

**MATERIAL CHANGE REPORT
FORM 51-102F3**

Item 1. Name and Address of Corporation

Satellos Bioscience Inc., formerly iCo Therapeutics Inc. (the “**Corporation**”)
65 Front Street East, Suite 201
Toronto, Ontario M5E 1B5

Item 2. Date of Material Change

August 13, 2021

Item 3. News Release

A news release was disseminated on August 13, 2021 via Newsfile Corp.

Item 4. Summary of Material Change

On August 13, 2021, the Corporation closed its previously announced business combination involving Satellos Bioscience Inc. (“**PrivateCo**”) by way of a plan of arrangement (the “**Arrangement**”) in accordance with Section 192 of the *Canada Business Corporations Act*, constituting a “reverse takeover transaction” of the Corporation pursuant to Policy 5.2 – *Changes of Business and Reverse Takeovers of the TSX Venture Exchange* (the “**Exchange**”). Pursuant to the Transaction, the Corporation acquired all of the issued and outstanding shares of PrivateCo. In connection with the completion of the Arrangement, iCo Therapeutics Inc. (now Satellos Bioscience Inc.): (a) continued under the laws of Canada; (b) amalgamated with PrivateCo under the name Satellos Bioscience Inc. to form the Corporation as it now exists (the “**Resulting Issuer**”), which continues to carry on the business of PrivateCo; and (c) consolidated its outstanding common shares on a 20:1 basis. Subject to receiving final Exchange acceptance, the common shares of the Resulting Issuer will resume trading on the Exchange on August 18, 2021 under the name “Satellos Bioscience Inc.”, on a post-consolidation basis and under the trading symbol “MSCL”.

Item 5. 5.1 Full Description of Material Change

Please see **Schedule “A”** attached to and forming part of this report for the news release of the Corporation dated August 13, 2021, which provides a full description of the material change.

5.2 Disclosure for Restructuring Transactions

Not applicable.

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

Not applicable.

Item 7. Omitted Information

Not applicable.

Item 8. Executive Officer

The name and business number of the executive officer of the Corporation who is knowledgeable about the material change and this report is:

Satellos Bioscience Inc. (formerly iCo Therapeutics Inc.)
Frank Gleeson, President & CEO
Phone: 905.336.6128

Item 9. Date of Report

August 13, 2021

SCHEDULE "A"
(attached)

Satellos and iCo Announce Completion of Reverse Takeover

TORONTO, ONTARIO – August 13, 2021 – Satellos Bioscience Inc. (formerly iCo Therapeutics Inc.) (“**Satellos**” or the “**Company**”) (TSX-V:MSCL) is pleased to announce the completion, following the receipt of the final order of the Supreme Court of British Columbia on August 5, 2021, and subject to the final approval of the TSX Venture Exchange (the “**TSXV**”), of the previously announced reverse takeover transaction which was completed by way of plan of arrangement under Section 192 the *Canada Business Corporations Act* (the “**CBCA**”) involving Satellos Bioscience Inc. (“**Pre-Arrangement Satellos**”) and iCo Therapeutics Inc. (“**iCo**”) (the “**Arrangement**” or the “**Transaction**”). It is expected that, following the anticipated issuance of the final bulletin of the TSXV, trading of Satellos Shares will resume on Wednesday August 18, 2021.

“We are so pleased that this business combination has come together in such a seamless manner to provide an exciting mix of transformational muscle biology and clinically tested assets. We wish to express our gratitude for the ongoing support of the shareholders from both companies and welcome the new and returning shareholders who participated in the private placement financing associated with this transaction. The entire Satellos team is enthused by this leap forward in our capacity to become a global leader in the discovery and development of novel therapeutics with a particular emphasis on treating progressive, intractable degenerative muscle diseases for which treatment options are often quite limited. We look forward to creating value for all Satellos shareholders,” said Frank Gleeson, Co-Founder, Director, President and Chief Executive Officer of Satellos.

“We’re delighted that the transaction has closed with Satellos and are looking forward to a bright future for the new Company and all its shareholders,” said Bill Jarosz, current Executive Director Satellos and former Chief Executive Officer of iCo.

