except upon the execution and delivery of a written agreement executed by each of the parties hereto.

Section 5.07 Severability

If any term or other provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the terms of this Agreement remain as originally contemplated to the fullest extent possible.

Section 5.08 Assignment

The provisions of this Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns, and neither party may assign, delegate or otherwise transfer any of its rights, interests or obligations under this Agreement without the prior written consent of the other party hereto.

Section 5.09 Notices

Any notice, request, consent, agreement or approval which may or is required to be given pursuant to this Agreement shall be in writing and shall be sufficiently given or made if delivered, or sent by overnight courier or e-mail, to Satellos, addressed as follows:

- (a) Satellos, addressed as follows:

with a copy (which shall not constitute notice) to:

Section 5.10 Equitable Relief

It is recognized and acknowledged that a breach by any party of any material obligations contained in this Agreement will cause the other party to sustain injury for which it would not have an adequate remedy at law for money damages. Accordingly, in the event of any such breach, any aggrieved party shall be entitled to the remedy of specific performance of such obligations and interlocutory, preliminary and permanent injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity.

Section 5.11 Expenses

Each of the parties shall pay its out of pocket and other expenses incurred in connection with the preparation, execution and delivery of this Agreement and transactions contemplated hereby.

Section 5.12 Independent Legal Advice

Each of the parties hereby acknowledges that it has been afforded the opportunity to obtain independent legal advice and confirms by the execution and delivery of this Agreement that they have either done so or waived their right to do so in connection with the entering into of this Agreement.

Section 5.13 No Third Party Beneficiaries

The parties intend that this Agreement will not benefit or create any right or cause of action in favour of any person, other than the parties and no person, other than the parties, is entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum.

Section 5.14 Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The parties shall be entitled to rely upon delivery of an executed electronic copy of this Agreement (including, without limitation, PDF) and such executed electronic copy shall be legally effective to create a valid and binding agreement between the parties.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

SATELLOS BIOSCIENCE INC.

By: _____

Name:

Title:

ICO SECURITYHOLDER:

(Signature of iCo Securityholder or Authorized Signatory)

Name:

Title:

(Signature of iCo Securityholder or Authorized Signatory, if owned jointly)

Name:

Title:

iCo Securityholder Notice Information

Address: _____

Attention: _____

E-mail: _____

SCHEDULE A

Subject Securities

1. Subject Shares:

Name of Beneficial Owner	Total Number of iCo Shares Beneficially Owned or Controlled	Registered holder (if different from beneficial owner)

2. Subject Warrants:

Name of Beneficial Owner	Total Number of iCo Warrants Beneficially Owned or Controlled	Registered holder (if different from beneficial owner)

3. Subject Options:

Name of Beneficial Owner	Total Number of iCo Options Beneficially Owned or Controlled	Registered holder (if different from beneficial owner)

AMENDING AGREEMENT

THIS AMENDING AGREEMENT is made effective as of April 30, 2021

AMONG:

ICO THERAPEUTICS INC., a corporation existing under the laws of the Province of British Columbia (the “**iCo**”)

- and -

SATELLOS BIOSCIENCE INC., a corporation existing under the laws of Canada (“**Satellos**,” and together with the iCo, the “**Parties**” and each a “**Party**”)

WHEREAS the Parties entered into an arrangement agreement dated March 21, 2021 (the “**Arrangement Agreement**”);

AND WHEREAS pursuant to Section 9.1 of the Arrangement Agreement and Section 6.01 of the Plan of Arrangement attached as Schedule “A” thereto, the Parties wish to amend the Arrangement Agreement by entering into this Amending Agreement;

AND WHEREAS capitalized terms used but not defined herein have the meanings given to them in the Arrangement Agreement; and

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged by each of the Parties, the Parties covenant and agree as follows:

1. **Governing Law**

This Amending Agreement shall be governed by and construed in accordance with the Laws of the Province of British Columbia and the federal Laws of Canada applicable therein.

2. **Amendment**

(a) The Arrangement Agreement is hereby amended as follows:

- I. By deleting the date of June 30, 2021 and replacing it with the date of August 31, 2021 in the definition of “Outside Date” in Section 1.1.
- II. By deleting the date of April 30, 2021 and replacing it with the date of June 29, 2021 in Section 2.2(a).
- III. By deleting the date of May 31, 2021 and replacing it with the date of August 3, 2021 in Section 2.3(a).
- IV. By deleting the date of April 30, 2021 and replacing it with the date of July 7, 2021 in Section 2.4(a).

- V. By deleting the date of May 31, 2021 and replacing it with the date of August 3, 2021 in Section 2.5(a).
 - VI. By deleting the date of April 30, 2021 and replacing it with the date of July 7, 2021 in Section 2.6(a).
- (b) The Plan of Arrangement attached as Schedule “A” to the Arrangement Agreement is hereby amended as follows:
- I. By amending the date of March 18, 2021 and replacing it with the date of March 21, 2021 in the definition of “Arrangement Agreement” in Section 1.01(b).
 - II. By deleting the definition of “U.S. Holder” in Section 1.01(jj) its entirety.
 - III. By renumbering the definition of “U.S. Securities Act” in Section 1.01 from Section 1.01(kk) to Section 1.01(jj).
 - IV. By deleting the definition of “U.S. Tax Code” in Section 1.01(ll) in its entirety.
 - V. Deleting Section 1.07 in its entirety and replacing it with the following:
 - a. Notwithstanding any provision herein to the contrary, iCo and Satellos each agree that the Plan of Arrangement will be carried out with the intention that, and they will use their commercially reasonable best efforts to ensure that, all: (a) iCo Shares to be issued to Satellos Shareholders in exchange for their Satellos Shares; and (b) Replacement Options to be issued to holders of Satellos Options in exchange for Satellos Options, will be issued in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof and similar exemptions under applicable state securities laws, and pursuant to the terms, conditions and procedures set forth in the Arrangement Agreement and this Plan of Arrangement. Holders of Satellos Options entitled to receive Replacement Options will be advised that the exemption provided by the U.S. Securities Act pursuant to Section 3(a)(10) thereof, will not be available for the issuance of any iCo Shares issuable upon the exercise of the Replacement Options. The Satellos Warrants will be treated in accordance with their terms, as adjusted for the Arrangement. The iCo Shares issuable upon the exercise of the Replacement Options and the Satellos Warrants may be issued only pursuant to an available exemption or exclusion from the registration requirements of the U.S. Securities Act and applicable state securities laws.
- (c) The Arrangement Resolution attached as Schedule “B” to the Arrangement Agreement is hereby amended as follows:
- I. By amending the date of March 18, 2021 and replacing it with the date of March 21, 2021.

3. Further Assurances

The Parties hereby agree to take all steps and actions and execute and deliver all agreements, instruments and other documents as may be necessary and advisable to give effect to the foregoing.

4. Acknowledgement

The Parties acknowledge that except as otherwise expressly indicated herein, the Arrangement Agreement shall continue unamended and without novation and remain in full force and effect and, except as amended and supplemented by this Amending Agreement.

5. Enurement

This Amending Agreement shall enure to the benefit of and shall be binding upon the Parties and their respective successors and permitted assigns in accordance with the Arrangement Agreement.

6. Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Amending Agreement by facsimile transmission or by sending a scanned copy by electronic mail shall be as effective as delivery of a manually executed counterpart of this Amending Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the Parties have executed this Amending Agreement on July 2, 2021
having effect as of April 30, 2021.

ICO THERAPEUTICS INC.

By: _____
Name: William Jarosz
Title: Executive Chairman

SATELLOS BIOSCIENCE INC.

By: _____
Name: Frank Gleeson
Title: President and Chief Executive Officer

EXHIBIT A

(see attached)

APPENDIX E

SECTION 190 OF THE CANADA BUSINESS CORPORATIONS ACT

Right to dissent

190 (1) Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;
- (b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;
- (c) amalgamate otherwise than under section 184;
- (d) be continued under section 188;
- (e) sell, lease or exchange all or substantially all its property under subsection 189(3); or
- (f) carry out a going-private transaction or a squeeze-out transaction.

Further right

(2) A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

If one class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Payment for shares

(3) In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

No partial dissent

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection

(5) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

Notice of resolution

(6) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

Demand for payment

(7) A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares.

Share certificate

(8) A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Forfeiture

(9) A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

Endorsing certificate

(10) A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

Suspension of rights

(11) On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where

- (a) the shareholder withdraws that notice before the corporation makes an offer under subsection (12),
- (b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice, or
- (c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),

in which case the shareholder's rights are reinstated as of the date the notice was sent.

Offer to pay

(12) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

- (a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or
- (b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Same terms

(13) Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

Payment

(14) Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

Corporation may apply to court

(15) Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

Shareholder application to court

(16) If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

Venue

(17) An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

No security for costs

(18) A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

Parties

(19) On an application to a court under subsection (15) or (16),

(a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and

(b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

Powers of court

(20) On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

Appraisers

(21) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final order

(22) The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

Interest

(23) A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Notice that subsection (26) applies

(24) If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Effect where subsection (26) applies

(25) If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may

(a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Limitation

(26) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

APPENDIX F

PART 8, DIVISION 2 OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

Definitions and application

237 (1) In this Division:

“dissenter” means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

“notice shares” means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

“payout value” means,

- (a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,
- (b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement,
- (c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order, or
- (d) in the case of a dissent in respect of a community contribution company, the value of the notice shares set out in the regulations,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

- (a) the court orders otherwise, or
- (b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

Right to dissent

238 (1) A shareholder of a company, whether or not the shareholder’s shares carry the right to vote, is entitled to dissent as follows:

- (a) under section 260, in respect of a resolution to alter the articles
 - (i) to alter restrictions on the powers of the company or on the business the company is permitted to carry on, or
 - (ii) without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company’s community purposes within the meaning of section 51.91;
- (b) under section 272, in respect of a resolution to adopt an amalgamation agreement;
- (c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;

- (d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;
 - (e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;
 - (f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
 - (g) in respect of any other resolution, if dissent is authorized by the resolution;
 - (h) in respect of any court order that permits dissent.
- (2) A shareholder wishing to dissent must
- (a) prepare a separate notice of dissent under section 242 for
 - (i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and
 - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,
 - (b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and
 - (c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.
- (3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must
- (a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and
 - (b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

Waiver of right to dissent

239 (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

- (2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must
- (a) provide to the company a separate waiver for
 - (i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and
 - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and
 - (b) identify in each waiver the person on whose behalf the waiver is made.
- (3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the

registered owner and the beneficial owner, and this Division ceases to apply to

- (a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and
- (b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

Notice of resolution

240 (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

- (a) a copy of the proposed resolution, and
- (b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

- (a) a copy of the proposed resolution, and
- (b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

- (a) a copy of the resolution,
- (b) a statement advising of the right to send a notice of dissent, and
- (c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

Notice of court orders

241 If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right

of dissent

- (a) a copy of the entered order, and
- (b) a statement advising of the right to send a notice of dissent.

Notice of dissent

242 (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,

- (a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,
- (b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or
- (c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of
 - (i) the date on which the shareholder learns that the resolution was passed, and
 - (ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company

- (a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or
- (b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company

- (a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or
- (b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

- (a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;
- (b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and
 - (i) the names of the registered owners of those other shares,

- (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
 - (iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;
 - (c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and
 - (i) the name and address of the beneficial owner, and
 - (ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.
- (5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

Notice of intention to proceed

- 243** (1) A company that receives a notice of dissent under section 242 from a dissenter must,
- (a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of
 - (i) the date on which the company forms the intention to proceed, and
 - (ii) the date on which the notice of dissent was received, or
 - (b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.
- (2) A notice sent under subsection (1) (a) or (b) of this section must
- (a) be dated not earlier than the date on which the notice is sent,
 - (b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and
 - (c) advise the dissenter of the manner in which dissent is to be completed under section 244.

Completion of dissent

- 244** (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,
- (a) a written statement that the dissenter requires the company to purchase all of the notice shares,
 - (b) the certificates, if any, representing the notice shares, and
 - (c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.
- (2) The written statement referred to in subsection (1) (c) must
- (a) be signed by the beneficial owner on whose behalf dissent is being exercised, and

- (b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out
 - (i) the names of the registered owners of those other shares,
 - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
 - (iii) that dissent is being exercised in respect of all of those other shares.
- (3) After the dissenter has complied with subsection (1),
 - (a) the dissenter is deemed to have sold to the company the notice shares, and
 - (b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.
- (4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.
- (5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.
- (6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

Payment for notice shares

245 (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

- (a) promptly pay that amount to the dissenter, or
 - (b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
- (2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may
- (a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,
 - (b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and
 - (c) make consequential orders and give directions it considers appropriate.
- (3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must

- (a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or
 - (b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
- (4) If a dissenter receives a notice under subsection (1) (b) or (3)(b),
- (a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or
 - (b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.
- (5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that
- (a) the company is insolvent, or
 - (b) the payment would render the company insolvent. Loss of right to dissent.

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
- (b) the resolution in respect of which the notice of dissent was sent does not pass;
- (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;
- (d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;
- (e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;
- (f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;
- (g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;
- (h) the notice of dissent is withdrawn with the written consent of the company;
- (i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

Shareholders entitled to return of shares and rights

247 If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

- (a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,
- (b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and
- (c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

APPENDIX G

EVANS & EVANS FAIRNESS OPINION

March 18, 2021

ICO THERAPEUTICS INC.

6th Floor, 777 Hornby Street
Vancouver, British Columbia V6Z 1S4

Attention: Board of Directors

Dear Sirs:

Subject: Fairness Opinion

1.0 Introduction

- 1.01 Evans & Evans, Inc. (“Evans & Evans” or the “authors of the Opinion”) was engaged by the Board of Directors (the “Board”) of iCo Therapeutics Inc. (“iCo Therapeutics” or the “Issuer”) of Vancouver, British Columbia to prepare a Fairness Opinion (the “Opinion”) with respect to the planned acquisition of 100% of the issued and outstanding shares (“Proposed Transaction”) of Satellos Bioscience Inc. (“Satellos” and together with iCo Therapeutics the “Companies”).

Evans & Evans has been requested by the Board to prepare the Opinion to provide an independent opinion as to the fairness of the Proposed Transaction, from a financial standpoint, to the shareholders of iCo Therapeutics (the “iCo Shareholders”) as at March 18, 2021 (the “Date of Review”).

iCo Therapeutics identifies existing development stage assets for use in underserved ocular and infectious diseases. iCo Therapeutics’ shares trade on the TSX Venture Exchange (“TSXV”) under the symbol “ICO” and on the OTCQB under the symbol “ICOTF”.

Satellos is a private company in the biotechnology and drug development industry, in pursuit of a unique approach of pharmacologically modulating stem cell polarity to stimulate in vivo tissue repair and regeneration.

- 1.02 Unless otherwise noted, all monetary amounts referenced herein are Canadian dollars.
- 1.03 The Issuer was incorporated under the *Business Corporations Act* (British Columbia) on April 20, 2006 under the name “Beanstalk Capital Corporation”. The Issuer changed its name to “Beanstalk Capital Ltd.” in connection with its qualifying transaction. The name was changed to “iCo Therapeutics Inc.” on January 1, 2009. The Issuer has two wholly owned subsidiary, iCo Therapeutics Australia Pty. Ltd. and Amphotericin B Technologies, Inc.
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The Issuer principally focuses on in-licensing drug candidates with a clinical history and are seeking to re-dose, reformulate and develop drug candidates for the treatment of ocular and infectious diseases. iCo Therapeutics assumes the clinical, regulatory and commercial development activities for its product candidates and advances them along the regulatory and clinical pathway toward commercial approval.

iCo Therapeutics' two in-licensed product candidates: iCo-008 (or "Bertilimumab") for potential use in eotaxin-1 mediated indications; and an oral Amphotericin B delivery system ("Oral Amp B Delivery System"), for potential use in certain fungal infections.

iCo-008

iCo-008 is a human monoclonal antibody that neutralizes eotaxin-1, a ligand to the C-C chemokine receptor type three ("CCR3"). The Issuer believes 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. iCo Therapeutics believes that iCo-008 shows promise in the treatment of the dermatological condition bullous pemphigoid ("BP") and may have utility in atopic dermatitis, gastrointestinal conditions including inflammatory bowel disease/ulcerative colitis, vernal keratoconjunctivitis, asthma and age-related macular degeneration ("AMD").

The Issuer's intellectual property rights for iCo-008 arise from the licensing agreement with Cambridge Antibody Technology Limited ("CAT 213"), which through a series of transactions is now part of AstraZeneca plc, (the "CAT 213 License Agreement"). Under the CAT 213 License Agreement, iCo Therapeutics has the exclusive rights to develop, manufacture and commercialize iCo-008 under all CAT 213 (also known as iCo-008) patents held by AstraZeneca plc in a number of key jurisdictions in North America, Europe and around the world, including the United States, Canada and Japan. The issued patents will expire in 2021-2022 absent any extensions thereto, except in Brazil, where the patent expires in 2028.

Oral Amp B Delivery System

The Oral Amp B Delivery System of Amphotericin B ("Amp B") began development at the University of British Columbia ("UBC") under Dr. Kishor Wasan. Dr. Wasan subsequently moved from UBC to the University of Saskatchewan to become Professor, College of Pharmacy and Nutrition and recently joined iCo as the Director of Research. Although Amp B has been used to treat systemic fungal infections intravenously for approximately 50 years, an oral formulation of Amp B has yet to be developed. Historically, Amp B was shown to have a limited oral bioavailability due to its low aqueous solubility and poor membrane permeability. Intravenous Amp B has historically been a potent but toxic option for the treatment of serious systemic fungal infections. Systemic fungal infections are fungal infections that affect the entire body and are particularly prevalent among people whose immune systems have been weakened by certain treatments, such as organ transplant recipients, or certain conditions, such as cancer,

diabetes or AIDS. 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. Amp B also has potential to treat vulvovaginal candidiasis, a persistent and recurring fungal infection in many parts of the world. 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.

On June 27, 2018, iCo Therapeutics 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. On July 16, 2018, iCo Therapeutics announced a positive secondary endpoint in its Phase I clinical study and advancement into later stage clinical trials. On December 9 2019, iCo Therapeutics initiated a second study using oral Amphotericin B (“Phase 1b”) exploring safety and pharmacokinetics of multiple ascending drug doses (“MAD”) in healthy subjects. On April 14, 2020, iCo Therapeutics announced positive results of a Phase 1b clinical study.

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

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

Financial Position and Capital Structure

As at the date of the Opinion, iCo Therapeutics had 174,027,713 common shares issued and outstanding. In addition, the Company has 43,098,000 warrants outstanding with expiry dates from January 31 to August 16, 2022. All outstanding warrants have an exercise price of \$0.06.

As at September 30, 2020, iCo Therapeutics was in a negative working capital position. As the Issuer is still in the development stage and generates no revenues, losses are funded

through equity raises. On March 12, 2021, the Issuer announced that 20,280,000 warrants of iCo Therapeutics were excised resulting in approximately \$1.3 million in gross proceeds. A summary of the balance sheet is provided below.

(Canadian Dollars)	As at September 30,	For the fiscal years ending December 31,		
	2020	2019	2018	2017
Cash	\$169,759	\$989,937	\$10,140	\$1,127,934
Current Assets	\$633,139	\$1,462,191	\$175,019	\$1,374,031
Working Capital	-\$461,841	\$654,571	-\$627,659	\$1,085,733
Debt	n/a	n/a	n/a	n/a
Shareholders' Equity	-\$458,050	\$660,658	-\$624,501	\$1,087,233

- 1.04 Satellos was incorporated under the *Canada Business Corporations Act* on July 27, 2012. Satellos is attempting to invent and develop novel drugs for the treatment of muscle disorders with a lead program in Duchenne muscular dystrophy (“DMD”).

Satellos scientists have discovered the major underlying cause of the progressive nature of DMD: impaired muscle stem cell driven repair. Muscle stem cells, or satellite cells, reside in the muscle tissue and are responsible for producing new muscle tissue in response to injury or exercise. However, in the case of DMD, this repair process is flawed, whereby the muscle stem cell fails to properly divide and produce tissue regenerating cells called progenitors. In the absence of these progenitor cells, new muscle tissue fails to form at sites of degeneration caused by DMD, and instead is replaced by fibrosis. In addition to DMD, Satellos believes its intellectual property has applications with Cachexia and Sarcopenia.

Satellos is developing a small molecule drug that restores the capacity of muscle stem cells to properly divide and produce progenitor cells. Satellos’s initial preclinical proof of concept studies have demonstrated that restoration of the balance between stem cells and the functional progenitor cells they produce results in enhanced muscle architecture and functional benefit.

Muscle stem cells (“MuSCs”) or satellite cells are located in a specialized niche beneath the basal lamina of myofibers. They are required for the growth, maintenance, and repair of skeletal muscle. Satellite cells are normally mitotically¹ quiescent² but are poised to activate and enter the cell cycle in response to stress induced by weight bearing or trauma, such as injury³.

¹ The process of cell division by which the nucleus divides.

² In a state or period of inactivity or dormancy

³ *Orienting Muscle Stem Cells for Regeneration in Homeostasis, Aging, and Disease – Cell Stem Cell, Volume 23, Issue 5*

Satellos's research supports that its drug candidate can restore stem cell balance and force muscle repair. Satellos has completed pathway validation in mouse models and work continues in human models. The next step for the company is the filing of an Investigation New Drug ("IND") with the U.S. Food and Drug Administration ("FDA") followed by a Phase 1 clinical trial. Satellos believes the company's drug candidate will qualify under the FDA's Orphan Drug program which is described in section 4.0 of this Opinion. Satellos is also continuing with several planned preclinical safety studies. The current regulatory plan has Satellos beginning a Phase 1 trial in 2022 with Phase 2 / 3 planned for 2023 on the first candidate.

Satellos's patent portfolio consists of five patent families. The company has 12 issued patents and eight pending patents across Canada, the United States and Europe. Satellos has a team of eight located in a research and development lab in Ottawa, an office in Toronto and an office in Boston, Massachusetts.

Financial Position and Capital Structure

Satellos has raised approximately \$4.5 million historically. The company has 12,208,834 shares common shares issued and outstanding. In addition, Satellos has 80,000 warrants and 387,500 options issued and outstanding. Outstanding warrants and options have exercise prices ranging from \$1.00 to \$1.30. In addition, as outlined below, Satellos had secured US\$1.0 million in convertible debt.

As at January 31, 2021, Satellos had approximately \$700,000 in cash and was in a positive working capital position. The company's balance sheet is summarized in the table below.

(Canadian Dollars)	January 31, 2021	As At December 31,		
		2020	2019	2018
Cash	\$702,398	\$724,457	\$399,129	\$1,167,069
Current Assets	\$1,058,136	\$1,042,175	\$1,071,277	\$1,385,185
Current Liabilities	\$80,043	\$113,364	\$664,812	\$184,944
Working Capital	\$978,093	\$928,811	\$406,465	\$1,200,241
 Satellos Debenture & Accrued Interest	 \$1,097,913	 \$1,092,138	 \$0	 \$0
Shareholders' Equity	-\$118,133	-\$161,640	\$408,573	\$1,202,312

On January 18, 2021, Satellos announced that Parent Project Muscular Dystrophy ("PPMD"), a non-profit organization leading the fight to end Duchenne Muscular Dystrophy, committed a US\$1.0 million programmatic investment in Satellos. The investment was made by way of a convertible debenture (the "Satellos Debenture"). The Satellos Debenture bears interest at 8% per annum and matures on December 31, 2021. The Satellos Debenture automatically converts into common shares with the closing of an initial public offering ("IPO") or a private placement for gross proceeds of greater than US\$5.0 million. The conversion price is a 10% discount to the IPO price or the price paid by investors in a qualified financing, if such financing occurs before June 1, 2021. As

noted below, management of the Issuer represented to Evans & Evans that PPMD has agreed the Proposed Transaction meets the mandatory conversion terms as outlined in the Satellos Debenture and as such the Satellos Debenture will be converted to common shares as at or shortly after the closing date of the Proposed Transaction.

1.05 As of the date of the Opinion, Evans & Evans had been provided with executed Confidential Non-Binding Term Sheet dated December 15, 2020 as amended March 3, 2021 (the “Term Sheet”) between the Companies which sets out the key terms of the Proposed Transaction as outlined below. Evans & Evans also reviewed a draft Arrangement Agreement respecting the Proposed Transaction.

- iCo Therapeutics will acquire 100% of the issued and outstanding shares (the “Satellos Shares”) of Satellos.
- The Proposed Transaction will occur by way of an amalgamation.
- In consideration for the Satellos Shares, iCo Therapeutics will issue 370,000,000 shares of iCo Therapeutics (the “Consideration Shares”). The Consideration Shares will be issued to the holders of Satellos Shares in exchange for the then outstanding Satellos Shares (exclusive of Satellos Shares issuable upon conversion of the Satellos Debenture), assuming the exercise of the 80,000 warrants issued to the Ottawa Hospital Research Institute on June 28, 2018.
- The combined entity following completion of the Proposed Transaction is hereafter referred to as the “Resulting Issuer”.
- In order for the Resulting Issuer to meet the initial listing requirements of the TSXV, iCo Therapeutics will use commercially reasonable efforts to complete an offering, by way of private placement, of subscription receipts, at a price to be determined by the market, for gross proceeds of not less than \$6.0 million (the “Concurrent Financing”) or such number as may be required to satisfy the TSXV listing requirements.
- Broker warrants convertible into Satellos Shares will be exchanged or converted into an equivalent Resulting Issuer security in accordance with the terms and conditions of such broker warrants.
- Holders of the Satellos Debenture shall be entitled to receive Resulting Issuer Shares on the same terms and conditions as investors in the Concurrent Financing consistent with the terms of the Satellos Debenture.
- The draft Arrangement Agreement contains a standard non-solicitation clause and a process for dealing with an alternative proposal.
- The Issuer is entitled to a termination fee and reimbursement of expenses under certain situations.

- The Consideration Shares may be subject to escrow and other trading restrictions as imposed by the TSXV.
- Satellos management will assume leadership of the Resulting Issuer.

The Proposed Transaction had not been announced as of the Date of Review.

- 1.06 The Board retained Evans & Evans to act as an independent advisor to iCo Therapeutics and to prepare and deliver the Opinion to the Board to provide an independent opinion as to the fairness of the Proposed Transaction, from a financial point of view, to the iCo Shareholders as at March 18, 2021 (the “Date of Review”).

2.0 Engagement of Evans & Evans, Inc.

- 2.01 Evans & Evans was formally engaged by the Board pursuant to an engagement letter signed January 28, 2021 (the “Engagement Letter”) to prepare the Opinion.
- 2.02 The Engagement Letter provides the terms upon which Evans & Evans has agreed to provide the Opinion to the Board. The terms of the Engagement Letter provide that Evans & Evans is to be paid a fixed professional fee for its services. In addition, Evans & Evans is to be reimbursed for its reasonable out-of-pocket expenses and to be indemnified by iCo Therapeutics in certain circumstances. The fee established for the Opinion is not been contingent upon the opinions presented.
- 2.03 Evans & Evans has no present or prospective interest in the Companies, or any entity that is the subject of this Opinion, and we have no personal interest with respect to the parties involved.

3.0 Scope of Review

- 3.01 In connection with preparing the Opinion, Evans & Evans has reviewed and relied upon, or carried out, among other things, the following:
- Interviewed members of the Board and management team of iCo Therapeutics to gain an understanding of the current status of the intellectual property of both of the Companies.
 - Reviewed the Term Sheets between the Companies dated December 15, 2020 and March 3, 2021.
 - Reviewed the draft Arrangement Agreement between Satellos and iCo.
 - Reviewed iCo’s website www.icotherapeutics.com.
 - Reviewed the fully-diluted cap table for the Companies as at the date of the Opinion.

- Reviewed an iCo Therapeutics presentation on Bertilimmab/iCo-007 Candidate dated Q1 2020 and one on Oral Amphotericin B Candidate.
- Reviewed iCo's press releases for the 24 months preceding the date of the Opinion.
- Reviewed the Issuer's management-prepared financial statements for the nine months ended September 30, 2020.
- Reviewed the Issuer's financial statements for the years ended December 31, 2016 to 2019 as audited by PricewaterhouseCoopers LLP of Vancouver, British Columbia.
- Reviewed the Issuer's Annual Information Form for the year ended December 31, 2019 and the Management Discussion and Analysis for the nine months ended September 30, 2020.
- Reviewed the Satellos website www.satellos.com and a corporate presentation.
- Reviewed white papers as produced by the Satellos management team and researchers regarding the intellectual property as available on the Satellos website.
- Reviewed the license agreement dated May 1, 2018 between Ottawa Hospital Research Institute and Satellos. Also reviewed Amendment No. to License Agreement dated January 28, 2020.
- Reviewed the management-prepares Satellos balance sheets as of December 31, 2020 and January 31, 2021.
- Reviewed the Satellos financial statements for the years ended December 31, 2018 and 2019 as audited by Norton McMullen LLP, Chartered Professional Accountants of Markham, Ontario.
- Reviewed the Patent Portfolio for Satellos as of February 2021. Satellos has five patent families, each consisting of multiple applications.
- Reviewed a summary of the terms of the Satellos Debenture.
- Reviewed the trading data for iCo Therapeutics for the period January 1, 2020 to the Date of Review.
- Reviewed a presentation on the Proposed Transaction as prepared by the Companies' advisor.
- Reviewed information on mergers and acquisitions involving biotechnology companies.

- Reviewed stock market trading data and financial information on the following biotechnology companies: Timber Pharmaceuticals Inc (NYSE MKT: TMBR); ACADIA Pharmaceuticals Inc (NASDAQ: ACAD); Abeona Therapeutics Inc (NASDAQ: ABEO); Alnylam Pharmaceuticals Inc (NASDAQ: ALNY); Amicus Therapeutics Inc (NASDAQ: FOLD); Annexon, Inc. (NASDAQ: ANNX); Applied Genetic Technologies Corp (NASDAQ: AGTC); Benitec Biopharma Inc. (NASDAQ: BNTC); Chiasma Inc (NASDAQ: CHMA); Diffusion Pharmaceuticals Inc (NASDAQ: DFFN); Gilead Sciences Inc (NASDAQ: GILD); Organogenesis Holdings Inc. (NasdaqCM: ORGO); PTC Therapeutics Inc (NASDAQ: PTCT); Sarepta Therapeutics Inc (NASDAQ: SRPT); Vericel Corp (NASDAQ: VCEL); WAVE Life Sciences Ltd (NASDAQ: WVE); Xenon Pharmaceuticals Inc (NASDAQ: XENE); Editas Medicine Inc (NASDAQ: EDIT); FibroGen Inc (NASDAQ: FGEN); PTC Therapeutics Inc (NASDAQ: PTCT); Solid Biosciences Inc (NASDAQ: SLDB); and, WAVE Life Sciences Ltd (NASDAQ: WVE)
- Reviewed information on the Companies' markets from a variety of sources.
- **Limitation and Qualification:** Evans & Evans did not visit any of the mineral resource properties referenced in the Opinion. Evans & Evans has, therefore, relied on management's disclosure with respect to the properties / operations of the Companies and the technical report outlined in section 3.0 of this Opinion.

4.0 **Market Overview**

- 4.01 In assessing the fairness of the Proposed Transaction as of the Date of Review, Evans & Evans did review the markets for the Companies' respective intellectual property portfolios.
- 4.02 The following terms are used throughout the Opinion.

Allosteric relating to, undergoing, or being a change in the shape and activity of a protein (such as an enzyme) that results from combination with another substance at a point other than the chemically active site.

Bullous pemphigoid ("BP") is a rare, autoimmune, chronic skin disorder characterized by blistering, urticarial lesions (hives) and itching. Less commonly these blisters can involve the mucous membranes including the eyes, oral mucosa, esophagus and genital mucosa. Bullous pemphigoid (BUL-us PEM-fih-goid) is a rare skin condition that causes large, fluid-filled blisters. They develop on areas of skin that often flex — such as the lower abdomen, upper thighs or armpits. Bullous pemphigoid is most common in older adults. The main treatments are: steroid creams, steroid tablets and antibiotics While the annual incidence of BP has been estimated to be between 2.4 and 23 cases per million in the general population, it rises exponentially to 190–312 cases per million in individuals older

than 80 years. In addition, a growing body of evidence reports a remarkable trend of increased incidence of BP, showing a 1.9- to 4.3-fold rise over the past two decades⁴.

Cachexia (pronounced kuh-KEK-see-uh) is a form of metabolic mutiny in which the body overzealously breaks down skeletal muscle and adipose tissue, which stores fat. It is characterized by a dramatic loss of skeletal muscle mass and often accompanied by substantial weight loss.

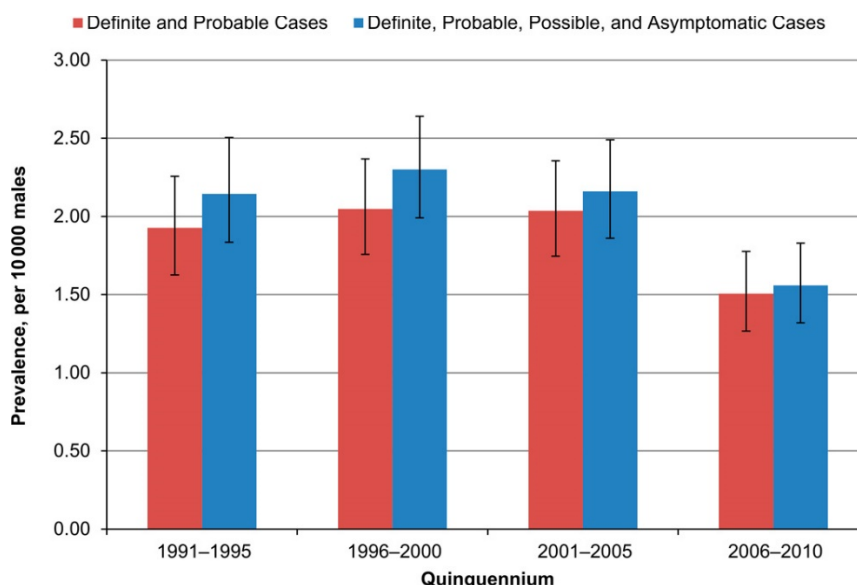
Candidiasis is a fungal infection caused by a yeast (a type of fungus) called *Candida*. Some species of *Candida* can cause infection in people; the most common is *Candida albicans*. *Candida* normally lives on the skin and inside the body, in places such as the mouth, throat, gut, and vagina, without causing any problems.

Duchenne muscular dystrophy affects the muscles, leading to muscle wasting that gets worse over time. DMD occurs primarily in males, though in rare cases may affect females. The symptoms of DMD include progressive weakness and loss (atrophy) of both skeletal and heart muscle. Early signs may include delayed ability to sit, stand, or walk and difficulties learning to speak. Muscle weakness is usually noticeable in early childhood. Most children with DMD use a wheelchair by their early teens. Heart and breathing problems also begin in the teen years and lead to serious, life threatening complications. DMD is caused by genetic changes (DNA variants) in the DMD gene. DMD is inherited in an X-linked recessive pattern and may occur in people who do not have a family history of DMD. Diagnosis of DMD is based on the symptoms, clinical exam, and the result of a biopsy to remove a small piece of muscle for examination under a microscope. The result of genetic testing may also help confirm the diagnosis. While there is no known cure for DMD, there are treatments that can help control symptoms. The incidence⁵

4

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6109638/#:~:text=While%20the%20annual%20incidence%20of,in,dividuals%20older%20than%2080%20years.>

5



The *IND* application includes the results of the preclinical work, the candidate drug's chemical structure and how it is thought to work in the body, a listing of any side effects and manufacturing information. The *IND* application also provides a detailed clinical trial plan that outlines how, where and by whom the studies will be performed. The FDA reviews the application to make sure people participating in the clinical trials will not be exposed to unreasonable risks.

Orphan Drug Designation (“*ODD*”) can offer an expedited review process and gives companies researching cures for rare disease the following benefits: (a) tax credits of 50% off the clinical drug testing cost awarded upon approval; (b) eligibility for market exclusivity for seven years post approval in the US and 10 years in the European Union; and, (c) waiver of new drug application (“*NDA*”) / biologics license application (“*BLA*”) fee. The FDA created the *Orphan Drug Act* to encourage and provide special incentives to drug companies that undertake the development of orphan drugs that target diseases affecting fewer than 200,000 people in the United States. In addition to exclusive rights and cost benefits outlined above, when a therapeutic receives *ODD*, the FDA also provides protocol assistance and there is the potential decreased wait-time for drug approval.

Sarcopenia is a condition characterized by loss of skeletal muscle mass and function. Although it is primarily a disease of the elderly, its development may be associated with conditions that are not exclusively seen in older persons.

4.03 With respect to the market for Satellos, Evans & Evans considered the following.

The global regenerative medicine market is forecast to reach a market size of US\$23.57 billion by 2027 according to a report from Reports and Data⁶. Increased investment in advanced technologies for treatment of genetic and chronic diseases is driving growth of the regenerative medicine market.

According to a report from Allied Market Research, the global regenerative medicine market was valued at US\$5.4 billion in 2016, and is estimated to reach US\$39.33 billion by 2023, registering a compound annual growth rate (“CAGR”) of 32.2% from 2017 to 2023⁷.

According to data from Grand View Market Research, Inc., the global DMD drugs market size was valued at US\$365 million in 2017. It is anticipated to register a CAGR of 41.3% during period of 2018 to 2023. The disease is the most common form of muscular dystrophy affecting 16 to 20 infants per 100,000 live births. The market is expected to reach US\$4.11 billion by 2023⁸.

The total diagnosed prevalent population of DMD in the seven major global markets was found to be 27,685 in 2017. In case of DMD patients in the United States, the diagnosed prevalent cases were 16,840 in 2017⁹.

In terms of drugs, the bullous pemphigoid treatment market can be segmented into corticosteroids, anti-inflammatory drugs and immunosuppressant drugs or biologics. Clobetasol is the common topical corticosteroid used for the treatment of bullous pemphigoid¹⁰.

- 4.04 With respect to the market for the Issuer’s intellectual property, Evans & Evans considered the following.

The global BP market had a value of US\$20 billion in 2020 and is expected to grow at a CAGR of 3% to reach US\$23 billion by 2026¹¹.

The market for BP treatment is being driven by the increasing geriatric population globally, which has led to the heightened rate of occurrence of the disease, and, therefore, the increase in treatment options.

As per a Market Data Forecast research report the ophthalmic drugs market in North America was valued at around US\$11.62 billion in 2020 and it is expected to grow at a

⁶ Regenerative Medicine Market Size, Share & Industry Demand By Product (Tissue-Engineered Products, Cell Therapies, Gene Therapies, Progenitor & Stem Cell Therapies), By Application (Musculoskeletal Disorders, Oncology, Wound Care, By Material), and Region, Segment Forecast to 2027,

⁷ <https://www.alliedmarketresearch.com/regenerative-medicines-market>

⁸ <https://www.grandviewresearch.com/press-release/global-duchenne-muscular-dystrophy-dmd-drugs-market>

⁹ <https://www.businesswire.com/news/home/20200908005465/en/Global-Duchenne-Muscular-Dystrophy-Market-Insights-Epidemiology-and-Market-Forecasts-2017-2020-2030---ResearchAndMarkets.com>

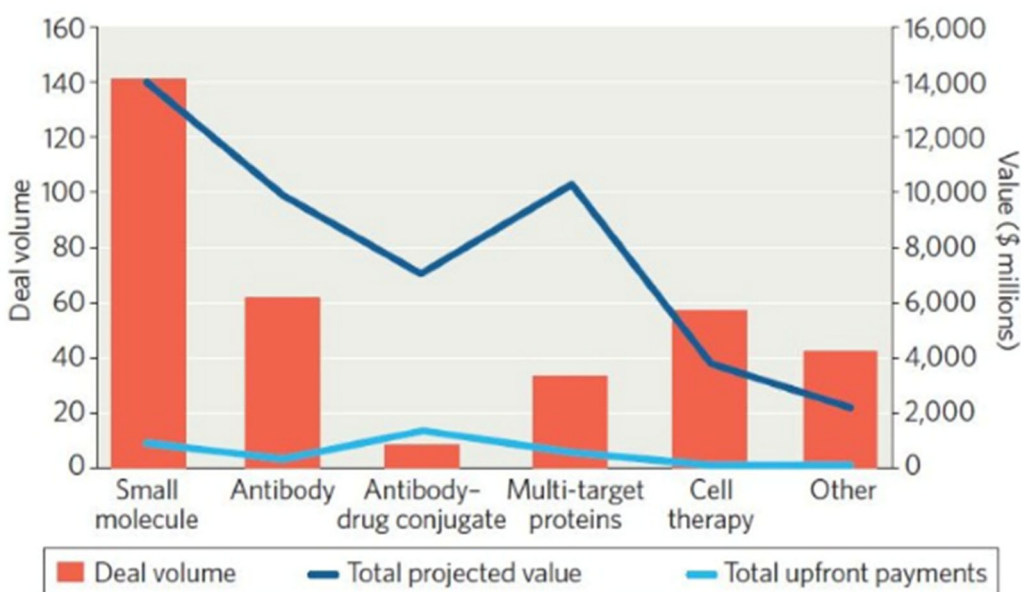
¹⁰ <https://www.transparencymarketresearch.com/bullous-pemphigoid-treatment-market.html>

¹¹ <https://www.expertmarketresearch.com/reports/bullous-pemphigoid-treatment-market#:~:text=The%20global%20bullous%20pemphigoid%20treatment,USD%2023%20billion%20by%202026.>

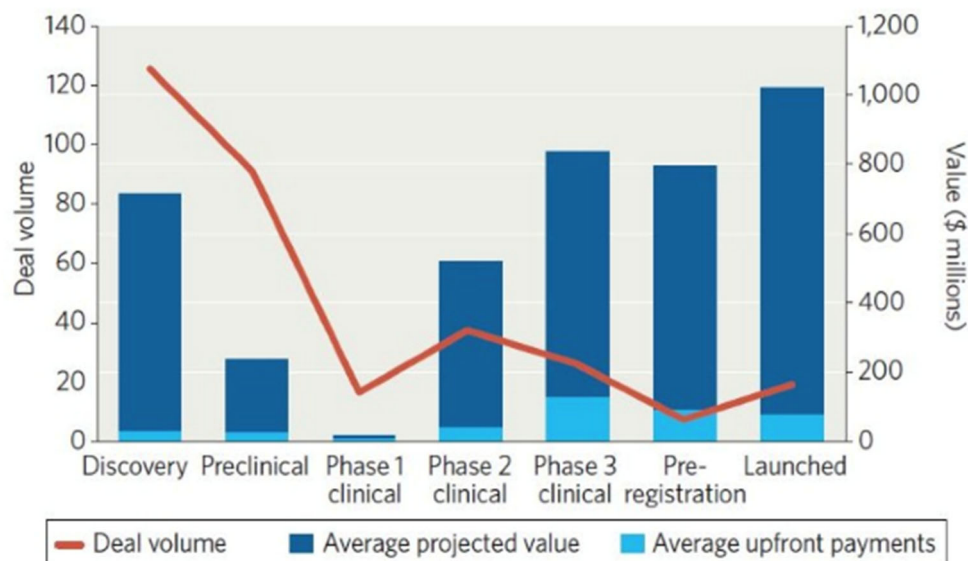
CAGR of 4.7% to reach US\$14.62 by 2025. The North American market captures 35% of the global market.

- 4.05 With respect to the financing market for biotechnology companies, Evans & Evans considered the following.

Data collected by Biopharma Dealmakers a partnering supplement to Nature Biotechnology and Nature Reviews Drug Discovery showed Small molecule deals as a class achieved the highest total deal value in 2019 and accounted for 41% of drug licensing transactions by volume. Multi-target proteins achieved the second highest licensing deal values in 2019, accounting for 22% of the total accumulated disclosed deal value. This is despite the fact that multi-target proteins account for only 10% of the transactions. The figure below shows the drug technologies licensed in 2019 by value.



In terms of development stage, the largest proportion of drug licensing deals in recent years has been at the discovery stage, and this continued in 2019. The highest average deal values and upfront payments were at later stages, with assets in phase 3 achieving the highest average upfront payments (\$130 million) and deals involving launched drugs achieving the highest average total potential value (\$937 million). The figure below shows oncology drug licensing in 2019 by development phase.



New investment in cellular and genetic therapies (“CGTs”) and tissue engineering exceeded US\$10.7 billion globally in the first half of 2020, more than all of 2019¹². Notable financings during the first half of 2020 include the IPO of Legend Biotech (US\$487 million); the private financing at Sana Biotechnology (US\$700 million); and the upfront-payment partnership between uniQure and CSL Behring (US\$450 million).

Biotechnology firms raised private equity and venture capital totaling US\$12.60 billion in the first half of 2020, a 73% increase, up from US\$7.28 billion for the first half of 2019. Investment in pharmaceutical companies in the first half of 2020 was estimated at US\$4.55 billion, making pharma the second-largest investment sector¹³.

According to a report by Biopharma Dive, 71 biotech companies collectively raised more than US\$16 billion through IPOs in 2020, setting a new record for the sector.

5.0 Prior Valuations

- 5.01 iCo Therapeutics represented to Evans & Evans that there have been no formal valuations or appraisals relating to iCo Therapeutics, Satellos or any affiliate or any of its material assets or liabilities made in the preceding three years which are in the possession or control of iCo Therapeutics.

6.0 Conditions and Restrictions

- 6.01 The Opinion has been prepared for internal purposes of the Board and may be shared with management of ICo Therapeutics at the discretion of the Board. The Opinion is intended for placement on ICo Therapeutics’ file and may be submitted to ICo Therapeutics’

¹² <https://www.pharmaceuticalcommerce.com/business-and-finance/the-investment-gold-rush-continues-for-regenerative-medicines/>

¹³ <https://pharma-industry-review.com/biotech-firms-raise-12-6b-investment-in-h1-of-2020>

shareholders as part of the approval of the Proposed Transaction. The final Opinion may be included in any materials provided to the Companies' shareholders

- 6.02 The Opinion may not be issued to any international stock exchange and/or regulatory authority beyond the TSXV.
- 6.03 The Opinion may not be issued and/or used to support any type of value with any other third parties, legal authorities, nor stock exchanges, or other regulatory authorities, nor any tax authority. Nor can it be used or relied upon by any of these parties or relied upon in any legal proceeding and/or court matter (other than relating to the approval of the Proposed Transaction).
- 6.04 Any use beyond that defined above is done so without the consent of Evans & Evans and readers are advised of such restricted use as set out above.
- 6.05 The Opinion should not be construed as a formal valuation or appraisal of iCo Therapeutics, Satellos or any of their securities or assets. Evans & Evans, has, however, conducted such analyses as we considered necessary in the circumstances.
- 6.06 In preparing the Opinion, Evans & Evans has relied upon and assumed, without independent verification, the truthfulness, accuracy and completeness of the information and the financial data provided by the Companies. Evans & Evans has therefore relied upon all specific information as received and declines any responsibility should the results presented be affected by the lack of completeness or truthfulness of such information. Publicly available information deemed relevant for the purpose of the analyses contained in the Opinion has also been used.

The Opinion is based on: (i) our interpretation of the information which iCo Therapeutics, Satellos, as well as their respective representatives and advisers, have supplied to-date; (ii) our understanding of the terms of the Proposed Transaction; and (iii) the assumption that the Proposed Transaction will be consummated in accordance with the expected terms.

- 6.07 The Opinion is necessarily based on economic, market and other conditions as of the date hereof, and the written and oral information made available to us until the date of the Opinion. It is understood that subsequent developments may affect the conclusions of the Opinion, and that, in addition, Evans & Evans has no obligation to update, revise or reaffirm the Opinion.
- 6.08 Evans & Evans denies any responsibility, financial, legal or other, for any use and/or improper use of the Opinion however occasioned.
- 6.09 Evans & Evans is expressing no opinion as to the price at which any securities of iCo Therapeutics or the Resulting Issuer will trade on any stock exchange at any time.
- 6.10 Evans & Evans is expressing no opinion as to whether any alternative transaction might have been more beneficial to the iCo Shareholders.

