SATELLOS BIOSCIENCE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2024 and 2023

This management's discussion and analysis ("**MD&A**") has been prepared as of August 09, 2024 and provides an analysis of the financial results of Satellos Bioscience Inc. ("**Satellos**" or the "**Company**") for the three and six months ended June 30, 2024 and June 30, 2023. The MD&A should be read in conjunction with the condensed consolidated interim financial statements for the three and six months ended June 30, 2024 and June 30, 2023 and the related notes thereto (together, the "**condensed consolidated interim financial statements**") and the audited annual consolidated financial statements for the years ended December 31, 2023 and December 31, 2022 and the related notes thereto(together, the "**audited annual consolidated financial statements**"). The condensed consolidated interim financial statements were prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") as applicable to interim financial reports including IAS 34 *Interim Financial Reporting*. The audited annual consolidated financial statements were prepared in accordance with IFRS as issued by IASB. All dollar amounts are expressed in Canadian dollars unless otherwise noted. The audited annual consolidated financial statements were prepared in accordance with IFRS as issued by IASB. All dollar amounts are expressed in Canadian dollars unless otherwise noted. Where applicable, the currency of the United States is referred to throughout as "US dollars" or "US$", and the currency of Australia is referred to throughout as "Australian dollars" or "A$".

FORWARD-LOOKING STATEMENTS

Certain statements and information in this MD&A contain "forward-looking information" and "forward-looking statements", within the meaning of applicable Canadian securities laws (collectively herein referred to as "**forward-looking statements**"). These statements relate to future events or future performance and reflect the Company's expectations and assumptions regarding the growth, results of operations, performance and business prospects and opportunities of the Company. These forward-looking statements are made as of the date of this MD&A or, in the case of documents incorporated by reference herein, as of the date of such documents. Forward-looking statements are frequently, but not always, identified by words such as "expects", "expectation", "anticipates", "believes", "intends", "intention", "estimates", "predicts", "continues", "potential", "targeted", "plans", "possible", "goal", "seek", "project", "future", "likely" and similar expressions, or statements that events, conditions or results "will", "may", "could", "would" or "should" occur or be achieved. Any forward-looking statements or statements of "belief", including the statements made under "*Risks and Uncertainties*", represent the Company's estimates only as of the date of this MD&A and the documents incorporated by reference herein, respectively, and should not be relied upon as representing the Company's estimates as of any subsequent date. 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:

- our belief that the Company will be successful in raising additional capital to continue as a going concern;
- the expected research and development timelines, therapeutic benefits, effectiveness and safety of our product candidates;

- our belief that the Company's products and research and development efforts are targeting diseases and conditions with significant unmet medical treatment needs;
- our belief that the Company has made, and will continue to make progress towards the achievement of certain milestones or objectives;
- our expectation with respect to meeting milestones and the minimum amount of funds the Company expects to need to raise in order to achieve such milestones and garner additional funding;
- the initiation, timing, cost, progress, outcomes, resource needs and success of our research and development activities, plans and programs;
- our expectations regarding our ability to design, test and patent novel drug products suitable for advancement into Investigational New Drug ("**IND**") enabling studies and clinical trials and the anticipated timelines surrounding such enabling studies;
- our belief that we will not receive substantive comments on our IND applications;
- our expectations that the Notch pathway and AAK1 drug target (both as further described herein) represent drug development opportunities similar or superior to modulation of the EGFR signaling pathway;
- our intentions of developing inhibitors to AAK1 (including but not limited to SAT-3247 and SAT-3153) and in showing that such potential inhibitors have desirable effects in relevant models of Duchenne muscular dystrophy ("**Duchenne**") and in other indications, such as other degenerative muscle diseases, muscle injury or trauma, or muscle regeneration generally;
- our expectations that we will identify predictive biomarkers as discussed herein which will translate into or be useful in conducting human clinical trials;
- our belief that the results of Satellos' research and development activities, preclinical studies, safety studies or clinical trials have the potential to be commercially competitive with research and development activities, preclinical studies, safety studies or clinical trials conducted by other parties;
- discoveries we have made in muscle stem cell regulation having the potential to represent insights into a potential root cause of degenerative muscle disorders which has previously not been recognized and which may be therapeutically relevant in the treatment of degenerative muscle disorders;
- our belief that the Company's technology can be commercialized, and that such commercialization could be done as effectively or more effectively than other technologies to treat degenerative muscle disorders and conditions or other medical disorders or conditions, or at all;
- our ability to discover, optimize, select and advance into clinical development our therapeutic drug development candidates in a timely, cost-efficient and effective manner, or at all;
- our ability to translate our discoveries in muscle stem cell regulation into safe and therapeutically effective drug products and the broad applicability of such products;
- our ability to enter into research and/or commercial development collaborations or partnerships to successfully and profitably advance our drug development candidates;
- our ability and that of our partners (if any) to advance identified drug development candidates into, and successfully complete, clinical trials;
- our intention to identify and nominate one or more back-up drug candidates and the potential benefits of having such back-ups;
- our plans to utilize and deploy MyoRegenX™ in our programs and our continued relationship with OHRI (as defined below);
- our ability to develop the Company's novel discoveries into viable therapeutic treatments suitable for clinical development, including, but not limited to, our ability to determine appropriate dosing regimens;
- the ability of our products to effectively and safely treat Duchenne and other degenerative muscle disorders and conditions or other medical disorders or conditions and the applicability of our products to other disorders and conditions;

- our expectations regarding future enrolment into clinical trials and the timing of future enrolment into clinical trials for our product candidates;
- 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 preclinical stages of drug development;
- our ability to establish and maintain relationships with collaborators with acceptable preclinical and/or clinical research and development capability, and regulatory and commercialization expertise to enable the development and future commercialization of our technology or products, 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 research and clinical development and/or sales and marketing capabilities and the expected benefits that could be derived therefrom;
- our ability to generate and protect our potential intellectual property;
- our ability to operate our business without infringing upon the intellectual property rights of others;
- our ability to engage third party services with specialized domain expertise for the drafting and submitting of regulatory applications to conduct clinical trials in humans;
- our ability to establish suitable CMC and GMP protocols as further described herein;
- the manufacturing capacity of third-party manufacturers for our product candidates;
- our expectations regarding federal, provincial and foreign regulatory requirements;
- the timing of, and the costs of obtaining and maintaining, regulatory approvals in the United States, Canada and other jurisdictions;
- our plans to meet with the United States Food and Drug Administration (the "**FDA**"), file an application to obtain drug designations and initiate studies;
- the rate and degree of market acceptance and clinical utility of our future products, if any;
- 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;
- the implementation and execution of our commercial and operational strategy;
- our ability to engage and retain the consultants or employees required to grow our business;
- the potential revenue that may be generated from our products, pricing and reimbursement of the patient cost of our drug products by insurers or national health systems, as the case may be, in those jurisdictions where the Company intends to sell its drug products and our ability to achieve profitability;
- developments relating to our competitors and our industry, including the success of competing therapies that are or become available;
- the potential growth of the market and demand for our products as well as the estimated pricing and subsequent revenue generation of any potential therapeutics we discover;
- our belief that any discoveries by the Rudnicki Lab (as defined below) have the potential to have a positive impact on Satellos and our work;
- our future financial performance, including projected expenditures, future revenue, capital requirements and our needs for additional financing; and
- general business and economic conditions and outlook including, but not limited to, foreign exchange rates and rates of inflation.

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, the Company has made various material assumptions, including, but not limited to:

- obtaining positive results from our research and development activities, including clinical trials;
- our ability to obtain regulatory approvals;
- assumptions regarding general business, market and economic conditions;
- assumptions regarding the cost and timing of each study;
- the Company's ability to successfully advance its preclinical and clinical development programs and execute its plans substantially as currently envisioned;
- the Company's ability to identify and advance a suitable drug candidate;
- assumptions related to the pricing and reimbursement of its drug products in jurisdictions in which the Company intends to sell its drug products;
- the Company's current positive relationships with third parties will be maintained and the potential to develop new partnerships;
- our ability to continue to use existing licenses for the development of our product(s);
- the availability (and sources) of financing on reasonable terms;
- future expenditures to be incurred by the Company, including research and development and operating costs;
- the Company's ability to attract and retain skilled consultants and employees;
- assumptions regarding market competition, market capture and pricing;
- the products and technology offered by the Company's competitors; and
- 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 under the headings "*Foreign Currency Risk"*, "*Liquidity Risk*", "*Credit Risk*" and "*Risks and Uncertainties*" in this MD&A and the risks outlined in the Company's annual information form for the year ended December 31, 2023 dated March 27, 2024 (the "**AIF**"). Certain risks and uncertainties that could cause such actual events or results expressed or implied by such forward-looking statements and information to differ materially from any future events or results expressed or implied by such statements and information include, but are not limited to:

- risks related to the early stage of our products;
- uncertainties related to preclinical product development activities and clinical trial outcomes;
- uncertainties related to current economic conditions;
- risks related to rapid technological change;
- uncertainties related to forecasts and timing of clinical trials and regulatory approval;
- competition in the market for therapeutic products, including those to treat Duchenne and related diseases;
- risks related to potential product liability claims;
- availability of financing and access to capital and the risks associated with the Company's ability to continue as a going concern;
- market acceptance and commercialization of products;
- the availability, costs and supply of materials;
- risks related to the effective management of our growth;
- risks related to the reliance on partnerships and licensing agreements;
- risks related to our reliance on key personnel;
- risks related to the regulatory approval process for the manufacture and sale of therapeutic products;
- risks related to the reimbursement process in various jurisdictions where the Company plans to sell its drug products; and
- our ability to secure and protect our intellectual property.