Completion of Reverse Takeover

Pursuant to the previously announced arrangement agreement between Pre-Arrangement Satellos and iCo dated March 21, 2021 (as amended from time to time), and the final order of the Supreme Court of British Columbia dated August 5, 2021, iCo has acquired all of the issued and outstanding shares of Pre-Arrangement Satellos (“**Pre-Arrangement Satellos Shares**”), in exchange for common shares in the capital of iCo (“**iCo Shares**”) by way of the Arrangement. Each Pre-Arrangement Satellos Share was exchanged for 30.11 iCo Shares. Each outstanding option to purchase one (1) Pre-Arrangement Satellos Share (“**Pre-Arrangement Satellos Options**”) was exchanged for 30.11 iCo options (“**iCo Options**”) and each outstanding warrant to purchase one Pre-Arrangement Satellos Share (“**Pre-Arrangement Satellos Warrants**”) shall, in accordance with the terms of such warrants, be exercisable for 30.11 iCo warrants (“**iCo Warrants**”). The Transaction is an arms’ length transaction.

Following the completion of the Arrangement:

- 1) iCo was continued under the provisions of the CBCA (the “**Continuance**”);
- 2) iCo and Pre-Arrangement Satellos were amalgamated under the CBCA under the name Satellos Bioscience Inc. (the “**Amalgamation**”); and
- 3) the Company’s common shares were consolidated on a 20:1 basis (the “**Consolidation**”).

Following the closing of the Arrangement, the Continuance, the Amalgamation, the Consolidation, the Concurrent Financing (as described below) and the conversion of the Convertible Promissory Note (as described below) there were 32,866,748 common shares in the capital of Satellos (“**Satellos Shares**”) issued and outstanding, with the former holders of Pre-Arrangement Satellos Shares holding 56.8% of the issued and outstanding Satellos Shares and the former holders of iCo shares holding 27.6% of the issued and outstanding Satellos Shares.

In connection with the Transaction, Leede Jones Gable Inc. (“**LJG**”) provided a fairness opinion (“**LJG Fairness Opinion**”) to the Satellos board of directors that provided, subject to the assumptions, qualifications and limitations contained in the LJG Fairness Opinion, that the consideration to be paid by iCo for the acquisition of Pre-Arrangement Satellos pursuant to the Arrangement is fair, from a financial point of view, to Pre-Arrangement Satellos.

In connection with the Transaction, Evans & Evans, Inc. (“**Evans**”) provided a fairness opinion (“**Evans Fairness Opinion**”) to the iCo board of directors that provided that subject to the assumptions, qualifications and limitations contained in the Evans Fairness Opinion, that the consideration to be paid by iCo to the holders of Pre-Arrangement Satellos Shares with respect to the Arrangement is fair, from a financial point of view.

Concurrent Financing

As a condition to the closing of the Arrangement, as previously announced on April 27, 2021, iCo completed a brokered private placement financing pursuant to which iCo 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 “**Concurrent Financing**”). Each Subscription Receipt entitled the holder thereof to receive, upon satisfaction of certain escrow release conditions, including the completion of the Arrangement, one (1) pre-Consolidation Satellos Share. On a post-Consolidation basis, the holders of Subscription Receipts have been issued 4,264,705 Satellos Shares, representing 13% of the issued and outstanding Satellos Shares on a post-Consolidation, post-closing basis. The proceeds from the Concurrent Financing (after deduction of costs of fees incurred), which have now been released from Escrow, will be used for research, development, and general corporate expenses of Satellos.

The Subscription Receipts and underlying Satellos Shares issued in connection with the Concurrent Financing are subject to a hold period expiring 4 months and one day from the date of issuance of the Subscription Receipts in accordance with applicable Canadian securities laws. Additionally, in connection with the Financing, certain Satellos Shares issued to former holders of Pre-Arrangement Satellos Shares pursuant to the Arrangement will be subject to a lock-up agreement.

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 TSXV, the Agents have received: (i) a cash fee equal to 6.0% of the gross proceeds raised in connection with the Concurrent Financing; and (ii) warrants equal to 6.0% of the number of Satellos Shares issued in connection with the Concurrent Financing (the “**Broker Warrants**”). Each Broker Warrant shall entitle the holder thereof to buy one Satellos Share at a price \$1.70 per share (on a post-Consolidation basis). The Broker Warrants shall expire 24 months from the issuance date.