- 6.11 Evans & Evans reserves the right to review all information and calculations included or referred to in the Opinion and, if it considers it necessary, to revise part and/or its entire Opinion and conclusion in light of any information which becomes known to Evans & Evans during or after the date of this Opinion.
- 6.12 In preparing the Opinion, Evans & Evans has relied upon a letter from management of iCo Therapeutics confirming to Evans & Evans in writing that the information and management's representations made to Evans & Evans in preparing the Opinion are accurate, correct and complete, and that there are no material omissions of information that would affect the conclusions contained in the Opinion.
- 6.13 Evans & Evans has based its Opinion upon a variety of factors. Accordingly, Evans & Evans believes that its analyses must be considered as a whole. Selecting portions of its analyses or the factors considered by Evans & Evans, without considering all factors and analyses together, could create a misleading view of the process underlying the Opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. Evans & Evans' conclusions as to the fairness, from a financial point of view, to the iCo Shareholders of the Proposed Transaction were based on its review of the Proposed Transaction taken as a whole, in the context of all of the matters described under "Scope of Review", rather than on any particular element of the Proposed Transaction or the Proposed Transaction outside the context of the matters described under "Scope of Review". The Opinion should be read in its entirety.
- 6.14 Evans & Evans was not requested to, and we did not, solicit indications of interest or proposals from third parties regarding a possible acquisition of or merger with the Issuer. Our opinion also does not address the relative merits of the Proposed Transaction as compared to any alternative business strategies or transactions that might exist for the Issuer, the underlying business decision of the Issuer to proceed with Proposed Transaction, or the effects of any other transaction in which the Issuer will or might engage.
- 6.15 Evans & Evans expresses no opinion or recommendation as to how any shareholder of the Issuer should vote or act in connection with the Proposed Transaction, any related matter or any other transactions. We are not experts in, nor do we express any opinion, counsel or interpretation with respect to, legal, regulatory, accounting or tax matters. We have assumed that such opinions, counsel or interpretation have been or will be obtained by the Issuer from the appropriate professional sources. Furthermore, we have relied, with the Issuer's consent, on the assessments by the Issuer and its advisors, as to all legal, regulatory, accounting and tax matters with respect to the Issuer and the Proposed Transaction, and accordingly we are not expressing any opinion as to the value of the Issuer's tax attributes or the effect of the Proposed Transaction thereon.
- 6.16 Evans & Evans and all of its Principal's, Partner's, staff or associates' total liability for any errors, omissions or negligent acts, whether they are in contract or in tort or in breach of

fiduciary duty or otherwise, arising from any professional services performed or not performed by Evans & Evans, its Principal, Partner, any of its directors, officers, shareholders or employees, shall be limited to the fees charged and paid for the Opinion. No claim shall be brought against any of the above parties, in contract or in tort, more than two years after the date of the Opinion.

7.0 Assumptions

7.01 In preparing the Opinion, Evans & Evans has made certain assumptions as outlined below.

7.02 With the approval of iCo Therapeutics and as provided for in the Engagement Letter, Evans & Evans has relied upon, and has assumed the completeness, accuracy and fair presentation of, all financial information, business plans, forecasts and other information, data, advice, opinions and representations obtained by it from public sources or provided by the Companies or their affiliates or any of their respective officers, directors, consultants, advisors or representatives (collectively, the “Information”). The Opinion is conditional upon such completeness, accuracy and fair presentation of the Information. In accordance with the terms of the Engagement Letter, but subject to the exercise of its professional judgment, and except as expressly described herein, Evans & Evans has not attempted to verify independently the completeness, accuracy or fair presentation of any of the Information.

7.03 Senior officers of iCo Therapeutics represented to Evans & Evans that, among other things: (i) the Information (other than estimates or budgets) provided orally by, an officer or employee of iCo Therapeutics or in writing by iCo Therapeutics (including, in each case, affiliates and their respective directors, officers, consultants, advisors and representatives) to Evans & Evans relating to iCo Therapeutics, its affiliates or the Proposed Transaction, for the purposes of the Engagement Letter, including in particular preparing the Opinion was, at the date the Information was provided to Evans & Evans, fairly and reasonably presented and complete, true and correct in all material respects, and did not, and does not, contain any untrue statement of a material fact in respect of iCo Therapeutics, its affiliates or the Proposed Transaction and did not and does not omit to state a material fact in respect of iCo Therapeutics, its affiliates or the Proposed Transaction that is necessary to make the Information not misleading in light of the circumstances under which the Information was made or provided; (ii) with respect to portions of the Information that constitute financial estimates or budgets, they have been fairly and reasonably presented and reasonably prepared on bases reflecting the best currently available estimates and judgments of management of iCo Therapeutics or its associates and affiliates as to the matters covered thereby and such financial estimates and budgets reasonably represent the views of management of iCo Therapeutics; and (iii) since the dates on which the Information was provided to Evans & Evans, except as disclosed in writing to Evans & Evans, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Companies or any of their affiliates and no material change has occurred in the Information or any part thereof

which would have, or which would reasonably be expected to have, a material effect on the Opinion.

- 7.04 In preparing the Opinion, we have made several assumptions, including that all final or executed versions of documents will conform in all material respects to the drafts provided to us, all of the conditions required to implement the Proposed Transaction will be met, all consents, permissions, exemptions or orders of relevant third parties or regulating authorities will be obtained without adverse condition or qualification, the procedures being followed to implement the Proposed Transaction are valid and effective and that the disclosure provided or (if applicable) incorporated by reference in any documents provided to shareholders with respect to iCo Therapeutics, Satellos and the Proposed Transaction will be accurate in all material respects and will comply with the requirements of applicable law. Evans & Evans also made numerous assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of Evans & Evans and any party involved in the Proposed Transaction. Although Evans & Evans believes that the assumptions used in preparing the Opinion are appropriate in the circumstances, some or all of these assumptions may nevertheless prove to be incorrect.
- 7.05 The Companies and all of their related parties and their principals had no contingent liabilities, unusual contractual arrangements, or substantial commitments, other than in the ordinary course of business, nor litigation pending or threatened, nor judgments rendered against, other than those disclosed by management and included in the Opinion that would affect the evaluation or comment.
- 7.06 As at September 30, 2020 and January 31, 2021 all assets and liabilities of iCo Therapeutics and Satellos, respectively, have been recorded in their accounts and financial statements and follow International Financial Reporting Standards.
- 7.07 There were no material changes in the financial position of the Companies between the date of their financial statements and March 18, 2021 (i.e., the Date of Review) unless noted in the Opinion.
- 7.08 Representations made by the Companies as to the number of shares outstanding are accurate.

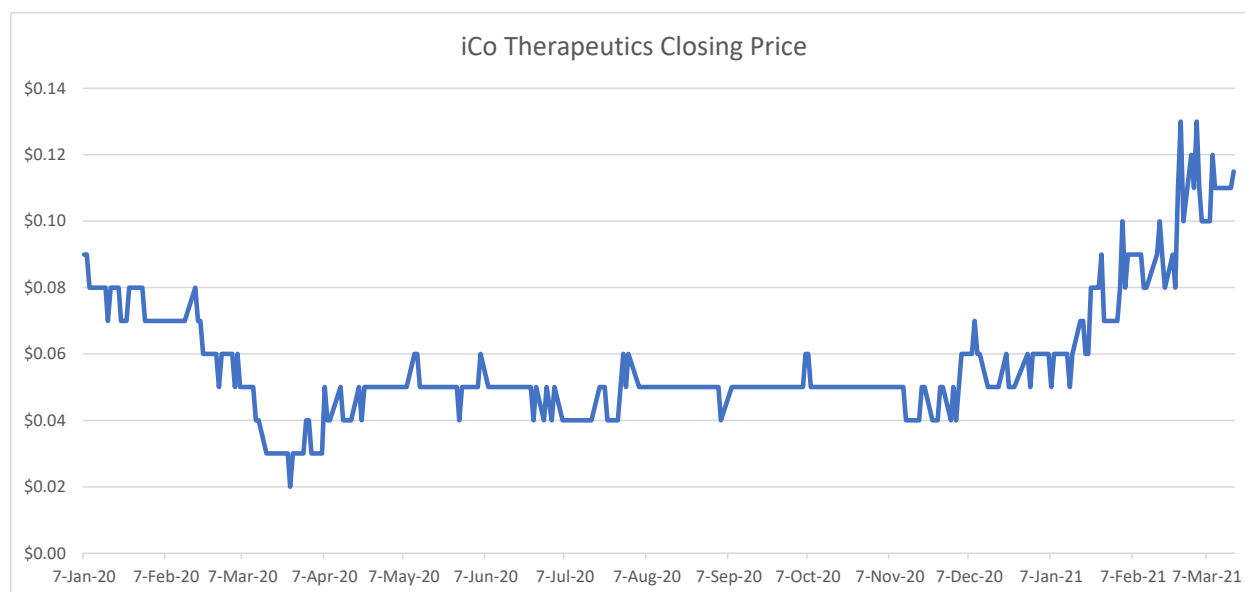
8.0 Value of the Consideration Shares

- 8.01 Evans & Evans reviewed the trading history of the Issuer in order to arrive at a value for the Consideration Shares. As can be seen from the chart below over the past 14.5 months, the trading price of iCo Therapeutics had been relatively stable. However, the Issuer's trading price has increased in February and March of 2021, however, despite the Issuer making no material announcements.

ICO THERAPEUTICS INC.

March 18, 2021

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- 8.02 As can be seen from the following table, in the 90 days preceding the Date of Review, the Issuer's average closing price increased from \$0.07 per share to \$0.11 per share.

Trading Price	March 17, 2021		
	Minimum	Average	Maximum
10-Days Preceding	\$0.10	\$0.11	\$0.12
30-Days Preceding	\$0.08	\$0.10	\$0.13
90-Days Preceding	\$0.04	\$0.07	\$0.13
180-Days Preceding	\$0.04	\$0.06	\$0.13

- 8.03 Over the 90 days preceding the date of Review, average trading volumes for the Issuer's shares was over 2.0 million. In the 90 days preceding the Date of Review, approximately 206.9 million iCo Therapeutics common shares were traded, greater than the number of common shares issued and outstanding. Like the closing trading price, trading volumes have also increased in the 30 days preceding the Date of Review.

Trading Volume	March 17, 2021				
	Minimum	Average	Maximum	Total	%
10-Days Preceding	676,454	3,199,737	10,506,872	31,997,367	18.4%
30-Days Preceding	632,500	4,169,926	17,287,500	125,097,767	71.9%
90-Days Preceding	0	2,299,387	17,287,500	206,944,867	118.9%
180-Days Preceding	0	1,265,409	17,287,500	227,773,567	130.9%

- 8.04 Evans & Evans also considered the value of the Consideration Shares based on financings completed by the Issuer. The Issuer did not complete an equity financing in 2020. However, as noted above, iCo Therapeutics received gross proceeds of \$1.3 million from the exercise of warrants in March of 2021. The warrants had an exercise price of \$0.06.

The last equity financing was completed by the Issuer in August of 2019 when the Issuer completed a non-brokered private placement of 41,200,000 units at a price of \$0.05 per unit for net proceeds of \$ 1,858,491. Each unit comprised one common share of the Issuer and one share purchase warrant exercisable at \$0.075 for 36 months from the date of the closing of the private placement. The exercise price of the warrants was subsequently adjusted to \$0.06.

- 8.05 Given transient increases in the Issuer's trading price, Evans & Evans considered the volume weighted average price ("VWAP") of iCo Therapeutics' shares for the 10 and 30 days preceding the Date of Review. The value of the Consideration Shares was determined to be in the range of \$39.7 to \$42.3 million, implying an enterprise value for Satellos in the range of \$40.0 to 42.7 million.

	March 17, 2021 Closing Price	10-Day VWAP	30-Day VWAP	Closing Price - Date of First Term Sheet
Consideration Shares	370,000,000	370,000,000	370,000,000	370,000,000
Issuer Share Price	\$0.115	\$0.114	\$0.107	\$0.05
Value of Consideration	\$42,550,000	\$42,278,117	\$39,652,555	\$18,500,000
Less: Cash	-\$702,398	-\$702,398	-\$702,398	-\$702,398
Plus Debt	\$1,087,842	\$1,087,842	\$1,087,842	\$1,087,842
Enterprise Value	\$42,935,444	\$42,663,561	\$40,037,998	\$18,885,444

It is important to note that at the time of the signing of the initial term sheet with Satellos, the trading price of the Issuer was in the range of \$0.05 per share. The trading price of iCo Therapeutics has more than doubled over the past three months on no material announcements by the Issuer.

9.0 Analysis of Satellos

- 9.01 In assessing the fairness of the Proposed Transaction, Evans & Evans considered the following analyses and factors, amongst others: (1) guideline company analysis; (2) historical financings; and (3) other considerations. Evans & Evans did not conduct a discounted cash flow analysis as Satellos was not yet at a stage where revenues could be forecast with any level of certainty.
- 9.02 Evans & Evans reviewed the financial position of Satellos as of the Date of Review. Satellos had \$700,000 in cash and debt of approximately \$1.0 million. It is anticipated that the Satellos Debenture will convert to equity in the Resulting Issuer at the price of the Concurrent Financing. As at the Date of Review, the pricing for the Concurrent Financing had not yet been determined.

Satellos is a research stage company, the has expended over \$4.0 million directly on research and development. The company has generate no revenues and does not anticipate generating revenues until 2023 or beyond.

- 9.03 In reviewing the Satellos intellectual property, Evans & Evans considered the following.

One of the differentiators of the Satellos intellectual property is that it does not involve the use of stem cells but instead focuses on stimulating such cells.

Evans & Evans found in its research that stem cell therapies may offer the potential to treat diseases or conditions for which few treatments exist. Sometimes called the body's "master cells," stem cells are the cells that develop into blood, brain, bones, and all of the body's organs. They have the potential to repair, restore, replace, and regenerate cells, and could possibly be used to treat many medical conditions and diseases.

Increasingly, hematopoietic stem cells and stem cells derived from sources such as adipose tissue are being used to treat multiple orthopedic, neurologic, and other diseases.

Although autologous stem cells may typically raise fewer safety concerns than allogeneic stem cells, their use may be associated with significant adverse events.

Stem cells have attracted scientific, clinical and public interest because they are self-renewing and have the capacity to develop into specific cell types, depending on the source of stem cells and their biological plasticity. The hope is that stem cells could be used either to replace damaged cells or to create an environment for cellular regeneration to treat several conditions, including osteoarthritis, diabetes, macular degeneration and Parkinson disease. Although promising in theory, so far very few stem cell therapies have proven to be safe and effective in clinical trials.

Satellos does have a strong management and scientific team.

There is no cure for DMD and, for the vast majority of patients, there are no satisfactory symptomatic or disease-modifying treatments.

- 9.03 Evans & Evans assessed the reasonableness of the implied \$18.9 million to \$42.1 million EV by comparing certain of the related valuation metrics to the metrics indicated for referenced guideline public companies. The identified guideline companies selected were considered reasonably comparable to Satellos. Evans & Evans focused on companies focused on rare and orphan indications. In addition, Evans & Evans identified three companies specifically focused on indications for the treatment of DMD.

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Company Name	Lead Indications	Phase	Market Capitalization	Enterprise Value	EV / TTM Revenues	Price/ Book	
Timber Pharmaceuticals Inc (NYSE MKT: TMBR)	Orphan dermatologic diseases	Preclinical - Phase 3	\$19,237.4	\$7,241.4	59.40 x	n/a	
Abeona Therapeutics Inc (NASDAQ: ABEO)	Gene therapy and plasma-based products for severe and life-threatening rare diseases	Preclinical to Phase III	\$100,498.3	\$5,385.3	0.77 x	0.87 x	
ACADIA Pharmaceuticals Inc (NASDAQ: ACAD)	Small molecule drugs that address unmet medical needs in central nervous system disorders	Phase 1 to Commercializaiotn	\$8,556,137.7	\$7,924,179.7	17.94 x	13.65 x	
Alnylam Pharmaceuticals Inc (NASDAQ: ALNY)	Medicines for various rare and orphan diseases. Fabry disease	Phase II to Commcericalization	\$15,206,752.4	\$13,482,910.4	n/a	14.96 x	
Amicus Therapeutics Inc (NASDAQ: FOLD)	Medicines for various rare and orphan diseases. Fabry disease	Preclinical to Commercializatoin	\$6,103,058.1	\$6,017,943.1	23.07 x	21.31 x	
Applied Genetic Technologies Corp (NASDAQ: AGTC)	Four ophthalmology development programs across three targets	Preclinical to Phase II / III	\$223,530.0	\$185,130.0	n/a	3.27 x	
Benitec Biopharma Inc. (NASDAQ: BNTC)	ddRNAi-based therapeutics for chronic and life-threatening human conditions, including oculopharyngeal muscular dystrophy (OPMD), and chronic hepatitis B.	Predinical	\$15,850.0	\$1,240.0	25.82 x	1.02 x	
Chiasma Inc (NASDAQ: CHMA)	Orphan diseases. Pproduct candidate is octreotide capsules or MYCAPSSA for the treatment of acromegaly.	Phase III	\$227,222.0	\$96,075.0	86.87 x	2.48 x	
Diffusion Pharmaceuticals Inc (NASDAQ: DFFN)	Products for ophthalmology, oncology, and dermatology	Phase I/II	\$53,901.0	\$31,990.8	n/a	1.88 x	
Editas Medicine Inc (NASDAQ: EDIT)	CRISPR gene editing for serious diseases	IND / early stage clinical	\$4,722,805	\$4,211,031.3	46.41 x	12.00 x	
FibroGen Inc (NASDAQ: FGEN)	Anemia, idiopathic pulmonary fibrosis, and pancreatic cancer	Phase II to Commercialization	\$3,395,978	\$2,725,739.8	15.46 x	8.04 x	
Organogenesis Holdings Inc. (NasdaqCM: ORGO)	Advanced wound care, sports medicine	Commercialization	\$416,600.7	\$494,445.7	1.62 x	6.36 x	
PTC Therapeutics Inc (NASDAQ: PTCT)	Neuromuscular disease, oncology and infectious disease	Pipeline of research to commercial	\$4,291,771.2	\$3,497,266.2	9.18 x	8.90 x	
Sarepta Therapeutics Inc (NASDAQ: SRPT)	DMD	Preclinical to commercial	\$13,540,425.4	\$12,594,347.4	23.32 x	17.78 x	
Solid Biosciences Inc (NASDAQ: SLDB)	DMD	Phase I / II	\$122,712	\$97,915.2	n/a	5.52 x	
Vericel Corp (NASDAQ: VCEL)	Cartilage defects and skin replacement	Commercialization	\$1,460,068.2	\$1,360,162.2	10.95 x	10.87 x	
WAVE Life Sciences Ltd (NASDAQ: WVE)	DMD	Preclinical to Phase Ia / IIb	\$385,609.3	\$208,986.3	10.41 x	4.66 x	
Xenon Pharmaceuticals Inc (NASDAQ: XENE)	Orphan indications - lipid disorder, pain and facial acne	Preclinical to Phase III	\$550,746	\$381,481.2	11.86 x	3.37 x	
			Average	\$3,333,334.0	\$2,975,429.1	24.51 x	8.06 x
			Median	\$416,600.7	\$494,445.7	16.70 x	6.36 x
			Coefficient of Variance	1.37	1.38	0.99 x	0.77 x

Evans & Evans has the following comments on the guideline public companies (“GPCs”).

- Sarepta Therapeutics Inc. (“Sarepta”) has trailing 12 month (“TTM”) revenues of US\$365 million and trades at an EV / TTM revenues multiple in excess of 23x. Sarepta is a commercial-stage biopharmaceutical company focused on helping patients through the discovery and development of unique RNA-targeted therapeutics, gene therapy and other genetic therapeutic modalities for the treatment of rare diseases. The company is developing potential therapeutic candidates for a broad range of diseases and disorders, including DMD, Limb-girdle muscular dystrophies (“LGMDs”) and other neuromuscular and central nervous system (“CNS”) related disorders. The first commercial approval of a Sarepta product to treat DMD was received in September 2016.

On December 21, 2019, Sarepta entered into a License, Collaboration, and Option Agreement (the “Collaboration Agreement”) with F. Hoffman-La Roche Ltd (“Roche”) pursuant to which Sarepta granted Roche an exclusive license under certain of the firm’s intellectual property rights to develop, manufacture, and commercialize SRP-9001 in all countries outside of the U.S. SRP-9001 is currently undergoing Phase 1/2a clinical trials. In consideration for the rights that granted and for prepaid funding for development activities, in February 2020, Roche and Roche Finance Ltd, an affiliate

of Roche (“Roche Finance”), together paid Sarepta an up-front payment of approximately US\$1.2 billion, comprised of US\$750.0 million in cash from Roche and approximately US\$400.0 million from Roche Finance in exchange for 2,522,227 shares of our common stock, priced at US\$158.59 per share under the Stock Purchase Agreement described below. Additionally, Sarepta is eligible to receive up to US\$1.7 billion in regulatory and sales milestone payments with respect to SRP-9001. In addition, the Collaboration Agreement provides that Roche will pay Sarepta royalties on net sales of SRP-9001, anticipated to be in the mid-teens.

- As can be seen from the table below, Solid Bioscience Inc. (“SBI”) is focused on DMD. While SBI is further along the regulatory pathway as compared to Satellos, it is the most comparable company. SBI has an EV of nearly \$100 million and does not have a commercial product. SBI has however, expended significantly more on research and development than has Satellos.
- Wave Life Sciences Ltd. (“Wave”) is a clinical-stage genetic medicines company committed to delivering life-changing treatments for people battling devastating diseases. Wave’s lead clinical development programs are focused on genetic diseases within neurology. The first stereopure therapeutic candidates in development, WVE-120101 and WVE-120102, are designed to selectively target mutant huntingtin (“mHTT”) and spare wild-type, or healthy, huntingtin (“wtHTT”) for the treatment of Huntington’s disease (“HD”). The company is also at the preclinical stage with a compound targeting DMD. Wave had revenues of US\$20.1 million in 2020.
- PTC Therapeutics, Inc. (“PTC”) has a portfolio pipeline that includes several commercial products and product candidates in various stages of development, including clinical, pre-clinical and research and discovery stages, focused on the development of new treatments for multiple therapeutic areas, including rare diseases and oncology. The company has two products approved for the treatment of DMD in the European Economic Area. The company is in the process of seeking approval from the FDA in the U.S.
- Overall it appears that the guideline companies focusing on rare diseases and unmet needs as identified by Evans & Evans trade at double digit multiples of revenue.

Overall, it does appear there is investor interest in the areas in which Satellos is targeting and there is the potential for share appreciation. In assessing the reasonableness of the above, we considered the following:

- there are a limited number of directly comparable public companies, when one considers differentiating factors such as target indication and regulatory milestones achieved / outstanding
- no company considered in the analysis is identical to the Satellos

- Satellos technology grew out of research conducted by its founders and as such the expenditures by Satellos do not accurately reflect the work required to reproduce the current intellectual patent portfolio
- an analysis of the results of the foregoing necessarily involves complex considerations and judgments concerning the differences in the financial and operating characteristics of Satellos, the Issuer, the Proposed Transaction and other factors that could affect the trading value and aggregate transaction values of the companies to which they are being compared
- the liquidity discounts / control premiums that may be appropriate in comparing the metrics of the publicly traded reference companies.

Given the above-noted factors and our analysis of the observed multiples of selected public companies, Evans & Evans considered a weighting of this approach with the historical financing analysis and a review of investor interest in the sector in making the final determination of the reasonableness of the consideration and the fairness of the Proposed Transaction.

- 9.04 Evans & Evans assessed the reasonableness of the implied \$18.9 million to \$42.1 million EV by reviewing the value implied for Satellos based on equity financings. As can be seen from the table below, in 2019 and 2020, Satellos raised gross proceeds of \$2.2 million at an implied valuation of \$15.81 million. The 2019 / 2020 equity financing was a 50% increase to the value implied by the 2018 financing of approximately \$2.4 million.

Satellos - C\$	2019 / 2020 Financings
Shares Issued	1,706,834
Price per Share	\$1.300
Gross Proceeds	\$2,218,884
Shares Outstanding Prior to Financing	10,452,000
Shares Outstanding After Financing	12,158,834
% of Outstanding Shares Issued in Financing	14%
Implied Value of 100%	\$15,810,000

Satellos - C\$	2018 Financing
Shares Issued	2,452,000
Price per Share	\$1.000
Gross Proceeds	\$2,452,000
Shares Outstanding Prior to Financing	8,000,000
Shares Outstanding After Financing	10,452,000
% of Outstanding Shares Issued in Financing	23%
Implied Value of 100%	\$10,450,000

In the view of Evans & Evans, the value implied by the last round of financing supports the value for Satellos as at the date of the signing of the first term sheet on December 15, 2020.

10.0 Fairness Conclusions

- 10.01 In considering fairness, from a financial point of view, Evans & Evans considered the Proposed Transaction from the perspective of the iCo Shareholders as a group and did not consider the specific circumstances of any particular shareholder, including with regard to income tax considerations.
- 10.02 Based upon and subject to the foregoing and such other matters as we consider relevant, it is our opinion, as of the Date of Review, that the Proposed Transaction is fair, from a financial point of view, to the iCo Shareholders. In arriving at this conclusion, Evans & Evans considered the following.
- The value implied for Satellos by historical investments of third parties.
 - The trading price of iCo Therapeutics in 2020 and analysis of the increase in the Issuer's trading price in 2021.
 - The trading multiples of the GPCs similar to Satellos and the opportunities for share appreciation due to the achievement of milestones and / or licensing of the Satellos intellectual property.
 - A review of the original terms of the Proposed Transaction and the implied dilution to the iCo Shareholders as compared with the current terms of the Proposed Transaction. As noted above, the implied EV for Satellos as at December 15, 2020 (the date of the initial term sheet), was in the range of \$18.0 million, which is supported by arms' length investments in Satellos. However, also, as noted above, the share price of iCo Therapeutics has more than doubled over the past three months. As a result of the increase in the iCo Therapeutics share price, the dilution to the Issuer under the new terms of the transaction is less than originally anticipated. In other words, the increase

in the implied value for Satellos is offset by the decrease in dilution due to a higher share price of iCo Therapeutics.

It is important to note that as a result of the increase in the Issuer's share price there has been an increase in the current shares outstanding due to the exercise of warrants. In addition, the number of Consideration Shares was reduced.

As can be seen from the table below, following the completion of the Proposed Transaction and Concurrent Financing, the shareholders of iCo Therapeutics will hold approximately 27.5% of the issued and outstanding shares of the Resulting Issuer¹⁴.

	March 17, 2021 Closing Price	% of Resulting Issuer	Closing Price - Date of First Term Sheet	% of Resulting Issuer
iCo Therapeutics Shares Outstanding	174,027,713	27.5%	153,747,713	22.1%
Consideration Shares	370,000,000	58.5%	400,000,000	57.5%
Concurrent Financing	75,000,000	11.9%	120,000,000	17.3%
Shares Issued for Satellos Debenture	13,598,025	2.1%	21,756,840	3.1%
Issued Shares in Resulting Issuer	632,625,738	100.0%	695,504,553	100.0%

- e. Post-Proposed Transaction the Resulting Issuer will have over 630 million common shares issued and outstanding, which is a material amount.
- f. There is no assurance that if the Proposed Transaction is not completed that the Issuer will be able to maintain the current share price. For all of calendar 2020, the Issuer's share price averaged \$0.05 per share. There have been no announcements from iCo Therapeutics which support that dramatic increase in share price in 2021.
- g. The Resulting Issuer will have a more diversified product pipeline as compared to iCo Therapeutics which is positive.
- h. The Issuer has been funded through small private placements over the past several years. Comparatively, Satellos has been successful in securing over \$4.0 million in equity financings in the past three years.

¹⁴ Includes only shares issued and outstanding. Additional warrants and options will remain outstanding in the Resulting Issuer.

- i. There is a potential for Satellos's DMD target compound to apply for ODD with the FDA which could result in costs savings and a shorter timeline for commercialization as opposed to the pathway for the Issuer's current pipeline.
- j. There are potential synergies with respect to future research & development and the markets the Companies are targeting.
- k. Satellos brings to the Resulting Issuer a strong management and scientific team with experience in taking drugs from discovery to commercialization.

11.0 Qualifications & Certification

- 11.01 The Opinion preparation was carried out by Jennifer Lucas and thereafter reviewed by Michael Evans.

Mr. Michael A. Evans, MBA, CFA, CBV, ASA, Principal, founded Evans & Evans, Inc. in 1988. For the past 35 years, he has been extensively involved in the financial services and management consulting fields in Vancouver, where he was a Vice-President of two firms, The Genesis Group (1986-1989) and Western Venture Development Corporation (1989-1990). Over this period, he has been involved in the preparation of over 2,500 technical and assessment reports, business plans, business valuations, and feasibility studies for submission to various Canadian stock exchanges and securities commissions as well as for private purposes. Formerly, he spent three years in the computer industry in Western Canada with Wang Canada Limited (1983-1986) where he worked in the areas of marketing and sales.

Mr. Michael A. Evans holds: a Bachelor of Business Administration degree from Simon Fraser University, British Columbia (1981); a Master's degree in Business Administration from the University of Portland, Oregon (1983) where he graduated with honors; the professional designations of Chartered Financial Analyst (CFA), Chartered Business Valuator (CBV) and Accredited Senior Appraiser. Mr. Evans is a member of the CFA Institute, the Canadian Institute of Chartered Business Valuators ("CICBV") and the American Society of Appraisers ("ASA").

Ms. Jennifer Lucas, MBA, CBV, ASA, Partner, joined Evans & Evans in 1997. Ms. Lucas possesses several years of relevant experience as an analyst in the public and private sector in British Columbia and Saskatchewan. Her background includes working for the Office of the Superintendent of Financial Institutions of British Columbia as a Financial Analyst. Ms. Lucas has also gained experience in the Personal Security and Telecommunications industries. Since joining Evans & Evans Ms. Lucas has been involved in writing and reviewing over 1,500 valuation and due diligence reports for public and private transactions.

Ms. Lucas holds: a Bachelor of Commerce degree from the University of Saskatchewan (1993), a Masters in Business Administration degree from the University of British

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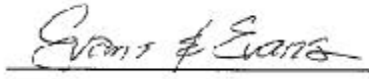
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Columbia (1995). Ms. Lucas holds the professional designations of Chartered Business Valuator and Accredited Senior Appraiser. She is a member of the CICBV and the ASA.

11.02 The analyses, opinions, calculations and conclusions were developed, and this Opinion has been prepared in accordance with the standards set forth by the Canadian Institute of Chartered Business Valuators and the American Society of Appraisers.

11.03 The authors of the Opinion have no present or prospective interest in the Companies, or any entity that is the subject of this Opinion, and we have no personal interest with respect to the parties involved.

Yours very truly,

A handwritten signature in cursive script, appearing to read "Evans & Evans", is written over a horizontal line.

EVANS & EVANS, INC.

APPENDIX H

LEEDE JONES GABLE FAIRNESS OPINION

Via Email

April 30, 2021

The Committee of the Board of Directors
Satellos Bioscience Inc.
65 Front Street East, Suite 201
Toronto, Ontario M5E 1B5

**RE: FAIRNESS OPINION CONCERNING THE PROPOSED TRANSACTION BETWEEN SATELLOS BIOSCIENCE INC.
AND iCO THERAPEUTICS INC.**

INTRODUCTION

Leede Jones Gable Inc. ("**LJG**") understands that Satellos Bioscience Inc. ("**Satellos**", or the "**Company**"), a private Canadian corporation with corporate offices in Toronto, Ontario, is entering into a business combination agreement with iCo Therapeutics Inc. ("**iCo**"), a reporting issuer in Canada with its shares listed on the TSX Venture Exchange (the "**TSXV**"), by way of a plan of arrangement ("**Proposed Transaction**") in accordance with Section 192 of the Canadian Business Corporations Act. Pursuant to the Proposed Transaction, Satellos will become a wholly-owned subsidiary of iCo, with the resulting entity named Satellos Bioscience Inc. (the "**Resulting Issuer**") operating in the life sciences industry.

Satellos is a developer of small molecule drugs that restore faulty muscle regeneration observed in degenerative disease and muscle wasting disorders. The company's lead program aims to restore muscle regeneration in a rare disease known as Duchenne Muscular Dystrophy ("**DMD**"), a fatal genetic disorder diagnosed in childhood for which there currently are limited treatment options. Within 24 months, Satellos intends to nominate a lead small molecule compound as its development candidate, conduct required preclinical studies and commence testing in human clinical trials. The key intellectual property¹ associated with the Company's lead program has been exclusively licensed by Satellos from the Ottawa Hospital research Institute ("**OHRI**") under a License Agreement of May 1, 2018.

Based on the Company's current financial position and proposed drug development programs, Satellos has near-term funding needs and will require enhanced access to capital sources. The Proposed Transaction represents the culmination of extensive capital raising initiatives pursued by the Company over the previous two years, including dialogue/discussions with over one-hundred venture capital funds and a range of strategic corporate entities. Having thoroughly reviewed options to enhance its balance sheet, and the lack of identified alternative financing options, the Company intends to pursue the Proposed Transaction. LJG is not aware of any other feasible alternatives that are superior to the Proposed Transaction in terms of accessing near-term capital. The Resulting Issuer after effecting the Proposed Transaction will be a TSXV-listed company with potential access to the broader equity capital markets and enhanced liquidity as a Tier 2 Life Sciences company.

Pursuant to an Arrangement Agreement of March 21, 2021, the principal terms of the Proposed Transaction are as follows:

- the Resulting Issuer will issue 370 million common shares to the holders of Satellos common shares together with certain holders of warrants thereof (the "**Consideration**");
- each issued and outstanding Satellos share will be cancelled, with each Satellos holder receiving 30.11 Resulting

Issuer common shares per Satellos share (the “**Exchange Ratio**”);

- each holder of outstanding warrants to purchase Satellos shares will receive, upon exercise, Resulting Issuer common shares adjusted pursuant to the Exchange Ratio;
- each outstanding option to purchase Satellos shares shall be exchanged for a replacement option of the Resulting Issuer to acquire such number of Resulting Issuer common shares equal to the number of Satellos option shares adjusted by the Exchange Ratio (the “**Replacement Options**”); the exercise price per Resulting Issuer common share of each Replacement Option shall be an adjusted amount equal to the quotient of the exercise price per Satellos shares subject to each Satellos option immediately prior to the Proposed Transaction;
- holders of the convertible promissory note (dated December 7, 2020) will exercise their rights to conversion and will resultingly hold 13.3 million common shares of the Resulting Issuer;
- in connection with the Proposed Transaction, iCo will raise C\$7,250,000 through a private placement of subscription receipts (“**Concurrent Financing**”) at a price of C\$0.085 per share;
- The completion of the Proposed Transaction will result in a reverse takeover of iCo as defined in the policies of the TSXV;
- the approximate value of the Consideration to be received by the common shareholders of Satellos pursuant to the Proposed Transaction is C\$38.8 million based on the closing price of iCo shares on the TSXV on March 19, 2021.

Following the completion of the Proposed Transaction, it is expected that Satellos shareholders will beneficially own directly or control approximately 58.8% of the issued and outstanding common shares of the Resulting Issuer.

ENGAGEMENT OF LJG

LJG has been retained by Satellos to provide advice to an independent Committee (the “**Committee**”) of the Board of Directors of Satellos, including the preparation and delivery to the Committee of LJG’s opinion as to the fairness, from a financial point of view, of the Proposed Transaction to the holders of the Satellos common shares (the “**Opinion**”).

LJG was formally engaged by Satellos pursuant to an engagement agreement dated February 26, 2021 (the “**Engagement Agreement**”). The Engagement Letter confirmed appointment of LJG by the Committee and provides the terms upon which LJG has agreed to provide the Opinion in connection with the Proposed Transaction.

The terms of the Engagement Agreement provide that LJG is to be paid a fixed fee payable upon delivery of the Opinion, no part of which is contingent upon the Opinion being favorable or the Proposed Transaction closing. In addition, Satellos has agreed to reimburse LJG for its reasonable out-of-pocket expenses and to indemnify, among others, LJG in certain circumstances, against certain expenses, losses, claims, actions, suits, proceedings, damages and liabilities which may arise directly or indirectly from services performed by LJG in connection with the Engagement Agreement.

LJG has not been engaged to prepare, and has not prepared, a valuation (formal or otherwise) or appraisal of Satellos or iCo, or any of their assets, securities or liabilities (whether on a standalone basis or as a combined entity), and the Opinion should not be construed as such. This Opinion is not an analysis of a formal liquidation process or value of Satellos or iCo.

As a fairness opinion, the Opinion has been prepared in accordance with the *Disclosure Standards for Formal Valuations and Fairness Opinions* of the Investment Industry Regulatory Organization of Canada (“**IIROC**”), but IIROC has not been involved in the preparation or review of the Opinion.

CREDENTIALS OF LJG

LJG is an independent investment banking firm that offers an integrated platform of equity research, institutional sales and trading, investment banking and private client services. As part of LJG's investment banking activities, it is regularly engaged in providing fairness opinions, valuations of securities in connection with mergers and acquisitions, public offerings and private placements of listed and unlisted securities, and regularly engage in market making, underwriting and secondary trading of securities in connection with a variety of transactions across a variety of sectors, including technology, healthcare and life sciences, consumer and diversified, and metals and mining.

The Opinion represents the opinion of LJG and its form and content have been approved for release by the Senior Executives and Managing Directors of LJG, who are collectively experienced in general financial matters.

RELATIONSHIP WITH INTERESTED PARTIES

Neither LJG nor any of its affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario) (the "**Securities Act**") of Satellos or iCo, or any of their respective associates or affiliates ("**Interested Party**", or collectively, the "**Interested Parties**"). Neither LJG nor any of its affiliates is an advisor to any of the Interested Parties with respect to the Proposed Transaction other than to Satellos pursuant to the Engagement Agreement.

LJG has not previously acted as an underwriter in any offering completed by the Company.

LJG acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have and may in the future have positions in the securities of any Interested Party, and, from time to time, may have executed or may execute transactions on behalf of any Interested Party or other clients for which it may have received or may receive compensation. As an investment dealer, LJG conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including matters with respect to Satellos and the Proposed Transaction.

No understandings or agreements exist between LJG and Satellos or any other Interested Party with respect to future financial advisory or investment banking business. LJG may in the future, in the ordinary course of its business, perform financial advisory or investment banking services for Satellos, or any other Interested Party.

SCOPE OF REVIEW

In connection with the Opinion, LJG reviewed and relied upon (without attempting to independently verify the completeness or accuracy of) or carried out, among other things, the following:

1. Arrangement Agreement (March 21, 2021) between Satellos Bioscience Inc. and iCo Therapeutics Inc.;
2. Satellos Bioscience Inc. Financial Statements: 2019, 2020, YTD March 31, 2021;
3. Satellos Patent Portfolio – Status Report; February 2021;
4. License Agreement, May 1, 2018: The Ottawa Hospital Research Institute and Satellos Bioscience;
5. Summary Capitalization Table; February 8, 2021;
6. Convertible Promissory Note; December 7, 2020;
7. Satellos VC Corporate Deck November 2020;
8. iCo-008 Non-Confidential Presentation; February 2021;
9. iCo Therapeutics Inc. Financial Statements: 2018, 2019, 2020 (YTD Sep/20);
10. iCo Therapeutics Inc. Annual Information Form: May 2020;
11. Duchenne Muscular Dystrophy (DMD): Competitive Landscape to 2026 – Global Data: January 2018
12. Duchenne Muscular Dystrophy – Epidemiology Forecast to 2023 – Global Data; March 2015;
13. Bloom Burton & Co., DMD Market Overview: February 2021
14. Satellos Bioscience Inc. Organization Chart: February 24, 2021

15. Sponsored Research Agreement (the "SRA"): May 1, 2018
16. PTPN12 Development Considerations: December 2018;
17. PTPN12 Risk Assessment: December 2018;
18. Satellos Bioscience Inc. Drug Discovery Plan 2021: February 2021;
19. Satellos Bioscience, 36 Month Budget: April 11, 2021;
20. iCo-Satellos Transaction Summary: November 23, 2020;
21. Non-Binding Preliminary Term Sheet: March 2, 2021.

LJG has not, to the best of its knowledge, been denied access by Satellos to any information requested by LJG and to the best of LJG's knowledge, Satellos has disclosed to LJG all information in its possession or control, or of which Satellos has knowledge which could be relevant to the Opinion. LJG did not meet with the auditors of Satellos and has assumed the accuracy and fair presentation of, and relied upon, the consolidated financial statements of Holdings and the reports of the auditors thereon.

PRIOR VALUATIONS

Satellos has represented to LJG that, among other things, there are no valuations or appraisals of Satellos, its material assets or the assets or securities that are directly relevant to the Proposed Transaction prepared by or for or available to Satellos or its management within the two years preceding the date hereof.

ASSUMPTIONS AND LIMITATIONS

With the Committee's acknowledgement and agreement as provided for in the Engagement Agreement, LJG has relied upon the accuracy, completeness and fair presentation of all data and information filed by Satellos with securities regulatory or similar authorities (including on SEDAR) or provided to it by Satellos and its personnel, advisors, or otherwise. The Opinion is conditional upon such accuracy, completeness, and fair presentation. Subject to the exercise of professional judgment, and except as expressly described herein, LJG has not attempted to verify independently the accuracy, completeness or fair presentation of any of such data or information.

With respect to the budgets, forecasts, projections or estimates provided to LJG and used in its analyses, LJG notes that projecting future results is inherently subject to uncertainty. Subject to the exercise of professional judgment, LJG has assumed, however, that such budgets, forecasts, projections and estimates were prepared using the assumptions identified therein and on basis reflecting the best currently available estimates and judgements of Satellos management as to the matters covered thereby and which, in the opinion of Satellos, are (or were at the time of preparation and continue to be) reasonable in the circumstances. LJG expresses no independent view as to the reasonableness of such budgets, forecasts, projections, and estimates or the assumptions on which they are based.

Senior officers of Satellos have represented to LJG that: (i) the information, data, representations, opinions, and other materials (collectively, the "**Information**") provided to LJG by or on behalf of Satellos in connection with the Engagement Agreement and for the purposes of the Opinion was prepared, in regards to Information of a financial nature, in accordance with generally accepted accounting principles consistently applied (except as to the absence of full note disclosure in non-audited financial statements) and is, in regards to other Information, true, accurate, complete and correct in all material respects at the date the Information was provided; (ii) the Information provided did not and does not contain any untrue statement of a material fact (as such term is defined in the *Securities Act*) in respect of or involving Satellos or iCo, its assets or the Proposed Transaction; (iii) the Information provided did not and does not omit to state a material fact in respect of Satellos or iCo, its assets or the Proposed Transaction necessary to make the Information (or any statement therein) not misleading in light of the circumstances under which the Information was made or provided; (iv) since the date that the Information was provided to LJG, there has been no material change (as such term is defined in the *Securities Act*), financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Satellos or iCo that has not been disclosed in writing to LJG and there has been no change in any material fact or new material fact which is of a nature so as to render the Information untrue or misleading in any material respect, or which would reasonably be expected to have a material effect on the Opinion, that has not been disclosed in writing to LJG; (v) any portions

of the Information provided to LJG by Satellos which constitute forecasts, projections, estimates or other forward-looking information was, based on data available to Satellos at such time, reasonable and reflected the assumptions disclosed therein (which assumptions Satellos and its management believed and continue to believe to be reasonable in the circumstances) and did not and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make such portions of the Information not misleading in light of the circumstances in which such portions of the Information were made or provided; (vi) there are no valuations or appraisals of Satellos, its material assets or the assets or securities that are relevant to the Proposed Transaction by or for or available to Satellos or its management within the two years preceding the date hereof; (vii) since the date of the Information, no material transactions have been entered into by Satellos or iCo; (viii) other than as disclosed in the Information, Satellos or Holdings do not have any material contingent liabilities; (ix) other than as disclosed in the Information, there are no actions, suits, proceedings or inquiries, pending or threatened, against or affecting Satellos or iCo, or any of its respective assets at law or in equity or before or by any federal, provincial, state, municipal or other government department, commission, board, bureau, agency, instrumentality or stock exchange which may in any way materially affect Satellos; (x) other than as disclosed in the Information, there have been no offers or negotiations for the purchase of Satellos or for the purchase of all or a material part of the assets of Satellos within the two years preceding the date hereof; and (xi) Satellos has no knowledge of any other facts that have not been disclosed by Satellos or the Committee to LJG or that are publicly available to LJG which would reasonably be expected to affect Satellos, its material assets, the Proposed Transaction or the Opinion, including the assumptions used, procedures adopted or the scope of the review undertaken by LJG in the Opinion or in connection therewith, including any plan or proposal for any material change in the affairs of Satellos such as a plan of reorganization or arrangement or any other agreements, undertakings, commitments or understandings, written or oral, formal or informal.

In preparing the Opinion, LJG has made several assumptions, including that all final or executed versions of documents will conform in all material respects to the drafts provided to LJG, all conditions precedent to be satisfied to complete the Proposed Transaction can and will be satisfied or waived, that all approvals, authorizations, consents, permissions, exemptions or orders of relevant regulatory authorities required in respect of or in connection with the Proposed Transaction will be obtained, without adverse condition or qualification, that all steps or procedures being followed to implement the Proposed Transaction are valid and effective, that the disclosure in such documents will be accurate in all material respects and will comply, in all material respects, with the requirements of all applicable laws and that the Proposed Transaction will be completed. In its analysis in connection with the preparation of the Opinion, LJG made numerous assumptions with respect to industry performance, general business and economic conditions, and other matters, many of which are beyond the control of LJG or Satellos.

The Opinion must not be used by any other person or relied upon by any other person other than the Committee and the Board without the express prior written consent of LJG. The Opinion does not address the relative merits of the Proposed Transaction as compared to other transactions or business strategies that might be available to Satellos. In considering the fairness of the Consideration pursuant to the Proposed Transaction, from a financial point of view, LJG considered the Proposed Transaction from the perspective of Satellos shareholders generally and did not consider the specific circumstances of any particular Satellos shareholder, including with regard to income tax considerations.

The Opinion is rendered as of market close on April 27, 2021 on the basis of securities markets, economic and general business and financial conditions prevailing on that date and the condition and prospects, financial and otherwise, of Satellos and iCo and their subsidiaries as they were reflected in the Information provided to LJG. Any changes therein may affect the Opinion and, although LJG reserves the right to change or withdraw the Opinion in such event, it disclaims any undertaking or obligation to advise any person of any such change that may come to its attention, or to update, change or withdraw the Opinion after such date. LJG has not undertaken an independent evaluation, appraisal or physical inspection of any assets or liabilities of Satellos or iCo or their subsidiaries, is not an expert on, and did not render advice to Satellos regarding, and assumes no and disclaims all liability and obligation in respect of, legal, accounting, regulatory or tax matters.

The preparation of an opinion is a complex process and is not necessarily amenable to partial analysis or summary description. LJG believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create an incomplete view of the process underlying the Opinion. Accordingly, the Opinion should be read in its entirety.

APPROACHES TO FINANCIAL FAIRNESS

In considering the fairness, from a financial point of view, of the Consideration pursuant to the Proposed Transaction, LJG reviewed, considered and relied upon or carried out, among other things, the following:

The implied value of Satellos based on a risk-adjusted discounted cash flow analysis of forecast revenue and income generated by the Company's lead therapeutic drug program for Duchenne Muscular Dystrophy ("DMD Program"), to yield risk-adjusted net present value ("rNPV Analysis").

Satellos' lead program is the development of a novel small molecule drug for the treatment of DMD, the most common fatal genetic disorder diagnosed in childhood. Satellos was granted exclusive rights to the key patents underlying the DMD program under a License Agreement with the Ottawa Hospital Research Institute dated May 1, 2018. Satellos has generated proof of concept experimental data demonstrating that, in genetic research animal models, treatment with the Company's small molecule candidates can restore muscle regeneration. Satellos is currently in the process of generating additional small molecules with novel chemical structures that yield optimized drug-like properties. Within 24 months, Satellos intends to nominate a lead compound as its development candidate, conduct pre-Investigative New Drug ("IND") studies and commence human clinical trials for DMD treatment.

The implied value of the DMD Program was determined using a risk-adjusted net present value ("rNPV") of projected cash flow based on assumptions and discount rates that reference relevant market and Company data, and that are deemed appropriate by LJG. The financial model forecasts potential net product sales for a small molecule therapeutic product for DMD in specified geographic territories based on key product features and market inputs, including product development and regulatory timelines, addressable patient populations, patient compliance and fulfilment rates, peak market share, years to peak sales, commercial horizon (patent exclusivity), and product pricing/inflation. In addition to modeling net product revenues, various assumptions and risk-adjustments were made including, but not limited to, the likelihood of a DMD therapeutic product progressing forward in clinical studies and successfully achieving the required regulatory and marketing approvals. Total potential royalty and milestone cash flows derived from commercial product sales on behalf of a third party, assuming payment rates typical in the current pharmaceutical market, were discounted back to present value at the weighted average cost of capital ("WACC") estimated for Satellos.

In order to assess potential variability and sensitivity of valuation outcomes to key analysis assumptions, a number of scenarios were created by adjusting inputs upwards or downwards within referenced and reasoned parameters. Key inputs adjusted into upper/lower case scenarios include peak market share, probability of clinical/regulatory success, and royalty rate levels, which collectively yield a range of rNPV outcomes.

The implied value of Satellos based on publicly available financial data and trading multiples of certain publicly traded companies. This methodology utilizes the current median Enterprise Value of the peer group, which includes early clinical-stage (Phase I/II) therapeutic product development companies listed on Canadian stock exchanges.

The Proposed Transaction contemplates Satellos combining into a TSXV-listed Resulting Issuer, with publicly traded drug discovery/development companies becoming relevant proxies. LJG notes that the selection of comparable companies involves considerable subjectivity, particularly among companies engaged in the Life Sciences industry, in the context of the Proposed Transaction. While LJG does not consider any of the companies reviewed to be directly comparable to Satellos, LJG believes that they share certain business, financial, and/or operational characteristics with those of Satellos and we used our professional judgement in selecting the most appropriate value proxies.