The Company cautions that the foregoing list of important factors and assumptions is not exhaustive. Although the Company has attempted to identify on a reasonable basis important factors and assumptions related to forward-looking statements, there can be no assurance that forward-looking statements will prove to be accurate, as events or circumstances or other factors could cause actual results to differ materially

from those estimated or projected and expressed in, or implied by, these forward-looking statements. Other than as specifically required by law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results or otherwise. Accordingly, readers should not place undue reliance on forward-looking statements.

NATURE OF BUSINESS AND OVERVIEW OF OPERATIONS

Overview of the Business

Satellos is a publicly traded (TSX: MSCL) biotechnology company dedicated to developing life-improving medicines to treat degenerative muscle diseases.

Satellos has incorporated breakthrough research in muscle stem cell polarity into a proprietary discovery platform, called MyoReGenX™, to identify degenerative muscle diseases where deficits in this process affect muscle regeneration and are amenable to therapeutic intervention. With this platform, Satellos is building a pipeline of novel therapeutics to correct muscle stem cell polarity and promote the body's innate muscle repair and regeneration process. The Company's lead drug candidate is an oral, small molecule drug candidate in development as a potential disease-modifying treatment for Duchenne muscular dystrophy.

Satellos Bioscience Inc. was incorporated under the *Canada Business Corporation Act* (the "**CBCA**") on July 27, 2012 ("**Pre-Arrangement Satellos**"). iCo Therapeutics Inc. ("**iCo**") was incorporated under the *Business Corporations Act* (British Columbia) on April 20, 2006, and completed a reverse take-over transaction by way of statutory arrangement onto the TSX Venture Exchange.

On August 13, 2021, Pre-Arrangement Satellos and iCo completed a plan of arrangement (the "**Arrangement**") under section 192 of the CBCA, pursuant to which, among other things, iCo acquired all of the issued and outstanding shares of Pre-Arrangement Satellos. Following the Arrangement, the Common Shares traded on the TSXV under the trading symbol "MSCL". The Company commenced trading on the Toronto Stock Exchange (the "TSX") on February 15, 2024, under the symbol "MSCL", and was delisted from the TSXV effective as of the close of the market on February 14, 2024.

As at June 30, 2024, the Company had three wholly owned subsidiaries, Amphotericin B Technologies, Inc. (an entity incorporated under the *Business Corporations Act* (British Columbia)) ("**Amp B**"), Satellos Bioscience Australia Pty Ltd. (an entity incorporated under the laws of Australia) and Satellos Bioscience US, Inc. (incorporated under the laws of Delaware, USA).

The Company's head office is located at Royal Bank Plaza, South Tower, 200 Bay St., Suite 2800, Toronto, Ontario, M5J 2J3, and the Company's registered and records office is located at Royal Bank Plaza, South Tower, 200 Bay St., Suite 2800, Toronto, Ontario, M5J 2J3.

Achievements and Highlights in the Three and Six Months Ended June 30, 2024

On January 23, 2024, the Company announced the departure of Alan Jacobs, M.D., as Chief Medical Officer and the appointment of Jordan Dubow, M.D. as Chief Medical Advisor.

On February 13, 2024, the Company announced positive preliminary data showing SAT-3247 can improve skeletal muscle function in a mouse model of facioscapulohumeral muscular dystrophy ("**FSHD**"). FSHD, an adult-onset muscular dystrophy that results in the progressive destruction of muscle tissue, is the third most common muscular dystrophy. In research conducted under a grant from the FSHD Canada Foundation, Satellos demonstrated that treatment with SAT-3247 successfully improved the phenotype of FSHD mice.

On February 14, 2024, the Company announced that it would commence trading on the TSX on February 15, 2024, under the symbol "MSCL", and delist from the TSXV effective as of the close of the market on February 14, 2024.

On March 4, 2024, Satellos announced positive preclinical data presented at the Muscular Dystrophy Association Clinical and Scientific Conference showing that SAT-3247 can improve skeletal muscle function in multiple mouse models of muscle degeneration. We believe that the preclinical data presented show the broad potential of SAT-3247 to improve skeletal muscle function as has been demonstrated in three mouse models of muscle degeneration: the mdx model of Duchenne, the FLExDUX4 model of FSHD, and a muscle injury model in wildtype mice. In all instances, treatment with SAT-3247 over a three-to-four-week period resulted in a statistically significant improvement in muscle force versus animals receiving placebo.

During Q1, 2024, the Company engaged a contract research organization ("CRO") to design and implement its planned Phase 1a clinical trial for SAT-3247, initiated requisite GLP toxicology studies in two species with SAT-3247and carried out GMP manufacturing and tablet formulation of SAT-3247.

On April 7, 2024, the Company posted its Short Form Base Shelf Prospectus on SEDAR+.

On May 28, 2024, Satellos announced the formation of a distinguished Clinical Advisory Board to support the advancement of SAT-3247 in clinical trial development for DMD.

On June 27, 2024, the Company announced that Frank Gleeson, Satellos CEO, would join leading members of the Duchenne medical and scientific community during a panel discussion at PPMD's 30th Annual Conference being held from June 27–29, 2024 in Orlando, Florida.

Subsequent to June 30, 2024 Quarter End

Subsequent to the quarter end, on July 2, 2024, Satellos announced data in a canine model of DMD showing improved muscle repair and regeneration and improved muscle force from SAT-3247 treatment. After treatment with SAT-3247 the animals showed an increase in Regenerative Index (RI), a measure of the number of newly regenerated muscle fibers versus the number of damaged and dying muscle fibers, suggesting that muscle repair and regeneration is occurring. These results were further updated on August 12, 2024,

The highlighted results are from two dystrophic animals in a pilot study in which each animal was treated for four months (from eight to twelve months of age) with a oral dose of SAT-3247. A summary of the results are as follows:

- After four months of SAT-3247 treatment, skeletal muscle displayed an approximate four hundred and fifty percent (450%) increase in Regenerative Index; and
- Treatment with SAT-3247 resulted in improvements in every force parameter measured over baseline. The average force improvement at four months across all measures was 195% compared to baseline.

On July 11, 2024, the Company announced submission on July 10, 2024, of a clinical research proposal to a Human Research Ethics Committee (HREC) in Australia seeking regulatory authorization under their Therapeutic Goods Administration's (TGA's) Clinical Trial Notification (CTN) scheme to conduct a first-in-human Phase 1 clinical trial of SAT-3247. Subject to approval by the HREC and acceptance of the CTN by Australia's TGA, the Phase 1 clinical trial is intended to enroll healthy volunteers to assess the safety and pharmacokinetic properties of SAT-3247. Following completion of this portion of its program, if

successful, Satellos plans to advance SAT-3247 into clinical trials with DMD patients commencing in early 2025.

On August 7, 2024, Satellos announced that the U.S. Food and Drug Administration (FDA) had granted Rare Pediatric Disease Designation to SAT-3247 for the potential treatment of DMD after receiving Orphan Drug Designation earlier this year.

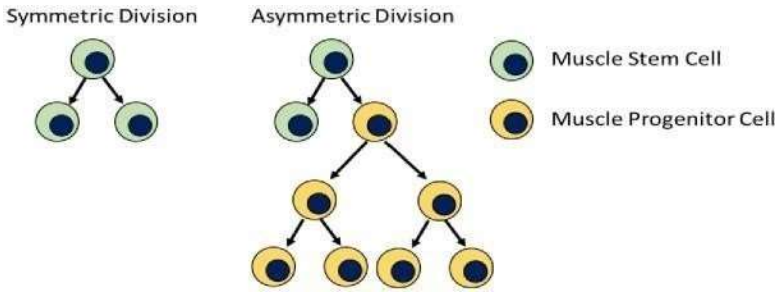
Description of Business Strategy and Programs

Satellos is a drug discovery and development company with a focus on muscle regeneration. Since completion of the Arrangement, Satellos is generally comprised of two broad drug development portfolios: (1) intellectual property, trademarks and know-how which was previously owned and under development by Pre-Arrangement Satellos (the "**Satellos Portfolio**"); and (2) intellectual property and assets which were previously owned and under development by iCo (the "**iCo Portfolio**"). The Company devotes its efforts to research and development, raising capital, recruiting personnel and long-term planning efforts to advance the Satellos Portfolio. Each portfolio is described below.

