

SCOPE TECHNOLOGIES CORP.
AMENDED AND RESTATED MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

The information contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended September 30, 2023 ("MD&A") of Scope Technologies Corp. (formerly, Scope AI Corp. and Scope Carbon Corp.) (the "Company") was originally filed on January 30, 2024, has been revised and refiled to correct certain disclosure contained in the MD&A. The information here is as of March 28, 2025.

In connection with the filing of the amended and restated MD&A, the Company is also filing CEO and CFO certifications in compliance with National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.

The referenced financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in the Company's presentational currency of Canadian dollars unless otherwise indicated.

Forward Looking Statements

This MD&A contains forward-looking statements. These statements relate to future events or future performance and reflect our expectations and assumptions regarding our growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect our current beliefs and are based on information currently available to us. In some cases, forward-looking statements can be identified by terminology such as "may", "would", "could", "will", "should", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict", "potential", "continue" or the negative of these terms or other similar expressions concerning matters that are not historical facts. The forward-looking statements in this MD&A include, among others, statements regarding (i) future operating results, (ii) revenue generated from the QSE Platform, (iii) the anticipated time frame to commercialize the GEM Platform and complete additional upgrades to the QSE Platform, (iv) the Company's ability to obtain market share, (v) general economic performance of the Company.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual performance or achievements to differ materially from anticipate results, performance or achievements expressed or implied by such forward looking statements. The risks and uncertainties that affect forward-looking statements include, but are not limited to:

- our expected future losses and accumulated deficit levels;
- our projected financial position and estimated cash burn rate;
- our ability to continue as a going concern;
- our requirement for, and our ability to obtain, future financing on favorable terms or at all;
- our potential sources of financing to fund ongoing operations;
- our assessment of market acceptance of the QSE product suite and the GEM Platform;
- our plans to market, sell and distribute the QSE product suite and GEM Platform;
- our expectations with respect to future corporate alliances and licensing transactions with third parties;
- our strategy with respect to the protection of our intellectual property;
- the regulatory approval process;
- our ability to successfully compete in our targeted markets;
- our ability to adequately protect proprietary information and technology from competitors;
- our ability to attract and retain key personnel;
- the potential for liability claims; and
- the substantial risks involved in early-stage technology development companies related to, among other things, commercialization, capitalization, cost containment, and potential litigation.

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A number of factors and assumptions could cause actual events, performance, or results, including those in respect of the foregoing items, to differ materially from the events, performance and results discussed in the forward-looking statements. Material factors and assumptions that could cause actual events, performance, or results to differ materially from those set forth in the forward-looking statements include, but are not limited to:

- the effect of continuing operating losses on our ability to obtain, on satisfactory terms, or at all, the capital required to maintain the Company as a going concern;
- the ability to obtain sufficient and suitable financing to support operations, development, and commercialization of the GEM Platform and the continued upgrade to the QSE Platform;
- the ability of the Company to retain qualified personnel to continue the development and/or upgrades to the Company's GEM and QSE Platforms;
- the ability to generate market acceptance of the Company's product suite under the QSE Platform;
- the loss of the Company's sole customer on the QSE Platform; and
- the increase in operating costs from additional development and commercialization costs and increased staff.

Although the forward-looking statements contained in this MD&A are based on what we consider to be reasonable assumptions based on information currently available to us, there can be no assurance that actual events, performance, or results will be consistent with these forward-looking statements, and our assumptions may prove to be incorrect. These forward-looking statements are made as of the date of this MD&A.

Forward-looking statements made in this MD&A are made as of the date of the original document and have not been updated by us except as expressly provided for in this MD&A. As required by applicable securities legislation, in its capacity as a reporting issuer, it is the Company's policy to update forward-looking information in its periodic MD&As, as required from time to time, and provide updates on its activities to the public through the filing and dissemination of news releases and material change reports.

OVERALL PERFORMANCE

Scope Technologies Corp, based in Vancouver, British Columbia, is focused on developing a product suite for quantum security and machine learning. The Company has two core platforms, General Enterprises Machine Learning ("GEM") and quantum resilient entropy ("QSE").

The QSE platform offers quantum-proof security solutions, designed to protect sensitive data against both current and emerging threats, including quantum attacks. With decentralized cloud storage and true randomness in encryption key generation, QSE ensures future-proof data protection for businesses of all sizes.

The GEM platform provides an intuitive, AI-driven environment for companies to build and deploy custom machine learning models and image recognition systems. GEM democratizes access to artificial intelligence, enabling businesses—regardless of technical expertise—to unlock the power of AI and scale their operations with ease. Previously, the GEM platform was the Company's "image recognition technology".

During the year ended September 30, 2023 and to the date of this MD&A, the Company accomplished the following:

- On October 1, 2022, the Company entered into a product development agreement with Marsman Limited to assist in advancement of the Company's self-learning image recognition technology. The agreement was cancelled on November 15, 2023.
- On October 3, 2022, the Company granted 1,500,000 stock options to directors, officers, and consultants of the Company.