All financial analyses were conducted with information available as of market close on April 30, 2021, unless otherwise stated. LJG believes that the financial analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by LJG, without considering all analyses and factors together, could create a misleading view of the process underlying this Opinion.

FACTORS CONSIDERED

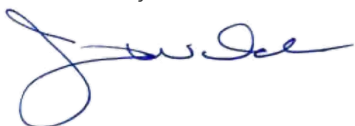
The assessment of the fairness, from a financial point of view, must be determined in context of the Proposed Transaction. LJG based its conclusion in the Opinion upon a number of quantitative and qualitative factors including, but not limited to:

- the proposed Transaction represents the culmination of extensive capital raising/investment initiatives pursued by the Company over the previous two years, including dialogue/discussions with over 100 venture capital funds and a range of strategic/corporate entities;
- the Company has thoroughly reviewed options to strengthen its balance sheet and fund proposed drug development initiatives, and LJG has been advised that the Company is not aware of any other feasible alternatives that are superior to the Proposed Transaction in terms of accessing near-term capital and enhancing future access to capital;
- Satellos has a cash balance of C\$595,993, positive working capital of C\$425,198, and a negative equity position of C\$687,701 (as of March 31, 2021); Satellos has a proposed operating budget of approximately C\$6.0M for twelve months commencing Jun 1, 2021, and C\$14.8M for the twelve months ending May 31, 2023;
- the Consideration being C\$38.8 million based on the value of Resulting Issuer common shares to be issued to Satellos shareholders and based on the closing price of iCo shares of the TSXV on March 19, 2021;
- the issued and outstanding share capital of iCo consists of 174,027,713 common shares; the issued and outstanding share capital of Satellos consists of 12,208,834 common shares;
- the Consideration shares issued to Satellos will be listed and trading on the TSXV under the name Satellos Bioscience Inc.;
- iCo market/enterprise value is currently significantly below both the average/median values for clinical-stage Phase I/II status companies publicly-listed in Canada;
- the Consideration compares within a reasonable range with LJG's analyses using value assessment methodologies described in the previous section, "Approaches to Financial Fairness"; and
- other factors or analyses, which LJG judged, based on its experience in rendering such opinions, to be relevant.

CONCLUSION

Based upon and subject to the foregoing and such other matters that LJG considered relevant, LJG is of the opinion that, as of the date hereof, the Consideration pursuant to the Proposed Transaction is fair, from a financial point of view, to Satellos Shareholders.

Yours truly,



LEEDE JONES GABLE INC.

¹ Key patents: US7384784, US8679833, US10071138, US10828346, EP2424978, JP5809219B2, US9732130, EP2751257B, US15/126760, US16/606834, EP3612195, JP2019-556982

APPENDIX I

ICO OPTION PLAN

iCo THERAPEUTICS INC.

AMENDED AND RESTATED STOCK OPTION PLAN (2020)

SECTION 1 - GENERAL PROVISIONS

1.1 Definitions

For the purpose of this Plan, the following terms shall have the following meanings:

- (a) **“Acceleration Event”** has the meaning ascribed thereto in Section 2.8(b);
- (b) **“Administrative Guidelines”** means the administrative guidelines relating to this Plan, which may include guidelines regarding the terms, limitations, restrictions and conditions for the grant of Options, as may be approved by the Board from time to time;
- (c) **“Administrator”** means, initially, the chief financial officer of the Corporation and thereafter shall mean such director, officer or employee of the Corporation as may be designated from time to time, as Administrator by the Board;
- (d) **“Award Date”** means, in respect of a particular Option, the date on which the Board grants the Option;
- (e) **“Blackout Period”** means any period during which a policy of the Corporation prohibits or prevents any Optionholder from exercising an Option or trading in securities of the Corporation;
- (f) **“Board”** means the board of directors of the Corporation;
- (g) **“business day”** means a day other than Saturday, Sunday or any other day which is a statutory holiday in British Columbia or on which the Common Shares are not available for trading on the facilities of the Exchange;
- (h) **“Cause”** has (i) the meaning ascribed thereto in the written employment agreement between the Corporation and the Optionholder or (ii) in the event that there is no such written agreement or Cause is not defined in such agreement, the usual meaning of just cause under the laws (including the common law) of the jurisdiction in which the Optionholder is employed;
- (i) **“Common Shares”** means the common shares of the Corporation as currently constituted;
- (j) **“Consultant”** means:
 - (i) an individual (an **“Individual Consultant”**) other than a director, officer or employee of the Corporation or a subsidiary of the Corporation that (a) is engaged to provide, on an ongoing basis, consulting, technical or other services to the Corporation or a subsidiary of the Corporation, other than services provided in relation to a distribution, (b) provides the services under a written contract with the Corporation or a subsidiary of the Corporation, (c) in the reasonable opinion of the Board, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or any of its subsidiaries and (d) has a relationship with the Corporation that enables such person to be knowledgeable about the business and affairs of the Corporation; or

- (ii) any corporation of which an Individual Consultant is an employee or shareholder or any partnership of which an Individual Consultant is an employee or partner;
- (k) **“Corporation”** means iCo Therapeutics Inc.;
- (l) **“Discounted Market Price”** has the meaning ascribed thereto in the TSXV Corporate Finance Manual;
- (m) **“Effective Date”** means December 30, 2020;
- (n) **“Eligible Person”** means, subject to all applicable laws, any director, officer, employee (whether part-time or full-time) or Consultant of the Corporation or a subsidiary of the Corporation;
- (o) **“Exchange”** means the TSX Venture Exchange;
- (p) **“Exchange Hold Period”** means a four month resale restriction imposed by the Exchange on:
 - (i) the Common Shares issued upon the exercise of an Option held by an Insider; and
 - (ii) the Options granted under this Plan with an exercise price that is less than the applicable Market Price.
- (q) **“Exercise Notice”** means the notice to be delivered to the Administrator in connection with the exercise of all or any portion of an Option, in the form set out as Schedule “B” hereto, duly executed by the holder thereof;
- (r) **“Exercise Price”** means the price at which an Option may be exercised as determined in accordance with Section 2.3;
- (s) **“Insider”** means (i) a director or senior officer of the Corporation, (ii) a director or senior officer of a company that is an Insider or subsidiary of the Corporation, (iii) a person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Corporation; or (iv) the Corporation itself if it holds any of its own securities;
- (t) **“Investor Relations Activities”** has the meaning ascribed to such term in the TSXV Corporate Finance Manual;
- (u) **“ISO”** has the meaning ascribed to such term in Section 2.9;
- (v) **“Market Price”** has the meaning ascribed to such term in the TSXV Corporate Finance Manual;
- (w) **“Option”** means an option to purchase Common Shares granted to an Eligible Person pursuant to the terms of this Plan;
- (x) **“Option Certificate”** means, with respect to any Option, a certificate evidencing such Option in the form set out as Schedule “A” hereto or such other form as may be approved by the Board at the time of the grant of the Option;

- (y) **“Optionholders”** means the holders of Options granted under this Plan and **“Optionholder”** means any one of them;
- (z) **“Original Plan”** has the meaning ascribed to such term in Section 1.4;
- (aa) **“Personal Representative”** means:
 - (i) in the case of a deceased Optionholder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
 - (ii) in the case of an Optionholder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Optionholder;
- (bb) **“Plan”** means this stock option plan, as it may be amended from time to time;
- (cc) **“Share Capital Event”** has the meaning ascribed to such term in Section 2.8(a);
- (dd) **“subsidiary”** of any issuer means a person that is controlled by the issuer or is controlled by the same person that controls the issuer, where a person shall be considered to control another a person as such expression is interpreted in Part 2, Division 4 of National Instrument 45-106 — Prospectus and Registration Exemptions;
- (ee) **“U.S. Participant”** means an Eligible Person who is a citizen or resident of the United States; and
- (ff) **“U.S. Tax Code”** means the Internal Revenue Code of 1986, as amended, of the United States.

1.2 Interpretation

- (a) Words importing the singular number only shall include the plural and vice versa and words importing the masculine shall include the feminine.
- (b) This Plan is established under and the provisions of this Plan shall be interpreted and construed in accordance with the laws of British Columbia.

1.3 Purpose

The purpose of this Plan is to promote the interests of the Corporation by (i) providing Optionholders with additional incentive, (ii) increasing the proprietary interest of Optionholders in the success of the Corporation, (iii) encouraging the Optionholders to continue to act as a director, officer, employee or Consultant, as the case may be, of the Corporation or a subsidiary of the Corporation and (iv) attracting new directors, officers, employees and Consultants.

1.4 Amended and Restated

This Plan amends and restates in its entirety, as of December 30, 2020, the 2012 stock option plan of the Corporation, approved by the Corporation’s shareholders on May 11, 2012 (the **“Original Plan”**). Any reference to “Plan” in the Original Plan and any document delivered in connection therewith, or pursuant thereto, will mean this Plan, as amended and restated hereby.

1.5 Administration

- (a) This Plan shall be administered by the Board or a committee of the Board consisting of not less than three directors duly authorized by the Board to administer this Plan; provided, however, that a committee of the Board shall not have the authority to terminate or amend this Plan in accordance with Section 3.1. If a committee is authorized for this purpose, all references to the Board (except references to the Board in Section 3.1) will be deemed to be references to such committee.
- (b) Subject to the limitations of this Plan, the Board shall have the authority:
 - (i) to grant Options to purchase Common Shares to Eligible Persons;
 - (ii) to determine the terms, limitations, restrictions and conditions respecting such Options;
 - (iii) to interpret this Plan and to adopt, amend and rescind such Administrative Guidelines and other rules and regulations relating to this Plan as it shall from time to time deem advisable;
 - (iv) to construe and interpret this Plan and the Options granted thereunder; and
 - (v) to make all other determinations and to take all other actions in connection with the implementation and administration of this Plan as it may deem necessary or advisable.
- (c) The interpretation by the Board of any of the provisions of this Plan and any determination by it pursuant thereto shall be final and conclusive and shall be binding on all Optionholders, the Corporation and any subsidiary of the Corporation and shall not be subject to any dispute by any Optionholder or Eligible Person. No member of the Board or any person acting pursuant to authority delegated by the Board hereunder shall be liable for any action or determination in connection with this Plan made or taken in good faith and each member of the Board and each such person shall be entitled to indemnification by the Corporation in respect of any claim, loss, damage or expense (including legal fees and disbursements) arising with respect to any such action or determination to the fullest extent permitted by law.

1.6 Compliance with Legislation

- (a) This Plan, the grant and exercise of Options hereunder and the Corporation's obligation to sell and deliver Common Shares upon exercise of Options shall be subject to all applicable federal, provincial, territorial and foreign laws, rules and regulations, including all applicable corporate, securities and income tax laws (including any applicable provisions of the *Income Tax Act* (Canada), the U.S. Tax Code and income tax legislation of any other jurisdiction (including any jurisdiction within Canada or the United States, such as a province, state or territory) and the regulations thereunder), in each case as the same may from time to time be amended, the rules and regulation of any stock exchange on which the Common Shares are listed for trading and to such approvals by any regulatory authority or governmental agency as may, in the opinion of counsel to the Corporation, be required. The Corporation shall not be obliged by any provision of this Plan or the grant of any Option hereunder to issue or sell Common Shares in violation of such laws, rules and

regulations or any condition of such approvals. No Option shall be granted and no Common Shares issued or sold hereunder where such grant, issue or sale would require registration of this Plan or of Common Shares under the securities laws of any foreign jurisdiction and any purported grant of any Option or issue or sale of Common Shares hereunder in violation of this provision shall be void. In addition, the Corporation shall have no obligation to issue any Common Shares pursuant to this Plan unless such Common Shares shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Common Shares are listed for trading. Common Shares issued and sold to Optionholders pursuant to the exercise of Options may be subject to limitations on sale or resale under applicable securities laws and, if deemed necessary or expedient by the Board, the certificates representing the Options or Common Shares issued upon the exercise of Options shall have a legend pertaining to such restriction.

- (b) Without limiting the generality of the foregoing or any other provision hereof, (i) the Corporation may take such steps and require such documentation from Optionholders as the Board may from time to time in good faith determine are necessary or desirable to ensure compliance with all applicable laws and the terms of this Plan and (ii) in taking any action under this Plan, or in relation to any rights or benefits hereunder, the Corporation and each Optionholder shall comply with all provisions and requirements of any income tax legislation or regulations of any jurisdiction which may be applicable to the Corporation or holder, as the case may be.
- (c) The Corporation may withhold and deduct, or cause to be withheld and deducted, any amount the Corporation is required by applicable law to withhold or deduct on account of income taxes or other deductions required by any Canadian or foreign, federal, provincial, territorial, state or local taxing authorities or other amounts required by law to be withheld in relation to the grant or exercise of any Option under this Plan.
- (d) The Corporation shall have the right to require, in connection with exercise of any Option, payment by the applicable Optionholder of any amount the Corporation is required to withhold or deduct as contemplated in Section 1.6(c) in order to satisfy all tax obligations, including withholding obligations, in connection with such exercise and any payment or benefit under this Plan in respect thereof.
- (e) The Corporation shall have the right to sell, or arrange for the sale, in the market or as the Corporation may determine, on behalf of any Optionholder, such portion of any Common Shares issuable to such Optionholder on exercise of any Option as the Corporation may determine, in order to realize net cash proceeds sufficient to permit the Corporation to pay any amount the Corporation is required to withhold or deduct as contemplated in Section 1.6(c) (the “**Tax Withholding Amount**”) and shall have the right to withhold, or cause to be withheld, or deduct, or cause to be deducted, from such proceeds any or all of such Tax Withholding Amount. Unless the Board otherwise determines, such Optionholder shall be responsible for paying all transaction costs, including brokerage commissions or similar fees (collectively, the “**Transaction Costs**”), in connection with such sales and the Corporation may authorize any investment bank or other person selling Common Shares on behalf of such Optionholder to sell additional Common Shares on behalf of such Optionholder in order to realize sufficient proceeds to pay such Transaction Costs and such investment bank or other person shall be entitled to so sell such additional shares on behalf of the such Optionholder and deduct from the proceeds of such sale such Transaction Costs. If any investment bank or other person sells any Common Shares on behalf of an

Optionholder as contemplated in this Section 1.6(e), any net amount after deduction of the Tax Withholding Amount and Transaction Costs shall be paid to the Optionholder.

- (f) The Corporation may take such other action as the Board may consider advisable to enable the Corporation and any Optionholder to satisfy obligations for the payment of withholding or other tax obligations in connection with the grant or exercise of any Option under this Plan.
- (g) Each Optionholder (or the Optionholder's legal representatives) shall bear and be responsible for any and all income or other tax imposed in respect of the grant and exercise of any Option under this Plan and in respect of any amount payable to or benefit received or deemed to be received by such Optionholder (or legal representative) under this Plan. Each Optionholder shall be responsible for reporting and paying all income and other taxes applicable to or payable in respect of any Option granted to the Optionholder, any exercise of such Option, and any transactions involving Common Shares which may be issued on exercise of any Option, and any dividends or distributions in respect thereof, or proceeds from any sale or disposition thereof, including, without limitation, any taxes payable in respect of any sale or disposition of Common Shares made by or on behalf of the holder (including as contemplated in Section 1.6(e)).
- (h) If the Corporation does not withhold any amount or require payment of an amount by an Optionholder (or legal representative) sufficient to satisfy all income tax obligations referred to in Section 1.6(c), the Optionholder (or legal representative) shall forthwith make reimbursement, on demand, in cash, of any amount paid by the Corporation in satisfaction of any such obligation.

1.7 Effective Date

- (a) This Plan is effective on the Effective Date.
- (b) Notwithstanding Section 1.7(a), this Plan is subject to the approval of the Exchange and the affirmative vote of a majority of the votes attached to the Common Shares of the Corporation entitled to vote and represented and voted at an annual or special meeting of the holders of such Common Shares held, among other things, to consider and approve this Plan, and, until such approvals are obtained, Options granted under this Plan shall not be exercisable.

1.8 No Fractional Shares

No fractional Common Shares shall be issued upon the exercise of Options and, accordingly, if an Optionholder would otherwise become entitled to a fractional Common Share upon the exercise of an Option, such Optionholder shall only have the right to purchase the next lowest whole number of Common Shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

1.9 Miscellaneous

- (a) Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements.

- (b) Nothing contained in this Plan or any Option granted hereunder shall be deemed to give any Optionholder any interest or title in or to any Common Shares of the Corporation or any rights as a shareholder of the Corporation or any other legal or equitable right against the Corporation whatsoever other than as set forth in this Plan and pursuant to the exercise of any Option granted hereunder.
- (c) Participation in this Plan is voluntary and this Plan does not give any Eligible Person the right or obligation to or to continue to serve as a director, officer, employee or Consultant, as the case may be, of the Corporation or any subsidiary of the Corporation. The granting of Options to any Eligible Person is a matter to be determined in the discretion of the Board. This Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issue of any Common Shares or any other securities in the capital of the Corporation or any of its subsidiaries other than as specifically provided for in this Plan.
- (d) The grant of any Option shall be conditional upon the Eligible Person to whom such Option is granted completing, signing and delivering to the Corporation all documents as may be required by any regulatory authorities having jurisdiction over the Corporation.
- (e) The Board shall have the authority to adopt such sub-plans, procedures and guidelines as may be necessary or desirable to comply with provisions of the laws of any country in which the Corporation or its subsidiaries may operate to assure the viability of the benefits from Options granted to Optionholder performing services in such country to meet the objectives of this Plan.

SECTION 2 - OPTIONS

2.1 Previously Granted Options

All the outstanding stock options that were previously granted by the Corporation pursuant to the Original Plan shall, effective as of the Effective Date, be governed by and subject to the terms of this Plan.

2.2 Grants and Eligibility

Options may be granted under this Plan to any Eligible Person. Subject to the provisions of this Plan, the Board shall have the authority to determine the limitations, restrictions and conditions, if any, in addition to or in variation of those set forth in Section 2.5, applicable to the exercise of an Option. The Corporation may grant Options under this Plan to an Eligible Person on more than one occasion. In the case of Options granted to employees or Consultants of the Corporation, the Corporation must represent in the applicable Option Certificate that such employee or Consultant is a bona fide employee or Consultant of the Corporation or a subsidiary of the Corporation.

2.3 Exercise Price

- (a) The exercise price of any Option granted under this Plan shall be determined by the Board at the time of grant; provided, however, that the exercise price of any Option granted under this Plan shall not be less than:
 - (i) at any time during which the Common Shares are listed and posted for trading on the Exchange, the Discounted Market Price (as calculated on the date of grant); and

- (ii) at any other time, the fair market value of the Common Shares as determined by the Board in its sole discretion, subject to the rules and regulations of any regulatory authority, including any organized trading facility on which the Common Shares are listed and posted for trading, having jurisdiction over the Corporation.

2.4 Number of Common Shares Reserved for Issuance

- (a) The maximum number of Common Shares issuable under this Plan shall not exceed 10% of the number of Common Shares issued and outstanding as of each Award Date. Notwithstanding the foregoing, the number of Common Shares underlying Options that have been cancelled, that have expired without being exercised in full, and that have been issued upon exercise of Options shall not reduce the number of Common Shares issuable under this Plan and shall again be available for issuance hereunder.
- (b) Without limiting the generality of Section 2.4(a):
 - (i) The maximum number of Common Shares which may be issuable, at any time, to Insiders under this Plan, together with any other Common Share-based compensation arrangements of the Corporation, shall be 10% of the total number of Common Shares issued and outstanding. The maximum number of Common Shares which may be issued, within any one-year period, to Insiders under this Plan, together with any other Common Share-based compensation arrangements of the Corporation, shall be 10% of the total number of Common Shares issued and outstanding.
 - (ii) The total number of Options awarded to any one individual in any twelve month period shall not exceed 5% of the issued and outstanding Common Shares of the Corporation at the Award Date unless the Corporation has obtained disinterested shareholder approval as required by the Exchange.
 - (iii) The total number of Options awarded to any one Consultant of the Corporation in any twelve month period shall not exceed 2% of the issued and outstanding Common Shares of the Corporation at the Award Date unless consent is obtained from the Exchange.
 - (iv) The total number of Options awarded to all persons retained by the Corporation to provide Investor Relations Activities shall not exceed 2% of the issued and outstanding Common Shares of the Corporation, in any twelve month period, calculated at the Award Date unless consent is obtained from the Exchange. Options granted to persons retained to provide Investor Relations Activities will vest in stages over not less than 12 months with no more than one quarter of the Options vesting in any 3 month period.

2.5 Expiry Date and Vesting Schedule

- (a) The Board shall establish the expiry date of an Option at the time each Option is granted, subject to the following conditions:
 - (i) the Option will expire upon the occurrence of any event set out in Sections 2.6(a) to 2.6(d) and at the time period set out therein;

- (ii) an Option can be exercisable for a maximum of 10 years from the Award Date, unless prohibited by the Exchange's policies or rules and regulations of the applicable regulatory authorities.
- (b) Any additional terms, conditions and limitations relating to the exercise of any Option granted under this Plan, including terms, conditions and limitations providing that an Option may not be exercised except in accordance with terms, condition and limitations based on the passage of time, the satisfaction of performance criteria relating to the Corporation or holder of such Option or any combination thereof, shall be determined by the Board at the time of grant; provided, however, that all Options must vest in stages over a period of at least 18 months, with no more than $\frac{1}{4}$ of any such Options vesting in any three month period.
- (c) Subject to the requirement set forth in Section 2.5(a) that all Options must vest in stages over a period of at least 18 months, with no more than $\frac{1}{4}$ of any such Options vesting in any three month period, the Board may, in its sole discretion (and notwithstanding any terms, conditions or limitations relating to an Option previously imposed by the Board), allow any Optionholder to purchase all or any of the Common Shares reserved for issuance in connection with the exercise of an Option if the Board determines to permit the holder of such Option to exercise certain of its rights to acquire Common Shares under such Option.

2.6 Termination of Options

An Option granted under this Plan will terminate on the earlier of (i) the expiry date established with respect to such Option pursuant to Section 2.5 or (ii) the date, if applicable, established by Sections 2.6(a) to 2.6(d) below:

(a) Death

If an Optionholder dies prior to the expiry of any Option granted to such Optionholder, the termination date for any vested portion or portions of such Options will be the date that is one year after the date of the Optionholder's death. The termination date for any unvested portion of such Options will be the date of the Optionholder's death.

(b) Disability

If an Optionholder becomes permanently disabled prior to the expiry of any Option granted to such Optionholder and ceases to be an Eligible Person as a consequence of such disability, the termination date for any vested portion or portions of such Options will be the date that is six months after the Optionholder ceases to be an Eligible Person. The termination date for any unvested portion of such Options will be the date on which the Optionholder ceases to be an Eligible Person.

(c) Ceasing to be an Eligible Person

- (i) If an Optionholder ceases to be an Eligible Person prior to the expiry of any Option granted to such Optionholder for reasons other than death or permanent disability, the termination date for any vested portion of such Options will be the date that is 90 days after the date on which the Optionholder ceases to be an Eligible Person; provided, however, that:

- A. the termination date for any Options granted to an Eligible Person employed to provide Investor Relation Activities will be the date that is 30 days after the date on which the Optionholder ceases to be an Eligible Person; and
- B. if the Optionholder ceases to be an Eligible Person as a result of being terminated for Cause, in the case of an employee, ceasing to meet the qualifications for such position under applicable law or being removed from office in accordance with applicable law, in the case of a director or officer, the termination date will be the date on which the Optionholder ceases to be an Eligible Person.

The termination date for any unvested portion of such Options will be the date on which the Optionholder ceases to be an Eligible Person.

- (ii) An Optionholder shall be considered to have ceased to be an Eligible Person on (x) the actual date of termination of employment, in the case of an employee, (y) on the date the Optionholder ceases to hold office, in the case of a director or officer and (z) on the termination date of the Optionholder's contract as a consultant, in the case of a Consultant; provided, however, that if an Optionholder gives notice of resignation as a director, officer, employee or Consultant of the Corporation or a subsidiary of the Corporation or is given notice of termination of employment or engagement by the Corporation or a subsidiary of the Corporation, the Optionholder shall be considered to have ceased to be an Eligible Person on the date on which the Optionholder ceases actually to actively perform the duties of the Optionholder's position as a director, officer or employee, or provide services as a Consultant, as applicable, and for greater certainty, such date shall not be extended or deemed to be extended to take into account any period during which the Optionholder is in receipt or eligible to receive any statutory, contractual or common law notice or compensation in lieu thereof or severance payment following the date the Optionholder ceases actively to provide duties for or provide services to the Corporation or a subsidiary of the Corporation. A change in the duties, title or office of an Optionholder, in the case of a director, officer or employee, or an amendment, renewal or expiry of the contract which governs the provision of services by an Optionholder, in the case of a Consultant, shall not constitute that Optionholder ceasing to be an Eligible Person, except as may be otherwise determined by the Board.

(d) Black-Out Periods

Notwithstanding anything to the contrary in this Section 2.6(d), should the expiry date for an Option fall within a Blackout Period, or within nine (9) business days following the expiration of a Blackout Period, such expiry date shall be automatically extended without any further act or formality to that day which is the tenth (10th) business day after the end of the Blackout Period, such tenth business day to be considered the expiry date for such Option for all purposes under the Plan.

2.7 Additional Terms

Subject to all applicable securities laws and the rules and regulations of any regulatory authority, including any organized trading facility on which the Common Shares are listed and posted for trading, having

jurisdiction over the Corporation, the Board may attach such other terms, conditions and limitations to any Option granted under this Plan as the Board may deem appropriate at the time of grant.

2.8 Adjustments and Change of Control

- (a) If at any time while an Option remains unexercised with respect to any Common Shares underlying the Option, the Common Shares are consolidated, subdivided, converted, exchanged, reclassified or in any way substituted for (any of the foregoing events, a “**Share Capital Event**”), the Option, to the extent that it has not been exercised, shall be adjusted by the Board in accordance with such Share Capital Event in the manner the Board in its sole discretion deems appropriate. No fractional shares shall be issued upon the exercise of the Options and accordingly, if as a result of the Share Capital Event, an Optionholder would become entitled to a fractional share, such Optionholder shall have the right to purchase only the next lowest whole number of shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded. Additionally, no lots of Common Shares in an amount less than 100 Common Shares shall be issued upon the exercise of the Options unless such amount of Shares represents the balance left to be exercised under the Options.
- (b) If at any time when an Option remains unexercised with respect to any Common Shares underlying the Option:
 - (i) the Corporation seeks approval from its shareholders for a transaction which, if completed, would constitute an Acceleration Event; or
 - (ii) a third party makes a bona fide formal offer or proposal to the Corporation or its shareholders which, if accepted, would constitute an Acceleration Event;

the Corporation shall notify the Optionholder in writing of such transaction, offer or proposal as soon as practicable and: (i) the Board may permit the Optionholder to exercise the Option, as to all or any of the Common Shares in respect of which such Option has not previously been exercised (regardless of any vesting restrictions), during the period specified in the notice (but in no event later than the expiry date of the Option), so that the Optionholder may participate in such transaction, offer or proposal; and (ii) the Board may require the acceleration of the time for the exercise of the Option and of the time for the fulfilment of any conditions or restrictions on such exercise. Any proposed acceleration of vesting provisions is subject to the policies and necessary approvals of the Exchange, if applicable.

For the purposes of this Plan an “**Acceleration Event**” means:

- (iii) the acquisition by any person or any persons acting jointly or in concert, directly or indirectly, of beneficial ownership of more than 50% of the outstanding voting securities of the Corporation, by means of a take-over bid or otherwise;
- (iv) any plan of arrangement, amalgamation, consolidation, merger or other business combination of the Corporation in which the Corporation is not the continuing or surviving corporation or pursuant to which shares of the Corporation would be converted into cash, securities or other property, other than a merger of the Corporation in which shareholders immediately prior to the merger have the same

proportionate ownership of stock of the surviving corporation immediately after the merger;

- (v) any sale, lease exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Corporation;
 - (vi) the approval by the shareholders of the Corporation of any plan of liquidation or dissolution of the Corporation; or
 - (vii) any other transaction that is deemed to be an “Acceleration Event” for the purposes of this Plan by the Board in its sole discretion.
- (c) Notwithstanding any other provision of this Plan or the terms of any Option, if at any time when an Option remains unexercised with respect to any Common Shares underlying the Option and the Corporation completes any transaction which constitutes an Acceleration Event, all outstanding unvested Options shall automatically vest.

2.9 U.S. Participants

- (a) Any Option granted under this Plan to a U.S. Participant may be an incentive stock option within the meaning of the Section 422 of the U.S. Tax Code (an “ISO”), but only if so designated by the Corporation in the Option Certificate. No provision of this Plan, as it may be applied to a U.S. Participant with respect to Options which are designated as ISOs, shall be construed so as to be inconsistent with any provision of Section 422 of the Code or the Treasury Regulations thereunder. Grants of Options to U.S. Participants which are not designated as or otherwise do not qualify as ISOs will be treated as nonstatutory stock options for U.S. federal tax purposes. Notwithstanding anything in this Plan contained to the contrary, the following provisions shall apply to ISOs granted to each U.S. Participant:
- (i) ISOs shall only be granted to individual U.S. Participants who are, at the time of grant, employees of the Corporation within the meaning of the Code;
 - (ii) any director of the Corporation who is a U.S. Participant shall be ineligible to vote with respect to the granting of such Option;
 - (iii) the aggregate fair market value (determined as of the time an ISO is granted) of the Common Shares subject to ISOs exercisable for the first time by a U.S. Participant during any calendar year under this Plan and all other stock option plans, within the meaning of Section 422 of the Code, of the Corporation shall not exceed One Hundred Thousand Dollars in U.S. funds (U.S.\$100,000);
 - (iv) the exercise price of an ISO granted to a U.S. Participant pursuant to this Plan shall be not less than fair market value of the Common Shares at the time such ISO is granted (unless such ISO is granted pursuant to an assumption or substitution for another option in a manner satisfying the provisions of Section 424(a) of the Code);
 - (v) if any U.S. Participant to whom an ISO is to be granted under this Plan at the time of the grant of such ISO is the owner of shares possessing more than ten percent (10%) of the total combined voting power of all classes of shares of the Corporation, then the following special provisions shall be applicable to the ISO granted to such individual:

- (vi) the exercise price of such ISO shall not be less than 110% of the fair market value of one Common Share at the time of grant; and
 - (vii) the ISO shall expire no later than five years after the date of grant;
 - (viii) no ISO may be granted to a U.S. Participant following the earlier of (i) the Effective Date and (ii) the date which is 10 years after the date on which this Plan is approved by the shareholders of the Corporation;
 - (ix) no ISO granted to a U.S. Participant under this Plan shall become exercisable unless and until this Plan shall have been approved by the shareholders of the Corporation; and
 - (x) the maximum number of Common Shares which may be issued under this Plan as ISOs shall not exceed 5% of the total number of Common Shares issued and outstanding (on a non-diluted basis) at the time of any grant.
- (b) Options may be granted under this Plan to Consultants in the United States only if such Consultants are natural persons providing bona fide services to the Corporation or a majority-owned subsidiary of the Corporation and such services are not in connection with the offer or sale of securities in a capital-raising transaction, and do not directly or indirectly promote or maintain a market for the Corporation's securities.

2.10 Incorporation of Terms of Stock Option Plan

Subject to specific variations approved by the Board, all terms and conditions set out herein will be deemed to be incorporated into and form part of each Option granted under this Stock Option Plan.

2.11 Exercise of Options

- (a) An Option may be exercised only by the Optionholder or the Personal Representative of such Optionholder. An Option may be exercised, in whole or in part (subject to any applicable exercise restrictions), at any time or from time to time up to 5:00 p.m. (Vancouver time) on its expiry date by delivering to the Administrator an Exercise Notice, the applicable Option Certificate and a cheque or bank draft payable to the Corporation in an amount equal to the aggregate Exercise Price of the Common Shares to be purchased pursuant to the exercise of the Option.
- (b) As soon as practicable following the receipt of the Exercise Notice, the Administrator shall cause to be delivered to the Optionholder (or the Personal Representative of such Optionholder) a share certificate for the Common Shares so purchased. If the number of Common Shares so purchased is less than the number of Common Shares subject to the Option Certificate surrendered, the Administrator shall forward a new Option Certificate to the Optionholder (or the Personal Representative of such Optionholder) concurrently with delivery of the aforesaid share certificate for the balance of the Common Shares available under the Option.

2.12 Exchange Hold Period's and Resale Restrictions

If required by the policies of the Exchange, the certificate representing the Options and any certificate representing Common Shares issued upon the exercise of such Options (if exercised prior to the expiry of the Exchange Hold Period) will bear the following Exchange Hold Period legend:

“Without prior written approval of TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until *[insert date that is four months and a day after the distribution date]*.”

2.13 Assignment of Options

Options shall not be transferable or assignable; provided, however, that the Personal Representative of an Optionholder may exercise an Option in accordance with its terms.

SECTION 3 — AMENDMENT AND TERMINATION

3.1 Amendment

- (a) Subject to paragraphs (b) and (c) and any applicable regulatory approval, the Board may from time to time amend this Plan and the terms and conditions of any Option previously awarded or thereafter to be awarded, without consent or approval from any Optionholder or shareholder of the Corporation, and, without limiting the generality of the foregoing, may make such amendments for the purpose of complying with any changes in any relevant law, Exchange policy, rule or regulation applicable to this Plan, any Option or the Common Shares, or for any other purpose which the Board may deem desirable or necessary and may be permitted by all relevant laws, rules and regulations, provided always that any such amendment shall not materially impair any right of any Optionholder pursuant to any Option awarded prior to such amendment.
- (b) Notwithstanding any provisions to the contrary, the Board may only amend the provisions of this Plan relating to the following if the Board obtains the approval of the shareholders of the Corporation in respect thereof:
 - (i) persons eligible to be granted Options under this Plan;
 - (ii) the maximum number or percentage of Common Shares reserved for issuance upon exercise of Options available under this Plan;
 - (iii) the limitations on grants of Options to any one person, Insiders, Consultants, or persons involved in Investor Relations Activities;
 - (iv) the method for determining the Exercise Price for Options;
 - (v) the maximum term of Options;
 - (vi) the expiry and termination provisions applicable to Options; or
 - (vii) any amendment to this section 3.1.

- (c) If required by exchange policies, the Corporation will obtain disinterested shareholder approval of Options if this Plan, together with any other share-based compensation arrangement, could result at any time in:
- (i) the aggregate number of Common Shares reserved for issued under Options granted to Insiders (as a group) exceeding 10% of the issued Common Shares;
 - (ii) the grant to Insiders (as a group), within a 12-month period, of an aggregate number of Options exceeding 10% of the issued Common Shares, calculated at the date an option is granted to any Insider;
 - (iii) the issuance to any one Optionholder, within a 12-month period, of a number of Common Shares reserved for issuance under Options exceeding 5% of the issued Common Shares; or
 - (iv) the Corporation is decreasing the Exercise Price of Options previously granted to Insiders.

3.2 Shareholder Approval

This Plan must be approved by the Corporation's shareholders annually, at a duly called meeting of the shareholders.

3.3 Termination

The Board may terminate this Plan at any time provided that such termination shall not alter the terms or conditions of any Option or impair any right of any Optionholder pursuant to any Option awarded prior to the date of such termination and notwithstanding such termination, the Corporation, such Options and such Optionholders shall continue to be governed by the provisions of this Plan.

SCHEDULE A

OPTION CERTIFICATE

This Certificate is issued pursuant to the provisions of the Amended and Restated Stock Option Plan (2020) (the “**Plan**”) of iCo Therapeutics Inc. (the “**Corporation**”) and evidences that _____ (the “**Optionholder**”) is the holder of an option (the “**Option**”) to purchase up to _____ common shares (the “**Common Shares**”) in the capital stock of the Corporation at a purchase price of \$_____ per Common Share (the “**Exercise Price**”). The Award Date of this Option is _____. Subject to the provisions of this Plan, the expiry date of this Option is _____ (the “**Expiry Date**”). All capitalized terms used but not defined herein shall have the meaning ascribed thereto in this Plan.

Additional Terms

The Option will vest as follows:

_____% immediately upon grant, allowing the holder of the Option to purchase up to _____ Common Shares at the Exercise Price;

_____% on _____, allowing the Optionholder to purchase up to _____ additional Common Shares at the Exercise Price;

_____% on _____, allowing the Optionholder to purchase up to _____ additional Common Shares at the Exercise Price; and

_____% on _____, allowing the Optionholder to purchase up to _____ additional Common Shares at the Exercise Price.

Other than as disclosed above, this Option may be exercised at any time up to 5:00 p.m. (Vancouver time) on the Expiry Date, by delivering to the Administrator of this Plan (i) an Exercise Notice, (ii) this Certificate and (iii) a cheque or bank draft payable to “iCo Therapeutics Inc.” in an amount equal to the aggregate of the Exercise Price of the Common Shares in respect of which this Option is being exercised.

[The Corporation hereby represents that the Optionholder is a bona fide [director/employee/consultant] of the Corporation.]

This Certificate and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in this Plan. This Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of this Plan and the records of the Corporation shall prevail.

ICO THERAPEUTICS INC.

By: _____
Name:
Title:

Dated: _____

SCHEDULE B
EXERCISE NOTICE

To: Administrator of the Stock Option Plan
iCo Therapeutics Inc.
760-777 Hornby Street
Vancouver, B.C. V6Z 1S4

Pursuant to the an option (the “**Option**”) to acquire common shares of iCo Therapeutics Inc. (the “**Corporation**”) granted to the undersigned by the Corporation on _____ pursuant to the Amended and Restated Stock Option Plan (2020) (the “**Plan**”) of the Corporation, the undersigned hereby gives notice to the Corporation of the exercise by the undersigned of the option to acquire and hereby subscribes for *(cross out applicable item)*:

- (a) all of the Common Shares which may be purchased under the Option; or
- (b) _____ of the Common Shares which may be purchased under the Option.

Calculation of Total Exercise Price:

- (i) number of Common Shares to be acquired on exercise: _____ Common Shares
- (ii) times the Exercise Price per Common Share: \$ _____

TOTAL EXERCISE PRICE, enclosed herewith: \$ _____

The undersigned tenders herewith a cheque or bank draft (circle one) in the amount of \$ _____ payable to iCo Therapeutics Inc. in an amount equal to the total exercise price for the Common Shares being purchased, as calculated above, and directs the Corporation to issue the share certificate evidencing such Common Shares in the name of the undersigned to be mailed to the undersigned at the following address:

DATED the _____ day of _____, _____

Signature of Witness

Name of Witness *(please print)*

Signature of Optionholder

Name of Optionholder *(please print)*

APPENDIX J

ICO FINANCIAL STATEMENTS

iCo Therapeutics Inc.

Consolidated Financial Statements
December 31, 2020 and 2019
(in Canadian dollars)



Independent auditor's report

To the Shareholders of iCo Therapeutics Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of iCo Therapeutics Inc. and its subsidiary (together, the Company) as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2020 and 2019;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Material uncertainty related to going concern

We draw attention to note 1 in the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Craig McMillan.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 29, 2021

iCo Therapeutics Inc.
Consolidated Balance Sheets
As at December 31, 2020 and 2019

(in Canadian dollars)

	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents		65,413	989,937
Taxes and other receivables	3	449,161	413,953
Prepaid expenses		28,836	58,301
		<u>543,410</u>	<u>1,462,191</u>
Equipment		<u>3,025</u>	<u>6,087</u>
		<u>546,435</u>	<u>1,468,278</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	4	<u>1,296,745</u>	<u>807,620</u>
Shareholders' (Deficiency) Equity			
Capital stock	5	29,769,224	29,769,224
Contributed surplus	5	6,541,432	6,446,097
Warrants	5	1,431,981	1,431,981
Accumulated other comprehensive loss		(22,164)	(4,068)
Accumulated deficit		<u>(38,470,783)</u>	<u>(36,982,576)</u>
		<u>(750,310)</u>	<u>660,658</u>
		<u>546,435</u>	<u>1,468,278</u>
Going concern (note 1)			
Commitments and contingencies (note 11)			
Subsequent events (note 14)			

Approved by the Board of Directors

----- (signed) William Jarosz ----- Director ----- (signed) Michael Liggett ----- Director

The accompanying notes are an integral part of these consolidated financial statements.

iCo Therapeutics Inc.

Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31, 2020 and 2019

(in Canadian dollars)

	Note	2020 \$	2019 \$
Expenses			
Research and development	7	895,112	917,475
General and administrative	8	760,463	1,288,198
Foreign exchange gain		(2,689)	(2,645)
		1,652,886	2,203,028
Refundable research and development tax credits		(164,679)	(264,793)
Net loss for the year		1,488,207	1,938,235
Other comprehensive loss (gain)			
Foreign currency translation adjustments		18,096	(6,033)
Total comprehensive loss		1,506,303	1,932,202
Basic and diluted loss per share		(0.01)	(0.02)
Weighted average number of shares (basic and diluted)		153,747,713	122,413,960

The accompanying notes are an integral part of these consolidated financial statements.

iCo Therapeutics Inc.

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2020 and 2019

(in Canadian dollars)

	Number of shares	Capital stock \$	Contributed surplus \$	Warrants \$	Accumulated other comprehensive income (loss) \$	Accumulated deficit \$	Shareholders' equity (deficiency) \$
Balance – December 31, 2018	84,457,713	28,048,137	4,283,898	2,097,906	(10,101)	(35,044,341)	(624,501)
Net loss for the year	-	-	-	-	-	(1,938,235)	(1,938,235)
Other comprehensive gain	-	-	-	-	6,033	-	6,033
Warrant expiration	-	-	2,097,906	(2,097,906)	-	-	-
Finder's warrant exercise	3,090,000	228,250	64,293	(64,293)	-	-	228,250
Shares issuance	66,200,000	1,492,837	-	1,496,274	-	-	2,989,111
Balance – December 31, 2019	153,747,713	29,769,224	6,446,097	1,431,981	(4,068)	(36,982,576)	660,658
Net loss for the year	-	-	-	-	-	(1,488,207)	(1,488,207)
Other comprehensive loss	-	-	-	-	(18,096)	-	(18,096)
Share-based compensation	-	-	95,335	-	-	-	95,335
Balance – December 31, 2020	153,747,713	29,769,224	6,541,432	1,431,981	(22,164)	(38,470,783)	(750,310)

The accompanying notes are an integral part of these consolidated financial statements.

iCo Therapeutics Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(in Canadian dollars)

	2020 \$	2019 \$
Cash provided by (used in)		
Operating activities		
Net loss for the year	(1,488,207)	(1,938,235)
Items not affecting cash		
Amortization	3,062	3,063
Share-based compensation	95,335	-
	(1,389,810)	(1,935,172)
Changes in non-cash working capital		
Taxes and other receivables	(35,208)	(284,188)
Prepaid expenses	29,465	(23,187)
Accounts payable and accrued liabilities	489,125	4,942
	(906,428)	(2,237,605)
Investing activities		
Purchase of equipment	-	(5,992)
Financing activities		
Net proceeds from issuance of units	-	2,989,111
Proceeds from exercise of warrants	-	228,250
	-	3,217,361
Effect of foreign currency exchange rates on cash and cash equivalents	(18,096)	6,033
(Decrease) increase in cash and cash equivalents	(924,524)	979,797
Cash and cash equivalents – Beginning of year	989,937	10,140
Cash and cash equivalents – End of year	65,413	989,937
Supplementary information		
Cash received for interest within operating activities	-	(97)

The accompanying notes are an integral part of these consolidated financial statements.

iCo Therapeutics Inc.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in Canadian dollars)

1 Nature of operations and going concern

iCo Therapeutics Inc. (iCo or the Company) is a Canadian biotechnology company principally focused on the identification, development and commercialization of drug candidates with a clinical history and redoses, reformulates and develops these drug candidates to treat ocular and infectious diseases. The Company has in-licensed two assets, which are in clinical development: iCo-008; and the Oral AmpB Delivery System.

iCo-008 is a monoclonal antibody that the Company plans to take into clinical trials for vernal keratoconjunctivitis (VKC) and possibly age-related macular degeneration. In addition, iCo-008 is being evaluated as a systemic treatment for ulcerative colitis and bullous pemphigoid.

The Oral AmpB Delivery System is an experimental oral formulation of Amphotericin B that is at a clinical stage of development.

The Company devotes most of its efforts to research and development, raising capital, recruiting personnel and long-term planning. The Company has a wholly owned subsidiary in Australia to conduct clinical trials on its Oral AmpB formulation in Australia.

The Company is publicly traded on the TSX Venture Exchange under the symbol "ICO" and the OTCQB under the symbol "ICOTF". The Company is incorporated and domiciled in British Columbia, Canada. The address of its head office is 6th Floor, 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4.

These 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 incurred a net loss of \$1,488,207, used cash flows in 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 fiscal year 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.

These 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.

iCo Therapeutics Inc.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in Canadian dollars)

2 Significant accounting policies

Basis of presentation and statement of compliance

The consolidated financial statements of iCo have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

The consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the Company's functional currency.

Intercompany balances and transactions, and unrealized gains and losses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors for issue on April 29, 2021.

Critical accounting estimates and judgments

The preparation of consolidated financial statements in accordance with IFRS requires the Company's management to make estimates and assumptions that affect the amounts reported in these 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 refundable tax credits related to research and development work completed in Australia and the fair value of stock option compensation.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and highly liquid short-term interest bearing securities with maturities at the date of purchase of three months or less. Cash and cash equivalents are held at recognized financial institutions. Interest earned is recognized in the consolidated statements of loss and comprehensive loss.

Foreign currency translation

a) Functional and presentation currency

The financial statements of subsidiaries that have a functional currency different from that of the Company are translated into Canadian dollars as follows: assets and liabilities at the closing rate at the date of the balance sheets and income and expenses at the average rate. All resulting changes are recognized in the other comprehensive loss (gain) as foreign currency translation adjustments.

iCo Therapeutics Inc.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in Canadian dollars)

b) Transactions and balances

Foreign currency transactions are translated into Canadian dollars using the exchange rates at the date of the transactions or valuation where items are remeasured. Foreign exchange gains or losses resulting from the settlement of transactions and from the translation at year-end rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of loss and comprehensive loss.

Current and deferred income taxes

The Company follows the liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Deferred income tax assets and liabilities are recognized in the current period for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes. Deferred income tax assets and liabilities are measured using substantively enacted tax rates and laws expected to apply in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred income tax assets and liabilities is recognized in operations in the period that includes the substantive enactment.

Financial instruments

Financial instruments are classified into the following categories:

- those to be measured at amortized cost, and
- those to be measured at fair value through other comprehensive income (FVOCI) or through profit or loss (FVPL).

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flow.

Financial instruments at amortized cost include cash and cash equivalents and accounts payable and accrued liabilities. Financial instruments at amortized cost are initially measured at fair value adjusted for directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss. Interest income, foreign exchange gains and losses and impairment in relation to these types of financial instruments are recognized in the consolidated statements of loss and comprehensive loss.

Financial instruments at FVPL are initially and subsequently recognized at fair value and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in fair value of the financial instruments held at FVPL are included in the consolidated statements of loss and comprehensive loss in the period in which they arise.

iCo Therapeutics Inc.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in Canadian dollars)

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets.

The Company will recognize in the consolidated statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Research and development

Research and development expenses include payroll, employee benefits, share-based payments, and other headcount-related expenses associated with product research and other activities. Research and development expenses also include third-party activities and clinical trial expenses. Such costs related to product development are included in research and development expenses until the point that technological feasibility is reached, which, for the Company's products, is generally shortly before the products are approved by the authorities. Once technological feasibility is reached, such costs are capitalized and amortized to cost of revenue over the estimated lives of the products.

Expenditures associated with the maintenance of the licensing are expensed as incurred. Other development expenditures that do not meet the criteria for capitalization are recognized as an expense when incurred. Costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Provisions

Provisions for research and development and general operations are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Share-based payments

The Company grants share-based options to directors, officers, employees and consultants as consideration for work or services performed. The Company used the Black-Scholes option pricing model to estimate the fair value of each option on the grant date. Compensation expense is recorded for share-based grants that vest in instalments over the vesting period as separate arrangements.

iCo Therapeutics Inc.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in Canadian dollars)

When the share-based options are exercised, the Company issues new shares. The proceeds are credited to capital stock. Upon exercise, the amount previously recognized in contributed surplus is transferred to capital stock.

The expense is recognized over the vesting period, which is the period over which all the vesting conditions are to be satisfied.

Loss per share

Basic and diluted loss per share is calculated by dividing net loss for the period attributable to the Company by the weighted average number of common shares outstanding and the dilutive impact of outstanding warrants and options during the period.

3 Taxes and other receivables

	2020	2019
	\$	\$
Taxes (GST)	11,959	48,413
Other receivable	437,201	365,540
	449,160	413,953

Receivables in the amount of \$437,201 (2019 – \$365,540) are related to government refundable tax credits for eligible research and development work conducted in Australia.