The Satellos Portfolio

The Company's primary goal is the development of disease modifying therapeutic drugs for the treatment of severe muscle conditions of unmet medical need. Our core technology is based on discoveries by the Company's scientific founder and Chief Discovery Officer, Dr. Michael Rudnicki, into understanding and modulating muscle stem cell function and its role in muscle regeneration. Multiple peer reviewed publications from Dr. Rudnicki's lab (the "**Rudnicki Lab**") at the Ottawa Hospital Research Institute (the "**OHRI**") have advanced the understanding of the identity and behavior of muscle stem cells including their role in health and disease. For instance, the Rudnicki Lab was the first to define so called muscle stem cells (a.k.a. 'satellite stem cells') and characterize a sub-population as bona fide multipotent stem cells capable of both self-renewal and regeneration (Source: Kuang et al., 2007, Cell). Dr. Rudnicki was also first to demonstrate that such stem cells exist as a special body of cells capable of regeneration, and subsequently elucidate their biological mechanism of action and identify means to modulate their activity. He further linked deficiencies in muscle stem cell function directly to the pathology of Duchenne as a potential causal factor in the progressive muscle destruction that occurs in this lethal disease (Source: Dumont et al., 2015, Nature Medicine). The basic principle governing how muscle stem cells functionally contribute to muscle regeneration and homeostasis is 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.



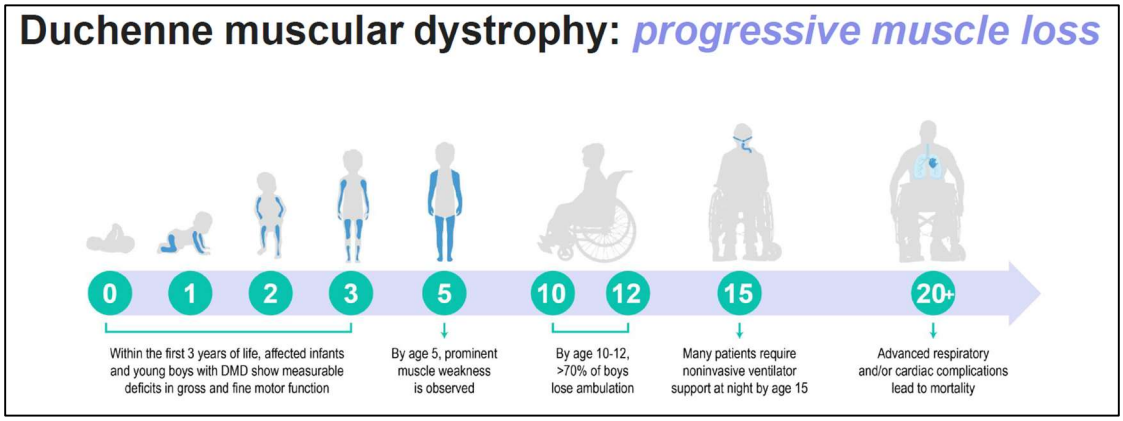
Fundamentally, symmetric divisions result in two identical copies of the stem cell through the process of self-renewal. Asymmetric stem cell divisions, by contrast, result in one stem cell being produced and one daughter cell, committed to eventual differentiation, called a progenitor muscle cell. Progenitor muscle cells

undergo normal mitosis to generate potentially thousands of cells that ultimately incorporate into functional muscle tissue. Findings from the research of Dr. Rudnicki have linked deficits in either symmetric or asymmetric division to multiple muscle wasting and degenerative diseases. Related to this research, the Company has licensed issued patents and pending patent applications from the OHRI pursuant to a license agreement (the "**License Agreement**").

To advance and expand our therapeutic development programs for degenerative muscle conditions or disorders, Satellos employs a proprietary discovery platform developed by the Rudnicki laboratory at OHRI called, MyoReGenX™. An automated microscopy system, MyoReGenX™ recapitulates the muscle stem cell environment *ex-vivo* (i.e., outside the body) and enables Satellos to identify molecular regulators of stem cell polarity that are capable of rescuing the defective regeneration process by tracking, classifying and quantitating the divisions of individual muscle stem cells in response to stimuli such as drug candidates or small interfering ribonucleic acid ("**siRNA**").

Lead Development Program: Duchenne

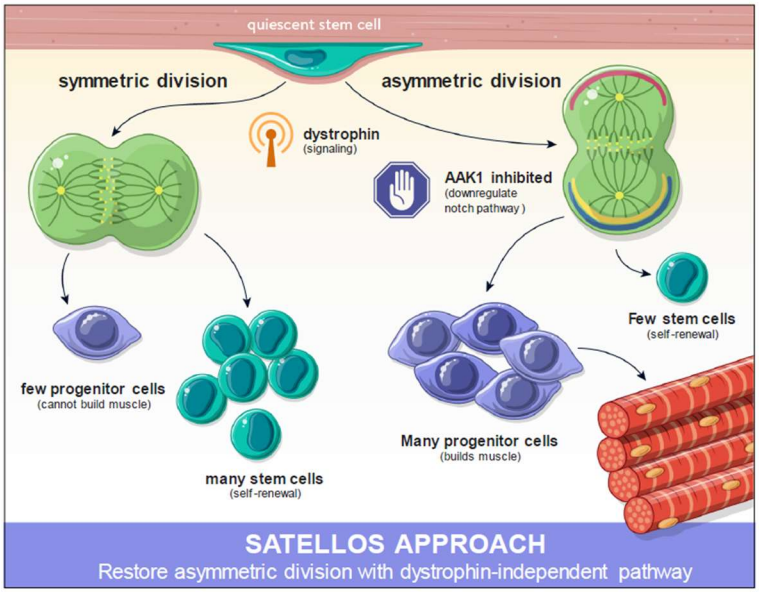
The Company's first application of its technology (the "**Lead Program**") is directed towards the discovery and development of a small molecule drug for the treatment of Duchenne, the most common fatal genetic disorder diagnosed in childhood affecting approximately one in 4,000 male births per year, worldwide. As depicted in the below graphic, early signs of motor impairment and delays in motor related milestones emerge in Duchenne between the ages of two to five years. Rapid disease progression and muscle weakening typically ensue, resulting in patients generally being wheelchair bound by the age of 12. By the third decade of life, these patients often experience respiratory distress and heart failure, the leading causes of death in Duchenne. There is no known cure for Duchenne.



Duchenne is caused by a change or mutation in the dystrophin gene that results in impairment to or loss of the dystrophin protein. Dr. Rudnicki demonstrated that muscle stem cells require the dystrophin protein to properly and efficiently divide in an asymmetric fashion to generate muscle progenitor cells and enable muscle regeneration. As a direct result of the loss of the dystrophin protein, their innate role in regenerating muscle is severely impaired (Source: Dumont et al. 2015, Nature Medicine.). These findings suggest that, in addition to its commonly recognized role in stabilizing muscle, the dystrophin protein has a second, previously unrecognized role as a signal transduction molecule. Consequently, Satellos' therapeutic strategy is to restore this signaling role of dystrophin by drug treatment and reset the muscle regeneration process. We have identified a protein kinase drug target called AAK1 (further discussed in the below paragraph) which we believe from our scientific work, when inhibited by drug, has the capacity to compensate for the loss of the signaling role of the dystrophin protein.

Deploying MyoReGenX™ to build on the identification and discovery of this previously unreported signaling role of dystrophin, in collaboration with the Rudnicki lab, Satellos undertook a systematic assessment of molecular pathways for their potential to rescue asymmetric stem cell divisions. The Company then evaluated and prioritized these pathways and further evaluated potential drug targets therein based on their capacity to safely and effectively regulate muscle stem cell driven regeneration. From this exercise conducted over a multi-year period, the Company identified and selected a particular protein kinase in the molecular signaling pathway known as **"Notch"**. For reasons of competitive secrecy and confidentiality this protein kinase was previously codenamed as "**K9**" but, on November 13, 2023, as noted earlier, was disclosed by the Company to be Adaptor Associated Kinase 1 (aka "**AAK1**"). We have shown in our preclinical studies in the mdx mouse model of Duchenne that modulating the Notch molecular signaling pathway via inhibition of AAK1 with either our lead or back-up DCs has the potential to impact regeneration and increase muscle force and thus we believe represents a potential novel therapeutic approach for the treatment of Duchenne in humans.

Supporting our assertion that dysregulation of muscle stem cells is relevant to Duchenne pathogenesis, it was recently reported that amongst a large cohort of over 400 Duchenne patients – some of whom maintained ambulation for a decade or longer than the majority of their peers – genetic factors implicating effects on polarity and the regulation of muscle stem cell regeneration were identified within the ambulatory population (Source: Flanigan et al. European Journal of Human Genetics). In further independent case reports, which we also believe support our thesis, Drs. L. Kunkel and M. Zatz have postulated that random genetic mutations affecting Notch signaling may be responsible for the existence of Duchenne humans who exhibit a milder disease course and who have continued to ambulate into their twenties despite the complete absence of the dystrophin protein (Sources: Zatz et al., Neuromuscular Disorders, 11/2014; Kunkel and Zatz (unpublished). They also have previously associated Notch signaling with muscle regeneration as published in the journal *Cell* in 2015 by Vieira et al in a paper titled "Jagged 1 Rescues the Duchenne Muscular Dystrophy Phenotype". The authors associated Jagged 1, a ligand (or binder/activator) of Notch signaling, with the process of regeneration and as explaining how two (2) Golden Retriever Muscular Dystrophy dogs were able to escape the Duchenne phenotype and live a normal life.