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- On October 28, 2022, the Company engaged investor relations firm Maynard Communications Limited (“Maynard”) as an investor relations firm.
- On November 15, 2022, the Company received its initial mapping data from Farm Flight Inc.
- On January 17, 2023, the Company’s common shares (the “Common Shares”) commenced trading on the OTCQB Venture Market under the symbol “SCPCF”.
- On March 6, 2023, the Company announced a strategic investment of USD \$100,000 in Farm Flight Inc. (“Farm Flight”). Pursuant to the investment, the Company purchased an unsecured convertible note of Farm Flight with interest accruing at a rate of 8% per annum, payable three years from the date of issuance unless sooner prepaid or converted. The convertible note was coupled with share purchase warrants, entitling Scope to purchase 9,345 common shares of Farm Flight at a price of USD \$1.07 per common share, representing approximately 10% of the amount invested by the Company.
- On April 27 and April 28, 2023, the Company announced a Letter of Intent for the proposed acquisition of Farm Flight and the provision of a loan to further the transaction (the “Loan Agreement”). Under the terms of the Loan Agreement, the Company provides a loan to Farm Flight for the principal amount of USD \$70,000, evidenced by an unsecured promissory note and in connection with the proposed acquisition of Farm Flight. The loan was advanced as of April 27, 2023, bears no interest, and is repayable in full on the date that is one year following the advance.
- On May 24, 2023, the Company announced that its technology has achieved a significant milestone and had developed the ability to process 4K video stream imagery in real time. In addition, the Company, pursuant to its GEM Technology Agreement, made the first of four anniversary share issuances and issued 250,000 Common Shares to the Prescott Family Foundation, the counterparty to the GEM Technology Agreement and an entity controlled by the Company’s Non-Executive Chairman, Mr. Sean Prescott.
- On July 6, 2023, the Company announced that it has entered into a secured loan agreement (the “Loan Facility Agreement”) with Farm Flight for the Company to provide a loan to Farm Flight for the principal amount of USD \$330,000 or such other amount as the Company and Farm Flight may agree in writing from time to time (the “Loan”). The incremental borrowing rate under the Loan is determined by the United States prime rate plus 1.5% and is repayable upon provision to Farm Flight of 75 days written notice.
- On October 16, 2023, the Company entered into a consulting agreement and granted 1,000,000 restricted share units (“RSUs”). The RSU’s vest as follows: 10% upon grant; 30% after six months; 30% after one year and the remaining 30% after eighteen months. Each vested RSU is redeemable for one common share of the Company at the time of vesting.
- On October 30, 2023, the Company closed a non-brokered private placement for the issuance of 1,250,000 units at a price of \$1.60 per unit for aggregate gross proceeds of \$2,000,000. Each unit comprised one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$2.25 per share for a period of two years.
- Closed a non-brokered private placement for the issuance of 1,250,000 units at a price of \$1.60 per unit for aggregate gross proceeds of \$2,000,000. Each unit comprised one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$2.25 per share for a period of two years.

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- Realized gross proceeds of \$990,000 (\$22,000 received during the three months ended September 30, 2023) through exercise of a total of 4,950,000 common share purchase warrants exercisable at \$0.20 per share.
- Appointed a new Chief Executive Officer.
- Provided an update on new developments of the artificial intelligence driven recognition technology called GEM. With the latest advancements, focus has broadened in addition to past announced realized technology applications to developing a one-stop web solution for developers and individuals, as well as businesses, large and small, to create, build, and use their own image detection, behavior analysis and neural network systems for their customer business case.
- Closed a technology agreement (the "QSE Technology Agreement") with Ovryde Ltd. ("Ovryde") whereby Ovryde agreed to transfer its ownership and rights relating to delivery and application of quantum resilient entropy (the "QSE Technology") in consideration for \$400,000 and issuance of 2,800,000 common shares of the Company. Quantum resilient entropy is an advanced security measure designed to protect data against the future threats posed by quantum computing, ensuring that sensitive information remains secure in an increasingly digital world. The QSE Technology product suite offers API-based quantum-resilient entropy as a service and encrypted cloud, on-premise, and decentralized storage solutions. At its core, the platform provides a proprietary high-performance data-pipeline that can scale vertically and horizontally to protect private, business, and government applications with highly sensitive data in transit and at rest. The QSE Technology product suite uniquely protects digital assets against current and future cyber security threats and quantum-computing decryption attacks.
- Closed a non-brokered private placement for the issuance of 1,250,000 common shares at a price of \$1.60 per common share for aggregate gross proceeds of \$2,000,000. Proceeds will be used to continue to develop the Company's GEM Platform and advance the QSE Technology as well as general working capital purposes.
- Announced significant advancements in the development of the GEM system. Building on the initial vision, the GEM system now includes several innovative features aimed at transforming the advertising technology sector. These advancements are designed to further streamline the advertising process and enhance campaign effectiveness through sophisticated proprietary AI-driven tools. New capabilities include Ad Creation: Using Generative AI Image Creation to produce compelling visuals; Ad Comparison: Determining the best images and headlines for campaigns; and Ad Recommendations: Offering suggestions to optimize campaign performance. The front-end design now includes completed and developed Home, Login, and Signup pages, ensuring a seamless user experience from the outset. On the backend, robust APIs have been developed to support the platform's functionality, along with secure user authentication for login and signup processes. Additionally, profile management allows users to create and update their profiles, and integrated password reset and change functionalities to enhance user security.
- Announced the successful global deployment of, and significant enhancements to the scalability and speed of, its latest core module, the QSE Quantum Gateway.
- Engaged Creative Direct Marketing Group Inc. ("CDMG") to provide investor relations and marketing services to raise public awareness of the Company and increase brand awareness of the QSE platform.
- Completed updates for a new retail subscription model, offering full access to encrypted, quantum-resilient, and decentralized cloud storage solutions.
- Launched a subscription model, now offering individuals and small businesses full access to round-trip encrypted and quantum-resilient decentralized cloud storage solutions.