During the year, the Company recognized \$164,679 (2019 – \$264,793) as other income related to the refundable tax credits in the consolidated statements of loss and comprehensive loss.

4 Accounts payable and accrued liabilities

	2020	2019
	\$	\$
Trade payables	1,074,882	658,663
Other accruals	221,863	148,957
	1,296,745	807,620

iCo Therapeutics Inc.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in Canadian dollars)

5 Capital stock

Authorized

Unlimited number of common shares with no par value

Issued and outstanding

	Number of shares	Amount \$
Balance – December 31, 2020 and 2019	153,747,713	29,769,224

Common share issuances during 2019

a) Private Placement 1

During the quarter ended March 31, 2019, the Company completed several tranches of a non-brokered private placement (Private Placement 1) of 25,000,000 units (the Units) at a price of \$0.05 per Unit for net proceeds of \$1,130,620. Each Unit comprises one common share of the Company and one share purchase warrant (a Warrant) exercisable at \$0.075 for 36 months from the date of the closing of the private placement. The Warrants are subject to an acceleration clause (the Acceleration Clause) that allows the Company to accelerate the expiry date of the Warrants in the event that the volume weighted average trading price of the common shares on the TSX Venture Exchange equals or exceeds \$0.14 for ten consecutive trading days. The Warrants will expire on the date that is at least 30 days following the issuance of a press release announcing such acceleration from the Company

The Company allocated the net proceeds from issuance of Units to its component common share and Warrant based on the relative fair value of each of the components. The fair value of the net proceeds allocated to share capital and Warrants was \$583,107 and \$547,513, respectively.

The fair value of each Warrant was determined by using the Black-Scholes option pricing model with the following assumptions:

Risk-free rate	1.78%
Expected volatility	170%
Expected life in years	3
Expected dividend yield	\$nil

iCo Therapeutics Inc.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in Canadian dollars)

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

b) Private Placement 2

On August 16, 2019, the Company completed a non-brokered private placement (Private Placement 2) of 41,200,000 units (the Units) at a price of \$0.05 per Unit for net proceeds of \$1,858,491. Each Unit comprises one common share of the Company and one share purchase warrant (a Warrant) exercisable at \$0.075 for 36 months from the date of the closing of the private placement. The Warrants entitle the holder to purchase one common share at a price of \$0.06 for up to 24 months after the date of closing. The Warrants are subject to an acceleration clause (the Acceleration Clause) that allows the Company to accelerate the expiry date of the Warrants in the event that the volume weighted average trading price of the common shares on the TSX Venture Exchange equals or exceeds \$0.14 for ten consecutive trading days. The Warrants will expire on the date that is at least 30 days following the issuance of a press release announcing such acceleration from the Company.

The Company allocated the net proceeds from issuance of Units to its component common share and Warrant based on the relative fair value of each of the components. The fair value of the net proceeds allocated to share capital and Warrants was \$909,741 and \$948,750, respectively.

The fair value of each warrant was determined by using the Black-Scholes option pricing model with the following assumptions:

Risk-free rate	1.27%
Expected volatility	160%
Expected life in years	3
Expected dividend yield	\$nil

In connection with this Private Placement 2 the Company paid a finder's fee to: i) Leede Jones Gable Inc. (Leede), consisting of \$140,000 in cash and 2,800,000 warrants; ii) RBC Wealth Management consisting of \$2,400 cash and 48,000 Warrants; and iii) Acumen Capital Partners consisting of \$2,400 cash and 48,000 warrants. The Warrants entitle the holder to purchase one common share at a price of \$0.06 for up to 24 months after the date of closing. The Warrants are subject to the Acceleration Clause that allows the Company to accelerate the expiry date of the Warrants in the event that the volume weighted average trading price of the common shares on the TSX Venture Exchange equals or exceeds \$0.14 for ten consecutive trading days. The Warrants will expire on the date that is at least 30 days following the issuance of a press release announcing such acceleration from the Company.

iCo Therapeutics Inc.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in Canadian dollars)

Stock options

Under the stock option plan, the aggregate number of common shares reserved for issuance is 15,374,771.

	Number of stock options outstanding	Weighted average exercise price \$
Balance – December 31, 2019	975,000	0.05
Granted during the year	3,535,000	0.07
Expired during the year	(505,000)	0.05
Forfeited during the year	(320,000)	0.08
Balance – December 31, 2020	3,685,000	0.06

Range of exercise price \$	Options outstanding			Options exercisable	
	Number outstanding at December 31, 2020	Weighted average remaining contractual life (years)	Weighted average exercise price \$	Number exercisable at December 31, 2020	Weighted average exercise price \$
0.05-0.08	3,685,000	3.81	0.06	1,497,000	0.06

During the year ended December 31, 2020, Company granted 3,535,000 (2019 – nil) options to directors and consultants. The options have an exercise price of either \$0.08 or \$0.05 per share and a five-year term. The options vest one-fifth every six months beginning on the date of grant. The Company used the Black Scholes option pricing model to fair value each option granted and used the following assumptions:

Share price on date of grant	\$0.05 – \$0.08
Risk-free interest rate	0.38% – 1.60%
Expected volatility	160%-162%
Expected life in years	5
Expected dividend yield	\$nil

Option pricing models require the use of subjective estimates and assumptions including the expected stock price volatility. The stock price volatility is calculated based on the Company's historical volatility. Changes in the underlying assumptions can materially affect the fair value estimates.

The estimated aggregate fair value of the options granted during the year ended December 31, 2020 was \$196,465 (2019 – \$nil) at the time of grant. The Company recognized share-based compensation expense of \$95,335 for the year ended December 31, 2020 (2019 – \$nil).

iCo Therapeutics Inc.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in Canadian dollars)

Warrants

	Number of warrants	Amount \$
Balance – December 31, 2020 and 2019	67,254,000	1,431,981

All outstanding warrants are exercisable at \$0.05 or \$0.075 with expiry dates from January 31, 2021 to August 16, 2022. They are subject to an acceleration clause whereby the Company can 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.

On January 21, 2021, the TSX Venture Exchange approved the Company's request to re-price all of the outstanding warrants with an exercise price of \$0.075 to a new exercise price of \$0.065. Subsequent to the price change, 27,335,000 warrants were exercised for proceeds of \$1,758,795.

6 Related party transactions

Compensation of key management and directors

During the year ended December 31, 2020, the Company incurred expenses for officers and directors totalling \$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 totalled \$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 US\$10,000 for Chief Executive Officer services and US\$25,000 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 liquidity event, the estimated amount owing under the agreement would be US\$215,000.

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	-
	<u>386,089</u>	<u>478,838</u>

iCo Therapeutics Inc.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in Canadian dollars)

7 Research and development

	2020	2019
	\$	\$
Consulting	156,351	125,262
Research projects and clinical expenses	614,565	581,608
Intellectual property	104,585	210,605
Share-based compensation	19,611	-
	<u>895,112</u>	<u>917,475</u>

8 General and administrative

	2020	2019
	\$	\$
Consulting	201,683	472,373
Professional fees	412,681	659,735
Travel	26,024	92,988
Facilities	41,289	60,039
Amortization	3,062	3,063
Share-based compensation	75,724	-
	<u>760,463</u>	<u>1,288,198</u>

9 Income taxes

The Company has the following Canadian non-capital losses available to reduce taxable income of future years:

Expiry date	\$
2026	1,844,870
2027	3,254,319
2028	2,850,647
2029	2,392,171
2030	2,989,348
2031	2,244,591
2032	3,646,887
2033	5,622,233
2034	2,054,626
2035	1,950,164
2036	1,671,474
2037	1,315,395
2038	1,015,562
2039	1,527,883
2040	1,021,588
	<u>35,401,758</u>

In addition, the Company has Australian non-capital losses of \$488,384 (2019 – \$387,702) that do not expire and are available to reduce taxable income of future years.

iCo Therapeutics Inc.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in Canadian dollars)

Unrecognized deferred tax assets comprise the following:

	2020	2019
	\$	\$
Non-capital losses carried forward	9,611,898	9,308,382
Share issuance costs and other	48,814	64,991
Equipment	300,814	299,987
Scientific research and experimental development costs	132,674	132,674
	<u>10,094,200</u>	<u>9,806,034</u>

The income tax benefit of these tax attributes has not been recorded in these consolidated financial statements because of the uncertainty of its recovery.

The Company's effective income tax rate differs from the statutory income tax rate of 27.19% (2019 – 27.12%). The differences arise from the following items:

	2020	2019
	\$	\$
Loss before income taxes	<u>(1,488,207)</u>	<u>(1,938,235)</u>
Income tax recovery at statutory rate	(404,419)	(525,647)
Income tax benefit not recognized	288,167	433,105
Permanent differences	<u>116,252</u>	<u>92,542</u>
	<u>-</u>	<u>-</u>

10 Segmented information

The Company operates within a single operating segment, being the research and development of therapeutics for ophthalmic indications, which is the Company's only reportable segment, which is consistent with the internal reporting provided to the chief operating decision-maker. The Company operates in two geographic areas, Canada and Australia. All of the Company's assets are located in Canada.

11 Commitments and contingencies

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 of December 31, 2020 because the milestones have not yet been achieved. The Company's significant contingent milestone, royalty and other research and development commitments are as follows:

iCo Therapeutics Inc.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in Canadian dollars)

a) **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 totalling 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.

b) **University of British Columbia (UBC)**

On May 6, 2008, the Company signed an agreement with UBC for the exclusive worldwide licence to iCo-009 (the UBC Licence). In consideration for the UBC Licence, the Company paid UBC an initial licence fee of \$20,000 and is required to pay annual fees to UBC for maintaining the licence until such time as a New Drug Application (NDA) for iCo-009 is approved. The Company is required to make additional contingent payments of up to \$1,900,000 in aggregate upon the achievement of certain development and commercialization milestones and is also required to pay royalties on future revenues. The UBC Licence additionally requires the Company to contribute research funding (which may be in the form of direct payments from the Company or indirect payments, such as securing research grants) to UBC for the Oral AmpB program. All the research funding financial obligations have been met by the Company.

c) **Alexion**

On June 24, 2011, the Company granted Immune Pharmaceuticals Inc. (IMMUNE) an exclusive licence for the development and commercialization rights to the systemic uses of iCo-008. The Company retained worldwide exclusive rights to all uses and applications in the ocular field. In consideration for granting the licence, the Company received upfront consideration of US\$200,000 cash plus 600,000 IMMUNE shares (valued at US\$2.00 per share) and 200,000 IMMUNE warrants. In addition, as part of the licence agreement, the Company may receive up to US\$32 million in milestone payments as well as royalties on net sales of licensed products. IMMUNE also shared in funding 50% of the patent prosecution and maintenance costs of the iCo-008 patent family.

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 bankruptcy court in New Jersey approved a sale order relating to the assignment of the sublicense of iCo's assets to Alexion Pharmaceuticals, Inc. (Alexion). Subsequently, pursuant to related legal proceedings in Israel, the District Court of Jerusalem, Israel also approved the sales order. The terms of the original sublicense 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 that are outside the scope of the original sublicense agreement.

iCo Therapeutics Inc.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in Canadian dollars)

On December 12, 2020, Alexion announced that it had entered into a definitive agreement for the acquisition of Alexion by AstraZeneca Inc. The proposed transaction cleared U.S. Federal Trade Commission review on April 16, 2021, 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.

12 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. The following provides a description of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

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.

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.

iCo Therapeutics Inc.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in Canadian dollars)

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)	
	449	22,296	
		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)	
	(396,734)	(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, 2019, 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, 2019, 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, a material uncertainty exists that may cast significant doubt regarding the Company's ability to continue as a going concern.

iCo Therapeutics Inc.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in Canadian dollars)

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.

13 Capital management

The Company considers its capital stock, contributed surplus and warrants as capital. As at December 31, 2020, the Company's capital totalled \$37,742,637 (2019 – \$37,647,302).

The Company manages its capital structure in an endeavour to ensure sufficient resources are available to meet day-to-day operation requirements, further develop its existing technology, advance its clinical trials and continue as a going concern.

In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets. Total capital is calculated as the Company's own equity.

The Company is not subject to any externally imposed capital requirements.

iCo Therapeutics Inc.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in Canadian dollars)

14 Subsequent events

Warrants

On January 21, 2021, the TSX Venture Exchange approved the Company's request to re-price all of the outstanding warrants with an exercise price of \$0.075 to a new exercise price of \$0.065. Subsequent to the price change, 27,335,000 warrants were exercised for proceeds of \$1,758,795.

Arrangement 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 whollyowned 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 Arrangement, and the concurrent financing, 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. The completion of the Arrangement will result in a reverse takeover of iCo as defined in the policies of the TSX Venture Exchange. Completion of the Arrangement is subject to, among other things, the approval of the TSX Venture Exchange and approval from iCo and Satellos' shareholders.

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 \$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 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.

iCo Therapeutics Inc.

Condensed Consolidated Interim Financial
Statements

March 31, 2021 and 2020

(in Canadian dollars)

(Unaudited)

iCo Therapeutics Inc.

Consolidated Balance Sheets (Unaudited)

(in Canadian dollars)

	Note	March 31, 2021 \$	December 31, 2020 \$
Assets			
Current assets			
Cash and cash equivalents		2,103,250	65,413
Taxes and other receivables	3	55,760	449,161
Prepaid expenses		23,872	28,836
		<u>2,182,882</u>	<u>543,410</u>
Equipment		2,259	3,025
		<u>2,185,141</u>	<u>546,435</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	4	<u>1,920,694</u>	<u>1,296,745</u>
Shareholders' Equity /(deficiency)			
Capital stock	5	32,113,631	29,769,224
Contributed surplus	5	6,560,487	6,541,432
Warrants	5	846,369	1,431,981
Accumulated other comprehensive income		(13,614)	(22,164)
Accumulated deficit		<u>(39,242,426)</u>	<u>(38,470,783)</u>
Total Equity/(deficit)		<u>264,447</u>	<u>(750,310)</u>
		<u>2,185,141</u>	<u>546,435</u>

Nature of operations, significant events and going concern (Note 1)

Approved by the Board of Directors

_____(signed) William Jarosz_____ Director _____(signed) Michael Liggett_____ Director

The accompanying notes are an integral part of these consolidated financial statements.

iCo Therapeutics Inc.

Consolidated Statements of Loss and Comprehensive Loss (Unaudited) For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars)

	Three Months Ended March 31,	
	2021	2020
Expenses		
Research and development	\$82,970	\$670,690
General and administrative	690,899	216,436
Foreign exchange (gain)	(2,226)	8,088
	771,643	895,214
Refundable research and development tax credits	-	238,243
Loss for the period	771,643	656,971
Other Comprehensive income		
Items that may be reclassified to net loss		
-Foreign currency translation adjustments	8,550	(11,401)
Total comprehensive loss	780,193	645,570
Basic and diluted loss per share	\$0.00	\$0.00
Weighted average number of shares (basic and diluted)	161,057,213	153,747,713

The accompanying notes are an integral part of these consolidated financial statements.

iCo Therapeutics Inc.

Consolidated Statement of Changes in Shareholder's Equity (Unaudited)

For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars)

	Number of shares	Capital stock \$	Contributed surplus \$	Warrants \$	Accumulated other comprehensive income \$	Accumulated deficit \$	Shareholders' equity \$
Balance – December 31, 2019	153,747,713	29,769,224	6,446,097	1,431,981	(4,068)	(36,982,576)	660,658
Share based payments	-	-	29,600	-	-	-	29,600
Other comprehensive income	-	-	-	-	11,401	-	11,401
Loss for the period	-	-	-	-	-	(656,971)	(656,971)
Balance – March 31, 2020	<u>153,747,713</u>	<u>29,769,224</u>	<u>6,475,697</u>	<u>1,431,981</u>	<u>7,333</u>	<u>(37,639,547)</u>	<u>44,688</u>
Balance – December 31, 2020	153,747,713	29,769,224	6,541,432	1,431,981	(22,164)	(38,470,783)	(750,310)
Exercise of warrants	27,335,000	1,758,795	-	-	-	-	1,758,795
Reclass of warrants balance to share capital	-	585,612	-	(585,612)	-	-	-
Share based payments	-	-	19,055	-	-	-	19,055
Other comprehensive income	-	-	-	-	8,550	-	8,550
Loss for the period	-	-	-	-	-	(771,643)	(771,643)
Balance – March 31, 2021	<u>181,082,713</u>	<u>32,113,631</u>	<u>6,560,487</u>	<u>846,369</u>	<u>(13,614)</u>	<u>(39,242,426)</u>	<u>264,447</u>

The accompanying notes are an integral part of these consolidated financial statements.

iCo Therapeutics Inc.**Consolidated Statements of Cash Flows (Unaudited)****For the three-month periods ended March 31, 2021 and 2020**

(in Canadian dollars)

	Three Months Ended March 31,	
	2021	2020
Cash flows from operating activities		
Loss for the period	(\$771,643)	(\$656,971)
Items not affecting cash		
Amortization	766	807
Stock-based compensation	19,055	29,600
	(751,822)	(626,564)
Changes in non-cash working capital		
Taxes and other receivables	393,401	(239,371)
Prepaid expenses	4,964	10,137
Accounts payable and accrued liabilities	623,949	336,427
Net cash flow generated from/(used in) operating activities	270,492	(519,371)
Cash flows from investing activities		
Purchase of equipment	-	(2,962)
Net cash flow from investing activities	-	(2,962)
Cash flows from financing activities		
Proceeds from exercise of warrants	1,758,795	-
Net cash flow from financing activities	1,758,795	-
Effect of foreign currency exchange rates on cash and cash equivalents	8,550	(11,401)
Increase(decrease) in cash and cash equivalents	2,037,837	(510,932)
Cash and cash equivalents, beginning of period	65,413	989,937
Cash and cash equivalents, end of period	\$2,103,250	\$479,005
Supplementary information		
Cash paid for interest within operating activities	-	(15)

The accompanying notes are an integral part of these consolidated financial statements.

iCo Therapeutics Inc.

Notes to the Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars)

1 Nature of operations, significant events and going concern

iCo Therapeutics Inc. (“iCo” or the “Company”) is a Canadian biotechnology company principally focused on the identification, development and commercialization of drug candidates with a clinical history and re-doses, reformulates and develops these drug candidates to treat sight and life-threatening diseases. The Company has in-licensed two assets which are in clinical development: iCo-008; and the Oral AmpB Delivery System. The Company devotes most of its efforts to research and development, raising capital, recruiting personnel and long-term planning. The Company is publicly traded on the TSX Venture Exchange under the symbol “ICO” and the OTCQB under the symbol “ICOTF”. The Company has a wholly owned subsidiary in Australia to conduct clinical trials on its Oral AmpB formulation in Australia and a dormant, wholly owned Canadian subsidiary.

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 Arrangement, and the concurrent financing, 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). Subsequent to the 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. The completion of the Arrangement will result in a reverse takeover of iCo as defined in the policies of the TSX Venture Exchange. Completion of the Arrangement is subject to, among other things, the approval of the TSX Venture Exchange and approval from iCo and Satellos’ shareholders.

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 Arrangement Agreement and the Subscription Receipt financing are subject to shareholder approvals, as well as other customary approvals associated with these types of transactions, and accordingly neither of these transactions are recognized in these interim consolidated financial statements.

These interim consolidated financial statements have been prepared on the 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 three months ended March 31, 2021, the Company incurred a loss of \$771,643 and generated positive

iCo Therapeutics Inc.

Notes to the Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars)

cash flows from operating activities of \$270,492. At March 31, 2021, the Company had an accumulated deficit of \$39,242,426 and working capital of \$262,188.

The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Currently, to manage liquidity, the Company is deferring payments to vendors. In addition, the Company is actively seeking additional funding through financing, partnering, and other strategic activities, as well as via grants, to fund future clinical trials. As mentioned above, the Company has closed the Subsequent Receipt financing, with the funds in escrow, available to the Company upon completion of the Arrangement Agreement. This funding is in addition to the warrant exercises during the quarter for proceeds of \$1,758,595. Management is of the opinion that sufficient working capital will be obtained from the Subscription Receipt financing to meet the Company's liabilities and commitments as they become due. There is a risk that the Subscription Receipt financing may not close or will not be available on a timely basis 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 should the Arrangement Agreement fail close.

These interim 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 interim consolidated financial statements. These adjustments could be material.

2 Significant accounting policies

Basis of presentation and statement of compliance

These condensed interim consolidated financial statements for the three months and ended March 31, 2021 have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of these interim financial statements, including IAS 34 "Interim Financial Reporting". These condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2020 which have been prepared in accordance with IFRS as issued by the IASB.

The condensed interim consolidated financial statements are presented in Canadian dollars which is the Company's functional currency.

The accounting policies adopted are consistent with those of the previous financial year, December 31, 2020.

These condensed interim consolidated financial statements were approved by the board of directors for issue on May 31, 2021.

Critical accounting estimates and judgments

Critical accounting estimates and assumptions

The preparation of consolidated financial statements in accordance with IFRS requires the Company's management to make estimates and assumptions that affect the amounts reported in these consolidated

iCo Therapeutics Inc.

Notes to the Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars)

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.

3 Taxes and other receivables

	March 31, 2021	December 31, 2020
Taxes (HST/GST)	\$25,431	\$ 11,959
Other receivables ¹	\$30,329	\$437,202
	\$55,760	\$449,161

¹Receivables in the amount of \$30,329 (December 31, 2020 - \$437,202) are related to the expected government refundable tax credits for eligible R&D work conducted in Australia.

4 Accounts payable and accrued liabilities

	March 31, 2021 \$	December 31, 2020 \$
Trade payables	1,394,997	1,074,882
Other accruals	525,697	221,863
	<u>1,920,694</u>	<u>1,296,745</u>

iCo Therapeutics Inc.

Notes to the Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars)

5 Capital stock

Authorized

Unlimited number of common shares with no par value

Issued and outstanding

	Number of shares	Amount \$
Balance - December 31, 2020	153,747,713	29,769,224
Shares issued upon exercise of warrants	27,335,000	1,758,795
Re-class of warrant balances to share capital	-	585,612
Balance – March 31, 2021	<u>181,082,713</u>	<u>32,113,631</u>

Share issuances for the quarter ended March 31, 2021

During the quarter ended March 31, 2021, warrant holders exercised 27,335,000 warrants which generated proceeds of \$1,758,795

Warrants

	Number of warrants	Amount \$
Balance - December 31, 2020	67,254,000	1,431,981
Warrants exercised	<u>(27,335,000)</u>	<u>(585,612)</u>
Balance – March 31, 2021	<u>39,919,000</u>	<u>846,369</u>

The Company has 37,295,000 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.

The Company also has 2,624,000 broker warrants which entitle the holders to purchase one common share at \$0.06. The broker warrants expire August 16, 2021.

iCo Therapeutics Inc.

Notes to the Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars)

Stock options

Under the stock option plan, the aggregate number of common shares reserved for issuance is 10% of the issued and outstanding shares at the time of a grant.

The Company recognized stock-based compensation expense of \$19,055 (2020 - \$29,600) for the quarter ended March 31, 2021.

				Number of stock options outstanding	Weighted average exercise price \$
	Balance - December 31, 2020			3,685,000	0.06
	Options expired			(400,000)	0.05
	Balance – March 31, 2021			3,285,000	0.06

Range of exercise price \$	Options outstanding			Options exercisable	
	Number outstanding at March 31, 2021	Weighted average remaining contractual life (years)	Weighted average exercise price \$	Number exercisable at March 31, 2021	Weighted average exercise price \$
0.05	1,685,000	4.24	0.05	457,000	0.05
0.08	1,600,000	3.78	0.08	960,000	0.08
	3,285,000	4.02	0.06	1,417,000	0.07

6 Related party transactions and compensation of key management

During the three months ending March 31, 2021, the Company incurred consulting fees from officers and directors totalling \$333,864 (2020 – \$116,382) for the CEO, CFO, CMO and business development services from a director. The amounts outstanding as at March 31, 2021 totalled \$330,296 (2020 – \$38,070). All transactions were recorded at their exchange amounts.

Effective March 9, 2020 the Company entered into a consulting agreement with its Chief Executive Officer for the Company. Pursuant to the agreement, the Company incurs a monthly fee of US\$10,000 for Chief Executive Officer services and US\$25,000 per year for his Chairman of the Board services 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. Upon closing, the signed Arrangement Agreement and

iCo Therapeutics Inc.

Notes to the Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars)

Subscription Receipt financing (see note 1) will qualify as a significant liquidity event and accordingly the Company has recognized \$301,350 (USD\$245,000) owing to the Chief Executive Officer at March 31, 2021 with a corresponding expense recorded in the consolidated statement of loss and comprehensive loss.

The table below provides all compensation to executive officers and directors for the three months ended:

	March 31, 2021 \$	March 31, 2020 \$
Consulting fees	333,864	116,382
Share-based payments	17,645	25,160
	<u>351,509</u>	<u>141,542</u>

7 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.

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

iCo Therapeutics Inc.

Notes to the Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars)

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 March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021 US balance	December 31, 2020 US balance
Cash and cash equivalents	314	449
Accounts payable and accrued liabilities	<u>(413,290)</u>	<u>(106,955)</u>
	<u>(412,976)</u>	<u>(106,506)</u>

Based on the US\$ balance sheet exposure at March 31, 2021, with other variables unchanged, if the Canadian dollar were to weaken against the US dollar by 10%, relative to the rate at March 31, 2021, the net monetary assets/(liabilities) would be approximately \$57,806 greater. If the Canadian dollar were to strengthen against the US dollar by 10%, relative to the rate at March 31, 2021, the net monetary assets/(liabilities) would be approximately \$47,296 less.

iCo Therapeutics Inc.

Notes to the Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars)

	March 31, 2021 \$	AUD balance December 31, 2020 \$
Cash and cash equivalents	392,031	832
Taxes and other receivables	31,222	444,680
Accounts payable and accrued liabilities	(824,947)	(842,246)
	<u>(401,694)</u>	<u>(396,734)</u>

Based on the AUD\$ balance sheet exposure at March 31, 2021, with other variables unchanged, if the Canadian dollar were to weaken against the Australian dollar by 10%, relative to the rate at March 31, 2021, the net monetary assets/(liabilities) would be approximately \$42,722 greater. If the Canadian dollar were to strengthen against the Australian dollar by 10%, relative to the rate at March 31, 2021, the net monetary assets/(liabilities) would be approximately \$ \$34,955 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 (see note 1).

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.

iCo Therapeutics Inc.

Notes to the Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars)

The following table summarizes the relative maturities of the financial liabilities of the Company at March 31, 2021:

	Maturity	
	Less than one year \$	Greater than one year \$
Accounts payable and accrued liabilities	1,920,694	-

Credit risk

Credit risk arises from cash and cash equivalents held at 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.

8 Segmented information

The Company identifies its operating segments based on business activities, management responsibility and geographical location. The Company operates within a single operating segment, being the research and development of ophthalmic and anti-infective indications, and operates in one geographic area, being Canada. All of the Company's assets are located in Canada.

9 Subsequent events

Subsequent to quarter end, 210,000 options were exercised for proceeds of \$10,500.

L-1

APPENDIX K

ICO MD&A

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 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 keratoconjunctivitis (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 sublicense 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 sublicense 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 sublicense 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. Leukapheresis 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 1b 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 (“**ND**A”) 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE QUARTER ENDED MARCH 31, 2021

This management's discussion and analysis ("MD&A") has been prepared as of May 31, 2021 and should be read in conjunction with the interim consolidated financial statements of iCo Therapeutics Inc. ("iCo" or the "**Company**") for the quarter ended March 31, 2021 and the related notes thereto. Our condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**") applicable to the preparation of these interim financial statements, including IAS 34 "Interim Financial Reporting" 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, including our annual information form dated May 15th, 2020 (the "**Annual Information Form**") 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;
- estimates of our expenses, future revenue, capital requirements and our needs for additional financing;
- Impact of Covid 19 pandemic on our business; and
- Expected timing and closing of the Arrangement (as defined herein)

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*" and under the heading "*Risk Factors*" in the Company's Annual Information Form for the year ended December 31, 2019 filed on SEDAR (www.SEDAR.com) and under the heading "*Risk Factors Relating to the Arrangement*" in this MD&A. 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

Arrangement with Satellos

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, shareholders of Satellos, other than shareholders of Satellos exercising dissent rights, will receive for each common share in the capital of Satellos held, 30.11 common shares in the capital of the Company (the “**Exchange Ratio**”). In addition, option holders of Satellos will receive, pursuant to the Arrangement, instruments representing options to purchase common shares in the capital of iCo equal to the product determined by multiplying the number of Satellos options held by a Satellos option holder prior to the effective time of the Arrangement (the “**Effective Time**”) by the Exchange Ratio. Following the completion of the Arrangement, Satellos will become a wholly-owned subsidiary of iCo. 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 (defined 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**”). Subsequent to the completion of the Arrangement, iCo, which was 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 (the “**Financing**”). 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 (each, 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 Resulting Issuer Shares 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 was led by Bloom Burton Securities Inc. and includes Richardson Wealth Ltd. (together the “**Agents**”). In connection with the Financing and in accordance with the policies of the TSX Venture Exchange (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 Resulting Issuer Share 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 the closing of the Arrangement, the holders of the Subscription Receipts will represent approximately 14% of the issued and outstanding common shares of the Resulting Issuer.

Resignation of Susan Koppy

On April 29, 2021, the Company announced the resignation of Susan Koppy as President of the Company and from the Board of Directors, effective April 30, 2021.

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 keratoconjunctivitis (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 sublicense 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 sublicense 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 sublicense 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 (“**BPD AI**”) 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 BPD AI 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 BPD AI 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. Leukapheresis 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 C_{max} of 25 ng AmB/mL and AUC (0-inf) 990 hr*ng/mL after day 1 of dosing and a median plasma C_{max} 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”). 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.

Q1 2021 Key Corporate and Partner Activities and Subsequent Events

- 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 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”).
- During the quarter ended March 31, 2021, 27,335,000 warrants were exercised for proceeds of \$1,758,795.

Selected Quarterly Information

The financial information reported here-in has been derived from the condensed consolidated interim financial statements prepared in accordance with IFRS applicable to the preparation of these interim financial statements, including IAS 34 “Interim Financial Reporting”. The Company uses the Canadian

dollar as its functional and presentation currency. 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.

The following table represents selected financial information for the Company's three months ended March 31, 2021 and 2020.

Selected Consolidated Statement of Operations Data

	Three Months ended March 31	
	2021	2020
Total comprehensive (loss)	\$(780,194)	\$(645,570)
Weighted average number of shares outstanding, basic and diluted	161,057,213	153,747,713
Net (loss) per share, basic and diluted	\$(0.00)	\$(0.01)

The comprehensive loss for the three months ended March 31, 2021 increased by \$134,624 as compared to the three months ended March 31, 2020, mainly because of higher general and administration expenses and lower research and development tax credits offset by lower research and development expenses recognized during 2021.

Selected Balance Sheet Data

	Three Months ended March 31, 2021	Year ended December 31, 2020
Cash, cash equivalents and short-term investments	\$2,103,250	\$65,413
Net working capital surplus/(deficit)	\$262,188	\$(753,335)
Total assets	\$2,185,141	\$546,435
Total shareholders' equity	\$264,447	\$(750,310)

During the quarter, cash and cash equivalents increased by \$2,037,837 to \$2,103,250 as at March 31, 2021. The increase was due to warrant exercises during the quarter. With this increase in cash and cash equivalents, net working capital increased by \$1,015,523 at March 31, 2021 to a net working capital of \$262,188 from a working capital deficit of \$(753,335) at December 31, 2020.

The Company's total assets increased to \$2,185,141 as at March 31, 2021 from \$546,435 as at December 31, 2020, primarily due to a higher cash and cash equivalents balance at March 31, 2021.

Comparison of the Three Months Ended March 31, 2021 and March 31, 2020

Results of Operations

	Q1 2021	Q1 2020	Change	Change
	\$	\$	\$	%
Interest income	-	(15)	15	-100%
Other income	-	238,258	(238,258)	-100%
Research and development	82,971	670,690	(587,719)	-88%
General and administrative	690,899	216,436	474,463	219%
Foreign exchange loss/(gain)	(2,226)	8,088	(10,314)	-128%
Other comprehensive loss (income)	8,550	(11,401)	19,951	-175%
Total comprehensive loss	780,194	645,570	134,624	21%

We incurred a total comprehensive loss of \$780,194 for the quarter ended March 31, 2021 compared to a total comprehensive loss of \$645,570 for the quarter ended March 31, 2020, representing an increased loss of \$134,624. The increase in the loss is primarily the result of higher general and administration expenses and lower refundable research and development tax credits offset by lower research and development expenses recognized during 2021.

Research and Development

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

Research and development expenses were \$82,971 for the quarter ended March 31, 2021 compared to \$670,690 for the quarter ended March 31, 2020, representing a decrease of \$587,719. The decrease was due to completion of our Oral Amp B Phase 1b clinical study in the corresponding quarter in the prior year. Accordingly, our contract research expenses were down significantly compared to last year.

We expect research and development expenses to remain at the current level 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 funding, 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 quarter ended March 31, 2021 general and administrative expenses were \$690,899 compared to \$216,436 for the quarter ended March 31, 2020, representing an increase of \$474,463. The increase reflects higher professional fees associated with the Arrangement Agreement during the period and \$301,350 (USD\$245,000) owing to the Chief Executive Officer at March 31, 2021 due upon closing the Arrangement Agreement.

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 general and administrative expenses to decline upon closing of the Arrangement.

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 and Australia). The Company holds cash in US dollars and Australian dollars to pay these vendors and carries accounts payable balances. Changes in currency exchange rates during the time the Company holds these monetary assets and liabilities results in a foreign exchange gain/loss being recognized in the Condensed 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 and Australian dollar.

Foreign exchange gain for the quarter ended March 31, 2021 was \$2,226 compared to foreign exchange loss of \$8,088 for the same period in 2020, representing an increase in gain of \$10,314. This increase reflects fluctuations in the exchange rate for U.S and Australian dollar and the net US Australian dollar monetary liabilities held by the Company.

The net U.S. dollar cash, cash equivalents and accounts payable and accrued liability balance for March 31, 2021 was US \$(412,976) (December 31 2020 – US\$(106,506)).

The net AUD dollar cash, cash equivalents, taxes and other receivables, accounts payable and accrued liabilities balance for March 31, 2021 was AUD\$(401,694) (December 31, 2020 AUD\$(396,734)).

Selected Quarterly Information

The table below sets forth unaudited quarterly results has been derived from the unaudited condensed consolidated interim financial statements prepared in accordance with IFRS applicable to the preparation of these interim financial statements, including IAS 34 “Interim Financial Reporting” by the management for the eight previous quarters to March 31, 2021:

(unaudited)	2021 Q1	2020 Q4	2020 Q3	2020 Q2
Expenses	771,643	320,396	194,577	242,700
Other income-Refundable research and development tax credits	-	1,615	1,213	(76,391)
Interest income/(expense)	-	-	(1)	-
Other comprehensive loss (gain)	8,550	(5,915)	6,205	17,377
Total comprehensive loss	780,193	312,866	199,570	336,468
Basic and diluted (loss) per share	(0.00)	0.00	(0.01)	(0.01)
(unaudited)	2020 Q1	2019 Q4	2019 Q3	2019 Q2
Expenses	895,214	913,445	531,179	394,543
Other income-Refundable research and development tax credits	238,258	237,307	15,650	9,339
Interest income/(expense)	(15)	-	-	-

Other comprehensive loss (gain)	(11,401)	(691)	(2,029)	1,155
Total comprehensive loss	645,570	675,447	513,500	386,359
Basic and diluted (loss) per share	(0.01)	(0.01)	(0.00)	(0.00)

Liquidity, Capital Resources and Outlook

	March 31, 2021 \$	December 31, 2020 \$	Change \$	Change %
Current assets	2,182,882	543,410	1,639,472	302%
Current liabilities	1,920,694	1,296,745	623,949	48%
Working capital	262,188	(752,335)	1,014,523	-135%
Accumulated deficit	39,242,426	38,470,783	(771,643)	2%

As at March 31, 2021, we had cash and cash equivalents of \$2,103,250 compared to \$65,413 as at December 31, 2020. As at March 31, 2021, the Company had a net working capital of \$262,188 compared to a net working capital deficiency of \$752,335 at December 31, 2020. Working capital is calculated by subtracting Current Liabilities from Current Assets.

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 and Australian expenses for the year and sets appropriate levels of USD and Australian cash and cash equivalent balances. By holding US and Australian cash and accounts payable balances, 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.

To date, to manage liquidity, the Company has deferred payments to vendors while actively seeks additional funding through financing and partnering activities to fund future clinical trials. See *"Going Concern"* below.

Comparison of Cash Flow

We realized a net cash inflow of \$2,037,837 for the quarter ended March 31, 2021 primarily reflecting cash from financing activities of \$1,758,795 and cash from operations of \$270,492. Cash flow from operations

primarily resulted from refund of Australian research and development tax credits and delayed payments to vendors. In the corresponding period last year, we had a net cash outflow of \$(510,932) reflecting cash used in operations of \$(519,371).

Going Concern

The unaudited interim consolidated financial statements have been prepared on the 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 three months ended March 31, 2021, the Company incurred a loss of \$771,643 and generated positive cash flows from operating activities of \$270,492. At March 31, 2021, the Company had an accumulated deficit of \$39,242,426 and working capital of \$262,188.

The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Currently, to manage liquidity, the Company is deferring payments to vendors. In addition, the Company is actively seeking additional funding through financing, partnering, and other strategic activities, as well as via grants, to fund future clinical trials. As mentioned above, the Company has closed the Subsequent Receipt financing, with the funds in escrow, available to the Company upon completion of the Arrangement. This funding is in addition to the warrant exercises during the quarter for proceeds of \$1,758,595. Management is of the opinion that sufficient working capital will be obtained from the Subscription Receipt financing to meet the Company's liabilities and commitments as they become due. There is a risk that the Subscription Receipt financing may not close or will not be available on a timely basis 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 should the Arrangement Agreement fail to close.

The unaudited interim 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 interim 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.

Transactions with Related parties

During the three months ending March 31, 2021, the Company incurred consulting fees from officers and directors totaling \$333,864 (2020 – \$116,382) for the Chief Executive Officer, Chief Financial Officer, Chief Medical Officer and business development services from a director. The amounts outstanding as at March 31, 2021 totaled \$330,296 (2020 – \$38,070). All transactions were recorded at their exchange amounts.

Effective March 9, 2020 the Company entered into a consulting agreement with its Chief Executive Officer. Pursuant to the agreement, the Company incurs a monthly fee of US\$10,000 for Chief Executive Officer services and US\$25,000 per year for Chairman of the Board services 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. Upon closing, the signed Arrangement Agreement and Subscription Receipt financing (see note 1) will qualify as a significant liquidity event and accordingly the Company has recognized \$301,350 (USD\$245,000) owing to the Chief Executive Officer at March 31, 2021 in the consolidated statement of loss and comprehensive loss.

The table below provides all compensation to executive officers and directors for the three months ended:

	March 31, 2021	March 31, 2020
	\$	\$
Consulting fees	333,864	116,382
Share-based payments	17,645	25,160

351,509

141,542

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.

Accounting Standard Issued and Adopted

There are no standards or amendments or interpretations to existing standards issued but not yet effective that are expected to have a material impact on the Company's consolidated financial statements.

Financial Instruments

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 March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021 US balance	December 31, 2020 US balance
Cash and cash equivalents	314	449
Accounts payable and accrued liabilities	<u>(413,290)</u>	<u>(106,955)</u>
	<u>(412,976)</u>	<u>(106,506)</u>

Based on the US\$ balance sheet exposure at March 31, 2021, with other variables unchanged, if the Canadian dollar were to weaken against the US dollar by 10%, relative to the rate at March 31, 2021, the net monetary assets/(liabilities) would be approximately \$57,806 greater. If the Canadian dollar were to strengthen against the US dollar by 10%, relative to the rate at March 31, 2021, the net monetary assets/(liabilities) would be approximately \$47,296 less.

AUD balance

	March 31, 2021 \$	December 31, 2020 \$
Cash and cash equivalents	392,031	832
Taxes and other receivables	31,222	444,680
Accounts payable and accrued liabilities	(824,947)	(842,246)
	<u>(401,694)</u>	<u>(396,734)</u>

Based on the AUD\$ balance sheet exposure at March 31, 2021, with other variables unchanged, if the Canadian dollar were to weaken against the Australian dollar by 10%, relative to the rate at March 31, 2021, the net monetary assets/(liabilities) would be approximately \$42,722 greater. If the Canadian dollar were to strengthen against the Australian dollar by 10%, relative to the rate at March 31, 2021, the net monetary assets/(liabilities) would be approximately \$ \$34,955 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.

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 at March 31, 2021:

	Maturity	
	Less than one year \$	Greater than one year \$
Accounts payable and accrued liabilities	<u>1,920,694</u>	<u>-</u>

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.

Risks and Uncertainties

The primary risk factors affecting the Company are set forth in our Annual Information Form. A copy of our Annual Information Form is available on SEDAR at www.sedar.com

Risk Factors Relating to the Arrangement

There can be no assurances that all conditions precedent to the Arrangement will be satisfied.

The completion of the Arrangement is subject to Shareholder approval of each of iCo and Satellos as well as numerous conditions precedent, certain of which are outside the control of the Parties, including, but not limited to, obtaining the final approval of the Exchange and the Supreme Court of British Columbia. There is no certainty, nor can iCo and Satellos provide any assurances, that the conditions precedent to the Arrangement will be satisfied, or if satisfied, when they will be satisfied. The requirement to take certain actions or agree to certain conditions to satisfy such requirements or obtain any such approvals may have a materially adverse effect on the business and affairs of iCo and Satellos and/or the trading price of iCo's securities. If for any reason the Arrangement is not completed, there can be no assurances that the Company will pursue or be able to complete an alternative Arrangement. Accordingly, the market price of iCo's securities may be adversely affected.

The Arrangement Agreement may be terminated under certain circumstances.

Each of iCo and Satellos has the right to terminate the Arrangement Agreement in certain circumstances including when conditions to the obligations of iCo and Satellos have neither been completed nor waived in accordance with the terms and conditions of the Arrangement Agreement. Accordingly, there is no certainty, nor can iCo and Satellos provide any assurances, that the Arrangement Agreement will not be terminated before the completion of the Arrangement.

Possible liabilities associated with the Arrangement.

Although due diligence has been conducted with respect to each of iCo and Satellos, there is no certainty that the due diligence procedures have revealed all of the risks and liabilities associated with the Arrangement. Each of iCo and Satellos has provided certain representations in the Arrangement Agreement but those representations may be limited by the knowledge of the persons giving such representations. Risks and liabilities associated with the Arrangement may be unknown and accordingly the potential monetary cost of any such liability is also unknown.

iCo and Satellos expect to incur significant costs in connection with the Arrangement.

iCo and Satellos will collectively incur significant costs in connection with the Arrangement. Actual direct Arrangement costs incurred in connection with the Arrangement may be higher than expected. Moreover, certain of iCo's and Satellos's costs related to the Arrangement, including legal and accounting services costs, must be paid even if the Arrangement is not completed.

Outstanding Share Capital

As at May 31, 2021 we had an unlimited number of authorized common shares with 181,082,713 common shares issued and outstanding.

As at May 31, 2021 we had 37,295,000 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 May 31, 2021, we had 2,624,000 broker warrants issued and outstanding which entitle the holders to purchase one common share at \$0.06. The broker warrants expire August 16, 2021.

As at May 31, 2021 we had 3,075,000 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. Following Susan Koppy's resignation from the Company as President and a director of the Company, all of Susan Koppy's 300,000 outstanding options will expire on July 30, 2021.

For further information on 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 available on SEDAR at www.sedar.com.

APPENDIX L

ICO AUDIT COMMITTEE CHARTER

AUDIT COMMITTEE CHARTER

Purpose

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

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

Membership and Reporting

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

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

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

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

Each member of the Committee will be “financially literate”, as such term is defined in National Instrument 52-110”.

The external auditors will report directly to the Committee.

Terms of Reference

1. The Committee is responsible for overseeing the work of the external auditors and will communicate directly with the external auditors as required.
2. The Committee will meet as required, but at least once quarterly (to review the quarterly financial statements, management accounting, management discussion and analysis (“MD&A”) and any related press release before such documents are presented to the Board or filed with regulatory authorities, as the case may be). Special meetings of the Committee will be authorized at the request of any member of the Committee or at the request of the Corporation’s external auditors. The external auditors will be informed about, and can attend, meetings of the Committee as deemed appropriate by the Chairman of the Committee. Provision will be made to meet privately with external auditors on a quarterly basis and to meet privately with management at least once per annum.
3. The Committee will review, with the external auditors, the results of the external audit and any changes in accounting practices or policies and the financial statements impact thereof. In addition, the Committee will review any accruals, provisions, or estimates that have a significant effect upon the financial statements as well as other sensitive matters such as disclosure of related party transactions.
4. The Committee will review and approve interim financial statements, MD&A and any related press release on behalf of the Board and sign a resolution to that effect.
5. In addition, the Committee will review other financial statements, information and documents that require the approval of the Board. These will include year-end audited statements, year-end MD&A, statements in prospectuses and other offering memoranda and statements required by regulatory authorities. The Committee will sign a resolution to the effect that such financial statements, information or documents that are being presented to the Board are satisfactory and recommend their approval.
6. The Committee will review and discuss with management and the external auditors any major issue as to the adequacy and effectiveness of internal controls over the accounting and financial reporting systems of the Corporation, either directly, or through the external auditors or other advisors and obtain and review a report from the external auditors, at least annually, regarding same; and the Committee will review and discuss with management and the external auditors any special steps adopted in light of material internal control deficiencies and the adequacy of disclosures about changes in internal controls over financial reporting.

7. The Committee will review any policies and practices developed by the Corporation regarding the regular examination of officers' expenses and perquisites, including the use of the assets of the Corporation.
8. The Committee will review the basis and amount of the external auditors' fees and pre-approve all auditing services and permitted non-audit services.
9. The Committee will consider whether the external auditors should be re-appointed and make recommendations to the Board. At least on an annual basis, the Committee will evaluate the qualifications, performance and independence of the external auditors and the senior audit partners having primary responsibility for the audit, including considering whether the auditors' quality controls are adequate.
10. The Committee will pre-approve the appointment of the external auditors for all accounting services, internal control related services and permitted non-audit services to be provided to the Corporation. The Committee may establish policies and procedures, from time to time, pre-approving the appointment of the external auditors for certain non-audit services. In addition, the Committee may delegate to one or more members the authority to pre-approve the appointment of the external auditors for any non-audit service to the extent permitted by applicable law, provided that any pre-approvals granted pursuant to such delegation will be reported to the full Committee at its next scheduled meeting.
11. The Committee will review and approve the Corporation's hiring of partners and employees of the external auditors of the Corporation.
12. The Committee will establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
13. The Committee will review and reassess the adequacy of this mandate annually.
14. The Committee has the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors ("Advisors"). The Corporation will provide appropriate funding, as determined by the Committee, for payment of compensation to the external auditors for the purpose of rendering or issuing an audit report and to any Advisors employed by the Committee.
15. The Committee will issue any necessary reports required of the Committee to be included in the Corporation's annual proxy statement. The Committee will review and recommend to the Board the approval of all documents filed with securities regulatory authorities.
16. The Committee will approve all related party transactions brought to the attention of the Committee.
17. The Committee will discuss with management and the external auditors any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Corporation's financial statements or accounting policies.
18. The Committee will receive from the external auditors a formal written statement delineating all relationships between the external auditors and the Corporation and will actively engaging in a

dialogue with the external auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the external auditors.

Approved: January 1, 2008

APPENDIX M

SATELLOS OPTION PLAN

SATELLOS BIOSCIENCE INC.

AMENDED AND RESTATED INCENTIVE STOCK OPTION PLAN

ARTICLE 1 ESTABLISHMENT AND PURPOSE OF PLAN

1.1 Satellos Bioscience Inc. (the "**Corporation**") hereby establishes the Satellos Bioscience Inc. Amended and Restated Incentive Stock Option Plan under the name and style, "Satellos Bioscience Inc. Amended and Restated Incentive Stock Option Plan", upon the terms and conditions set out below.

1.2 The purpose of the Plan is to allow certain directors, officers, key employees, consultants and advisors of the Corporation and its Subsidiaries, Affiliates and Associates to participate in the growth and development of the Corporation and its Subsidiaries by providing such persons with the opportunity, through share options, to acquire a proprietary interest in the Corporation.