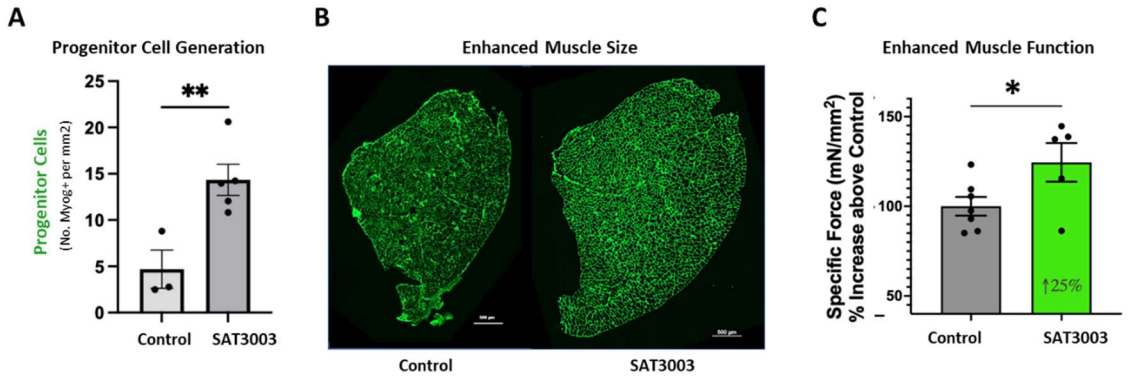
Satellos has generated Proof of Concept ("**POC**") preclinical data in the *Mdx* mouse, a gold standard research model bearing the same genetic defect as patients with Duchenne, demonstrating that treatment of these research mice via the Notch pathway through inhibition of AAK1 with SAT-3153 or SAT-3247 has potential to restore the process by which stem cells enable ongoing muscle regeneration. ***AAK1 Program in Duchenne***

From preliminary experimental work by the Company, in which AAK1 was inhibited using genetic means, we demonstrated that modulation of Notch signaling in muscle stem cells via AAK1 inhibition could be achieved, leading to restoration of asymmetric divisions, muscle stem cell polarity and regeneration of skeletal muscle. Of interest to Satellos from a de-risking perspective, small molecule inhibitors of AAK1 have previously been described for non-muscle related disease indications by an independent 3rd party company and have demonstrated what appear to be

acceptable safety profiles thus far in two Phase 1 and two Phase 2 human clinical trials spanning hundreds of patients (Lexicon Pharmaceuticals Inc. 2022 10K filing pages 5&6 filed March 2, 2023). Not only do we believe this provides some initial indications of the potential safety of AAK1 inhibition, but the existence of small molecule inhibitors of AAK1 indicated to the Company that (a) it may be possible to develop its own, proprietary small molecule inhibitors of AAK1 to suit its purpose as well as (b) it may also be able to quickly generate useful proof of concept ("**POC**") data.

As a first step, the Company has synthesized known small molecule inhibitors of AAK1 as 'reference' compounds **(i.e., compounds not owned or controlled by Satellos)** to be used for the purpose of informing its in-house drug discovery and development efforts. Treating *Mdx* mice with one such reference compound to generate POC data**,** which the Company named SAT-3003 solely for the purposes of confidentiality and internal tracking, produced similar results when benchmarked to SAT-732 indicating the potential for the inhibition of AAK1 to be at least as effective as inhibition of PTPN12 in restoring muscle stem cell asymmetric division and regeneration. Effects on progenitor generation, muscle size and muscle function with SAT-3003 are shown in Figure 2 below.

Figure 2: SAT-3003 (i.e., <u>reference compound</u>) Exemplar Efficacy Data.



Panel A: Resulting changes in Mdx tibialis anterior (limb) muscle. Statistically significant increase in progenitor cells as measured by Myogenin expression after treatment with SAT-3003 versus placebo control. **Panel B**: Representative images of Mdx Tibialis anterior muscle showing statistically increased muscle fiber area after treatment with SAT-3003 versus placebo control. **Panel C**: Resulting changes in Mdx tibialis anterior muscle specific force generation. Muscles from mice treated with SAT-3003 versus placebo generate more force per unit area, indicative of healthy and functional muscle tissue.

Building on the above noted POC studies, Satellos applied artificial intelligence ("**AI**") tools and incorporated data generated therefrom into its existing drug discovery and development infrastructure to inform its strategic efforts to identify novel chemical matter as the basis for generating novel, proprietary and patentable inhibitors of AAK1 which Satellos would own. This effort yielded multiple chemical scaffolds from which the Company has designed, synthesized, tested and prioritized hundreds of compounds. Successive cycles of design, testing and modifications ultimately resulted in the Company's lead and back-up development candidates SAT-3247 and SAT-3153, respectively.

The Company, in collaboration with the OHRI, filed patent applications to provide intellectual property protection for selected pathways, prospective drug targets and inhibitors related thereto. On June 29, 2022, the Company amended its License Agreement with OHRI to add a specific patent application related to Notch, AAK1 (previously described as K9) and inhibitors thereof for the purpose of regeneration. Furthermore, the Company has subsequently filed, in consultation with its IP counsel, for distinct patent protection of its novel small molecule inhibitors of AAK1, including but not limited to the aforementioned SAT-3153 and SAT-3247.

On January 3, 2023, the Company indicated that results from preclinical ADME, PK and in vivo studies led to designation of SAT-3153 as its lead DC for the treatment of Duchenne. In a subsequent study with SAT-3153, in an acute injury model intended to determine if the drug is acting rapidly on mechanism, Mdx mice treated with SAT-3153 displayed a statistically significant effect on polarity through new progenitor muscle cell formation versus placebo controls (n=5 per group), after one (1) week. In a further in vivo study, Mdx mice treated with SAT-3153 four times per week versus placebo controls (n=8 per group) showed a 19% increase in muscle force after two weeks. Additional preclinical studies have shown SAT-3153 to have no binding of the hERG channel (a key requirement to rule out possible cardiac toxicity), a plasma protein binding level of < 90% (indicating significant levels of free drug are available to initiate a therapeutic effect), and oral bioavailability. Subsequently, as further described below, the Company has nominated SAT-3247 as its lead DC while maintaining SAT-3153 as a back-up molecule.

On August 2, 2023, Satellos announced that U.S. Food and Drug Administration (FDA) granted Orphan Drug Designation and Rare Pediatric Disease Designation to SAT-3153 for the potential treatment of Duchenne muscular dystrophy. The FDA grants Orphan Drug Designation to support development of medicines for underserved patient populations, or rare disorders, that affect fewer than 200,000 people in the U.S. Orphan Drug Designation provides certain benefits, including the potential for a seven-year market exclusivity upon regulatory approval, exemption from FDA application fees, tax credits for qualified clinical trials, and a priority review voucher. The FDA grants Rare Pediatric Disease Designation for serious and life-threatening diseases that primarily affect children ages 18 years or younger and fewer than 200,000 people in the United States. The Rare Pediatric Disease Priority Review Voucher Program is intended to address the challenges that drug companies face when developing treatments for these unique patient populations. Under this program, a sponsor who receives an approval for a drug or biologic for a "rare pediatric disease" may be eligible for a voucher that can be redeemed to receive priority review of a subsequent marketing application for a different product or sold to another sponsor for priority review of their marketing application. During the quarter, the Company received notice that it had been granted Orphan Drug status for SAT-3247 and has filed an application seeking Rare Pediatric Disease indications for SAT-3247.

On November 14, 2023, and as described earlier in this document, Satellos announced that SAT-3247 would be nominated as the lead DC based on results from its research efforts at continuous improvement and ongoing or new evidence generated in its preclinical efficacy models. For example, preclinical data generated by Satellos demonstrated that SAT-3153 and SAT-3247 have a similar capacity to affect muscle regeneration and functional benefit in the mdx mouse model of Duchenne. SAT-3247 also exhibited improved oral bioavailability, target specificity and tissue distribution when compared directly to SAT-3153.

On February 13, 2024, Satellos announced positive preliminary data generated through research conducted under a grant from the FSHD Canada Foundation showing that treatment with SAT-3247 can improve skeletal muscle function in a mouse model of facioscapulohumeral muscular dystrophy ("**FSHD**"). FSHD, an adult-onset muscular dystrophy that results in the progressive destruction of muscle tissue in the upper body, is the third most common muscular dystrophy behind Duchenne (& Beckers) and myotonic dystrophy. FSHD results from the erroneous expression of a gene product called DUX4; most treatments in development for FSHD are focused on trying to block the expression of DUX4. We believe the data we generated provides an indication that enhancing regeneration with SAT-3247 could represent a new or add-on therapeutic approach to the treatment of FSHD.

On March 4, 2024, Satellos announced positive preclinical data presented at the Muscular Dystrophy Association Clinical and Scientific Conference showing that SAT-3247 can improve skeletal muscle function in multiple mouse models of muscle degeneration. The preclinical data presented show the broad potential of SAT-3247 to improve skeletal muscle function as has been demonstrated in three mouse models

of muscle degeneration: mdx model of Duchenne, FLExDUX4 model of FSHD, and a muscle injury model in wildtype mice. In all instances, treatment with SAT-3247 over a three-to-four-week period resulted in a statistically significant improvement in muscle force versus animals receiving placebo.

On May 28, 2024, Satellos announced the formation of a distinguished Clinical Advisory Board to support the advancement of SAT-3247 in clinical trial development for DMD.

On June 27, 2024, the Company announced that Frank Gleeson, Satellos CEO, would join leading members of the Duchenne medical and scientific community during a panel discussion at PPMD's 30th Annual Conference being held from June 27–29, 2024 in Orlando, Florida.