Early Warning Disclosure

Bloom Burton & Co. Inc. ("**BBCI**"), through its affiliate, and Brian Bloom acquired (the "**Acquisition**") a total of 6,079,812 Satellos Shares and 167,058 Broker Warrants in connection with the Arrangement, the Concurrent Financing and the Consolidation, representing approximately 18.5% of the issued and outstanding Satellos Shares on a non-diluted basis and approximately 18.9% on a partially diluted basis assuming exercise of such Broker Warrants. Prior to the Acquisition, BBCI indirectly held 4,000,000 Pre-Arrangement Satellos Shares, Mr. Bloom held 38,400 Pre-Arrangement Satellos Shares and, in connection with the Concurrent Financing and prior to the Consolidation, Bloom Burton (an affiliate of BBCI) held 3,341,182 pre-Consolidation broker warrants of the Company. BBCI and Mr. Bloom indirectly and/or directly hold such securities for investment purposes and may or may not purchase or sell securities of the Company in the future, depending on market conditions, reformulation of plans and/or other relevant factors. A copy of BBCI's early warning report will appear on the Company's profile on SEDAR at www.sedar.com and may also be obtained by contacting Sonia Yung at 416 640-7575 (65 Front Street East, Suite 300 Toronto, ON M5E 1B5) or at compliance@bloomburton.com.

Escrow

Pursuant to the policies of the TSXV, all Satellos Shares, warrants and options held by officers, directors, promoters, 10% shareholders and certain other shareholders have been deposited into escrow for a period of 36 months. In total, 12,329,040 Satellos Shares, 167,058 warrants and 386,600 options are subject to and have been placed in escrow with Computershare Investor Services Inc. ("**Computershare**") as escrow agent pursuant to a Tier 2 Surplus Escrow Agreement, and 120,440 Satellos Shares have been placed in escrow with Computershare pursuant to a Tier 2 Value Escrow Agreement.

In addition to the above, applicable seed share resale restrictions were imposed on securities purchased by non-principals in certain circumstances at a price which was below 5% of the price at which the Subscription Receipts were issued. An aggregate of 32,796 Satellos Shares are subject to a one-year hold period and an aggregate of 673,713 Satellos Shares and 20,445 warrants are subject to a four-month hold period.

Conversion of Promissory Note

Following the completion of the Arrangement, the Concurrent Financing, the Continuance, the Amalgamation and the Consolidation a convertible promissory note in the principal amount of US\$1,000,000 in the capital of Satellos (having been issued by Pre-Arrangement Satellos), plus accrued and unpaid interest, was converted in exchange for 856,716 Satellos Shares at a price of \$1.53 per Satellos Share on a post-Consolidation basis (the "**Conversion Shares**"). The Conversion Shares are subject to a hold period expiring 4 months and one day from the date of issuance in accordance with applicable Canadian securities laws.

New Board of Directors

In connection with the completion of the Arrangement Satellos' board of directors has been reconstituted to include one appointee of iCo, being William Jarosz, and 6 appointees of Pre-Arrangement Satellos, being Geoff Mackay, Frank Gleeson, Michael Rudnicki, Brian Bloom, William McVicar and John Holyoake. Satellos' officers have been reconstituted to include Frank

Gleeson as President and Chief Executive Officer and Michael Rudnicki as Chief Scientific Officer. William Jarosz has stepped down as Chief Executive Officer but will continue as Executive Director and Michael Liggett will continue in the role of Interim Chief Financial Officer and Corporate Secretary.

Issuance of Stock Options

Satellos also announces that effective as of today's date it has granted 2,125,120 stock options to directors, officers, employees and consultants of the Company at an exercise price of \$ 1.70. The stock options have been granted pursuant to the Company's 10% rolling stock option plan and will expire ten years from the date of grant. Subsequent to this stock option grant, Satellos will have a total of 2,872,752 stock options outstanding.

Appointment of New CFO

Satellos is pleased to announce that, effective August 13, 2021, Mr. Warren Whitehead will serve as the Company's new Chief Financial Officer ("**CFO**"). Mr. Whitehead will oversee all accounting and finance functions, while providing strategic recommendations and support in connection with financial accounting, corporate finance, capital markets and growth related matters.

Mr. Whitehead is a Certified Professional Accountant who has held several senior financial management positions with pharmaceutical and biotechnology firms. He is the former CFO of Arius Research Inc., an anti-cancer antibody company (acquired by Roche in 2008), and former CFO of Labopharm Inc. (2000 to 2006) where he led several rounds of financing, including a cross-border NASDAQ offering. Prior positions include CFO of Resolution Pharmaceuticals Inc. and finance and business development at Glaxo Canada (now GlaxoSmithKline). Mr. Whitehead holds an MBA from the University of Windsor.

"We are thrilled to welcome Warren to Satellos' senior management team," stated Frank Gleeson, Satellos' President and CEO. "The addition of Warren as CFO will contribute greatly to the Company's ambitious development and growth plans."