ARTICLE 2 DEFINITIONS

2.1 Where used herein, the following terms shall have the following meanings, respectively, unless the context otherwise requires:

"Board" means the board of directors of the Corporation or, if established and duly authorized to act, the executive committee of the board of directors of the Corporation;

"Business Day" means any day of the week, other than Saturday, Sunday or any statutory or civic holiday observed in the City of Toronto;

"Corporation" means Satellos Bioscience Inc., and includes any successor corporation thereto;

"Eligible Person" means any director, officer or bona fide full-time employee of the Corporation or of any Subsidiary, Affiliate or Associate or a consultant or advisor of or to the Corporation or of or to any Subsidiary, Affiliate or Associate;

"Share Ownership Agreement" means the agreement in the form attached hereto as Schedule "B", as same may be amended from time to time, together with any other agreement as may from time to time be required by the Board to be delivered by a Optionee and governing the ownership of Shares by such Optionee;

"Market Price" at any date in respect of Shares shall be determined as follows: (a) if the Shares are not listed on any Canadian stock exchange, the Market Price shall be the fair market value of such Shares as determined by the Board in its sole discretion; or (b) if the Shares are listed on any Canadian stock exchange, then the Market Price shall be the closing price of such Shares on The Toronto Stock Exchange (or, if such

Shares are not then listed and posted for trading on The Toronto Stock Exchange, on such stock exchange in Canada on which such Shares are listed and posted for trading as may be selected for such purpose by the Board) on the last Business Day preceding the date on which the Option is approved by the Board; in the event that such Shares did not trade on such Business Day, the Market Price shall be the average closing price of such Shares over the ten preceding Business Days on which such Shares were traded;

"Option" means an option to purchase Shares granted under the Plan;

"Option Price" means the price per share at which Shares may be purchased under the Option, as the same may be adjusted from time to time in accordance with Article 9 hereof;

"Optionee" means a person to whom an Option has been granted;

"Plan" means the Satellos Bioscience Inc. Amended and Restated Incentive Stock Option Plan, as embodied herein, as the same may be amended or varied from time to time;

"Shares" means the voting common shares of the Corporation, or, in the event of an adjustment contemplated by Article 9 hereof, such other shares or securities to which an Optionee may be entitled upon the exercise of an Option as a result of such adjustment; and

"Subsidiary", "Affiliate" and "Associate" have the respective meanings set out in the *Business Corporations Act* (Ontario), as from time to time amended, varied or re-enacted).

ARTICLE 3 ADMINISTRATION OF THE PLAN

3.1 The Plan shall be administered by the Board, and in respect thereof, the Board shall have the power to:

- (a) establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of the Plan;
- (b) interpret and construe the Plan and to determine all questions arising out of the Plan and any Option granted pursuant to the Plan, and any such interpretation, construction or determination made by the Board shall be final, binding and conclusive for all purposes;
- (c) determine which Eligible Persons may be granted Options and to grant Options;
- (d) determine the number of Shares covered by each Option;

- (e) determine the Option Price;
- (f) determine the time or times when Options will be granted and exercisable;
- (g) determine if the Shares that are subject to an Option will be subject to any restrictions upon the exercise of such Option; and
- (h) prescribe the form of documentation relating to the grant, exercise and other terms of the Options.

ARTICLE 4

SHARES SUBJECT TO PLAN

4.1 Options may be granted in respect of authorized and unissued Shares, based on criteria established from time to time by management and approved by the Board. The aggregate number of Shares of all classes reserved for issuance under this Plan, subject to adjustment or increase of such number pursuant to the provisions of Article 9 hereof, together with any Shares reserved for issuance under any options for services or employee stock purchase or stock option plans or any other share compensation arrangement, shall not exceed 10% of the issued and outstanding Shares at the date of the grant of the Option, or such greater number of Shares as may be determined by the Board and approved by any relevant regulatory authority. Shares in respect of which Options are not exercised shall be available for subsequent Options under the Plan. No fractional shares may be purchased or issued under the Plan.

ARTICLE 5

ELIGIBILITY, GRANT AND TERMS OF OPTIONS

5.1 Options may be granted to Eligible Persons as determined by the Board.

5.2 Except as otherwise specifically provided for herein, the number of Shares subject to each Option, the Option Price, the expiration date of each Option, the extent to which each Option is exercisable from time to time during the term of the Option and other terms and conditions relating to each such Option shall be determined by the Board; provided, however, that if no specific determination is made by the Board with respect to any of the following matters, each Option shall, subject to any other specific provisions of the Plan, contain the following terms and conditions:

- (a) the period during which an Option shall be exercisable shall be ten (10) years from the date the Option is granted to the Optionee; and
- (b) Subject to Section 8.2, the Optionee may take up and pay for 25% of the Shares covered by the Option on the first anniversary of the date the Option is granted and thereafter, the Optionee may take up and pay for a further 6.25% upon each subsequent quarterly anniversary of the Option grant date during the term of the Option until such time as the Optionee is entitled to purchase 100% of the Option Shares. For greater certainty, if an Optionee purchases Shares representing less than his or her annual exercise entitlement in any 12-

month period following the first anniversary of the Option grant date, the Optionee may carry forward and exercise his or her right to purchase such Shares at any time thereafter without regard to the annual exercise entitlement for the prevailing 12 month period.

5.3 The Option Price on Shares that are the subject of any Option shall in no circumstances be lower than the Market Price of the Shares at the date of the grant of the Option.

5.4 In no event may the term of an Option exceed ten years from the date of the grant of the Option.

5.5 An Option is personal to the Optionee and is non-assignable. Optionees may not assign, transfer, pledge or hypothecate any Options or any rights hereunder in any way (whether by operation of law or otherwise). Options shall not be subject to execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of any Options contrary to the provisions hereof, or upon the levy of any attachment or similar process upon Options, such Options shall immediately expire and become void.

5.6 Upon the grant of Options by the Board, each Optionee shall receive a stock option plan agreement in the form of Schedule "A", with such changes thereto as may be authorized by the Board acting in its sole and unfettered discretion, which the Optionee shall sign and deliver to the Corporation before the Options become effective.

5.7 Before any Optionee may acquire Shares pursuant to the exercise of an Option, the Optionee must have signed a Share Ownership Agreement in the form of Schedule "B".

ARTICLE 6 CHANGE IN CONTROL OF THE CORPORATION

6.1 Notwithstanding Section 5.2, if the Board or the holders of a majority of the Shares of the Corporation shall approve or enter into an agreement or transaction contemplating:

- (a) a change in control of the Corporation by reason of a change in ownership of more than 50% of the outstanding Shares, whether by amalgamation, arrangement, assignment, merger, recapitalization, reorganization, take-over bid or similar transaction, statutory or otherwise;
- (b) the sale of all or substantially all of the assets of the Corporation to any arm's length third party who is not then a shareholder of the Corporation; or
- (c) the distribution of Shares to the public;
- (d) the dissolution, liquidation or winding-up of the Corporation; or
- (e) any other transaction designated by the Board as a transaction to which this Section 6.1 shall apply;

(each, a "**Liquidity Event**"),

each Optionee shall have the right, and the Board shall forthwith give notice in writing of such right to each Optionee, to exercise Options, whether or not vested, within such period as the Board determines is necessary to permit Optionees to tender all Shares underlying the Options to the offer or to permit all Shares underlying the Options to be included in the transaction, provided that, as a condition precedent to the exercise of his or her unvested Options, each Optionee agrees in writing with the Corporation to forthwith surrender any shares acquired upon the exercise of such Option to the Corporation against reinstatement of such Options upon their original terms in the event that the proposed transaction is withdrawn or terminated. As an alternative to exercising his or her Options in accordance with the foregoing, and subject to the approval of the Board, an Optionee may, if offered, elect to dispose of such Options, in whole or in part, in return for a cash payment from the Corporation or any third party in an amount per Option equal to the difference between the Option Price and the fair market value per share (with such fair market value per share for this purpose being the purchase price of the Shares for transactions contemplated in Section 6.1(a), if applicable, and otherwise being the amount determined by the Board).

6.2 Upon the expiry of the periods provided for in Section 6.1, all unexercised Options shall terminate.

ARTICLE 7 EXERCISE OF OPTIONS

7.1 Subject to the provisions of the Plan, an Option may be exercised from time to time by delivery to the Corporation at its registered office of a stock option plan subscription agreement in the form of Schedule "C" to the Secretary of the Corporation specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full of the Option Price of the Shares to be purchased. Certificates for such Shares shall be issued and delivered to the Optionee within a reasonable time following the receipt of such notice and payment.

7.2 Notwithstanding any of the provisions contained in the Plan or in any Option, the Corporation's obligation to issue Shares to an Optionee pursuant to the exercise of an Option shall be subject to:

- (a) completion of such registration or other qualification of such Shares or obtaining approval of such governmental authority as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the admission of such Shares to listing on any stock exchange on which the Shares may then be listed; and
- (c) the receipt from the Optionee of such representations, agreements and undertakings, including the Share Ownership Agreement, as the Corporation or its counsel determines to be necessary or advisable.

In this connection the Corporation shall, to the extent necessary, take all reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for the issuance of such Shares in compliance with applicable securities laws and for the listing of such Shares on any stock exchange on which the Shares are then listed.

ARTICLE 8 TERMINATION OF ELIGIBILITY

8.1 Subject to Section 8.2 hereof and to any express resolution passed by the Board with respect to an Option, an Option, and all rights to purchase Shares pursuant thereto, shall expire and terminate ninety (90) days following the Optionee ceasing to be an Eligible Person, which, for greater certainty, in the event of the termination by the Corporation of the employment of the Optionee, shall be the date notice of termination is given by the Corporation, regardless of whether a court of competent jurisdiction orders a period of notice or a period of notice is otherwise agreed to or provided. After such time, all un-exercised Options shall be extinguished.

8.2 If an Optionee dies before the expiry of an Option in accordance with the terms thereof, the legal personal representative(s) of the estate of the Optionee may exercise any such Option to the extent fully vested at the time of death, in each case subject to the terms of such Option and this Plan, such Option to be exercised during the first three months following the death of the Optionee, provided that the Option is exercised prior to its expiry in accordance with the terms thereof. The ownership of all Shares issued pursuant to the exercise of any such Option shall be subject to the provisions of the Share Ownership Agreement.

8.3 Options shall not be affected by any change of employment of the Optionee or by the Optionee ceasing to be a director or officer where the Optionee continues to be an Eligible Person.

ARTICLE 9 CERTAIN ADJUSTMENTS

9.1 Appropriate adjustments in the number of Shares subject to the Plan, and as regards Options granted or to be granted, in the number of Shares optioned and in the Option Price, shall be made by the Board to give effect to adjustments in the number of Shares of the Corporation resulting from subdivisions, consolidations or reclassifications, (resulting from a recapitalization, merger, stock dividend, split-up, combinations or exchange of shares of the Corporation), the payment of stock dividends by the Corporation (other than dividends in the ordinary course) or other relevant changes in the capital stock of the Corporation.

9.2 No Optionee shall have any right whatsoever as a shareholder of the Corporation in respect of any of the Shares subject to the Options granted to him or her (including any right to receive distributions therefrom or thereon) other than in respect of the Shares which the Optionee shall have exercised his or her Option to purchase and which the Optionee shall have actually taken up and paid for.

9.3 If at any time the Corporation amalgamates, merges or enters into a plan of arrangement with or into another corporation, including without limitation any statutory procedure following a take-over bid, resulting in any reclassification of the outstanding Shares or any change of the Shares into other shares or an exchange of the Shares into other shares, the Optionee, upon the subsequent exercise of an Option, shall be entitled to receive, and shall accept, in lieu of the number of Shares to which such Optionee was theretofore entitled upon such exercise, the kind and number or amount of shares or other securities or property which such Optionee would have been entitled to receive as a result of such event if, on the effective date thereof, such Optionee had been the registered holder of the number of Shares to which such Optionee was theretofore entitled upon such exercise. In connection with the completion of any such event, if requested by the Board, the Optionee shall surrender the Option in exchange for a replacement option in a form approved by the Board, acting reasonably (the "**Replacement Option**"), setting forth, based on the application of this Section 9.3, that adjusted number of shares or other securities or property thereafter deliverable to the Optionee upon the subsequent exercise of the Replacement Option along with the applicable exercise price thereof, which Replacement Option shall for all purposes be conclusively deemed to be an appropriate adjustment pursuant to this Section 9.3.

ARTICLE 10 AMENDMENT OR DISCONTINUANCE OF PLAN

10.1 The Board may amend or discontinue the Plan at any time; provided however, that no such amendment may change the manner of determining the minimum Option Price or, without the consent of the Optionee, alter or impair any Option previously granted to an Optionee under the Plan.

10.2 The Board may terminate the Plan at any time, the effect of such termination being that no further Options may be granted after such termination, provided that all rights and obligations created prior to such time shall not be affected thereby.

ARTICLE 11 MISCELLANEOUS PROVISIONS

11.1 The holder of an Option shall not have any rights as a shareholder of the Corporation with respect to any of the Shares covered by such Option until such holder shall have exercised such Option in accordance with the terms of the Plan (including tendering payment in full of the Option Price of the Shares in respect of which the Option is being exercised and the execution of the Share Ownership Agreement) and the Corporation shall have issued such Shares to the Optionee in accordance with the terms of the Plan.

11.2 Nothing in the Plan or any Option shall confer upon any Eligible Person any right with respect to employment or continuance of employment or any contract of service with the Corporation or any Subsidiary, Affiliate or Associate of the Corporation or affect in any way the right of the Corporation or any such Subsidiary, Affiliate or Associate to terminate his or her employment or contract of service at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the

part of the Corporation or any such Subsidiary, Affiliate or Associate to extend the employment or contract of service of any Optionee beyond the time that he would normally be retired pursuant to the provisions of any present or future retirement plan or policy of the Corporation or any Subsidiary, Affiliate or Associate or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment or service with the Corporation or any Subsidiary, Affiliate or Associate. Participation in the Plan by an Eligible Person shall be voluntary.

11.3 References herein to any gender include all genders.

11.4 The Corporation's obligation to issue and deliver Shares under any Option is subject to:

- (a) the satisfaction of all requirements under applicable securities law in respect thereof and obtaining all regulatory approvals as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof, including shareholder approval, if required;
- (b) the admission of such Shares to listing on any stock exchange on which the Shares may then be listed; and
- (c) the receipt from the Optionee of such representations, agreements and undertakings as to future dealings in such Shares as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities law of any jurisdiction.

11.5 The Plan shall be subject to acceptance by any stock exchange on which the Shares may be listed in compliance with all conditions imposed by that stock exchange. Any Options granted prior to such acceptance shall be conditional upon such acceptance being given and any conditions complied with and no such Options may be exercised unless such acceptance is given.

11.6 This Plan is established under the laws of the Province of Ontario and the rights of all parties in the construction and effect of each and every provision of this Plan shall be according to the laws of the Province of Ontario.

11.7 This Plan is effective upon adoption by the Board.

IN WITNESS WHEREOF the Corporation has executed this Satellos Bioscience Inc. Amended and Restated Incentive Stock Option Plan this 19th day of March, 2021.

SATELLOS BIOSCIENCE INC.

Per: (signed) "Frank Gleeson"

Name: Frank Gleeson

Title: Chief Executive Officer

SCHEDULE "A"

STOCK OPTION PLAN AGREEMENT

TO: [insert: name of optionee]

DATE: [insert: date of agreement]

We are pleased to confirm that Satellos Bioscience Inc. (the "**Corporation**") has granted you an option to purchase shares in the capital of the Corporation as set forth below:

Number and Class of Shares: [●] Common Shares

Option Price: \$[●] per share

Expiry date of option:

You may purchase up to 25% of these shares upon the first anniversary of the effective date of the grant and thereafter, a further 6.25% upon each subsequent quarterly anniversary of their grant during the term of the option until you are entitled to purchase 100% of the options. If you purchase less than your annual entitlement, you can carry forward your right to purchase these shares at any time throughout the remainder of the term of the option. Options you are entitled to purchase are referred to as vested options.

This option is subject to the terms and conditions set forth in the Satellos Bioscience Inc. Incentive Amended and Restated Stock Option Plan, a copy of which is attached.

In the event of the occurrence of a Liquidity Event described in Section 6.1 of the Plan, your right to purchase Options shall be modified as set forth in the Plan.

The terms and conditions of the Plan are hereby deemed to be incorporated into and to form part hereof.

All purchases of Shares shall be paid for by certified cheque or the equivalent thereof acceptable to the Corporation. No share certificates representing such Shares shall be delivered until payment for such Shares has been made in full.

Before the option can take effect, you must sign and return a copy of this Agreement. The signing of these documents and the purchase of shares will have legal and tax consequences and accordingly, we recommend that you obtain professional advice before signing them.

Please note that signing these documents does not constitute an exercise of the option. Options must be exercised in accordance with the terms and conditions of the Plan by completing and submitting a subscription substantially in the form of Schedule "C" annexed to the Plan, accompanied by payment in full of the option price of the Shares in respect of which the said option is then being exercised, and a duly executed copy of the Share Ownership Agreement. Execution of the Share Ownership Agreement is a condition to the exercise by you of your option.

DATED this [●] day of [●].

SATELLOS BIOSCIENCE INC.

Per: _____
Name:
Title:

The undersigned hereby acknowledges being an Optionee under the Satellos Bioscience Inc. Amended and Restated Incentive Stock Option Plan attached hereto (the "**Plan**") and agrees that all Options granted to the undersigned pursuant to the Plan shall be governed in accordance with the provisions set out above and in the Plan and that the Plan shall be effective as an agreement between [Corporation] Inc. and the undersigned with respect to such Options.

DATED at [City], this [●] day of [●].

Signature of Witness

Signature of Optionee

Name:
Title:

Name
Title:
Address:

SCHEDULE "B"

SHARE OWNERSHIP AGREEMENT

(see attached)

SCHEDULE "C"

**EMPLOYEE STOCK OPTION PLAN
SUBSCRIPTION AGREEMENT**

TO: SATELLOS BIOSCIENCE INC. (the "Corporation")

DATE: [Month, day, year]

RE:

I refer to the option granted to me on the [●] day of [●] pursuant to the Satellos Bioscience Inc. Amended and Restated Incentive Stock Option Plan wherein I was granted an option to subscribe for and purchase duly paid and non-assessable common shares in the capital of Satellos Bioscience Inc. (the "Corporation").

In the exercise of my rights under the said option, I hereby subscribe for [●] fully paid and non-assessable common shares in the capital of the Corporation at \$ [●] per share in lawful money of Canada, payment for which in the aggregate amount of \$ [●] accompanies this subscription.

Will you please cause such share to be certified and registered as follows:

[*insert:* full name and address of purchaser including postal code]

and forward the relevant certificates to the registered holder at the address shown above.

Yours very truly,

Signature

[Name of Optionee — Please Print]

[Capacity — complete only if other than employee]

(i.e. personal legal representative or trustee)

APPENDIX N

SATELLOS FINANCIAL STATEMENTS

SATELLOS BIOSCIENCE INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020

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	3.	Statement of Financial Position
	4.	Statement of Changes in Equity
	5.	Statement of Loss and Comprehensive Loss
	6.	Statement of Cash Flows
	7-21.	Notes to Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Shareholders,
Satellos Bioscience Inc.
TORONTO
Ontario

Opinion

We have audited the accompanying financial statements of Satellos Bioscience Inc. which comprise the statement of financial position as at December 31, 2020 and the statement of loss and comprehensive loss, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the entity incurred a net loss of \$1,578,530 during the year ended December 31, 2020 and, as of the date, the entity's accumulated deficit was \$4,785,610. As stated in Note 1, these conditions indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our audit opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

- 1 -

WILLIAM L. McMULLEN, CPA, CA
JOHN C. KARRAM, CPA, CA, LPA
RODNEY J. RUSSELL, CPA, CA

PAUL A. SIMPSON, CPA, CA, LPA
PAUL W. McMULLEN, CPA, CA, LPA
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NORTON McMULLEN LLP

ONE VALLEYWOOD DRIVE SUITE 200 MARKHAM ONTARIO L3R 5L9 T 905-479-7001 F 905-479-0045

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

March 18, 2021

SATELLOS BIOSCIENCE INC.

STATEMENT OF FINANCIAL POSITION

As at December 31,	2020	2019
ASSETS		
Current		
Cash and cash equivalents (Note 5)	\$ 717,530	\$ 399,129
Accounts receivable	41,909	12,500
HST receivable	96,598	161,906
Research and development tax credits receivable (Note 6)	270,575	490,042
Prepaid expenses	1,139	7,700
	<u>\$ 1,127,751</u>	<u>\$ 1,071,277</u>
Equipment (Note 7)	<u>1,686</u>	<u>2,108</u>
	<u><u>\$ 1,129,437</u></u>	<u><u>\$ 1,073,385</u></u>

LIABILITIES

Current		
Accounts payable and accrued liabilities (Note 4)	\$ 219,961	\$ 664,812
Long-Term		
Long-term debt (Note 8)	1,093,312	-
	<u>\$ 1,313,273</u>	<u>\$ 664,812</u>

SHAREHOLDERS' EQUITY

Share Capital (Note 9)	\$ 4,355,124	\$ 3,464,583
Deficit	(4,785,610)	(3,207,080)
Contributed Surplus	246,650	151,070
	<u>\$ (183,836)</u>	<u>\$ 408,573</u>
	<u><u>\$ 1,129,437</u></u>	<u><u>\$ 1,073,385</u></u>

Subsequent Event (Note 15)

Approved by the Board:



Director



Director

See accompanying notes

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SATELLOS BIOSCIENCE INC.**STATEMENT OF CHANGES IN EQUITY**For the year ended December 31,

	Number of Founder Shares	Number of Common Shares	Share Capital (Note 9)	Deficit	Contributed Surplus	Total Equity
BALANCE - January 1, 2019	8,000,000	2,452,000	\$ 2,307,312	\$ (1,218,628)	\$ 113,628	\$ 1,202,312
Comprehensive loss	-	-	-	(1,988,452)	-	(1,988,452)
Shares issued	-	927,294	1,157,271	-	-	1,157,271
Warrants, issued	-	-	-	-	11,410	11,410
Options, issued	-	-	-	-	26,032	26,032
BALANCE - December 31, 2019	8,000,000	3,379,294	\$ 3,464,583	\$ (3,207,080)	\$ 151,070	\$ 408,573
Comprehensive loss	-	-	-	(1,578,530)	-	(1,578,530)
Shares issued	-	708,940	890,541	-	-	890,541
Warrants, issued	-	-	-	-	6,973	6,973
Options, issued	-	-	-	-	88,607	88,607
BALANCE - December 31, 2020	<u>8,000,000</u>	<u>4,088,234</u>	<u>\$ 4,355,124</u>	<u>\$ (4,785,610)</u>	<u>\$ 246,650</u>	<u>\$ (183,836)</u>

SATELLOS BIOSCIENCE INC.**STATEMENT OF LOSS AND COMPREHENSIVE LOSS**

For the year ended December 31,

2020**2019**

REVENUE

Grants	\$ 100,550	\$ 25,000

EXPENSES

Research and development contracting	\$ 892,781	\$ 1,281,272
Management fees (Note 4)	722,610	640,272
Stock-based compensation (Notes 10 and 11)	95,580	37,442
Professional fees	90,452	144,439
Scientific materials	48,161	207,157
Rent (Note 4)	31,799	22,819
Travel	23,640	91,065
Memberships and licenses	14,690	19,178
Bank charges	7,034	1,789
Conference	5,872	13,399
Interest on long-term debt	5,470	-
Office	4,168	14,901
Telephone	3,887	3,621
Insurance	3,304	1,980
Promotion	3,014	35,042
Repairs and maintenance	1,742	1,262
Depreciation (Note 7)	422	734
	<u>\$ 1,954,626</u>	<u>\$ 2,516,372</u>

LOSS BEFORE THE FOLLOWING:

\$ (1,854,076)	\$ (2,491,372)

OTHER INCOME:

Interest income	\$ 4,971	\$ 12,878
Research and development tax credits (Note 6)	270,575	490,042
	<u>\$ 275,546</u>	<u>\$ 502,920</u>

NET LOSS AND COMPREHENSIVE LOSS

<u>\$ (1,578,530)</u>	<u>\$ (1,988,452)</u>

Basic and diluted loss per share

<u>\$ (0.13)</u>	<u>\$ (0.18)</u>

Weighted average number of common shares (basic and diluted)

<u>11,793,944</u>	<u>10,911,829</u>

See accompanying notes

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SATELLOS BIOSCIENCE INC.**STATEMENT OF CASH FLOWS**

For the year ended December 31,

2020**2019**

CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):**OPERATING ACTIVITIES**

Net loss and comprehensive loss	\$ (1,578,530)	\$ (1,988,452)
Items not affecting cash:		
Share options issued	88,607	26,032
Warrants issued	6,973	11,410
Depreciation	422	734
Accrued interest on long-term debt	5,470	-
	<u>\$ (1,477,058)</u>	<u>\$ (1,950,276)</u>
Net change in non-cash working capital balances:		
Accounts receivable	(29,409)	(12,500)
HST receivable	65,308	(118,421)
Research and development tax credits receivable	219,467	(319,959)
Prepaid expenses	6,561	(3,152)
Accounts payable and accrued liabilities	(444,851)	479,868
	<u>\$ (1,659,982)</u>	<u>\$ (1,924,440)</u>

INVESTING ACTIVITIES

Purchase of equipment	\$ -	\$ (771)

FINANCING ACTIVITIES

Proceeds from long-term debt	\$ 1,087,842	\$ -
Issuance of share capital	890,541	1,157,271
	<u>\$ 1,978,383</u>	<u>\$ 1,157,271</u>

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

\$ 318,401	\$ (767,940)

CASH AND CASH EQUIVALENTS - Beginning

<u>399,129</u>	<u>1,167,069</u>

CASH AND CASH EQUIVALENTS - Ending

<u>\$ 717,530</u>	<u>\$ 399,129</u>

Cash and cash equivalents consist of the following:

Cash	\$ 707,480	\$ 174,054
Cashable GIC	10,050	225,075
	<u>\$ 717,530</u>	<u>\$ 399,129</u>

See accompanying notes

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SATELLOS BIOSCIENCE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

DESCRIPTION OF BUSINESS

Satellos Bioscience Inc. (the "Company") was incorporated under the Canada Business Corporations Act on July 27, 2012. The Company is in the biotechnology and drug development industry, in pursuit of an unique approach of pharmacologically modulating stem cell polarity to stimulate in vivo tissue repair and regeneration. The Company is attempting to invent and develop novel drugs for the treatment of muscle disorders with a lead program in Duchenne muscular dystrophy. The Company has obtained rights to granted patents and patent applications from the Ottawa Hospital Research Institute. The head office, principal address, and records of the Company are located at 65 Front Street East, Suite 201, Toronto, Ontario M5E 1B5.

1. BASIS OF PRESENTATION AND GOING CONCERN

Going Concern

These financial statements have been prepared on a going concern basis which presumes the realization of assets and the discharge of liabilities in the normal course of operations for the foreseeable future.

These financial statements do not give effect to any adjustments which could 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 financial statements.

For the year ended December 31, 2020, the Company incurred a net loss of \$1,578,530, resulting in an accumulated deficit of \$4,785,610. These conditions indicate the existence of an uncertainty that may cast doubt about the Company's ability to continue as a going concern. The Company as a going concern is dependent on successful development of the novel drug for treatment of Duchenne muscular dystrophy. The Company is currently still in the development phase of the novel drug that if successful, would facilitate its profitable operations. While there is no certainty that the current strategy and opportunities will be sufficient to permit the Company to continue as a going concern, management has a reasonable expectation that the Company has adequate resources to continue in operations for the foreseeable future.

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretation Committee.

The financial statements of the Company were approved and authorized for issue by the Board of Directors on March 18, 2021.

SATELLOS BIOSCIENCE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements include the following significant accounting policies:

a) Cash and Cash Equivalents

Cash and cash equivalents consist of bank balances and cashable GIC's.

b) Foreign Currency Translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities are translated at the year-end exchange rate, while non-monetary assets are translated at the rate of exchange prevailing at the date of the transaction. Revenues and expenses are translated at the average rates of exchange during the year.

c) Equipment

Equipment is recorded at cost, net of accumulated depreciation and accumulated impairment losses, if any. Equipment is depreciated over their estimated useful lives using the following annual rate and method:

	<u>Rate</u>	<u>Method</u>
Furniture and equipment	20%	declining balance

d) Taxes

Current income tax

Current income taxes are the expected taxes payable on the taxable income for the year, using income tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to income taxes payable in respect of previous years.

Deferred tax

Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts as well as the impact of unused tax loss carry-forwards and unused tax credits at the reporting date. Enacted or substantively enacted rates in effect at the statement of financial position date that are expected to apply when the deferred income tax asset is realized or the deferred tax liability is settled are used to calculate deferred income taxes.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

SATELLOS BIOSCIENCE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

e) Stock-Based Compensation

The Company grants common stock options to its employees and officers under its stock option plan. Stock-based compensation plans are accounted for on a fair value basis. Stock-based compensation costs, measured at grant date based on the fair value of the options and recognized over the service period provided, are recorded as expenses on the income statement and are credited to contributed surplus. The consideration paid by employees upon exercise of the options and the fair value of the options exercised are added to share capital.

f) Revenue Recognition

Grants are recognized when the appropriate grant application is approved and a payment schedule is released. Interest income is recognized as revenue as it is earned.

g) Loss per Share

Basic and diluted loss per share is calculated by dividing net loss for the period attributable to the Company by the weighted average number of common shares outstanding and the dilutive impact of outstanding warrants and options during the period. The inclusion of the Company's stock options and warrants in the computation of diluted loss per share has an anti-dilutive effect on the loss per share and, therefore, they have been excluded from the calculation of diluted loss per share.

h) Financial Instruments

Classification of Financial Instruments

The Company's financial assets and liabilities are initially recorded at fair value and subsequently measured based on their assigned classifications as follows. The classification depends on the nature and purpose of the financial asset or liability and is determined at the time of initial recognition.

The Company's financial assets and liabilities are classified as follows:

Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Convertible promissory note	Amortized cost

Impairment

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivable assets are measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

SATELLOS BIOSCIENCE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

h) Financial Instruments - continued

Impairment - continued

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Losses are recognized in the statements of comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive loss.

i) Research and development

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in profit and loss as incurred. To date, no development costs have been capitalized.

j) SR&ED Investment tax credits

The Company claims investment tax credits as a result of incurring scientific research and experimental development ("SR&ED") expenditures. Investment tax credits are recognized when the related expenditures are incurred and there is reasonable assurance of their realization. Investment tax credits are accounted for as other income on the statement of comprehensive profit and loss. Management has made a number of estimates and assumptions in determining the expenditures eligible for the investment tax credit claim. It is possible that the allowed amount of the investment tax credit claim could be materially different from the recorded amount upon assessment by regulatory authorities.

k) Future Changes in Accounting Policies

The Company monitors the potential changes in standards proposed by the International Accounting Standards Board and analyzes the effect that changes in the standards may have on the Company's operations.

As of the date of this report, there are no future standards that will impact this Company. The Company continues to assess the impact of the application of future standards and will adopt the standards, as appropriate, when they become effective.

SATELLOS BIOSCIENCE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. EXERCISE OF JUDGEMENT AND USE OF ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements include the following:

i) Going Concern Assessment

Significant judgements related to the Company's ability to continue as a going concern are disclosed in Note 1.

ii) Valuation of share-based compensation and warrants

Management measures the costs for share-based compensation and warrants using market-based option valuation techniques. Assumptions are made and estimates are used in applying the valuation techniques. These include estimating the future volatility of the share price, expected dividend yield, future turnover rates, and future exercise behaviours. Such estimates and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates of share-based payments and warrants.

iii) Income taxes

Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate future taxable income in future years in order to utilize any deferred tax asset which has been recognized. Estimates of future taxable income are based on forecasted cash flows. At the current statement of financial position date, no deferred tax assets have been recognized in these financial statements.

SATELLOS BIOSCIENCE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. RELATED PARTY BALANCES AND TRANSACTIONS

The following related parties have engaged in transactions with the Company:

Bloom Burton Development Corporation ("BBDC")	A shareholder of the Company
6857990 Canada Inc.	Controlled by shareholder
Other individual shareholders	Significant influence

Amounts owing to shareholders and included in accounts payable and accrued liabilities are as follows:

	2020	2019
Due to BBDC	\$ 42,576	\$ 2,631
Due to 6857990 Canada Inc.	18,080	18,080
Due to individual shareholders	<u>2,260</u>	<u>14,857</u>
	<u>\$ 62,916</u>	<u>\$ 35,568</u>

All amounts due to related parties are non-interest bearing and have no specified terms of repayment.

The Company engaged with related parties in the following transactions:

	2020	2019
Rent paid to BBDC	\$ 31,799	\$ 22,819
Other occupancy charges paid to BBDC	<u>2,595</u>	<u>2,595</u>
	<u>\$ 34,394</u>	<u>\$ 25,414</u>

Key management personnel includes the senior officers of the Corporation. The remuneration of key management personnel is as follows:

	2020	2019
Management fees	<u>\$ 264,000</u>	<u>\$ 249,000</u>

All related party transactions have been recorded at the amount of consideration established and agreed upon by the related parties in the normal course of business.

SATELLOS BIOSCIENCE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of:

	2020	2019
Cash	\$ 707,480	\$ 174,054
Cashable GIC	<u>10,050</u>	<u>225,075</u>
	<u>\$ 717,530</u>	<u>\$ 399,129</u>

Cashable GIC bears interest at 0.1% and matures August 25, 2021.

6. RESEARCH AND DEVELOPMENT TAX CREDITS RECEIVABLE

The Company is making, and has recorded in the accounts as other income, a claim of \$270,575 for the 2020 taxation year (2019 - \$490,042). The Company's claim for the current year is subject to audit by the CRA before any research and development tax credit is refunded.

SATELLOS BIOSCIENCE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

7. EQUIPMENT

Equipment consists of the following:

	Furniture and Equipment
Cost	
At January 1, 2019	\$ 2,071
Additions	771
Disposals	-
As at December 31, 2019	<u>\$ 2,842</u>
Additions	-
Disposals	-
As at December 31, 2020	<u><u>\$ 2,842</u></u>
Accumulated Depreciation	
At January 1, 2019	\$ -
Depreciation	734
Disposals	-
As at December 31, 2019	<u>\$ 734</u>
Depreciation	422
Disposals	-
As at December 31, 2020	<u><u>\$ 1,156</u></u>
Net Book Value	
As at December 31, 2019	<u>\$ 2,108</u>
As at December 31, 2020	<u><u>\$ 1,686</u></u>

SATELLOS BIOSCIENCE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

8. LONG-TERM DEBT

Long-term debt consists of the following:

	2020	2019
\$1,000,000 USD convertible promissory note, bearing interest at 8% per annum, maturing December 31, 2023	\$ 1,087,842	\$ -
Accrued interest on promissory note	<u>5,470</u>	<u>-</u>
	<u>\$ 1,093,312</u>	<u>\$ -</u>

As at December 31, 2020, \$850,000 USD of the note has been disbursed to the Company and has been translated to Canadian dollars as shown above. The remaining \$150,000 USD will be disbursed when the last project milestone is completed.

The promissory note is convertible into common shares of the Company simultaneously with the closing of an initial public offering ("IPO") or in connection with a change in control transaction. The promissory note will convert into common shares at the price per share indicated in the final IPO prospectus or received by the Company's common shareholders in connection with a change in control transaction. If the conversion occurs on or after June 1, 2021 the price per share will be 90% of the aforementioned prices per share.

The promissory note will convert into capital stock of the Company at the lowest price per share paid by the other investors in a private placement of shares in the capital stock of the Company for gross proceeds of \$5,000,000 USD or more. If the conversion occurs on or after June 1, 2021 the price per share will be 90% of the aforementioned price per share.

If conversion has not occurred by December 2, 2021, the holder may elect to convert the principal amount of the note plus all accrued interest into common shares of the Company at the then-current USD equivalent of \$1.3 CAD per share.

SATELLOS BIOSCIENCE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

9. SHARE CAPITAL

The share capital consists of:

	2020	2019
Authorized:		
Unlimited Common shares		
Issued:		
4,088,234 (2019 - 3,379,294) Common shares	\$ 4,355,122	\$ 3,464,581
8,000,000 (2019 - 8,000,000) Founder shares	<u>2</u>	<u>2</u>
	<u>\$ 4,355,124</u>	<u>\$ 3,464,583</u>

During 2019, 927,294 common shares were issued for cash consideration of \$1,205,472, proceeds of \$1,157,271 net of fees. During 2020, 708,940 common shares were issued for cash consideration of \$921,622, proceeds of \$890,541 net of fees. Subsequent to year end, 120,600 Common shares were issued for cash consideration of \$156,780, proceeds of \$154,678 net of fees.

10. STOCK-BASED COMPENSATION

The following is a summary of changes in options during the year:

	2020		2019	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding - Beginning	487,500	\$ 1.00	200,000	\$ 1.00
Granted	-	-	287,500	1.00
Expired/cancelled	(100,000)	1.00	-	-
Exercised	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Outstanding - Ending	<u>387,500</u>	<u>\$ 1.00</u>	<u>487,500</u>	<u>\$ 1.00</u>

SATELLOS BIOSCIENCE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

10. STOCK-BASED COMPENSATION - Continued

As at December 31, 2020, the Company had outstanding options as follows:

Number of Options	Exercise Price	Granted	Expiry
200,000	\$ 1.00	November 1, 2018	November 1, 2028
187,500	\$ 1.00	March 1, 2019	March 1, 2029

In 2020, \$88,607 (2019 - \$26,032) has been charged to contributed surplus in respect of stock-based compensation awards issued during the year.

All options are vested four years after the grant date. In the first anniversary, 25% of the options are vested, with 6.25% vesting quarterly thereafter.

The fair value of each option granted was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	Date Granted	
	November 1, 2018	March 1, 2019
Number of options granted	200,000	287,500
Volatility factor	40%	40%
Risk free interest rate	1.82%	1.78%
Dividend rate	Nil	Nil
Expected life	10 years	10 years
Vesting period	4 years	4 years
Fair value of options granted	\$ 104,126	\$ 219,311

11. SHARE PURCHASE WARRANTS

The following is a summary of changes in warrants:

	2020	2019
Balance - Beginning	261,766	224,690
Issued	23,917	37,076
Expired	(144,690)	-
Balance - Ending	<u>140,993</u>	<u>261,766</u>

SATELLOS BIOSCIENCE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

11. SHARE PURCHASE WARRANTS - Continued

As at December 31, 2020, the Company had the following outstanding warrants:

Number of Warrants	Exercise Price	Expiry
15,344	\$ 1.30	April 12, 2021
9,342	\$ 1.30	June 14, 2021
4,550	\$ 1.30	July 12, 2021
5,390	\$ 1.30	July 31, 2021
2,450	\$ 1.30	November 15, 2021
11,954	\$ 1.30	February 18, 2022
9,275	\$ 1.30	August 11, 2022
2,688	\$ 1.30	December 18, 2022
80,000	\$ 0.01	June 27, 2028

In 2020, \$6,973 (2019 - \$11,410) has been charged to contributed surplus in respect of stock-based compensation awards issued during the year.

The fair value warrants granted was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	Number of options granted	Volatility factor	Risk Free Interest Rate	Fair Value of Warrants
Date Granted				
April 12, 2019	15,344	40%	1.78%	\$ 4,722
June 14, 2019	9,342	40%	1.78%	2,875
July 12, 2019	4,550	40%	1.78%	1,400
July 31, 2019	5,390	40%	1.78%	1,659
November 15, 2019	2,450	40%	1.78%	754
				<u>\$ 11,410</u>
February 18, 2020	11,954	40%	0.20%	\$ 3,485
August 11, 2020	9,275	40%	0.20%	2,704
December 18, 2020	2,688	40%	0.20%	784
				<u>\$ 6,973</u>
				<u>\$ 18,383</u>

SATELLOS BIOSCIENCE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

12. INCOME TAXES

Income taxes consists of the following:

	2020	2019
Current income tax	\$ -	\$ -
Deferred tax		
Origination and reversal of temporary differences	313,532	533,708
Unrecognized benefit of deferred tax assets	<u>(313,532)</u>	<u>(533,708)</u>
	<u>\$ -</u>	<u>\$ -</u>

Reported income tax expense differs from the amount computed by applying the combined Canadian federal and provincial income tax rates to loss before income tax due to the following:

Loss before research and development tax credits	\$ (1,849,105)	\$ (2,478,494)
Add: non-deductible expenses	97,587	47,099
Add: amortization of capital assets	422	734
Add: non deductible SR&ED expenditures	1,051,191	1,570,328
Add/deduct: timing differences	-	140,690
Deduct: eligible SR&ED expenditures	<u>(483,236)</u>	<u>(1,294,351)</u>
	<u>\$ (1,183,141)</u>	<u>\$ (2,013,994)</u>
Effective income tax rate	26.50%	26.50%
Expected income tax recovery	\$ (313,532)	\$ (533,708)

The benefit of deductible temporary differences have not been recognized in the financial statements as it is not certain whether the Company will generate sufficient profit to utilize the benefits.

The Company's non-capital loss carry forwards expire as follows:

2038	\$ 1,355,175
2039	2,013,994
2040	<u>1,183,141</u>
	<u>\$ 4,552,310</u>

SATELLOS BIOSCIENCE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Risks and Concentrations

The Company is exposed to various risks through its financial instruments. The following analysis provides a summary of the Company's exposure to and concentrations of risk at December 31, 2020.

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Company is not exposed to significant credit risk.

b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly with respect to its accounts payable and accrued liabilities and its long-term debt. The Company manages this risk by managing its working capital by generating sufficient cash flow from operations. The following are the contractual maturities of financial liabilities as at December 31, 2020:

	Carrying Value	Expected Term to Maturity
Accounts payable and accrued liabilities	\$ 219,961	Due within three months
Convertible promissory note payable	<u>1,093,312</u>	Due December 31, 2023
	<u>\$ 1,313,273</u>	

c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and price risk. The Company is mainly exposed to currency risk as follows:

i) Currency Risk

Currency 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. Approximately \$599,246 (2019 - \$489,051) of the Company's expenses are in US dollars. Consequently, some assets are exposed to foreign exchange fluctuations. As at December 31, 2020, cash of \$401,301 USD (2019 - \$503 USD) and long-term debt of \$850,000 (2019 - \$Nil) are denominated in US dollars and has been converted into equivalent Canadian dollars at the exchange rate in effect at the year end. Foreign exchange gains and losses are included in net loss and total \$3,292 loss for 2020 (2019 - \$34 gain). The exposure to this risk changes as the transaction amounts change and as the exchange rate fluctuates. The average US exchange rate for 2020 was 1.3415 (2019 - 1.3269).

SATELLOS BIOSCIENCE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - Continued

Financial assets and liabilities are recognized on the statement of financial position at fair value in a hierarchy that is based on significance of the inputs used in making the measurements. The levels in the hierarchy are:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs)

At December 31, 2020, the Company's financial instruments included cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities and convertible promissory note payable. Due to the short-term maturities of cash, accounts receivable and accounts payable and accrued liabilities, the carrying amounts approximate fair value at the respective statement of financial position date.

There were no financial instruments measured or disclosed categorized as level 2 or 3 fair value within the hierarchy as at December 31, 2020 and 2019. There were no transfers of assets or liabilities between levels during the years ended December 31, 2020 and 2019.

14. CAPITAL RISK MANAGEMENT

The Company's main objectives when managing capital are to ensure sufficient liquidity to finance research and development activities, ongoing administrative costs and working capital. The Company includes cash in the definition of capital.

Since inception, the Company has financed its operations from private sales of equity, debt financing, government grants and investment tax credits. Since the Company does not have net earnings from its operations, the Company's long-term liquidity depends on its ability to access capital markets, which depends substantially on the success of the Company's ongoing research and development programs, as well as capital market conditions and availability.

15. SUBSEQUENT EVENT

As of March 3, 2021, the Board has approved and the Company has entered into a non-binding preliminary term sheet which would result in the Company amalgamating with an arm's length Corporation. As of the date of the Independent Auditor's Report it is not known whether or not a final agreement will be entered into or what the final structure of that agreement might be.

SATELLOS BIOSCIENCE INC.
INTERIM FINANCIAL STATEMENTS
MARCH 31, 2021 and 2020

SATELLOS BIOSCIENCE INC.

STATEMENT OF FINANCIAL POSITION

As at

	March 31,		December 31,	
	2021	2020	2020	2019
ASSETS				
Current				
Cash and cash equivalents (Note 5)	\$ 590,619	\$ 223,765	\$ 717,530	\$ 399,129
Accounts receivable	16,258	-	41,909	12,500
HST receivable	148,294	205,071	96,598	161,906
Research and development tax credits receivable (Note 6)	322,391	579,309	270,575	490,042
Prepaid expenses	285	1,115	1,139	7,700
	<u>\$ 1,077,847</u>	<u>\$ 1,009,260</u>	<u>\$ 1,127,751</u>	<u>\$ 1,071,277</u>
Equipment (Note 7)	<u>1,602</u>	<u>2,003</u>	<u>1,686</u>	<u>2,108</u>
	<u>\$ 1,079,449</u>	<u>\$ 1,011,263</u>	<u>\$ 1,129,437</u>	<u>\$ 1,073,385</u>
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 4)	\$ 859,890	\$ 714,218	\$ 219,961	\$ 664,812
Long-Term				
Long-term debt (Note 8)	1,094,599	-	1,093,312	-
	<u>\$ 1,954,489</u>	<u>\$ 714,218</u>	<u>\$ 1,313,273</u>	<u>\$ 664,812</u>
SHAREHOLDERS' EQUITY				
Share Capital (Note 9)	\$ 4,509,802	\$ 3,945,693	\$ 4,355,124	\$ 3,464,583
Deficit	(5,647,410)	(3,845,468)	(4,785,610)	(3,207,080)
Contributed Surplus	262,568	196,820	246,650	151,070
	<u>\$ (875,040)</u>	<u>\$ 297,045</u>	<u>\$ (183,836)</u>	<u>\$ 408,573</u>
	<u>\$ 1,079,449</u>	<u>\$ 1,011,263</u>	<u>\$ 1,129,437</u>	<u>\$ 1,073,385</u>

Approved by the Board:

Brian Bloom


Director

Frank Gleeson


Director

Unaudited - See accompanying notes

SATELLOS BIOSCIENCE INC.**STATEMENT OF CHANGES IN EQUITY**For the period ended March 31,

	Number of Founder Shares	Number of Common Shares	Share Capital (Note 9)	Deficit	Contributed Surplus	Total Equity
BALANCE - December 31, 2019	8,000,000	3,379,294	\$ 3,464,583	\$ (3,207,080)	\$ 151,070	\$ 408,573
Comprehensive loss	-	-	-	(638,388)	-	(638,388)
Shares issued	-	382,040	481,110	-	-	481,110
Warrants, issued	-	-	-	-	3,485	3,485
Options, issued	-	-	-	-	42,265	42,265
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,265</u>	<u>42,265</u>
BALANCE - March 31, 2020	<u>8,000,000</u>	<u>3,761,334</u>	<u>\$ 3,945,693</u>	<u>\$ (3,845,468)</u>	<u>\$ 196,820</u>	<u>\$ 297,045</u>
 BALANCE - December 31, 2020	8,000,000	4,088,234	\$ 4,355,124	\$ (4,785,610)	\$ 246,650	\$ (183,836)
Comprehensive loss	-	-	-	(861,800)	-	(861,800)
Shares issued	-	120,600	154,678	-	-	154,678
Warrants, issued	-	-	-	-	471	471
Options, issued	-	-	-	-	15,447	15,447
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,447</u>	<u>15,447</u>
BALANCE - March 31, 2021	<u>8,000,000</u>	<u>4,208,834</u>	<u>\$ 4,509,802</u>	<u>\$ (5,647,410)</u>	<u>\$ 262,568</u>	<u>\$ (875,040)</u>

Unaudited - See accompanying notes

SATELLOS BIOSCIENCE INC.**STATEMENT OF LOSS AND COMPREHENSIVE LOSS**

For the quarter ended March 31,

2021**2020**

REVENUE

Grants

\$	16,258	\$	-

EXPENSES

Research and development contracting

\$	443,784	\$	399,145

Professional fees

231,307	33,265

Management fees (Note 4)

220,171	176,713

Interest on long-term debt

21,274	-

Stock-based compensation (Notes 10 and 11)

15,918	45,750

Rent (Note 4)

8,004	7,950

Scientific materials

2,835	21,060

Memberships and licenses

1,500	2,500

Office

1,384	306

Bank charges

1,019	562

Insurance

855	778

Repairs and maintenance

435	435

Telephone

165	1,861

Depreciation (Note 7)

84	105

Travel

-	23,596

Promotion

-	1,147

Conference

(2,506)	7,524

Foreign exchange (gain) loss

(16,355)	6,661

\$ 929,874	\$ 729,358

LOSS BEFORE THE FOLLOWING:

\$ (913,616)	\$ (729,358)

OTHER INCOME

Research and development tax credits (Note 6)

\$	51,816	\$	89,267

Interest income

-	1,703

\$ 51,816	\$ 90,970

NET LOSS AND COMPREHENSIVE LOSS

\$ (861,800)	\$ (638,388)

Basic and diluted loss per share

\$ (0.07)	\$ (0.06)

Weighted average number of common shares (basic and diluted)

12,178,404	11,526,894

SATELLOS BIOSCIENCE INC.**STATEMENT OF CASH FLOWS**

For the quarter ended March 31,

2021**2020**

CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):**OPERATING ACTIVITIES**

Net loss and comprehensive loss	\$ (861,800)	\$ (638,388)
Items not affecting cash:		
Share options issued	15,447	42,265
Warrants issued	471	3,485
Depreciation	84	105
Foreign exchange gain on convertible debt	(19,987)	-
Accrued interest on long-term debt	21,274	-
	<u>\$ (844,511)</u>	<u>\$ (592,533)</u>
Net change in non-cash working capital balances:		
Accounts receivable	25,651	12,500
HST receivable	(51,696)	(43,165)
Research and development tax credits receivable	(51,816)	(89,267)
Prepaid expenses	854	6,585
Accounts payable and accrued liabilities	639,929	49,406
	<u>\$ (281,589)</u>	<u>\$ (656,474)</u>

FINANCING ACTIVITIES

Issuance of share capital	<u>154,678</u>	<u>481,110</u>

DECREASE IN CASH AND CASH EQUIVALENTS

<u>\$ (126,911)</u>	<u>\$ (175,364)</u>

CASH AND CASH EQUIVALENTS - Beginning

<u>717,530</u>	<u>399,129</u>

CASH AND CASH EQUIVALENTS - Ending

<u>\$ 590,619</u>	<u>\$ 223,765</u>

Cash and cash equivalents consist of the following:

Cash	\$ 580,569	\$ 198,690
Cashable GIC	<u>10,050</u>	<u>25,075</u>
	<u>\$ 590,619</u>	<u>\$ 223,765</u>

SATELLOS BIOSCIENCE INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MARCH 31, 2021 and 2020

DESCRIPTION OF BUSINESS

Satellos Bioscience Inc. (the "Company") was incorporated under the Canada Business Corporations Act on July 27, 2012. The Company is in the biotechnology and drug development industry, in pursuit of a unique approach of pharmacologically modulating stem cell polarity to stimulate in vivo tissue repair and regeneration. The Company is attempting to invent and develop novel drugs for the treatment of muscle disorders with a lead program in Duchenne muscular dystrophy. The Company has obtained rights to granted patents and patent applications from the Ottawa Hospital Research Institute. The head office, principal address, and records of the Company are located at 65 Front Street East, Suite 201, Toronto, Ontario M5E 1B5.