Subsequent to the quarter end, on July 2, 2024, Satellos announced data in a canine model of DMD showing improved muscle repair and regeneration and improved muscle force from SAT-3247 treatment. After treatment with SAT-3247 the animals showed an increase in Regenerative Index (RI), a measure of the number of newly regenerated muscle fibers versus the number of damaged and dying muscle fibers, suggesting that muscle repair and regeneration is occurring. These results were further updated on August 12, 2024,

The highlighted results are from two dystrophic animals in a pilot study in which each animal was treated for four months (from eight to twelve months of age) with a daily oral dose of SAT-3247. A summary of the results are as follows:

- After four months of SAT-3247 treatment, skeletal muscle displayed an approximate four hundred and fifty percent (450%) increase in Regenerative Index; and
- Treatment with SAT-3247 resulted in improvements in every force parameter measured over baseline. The average force improvement at four months across all measures was 195% compared to baseline.

On July 11, 2024, the Company announced submission on July 10, 2024, of a clinical research proposal to a Human Research Ethics Committee (HREC) in Australia seeking regulatory authorization under their Therapeutic Goods Administration's (TGA's) Clinical Trial Notification (CTN) scheme to conduct a first-in-human Phase 1 clinical trial of SAT-3247. Subject to approval by the HREC and acceptance of the CTN by Australia's TGA, the Phase 1 clinical trial is intended to enroll healthy volunteers to assess the safety and pharmacokinetic properties of SAT-3247. Following completion of this portion of its program, if successful, Satellos plans to advance SAT-3247 into clinical trials with DMD patients commencing in early 2025.

The company further updated that Satellos conducted all preclinical and toxicology studies to the standards of relevant global regulatory bodies and expects to be able to leverage the results for additional Phase 1 and subsequent clinical trials in Australia and other jurisdictions including the United States and Canada.

On August 7, 2024, Satellos announced that that U.S. Food and Drug Administration (FDA) had granted Rare Pediatric Disease Designation to SAT-3247 for the potential treatment of DMD after receiving Orphan Drug Designation earlier this year.

The Company expects to dose the first patient in a Phase 1a clinical trial in Q3 2024 to evaluate the safety and pharmacokinetic ("PK") properties of SAT-3247 in healthy human volunteers before advancing further in clinical development. Following this Phase 1a study we expect to initiate in early 2025 a Phase 1b trial, also in adult healthy volunteers, which is being designed by Satellos to provide evidence of the pharmacodynamic ("PD") effect of SAT-3247 administration on the drug's putative mechanism-of-action ("MOA"). We are also planning to initiate a Phase 1b/2a clinical trial in pediatric Duchenne patients in

2025 intended to be a POC efficacy study demonstrating the potential for patient benefit from treatment with SAT-3247. Please refer to the section "Regulatory Process" in the Company's AIF for further details on the clinical drug development process.

Follow-On Program

There are more than 30 types of muscular dystrophy that affect humans. Each of these dystrophies has different causes that manifest into conditions ranging in severity from benign, small impairments to motor function, to the full loss of ambulation, or even death. Satellos has conducted proof of concept preclinical studies in relevant animal disease models showing potential for benefit by restoring the muscle regeneration process in Lama-2 Related Muscular Dystrophy (prevalence estimates between one in 50,000 and one in 400,000 births), Collagen-VI Related Muscular Dystrophy (prevalence of severe form of the disease estimated to be one in 1,000,000 births) and FSHD (prevalence of 4 per 100,000 individuals). These represent potential follow-on disease indications or programs for Satellos to consider in the future. The Company also plans to evaluate additional dystrophies as part of its ongoing research and development efforts.

The iCo Portfolio

Through its business combination with iCo the Company acquired the iCo Portfolio including the Oral Amp B Delivery System, a patented oral transport technology licensed exclusively by iCo from the University of British Columbia ("**UBC**") in 2008 (such license, the "**UBC License Agreement**"), trade-marked OralTrans™ and described as iCo-019.

Amphotericin B Technologies Inc. ("**Amp B**") was established as a wholly owned subsidiary of the Company as part of a renewed strategy to create value and attract partnerships and/or funding. OralTrans™ and the UBC License Agreement were assigned to Amp B with the consent of UBC.

On August 18, 2021, Satellos announced that Amp B had entered into a Joint Development Agreement (the "**JDA**") with NW PharmaTech Limited ("**NW PharmaTech**"). The purpose of the JDA was to collaborate on the development of an oral formulation of cannabidiol to be targeted at the global market as an over-the-counter sleep aid. Under the agreement, NW PharmaTech provided an up-front payment of $25 thousand to partially fund costs of developing the formulation and testing for safety, toxicity and pharmacokinetics. Effective February 4, 2022, pursuant to the JDA, Satellos and the University of Toronto ("**UT**") entered into a Sponsored Research and Collaboration Agreement to develop Amp B Tech's formulation technology for cannabidiol-based sleep aid products (the "**UT SRA**"). Effective October 3, 2023, pursuant to the JDA, Satellos and the University of Toronto ("**UT**") entered into a second Sponsored Research and Collaboration Agreement to develop Amp B Tech's formulation technology for cannabidiol-based products (the "**UT SRA 2**"). During January 2024, NW PharmaTech paid $59 thousand to Satellos to fund the UT SRA, and the Company paid the same amount to UT. These payments offset and netted to zero.

On October 6, 2022, NW Micelle Therapeutics Inc. ("**NWMT**") was established for the purpose of developing an oral formulation of cannabidiol using OralTrans™ technology for the treatment of insomnia and other indications relating to mental health ("**Oral CBD**"). NW PharmaTech has provided the funding required for the development of Oral CBD, underway at the University of Toronto. NW PharmaTech holds 85% of the shares in NWMT and Amp B holds 15%. Amp B is entitled to a seat on the board of NWMT and receives certain anti-dilution protections. NW PharmaTech Ltd. obtained a call option to acquire Amp B from Satellos for US$3 million while Satellos received a put option to trigger a sale of Amp B to NWPT, also for US$3 million. NWMT has agreed to reimburse Satellos for all remaining amounts due to UT under the UT SRA 2, and Satellos has granted its rights under UT SRA and UT SRA 2 to NWMT.

The Company is no longer incurring development costs associated with the iCo Portfolio nor does it anticipate doing so in the future.

REVIEW OF FINANCIAL RESULTS

All tabular amounts below are presented in thousands of Canadian dollars, except for per share amounts.

The financial information reported herein was derived from the condensed consolidated interim financial statements and the audited annual consolidated financial statements. Satellos' functional and presentation currency is the Canadian dollar. Our financial results may be subject to fluctuations between the Canadian dollar and other international currencies, primarily the US dollar.

Selected Financial Information

	Three Months ended June 30, 2024	**Three Months ended June 30, 2023**	**Sjx Months ended June 30, 2024**	**Six Months ended June 30, 2023**
	$	$	**$**	$
R&D expenses	**4,873**	1,566	**10,809**	2,498
G&A expenses	**1,806**	1,495	**4,124**	2,228
Other (income) and expenses	**(643)**	1,054	**(1,988)**	1,055
Net loss	**(6,036)**	(4,115)	**(12,945)**	(5,781)
Basic and diluted net loss per share	**(0.05)**	(0.05)	**(0.11)**	(0.10)
Total assets	**33,193**	53,071	**33,193**	53,071
Total liabilities	**4,027**	3,881	**4,027**	3,881

We have not earned revenue in the current quarter or any of the previous fiscal years, other than interest income earned on our cash and cash equivalents and short-term investments.

For the three months ended June 30, 2024, we reported a net loss of $6.0 million ($0.05 loss per share), compared to a net loss $4.1 million ($0.05 loss per share) for the three months ended June 30, 2023. For the six months ended June 30, 2024, we reported a net loss of $12.9 million ($0.11 loss per share), compared to a net loss $5.8 million ($0.10 loss per share) for the six months ended June 30, 2023. The increase in net loss for the three-months and six-months periods ended June 30, 2024, compared with the same periods in 2023 was a result of increased R&D expenses related to increased headcount and research and development activities associated with SAT-3247 as well as increased G&A expenses due to increased personnel and professional fees to support increased operations.

Cash utilized in operating activities for the six months ended June 30, 2024, was $12.8 million, compared to $5.1 million in the six months ended June 30, 2023. The increase in cash utilized in the current year period is primarily a result of the increased net loss.

Results of Operations

Research and development ("R&D") expenses:

Research and development expenses consist primarily of costs to develop our lead product candidate SAT-3247 as well as early-stage research, and include external research and development incurred under

agreements with third parties such as agreements with research institutes, contract manufacturing organizations, external labs, and employee related expenses for personnel directly supporting research and development programs.