"I'm delighted at this opportunity with Satellos. The chance to join such a strong team and help to advance groundbreaking science with such potential to help people in great medical need while creating shareholder value made for an easy decision" stated Mr. Whitehead.

Mr. Whitehead will replace Mr. Michael Liggett who was iCo's CFO and has been serving as Interim CFO and Corporate Secretary of the Company. Mr. Gleeson and the Board would like to thank Mr. Liggett for his continuous hard work and endless contributions to the Company and in particular in bringing the Satellos transaction to a successful closing. Mr. Liggett will continue to serve the Company as a strategic advisor.

"I am so pleased to see this business combination come together which offers such promise for patients and shareholders. I wish the new team every success" stated Mr. Liggett.

About Satellos

Satellos is a regenerative medicine company dedicated to developing novel therapeutics that stimulate or restore muscle regeneration in severe disorders. Satellos was founded on the discovery that dysregulated muscle stem-cell polarity — a process that balances replenishment of muscle stem cells and production of specialized tissue cells— can lead to the inability of the body to properly repair and regenerate muscle throughout life. Satellos' lead program is focused

on developing an oral therapeutic drug for Duchenne muscular dystrophy that serves to correct this dysregulation which Satellos has identified as a root cause of the progressive nature of this disease. Satellos believes defects in muscle regeneration play a critical underlying role in numerous muscle disorders spanning rare diseases through to mass market indications. Accordingly, Satellos applies its proprietary MyoReGenXTM discovery platform to identify regulatory pathways and drug candidates to treat muscle disorders where stem cell polarity is dysregulated. Satellos also maintains the rights to two clinical stage legacy assets as a result of the reverse takeover of iCo Therapeutics Inc.: iCo-008 for potential use in eotaxin-1 mediated indications and an oral Amphotericin B delivery system. Founded in 2018, Satellos is headquartered in Canada. For more information about Satellos' regenerative therapeutic discovery platform, development programs, or licensing opportunities for iCo legacy assets please contact Ryan Mitchell, PhD, Director – Business Development @ rmitchell@satellos.com or visit Satellos.com.

For more Information about Satellos contact:

Frank Gleeson
President and Chief Executive Officer
fgleeson@satellos.com
905.336.6128

THIS PRESS RELEASE DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION, NOR SHALL THERE BE ANY OFFER, SALE, OR SOLICITATION OF SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER, SALE, OR SOLICITATION WOULD BE UNLAWFUL.

THE SECURITIES ISSUED IN CONNECTION WITH THE ARRANGEMENT AND CONCURRENT FINANCING HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "1933 ACT") AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO A U.S. PERSON IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT. THE RESULTING ISSUER INTENDS TO ISSUE SUCH SECURITIES PURSUANT TO THE EXEMPTION FROM REGISTRATION SET FORTH IN SECTION 3(A)(10) OF THE 1933 ACT.

Notice on forward-looking statements:

This release includes forward-looking information or forward-looking statements within the meaning of Canadian securities laws, the 1933 Act, the U.S. Securities TSXV Act of 1934 and the U.S. Private Securities Litigation Reform Act of 1995 regarding Satellos and its business, which may include, but are not limited to, statements with respect to the ability to obtain regulatory approvals, the final approval of the TSXV and issuance of the final exchange bulletin, the use of proceeds from the Concurrent Financing, Satellos' technologies and drug development plans, the timeline to commence clinical trial testing in humans and evaluation plans for drug molecules, the timeline for Satellos Shares to resume trading. Often but not always, forward-looking information can be identified by the use of words such as "expect", "intends", "anticipated", "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would" or "will" be taken, occur or be achieved. Such statements are based on the current expectations and views of future events of the management of each

entity, and are based on assumptions and subject to risks and uncertainties. Although the management believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect. The forward-looking events and circumstances discussed in this release, may not occur and could differ materially as a result of known and unknown risk factors and uncertainties affecting the company, including risks regarding the pharmaceutical industry, market conditions, economic factors, management's ability to manage and to operate the business of the company and the equity markets generally. Although Satellos has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Accordingly, readers should not place undue reliance on any forward-looking statements or information. No forward-looking statement can be guaranteed. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and Satellos does not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Neither the TSX Venture Exchange, Inc. nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) has in any way passed upon the merits of the Arrangement and associated transactions and neither of the foregoing entities accepts responsibility for the adequacy or accuracy of this release or has in any way approved or disapproved of the contents of this press release.