As of March 3, 2021, the Board has approved and the Company has entered into a non-binding preliminary term sheet which would result in the Company amalgamating with an arm's length Corporation. As of the date of the Independent Practitioner's Review Engagement Report it is not known whether or not a final agreement will be entered into or what the final structure of that agreement might be.

1. BASIS OF PRESENTATION AND GOING CONCERN

Going Concern

These interim financial statements have been prepared on a going concern basis which presumes the realization of assets and the discharge of liabilities in the normal course of operations for the foreseeable future.

These interim financial statements do not give effect to any adjustments which could 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 interim financial statements.

For the quarter ended March 31, 2021, the Company incurred a net loss of \$861,800, resulting in an accumulated deficit of \$5,647,710. These conditions indicate the existence of an uncertainty that may cast doubt about the Company's ability to continue as a going concern. The Company as a going concern is dependent on successful development of the novel drug for treatment of Duchenne muscular dystrophy. The Company is currently still in the development phase of the novel drug that if successful, would facilitate its profitable operations. While there is no certainty that the current strategy and opportunities will be sufficient to permit the Company to continue as a going concern, management has a reasonable expectation that the Company has adequate resources to continue in operations for the foreseeable future.

These interim financial statements for the quarters ended March 31, 2021 and 2020 have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of these interim financial statements, including IAS 34 "Interim Financial Reporting". The accounting policies adopted are consistent with those of the previous financial years, December 31, 2020 and 2019. The interim financial statements of the Company were approved and authorized for issue by the Board of Directors on June 15, 2021.

SATELLOS BIOSCIENCE INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
MARCH 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements include the following significant accounting policies:

a) Cash and Cash Equivalents

Cash and cash equivalents consist of bank balances and cashable GIC's.

b) Foreign Currency Translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities are translated at the period-end exchange rate, while non-monetary assets are translated at the rate of exchange prevailing at the date of the transaction. Revenues and expenses are translated at the average rates of exchange during the period.

c) Equipment

Equipment is recorded at cost, net of accumulated depreciation and accumulated impairment losses, if any. Equipment is depreciated over their estimated useful lives using the following annual rate and method:

	<u>Rate</u>	<u>Method</u>
Furniture and equipment	20%	declining balance

d) Taxes

Current income tax

Current income taxes are the expected taxes payable on the taxable income for the period, using income tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to income taxes payable in respect of previous periods.

Deferred tax

Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts as well as the impact of unused tax loss carry-forwards and unused tax credits at the reporting date. Enacted or substantively enacted rates in effect at the statement of financial position date that are expected to apply when the deferred income tax asset is realized or the deferred tax liability is settled are used to calculate deferred income taxes.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

SATELLOS BIOSCIENCE INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MARCH 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

e) Stock-Based Compensation

The Company grants common stock options to its employees and officers under its stock option plan. Stock-based compensation plans are accounted for on a fair value basis. Stock-based compensation costs, measured at grant date based on the fair value of the options and recognized over the service period provided, are recorded as expenses on the income statement and are credited to contributed surplus. The consideration paid by employees upon exercise of the options and the fair value of the options exercised are added to share capital.

f) Revenue Recognition

Grants are recognized when the appropriate grant application is approved and a payment schedule is released. Interest income is recognized as revenue as it is earned.

g) Loss per Share

Basic and diluted loss per share is calculated by dividing net loss for the period attributable to the Company by the weighted average number of common shares outstanding and the dilutive impact of outstanding warrants and options during the period. The inclusion of the Company's stock options and warrants in the computation of diluted loss per share has an anti-dilutive effect on the loss per share and, therefore, they have been excluded from the calculation of diluted loss per share.

h) Financial Instruments

Classification of Financial Instruments

The Company's financial assets and liabilities are initially recorded at fair value and subsequently measured based on their assigned classifications as follows. The classification depends on the nature and purpose of the financial asset or liability and is determined at the time of initial recognition.

The Company's financial assets and liabilities are classified as follows:

Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Convertible promissory note	Amortized cost

Impairment

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivable assets are measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

SATELLOS BIOSCIENCE INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MARCH 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

h) Financial Instruments - continued

Impairment - continued

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Losses are recognized in the statements of comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive loss.

i) Research and development

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in profit and loss as incurred. To date, no development costs have been capitalized.

j) SR&ED Investment tax credits

The Company claims investment tax credits as a result of incurring scientific research and experimental development ("SR&ED") expenditures. Investment tax credits are recognized when the related expenditures are incurred and there is reasonable assurance of their realization. Investment tax credits are accounted for as other income on the statement of comprehensive profit and loss. Management has made a number of estimates and assumptions in determining the expenditures eligible for the investment tax credit claim. It is possible that the allowed amount of the investment tax credit claim could be materially different from the recorded amount upon assessment by regulatory authorities.

k) Future Changes in Accounting Policies

The Company monitors the potential changes in standards proposed by the International Accounting Standards Board and analyzes the effect that changes in the standards may have on the Company's operations.

As of the date of this report, there are no future standards that will impact this Company. The Company continues to assess the impact of the application of future standards and will adopt the standards, as appropriate, when they become effective.

SATELLOS BIOSCIENCE INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MARCH 31, 2021 and 2020

3. EXERCISE OF JUDGEMENT AND USE OF ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the interim financial statements include the following:

i) Going Concern Assessment

Significant judgements related to the Company's ability to continue as a going concern are disclosed in Note 1.

ii) Valuation of share-based compensation and warrants

Management measures the costs for share-based compensation and warrants using market-based option valuation techniques. Assumptions are made and estimates are used in applying the valuation techniques. These include estimating the future volatility of the share price, expected dividend yield, future turnover rates, and future exercise behaviours. Such estimates and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates of share-based payments and warrants.

iii) Income taxes

Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate future taxable income in future years in order to utilize any deferred tax asset which has been recognized. Estimates of future taxable income are based on forecasted cash flows. At the current statement of financial position date, no deferred tax assets have been recognized in these interim financial statements.

SATELLOS BIOSCIENCE INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MARCH 31, 2021 and 2020

4. RELATED PARTY BALANCES AND TRANSACTIONS

The following related parties have engaged in transactions with the Company:

Bloom Burton Development Corporation ("BBDC")	A shareholder of the Company
6857990 Canada Inc.	Controlled by shareholder
Other individual shareholders	Significant influence

Amounts owing to shareholders and included in accounts payable and accrued liabilities are as follows:

	March 31, 2021	December 31, 2020	March 31, 2020	December 31, 2019
Due to BBDC	\$ 52,244	\$ 42,576	\$ 15,797	\$ 2,631
Due to 6857990 Canada Inc.	18,080	18,080	54,240	18,080
Due to individual shareholders	<u>6,780</u>	<u>2,260</u>	<u>22,529</u>	<u>14,857</u>
	<u>\$ 77,104</u>	<u>\$ 62,916</u>	<u>\$ 92,566</u>	<u>\$ 35,568</u>

All amounts due to related parties are non-interest bearing and have no specified terms of repayment.

The Company engaged with related parties in the following transactions:

	March 31, 2021	March 31, 2020
Rent paid to BBDC	\$ 8,004	\$ 7,950
Other occupancy charges paid to BBDC	<u>600</u>	<u>745</u>
	<u>\$ 8,604</u>	<u>\$ 8,695</u>

Key management personnel includes the senior officers of the Corporation. The remuneration of key management personnel is as follows:

	March 31, 2021	March 31, 2020
Management fees	<u>\$ 66,000</u>	<u>\$ 66,000</u>

All related party transactions have been recorded at the amount of consideration established and agreed upon by the related parties in the normal course of business.

SATELLOS BIOSCIENCE INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MARCH 31, 2021 and 2020

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	March 31, 2021	December 31, 2020	March 31, 2020	December 31, 2019
Cash	\$ 580,569	\$ 707,480	\$ 198,690	\$ 174,054
Cashable GIC	<u>10,050</u>	<u>10,050</u>	<u>25,075</u>	<u>225,075</u>
	<u>\$ 590,619</u>	<u>\$ 717,530</u>	<u>\$ 223,765</u>	<u>\$ 399,129</u>

Cashable GIC bears interest at 0.1% and matures August 25, 2021.

6. RESEARCH AND DEVELOPMENT TAX CREDITS RECEIVABLE

The Company incurs expenses that qualify for research and development tax credits. As of March 31, 2021 the Company has recorded in the accounts a claim for \$322,391 (March 31, 2020 - \$579,309) which consists of the actual claim made as of December 31, 2020 in the amount of \$270,575 (December 31, 2019 - \$490,042) and an estimate based on qualifying expenditures for the period ended March 31, 2021 in the amount of \$51,816 (March 31, 2020 - \$89,267). The Company's claims are subject to audit by the CRA before any research and development tax credit is refunded.

SATELLOS BIOSCIENCE INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
MARCH 31, 2021 and 2020

7. EQUIPMENT

Equipment consists of the following:

	Furniture and Equipment
Cost	
As at December 31, 2019	\$ 2,842
Additions	-
Disposals	-
As at March 31, 2020	<u>\$ 2,842</u>
Accumulated Depreciation	
At December 31, 2019	\$ 734
Depreciation	105
Disposals	-
As at March 31, 2020	<u>\$ 839</u>
Cost	
As at December 31, 2020	\$ 2,842
Additions	-
Disposals	-
As at March 31, 2021	<u>\$ 2,842</u>
Accumulated Depreciation	
At December 31, 2020	\$ 1,156
Depreciation	84
Disposals	-
As at March 31, 2021	<u>\$ 1,240</u>
Net Book Value	
As at March 31, 2020	<u>\$ 2,003</u>
As at March 31, 2021	<u>\$ 1,602</u>
As at December 31, 2019	<u>\$ 2,108</u>
As at December 31, 2020	<u>\$ 1,686</u>

SATELLOS BIOSCIENCE INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MARCH 31, 2021 and 2020

8. LONG-TERM DEBT

Long-term debt consists of the following:

	March 31, 2021	December 31, 2020	March 31, 2020	December 31, 2019
\$1,000,000 USD convertible promissory note, bearing interest at 8% per annum, maturing December 31, 2023	\$ 1,067,855	\$ 1,087,842	\$ -	\$ -
Accrued interest on promissory note	<u>26,744</u>	<u>5,470</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,094,599</u>	<u>\$ 1,093,312</u>	<u>\$ -</u>	<u>\$ -</u>

As at March 31, 2021, \$850,000 USD of the note has been disbursed to the Company and has been translated to Canadian dollars as shown above. The remaining \$150,000 USD will be disbursed when the last project milestone is completed.

The promissory note is convertible into common shares of the Company simultaneously with the closing of an initial public offering ("IPO") or in connection with a change in control transaction. The promissory note will convert into common shares at the price per share indicated in the final IPO prospectus or received by the Company's common shareholders in connection with a change in control transaction. If the conversion occurs on or after June 1, 2021 the price per share will be 90% of the aforementioned prices per share.

The promissory note will convert into capital stock of the Company at the lowest price per share paid by the other investors in a private placement of shares in the capital stock of the Company for gross proceeds of \$5,000,000 USD or more. If the conversion occurs on or after June 1, 2021 the price per share will be 90% of the aforementioned price per share.

If conversion has not occurred by December 2, 2021, the holder may elect to convert the principal amount of the note plus all accrued interest into common shares of the Company at the then-current USD equivalent of \$1.3 CAD per share.

SATELLOS BIOSCIENCE INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MARCH 31, 2021 and 2020

9. SHARE CAPITAL

The share capital consists of:

	March 31, 2021	March 31, 2020
Authorized:		
Unlimited Common shares		
Issued:		
4,208,834 (March 31, 2020 - 3,761,334) Common shares	\$ 4,509,800	\$ 3,945,691
8,000,000 (March 31, 2020 - 8,000,000) Founder shares	<u>2</u>	<u>2</u>
	<u>\$ 4,509,802</u>	<u>\$ 3,945,693</u>

During the quarter ended March 2020, 382,040 common shares were issued for cash consideration of \$496,652, proceeds of \$481,110 net of fees. During the quarter ended March 2021, 120,600 common shares were issued for cash consideration of \$156,780, proceeds of \$154,678 net of fees. Subsequent to March 31, 2021, 199,484 Common shares were issued for cash consideration of \$279,231, proceeds of \$271,728 net of fees. Of these, 80,000 shares were issued through the exercise of 80,000 warrants at an exercise price of \$0.01, 21,784 shares were issued through the exercise of 21,784 warrants at an exercise price of \$1.30, and 97,700 were issued at a sale price of \$2.56.

10. STOCK-BASED COMPENSATION

The following is a summary of changes in options during the period:

	March 31, 2021		March 31, 2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding - Beginning	387,500	\$ 1.00	200,000	\$ 1.00
Granted	-	-	287,500	1.00
Expired/cancelled	-	-	-	-
Exercised	-	-	-	-
Outstanding - Ending	<u>387,500</u>	<u>\$ 1.00</u>	<u>487,500</u>	<u>\$ 1.00</u>

Unaudited

SATELLOS BIOSCIENCE INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MARCH 31, 2021 and 2020

10. STOCK-BASED COMPENSATION - Continued

As at March 31, 2021, the Company had outstanding options as follows:

Number of Options	Exercise Price	Granted	Expiry
200,000	\$ 1.00	November 1, 2018	November 1, 2028
187,500	\$ 1.00	March 1, 2019	March 1, 2029

In the quarter ended March 31, 2021, \$15,447 (Quarter ended March 31, 2020 - \$42,265) has been charged to contributed surplus in respect of stock-based compensation awards vested during the period.

All options are vested four years after the grant date. In the first anniversary, 25% of the options are vested, with 6.25% vesting quarterly thereafter.

The fair value of each option granted was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	Date Granted	
	November 1, 2018	March 1, 2019
Number of options granted	200,000	287,500
Volatility factor	40%	40%
Risk free interest rate	1.82%	1.78%
Dividend rate	Nil	Nil
Expected life	10 years	10 years
Vesting period	4 years	4 years
Fair value of options granted	\$ 104,126	\$ 219,311

11. SHARE PURCHASE WARRANTS

The following is a summary of changes in warrants:

	March 31, 2021	March 31, 2020
Balance - Beginning	140,993	261,766
Issued	1,617	11,954
Expired	-	-
Balance - Ending	<u>142,610</u>	<u>273,720</u>

Unaudited

SATELLOS BIOSCIENCE INC.**NOTES TO INTERIM FINANCIAL STATEMENTS****MARCH 31, 2021 and 2020**

11. SHARE PURCHASE WARRANTS - Continued

As at March 31, 2021, the Company had the following outstanding warrants:

Number of Warrants	Exercise Price	Expiry
15,344	\$ 1.30	April 12, 2021
9,342	\$ 1.30	June 14, 2021
4,550	\$ 1.30	July 12, 2021
5,390	\$ 1.30	July 31, 2021
2,450	\$ 1.30	November 15, 2021
11,954	\$ 1.30	February 18, 2022
9,275	\$ 1.30	August 11, 2022
2,688	\$ 1.30	December 18, 2022
1,617	\$ 1.30	January 27, 2023
80,000	\$ 0.01	June 27, 2028

In the quarter ended March 31, 2021, \$471 (Quarter ended March 31, 2020 - \$3,485) has been charged to contributed surplus in respect of stock-based compensation awards issued during the period.

The fair value of warrants granted was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	Number of options granted	Volatility factor	Risk Free Interest Rate	Fair Value of Warrants
Date Granted				
April 12, 2019	15,344	40%	1.78%	\$ 4,722
June 14, 2019	9,342	40%	1.78%	2,875
July 12, 2019	4,550	40%	1.78%	1,400
July 31, 2019	5,390	40%	1.78%	1,659
November 15, 2019	2,450	40%	1.78%	754
				<u>\$ 11,410</u>
February 18, 2020	11,954	40%	0.20%	\$ 3,485
August 11, 2020	9,275	40%	0.20%	2,704
December 18, 2020	2,688	40%	0.20%	784
				<u>\$ 6,973</u>
January 27, 2021	1,617	40%	0.19%	\$ 417
				<u>\$ 18,800</u>

Unaudited

SATELLOS BIOSCIENCE INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MARCH 31, 2021 and 2020

12. INCOME TAXES

The Company's non-capital loss carry forwards expire as follows:

2038	\$ 1,355,175
2039	2,013,994
2040	<u>1,183,141</u>
	<u>\$ 4,552,310</u>

The benefit of these non-capital losses available for carry forward have not been recognized in the interim financial statements as it is not certain whether the Company will generate sufficient taxable income to utilize these benefits. In addition, no estimate of the additional losses available for carry-forward that have arisen since December 31, 2020 have been included above.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Risks and Concentrations

The Company is exposed to various risks through its financial instruments. The following analysis provides a summary of the Company's exposure to and concentrations of risk at March 31, 2021:

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Company is not exposed to significant credit risk.

b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly with respect to its accounts payable and accrued liabilities and its long-term debt. The Company manages this risk by managing its working capital and by generating sufficient cash flow from operations. The following are the carrying values and contractual maturities of financial liabilities as at March 31, 2021:

	March 31, 2021	March 31, 2020	Expected Term to
Accounts payable and accrued liabilities	\$ 859,890	\$ 714,218	Due within three months
Convertible promissory note payable	<u>1,094,599</u>	<u>-</u>	December 31, 2023
	<u>\$ 1,954,489</u>	<u>\$ 714,218</u>	

Unaudited

SATELLOS BIOSCIENCE INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MARCH 31, 2021 and 2020

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - Continued

c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and price risk. The Company is mainly exposed to currency risk as follows:

i) Currency Risk

Currency 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. Approximately \$152,027 (2020 - \$157,244) of the Company's expenses are in US dollars. Consequently, some assets are exposed to foreign exchange fluctuations. As at March 31, 2021, cash of \$281,410 (March 31, 2020 - \$7,458) and long-term debt of \$850,000 (March 31, 2020 - \$Nil) are denominated in US dollars and has been converted into equivalent Canadian dollars at the exchange rate in effect at the quarter-end. The exposure to this risk changes as the transaction amounts change and as the exchange rate fluctuates. The average US exchange rate for the quarter ended 2021 was 1.2660 (Quarter ended March 31, 2020 - 1.3449).

Financial assets and liabilities are recognized on the statement of financial position at fair value in a hierarchy that is based on significance of the inputs used in making the measurements. The levels in the hierarchy are:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs)

At March 31, 2021, the Company's financial instruments included cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities and convertible promissory note payable. Due to the short-term maturities of cash, accounts receivable and accounts payable and accrued liabilities, the carrying amounts approximate fair value at the respective statement of financial position date.

There were no financial instruments measured or disclosed categorized as level 2 or 3 fair value within the hierarchy as at March 31, 2021 and 2020. There were no transfers of assets or liabilities between levels during the quarters ended March 31, 2021 and 2020.

SATELLOS BIOSCIENCE INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

MARCH 31, 2021 and 2020

14. CAPITAL RISK MANAGEMENT

The Company's main objectives when managing capital are to ensure sufficient liquidity to finance research and development activities, ongoing administrative costs and working capital. The Company includes cash in the definition of capital.

Since inception, the Company has financed its operations from private sales of equity, debt financing, government grants and investment tax credits. Since the Company does not have net earnings from its operations, the Company's long-term liquidity depends on its ability to access capital markets, which depends substantially on the success of the Company's ongoing research and development programs, as well as capital market conditions and availability.

APPENDIX O
SATELLOS MD&A

SATELLOS BIOSCIENCE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended December 31, 2020 and 2019

INTRODUCTION

The following Management's Discussion and Analysis ("**MD&A**") has been prepared as of June 24, 2021 and provides an analysis of Satellos' financial results for the fiscal years ended December 31, 2020 and 2019. The MD&A should be read in conjunction with the audited financial statements of Satellos Bioscience Inc. ("**Satellos**" or the "**Company**") and the related notes thereto, attached as Appendix "N" to this Information Circular. The audited financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**") and all dollar amounts are expressed in Canadian dollars unless otherwise noted. Additional information relating to Satellos can be found in this Information Circular under the heading "*Information Concerning the Target Company – Satellos Bioscience Inc.*"

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 Satellos in light of its experience and perception of historical trends, current conditions and expected future developments, as well as factors that Satellos believes are appropriate. Forward-looking statements in this MD&A include, but are not limited to, statements relating to:

- belief that the Company will be successful in raising additional capital to continue as a going concern;
- belief that its products and research and development efforts are targeting diseases and conditions with significant unmet medical treatment needs;
- the initiation, timing, cost, progress and success of our research and development programs;
- belief that the results of Satellos' research, trials and studies being equivalent to or better than previous research, trials, or studies;
- our expectations regarding our ability to arrange for and scale up manufacturing of our products and technologies;
- the Company's belief that its technology process can be commercialized as effectively or more effectively than other technologies to treat degenerative muscle disorders and conditions;
- our expectations regarding the advancement of our technology, including to treat Duchenne through further studies;
- the expected therapeutic benefits, effectiveness and safety of our product candidates;
- the ability of our product to effectively treat Duchenne and other degenerative muscle disorders and conditions;
- 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 and our partners' ability to advance product candidates into, and successfully complete, clinical trials;
- management's outlook regarding future trends;
- 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;
- the level of activity, market acceptance and market trends in the healthcare sector;
- expectations regarding the performance of critical suppliers and service providers;
- expectations with respect to existing and future corporate alliances and licensing transactions with third parties, and the receipt and timing of any payments to be made by us or to us pursuant to such arrangements;
- plans and objectives of management for future operations;
- our strategy with respect to the protection of our intellectual property;
- future financial performance and projected expenditures;
- estimates of our expenses, future revenue, capital requirements and our needs for additional financing;
- the impact of Covid 19 pandemic on our business;
- the expected timing and closing of Satellos Arrangement; and
- general business and economic conditions and outlook.

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 Satellos 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, Satellos 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) Satellos' ability to successfully develop its products; (vi) that Satellos' current positive relationships with third parties will be maintained; (vii) the availability of financing on reasonable terms; (viii) Satellos' ability to attract and retain skilled consultants; (ix) assumptions regarding market competition; (x) the products and technology offered by Satellos' competitors and (xi) Satellos' 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*", "*Liquidity Risk*", "*Credit Risk*" and "*Risk and Uncertainties*" in this MD&A and the risks set out under the heading "*Risk Factors*" in the Information Circular. Additional risks include, but are not limited to:

- the successful and timely completion of research and development initiatives;
- risks associated with general business, economic, competitive, political, and social uncertainties;
- general capital market conditions and market prices for securities;
- delay or failure to receive board or regulatory approvals;
- risks associated with future developments in the Company's markets and the markets in which it expects to compete;

- lack of qualified, skilled labour or loss of key individuals;
- the viability and marketability of the Company's technologies;
- the effects of government regulation on the Company's business;
- the development of superior technology by the Company's competitors;
- the failure of consumers and the medical community to accept the Company's technology as safe and effective;
- risks associated with the performance of commercial partners and critical suppliers and service providers;
- risks associated with the Company's ability to obtain and protect rights to its intellectual property;
- risks associated with the Company's ability to raise additional capital to support operations;
- risks related to the COVID-19 pandemic including various recommendations, orders and measures of governmental authorities to try to limit the pandemic, including travel restrictions, border closures, nonessential business closures, service disruptions, quarantines, self-isolations, shelters-in-place and social distancing, disruptions to markets, economic activity, financing, supply chains and sales channels, and a deterioration of general economic conditions including a possible national or global recession; and
- other factors beyond the Company's control.

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 Satellos' does not intend, and does 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.

Additional Cautionary Note in the Context of COVID-19

The global pandemic related to an outbreak of COVID-19 has cast considerable additional uncertainty on each of the assumptions contained in this MD&A. There can be no assurance that such assumptions will continue to be valid. Given the rapid pace of change, it is premature to make further assumptions about these matters. The situation is dynamic and the ultimate duration and magnitude of the impact of COVID-19 on the economy and the financial impact on Satellos' business is not known at this time. These impacts could include, amongst others, an impact on Satellos' ability to obtain debt or equity financing, impairment of investments, impairments in the value of Satellos' assets, or potential future decreases in revenue or profitability of Satellos' ongoing operations. See "*Risks Factors*" below and in the Information Circular.

NATURE OF BUSINESS AND OVERVIEW OF OPERATIONS

Overview of the Business

Satellos is a privately held Canadian company incorporated under the federal laws of Canada on July 27, 2012 as "Adurant Therapeutics Inc.". On February 22, 2018, Satellos filed Articles of Amendment changing its name to "Satellos Bioscience Inc.". Satellos amended its capital structure by filing Articles of Amendment on March 28, 2018.

Description of Business

Satellos is engaged in the research and development of novel therapeutics for the treatment of life-threatening diseases. The field in which the Company operates is generally referred to as the biotechnology industry. Satellos has made certain biological discoveries which may have relevance to understanding and treating a range of degenerative muscular disorders and conditions. Based on these discoveries, Satellos is

initially focused on the invention and development of new classes of therapeutics designed to help damaged muscles repair themselves. The first application of our technology is the development of a novel small molecule drug for the treatment of Duchenne, the most common fatal genetic disorder diagnosed in childhood. Duchenne is characterized by debilitating and progressively worsening muscle degeneration which generally culminates in death in the third decade of life. There is no known cure for Duchenne.

Satellos has generated proof of concept experimental data demonstrating that treatment of research mice bearing the same genetic defect as patients with Duchenne has potential to restore muscle regeneration. In the Mdx mouse, a gold standard research model of Duchenne, treatment with one of the Company's first-generation small molecule drug candidates restored muscle regeneration capacity and muscle strength to near normal levels. Satellos is currently in the process of generating additional small molecules with modified chemical structures that yield optimized drug-like properties. These new small molecule drug candidates will be further evaluated in a range of preclinical experiments, including additional animal models of Duchenne, to further verify and hone their potential effectiveness and safety for treating Duchenne. By the end of 2021, Satellos aims to nominate a lead compound as its DC to advance into the requisite pre-IND studies prior to commencing clinical trial testing in humans, planned for the 2nd half of 2022.

Satellos Business Strategy

Duchenne is the most common fatal genetic disorder diagnosed in childhood, affecting approximately one in 5,000 live male births worldwide. There is no known cure for Duchenne and treatments to-date are largely palliative or partially effective. It is an orphan disease of enormous medical need for new therapeutic approaches which improve the quality and duration of life.

Many past approaches to treating Duchenne have proved ineffective. These include anabolic steroids or Myostatin inhibitors which sought to bulk up existing skeletal muscle.

More recently, potentially disease modifying gene therapies have generated great hope. In these approaches, the intention is either to replace a subset of the coding regions of the dystrophin gene or alternately, skip over the mutated exon/s, so a partial dystrophin protein can be produced in muscle. The former approach, referred to as gene therapy, is now in clinical development with several companies testing product candidates. The latter, called exon skipping, has seen products approved and being marketed for sale such as those noted above -- Exondys 51, Vyondys 53, Vilepso among others. These approaches target mature muscle tissue as opposed to muscle stem cells. As a result, they may not be effective in addressing the inherent deficits in muscle stem cell asymmetric divisions which is required to enable life-long muscle repair and regeneration. Thus, we cannot know their ultimate efficacy as Duchenne patients age.

Whether gene therapy approaches prove to influence the disease course chronically, Satellos will need to differentiate its technology and ideally, be synergistic with these approaches. We expect, and have generated experimental evidence suggesting, that the stem cell mechanism targeted by Satellos should be complementary to - and should therefore augment - gene replacement and exon skipping approaches. Further, by focusing on addressing this root-cause defect in muscle stem cell divisions, which no one else is pursuing to our knowledge, we expect our technology will restore the body's ability to generate the progenitor cells required to effectively repair damaged muscles throughout life. Our goal is not to simply increase the bulk of muscles, but instead to boost the ability of Duchenne patients to self-repair and regenerate functional muscle, increasing muscle strength, to enhance both the quality and duration of their lives.

Satellos aims to first demonstrate the safety and potential efficacy of its drug candidate/s to treat Duchenne patients in early clinical trials (i.e., Phase I/II). Thereafter, its plan is to continue to develop and commercialize its products through development and marketing partnerships with pharmaceutical companies having the relevant expertise and market reach. This may include co-marketing or joint venture

arrangement or regional partnerships depending on clinical trial outcomes, market and environmental conditions, and risk/reward trade-offs. Through these relationships, Satellos will seek to have its products approved and registered for sale globally with an initial focus on North America (USA and Canada).

As a developer of therapeutics to treat a number of rare diseases, Satellos is eligible, and intends, to apply for specific government sponsored development programs that may provide strategic assistance during the regulatory review process, accelerated approval timelines and speed to market, and enhanced market exclusivity. When awarded, these programs can be of great value to the recipient parties. These programs include (but may not be limited to):

Orphan Drug Designation

The Orphan Drug Designation program provides status to drugs which are defined as those intended for the treatment, prevention or diagnosis of a rare disease or condition, such as Duchenne. Benefits for drugs that are bestowed 'orphan status' may include tax credits on clinical testing, waiving of the new drug application user fee, and eligibility for a seven-year market exclusivity upon approval of the drug. Orphan Drug Designation applications are often submitted alongside applications for Rare Pediatric Disease Designations (see below).

Rare Pediatric Disease Designation

As a developer of a therapeutic for Duchenne, a rare pediatric disease, Satellos is eligible and intends to apply for Rare Pediatric Disease Designation. Benefits for this designation include the potential for receiving a priority review voucher that is awarded after approval of the drug. This priority review voucher can be utilized to reduce the review process timeframe for a separate future drug development program. There is also an aftermarket for these vouchers which have been monetized for substantial sums.

Products

Treatment of Duchenne

The first application of our technology is the development of a novel small molecule drug for the treatment of Duchenne, the most common fatal genetic disorder diagnosed in childhood. Duchenne is characterized by debilitating and progressively worsening muscle degeneration which generally culminates in death in the third decade of life. There is no known cure for Duchenne.

Satellos has generated proof of concept experimental data demonstrating that treatment of research mice bearing the same genetic defect as patients with Duchenne has potential to restore muscle regeneration. In the Mdx mouse, a gold standard research model of Duchenne, treatment with one of the Company's first-generation small molecule drug candidates restored muscle regeneration capacity and muscle strength to near normal levels. Satellos is currently in the process of generating additional small molecules with modified chemical structures that yield optimized drug-like properties. These new small molecule drug candidates will be further evaluated in a range of preclinical experiments, including additional animal models of Duchenne, to further verify and hone their potential effectiveness and safety for treating Duchenne. By the end of 2021, Satellos aims to nominate a lead compound as its DC to advance into the requisite pre-IND studies prior to commencing clinical trial testing in humans, planned for the second half of 2022.

Beyond Duchenne there are more than 30 types of muscular dystrophy that affect humans. Each of these dystrophies have different causes that manifest into conditions that range across the entire spectrum of severity from benign, small impairments to motor function, through to full loss of ambulation and even death. Satellos is particularly interested in a subset of dystrophies associated with a multiprotein complex expressed in muscle and other tissues known as the Dystrophin-associated Glycoprotein Complex. Satellos has prioritized several of these dystrophies where we believe our mechanism of action may provide a therapeutic benefit to patients. Satellos believes these conditions could serve as indication expansion and thus, market growth opportunities for our therapeutic drugs. Accordingly, Satellos plans to experimentally evaluate these conditions, to determine the extent to which impaired muscle stem cell divisions arise and whether our therapeutic drug candidates may be of benefit.

Satellos Second Drug Development Program

In addition to Satellos' lead program that is centered on the promotion of muscle stem cell asymmetric division, Satellos has licensed a large body of intellectual property related to compositions and methods for promoting symmetric division of muscle stem cells through the action of a naturally occurring protein called 'Wnt7a'. Research has also demonstrated that administration of Wnt7a protein to muscle stem cells regulates the 'planar cell polarity pathway' and results in stimulation of symmetric stem cell division. Stimulation of muscle stem cell symmetric expansion serves to expand the resident pool of muscle stem cells, effectively enhancing the substrate material available to participate in muscle regeneration, producing a large stronger muscle tissue. In addition to promoting symmetric stem cell division, delivery of Wnt7a protein also stimulates the physical migration, proliferation, and differentiation of muscle progenitor cells, all aspects of the muscle regenerative process.

Although not suitable for correcting the asymmetric division deficit observed in Duchenne, stimulating symmetric division of muscle stem cells for the purposes of enhancing regeneration with Wnt7a may be an effective treatment strategy in other muscle wasting conditions. Specifically, indications where significant muscle damage and/or atrophy (loss) has occurred due to physical trauma or disuse may represent opportunities for evaluation of Wnt7a therapeutic modality. Satellos has surveyed the scientific literature and identified a number of potential indication areas that may warrant future follow up through the design and execution of preliminary preclinical experimentation.

Intellectual Property and Proprietary Protection

Satellos holds numerous issued and pending patents related to the manipulation, modulation, and use of muscle stem cells for experimental and therapeutic purposes, comprising 5 patent families described below:

1. 'A method of stimulating asymmetric division of satellite stem cells' patent family (patents/applications derived from PCT/US2018/027920);
2. 'Wnt7a compositions and methods of using the same' patent family (patents/applications derived from PCT/US2012/055396);
3. 'Compositions and methods for modulating stem cells and uses thereof' patent family (patents/applications derived from PCT/CA2010/000601); and
4. 'Novel stem cells, nucleotide sequences and proteins therefrom' patent family (patents/applications derived from PCT/CA2006001907).

These patents represent core intellectual property for Satellos. The Company's strategy is to maintain these patents and aggressively pursue protection as it makes new discoveries or inventions. Satellos has engaged Kirby Eades Gale Baker, one of Canada's leading intellectual property firms, to assist with developing its intellectual property strategy, drafting and filing patent filings, and maintaining its international portfolio of filings. Satellos believes it has invented novel chemical matter and intends to file patent applications on a timely basis with a view to obtaining protection while optimizing patent life. The Company's approach is to seek intellectual property protection by making filings in major markets including but not limited to the USA, EU, Japan, China and Canada. With this protection in place, Satellos intends to arrange for the manufacture, distribution and sale of the above-mentioned drug candidates in at least the named jurisdictions upon receipt of regulatory approvals.

Wherever feasible, Satellos will actively explore strategies to extend the useful life of our patents through follow-on filings and other means, as well as regulatory strategies to obtain accelerated market access or additional market exclusivity for our drug candidates. In addition, Satellos will ensure its know-how and proprietary expertise is guarded by trade secrets or trade-mark filings, as appropriate.

License and Research Agreements

Effective May 1st, 2018, Satellos and the Ottawa Hospital Research Institute ("**OHRI**") entered into a license agreement, under which the OHRI granted to Satellos the exclusive, world-wide, sublicensable, royalty bearing right and license to a body of technology and patents comprised of 5 patent families to develop make, have made, import, use, offer for sale, sell and have sold or otherwise commercialize licensed products.

Effective May 1st, 2018, Satellos and the OHRI entered into a Sponsored Research Agreement, during the term of which OHRI agrees to carry out specific research and development activities according to a prescribed statement of work (which may be amended from time to time) under the direction of the Company's co-founder, Dr. Michael A. Rudnicki. Under this agreement, Dr. Rudnicki leads a dedicated research and development ("**R&D**") team, currently comprised of one senior scientist and three research technicians, who are engaged solely to execute the agreed R&D program of Satellos, as defined in the statement of work.

Issuance of Convertible Note

On December 7, 2020, Satellos and Parent Project Muscular Dystrophy (“**PPMD**”), a US-based nonprofit organization committed to exploring and supporting new therapeutic treatments for Duchenne, entered into an agreement under which PPMD agreed to make an investment in Satellos of up to US\$1 million by way of the PPMD Convertible Note. These funds have been deployed to support the Company’s research activities towards development of a new therapeutic drug to treat Duchenne. Specifically, PPMD is enabling Satellos to broaden our preclinical efficacy data package, inform our efforts to optimize a DC, and expand the therapeutic potential of our technology to treat Duchenne patients. There is currently US\$850,000 principal plus accrued interest owing pursuant to the PPMD Convertible Note.

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.

HD Bioscience Co., Limited

Satellos has entered into a contractual arrangement with HD Bioscience Co., Limited under which, in exchange for payments made, HD Bioscience Co., Limited performs various critical drug development activities at the behest of Satellos. Under the guidance of Satellos, HD Bioscience Co., Limited performs chemical synthesis, evaluates biochemical and cell-based activity, as well as establishes pharmacokinetic profiles of all our newly synthesized chemical matter.

Wuxi Biortus Biosciences Co., Limited

Satellos has entered into a contractual arrangement with Wuxi Biortus Biosciences Co., Limited under which, in exchange for payments made, Wuxi Biortus Biosciences Co., Limited performs activities related to the generation of a protein crystal structure of our drug target, as well as various biophysical experiments related to the evaluation of drug-target binding. These experiments aim to develop an understanding of how our compounds interact with our drug target for the purposes of compound structure refinement towards a potent and selective drug-like molecule with known target binding properties.

X-Chem, Inc.

Satellos has entered into a contractual arrangement with X-Chem, Inc. where, in exchange for payments made, X-Chem, Inc. performs activities related to the performance of a DNA encoded library screen against PTP-X. DNA encoded library screens enable the evaluation of billions of small molecule compounds for their ability to bind to protein drug targets, followed by identification of the most enriched binders. This technology will provide Satellos with an additional stream of potential lead compounds that could be developed into a backup development candidate, or potentially could leap-frog our current program to become our development candidate. X-Chem, Inc. recently acquired a Canadian based company, IntelliSyn Pharma Inc., with whom Satellos has held previous contracts for the design of novel compounds for testing in its drug development assay pipeline. Satellos may re-engage with this aspect of X-Chem, Inc. during future chemical design and lead optimization activities, as circumstances warrant.

Coronavirus (“Covid-19”)

Satellos and the Canadian economy are now dealing with the results of the worldwide Coronavirus pandemic. The Company has been closely monitoring the evolving situation related to COVID-19 in order to ensure that it introduces initiatives in a timely and prudent manner to maximize the safety and security of its employees, its customers, and the communities in which these individuals reside. As a result of the

pandemic, Satellos held its 2020 annual general meeting virtually, and its personnel have continued to work remotely. In addition, OHRI was closed for a period of time in 2020, and upon re-opening has been operating with additional safety protocols in place to address pandemic risks, which has affected the pace of the research and development work OHRI has been providing to Satellos. This was taken into account in a reduction of the rates charged to Satellos by OHRI in 2020. The pandemic has also affected other contractors who provide services to Satellos, which has had an effect on Satellos' research and development program.

The effects of COVID-19 are changing rapidly and the overall consequences cannot be reasonably estimated at this time but could have material adverse effects on the Company's business and cashflows.

SELECTED ANNUAL INFORMATION

The financial information reported here-in has been derived from the audited financial statements prepared in accordance with IFRS. Satellos' 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. dollar.

The following table sets out certain selected financial information of the Company's financial statements for the last two years ended December 31, 2020 and 2019:

Key Measure	December 31, 2020 (audited) CAD	December 31, 2019 (audited) CAD
Revenue	105,521	37,878
R&D Expenses	940,942	1,488,429
Refundable tax credits	-270,575	-490,042
R&D Expenses net of refundable tax credits	670,367	998,387
Management & Stock-Based Compensation	818,190	677,714
General, Administrative & Business Development Expenses	195,494	350,229
Net Loss and Comprehensive Loss	1,578,530	1,988,452
Net Loss Per Share – Basic	(0.13)	(0.18)
Net Loss Per Share – Diluted	(0.13)	(0.18)
Total Assets	1,129,437	1,073,385
Cash and Cash Equivalents	717,530	399,129
Total Current Assets	1,127,751	1,071,277
Total Current Liabilities	219,961	664,812
Net Working Capital	907,790	406,465
Long-Term Debt	1,093,312	
Shareholders Equity	(183,836)	408,573
Number of Common shares (non-diluted) at year-end	12,088,234	11,379,294

Revenue was \$105,521 for the year ended December 31, 2020, compared to \$37,878 for the year ended December 31, 2019. The increase in 2020 was due to an increase in grants due to the Innovation Assistance

Program of NRC-IRAP, which was introduced to provide support to innovative companies during the COVID-19 pandemic.

R&D Expenses were \$940,942 for the year ended December 31, 2020, compared to \$1,488,429 for the year ended December 31, 2019. The decrease in 2020 was due to a decrease in contract R&D spending at the OHRI, and other restrictions placed on lab-based work imposed by the COVID-19 pandemic with respect to other contractors. R&D Expenses are comprised of contract research expenditures at OHRI and the Company's other research and development contractors, and costs of scientific materials. Substantially all of these expenditures relate to Satellos' lead R&D program in Duchenne. Satellos anticipates that its R&D Expenses will increase in 2021 as it moves towards selecting a DC in Duchenne. In 2022 R&D Expenses are expected to increase further following the selection of a DC as the Company moves into pre-clinical and clinical development.

Refundable tax credits were \$270,575 for the year ended December 31, 2020 and were \$490,042 for the year ended December 31, 2019. Refundable tax credits are available to the Company through the Scientific Research and Experimental Development (SR&ED) program of the Federal Government and the Ontario Innovation Tax Credit (OITC) and the Ontario Research and Development Tax Credit (ORDTC) programs. These tax credits are roughly proportional to R&D expenditures in Canada (or expenditures enabling R&D in Canada) – the reduction in refundable tax credits in 2020 was due to the reduction in R&D expenditures in that year.

Management & Stock-Based Compensation was \$818,190 for the year ended December 31, 2020, compared to \$677,714 for the year ended December 31, 2019. The increase in 2020 was due to an increase in fees paid to management and administrative consultants.

General, Administrative & Business Development Expenses was \$190,494 for the year ended December 31, 2020, compared to \$350,229 for the year ended December 31, 2019. The decrease in 2020 was due primarily to a reduction in travel, conference and promotional activities due to the COVID-19 pandemic, and a reduction in professional fees.

Revenue in 2019 was limited to (a) interest of \$12,878 on the Company's cash reserve, part of which were held in short-term guaranteed investment certificates; and (b) a grant of \$25,000 provided by the Ontario Biotechnology Industry Organization (OBIO).

Revenue in 2020 consisted of (a) interest on the Company's GICs, which totaled \$4,971 over the year; and grants received from the Federal Government through the Innovation Assistance Program operated by the National Research Council – Industrial Research Assistance Program (NRC-IRAP) - the Company received \$100,550 through this program in 2020.

Losses are driven largely by R&D expenditures, net of refundable tax credits, by the Company. The decrease in R&D Expenses in 2020 was due to a decrease in contract R&D spending at the OHRI, and other restrictions placed on lab-based work imposed by the COVID-19 pandemic with respect to other contractors. This led to a reduction in the loss in 2020 as compared to 2019.

Research and Development Initiatives Summary

Project	Description	Planned 2021 R&D Expenses	2020 R&D Expenses	2019 R&D Expenses	Status
Duchenne	Research, development and selection of drug candidate (DC) for clinical development	\$2,700,000 ¹	\$940,942	\$1,488,429	Select DC by end of 2021; initiate human clinical trial in the second half of 2022

Note:

- (1) Estimated expenses for January 1 – December 31, 2021. A portion of these expenses will be incurred by Satellos prior to completion of the Arrangement with the remainder being incurred by the Resulting Issuer. See “Proposed Transactions” below.

Summary of Quarterly Results

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

Unaudited	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Total Revenue	2,718	20,500	0	14,660	1,703	48,375	12,691	42,752
Loss ¹	-298,642	-474,253	-798,351	-417,206	-638,388	-204,180	-338,657	-397,305
Wtd Avg # Shares ²	10,452,000	10,727,682	11,156,342	11,299,294	11,526,894	11,761,334	11,880,551	12,003,738
Loss per Share	-0.03	-0.04	-0.07	-0.04	-0.06	-0.02	-0.03	-0.03

Notes:

- (1) Loss from continuing operations are equivalent to comprehensive loss; all losses are attributable to the owners of the Company.
- (2) Basic and diluted loss per share is calculated by dividing net loss for the period attributable to the Company by the weighted average number of common shares outstanding and the dilutive effect of outstanding warrants and options during the period. The inclusion of the Company’s stock options and warrants in the computation of diluted loss per share has an anti-dilutive effect on the loss per share and, therefore, they have been excluded from the calculation of diluted loss per share.

Revenue in 2019 was limited to (a) interest on the Company's cash reserve, part of which were held in short-term guaranteed investment certificates; and (b) a grant of \$25,000 provided by the Ontario Biotechnology Industry Organization (OBIO), half of which was disbursed in each of Q2 2019 and Q4 2019.

Revenue in 2020 consisted of (a) interest on the Company's GICs, which totaled \$4,971.13 over the year; and grants received from the Federal Government through the Innovation Assistance Program operated by the National Research Council – Industrial Research Assistance Program (NRC-IRAP) - the Company received \$46,077 in Q2 2020, \$12,565 in Q3 2020, and \$41,908 in Q4 2020.

Quarterly losses are driven largely by variations in research and development expenditures by the Company which have varied over specific quarters. In Q2 2020 (and to a lesser extent in Q3 and Q4 2020), research and development activities at the Ottawa Hospital Research Institute, with whom the Company has a sponsored research agreement, were reduced by workplace restrictions due to the COVID-19 epidemic – OHRI reduced its charges to the Company which is reflected in reduced quarterly losses in those quarters.

LIQUIDITY AND CAPITAL RESOURCES

Going Concern

The financial statements have been prepared on a going concern basis, which assumes that Satellos will be able to realize its assets and discharge its liabilities in the normal course of business. For the year ended December 31, 2020, Satellos has incurred a net loss of \$1,578,530, negative cash flows from operating activities of \$1,659,982 and had an accumulated deficit of \$4,785,610 at December 31, 2020. Satellos had cash and cash equivalents of \$717,530 and a working capital surplus of \$907,790 at December 31, 2020.

The continued operations of Satellos are dependent on its ability to generate future cash flows or obtain additional financing. Subsequent to year end, prior to the audit report date, 120,600 Common shares were issued for cash consideration of \$156,780, proceeds of \$154,678 net of fees. Subsequent to the audit report date, on 01 April, 15,344 warrants were exercised at \$1.30 per Common share for proceeds of \$19,947 (there were no fees). On May 06, 2021, 97,700 Common shares were issued for cash consideration of \$250,112, proceeds of \$242,609 net of fees. Management is of the opinion that sufficient working capital will be obtained from external financing to meet Satellos' 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 Satellos. These conditions indicate the existence of a material uncertainty that may cast significant doubt regarding Satellos' ability to continue as a going concern.

The financial statements do not give effect to any adjustments, which would be necessary should Satellos 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.