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
	$	$	**$**	$
Salaries and management fees	**833**	549	**2,036**	694
Discovery expenses	**235**	210	**476**	429
Preclinical expenses	**2,310**	663	**4,248**	1,162
Chemistry, manufacturing controls	**560**	-	**2,676**	-
Clinical	**663**	-	**735**	-
Stock-based compensation	**272**	144	**638**	213
Total research and development expenses	**4,873**	1,566	**10,809**	2,498

R&D expenses increased by approximately $3.3 million to $4.9 million for the three months ended June 30, 2024, compared to $1.6 million for the three months ended June 30, 2023. R&D expenses increased by approximately $8.3 million to $10.8 million for the six months ended June 30, 2024, compared to $2.5 million for the six months ended June 30, 2023. Changes to the components for expenses presented in the table above are primarily the result of the following:

- Salaries and management fees increased by approximately $284 thousand for the three months ended June 30, 2024 and by $1.3 million for the six months ended June 30, 2024 compared with the respective periods in the prior year. The increase related to higher headcount in 2024 as we expanded our team to add clinical and CMC expertise.
- Preclinical expenses increased by approximately $1.6 million for the three months ended June 30, 2024 and by $3.1 million for the six-month period ended June 30, 2023 compared with the respective periods in the prior year. The increase related to preclinical and IND-enabling studies for SAT-3247 conducted during the period to support the regulatory filing submitted subsequent to the quarter end to initiate a Phase 1 clinical trial with SAT-3247.
- Chemistry, manufacturing and controls ("**CMC**") expenses were $560 thousand for the three months ended June 30, 2024 and were $2.7 million for the six months ended June 30, 2024. CMC activities relate to the process development and manufacturing of SAT-3247 for clinical use and began in Q3 2023, so there was no amount incurred in the comparable periods in the previous year.
- Clinical expenses were $663 thousand for the three-month period ended June 30, 2024 and were $735 thousand for the six-month period ended June 30, 2024. Clinical costs incurred in the current periods related to preparatory costs associated with conducting the Phase 1 healthy volunteer clinical study for which a regulatory application was submitted subsequent to the quarter end.
- Stock-based compensation increased by approximately $128 thousand for the three months ended June 30, 2024 and by $425 thousand for the six months ended June 30, 2024 compared with the respective periods in the prior year due to new grants issued in 2023 and in the first half of 2024 as headcount expanded to support expanded research and development activities.

General and administrative:

General and administrative ("**G&A**") expenses consist primarily of salaries and management fees for our board of directors; executive, business development, finance and support functions; professional fees for

auditing, recruitment, legal services and investor relations; and other items such as insurance, travel and listing fees.

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
	$	$	**$**	$
Salaries and management fees	**740**	323	**1,752**	591
Professional fees	**454**	849	**1,151**	1,080
Other operating expenses	**188**	97	**425**	197
Stock-based compensation	**421**	225	**791**	358
Depreciation	**3**	1	**5**	2
Total general and administrative expenses	**1,806**	1,495	**4,124**	2,228

General and administrative expenses increased by approximately $311 thousand to $1.8 million for the three months ended June 30, 2024, as compared to $1.5 million for the three months ended June 30, 2023. Changes to the components for general and administrative expenses presented in the table above are primarily the result of the following:

- Salaries and management fees increased by approximately $417 thousand primarily related to new hires, salary adjustments and increased spending on consultants. Headcount increased to support expanded research and development activities, investor relations and public company reporting obligations.
- Professional fees decreased by approximately $395 thousand primarily related to higher recruitment fees in the comparative period.
- Other operating expenses increased by approximately $91 thousand related to higher conference and travel related expenses as well as licenses, and office rent and supplies associated with increased headcount and operations.
- Stock-based compensation increased by approximately $196 thousand related to new grants issued in 2023 and in the first half of 2024.

General and administrative expenses increased by approximately $1.9 million to $4.1 million for the six months ended June 30, 2024, as compared to $2.2 million for the six months ended June 30, 2023. Changes to the components for general and administrative expenses presented in the table above are primarily the result of the following:

- Salaries and management fees increased by approximately $1.2 million primarily related to new hires, salary adjustments and increased spending on consultants. Headcount increased to support expanded research and development activities, investor relations and public company reporting obligations.
- Professional fees increased by approximately $71 thousand primarily related to higher legal fees, investor relations expenses and offset by a reduction in recruitment relative to the comparative period.
- Other operating expenses increased by approximately $228 thousand related to higher conference and travel related expenses as well as licenses, and office rent and supplies associated with increased headcount and operations.
- Stock-based compensation increased by approximately $433 thousand related to new grants issued in 2023 and in the first half of 2024.

Other Income and expenses:

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
	$	$	**$**	$
Finance income	**358**	250	**800**	257
Interest expense	**-**	(112)	**-**	(121)
Loss on derivatives	**(1)**	(1)	**(3)**	(2)
Foreign exchange gain	**286**	(1,191)	**1,191**	(1,189)
Total	**643**	(1,054)	**1,988**	(1,055)

Other income and expenses were a net income of $643 thousand in the three months ended June 30, 2024 and a net loss of $1.1 million in the comparative period. Changes to the components for other income and expenses presented in the table above are primarily the result of the following:

- Finance income increased in the current quarter by approximately $108 thousand related to return earned on investments made following the May 2023 Financing in the comparative period.
- Interest expense of approximately $112 thousand was reported for the three months ended June 30, 2023 and related to the March 2023 Debenture Offering, described further below under Financial Condition and repaid in the quarter ended September 30, 2023. The Company had no similar debt in 2024.
- The increase in the foreign exchange gain in the current period of approximately $286 thousand as compared with a foreign exchange loss of approximately $1.19 million in the comparative period, is the result of unrealized foreign exchange gains on US cash, cash equivalents and short-term investments due to the US dollar appreciating versus the Canadian dollar in the current period. In contrast, there were foreign exchange losses in the comparative period due to adverse movement is the Canadian-US exchange rate that occurred during and after the closing of the May 2023.

Other income and expenses were a net income of $2.0 million in the six months ended June 30, 2024 and a net loss of $1.1 million in the comparative period. Changes to the components for other income and expenses presented in the table above are primarily the result of the following:

- Finance income increased in the current year by approximately $543 thousand related to interest earned on investments made following the May 2023 Financing in the comparative period.
- Interest expense of approximately $121 thousand was reported for the six three months ended June 30, 2023 and related to the March 2023 Debenture Offering, described further below under Financial Condition and repaid in the quarter ended September 30, 2023. The Company had no similar debt in 2024.
- The increase in the foreign exchange gain in the current period of approximately $903 thousand is the result of unrealized foreign exchange gains on US cash, cash equivalents and short-term investments. The foreign exchange gain in the current period of approximately $1.2 million as compared with a foreign exchange loss of approximately $1.19 million in the comparative period is the result of unrealized foreign exchange gains on US cash, cash equivalents and short-term investments due to the US dollar appreciating versus the Canadian dollar in the current period. In contrast, there were foreign exchange losses in the comparative period due to adverse movement is the Canadian-US exchange rate that occurred during and after the closing of the May 2023.

Summary of Quarterly Results

The table below is derived from unaudited quarterly results and was prepared by management for the eight previous quarters to June 30, 2024.

	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
	$	$	$	$	$	$	$	$
R&D Expense	4,873	5,938	3,585	2,734	1,566	933	997	898
G&A Expense	1,806	2,317	2,663	1,754	1,495	733	1,271	941
Other (income) and expenses	(643)	(1,346)	286	(914)	1,054	-	2,810	60
Income tax	-	-	-	-	-	-	6	-
Net Loss	(6,036)	(6,909)	(6,534)	(3,574)	(4,115)	(1,666)	(5,078)	(1,899)
Loss per Share	(0.05)	(0.06)	(0.06)	(0.03)	(0.05)	(0.04)	(0.12)	(0.05)

The net loss increased significantly in Q4 2022 as a result of a $2.9 million impairment recorded in the period related to the Company's OralTrans™ technology held in its Amp B subsidiary. Following the Company's $55 million equity raise in May 2023, the Company increased R&D activities related to advancing its lead compound and increased general and administrative activities to support anticipated business growth and support its public company reporting obligations. Taken together, this resulted in higher net losses in these periods. Beginning in Q2 2023, other income and expenses recorded reflect mostly foreign exchange gains and losses on the Company's cash and cash equivalents and investments held in USD following the equity raise in May 2023 and interest income earned on investments. R&D expenses in Q1 and Q2 2024 increased due to IND enabling and CMC costs associated with SAT-3247 for which a regulatory submission to initiate a Phase 1 clinical trial was made shortly after the quarter end.

FINANCIAL CONDITION

Liquidity and Capital Resources

Since inception, the Company has devoted its resources to funding R&D programs, including securing intellectual property rights and licenses, conducting discovery research, manufacturing drug supplies, initiating preclinical studies, and providing administrative support to R&D activities, which has resulted in an accumulated deficit of $60.4 million as June 30, 2024. With current revenues only consisting of return earned on excess cash and cash equivalents, losses are expected to continue while the Company's R&D programs are advanced. We currently do not earn any revenues from our product candidates and are therefore considered to be in the development stage. As required, the Company will continue to finance its operations through the sale of equity or pursue non-dilutive funding sources available to the Company in the future. The continuation of our research and development activities for our muscle regeneration platform is dependent upon our ability to successfully finance and complete our research and development programs through a combination of equity financing and revenues from strategic partners. We have no current sources of revenues from strategic partners. Management has forecasted that the Company's current level of cash will be sufficient to execute its current planned expenditures for the next 12 months without further financing.

Cash Management

Net Working Capital was $25.2 million as of June 30, 2024, compared to a net working capital position of $36.7 million as of December 31, 2023. The decrease is due to research and development activities and supporting general and administrative costs in the quarter.