Cash Management

Satellos' main objectives in managing capital are to ensure sufficient liquidity to finance research and development activities, ongoing administrative costs and working capital. Since inception, Satellos has financed its operations from private sales of equity, convertible debt financing, government grants and investment tax credits. Since Satellos has not generated net earnings from operations, its ongoing liquidity depends on its ability to access capital markets, which depends on the success of Satellos' ongoing research and development programs, as well as capital market conditions and availability.

Satellos uses cash flow forecasts to estimate cash requirements for the ensuing twelve-month period. Based on these requirements, Satellos raises 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 Satellos' cash requirements. Satellos' 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, Satellos remains subject to currency fluctuations which affect its loss and comprehensive loss during any given year.

Based on the foregoing, Satellos will continue to pursue various funding options and opportunities; however, no assurances can be made that Satellos will be successful in raising additional investment capital, to continue as a going concern. If Satellos is not able to raise capital, Satellos will have to reduce our cash requirements by eliminating or deferring spending on research, development and corporate activities.

Further, Satellos continues 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.

For the year ended December 31, 2020, there was a net cash outflow from operating activities of \$1,659,982 compared to a net cash outflow of \$1,924,440 for the year ended December 31, 2019, a decrease in outflow of \$264,458.

At December 31, 2020 Satellos held cash of \$717,530 (December 31, 2019 – \$399,129). At December 31, 2020 Satellos had current liabilities of \$219,961 (December 31, 2019 – \$664,812). At December 31, 2020 Satellos had net working capital of \$907,790 (December 31, 2019 – \$406,465).

During the year ended December 31, 2020, Satellos' overall position of cash and cash equivalents increased by \$318,401 (December 31, 2019 – decreased by \$767,940). The changes in cash can be attributed to:

- Satellos' cash used in operating activities during the year ended December 31, 2020 was \$1,659,982 compared to cash used in operating activities during the year ended December 31, 2019 of \$1,924,440. The reduction in cash used was primarily due to a decrease in net loss which in turn is due to a reduction in R&D Expense in 2020 as compared to 2019. Satellos' cash used in investing activities during the year ended December 31, 2020 was nil compared to cash used in investing activities during the year ended December 31, 2019 of \$771. The decrease in cash used was due to zero purchases of equipment in 2020.
- Satellos' cash provided by financing activities during the year ended December 31, 2020 was \$1,978,383 compared to cash provided by financing activities during the year ended December 31, 2019 of \$1,157,271. In 2019, cash from financing activities was generated through the issuance of share capital for net proceeds of \$1,157,271. In 2020, cash from financing activities was generated through issuance of share capital for net proceeds of \$890,541 and from \$1,087,842 in proceeds from long-term debt.

Long-Term Debt

On December 7, 2020, Satellos and Parent Project Muscular Dystrophy (“PPMD”), a US-based nonprofit organization committed to exploring and supporting new therapeutic treatments for Duchenne, entered into an agreement under which PPMD agreed to make an investment in Satellos of up to US\$1 million by way of the PPMD Convertible Note. In December 2020 PPMD disbursed US\$850,000 to Satellos and a further US\$150,000 can be disbursed subject to the completion of certain milestones. In the event that there is an Event of Default under the PPMD Convertible Note (as defined therein) all principal and interest outstanding under the PPMD Convertible Note will become immediately due and payable. Events of Default include, without limitation, a breach of the PPMD Promissory Note by Satellos, a breach of any

representation, warranty or covenant contained in the PPMD Promissory Note, if Satellos files any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law, if any involuntary petition is filed against Satellos under any bankruptcy statute or if a custodian, receiver, trustee or assignee for the benefit of creditors is appointed to take possession, custody or control of any property of Satellos.

The PPMD Convertible Note is convertible into common shares of the Company simultaneously with the closing of an initial public offering (“IPO”) or in connection with a change in control transaction. The PPMD Convertible Note will convert into common shares at the price per share indicated in the final IPO prospectus or received by the Company’s common shareholders in connection with a change in control transaction. If the conversion occurs on or after June 1, 2021 the price per share will be 90% of the aforementioned prices per share.

The PPMD Convertible Note will convert into capital stock of the Company at the lowest price per share paid by the other investors in a private placement of shares in the capital stock of the Company for gross proceeds of \$5,000,000 USD or more. If the conversion occurs on or after June 1, 2021 the price per share will be 90% of the aforementioned price per share.

If conversion has not occurred by December 2, 2021, the holder may elect to convert the principal amount of the PPMD Convertible Note plus all accrued interest into common shares of the Company at the then-current USD equivalent of \$1.3 CAD per share.

Satellos has received a confirmatory letter from PPMD confirming that the Subscription Receipt Financing will trigger the automatic conversion of the principal amount of the PPMD Convertible Note, together with all accrued and unpaid interest thereon. The conversion price per Resulting Issuer Common Share will be equal to 90% of the purchase price of the Subscription Receipts, being \$0.765.

Long-Term Obligations and Other Contractual Commitments

The Company may be required to make milestone, royalty, and other research and development funding payments under the License Agreement between the Ottawa Hospital Research Institute (OHRI) and Satellos. 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 December 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:

- Royalties on net sales of any products covered by patents licensed from OHRI (“Licensed Products”) of 1% or 2% (depending on which patents cover a particular product), during the period when the applicable patents have valid, unexpired claims, subject to certain royalty stacking provisions;
- Milestone payments triggered by specified events:
 - o \$50,000 Each time a Licensed Product is the subject of an approved IND in the US or equivalent in any other industrialized country (maximum one payment per new drug candidate);
 - o \$150,000 Each time a Licensed Product first enters Phase II human clinical trials in the US or equivalent in any other industrialized country (maximum one payment per new drug candidate);
 - o \$300,000 Each time a Licensed Product first enters Phase III human clinical trials in the US or equivalent in any other industrialized country (maximum one payment per new drug candidate); and
 - o \$1,000,000 Each time a Licensed Product is the subject of a regulatory approval in the US (such as NDA and BLA) or equivalent in any other industrialized country (maximum one payment per new drug candidate).

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- 2% of sublicensing income received by Satellos from the grant of sublicenses.

TRANSACTIONS WITH RELATED PARTIES

Satellos paid rent and related occupancy charges of \$34,394 to BBDC during the year ended December 31, 2020 (during the year ended December 31, 2019 - \$25,414; during the year ended December 31, 2018 - \$15,326).

Brian Bloom and John Holyoake are directors of Satellos. The former is Board Chair and CEO of both Bloom Burton & Co. Inc. and an affiliated company, Bloom Burton Securities Inc., while the latter is Managing Director, Investment Banking at Bloom Burton Securities Inc. Bloom Burton Development Corp., another affiliate of Bloom Burton & Co., Inc., is a significant shareholder of Satellos. Bloom Burton Securities Inc. is acting as the lead agent in connection with the Subscription Receipt Financing and in connection therewith is receiving an agency fee equal to 6.0% of the gross proceeds of the Subscription Receipt Financing, as well as broker warrants equal to 6.0% of the total number of Subscription Receipts sold pursuant to the Subscription Receipt Financing. Bloom Burton Securities Inc. is also acting as exclusive financial advisor to iCo on the Arrangement and will receive contingent consideration in the event that the Arrangement is completed.

In addition, Frank Gleeson, the President and Chief Financial Officer of Satellos provides services as an officer of Satellos and is compensated through his management company 6857990 Canada Inc.

OFF-BALANCE SHEET ARRANGEMENTS

Satellos has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations or arrangements with respect to any obligations under a variable interest equity arrangement.

FOURTH QUARTER RESULTS

During the three month period ended December 31, 2020, compared to the respective prior quarter, no material event or development occurred in respect of the Company's financial condition, financial performance or cash flows, other than as otherwise disclosed herein.

PROPOSED TRANSACTIONS

Arrangement Agreement

On March 21, 2021 the Company entered into an agreement (the "**Arrangement Agreement**"), providing for the business combination of iCo Therapeutics Inc. ("**iCo**") and 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 57.1% 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.

The Arrangement is subject to, among other things, the approval of shareholders of Satellos at a special meeting expected to be convened by Satellos, the approval of shareholders of iCo at a special meeting expected to be convened by iCo, receipt of required regulatory and court approvals, and other customary conditions of closing. As part of the Arrangement (i) each issued and outstanding common share of Satellos will be cancelled, and the holder will receive (per common share of Satellos) 30.11 Resulting Issuer common shares (the "**Exchange Ratio**"); (ii) each holder of outstanding warrants to purchase common share of Satellos ("**Satellos Warrants**") will receive upon exercise of such Satellos Warrants, in accordance with its terms, subsequent to the Arrangement, Resulting Issuer common shares adjusted pursuant to the Exchange Ratio; and (iii) each outstanding option at the effective time of the Arrangement (the "**Effective Time**") to purchase common share of Satellos ("**Satellos Options**") shall be exchanged for a replacement option of the Resulting Issuer (each a "**Replacement Option**") to acquire such number Resulting Issuer common shares equal to the product of the number of common share of Satellos subject to such Satellos Option at the Effective Time; multiplied by the Exchange Ratio, and the exercise price per Resulting Issuer common share of each Replacement Option shall be an adjusted amount equal to the quotient of the exercise price per common shares of Satellos subject to each Satellos Option immediately before the Effective Time; divided by the Exchange Ratio.

Concurrent Financing

On April 27, 2021, iCo 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 was 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.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements include the following:

i. **Going Concern Assessment**

Significant judgements related to the Company's ability to continue as a going concern are disclosed in Note 1 to Satellos' audited annual financial statements for the year ended December 31, 2020 (the "**Financial Statements**").

ii. **Valuation of share-based compensation and warrants**

Management measures the costs for share-based compensation and warrants using market-based option valuation techniques. Assumptions are made and estimates are used in applying the valuation techniques. These include estimating the future volatility of the share price, expected dividend yield, future turnover rates, and future exercise behaviours. Such estimates and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates of share-based payments and warrants.

iii. **Income taxes**

Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate future taxable income in future years in order to utilize any deferred tax asset which has been recognized. Estimates of future taxable income are based on forecasted cash flows. At the current statement of financial position date, no deferred tax assets have been recognized in the Financial Statements.

NEWLY ADOPTED ACCOUNTING STANDARDS

The financial statements, for the year ended December 31, 2019, are the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended December 31, 2019, the Company prepared its financial statements in accordance with the Canadian accounting standards for private enterprises.

Accordingly, the Company has prepared financial statements that comply with IFRS applicable as at December 31, 2019, together with the comparative data for the years ended December 31, 2018, as described in the summary of significant accounting policies. In preparing the financial statements, the Company's opening statement of financial position was prepared as at January 1, 2018, the Company's date of transition to IFRS.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Satellos is exposed to a variety of financial risks which result from its operating, investing and financing activities. Satellos' financial instruments are its cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and the PPMD Convertible Note. Due to the short term nature of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, the carrying amounts approximate fair value at the respective statement of financial position date.

Liquidity Risk

Liquidity risk is the risk that Satellos will have difficulty meeting obligations associated with financial liabilities. Satellos is exposed to liquidity risk mainly due to its accounts payable, accrued liabilities and its long-term debt. 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.

Foreign Currency Risk

Foreign exchange risk arises when Satellos enters into transactions denominated in a currency other than its functional currency. Satellos is exposed to currency risk to the extent that there is a mismatch between the currency in which a transaction is denominated and the functional currency of Satellos.

The currencies in which transactions are primarily denominated are in Canadian dollars and US dollars.

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 \$3,621 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 \$3,621 less.

Satellos' policy is not to enter into any economic hedging transactions to neutralize the effects of foreign currency fluctuations.

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 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 DATA

The Company is authorized to issue an unlimited number of common shares.

As at the date of this MD&A, Satellos had the following securities issued and outstanding:

		Exercise Price	Common shares issuable
Common shares	12,408,318		
Broker warrants	32,534	\$1.30	32,534
Options	387,500	\$1.00	387,500
PPMD Convertible Note	Principal value of US\$850,000 plus accumulated interest at 8% per annum		14,425,822 ⁽¹⁾

Notes:

- (1) Based upon the anticipated amount of accrued interest of US\$45,468.49 which will be owing on the PPMD Convertible Note as of the closing date of the Arrangement (assuming the closing date occurs on August 9, 2021), and assuming an exchange rate of CAD\$1.2324 for each US\$1.00, it is anticipated that an aggregate of 14,425,822 common shares will be issued upon conversion.

RISKS AND UNCERTAINTIES

The Company is exposed to numerous risks and uncertainties. The risks and uncertainties described below are not the only risks the Company could face, but could materially and adversely affect business, financial condition, results of operations and future prospects of the Company. Additional risks and uncertainties that the Company's management is unaware of, or that management currently view as not material, may also become important factors that could adversely affect the Company's business. Please see "*Risk Factors*" in this Information Circular.

Limited Operating History

Satellos is in the early stages of its business activities. As a result, it is difficult to evaluate Satellos' prospects, and its future success is more uncertain than if it had a longer or more proven history of operations.

History Of Losses

To date, Satellos has not recorded any revenues from the sale of biopharmaceutical products or earning any licensing revenues, and, as a result, it faces a high risk of business failure. Since its inception, Satellos has incurred significant losses, and, as of December 31, 2020, had an accumulated deficit of \$4,785,610. Satellos expects these losses to increase substantially in the coming years as it continues to dedicate its resources to conducting R&D, clinical trials and regulatory filings, commercialization activities and general business operations. To achieve profitability, Satellos must develop and eventually commercialize a product or products with significant market potential either on their own or in collaboration with a partner. These development and commercialization activities are challenging, and include successfully inventing a novel product or products, completing preclinical activities and clinical trials in humans, obtaining regulatory approval for product marketing, and going to market. Satellos may never realize revenue from its products and even if it does, it may not generate sufficient revenue to be profitable.

Ability to Continue as a Going Concern

The Company's auditors' opinion on its December 31, 2020 financial statements includes an explanation paragraph in respect of there being material uncertainty about its ability to continue as a going concern.

Biotech Industry Risks

Prospects for companies in the biotechnology industry generally may be regarded as uncertain given the nature of the industry and, accordingly, investments in biotechnology companies should be regarded as speculative. Biotechnology research and development involves a significant degree of risk. An investor should carefully consider the risks and uncertainties described herein. The risks and uncertainties described herein are not an exhaustive list. Additional risks and uncertainties not presently known to Satellos or that Satellos believes to be immaterial may also adversely affect Satellos' business. If any one or more of these risks occur, Satellos' business, financial condition and results of operations could be seriously harmed.

No History Of Dividends

Since incorporation, Satellos has not paid any cash or other dividends on its common stock and does not expect to pay such dividends in the foreseeable future, as all available funds will be invested primarily to finance its drug development programs. Satellos will need to achieve profitability prior to any dividends being declared.

Requirements For Substantial Additional Funding; Capital Risk; Liquidity Risk; Dilution

R&D efforts in the biotechnology sector, which include drug discovery, and preclinical, clinical and regulatory development activities, are capital intensive and require significant investment. Satellos expects R&D expenses to increase substantially as it scales its drug discovery efforts and advances its ensuing product candidates through the standard stages of biotechnology product development. To continue its current business activities, achieve its milestones and fund increasing future research and product development expenses, Satellos will require additional capital. Securing financing, if available, will likely require Satellos to sell additional common shares or other financial instruments that are exchangeable for or convertible into common shares, and/or enter into development, distribution or licensing relationships, and/or incur additional debt which may or may not be convertible into equity shares. It is probable that any future debt financing arrangements would contain restrictive covenants that would impose significant operating and/or financial restrictions on Satellos or include a lien on its assets. It is uncertain if these types of equity or debt financing will be available on a timely basis or at all, or available on reasonably acceptable terms. They will be dependent on, among other things, the results and perceived value of its R&D efforts and product candidates, its ability to obtain regulatory approvals, the state of the capital markets overall, agreements with partners, and other relevant commercial considerations. Any future financing activity may be dilutive to existing shareholders.

If Satellos cannot obtain sufficient funding on a timely basis or on reasonably acceptable terms, its ability to continue as a going concern and realize the value of its assets and pay its liabilities as they become due is at risk. Consequently, it may be forced to significantly change or limit current or planned operations in order to safeguard its cash until such time, if ever, that sufficient proceeds from operations are generated. This also could lead to, among other things, Satellos not taking advantage of business development opportunities, the termination or delay of future clinical trials for one or more of its product candidates and jeopardize its ability to continue as a going concern.

Early Stage Development and Scientific Uncertainty

Satellos' products are at an early stage of development. Significant additional investment in research and development, product validation, manufacturing, production scale-up, manufacturing, clinical testing, and regulatory submissions of such product candidates is required prior to commercialization. There can be no assurance that any such products will actually be developed. The development and regulatory processes may require access to raw materials and inputs which may not be available to Satellos in sufficient amounts or in a timely fashion to allow Satellos to complete the development or receive regulatory approval of any product or process. A commitment of substantial time and resources is required to conduct research and clinical trials if Satellos is to complete the development of any product. It is not known whether any of these product or process candidates will meet applicable health regulatory standards and obtain required regulatory approvals, or whether such products can be produced in commercial quantities at reasonable costs and be successfully marketed, or if Satellos' investment in any such products will be recovered through sales or royalties. The Company's technology will require significant research and development and preclinical and clinical testing prior to regulatory approval, if required, being obtained in Canada, the United States or other countries. The Company may not be able to obtain regulatory approvals, if required, to complete necessary clinical trials for its technology, or to commercialize it. The Company's technology may prove to have undesirable and unintended side effects, or other characteristics adversely affecting its safety, efficacy or cost-effectiveness could prevent or limit its use. The Company's technology may fail to provide its intended benefit or achieve benefits equal to or better than its competitor's products at the time of testing or production and, if so, its business may fail.

Clinical Trial Risks

The Company's clinical trials may fail to produce successful results or could be suspended due to unacceptable safety risks, which could cause its business to fail. Clinical trials are subject to extensive regulatory requirements, and are very expensive, time-consuming and difficult to design and implement, in part because they may be subject to rigorous regulatory requirements. The Company's products may fail to achieve necessary safety and efficacy endpoints during clinical trials. The Company believes that its clinical trials will take a substantial period of time to complete. Furthermore, failure can occur at any stage of the trials, and the Company could encounter problems that cause us to abandon or repeat clinical trials. The commencement and completion of clinical trials may be delayed by several factors, including: unforeseen safety issues; lack of effectiveness during clinical trials; slower than expected rates of patient recruitment; and inability to monitor patients adequately during or after treatment. In addition, the Company or regulatory officials may suspend the Company's clinical trials at any time if it appears that the Company is exposing participants to unacceptable health risks. If the Company's clinical trials fail to produce successful results, or are suspended due to unacceptable safety risks, the Company's business may fail.

Dependence on Key Personnel, Collaborative Partners, Licensors and Others

Satellos is highly dependent on its executive officers. Although Satellos has or will have formalized contractual agreements with each of its executive officers, these agreements do not prevent them from terminating their engagement with Satellos at any time. The loss of the services of any of these persons could potentially harm Satellos's research, development and commercialization objectives and financial condition.

Satellos's success is also dependent on its ability to recruit, retain and motivate qualified scientific, drug development, clinical, project management, financial and business personnel. Satellos may not be able to attract and retain these personnel on a timely basis or on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel. Satellos also experiences competition for the hiring of scientific and clinical personnel from universities and research institutions. Satellos also depends on scientific and clinical collaborators and advisors, all of whom have outside commitments that may limit their availability.

Satellos' activities will require it to enter into various arrangements with corporate and academic collaborators, licensors, licensees and others for the research, development, clinical testing, manufacturing, marketing, and commercialization of its products. Satellos intends to attract corporate partners and enter into additional research collaborations. There can be no assurance, however, that Satellos will be able to establish such additional collaborations on favorable terms, if at all, or that its current or future collaborations will be successful. Failure to attract commercial partners for its products may result in Satellos incurring substantial clinical testing, manufacturing, and commercialization costs prior to realizing any revenue from product sales or result in delays or program discontinuance if funds are not available in sufficient quantities. If any collaborative partner fails to develop, manufacture, or commercialize successfully any product to which it has rights, or any partner's product to which Satellos will have rights, Satellos' business may be adversely affected. Failure of a collaborative partner to continue to participate in any particular program could delay or halt the development or commercialization of products generated from such program. In addition, there can be no assurance that the collaborative partners will not pursue other technologies or develop alternative products either alone or in collaboration with others, including Satellos' competitors, as a means for developing treatments for the diseases targeted by Satellos programs. Furthermore, Satellos may hold licenses for certain technologies and there can be no assurance that these licenses will not be terminated, or that they will be renewed on conditions acceptable to Satellos. Satellos may negotiate additional licenses in respect of technologies developed by other companies and academic institutions. Terms of license agreements to be negotiated may include, inter alia, a requirement to make milestone payments, which may be substantial. Satellos will also be obligated to make royalty payments on the sales, if any, of products resulting from licensed technology

and, in some instances, may be responsible for the costs of filing and prosecuting patent applications. Should any of Satellos' licensees breach their regulatory, clinical, operational or legal requirements this may impact Satellos' reputation and/or ability to conduct its business or make progress as anticipated.

Regulatory Risks

Successful execution of the Company's business is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the operation of its business. Any delay in obtaining, or failure to obtain regulatory approvals would significantly delay the development of corporate objectives, which could have a material adverse effect on the Company's business and financial condition.

Biotechnology and pharmaceutical companies operate in a high-risk regulatory environment. The manufacture and sale of human diagnostic and therapeutic products is governed by numerous statutes and regulations in the United States, Canada, and other countries where Satellos intends to market its products. The subject matter of such legislation includes approval of manufacturing facilities, controlled research and testing procedures, review and approval of manufacturing, preclinical and clinical data prior to marketing approval, as well as regulation of marketing activities, notably advertising and labelling.

The process of completing clinical testing and obtaining required approvals is likely to take several years and require the expenditure of substantial resources. Furthermore, there can be no assurance that the regulators will not require modification to any submissions which may result in delays or failure to obtain regulatory approvals. Any delay or failure to obtain regulatory approvals could adversely affect the ability of Satellos to utilize its technology, thereby adversely affecting operations. Further, there can be no assurance that Satellos's therapeutic product candidates will prove to be safe and effective in clinical trials or receive the requisite regulatory approval. There is no assurance that Satellos will be able to timely and profitably produce its products while complying with all the applicable regulatory requirements. Foreign markets, other than the United States and Canada, generally impose similar restrictions.

Intellectual Property Risks

The Company may have certain proprietary intellectual property, including but not limited to brands, trademarks, trade names, patents and proprietary processes. The Company will rely on this intellectual property, know-how and other proprietary information, and require certain employees, consultants and suppliers to sign confidentiality agreements. However, these confidentiality agreements may be breached, and the Company may not have adequate remedies for such breaches. Third parties may independently develop substantially equivalent proprietary information without infringing upon any proprietary technology. Third parties may otherwise gain access to the Company's proprietary information and adopt it in a competitive manner. Any loss of intellectual property protection may have a material adverse effect on the Company's business, results of operations or prospects.

Satellos' success will depend in part on its ability to obtain, maintain, and enforce patent rights, maintain trade secret protection, and operate without infringing the proprietary rights of third parties. There can be no assurance that pending patent applications will be allowed, that Satellos will develop additional proprietary products that are patentable, that issued patents will provide Satellos with any competitive advantage or will not be challenged by any third parties, or that patents of others will not have an adverse effect on the ability of Satellos to do business.

Furthermore, there can be no assurance that others will not independently develop similar products, duplicate any of the Satellos products, or design around the products patented by Satellos. In addition, Satellos may be required to obtain licenses under patents or other proprietary rights of third parties. No assurance can be given that any licenses required under such patents or proprietary rights will be available on terms acceptable to Satellos. If Satellos does not obtain such licenses it could encounter delays in

introducing one or more of its products to the market, while it attempts to design around such patents, or could find that the development, manufacturing or sale of products requiring such licenses could be foreclosed. In addition, Satellos could incur substantial costs in defending itself in suits brought against it on such patents or in suits where it attempts to enforce its own patents against other parties.

Until such time, if ever, that patent applications are filed, the ability of Satellos to maintain the confidentiality of its technology may be crucial to its ultimate possible commercial success. While Satellos has adopted procedures designed to protect the confidentiality of its technology, no assurance can be given that such arrangements will be effective, that third parties will not gain access to Satellos trade secrets or disclose the technology, or that Satellos can meaningfully protect its rights to its trade secrets.

Rapid Technological Change

The biotechnology and pharmaceutical industries are characterized by rapid and substantial technological change. There can be no assurance that developments by others will not render Satellos proposed products or technologies noncompetitive, or that Satellos will keep pace with technological developments. Competitors have developed or are developing technologies that could be the basis for competitive products. Some of these products have an entirely different approach or means of accomplishing the desired therapeutic effect as compared with products to be developed by Satellos and could be more effective and less costly than the products to be developed by Satellos. In addition, alternative forms of medical treatment may be competitive with Satellos products.

Competition

Technological competition from pharmaceutical companies, biopharmaceutical companies and universities are intense and is expected to increase. Potential competitors of Satellos have or may develop product development capabilities or financial, scientific, marketing, and human resources exceeding those of Satellos. Competitors may develop products before Satellos develops its own products, obtain regulatory approval for such products more rapidly than Satellos, or develop products which are more effective than those which Satellos intends to develop. Research and development by others may render Satellos' proposed technology or products obsolete or non- competitive or produce treatments or cures superior to any therapy developed or to be developed by Satellos, or otherwise preferred to any therapy developed by Satellos.

Status of Healthcare Reimbursement

Satellos' ability to successfully market certain diagnostic or therapeutic products may depend in part on the extent to which reimbursement for the cost of such products and related treatments will be available from government health administration authorities, private health insurers and other organizations. Significant uncertainty exists as to whether newly approved healthcare products will qualify for reimbursement. Furthermore, challenges to the price of medical products and services are becoming more frequent. There can be no assurance that adequate third-party coverage will be available to establish price levels, which would allow Satellos to realize an acceptable return on its investment in product development.

Acceptance of Technology

The Company's success depends on the acceptance of its technology by the medical community and consumers as a safe and effective solution. The success of its technology will depend on its acceptance by potential consumers and the medical community. Because its technology is new, the long term effects of using its new technology are unknown. The results of short- term clinical trials do not necessarily predict long-term clinical benefit or reveal adverse effects. If results obtained from future commercial experience

indicate that its technology is not as safe or effective as other treatments, adoption of this technology by consumers and the medical community may suffer and its business will be harmed.

Potential Product Liability

Pharmaceutical products involve an inherent risk of product liability claims and associated adverse publicity. Product liability insurance is costly, and availability is limited and may not be available on terms which would be acceptable to Satellos, if at all. An inability to maintain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of Satellos' products. A product liability claim brought against Satellos or withdrawal of a product from the market, could have a material adverse effect upon Satellos and its financial condition.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business, which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the value of the common shares of the Company and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources, including the time and attention of management and available working capital. Litigation may also create a negative perception of the Company's brand.

Pandemic Risk

In December 2019, the World Health Organization announced that a disease, COVID-19 or Coronavirus, caused infection and its transmission patterns could become a worldwide pandemic. COVID-19 is now present on every continent. The Company and the world are now dealing with the results of this worldwide pandemic. The global impact of COVID-19 continues to evolve and may have various potential direct effects on the Company. The effects of COVID-19 are changing rapidly and the Company cannot reasonably estimate the impacts at this time, including the impact of COVID-19 on the ability of third parties to meet their obligations with the Company, the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. The continued spread of COVID-19 could materially and adversely impact the Company's business, financial condition, results of operations, cashflows, liquidity, as well as the market for the Company's securities and/or its ability to obtain debt or equity financing. Potential impacts of the virus include, without limitation, impacts on employee health, workforce productivity, increased insurance premiums, and other impacts that will depend on future developments beyond the Company's control. In addition, COVID-19 could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the Company.

SATELLOS BIOSCIENCE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the quarters ended March 31, 2021 and March 31, 2020

INTRODUCTION

The following Management's Discussion and Analysis ("**MD&A**") has been prepared as of June 24, 2021 and provides an analysis of Satellos' financial results for the fiscal quarters ended March 31, 2021 and March 31, 2020. The MD&A should be read in conjunction with the reviewed quarterly financial statements of Satellos Bioscience Inc. ("**Satellos**" or the "**Company**") and the related notes thereto, attached as Appendix "N" to this Information Circular. The reviewed quarterly financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**") and all dollar amounts are expressed in Canadian dollars unless otherwise noted. Additional information relating to Satellos can be found in this Information Circular under the heading "*Information Concerning the Target Company – Satellos Bioscience Inc.*"

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 Satellos in light of its experience and perception of historical trends, current conditions and expected future developments, as well as factors that Satellos believes are appropriate. Forward-looking statements in this MD&A include, but are not limited to, statements relating to:

- belief that the Company will be successful in raising additional capital to continue as a going concern;
- belief that its products and research and development efforts are targeting diseases and conditions with significant unmet medical treatment needs;
- the initiation, timing, cost, progress and success of our research and development programs;
- belief that the results of Satellos' research, trials and studies being equivalent to or better than previous research, trials, or studies;
- our expectations regarding our ability to arrange for and scale up manufacturing of our products and technologies;
- the Company's belief that its technology process can be commercialized as effectively or more effectively than other technologies to treat degenerative muscle disorders and conditions;
- our expectations regarding the advancement of our technology, including to treat Duchenne through further studies;
- the expected therapeutic benefits, effectiveness and safety of our product candidates;
- the ability of our product to effectively treat Duchenne and other degenerative muscle disorders and conditions;
- 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 and our partners' ability to advance product candidates into, and successfully complete, clinical trials;
- management's outlook regarding future trends;
- 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;
- the level of activity, market acceptance and market trends in the healthcare sector;
- expectations regarding the performance of critical suppliers and service providers;
- expectations with respect to existing and future corporate alliances and licensing transactions with third parties, and the receipt and timing of any payments to be made by us or to us pursuant to such arrangements;
- plans and objectives of management for future operations;
- our strategy with respect to the protection of our intellectual property;
- future financial performance and projected expenditures;
- estimates of our expenses, future revenue, capital requirements and our needs for additional financing;
- the impact of Covid 19 pandemic on our business;
- the expected timing and closing of Satellos Arrangement; and
- general business and economic conditions and outlook.

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 Satellos 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, Satellos 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) Satellos' ability to successfully develop its products; (vi) that Satellos' current positive relationships with third parties will be maintained; (vii) the availability of financing on reasonable terms; (viii) Satellos' ability to attract and retain skilled consultants; (ix) assumptions regarding market competition; (x) the products and technology offered by Satellos' competitors and (xi) Satellos' 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*", "*Liquidity Risk*", "*Credit Risk*" and "*Risk and Uncertainties*" in this MD&A and the risks set out under the heading "*Risk Factors*" in the Information Circular. Additional risks include, but are not limited to:

- the successful and timely completion of research and development initiatives;
- risks associated with general business, economic, competitive, political, and social uncertainties;
- general capital market conditions and market prices for securities;
- delay or failure to receive board or regulatory approvals;
- risks associated with future developments in the Company's markets and the markets in which it expects to compete;

- lack of qualified, skilled labour or loss of key individuals;
- the viability and marketability of the Company's technologies;
- the effects of government regulation on the Company's business;
- the development of superior technology by the Company's competitors;
- the failure of consumers and the medical community to accept the Company's technology as safe and effective;
- risks associated with the performance of commercial partners and critical suppliers and service providers;
- risks associated with the Company's ability to obtain and protect rights to its intellectual property;
- risks associated with the Company's ability to raise additional capital to support operations;
- risks related to the COVID-19 pandemic including various recommendations, orders and measures of governmental authorities to try to limit the pandemic, including travel restrictions, border closures, nonessential business closures, service disruptions, quarantines, self-isolations, shelters-in-place and social distancing, disruptions to markets, economic activity, financing, supply chains and sales channels, and a deterioration of general economic conditions including a possible national or global recession; and
- other factors beyond the Company's control.

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 Satellos' does not intend, and does 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.

Additional Cautionary Note in the Context of COVID-19

The global pandemic related to an outbreak of COVID-19 has cast considerable additional uncertainty on each of the assumptions contained in this MD&A. There can be no assurance that such assumptions will continue to be valid. Given the rapid pace of change, it is premature to make further assumptions about these matters. The situation is dynamic and the ultimate duration and magnitude of the impact of COVID-19 on the economy and the financial impact on Satellos' business is not known at this time. These impacts could include, amongst others, an impact on Satellos' ability to obtain debt or equity financing, impairment of investments, impairments in the value of Satellos' assets, or potential future decreases in revenue or profitability of Satellos' ongoing operations. See "*Risks Factors*" below and in the Information Circular.

NATURE OF BUSINESS AND OVERVIEW OF OPERATIONS

Overview of the Business

Satellos is a privately held Canadian company incorporated under the federal laws of Canada on July 27, 2012 as "Adurant Therapeutics Inc.". On February 22, 2018, Satellos filed Articles of Amendment changing its name to "Satellos Bioscience Inc.". Satellos amended its capital structure by filing Articles of Amendment on March 28, 2018.

Description of Business

Satellos is engaged in the research and development of novel therapeutics for the treatment of life-threatening diseases. The field in which the Company operates is generally referred to as the biotechnology industry. Satellos has made certain biological discoveries which may have relevance to understanding and treating a range of degenerative muscular disorders and conditions. Based on these discoveries, Satellos is

initially focused on the invention and development of new classes of therapeutics designed to help damaged muscles repair themselves. The first application of our technology is the development of a novel small molecule drug for the treatment of Duchenne, the most common fatal genetic disorder diagnosed in childhood. Duchenne is characterized by debilitating and progressively worsening muscle degeneration which generally culminates in death in the third decade of life. There is no known cure for Duchenne.

Satellos has generated proof of concept experimental data demonstrating that treatment of research mice bearing the same genetic defect as patients with Duchenne has potential to restore muscle regeneration. In the Mdx mouse, a gold standard research model of Duchenne, treatment with one of the Company's first-generation small molecule drug candidates restored muscle regeneration capacity and muscle strength to near normal levels. Satellos is currently in the process of generating additional small molecules with modified chemical structures that yield optimized drug-like properties. These new small molecule drug candidates will be further evaluated in a range of preclinical experiments, including additional animal models of Duchenne, to further verify and hone their potential effectiveness and safety for treating Duchenne. By the end of 2021, Satellos aims to nominate a lead compound as its DC to advance into the requisite pre-IND studies prior to commencing clinical trial testing in humans, planned for the 2nd half of 2022.

Satellos Business Strategy

Duchenne is the most common fatal genetic disorder diagnosed in childhood, affecting approximately one in 5,000 live male births worldwide. There is no known cure for Duchenne and treatments to-date are largely palliative or partially effective. It is an orphan disease of enormous medical need for new therapeutic approaches which improve the quality and duration of life.

Many past approaches to treating Duchenne have proved ineffective. These include anabolic steroids or Myostatin inhibitors which sought to bulk up existing skeletal muscle.

More recently, potentially disease modifying gene therapies have generated great hope. In these approaches, the intention is either to replace a subset of the coding regions of the dystrophin gene or alternately, skip over the mutated exon/s, so a partial dystrophin protein can be produced in muscle. The former approach, referred to as gene therapy, is now in clinical development with several companies testing product candidates. The latter, called exon skipping, has seen products approved and being marketed for sale such as those noted above -- Exondys 51, Vyondys 53, Vilepso among others. These approaches target mature muscle tissue as opposed to muscle stem cells. As a result, they may not be effective in addressing the inherent deficits in muscle stem cell asymmetric divisions which is required to enable life-long muscle repair and regeneration. Thus, we cannot know their ultimate efficacy as Duchenne patients age.

Whether gene therapy approaches prove to influence the disease course chronically, Satellos will need to differentiate its technology and ideally, be synergistic with these approaches. We expect, and have generated experimental evidence suggesting, that the stem cell mechanism targeted by Satellos should be complementary to - and should therefore augment - gene replacement and exon skipping approaches. Further, by focusing on addressing this root-cause defect in muscle stem cell divisions, which no one else is pursuing to our knowledge, we expect our technology will restore the body's ability to generate the progenitor cells required to effectively repair damaged muscles throughout life. Our goal is not to simply increase the bulk of muscles, but instead to boost the ability of Duchenne patients to self-repair and regenerate functional muscle, increasing muscle strength, to enhance both the quality and duration of their lives.

Satellos aims to first demonstrate the safety and potential efficacy of its drug candidate/s to treat Duchenne patients in early clinical trials (i.e., Phase I/II). Thereafter, its plan is to continue to develop and commercialize its products through development and marketing partnerships with pharmaceutical companies having the relevant expertise and market reach. This may include co-marketing or joint venture

arrangement or regional partnerships depending on clinical trial outcomes, market and environmental conditions, and risk/reward trade-offs. Through these relationships, Satellos will seek to have its products approved and registered for sale globally with an initial focus on North America (USA and Canada).

As a developer of therapeutics to treat a number of rare diseases, Satellos is eligible, and intends, to apply for specific government sponsored development programs that may provide strategic assistance during the regulatory review process, accelerated approval timelines and speed to market, and enhanced market exclusivity. When awarded, these programs can be of great value to the recipient parties. These programs include (but may not be limited to):

Orphan Drug Designation

The Orphan Drug Designation program provides status to drugs which are defined as those intended for the treatment, prevention or diagnosis of a rare disease or condition, such as Duchenne. Benefits for drugs that are bestowed 'orphan status' may include tax credits on clinical testing, waiving of the new drug application user fee, and eligibility for a seven-year market exclusivity upon approval of the drug. Orphan Drug Designation applications are often submitted alongside applications for Rare Pediatric Disease Designations (see below).

Rare Pediatric Disease Designation

As a developer of a therapeutic for Duchenne, a rare pediatric disease, Satellos is eligible and intends to apply for Rare Pediatric Disease Designation. Benefits for this designation include the potential for receiving a priority review voucher that is awarded after approval of the drug. This priority review voucher can be utilized to reduce the review process timeframe for a separate future drug development program. There is also an aftermarket for these vouchers which have been monetized for substantial sums.

Products

Treatment of Duchenne

The first application of our technology is the development of a novel small molecule drug for the treatment of Duchenne, the most common fatal genetic disorder diagnosed in childhood. Duchenne is characterized by debilitating and progressively worsening muscle degeneration which generally culminates in death in the third decade of life. There is no known cure for Duchenne.

Satellos has generated proof of concept experimental data demonstrating that treatment of research mice bearing the same genetic defect as patients with Duchenne has potential to restore muscle regeneration. In the Mdx mouse, a gold standard research model of Duchenne, treatment with one of the Company's first-generation small molecule drug candidates restored muscle regeneration capacity and muscle strength to near normal levels. Satellos is currently in the process of generating additional small molecules with modified chemical structures that yield optimized drug-like properties. These new small molecule drug candidates will be further evaluated in a range of preclinical experiments, including additional animal models of Duchenne, to further verify and hone their potential effectiveness and safety for treating Duchenne. By the end of 2021, Satellos aims to nominate a lead compound as its DC to advance into the requisite pre-IND studies prior to commencing clinical trial testing in humans, planned for the second half of 2022.

Beyond Duchenne there are more than 30 types of muscular dystrophy that affect humans. Each of these dystrophies have different causes that manifest into conditions that range across the entire spectrum of severity from benign, small impairments to motor function, through to full loss of ambulation and even death. Satellos is particularly interested in a subset of dystrophies associated with a multiprotein complex expressed in muscle and other tissues known as the Dystrophin-associated Glycoprotein Complex. Satellos has prioritized several of these dystrophies where we believe our mechanism of action may provide a

therapeutic benefit to patients. Satellos believes these conditions could serve as indication expansion and thus, market growth opportunities for our therapeutic drugs. Accordingly, Satellos plans to experimentally evaluate these conditions, to determine the extent to which impaired muscle stem cell divisions arise and whether our therapeutic drug candidates may be of benefit.

Satellos Second Drug Development Program

In addition to Satellos' lead program that is centered on the promotion of muscle stem cell asymmetric division, Satellos has licensed a large body of intellectual property related to compositions and methods for promoting symmetric division of muscle stem cells through the action of a naturally occurring protein called 'Wnt7a'. Research has also demonstrated that administration of Wnt7a protein to muscle stem cells regulates the 'planar cell polarity pathway' and results in stimulation of symmetric stem cell division. Stimulation of muscle stem cell symmetric expansion serves to expand the resident pool of muscle stem cells, effectively enhancing the substrate material available to participate in muscle regeneration, producing a large stronger muscle tissue. In addition to promoting symmetric stem cell division, delivery of Wnt7a protein also stimulates the physical migration, proliferation, and differentiation of muscle progenitor cells, all aspects of the muscle regenerative process.

Although not suitable for correcting the asymmetric division deficit observed in Duchenne, stimulating symmetric division of muscle stem cells for the purposes of enhancing regeneration with Wnt7a may be an effective treatment strategy in other muscle wasting conditions. Specifically, indications where significant muscle damage and/or atrophy (loss) has occurred due to physical trauma or disuse may represent opportunities for evaluation of Wnt7a therapeutic modality. Satellos has surveyed the scientific literature and identified a number of potential indication areas that may warrant future follow up through the design and execution of preliminary preclinical experimentation.

Intellectual Property and Proprietary Protection

Satellos holds numerous issued and pending patents related to the manipulation, modulation, and use of muscle stem cells for experimental and therapeutic purposes, comprising 5 patent families described below:

1. 'A method of stimulating asymmetric division of satellite stem cells' patent family (patents/applications derived from PCT/US2018/027920);
2. 'Wnt7a compositions and methods of using the same' patent family (patents/applications derived from PCT/US2012/055396);
3. 'Compositions and methods for modulating stem cells and uses thereof' patent family (patents/applications derived from PCT/CA2010/000601); and
4. 'Novel stem cells, nucleotide sequences and proteins therefrom' patent family (patents/applications derived from PCT/CA2006001907).

These patents represent core intellectual property for Satellos. The Company's strategy is to maintain these patents and aggressively pursue protection as it makes new discoveries or inventions. Satellos has engaged Kirby Eades Gale Baker, one of Canada's leading intellectual property firms, to assist with developing its intellectual property strategy, drafting and filing patent filings, and maintaining its international portfolio of filings. Satellos believes it has invented novel chemical matter and intends to file patent applications on a timely basis with a view to obtaining protection while optimizing patent life. The Company's approach is to seek intellectual property protection by making filings in major markets including but not limited to the USA, EU, Japan, China and Canada. With this protection in place, Satellos intends to arrange for the

manufacture, distribution and sale of the above-mentioned drug candidates in at least the named jurisdictions upon receipt of regulatory approvals.

Wherever feasible, Satellos will actively explore strategies to extend the useful life of our patents through follow-on filings and other means, as well as regulatory strategies to obtain accelerated market access or additional market exclusivity for our drug candidates. In addition, Satellos will ensure its know-how and proprietary expertise is guarded by trade secrets or trade-mark filings, as appropriate.

License and Research Agreements

Effective May 1st, 2018, Satellos and the Ottawa Hospital Research Institute (“**OHRI**”) entered into a license agreement, under which the OHRI granted to Satellos the exclusive, world-wide, sublicensable, royalty bearing right and license to a body of technology and patents comprised of 5 patent families to develop make, have made, import, use, offer for sale, sell and have sold or otherwise commercialize licensed products.

Effective May 1st, 2018, Satellos and the OHRI entered into a Sponsored Research Agreement, during the term of which OHRI agrees to carry out specific research and development activities according to a prescribed statement of work (which may be amended from time to time) under the direction of the Company’s co-founder, Dr. Michael A. Rudnicki. Under this agreement, Dr. Rudnicki leads a dedicated research and development (“**R&D**”) team, currently comprised of one senior scientist and three research technicians, who are engaged solely to execute the agreed R&D program of Satellos, as defined in the statement of work.

Issuance of Convertible Note

On December 7, 2020, Satellos and Parent Project Muscular Dystrophy (“**PPMD**”), a US-based nonprofit organization committed to exploring and supporting new therapeutic treatments for Duchenne, entered into an agreement under which PPMD agreed to make an investment in Satellos of up to US\$1 million by way of the PPMD Convertible Note. These funds have been deployed to support the Company’s research activities towards development of a new therapeutic drug to treat Duchenne. Specifically, PPMD is enabling Satellos to broaden our preclinical efficacy data package, inform our efforts to optimize a DC, and expand the therapeutic potential of our technology to treat Duchenne patients. There is currently US\$850,000 principal plus accrued interest owing pursuant to the PPMD Convertible Note.

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.

HD Bioscience Co., Limited

Satellos has entered into a contractual arrangement with HD Bioscience Co., Limited under which, in exchange for payments made, HD Bioscience Co., Limited performs various critical drug development activities at the behest of Satellos. Under the guidance of Satellos, HD Bioscience Co., Limited performs chemical synthesis, evaluates biochemical and cell-based activity, as well as establishes pharmacokinetic profiles of all our newly synthesized chemical matter.

Wuxi Biortus Biosciences Co., Limited

Satellos has entered into a contractual arrangement with Wuxi Biortus Biosciences Co., Limited under which, in exchange for payments made, Wuxi Biortus Biosciences Co., Limited performs activities related to the generation of a protein crystal structure of our drug target, as well as various biophysical experiments

related to the evaluation of drug-target binding. These experiments aim to develop an understanding of how our compounds interact with our drug target for the purposes of compound structure refinement towards a potent and selective drug-like molecule with known target binding properties.

X-Chem, Inc.

Satellos has entered into a contractual arrangement with X-Chem, Inc. where, in exchange for payments made, X-Chem, Inc. performs activities related to the performance of a DNA encoded library screen against PTP-X. DNA encoded library screens enable the evaluation of billions of small molecule compounds for their ability to bind to protein drug targets, followed by identification of the most enriched binders. This technology will provide Satellos with an additional stream of potential lead compounds that could be developed into a backup development candidate, or potentially could leap-frog our current program to become our development candidate. X-Chem, Inc. recently acquired a Canadian based company, IntelliSyn Pharma Inc., with whom Satellos has held previous contracts for the design of novel compounds for testing in its drug development assay pipeline. Satellos may re-engage with this aspect of X-Chem, Inc. during future chemical design and lead optimization activities, as circumstances warrant.

Coronavirus (“Covid-19”)

Satellos and the Canadian economy are now dealing with the results of the worldwide Coronavirus pandemic. The Company has been closely monitoring the evolving situation related to COVID-19 in order to ensure that it introduces initiatives in a timely and prudent manner to maximize the safety and security of its employees, its customers, and the communities in which these individuals reside. As a result of the pandemic, Satellos held its 2020 annual general meeting virtually, and its personnel have continued to work remotely. In addition, OHRI was closed for a period of time in 2020, and upon re-opening has been operating with additional safety protocols in place to address pandemic risks, which has affected the pace of the research and development work OHRI has been providing to Satellos. This was taken into account in a reduction of the rates charged to Satellos by OHRI in 2020. The pandemic has also affected other contractors who provide services to Satellos, which has had an effect on Satellos’ research and development program.

The effects of COVID-19 are changing rapidly and the overall consequences cannot be reasonably estimated at this time but could have material adverse effects on the Company’s business and cashflows.

REVIEW OF FINANCIAL RESULTS

The financial information reported here-in has been derived from the reviewed quarterly financial statements prepared in accordance with IFRS. Satellos’ 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. dollar.

The following table sets out certain selected financial information of the Company's financial statements for the quarter ended March 31, 2021 and the quarter ended March 31, 2020:

Key Measure	March 31, 2021 (reviewed) CAD	March 31, 2020 (reviewed) CAD	December 31, 2020 (audited) CAD	December 31, 2019 (audited) CAD
Revenue	16,258	1,703	105,521	37,878
R&D Expenses	446,619	420,205	940,942	1,488,429
Refundable tax credits	(51,816)	(89,267)	(270,575)	(490,042)
R&D Expenses net of refundable tax credits	394,803	330,938	670,367	998,387
Management & Stock-Based Compensation	236,089	222,463	818,190	677,714
General, Administrative & Business Development Expenses	247,166	86,690	195,494	350,229
Net Loss and Comprehensive Loss	861,800	638,388	1,578,530	1,988,452
Net Loss Per Share – Basic	(0.07)	(0.06)	(0.13)	(0.18)
Net Loss Per Share – Diluted	(0.07)	(0.06)	(0.13)	(0.18)
Total Assets	1,079,449	1,011,263	1,129,437	1,073,385
Cash and Cash Equivalents	590,619	223,765	717,530	399,129
Total Current Assets	1,077,847	1,009,260	1,127,751	1,071,277
Total Current Liabilities	859,890	714,218	219,961	664,812
Net Working Capital	217,957	295,042	907,790	406,465
Long-Term Debt	1,094,599	-	1,093,312	-
Shareholders Equity	(875,040)	297,045	(183,836)	408,573
# of Common shares (non-diluted) at year-end	12,208,834	11,761,334	12,088,234	11,379,294

Revenue was \$16,258 for the quarter ended March 31, 2021, compared to \$1,703 for the quarter ended March 31, 2020. The increase in the quarter ended March 31, 2021 was due to an increase in grants due to the Innovation Assistance Program of NRC-IRAP, which was introduced to provide support to innovative companies during the COVID-19 pandemic.

R&D Expenses was \$446,619 for the quarter ended March 31, 2021, compared to \$420,205 for the quarter ended March 31, 2020. The increase in the quarter ended March 31, 2021 was due to a minor increase in contract R&D spending at the OHRI and a more significant increase in spending with other contractors outside of Canada. Contract R&D spending with contractors in Canada (except for OHRI) was significantly lower than in the quarter ended March 31, 2020. R&D Expenses are comprised of contract research expenditures at OHRI and the Company's other research and development contractors, and costs of scientific materials. Substantially all of these expenditures relate to Satellos' lead R&D program in Duchenne. Satellos anticipates that its R&D Expenses will increase in 2021 as it moves towards selecting a DC in Duchenne. In 2022 R&D Expenses are expected to increase further following the selection of a DC as the Company moves into pre-clinical and clinical development.

Refundable tax credits were \$51,816 for the quarter ended March 31, 2021, compared to \$89,267 for the quarter ended March 31, 2020. Refundable tax credits are available to the Company through the Scientific

Research and Experimental Development (SR&ED) program of the Federal Government and the Ontario Innovation Tax Credit (OITC) and the Ontario Research and Development Tax Credit (ORDTC) programs. These tax credits are roughly proportional to R&D expenditures in Canada (or expenditures enabling R&D in Canada). The reduction in refundable tax credits in the quarter ended March 31, 2021 was due to the reduction in R&D expenditures in Canada during the quarter.

Management & Stock-Based Compensation was \$236,089 for the quarter ended March 31, 2021, compared to \$222,463 for the quarter ended March 31, 2020. The increase in the quarter ended March 31, 2021 was due to an increase in fees paid to management and administrative consultants.

General, Administrative & Business Development Expenses was \$247,166 for the quarter ended March 31, 2021, compared to \$86,690 for the quarter ended March 31, 2020. The increase in the quarter ended March 31, 2021 was due an increase in professional fees, notably legal and accounting costs incurred that are associated with the proposed Arrangement.

Revenue in the quarter ended March 31, 2021 consisted of a grant of \$16,257 received from the Federal Government through the Innovation Assistance Program operated by the National Research Council – Industrial Research Assistance Program (NRC-IRAP). Interest income in the quarter ended March 31, 2021 was \$nil. In the quarter ended March 31, 2020 grant income was \$nil but interest income was \$1,703 from interest earned on GICs.

Losses are driven largely by R&D expenditures, net of refundable tax credits, by the Company. The increase in R&D Expenses net of refundable tax credits in the quarter ended March 31, 2021 was due to an increase in contract R&D spending outside of Canada. In addition, there was an increase in General, Administrative & Business Development Expenses driven by an increase in professional fees. Together these led to an increase in loss in the quarter ended March 31, 2021 as compared to the quarter ended March 31, 2020.

Research and Development Initiatives Summary

Project	Description	Q1 2021 R&D Expenses	Planned R&D Expenses Remainder of 2021	2020 R&D Expenses	2019 R&D Expenses	Status
Duchenne	Research, development and selection of drug candidate (DC) for clinical development	\$446,619	\$2,253,381 ¹	\$940,942	\$1,488,429	Select DC by end of 2021; initiate human clinical trial in the second half of 2022

Note:

- (1) Estimated expenses for April 1 – December 31, 2021. A portion of these expenses will be incurred by Satellos prior to completion of the Arrangement with the remainder being incurred by the Resulting Issuer. See “Proposed Transactions” below.

Summary of Quarterly Results

The table below sets forth unaudited quarterly results prepared by management for the eight previous quarters to March 31, 2021:

Unaudited	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Total Revenue	20,500	0	14,660	1,703	48,375	12,691	42,752	16,258
Loss ¹	-474,253	-798,351	-417,206	-638,388	-204,180	-338,657	-397,305	-861,800
Wtd Avg # Shares ²	10,727,682	11,156,342	11,299,294	11,526,894	11,761,334	11,880,551	12,003,738	12,178,404
Loss per Share	-0.04	-0.07	-0.04	-0.06	-0.02	-0.03	-0.03	-0.07

Notes:

- (1) Loss from continuing operations are equivalent to comprehensive loss; all losses are attributable to the owners of the Company.
- (2) Basic and diluted loss per share is calculated by dividing net loss for the period attributable to the Company by the weighted average number of common shares outstanding and the dilutive effect of outstanding warrants and options during the period. The inclusion of the Company's stock options and warrants in the computation of diluted loss per share has an anti-dilutive effect on the loss per share and, therefore, they have been excluded from the calculation of diluted loss per share.

Revenue in Q2 2019 to Q4 2019 was limited to (a) interest on the Company's cash reserve, part of which were held in short-term guaranteed investment certificates (the Company earned \$8,000 in Q2 2019, \$nil in Q3 2019, and \$2,160 in Q4 2019); and (b) a grant of \$25,000 provided by the Ontario Biotechnology Industry Organization (OBIO), half of which was disbursed in each of Q2 2019 and Q4 2019.

Revenue in 2020 consisted of (a) interest on the Company's GICs (the Company earned \$1,703 in Q1 2020, \$2,298 in Q2 2020, \$126 in Q3 2020, and \$844 in Q4 2020); and (b) grants received from the Federal Government through the Innovation Assistance Program operated by the National Research Council – Industrial Research Assistance Program (NRC-IRAP) - the Company received \$46,077 in Q2 2020, \$12,565 in Q3 2020, and \$41,908 in Q4 2020.

Revenue in Q1 2021 consisted of a grant received from the Federal Government through the Innovation Assistance Program operated by the National Research Council – Industrial Research Assistance Program (NRC-IRAP) - the Company received \$16,2587 in Q1 2021.

Quarterly losses are driven largely by variations in research and development expenditures by the Company which have varied over specific quarters. In Q2 2020 (and to a lesser extent in Q3 2020, Q4 2020, and Q1 2021), research and development activities at the Ottawa Hospital Research Institute, with whom the Company has a sponsored research agreement, were reduced by workplace restrictions due to the COVID-19 epidemic – OHRI reduced its charges to the Company which is reflected in reduced quarterly losses in those quarters.

LIQUIDITY AND CAPITAL RESOURCES

Going Concern

The financial statements have been prepared on a going concern basis, which assumes that Satellos will be able to realize its assets and discharge its liabilities in the normal course of business. For the quarter ended March 31, 2021, Satellos has incurred a net loss of \$861,800, negative cash flows from operating activities of \$281,589 and had an accumulated deficit of \$5,647,410 at March 31, 2021. Satellos had cash and cash equivalents of \$590,619 and a working capital surplus of \$217,957 at March 31, 2021.

The continued operations of Satellos are dependent on its ability to generate future cash flows or obtain additional financing. Subsequent to March 31, 2021, and prior to the review report date, on April 1, 2021 15,344 warrants were exercised at \$1.30 per Common share for proceeds of \$19,947 (there were no fees). On May 6, 2021, 97,700 Common shares were issued for cash consideration of \$250,112, proceeds of \$242,609 net of fees. On June 10, 2021, 6,440 warrants were exercised at \$1.30 per Common share for proceeds of \$8,372 (there were no fees). On June 12, 2021, 80,000 warrants were exercised at \$0.01 per Common share for proceeds of \$800 (there were no fees). Management is of the opinion that sufficient working capital will be obtained from external financing to meet Satellos' liabilities and commitments as they become due in 2021. However, there is a risk that additional financing will not be available on a timely basis or on terms acceptable to Satellos. These conditions indicate the existence of a material uncertainty that may cast significant doubt regarding Satellos' ability to continue as a going concern.

The financial statements do not give effect to any adjustments, which would be necessary should Satellos 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.

Cash Management

Satellos' main objectives in managing capital are to ensure sufficient liquidity to finance research and development activities, ongoing administrative costs and working capital. Since inception, Satellos has financed its operations from private sales of equity, convertible debt financing, government grants and investment tax credits. Since Satellos has not generated net earnings from operations, its ongoing liquidity depends on its ability to access capital markets, which depends on the success of Satellos' ongoing research and development programs, as well as capital market conditions and availability.

Satellos uses cash flow forecasts to estimate cash requirements for the ensuing twelve-month period. Based on these requirements, Satellos raises 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 Satellos' cash requirements. Satellos' 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, Satellos remains subject to currency fluctuations which affect its loss and comprehensive loss during any given year.

Based on the foregoing, Satellos will continue to pursue various funding options and opportunities; however, no assurances can be made that Satellos will be successful in raising additional investment capital, to continue as a going concern. If Satellos is not able to raise capital, Satellos will have to reduce our cash requirements by eliminating or deferring spending on research, development and corporate activities.

Further, Satellos continues 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.

For the quarter ended March 31, 2021, there was a net cash outflow from operating activities of \$281,589 compared to a net cash outflow of \$656,474 for the quarter ended March 31, 2020, a decrease in outflow of \$374,885.

At March 31, 2021 Satellos held cash of \$590,619 (March 31, 2020 – \$223,765). At March 31, 2021 Satellos had current liabilities of \$859,890 (March 31, 2020 – \$714,218). At March 31, 2021 Satellos had net working capital of \$217,957 (March 31, 2020 – \$295,042).

During the quarter ended March 31, 2021, Satellos' overall position of cash and cash equivalents decreased by \$126,911 (quarter ended March 31, 2020 – decreased by \$175,364). The changes in cash can be attributed to:

- For the quarter ended March 31, 2021, there was a net cash outflow from operating activities of \$281,589 compared to a net cash outflow of \$656,474 for the quarter ended March 31, 2020. The reduction in cash used was primarily due to an increase in accounts payable and accrued liabilities.
- For the quarter ended March 31, 2021, there was a net cash inflow from financing activities of \$154,678 compared to a net cash inflow of \$481,110 for the quarter ended March 31, 2020. In both quarters cash inflow from financing activities was generated by issuance of share capital net of fees.

Long-Term Debt

On December 7, 2020, Satellos and Parent Project Muscular Dystrophy (“**PPMD**”), a US-based nonprofit organization committed to exploring and supporting new therapeutic treatments for Duchenne, entered into an agreement under which PPMD agreed to make an investment in Satellos of up to US\$1 million by way of the PPMD Convertible Note. In December 2020 PPMD disbursed US\$850,000 to Satellos and a further US\$150,000 can be disbursed subject to the completion of certain milestones. In the event that there is an Event of Default under the PPMD Convertible Note (as defined therein) all principal and interest outstanding under the PPMD Convertible Note will become immediately due and payable. Events of Default include, without limitation, a breach of the PPMD Promissory Note by Satellos, a breach of any representation, warranty or covenant contained in the PPMD Promissory Note, if Satellos files any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law, if any involuntary petition is filed against Satellos under any bankruptcy statute or if a custodian, receiver, trustee or assignee for the benefit of creditors is appointed to take possession, custody or control of any property of Satellos.

The PPMD Convertible Note is convertible into common shares of the Company simultaneously with the closing of an initial public offering (“**IPO**”) or in connection with a change in control transaction. The PPMD Convertible Note will convert into common shares at the price per share indicated in the final IPO prospectus or received by the Company's common shareholders in connection with a change in control transaction. If the conversion occurs on or after June 1, 2021 the price per share will be 90% of the aforementioned prices per share.

The PPMD Convertible Note will convert into capital stock of the Company at the lowest price per share paid by the other investors in a private placement of shares in the capital stock of the Company for gross proceeds of \$5,000,000 USD or more. If the conversion occurs on or after June 1, 2021 the price per share will be 90% of the aforementioned price per share.

If conversion has not occurred by December 2, 2021, the holder may elect to convert the principal amount of the PPMD Convertible Note plus all accrued interest into common shares of the Company at the then-current USD equivalent of \$1.3 CAD per share.

Satellos has received a confirmatory letter from PPMD confirming that the Subscription Receipt Financing will trigger the automatic conversion of the principal amount of the PPMD Convertible Note, together with all accrued and unpaid interest thereon. The conversion price per Resulting Issuer Common Share will be equal to 90% of the purchase price of the Subscription Receipts, being \$0.765.

Long-Term Obligations and Other Contractual Commitments

The Company may be required to make milestone, royalty, and other research and development funding payments under the License Agreement between the Ottawa Hospital Research Institute (OHRI) and Satellos. 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, 2021 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:

- Royalties on net sales of any products covered by patents licensed from OHRI ("Licensed Products") of 1% or 2% (depending on which patents cover a particular product), during the period when the applicable patents have valid, unexpired claims, subject to certain royalty stacking provisions;
- Milestone payments triggered by specified events:
 - o \$50,000 Each time a Licensed Product is the subject of an approved IND in the US or equivalent in any other industrialized country (maximum one payment per new drug candidate);
 - o \$150,000 Each time a Licensed Product first enters Phase II human clinical trials in the US or equivalent in any other industrialized country (maximum one payment per new drug candidate);
 - o \$300,000 Each time a Licensed Product first enters Phase III human clinical trials in the US or equivalent in any other industrialized country (maximum one payment per new drug candidate); and
 - o \$1,000,000 Each time a Licensed Product is the subject of a regulatory approval in the US (such as NDA and BLA) or equivalent in any other industrialized country (maximum one payment per new drug candidate).
- 2% of sublicensing income received by Satellos from the grant of sublicenses.

TRANSACTIONS WITH RELATED PARTIES

Satellos paid rent and related occupancy charges of \$8,604 to BBDC during the year ended March 31, 2021 (during the year ended March 31, 2020 - \$8,695).

Brian Bloom and John Holyoake are directors of Satellos. The former is Board Chair and CEO of both Bloom Burton & Co. Inc. and an affiliated company, Bloom Burton Securities Inc., while the latter is Managing Director, Investment Banking at Bloom Burton Securities Inc. Bloom Burton Development Corp., another affiliate of Bloom Burton & Co., Inc., is a significant shareholder of Satellos. Bloom Burton Securities Inc. is acting as the lead agent in connection with the Subscription Receipt Financing and in connection therewith is receiving an agency fee equal to 6.0% of the gross proceeds of the Subscription Receipt Financing, as well as broker warrants equal to 6.0% of the total number of Subscription Receipts sold pursuant to the Subscription Receipt Financing. Bloom Burton Securities Inc. is also acting as

exclusive financial advisor to iCo on the Arrangement and will receive contingent consideration in the event that the Arrangement is completed.

In addition, Frank Gleeson, the President and Chief Financial Officer of Satellos provides services as an officer of Satellos and is compensated through his management company 6857990 Canada Inc.

OFF-BALANCE SHEET ARRANGEMENTS

Satellos has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations or arrangements with respect to any obligations under a variable interest equity arrangement.

PROPOSED TRANSACTIONS

Arrangement Agreement

On March 21, 2021 the Company entered into an agreement (the “**Arrangement Agreement**”), providing for the business combination of iCo Therapeutics Inc. (“**iCo**”) and 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 57.1% 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.

The Arrangement is subject to, among other things, the approval of shareholders of Satellos at a special meeting expected to be convened by Satellos, the approval of shareholders of iCo at a special meeting expected to be convened by iCo, receipt of required regulatory and court approvals, and other customary conditions of closing. As part of the Arrangement (i) each issued and outstanding common share of Satellos will be cancelled, and the holder will receive (per common share of Satellos) 30.11 Resulting Issuer common shares (the “**Exchange Ratio**”); (ii) each holder of outstanding warrants to purchase common share of Satellos (“**Satellos Warrants**”) will receive upon exercise of such Satellos Warrants, in accordance with its terms, subsequent to the Arrangement, Resulting Issuer common shares adjusted pursuant to the Exchange Ratio; and (iii) each outstanding option at the effective time of the Arrangement (the “**Effective Time**”) to purchase common share of Satellos (“**Satellos Options**”) shall be exchanged for a replacement option of the Resulting Issuer (each a “**Replacement Option**”) to acquire such number Resulting Issuer common shares equal to the product of the number of common share of Satellos subject to such Satellos Option at the Effective Time; multiplied by the Exchange Ratio, and the exercise price per Resulting Issuer common share of each Replacement Option shall be an adjusted amount equal to the quotient of the exercise price per common shares of Satellos subject to each Satellos Option immediately before the Effective Time; divided by the Exchange Ratio.

Concurrent Financing

On April 27, 2021, iCo 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 was 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.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements include the following:

i. Going Concern Assessment

Significant judgements related to the Company’s ability to continue as a going concern are disclosed in Note 1 to Satellos’ reviewed quarterly financial statements for the quarter ended March 31, 2021.

ii. Valuation of share-based compensation and warrants

Management measures the costs for share-based compensation and warrants using market-based option valuation techniques. Assumptions are made and estimates are used in applying the valuation techniques. These include estimating the future volatility of the share price, expected dividend yield, future turnover rates, and future exercise behaviours. Such estimates and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates of share-based payments and warrants.

iii. Income taxes

Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate future taxable income in future years in order

to utilize any deferred tax asset which has been recognized. Estimates of future taxable income are based on forecasted cash flows. At the statement of financial position date, no deferred tax assets have been recognized in Satellos' reviewed quarterly financial statements for the quarter ended March 31, 2021.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Satellos is exposed to a variety of financial risks which result from its operating, investing and financing activities. Satellos' financial instruments are its cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and the PPMD Convertible Note. Due to the short term nature of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, the carrying amounts approximate fair value at the respective statement of financial position date.

Liquidity Risk

Liquidity risk is the risk that Satellos will have difficulty meeting obligations associated with financial liabilities. Satellos is exposed to liquidity risk mainly due to its accounts payable, accrued liabilities and its long-term debt. As indicated in Note 1 of Satellos' reviewed quarterly financial statements for the quarter ended March 31, 2021, 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.

Foreign Currency Risk

Foreign exchange risk arises when Satellos enters into transactions denominated in a currency other than its functional currency. Satellos is exposed to currency risk to the extent that there is a mismatch between the currency in which a transaction is denominated and the functional currency of Satellos.

The currencies in which transactions are primarily denominated are in Canadian dollars and US dollars.

Satellos' policy is not to enter into any economic hedging transactions to neutralize the effects of foreign currency fluctuations.

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 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 DATA

The Company is authorized to issue an unlimited number of common shares.

As at the date of this MD&A, Satellos had the following securities issued and outstanding:

		Exercise Price	Common shares issuable
Common shares	12,408,318		
Broker warrants	32,534	\$1.30	32,534
Options	387,500	\$1.00	387,500
PPMD Convertible Note	Principal value of US\$850,000 plus accumulated interest at 8% per annum		14,425,822 ⁽¹⁾

Notes:

- (1) Based upon the anticipated amount of accrued interest of US\$45,468.49 which will be owing on the PPMD Convertible Note as of the closing date of the Arrangement (assuming the closing date occurs on August 9, 2021), and assuming an exchange rate of CAD\$1.2324 for each US\$1.00, it is anticipated that an aggregate of 14,425,822 common shares will be issued upon conversion.

RISKS AND UNCERTAINTIES

The Company is exposed to numerous risks and uncertainties. The risks and uncertainties described below are not the only risks the Company could face, but could materially and adversely affect business, financial condition, results of operations and future prospects of the Company. Additional risks and uncertainties that the Company's management is unaware of, or that management currently view as not material, may also become important factors that could adversely affect the Company's business. Please see "*Risk Factors*" in this Information Circular.

Limited Operating History

Satellos is in the early stages of its business activities. As a result, it is difficult to evaluate Satellos' prospects, and its future success is more uncertain than if it had a longer or more proven history of operations.

History Of Losses

To date, Satellos has not recorded any revenues from the sale of biopharmaceutical products or earning any licensing revenues, and, as a result, it faces a high risk of business failure. Since its inception, Satellos has incurred significant losses, and, as of March 31, 2021, had an accumulated deficit of \$5,647,410. Satellos expects these losses to increase substantially in the coming years as it continues to dedicate its resources to conducting R&D, clinical trials and regulatory filings, commercialization activities and general business operations. To achieve profitability, Satellos must develop and eventually commercialize a product or products with significant market potential either on their own or in collaboration with a partner. These development and commercialization activities are challenging, and include successfully inventing a novel product or products, completing preclinical activities and clinical trials in humans, obtaining regulatory approval for product marketing, and going to market. Satellos may never realize revenue from its products and even if it does, it may not generate sufficient revenue to be profitable.

Ability to Continue as a Going Concern

The Independent Practitioner's Review Engagement Report related to the review engagement of the quarters ended March 31, 2021 and March 31, 2020 include an explanation paragraph in respect of there being material uncertainty about its ability to continue as a going concern.

Biotech Industry Risks

Prospects for companies in the biotechnology industry generally may be regarded as uncertain given the nature of the industry and, accordingly, investments in biotechnology companies should be regarded as speculative. Biotechnology research and development involves a significant degree of risk. An investor should carefully consider the risks and uncertainties described herein. The risks and uncertainties described herein are not an exhaustive list. Additional risks and uncertainties not presently known to Satellos or that Satellos believes to be immaterial may also adversely affect Satellos' business. If any one or more of these risks occur, Satellos' business, financial condition and results of operations could be seriously harmed.

No History Of Dividends

Since incorporation, Satellos has not paid any cash or other dividends on its common stock and does not expect to pay such dividends in the foreseeable future, as all available funds will be invested primarily to finance its drug development programs. Satellos will need to achieve profitability prior to any dividends being declared.

Requirements For Substantial Additional Funding; Capital Risk; Liquidity Risk; Dilution

R&D efforts in the biotechnology sector, which include drug discovery, and preclinical, clinical and regulatory development activities, are capital intensive and require significant investment. Satellos expects R&D expenses to increase substantially as it scales its drug discovery efforts and advances its ensuing product candidates through the standard stages of biotechnology product development. To continue its current business activities, achieve its milestones and fund increasing future research and product development expenses, Satellos will require additional capital. Securing financing, if available, will likely require Satellos to sell additional common shares or other financial instruments that are exchangeable for or convertible into common shares, and/or enter into development, distribution or licensing relationships, and/or incur additional debt which may or may not be convertible into equity shares. It is probable that any future debt financing arrangements would contain restrictive covenants that would impose significant operating and/or financial restrictions on Satellos or include a lien on its assets. It is uncertain if these types of equity or debt financing will be available on a timely basis or at all, or available on reasonably acceptable terms. They will be dependent on, among other things, the results and perceived value of its R&D efforts and product candidates, its ability to obtain regulatory approvals, the state of the capital markets overall, agreements with partners, and other relevant commercial considerations. Any future financing activity may be dilutive to existing shareholders.

If Satellos cannot obtain sufficient funding on a timely basis or on reasonably acceptable terms, its ability to continue as a going concern and realize the value of its assets and pay its liabilities as they become due is at risk. Consequently, it may be forced to significantly change or limit current or planned operations in order to safeguard its cash until such time, if ever, that sufficient proceeds from operations are generated. This also could lead to, among other things, Satellos not taking advantage of business development opportunities, the termination or delay of future clinical trials for one or more of its product candidates and jeopardize its ability to continue as a going concern.

Early Stage Development and Scientific Uncertainty

Satellos' products are at an early stage of development. Significant additional investment in research and development, product validation, manufacturing, production scale-up, manufacturing, clinical testing, and regulatory submissions of such product candidates is required prior to commercialization. There can be no assurance that any such products will actually be developed. The development and regulatory processes may require access to raw materials and inputs which may not be available to Satellos in sufficient amounts or in a timely fashion to allow Satellos to complete the development or receive regulatory approval of any product or process. A commitment of substantial time and resources is required to conduct research and clinical trials if Satellos is to complete the development of any product. It is not known whether any of these product or process candidates will meet applicable health regulatory standards and obtain required regulatory approvals, or whether such products can be produced in commercial quantities at reasonable costs and be successfully marketed, or if Satellos' investment in any such products will be recovered through sales or royalties. The Company's technology will require significant research and development and preclinical and clinical testing prior to regulatory approval, if required, being obtained in Canada, the United States or other countries. The Company may not be able to obtain regulatory approvals, if required, to complete necessary clinical trials for its technology, or to commercialize it. The Company's technology may prove to have undesirable and unintended side effects, or other characteristics adversely affecting its safety, efficacy or cost-effectiveness could prevent or limit its use. The Company's technology may fail to provide its intended benefit or achieve benefits equal to or better than its competitor's products at the time of testing or production and, if so, its business may fail.

Clinical Trial Risks

The Company's clinical trials may fail to produce successful results or could be suspended due to unacceptable safety risks, which could cause its business to fail. Clinical trials are subject to extensive regulatory requirements, and are very expensive, time-consuming and difficult to design and implement, in part because they may be subject to rigorous regulatory requirements. The Company's products may fail to achieve necessary safety and efficacy endpoints during clinical trials. The Company believes that its clinical trials will take a substantial period of time to complete. Furthermore, failure can occur at any stage of the trials, and the Company could encounter problems that cause us to abandon or repeat clinical trials. The commencement and completion of clinical trials may be delayed by several factors, including: unforeseen safety issues; lack of effectiveness during clinical trials; slower than expected rates of patient recruitment; and inability to monitor patients adequately during or after treatment. In addition, the Company or regulatory officials may suspend the Company's clinical trials at any time if it appears that the Company is exposing participants to unacceptable health risks. If the Company's clinical trials fail to produce successful results, or are suspended due to unacceptable safety risks, the Company's business may fail.

Dependence on Key Personnel, Collaborative Partners, Licensors and Others

Satellos is highly dependent on its executive officers. Although Satellos has or will have formalized contractual agreements with each of its executive officers, these agreements do not prevent them from terminating their engagement with Satellos at any time. The loss of the services of any of these persons could potentially harm Satellos's research, development and commercialization objectives and financial condition.

Satellos's success is also dependent on its ability to recruit, retain and motivate qualified scientific, drug development, clinical, project management, financial and business personnel. Satellos may not be able to attract and retain these personnel on a timely basis or on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel. Satellos also experiences competition for the hiring of scientific and clinical personnel from universities and research institutions.

Satellos also depends on scientific and clinical collaborators and advisors, all of whom have outside commitments that may limit their availability.

Satellos' activities will require it to enter into various arrangements with corporate and academic collaborators, licensors, licensees and others for the research, development, clinical testing, manufacturing, marketing, and commercialization of its products. Satellos intends to attract corporate partners and enter into additional research collaborations. There can be no assurance, however, that Satellos will be able to establish such additional collaborations on favorable terms, if at all, or that its current or future collaborations will be successful. Failure to attract commercial partners for its products may result in Satellos incurring substantial clinical testing, manufacturing, and commercialization costs prior to realizing any revenue from product sales or result in delays or program discontinuance if funds are not available in sufficient quantities. If any collaborative partner fails to develop, manufacture, or commercialize successfully any product to which it has rights, or any partner's product to which Satellos will have rights, Satellos' business may be adversely affected. Failure of a collaborative partner to continue to participate in any particular program could delay or halt the development or commercialization of products generated from such program. In addition, there can be no assurance that the collaborative partners will not pursue other technologies or develop alternative products either alone or in collaboration with others, including Satellos' competitors, as a means for developing treatments for the diseases targeted by Satellos programs. Furthermore, Satellos may hold licenses for certain technologies and there can be no assurance that these licenses will not be terminated, or that they will be renewed on conditions acceptable to Satellos. Satellos may negotiate additional licenses in respect of technologies developed by other companies and academic institutions. Terms of license agreements to be negotiated may include, inter alia, a requirement to make milestone payments, which may be substantial. Satellos will also be obligated to make royalty payments on the sales, if any, of products resulting from licensed technology and, in some instances, may be responsible for the costs of filing and prosecuting patent applications. Should any of Satellos' licensees breach their regulatory, clinical, operational or legal requirements this may impact Satellos' reputation and/or ability to conduct its business or make progress as anticipated.

Regulatory Risks

Successful execution of the Company's business is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the operation of its business. Any delay in obtaining, or failure to obtain regulatory approvals would significantly delay the development of corporate objectives, which could have a material adverse effect on the Company's business and financial condition.

Biotechnology and pharmaceutical companies operate in a high-risk regulatory environment. The manufacture and sale of human diagnostic and therapeutic products is governed by numerous statutes and regulations in the United States, Canada, and other countries where Satellos intends to market its products. The subject matter of such legislation includes approval of manufacturing facilities, controlled research and testing procedures, review and approval of manufacturing, preclinical and clinical data prior to marketing approval, as well as regulation of marketing activities, notably advertising and labelling.

The process of completing clinical testing and obtaining required approvals is likely to take several years and require the expenditure of substantial resources. Furthermore, there can be no assurance that the regulators will not require modification to any submissions which may result in delays or failure to obtain regulatory approvals. Any delay or failure to obtain regulatory approvals could adversely affect the ability of Satellos to utilize its technology, thereby adversely affecting operations. Further, there can be no assurance that Satellos's therapeutic product candidates will prove to be safe and effective in clinical trials or receive the requisite regulatory approval. There is no assurance that Satellos will be able to timely and profitably produce its products while complying with all the applicable regulatory requirements. Foreign markets, other than the United States and Canada, generally impose similar restrictions.

Intellectual Property Risks

The Company may have certain proprietary intellectual property, including but not limited to brands, trademarks, trade names, patents and proprietary processes. The Company will rely on this intellectual property, know-how and other proprietary information, and require certain employees, consultants and suppliers to sign confidentiality agreements. However, these confidentiality agreements may be breached, and the Company may not have adequate remedies for such breaches. Third parties may independently develop substantially equivalent proprietary information without infringing upon any proprietary technology. Third parties may otherwise gain access to the Company's proprietary information and adopt it in a competitive manner. Any loss of intellectual property protection may have a material adverse effect on the Company's business, results of operations or prospects.

Satellos' success will depend in part on its ability to obtain, maintain, and enforce patent rights, maintain trade secret protection, and operate without infringing the proprietary rights of third parties. There can be no assurance that pending patent applications will be allowed, that Satellos will develop additional proprietary products that are patentable, that issued patents will provide Satellos with any competitive advantage or will not be challenged by any third parties, or that patents of others will not have an adverse effect on the ability of Satellos to do business.

Furthermore, there can be no assurance that others will not independently develop similar products, duplicate any of the Satellos products, or design around the products patented by Satellos. In addition, Satellos may be required to obtain licenses under patents or other proprietary rights of third parties. No assurance can be given that any licenses required under such patents or proprietary rights will be available on terms acceptable to Satellos. If Satellos does not obtain such licenses it could encounter delays in introducing one or more of its products to the market, while it attempts to design around such patents, or could find that the development, manufacturing or sale of products requiring such licenses could be foreclosed. In addition, Satellos could incur substantial costs in defending itself in suits brought against it on such patents or in suits where it attempts to enforce its own patents against other parties.

Until such time, if ever, that patent applications are filed, the ability of Satellos to maintain the confidentiality of its technology may be crucial to its ultimate possible commercial success. While Satellos has adopted procedures designed to protect the confidentiality of its technology, no assurance can be given that such arrangements will be effective, that third parties will not gain access to Satellos trade secrets or disclose the technology, or that Satellos can meaningfully protect its rights to its trade secrets.

Rapid Technological Change

The biotechnology and pharmaceutical industries are characterized by rapid and substantial technological change. There can be no assurance that developments by others will not render Satellos proposed products or technologies noncompetitive, or that Satellos will keep pace with technological developments. Competitors have developed or are developing technologies that could be the basis for competitive products. Some of these products have an entirely different approach or means of accomplishing the desired therapeutic effect as compared with products to be developed by Satellos and could be more effective and less costly than the products to be developed by Satellos. In addition, alternative forms of medical treatment may be competitive with Satellos products.

Competition

Technological competition from pharmaceutical companies, biopharmaceutical companies and universities are intense and is expected to increase. Potential competitors of Satellos have or may develop product development capabilities or financial, scientific, marketing, and human resources exceeding those of Satellos. Competitors may develop products before Satellos develops its own products, obtain regulatory

approval for such products more rapidly than Satellos, or develop products which are more effective than those which Satellos intends to develop. Research and development by others may render Satellos' proposed technology or products obsolete or non-competitive or produce treatments or cures superior to any therapy developed or to be developed by Satellos, or otherwise preferred to any therapy developed by Satellos.

Status of Healthcare Reimbursement

Satellos' ability to successfully market certain diagnostic or therapeutic products may depend in part on the extent to which reimbursement for the cost of such products and related treatments will be available from government health administration authorities, private health insurers and other organizations. Significant uncertainty exists as to whether newly approved healthcare products will qualify for reimbursement. Furthermore, challenges to the price of medical products and services are becoming more frequent. There can be no assurance that adequate third-party coverage will be available to establish price levels, which would allow Satellos to realize an acceptable return on its investment in product development.

Acceptance of Technology

The Company's success depends on the acceptance of its technology by the medical community and consumers as a safe and effective solution. The success of its technology will depend on its acceptance by potential consumers and the medical community. Because its technology is new, the long term effects of using its new technology are unknown. The results of short-term clinical trials do not necessarily predict long-term clinical benefit or reveal adverse effects. If results obtained from future commercial experience indicate that its technology is not as safe or effective as other treatments, adoption of this technology by consumers and the medical community may suffer and its business will be harmed.

Potential Product Liability

Pharmaceutical products involve an inherent risk of product liability claims and associated adverse publicity. Product liability insurance is costly, and availability is limited and may not be available on terms which would be acceptable to Satellos, if at all. An inability to maintain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of Satellos' products. A product liability claim brought against Satellos or withdrawal of a product from the market, could have a material adverse effect upon Satellos and its financial condition.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business, which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the value of the common shares of the Company and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources, including the time and attention of management and available working capital. Litigation may also create a negative perception of the Company's brand.

Pandemic Risk

In December 2019, the World Health Organization announced that a disease, COVID-19 or Coronavirus, caused infection and its transmission patterns could become a worldwide pandemic. COVID-19 is now present on every continent. The Company and the world are now dealing with the results of this worldwide pandemic. The global impact of COVID-19 continues to evolve and may have various potential direct effects on the Company. The effects of COVID-19 are changing rapidly and the Company cannot reasonably estimate the impacts at this time, including the impact of COVID-19 on the ability of third parties to meet their obligations with the Company, the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. The continued spread of COVID-19 could materially and adversely impact the Company's business, financial condition, results of operations, cashflows, liquidity, as well as the market for the Company's securities and/or its ability to obtain debt or equity financing. Potential impacts of the virus include, without limitation, impacts on employee health, workforce productivity, increased insurance premiums, and other impacts that will depend on future developments beyond the Company's control. In addition, COVID-19 could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the Company.

APPENDIX P

PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER

(UNAUDITED)

SATELLOS BIOSCIENCES INC.

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
STATEMENTS AS AT AND FOR THE THREE MONTHS ENDED
MARCH 31, 2021 AND FOR THE YEAR ENDED DECEMBER 31, 2020**

Satellos Biosciences Inc.
Profoma consolidated statement of financial position (unaudited)
As at March 31, 2021

	iCo March 31, 2021 \$	Satellos March 31, 2021 \$	Pro Forma Adjustments \$	Notes	Proforma \$
<u>Assets</u>					
Current assets					
Cash and cash equivalents	2,103,250	590,619	-		9,716,097
			6,740,000	3(b)	
			242,609	3(c)	
			29,119	3(c)	
			10,500	3(b)	
Taxes and other receivables	55,760	486,943			542,703
Prepaid expenses	23,872	285			24,157
	2,182,882	1,077,847	7,022,228		10,282,957
Intangible assets			15,145,434	3(a)	15,145,434
Equipment	2,259	1,602			3,861
Total assets	2,185,141	1,079,449	22,167,662		25,432,251
<u>Shareholders' Equity & Liabilities</u>					
Current liabilities					
Accounts payable and accrued liabilities	1,920,694	859,890	200,000	3(a)	2,980,584
Long-term debt		1,094,599	(1,094,599)	3(e)	-
Shareholders' Equity					
Capital stock	32,113,631	4,509,802	7,250,000	3(b)	27,818,040
			(510,000)	3(b)	
			(307,059)	3(b)	
			(32,113,631)	3(a)	
			15,409,881	3(a)	
			1,094,599	3(e)	
			242,609	3(b)	
			29,119	3(b)	
			88,589	3(b)	
			10,500	3(b)	
Contributed surplus	6,560,487	262,568	(6,560,487)	3(a)	173,979
			(88,589)	3(b)	
Warrants	846,369		-		307,059
			(846,369)	3(a)	
			307,059	3(b)	
Accumulated other comprehensive income	(13,614)		13,614		-
Accumulated deficit	(39,242,426)	(5,647,410)	39,242,426		(5,847,410)
			(200,000)	3(a)	
Total equity	264,447	(875,040)	23,062,261		22,451,668
Total shareholders' equity and liabilities	2,185,141	1,079,449	22,167,662		25,432,251

Satellos Biosciences Inc.**Profoma consolidated statement of loss and comprehensive loss (unaudited)****For the quarter ended March 31, 2021**

	iCo March 31, 2021 \$	Satellos March 31, 2021 \$	Pro Forma Adjustments \$	Notes	Pro forma \$
Operating expenses	771,643	929,874	378,636	3(d)	2,080,153
Refundable research and development tax credits & grants	-	(68,074)			(68,074)
Net loss for the year	771,643	861,800			2,012,079
Foreign currency translation adjustment	8,550	-			8,550
Total comprehensive loss	780,193	861,800			2,020,629

Satellos Biosciences Inc.**Profoma consolidated statement of loss and comprehensive loss (unaudited)****For the year ended December 31, 2021**

	iCo December 31, 2020	Satellos December 31, 2020	Pro Forma Adjustments	Notes	\$
	\$	\$	\$		\$
Operating expenses	1,652,866	1,954,626	1,514,543	3(d)	5,122,035
Refundable research and development tax credits, grants & interest income	(164,679)	(376,096)			(540,775)
Net loss for the year	1,488,187	1,578,530			4,581,260
Foreign currency translation adjustment	18,096	-			18,096
Total comprehensive loss	1,506,283	1,578,530			4,599,356

1. BACKGROUND AND BASIS OF PRESENTATION

Satellos Biosciences Inc (“Satellos” or the “Company”) is a biotechnology company pursuing the development of novel drugs for the treatment of muscle disorders with a lead program in Duchenne muscular dystrophy. Its novel drugs are targeted at modulating stem cell polarity to stimulate in vivo tissue repair and regeneration.

Satellos will be the Resulting Issuer upon closing of the Arrangement Agreement (Note 2) with iCo Therapeutics Inc. (“iCo”). iCo is a company listed on the Toronto Venture Exchange, pursuing the identification, development and commercialization of drug or drug candidates to treat ocular and infectious diseases. iCo’s approach is to reformulate drugs or drug candidates with a clinical history for potential use in ocular and infectious disease indications.

Pursuant to the Arrangement Agreement, iCo will acquire all of the issued and outstanding common shares of Satellos by issuing 30.11 common shares for each Satellos common share. This will result in Satellos shareholders acquiring control of iCo and iCo changing its name to Satellos Biosciences Inc.. Satellos will be the continuing business entity (the acquiror for accounting purposes) under the Arrangement and the iCo business will be the acquiree for accounting purposes.

The accompanying unaudited pro forma consolidated statement of financial position at March 31, 2021, and the unaudited pro forma consolidated statement of comprehensive losses for the three-month and twelve-month periods ended March 31, 2021 and December 31, 2020, all together the unaudited pro forma consolidated financial statements of Satellos Bioscience Inc. (“Satellos” or the “Company”) as at March 31, 2021, have been prepared to reflect the Arrangement Agreement between Satellos and iCo.

The unaudited pro forma consolidated financial statements as at March 31, 2021 have been prepared for illustrative purposes only and gives effect to the acquisition of iCo and the financing, pursuant to which the Company has raised proceeds of \$7,250,000, before deducting share issuance costs, by way of private placement (the “Private Placement”) in the form of Subscription Receipts which will be converted into common shares upon closing of the Arrangement Agreement (Note 2). The assumptions used in the preparation of the unaudited pro forma consolidated financial statements are described in note 3.

The pro forma adjustments and allocations of the purchase price for iCo are based in part on preliminary estimates of the fair value of assets acquired and liabilities assumed. The final purchase price allocations will be completed after the asset and liability valuations are finalized. Any final adjustments may change the allocation of the purchase price, which could affect the fair value assigned to the assets and liabilities and could result in a change to the unaudited pro forma consolidated financial statements.

The unaudited pro forma consolidated statement of financial position has been prepared from the statement of financial position of Satellos and the consolidated statement of financial position of iCo as at March 31, 2021, after giving pro forma effect to the Arrangement Agreement and the Private Placement transactions as if they occurred on March 31, 2021, based on the assumptions in note 3. The unaudited pro forma consolidated statements of loss and comprehensive loss have been prepared from the statement of loss and comprehensive loss of Satellos and the consolidated statement of loss and comprehensive loss of iCo for the three-months ended March 31, 2021 and the year ended

December 31, 2020 after giving pro forma effect to the Arrangement Agreement as if it occurred on January 1, 2020, based on the assumptions in note 3.

The unaudited pro forma unaudited consolidated financial statements are not necessarily indicative of the financial statements of Satellos following the Arrangement Agreement and Private Placement transactions. Actual amounts recorded upon consummation of these transactions will differ from those recorded in the unaudited pro forma consolidated financial statements. Management of Satellos believes that the assumptions used provide a reasonable basis for presenting all of the significant effects of the Arrangement Agreement and Private Placement and that the pro forma adjustments give appropriate effect to those assumptions and are appropriately applied in the unaudited pro forma consolidated financial statements.

The unaudited pro forma consolidated financial statements should be read in conjunction with the unaudited interim financial statements of Satellos and iCo as at, and for the three-months ended, March 31, 2021 and the audited financial statements of Satellos and iCo as at, and for the year ended, December 31, 2020.

2. DESCRIPTION OF THE TRANSACTIONS

On March 21, 2021, Satellos and iCo entered into an agreement (the “Arrangement Agreement”), providing for a business combination of the two entities by way of a plan of arrangement (the Arrangement), in accordance with Section 192 of the Canada Business Corporations Act (the CBCA). The resulting issuer is expected to continue under the CBCA and the Resulting Issuer will exist as a CBCA corporation.

The Arrangement Agreement provides for iCo to acquire all of the outstanding common shares of Satellos by issuing each Satellos’ shareholder 30.11 iCo common shares for each Satellos common share they held. The completion of the Arrangement will result in a reverse takeover of iCo, as defined in the policies of the TSX Venture Exchange. Completion of the Arrangement is subject to, among other things, the approval of the TSX Venture Exchange and approval from iCo and Satellos’ shareholders.

A condition to closing the Arrangement Agreement is that a Private Placement be completed. On April 27, 2021, the iCo 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 \$7,250,000. 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 Agreement, 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.

A summary of the expected shareholdings of the Resulting Issuer upon completion of the Arrangement Agreement and the Private placement are as follows:

Group	Number of shares	Percentage ownership
iCo shareholders	181,292,713	27.7%
Satellos shareholders	388,040,266	59.3%
Subscription Receipts holders	85,294,117	13.0%
Total	654,627,096	100%

3.PRO FORMA AND OTHER ADJUSTMENTS AND ASSUMPTIONS

a) Arrangement agreement

The Arrangement Agreement constitutes reverse business acquisition and is accounted for as a business combination in accordance with IFRS 3, with Satellos Bioscience Inc. as the accounting acquiror (legal subsidiary). Accordingly, iCo's shareholders' equity balances at March 31, 2021, have been eliminated in the unaudited pro forma consolidated statement of financial position.

The preliminary purchase price allocation is subject to change and is summarized as follows:

Cost of acquisition	
Fair value of consideration	15,409,881

Fair value of net assets acquired	Fair value
Cash and cash equivalents	2,103,250
Taxes and other receivables	55,760
Intangible assets	15,145,434
Prepaid expenses	23,872
Equipment	2,259
Current liabilities	(1,920,694)
Net assets acquired/(net liabilities assumed)	15,409,881

The fair value of the consideration provided by Satellos was determined as follows:

- Upon completion of the Arrangement Agreement, and just prior to completion of the Private Placement, its estimated that the issued and outstanding shares of the Resulting Issuer will be 569,332,979 with Satellos shareholders owning 68.1% of the combined entity and iCo shareholders owning the remaining 31.9% of the combined entity.
- The fair value of the combined entity at closing is estimated based on the Private Placement which closes concurrently. The Private Placement indicates a value of \$0.085 per share of the combined entity or a total fair value of \$48,293,326 for the combined entity.
- The fair value of the consideration given to iCo shareholders is estimated to be \$15,409,881 and is recognized in the share capital balance of the pro forma consolidated statement of financial position.

Intangible assets consist of patents, licenses and intellectual property of iCo related to its clinical development programs. The fair value of these assets was estimated based on the excess fair value of the consideration over the carrying value (which approximates fair value) of iCo's net assets expected at closing of the Arrangement Agreement. The Company does not expect to recognize any goodwill upon closing the Arrangement Agreement based on the market capitalization of iCo derived from the 90-day volume weighted share price just prior to announcing the Arrangement Agreement.

Incremental transaction related expenses consisting of legal, accounting and advisory fees are estimated to be \$200,000 and this amount is charged to the deficit in the proforma consolidated statement of financial position.

b) Private Placements

On April 1, 2021, holders of Satellos' broker warrants exercised 15,344 warrants to purchase 15,344 common shares at \$1.30 for aggregate proceeds of \$19,947.

On April 27, 2021, iCo completed a private placement issuing 85,294,117 subscription receipts at a price of \$0.085 per subscription receipt for expected net proceeds of \$6,740,000 after commission and legal expenses. The net proceeds will be used to fund the future development of the Company's programs. 5,117,647 broker warrants with an aggregate fair value of \$307,059 were recognized as warrants and reduction in share capital in the unaudited pro forma consolidated statement of financial position.

On April 30, 2021, an iCo option holder exercised 210,000 options at \$0.05 each for gross proceeds of \$10,500.

On May 1, 2021, a Satellos shareholder purchased 97,700 common shares at \$2.56 apiece for gross proceeds of \$250,112, net \$242,609 after fees.

On June 10, 2021 holders of Satellos' broker warrants exercised 6,440 warrants to purchase 6,440 common shares at \$1.30 apiece for proceeds of \$8,372.

On June 15, 2021 a Satellos warrant holder exercised 80,000 warrants to purchase 80,000 common shares at \$0.01 apiece for proceeds of \$800.

c) Conversion of PPMD note

The Parent Project Muscular Dystrophy ('PPMD') convertible promissory note was issued on December 7, 2020 in the principal amount of up to US\$1,000,000, of which there is currently US\$850,000 principal and accrued interest owing. The closing of the Arrangement Agreement and Private Placement will trigger conversion of the outstanding principal and accrued interest into Satellos common shares, which in turn will be exchanged for iCo shares in accordance with the exchange ratio under the Arrangement Agreement. It is assumed that this conversion happens upon closing and this is included in the pro forma Satellos shareholdings. The fair value of Satellos shares received by PPMD is expected to equal the fair value of the convertible note plus accrued interest at the closing date. The convertible promissory note carrying value of \$1,114,586 is derecognized and transferred to the capital stock account in the unaudited pro forma consolidated statement of financial position.

d) Pro forma expenses

The following pro forma expenses have been recognized in the unaudited pro forma consolidated statement of comprehensive loss:

- The intangible assets are expected to have a life of 10 years based on patent life and accordingly they are amortized over their expected life.

4. PRO FORMA EFFECTIVE INCOME TAX RATE

A deferred tax asset has not been recognized in the pro-forma statement of financial position as at March 31, 2021, as it is not probable that the tax benefit will be realized by Satellos. As a result, the effective tax rate for Satellos is nil.

5. PRO FORMA SHARE CAPITAL

After giving effect to the pro forma adjustments described in note 3, Satellos' outstanding share capital will be as follows:

	Number of common shares	Amount \$
Common shares issued and outstanding on March 31, 2021	181,082,713	4,509,802
Common shares issued on option exercise	210,000	10,500
Shares issued to Satellos shareholders	367,607,981	15,409,881
Shares issued upon conversion of subscription receipts	85,294,117	7,250,000
Conversion of PPMD note	14,425,822	1,094,599
Private placement issued May 5, 2021	2,941,747	242,609
Warrants exercised by warrant holders	3,064,716	29,119
Fair value of warrants exercised reclassified from contributed surplus		88,589
Finance expenses		(817,059)
Effect of 20:1 consolidation	(621,895,742)	
Proforma balance of common shares at March 31, 2021	32,731,354	27,818,040

6. PRO FORMA BASIC AND DILUTED LOSS PER SHARE

Pro forma basic and diluted earnings per share for the three months ended March 31, 2021 and the year ended December 31, 2020, have been calculated based on the actual weighted average number of shares outstanding for the respective periods as well as the number of pro forma iCo shares issued as if such shares had been outstanding since January 1, 2021 and 2020.

	Quarter ended March 31, 2021	Year ended December 31, 2020
Weighted average number of shares post 20:1 consolidation	8,052,861	7,687,386
Number of shares issued in pro forma post 20:1 consolidation	23,677,219	23,677,219
Pro forma basic	31,730,080	31,364,605

Pro forma loss	2,020,629	4,599,356
Basic and diluted loss per share	\$0.6	\$0.15