At June 30, 2024, the Company had cash and cash equivalents and short-term investments of $27.7 million, compared to $39.6 million at December 31, 2023. The Company invests cash in excess of operational requirements in highly rated and liquid investments.

Satellos' main objectives in managing capital are to ensure cash resources are preserved and provide 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, public sales of equity, convertible debt financing, non-convertible debenture 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.

Satellos uses cash flow forecasts to estimate cash requirements for the ensuing twelve-month period and beyond. Based on these requirements, Satellos plans to raise capital as required to provide the necessary financial resources for operations. The timing of financings will depend on market conditions and Satellos' cash requirements. Satellos' cash flow forecasts are continually updated to reflect actual cash inflows and outflows 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 US dollar expenses for the year and sets appropriate levels of US dollar 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.

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. Our ability to raise additional funds could be affected by adverse market conditions, the status of our product pipeline, and various other factors and we may be unable to raise capital when needed, or on terms favorable to us. If the necessary funds are not available, we may have to delay, reduce the scope of, or eliminate some of our development programs, potentially delaying the time to market for any of our product candidates.

Debenture Offering in March 2023

On March 24, 2023, the Company completed a non-brokered private placement offering of 2,385 10% unsecured non-convertible debenture units (the "**Debenture Units**") and raised gross proceeds of $2,385,000 (the "**Debenture Offering**"). Net proceeds of the Debenture Offering were approximately $2.2 million and the effective annual interest rate on the principal of the Debentures was 21.6%. Effective August 14, 2023, the Company redeemed all the outstanding Debentures and paid a 6 % early repayment premium of approximately $143 thousand.

The following table presents the amounts recorded related to the Debenture offering and its repayment:

	$
Proceeds from issuance of Debenture Units on March 24, 2023	2,385
Discount due to Bonus Shares	(238)
Debt issue costs	(128)
Interest expense, from March 24, 2023 to August 14, 2023	177
Loss on debt extinguishment	426
Repayment of interest and Principal, August 14, 2023	(2,622)
Debentures balance, December 31, 2023 and June 30, 2024	**-**

Equity Offering May 2023

On May 17, 2023, the Company completed a public offering (the "**Equity Offering**"), issuing 70,297,220 Common Shares at $0.50 per Common Share and 39,702,780 pre-funded common share purchase warrants ("**Pre-Funded Warrants**") with no expiry date for $0.49999 per Pre-Funded Warrant for gross proceeds of $55 million. Each Pre-Funded Warrant is exercisable for one Common Share at an exercise price of $0.00001 per share.

The costs associated with the Equity Offering were $5.8 million including cash costs for commissions to the agents of approximately $3.7 million, professional fees and regulatory costs of $510 thousand and 7,383,919 compensation warrants to the agents valued at $1.6 million. Each such compensation warrant is exercisable into one Common Share at an exercise price of $0.50 until expiry on May 17, 2025.

The fair value of the broker warrants was a non-cash cost charged to Common Share issuance costs and Pre-Funded Warrant costs proportionately to the number of each security issued.

Bloom Burton Securities Inc., ("**BBSI**"), an entity jointly controlled by a director of Satellos, acted as exclusive agent and book running manager for both the Unit Offering and the Equity Offering. See **Transactions with Related Parties** disclosures below.

Use of Proceeds

May 2023 Financing

The following table provides an update on the milestones for the Duchene program (as previously disclosed in the Company's management's discussion and analysis for the year ended December 31, 2023 (the "**Q4 2024 MD&A**")) and the anticipated use of proceeds raised as part of the May 2023 Equity Offering (as previously proposed in the final prospectus dated May 9, 2023 relating to the May 2023 Equity Offering (the "**May 2023 Prospectus**")), along with the amounts actually expended.

The Company changed its lead candidate from SAT-3153 to SAT-3247 following preclinical studies that demonstrated SAT-3247 had similar capacity to affect stem cell polarity, enhance muscle regeneration, and improve muscle force in the mdx mouse model of Duchenne but also exhibited improved oral bioavailability, target specificity, and tissue distribution, when compared directly to SAT-3153. SAT-3153 will serve as a back-up candidate to SAT-3247. The Company does not expect that this change in lead candidate will materially affect its timelines to completion of manufacturing activities and follow on studies. Future discussions for use of proceeds will be based on SAT-3247 as lead candidate.

Development Milestone	Estimated Completion (as previously disclosed in the May 2023 Prospectus)	6/30/2024 Status	Amount to Spend (as proposed in the May 2023 Prospectus) (thousands)	Adjustments (thousands)	Adjusted Amount to Spend (thousands)	Costs Incurred to Date (thousands)	Estimated Remaining Costs (thousands)
Complete CMC Activities and GMP Manufacturing	September 2024	This work was initiated during Q3 2023 and is **SUBSTANTIALLY COMPLETE** as of June 30, 2024. It is anticipated that final GMP material will be released to clinical sites in Australia in Q3 2024. Costs are higher than originally planned due to additional development being needed on drug formulation and on the manufacturing process.	$3,000	+$2,190	$5,190	$4,468	$722
Complete prescribed IND enabling studies and Preparation of IND/CTA Submissions and Conduct of Pre-clinical R&D with DC	September 2024 (Pre-clinical Package) and September 2025 (Pre-clinical R&D with DC)	The work on the Pre-Clinical Package is **SUBSTANTIALLY COMPLETE** for SAT-3247 as of June 30, 2024 and was incorporated into the regulatory submission made July 10, 2024 to initiate a Phase 1 clinical trial. The first patient is expected to be dosed in Q3 2024. Some expenses expected to be incurred under R&D were not required whereas other needs arose in drug formulation and manufacturing. Given this, the Company cautiously re-allocated some use of proceeds from this milestone.	$10,500	($2,190)	$8,310	$7,852	$458
Identification of a Back-up Lead compound and further Discovery research on new drug targets/indications	Identification of lead September 2024. Discovery Work ongoing as of Sept 2025.	Identification of back-up lead was complete in November 2023 with the identification of SAT-3247 as lead candidate. **COMPLETED**. Further discovery work on new drug targets and disease indications is ongoing and is expected to be completed by September 2025. **ON TRACK**	$2,500	-	$2,500	$1,353	$1,147
Submit IND and CTA	September 2024	On July 10, 2024, the Company submitted a regulatory package to begin a Phase 1 clinical trial in healthy volunteers in Australia. The Company also expects to have a pre-IND meeting with the FDA via written responses, in Q3 2024. Due to overlapping inputs we have re-classified these costs to Phase 1 Clinical Studies. **SUBSTANTIALLY COMPLETE.**	$500	($500)	-	-	-

Phase 1 Clinical Studies	September 2025	The Company expects to initiate enrollment in the Phase 1a safety study comprised of SAD and MAD stages in healthy volunteers before the end of Q3/2024 with enrollment to be substantially complete by end of 2024**. ON TRACK.** The Company expects that a Phase 1a PK study in Adult Duchenne patients will be initiated in Q1 2025 as well as a Phase 1b PD/MOA study the particulars of which will be determined based on results of the Phase 1 SAD/MAD safety study; however, it is currently anticipated that the studies would be substantially complete by September 2025. **ON TRACK.**	$16,000	+$500	$16,500*	$2,166	$14,334
G&A			$17,050	-	$17,050	$6,803	$10,247
Total			**$49,550**	**-**	**$49,550**	**$22,642**	**$26,908**

The costs disclosed are estimates that are subject to the outcome of dialog with regulators such as the FDA and Health Canada and later stage clinical trial expected costs are subject to the results of the Phase 1a study. All such costs are estimates that are subject to change.

License Agreements

Ottawa Hospital Research Institute

Effective May 1, 2018, Pre-Arrangement Satellos and OHRI entered into the OHRI License Agreement whereby OHRI granted Pre-Arrangement Satellos an exclusive, world-wide, sublicensable, royalty bearing right and license to a body of technology and patents comprised of five patent families to develop, make, have made, import, use, offer for sale, sell and have sold or otherwise commercialize licensed products. At the same time the parties entered into a sponsored research agreement, during the term of which OHRI has agreed to carry out specific research and development activities according to a prescribed statement of work, as may be amended from time to time, under the direction of the Company's co-founder, Dr. Michael A. Rudnicki (the "**OHRI SRA**"). Under the OHRI SRA, Dr. Rudnicki leads a dedicated R&D team who are engaged solely to execute the agreed R&D program of Satellos, under his direction and as defined in the statement of work.

University of British Columbia

On July 27, 2007, iCo entered into an option agreement with UBC which granted 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 is required to pay annual fees to UBC for maintaining the license until such time as an NDA for the Oral Amp B Delivery System is approved by the FDA or other regulatory body. The Company is required to make additional contingent payments of up to $1.85 million in aggregate upon the achievement of certain development and commercialization milestones and is also required to pay royalties contingent on future revenues.

Long-Term Obligations and Other Contractual Commitments

The Company enters into contracts in the normal course of business, including for research and development activities. As at June 30, 2024, in addition to amounts that have been recognized in accounts payable and accrued liabilities, the Company has commitments for research and development activities in the amount of approximately $9.0 million, of which all are due within a 12-month period and most are cancellable with notice. These commitments include agreements related to the conduct of preclinical tests and assays, long-term toxicology, manufacturing of drug substance, manufacturing of drug product, and a clinical study.

Contractual Obligations	**Payments Due by Period**				
	Total	**Less than 1 year**	**1 -3 years**	**4 – 5 years**	**After 5 years**
Purchase obligations	$9.0 million	$9.0 million	nil	nil	nil
Total Contractual Obligations	$9.0 million	$9.0 million	nil	nil	nil

The Company may be required to make annual, milestone, royalty, and other research and development funding payments to OHRI under the OHRI SRA and the OHRI License. These payments are contingent upon the achievement of specific development, regulatory and/or commercial milestones. 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;

- The following payments to OHRI may be triggered by specified events:

    - $50 thousand - 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);
    - $150 thousand - 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);
    - $300 thousand - 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
    - $1 million - 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.

The Company is required to pay annual fees to UBC under the UBC License Agreement for maintaining the license until such time as a NDA for the Oral Amp B Delivery System is approved by the FDA or other regulatory body, or the license expires or is terminated. The Company may be required to make milestone, royalty, and other payments. 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 June 30, 2024 due to the uncertainty over whether these milestones will be achieved. The Company is required to make additional contingent payments of up to $1.9 million in aggregate contingent upon the achievement of certain development and commercialization milestones and is also required to pay royalties on future revenues.

TRANSACTIONS WITH RELATED PARTIES

The following related parties have engaged in transactions with the Company during the six months ended June 30, 2024 and June 30, 2023. 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.

(1) William Jarosz

Mr. Jarosz, a director and former officer of the Company, is a related party to the Company and, as of March 31, 2024, was owed $738 thousand by the Company for work done in the period then ended and previous years as a consultant, officer and director. This amount plus fees earned for the three months ended June 30, 2024 were fully paid during the three months ended June 30, 2024, leaving no balance owed.

(2) Key management personnel

Key management personnel consists of the Company's Chief Executive Officer, Chief Scientific Officer, former Chief Medical Officer, Chief Financial Officer and the Directors of the Corporation. The remuneration of key management personnel is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
	$	**$**	**$**	**$**
Salaries and management fees	**565**	380	**2,041**	1,073
Stock-based compensation	**485**	277	**1,191**	1,010
Total compensation for key management personnel	**1,050**	657	**3,232**	2,083

Amounts owing to related parties and included in accounts payable and accrued liabilities:

	June 30, 2024	**December 31, 2023**
	$	$
Due to directors and officers	**nil**	712
Total due to related parties	**nil**	712

All amounts due to related parties are non-interest bearing and have no specified terms of repayment.

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.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Satellos is exposed to various risks through its financial instruments as at June 30, 2024. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk arises from cash and cash equivalents held at banks and financial institutions, as well as outstanding receivables. In the three month period ended June 30, 2024 and the year ended December 31, 2023 the Company invested its excess cash in interest-bearing operating accounts held at a Schedule 1 Canadian bank. 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, deposit investments and guaranteed investment certificates with commercial banks.

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 are the carrying values and contractual maturities of financial liabilities at June 30, 2024:

	June 30, 2024	Term to Maturity
Accounts payable and accrued liabilities	$ 4,027	Less than one year

Foreign 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. The exposure to this risk changes as the exchange rate fluctuates.

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 and in Australian dollars. The Company manages foreign exchange risk by maintaining US dollars and Australian dollars in cash or cash equivalents on hand to fund its short-term foreign currency expenditures.

Balances in foreign currencies at June 30, 2024 and December 31, 2023 were as follows:

	June 30, 2024 (US$)	December 31, 2023 (US$)
Cash and cash equivalents	**6,409**	16,522
Short-term investments	**13,058**	13,246
Prepaid expenses and deposits	**69**	-
Accounts payable and accrued liabilities	**(1,611)**	(1,071)
Net monetary assets (liabilities)	**17,925**	28,697

Based on the US$ balance sheet exposure at June 30, 2024, with other variables unchanged, if the Canadian dollar were to weaken against the US dollar by 10%, relative to the rate at June 30, 2024, the net monetary liabilities would be approximately $2.5 million greater. If the Canadian dollar were to strengthen against the US dollar by 10%, relative to the rate at June 30, 2024, the net monetary liabilities would be approximately $2.2 million less.

As at:	June 30, 2024 (A$)	December 31,2023 (A$)
Cash and cash equivalents	**508**	2
Prepaid expenses and deposits	**346**	nil
Accounts payable and accrued liabilities	**(462)**	(88)
Net monetary assets (liabilities)	**392**	(86)

Based on the A$ balance sheet exposure at June 30, 2024, with other variables unchanged, if the Canadian dollar were to weaken against the Australian dollar by 10%, relative to the rate at June 30, 2024, the net monetary assets would be approximately $54 thousand greater. If the Canadian dollar were to strengthen

against the Australian dollar by 10%, relative to the rate at June 30, 2024, the net monetary assets would be approximately $49 thousand less.

Fair Value

Financial assets and liabilities are recognized on the statement of financial position at amortized cost 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 June 30, 2024, the Company's financial instruments included cash and cash equivalents, accounts receivable, the Put Option, the Call Option, and accounts payable and accrued liabilities.

Due to the short-term maturities of cash and cash equivalents, 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 transfers of assets or liabilities between levels during the six months ended June 30, 2024.

CRITICAL ACCOUNTING POLICIES AND 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. Management has applied significant judgements, estimates and assumptions to the following:

Intangible assets held for sale

Management uses judgement in reviewing the probability of completing its plan of selling its assets that are reported as held for sale and recorded at their estimated fair value. Management considers internal discussions and discussions with the counterparty with whom the Company has a time-limited option to compel the counterparty to acquire the assets held for sale at the recorded fair value. Management also considers discussions it has had with other interested parties in the technology to confirm the reasonableness of its fair value.

Valuation of stock-based compensation and warrants

Management measures the costs for stock-based compensation and warrants using Black-Scholes 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, expected risk-free interest rate, future employee turnover rates, future exercise behaviors and corporate performance. Such estimates and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates of stock-based compensation and warrants.

Valuation of derivatives

Management measures the derivatives using Black Scholes 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, expected risk-free interest rate and corporate performance. Such estimates and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates of derivatives.

Estimate of prepaid expenses and accruals for research and development activities

The Company records expenses for research and development activities based on Management's estimates of services received and efforts expended pursuant to contracts with vendors that conduct research and development on the Company's behalf. The financial terms vary from contract to contract and may result in uneven payment flows as compared with services performed or products delivered. This impacts the amount of accrued expenses and prepaid balances related to research and developments activities as of each reporting period. Management estimates the amount of work completed at the end of a reporting period by assessing the status of open contracts through discussions with the Company's personnel and vendors. Management makes significant judgments and estimates in determining the accrued and prepaid balances at the end of each reporting period.

Impairment of Intangible Assets

Intangible assets are reviewed for impairment upon the occurrence of events or changes to circumstances indicating that the carrying value of the asset may not be recoverable. For the purpose of measuring recoverable assets, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The recoverable amount is the highest of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or cash generating unit). An impairment is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Management evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

Changes in these estimates and assumptions could have a significant impact on our consolidated financial statements.

DISCLOSURE CONTROLS AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company has implemented a system of internal controls that it believes adequately protects the assets of the Company and is appropriate for the nature of its business and the size of its operations. The internal control system was designed to provide reasonable assurance that all transactions are accurately recorded, that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS as issued by the IASB and that our assets are safeguarded. Internal control over financial reporting means a process designed by or under the supervision of the Chief Executive Officer and the Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by the IASB. The internal controls are not expected to prevent and detect all misstatements due to error or fraud.

These internal controls include disclosure controls and procedures designed to ensure that information required to be disclosed by the Company is accumulated and communicated as appropriate to allow timely decisions regarding required disclosure.

Management has adopted the internal control framework of the Committee of Sponsoring Organizations of the Treadway Commission Internal Control – Integrated Framework (2013).

There were no changes in our internal control over financial reporting that occurred during the three months ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company had the following issued and outstanding securities:

Security	**Number**
Common shares	112,852,189
Prefunded Warrants	39,702,780
Warrants	12,285,888
Stock options	13,214,763

For a detailed summary of the outstanding securities convertible into, exercisable or exchangeable for voting or equity securities of Satellos as at June 30, 2024, refer to notes 8, 9 and 10 of the Condensed Consolidated Interim Financial Statements of the Company for the three and six months ended June 30, 2024.

RISKS AND UNCERTAINTIES

We are a development stage biopharmaceutical company that operates in an industry that is dependent on a number of factors that include the capacity to raise additional capital on reasonable terms, obtain positive results of clinical trials, obtain positive results of clinical trials without serious adverse or inappropriate side effects, and obtain market acceptance of its product. An investment in our common shares is subject to a number of risks and uncertainties. An investor should carefully consider the risks described in our Annual Information Form ("AIF"), as well as our other public filings with the securities regulators before investing in our common shares. If any of such described risks occur, or if others occur, our business, operating results and financial condition could be seriously harmed, and investors may lose a significant proportion of their investment. There are important risks which management believes could impact our business. For information on risks and uncertainties, please refer to the "Risk Factors" section of our most recent AIF filed on SEDAR+ at www.sedarplus.ca.

ADDITIONAL INFORMATION

Additional information related to Satellos, including the AIF, is available by accessing the Company's SEDAR profile at www.sedarplus.ca.