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- Signed a Letter of Intent (the "LOI") with Global Care Innovations Inc. ("GCI") and LeanSprint Inc. ("BitLab"). Under the LOI, the parties have a preliminary understanding to deliver both quantum-secure data solutions and advanced AI-powered tools to healthcare providers across North America, enhancing patient care through technology. The parties are in the process of engaging with healthcare providers to be customers of the Company's QSE Platform. GCI is a healthcare technology provider that offers AI-powered solutions to healthcare providers. BitLab is a technology innovation lab focused on offering AI, MedTech and Digital Health solutions. At the time of entering into the LOI, each of GCI and BitLab's are arm's length parties to the Company. The principal of Bitlab, Shoukri Kattan, was appointed as a director of the Company subsequent to the entering into the LOI.
- Obtained significant advancements to its data-in-transit security infrastructure with the installation of new hardware. These updates expand entropy delivery systems across new locations in Europe, Asia, and North America.
- Signed First Majestic Silver Corp. ("First Majestic") as an enterprise client for the Company's round-trip encrypted, immutable decentralized data storage and quantum-resilient security solutions.
- Began developing the QSE Mobile App, which will deliver quantum-resistant encrypted communication and file sharing for individuals, businesses, and enterprises.
- Engaged Percepture, a leading full-service digital marketing and public relations agency as a strategic step to expand the market reach of QSE and drive client acquisition amid the accelerating developments in quantum security.
- Listed on Tradegate Exchange in Germany which enhances visibility and accessibility to European investors, providing an exciting opportunity to broaden the shareholder base.
- Entered into a one year \$1,000,000 convertible debt financing from First Majestic. The debt financing includes a compound annual interest rate of 4% and the sole right of First Majestic to convert the principal amount of the loan at \$1.40 per share.
- Announced that the QSE platform is fully aligned with the U.S. Department of Health and Human Services' (HHS) proposed updates to the HIPAA Security Rule. These updates aim to address the rising threats to healthcare data security.
- Announced the appointment of Ted Carefoot as Vice-President of Product.

Stage of Development of GEM and QSE Platforms

The following table sets forth the stage of development for each of the GEM and QSE Platforms:

	Stage of Development	Anticipated Research and Development Costs over 12 Months	Anticipated Time Frame for Commercialization
QSE Platform	Commercialized and Onboarding Customers to QSE Platform	\$240,000 (Anticipated for future upgrades and improvements with an increase in user base)	Complete – Additional upgrades will be required with an increase in user base
GEM Platform	Beta Version	\$Nil	Undetermined (development temporarily paused)

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Acquisition of the QSE Technology

On July 9, 2024, the Company entered into a technology agreement (the "QSE Technology Agreement") with Ovryde Ltd. ("Ovryde"), a company controlled by Veronika Prescott, being a spouse of Sean Prescott who is Chief Technology Officer and a director of the Company. Under the terms of the QSE Technology Agreement, the Company agreed to acquire all of Ovryde's ownership and rights relating to delivery and application of quantum resilient entropy (the "QSE Technology"). In consideration of the QSE Technology, the Company agreed to pay Ovryde \$400,000 and issue 2,800,000 common shares of the Company (the "Consideration Shares") to Ovryde.

On August 7, 2024, the Company completed the acquisition of the QSE Technology (which amount was paid on October 3, 2024 at the request of Ovryde) and issued Ovryde the Consideration Shares. The Consideration Shares are subject to a four month resale restriction period and additional voluntary restrictions on resale as follows: (i) 560,000 Consideration Shares will be subject to no additional restrictions, (ii) 560,000 Consideration Shares will be subject to restrictions on resale for a period of three (3) months from the date of issue, (iii) 560,000 Consideration Shares will be subject to restrictions on resale for a period of six (6) months from the date of issue, (iv) 560,000 Consideration Shares will be subject to restrictions on resale for a period of nine (9) months from the date of issue, and (v) 560,000 Consideration Shares will be subject to restrictions on resale for a period of twelve (12) months from the date of issue.

As a result of the acquisition of the QSE Technology, the Company is able to offer a product suite consisting of API-based quantum-resilient entropy as a service and encrypted storage solutions. The purpose of the transaction was to strengthen and diversify the Company's product offering portfolio.

The acquisition of the QSE Technology has been treated as an acquisition of an intangible asset and is not a significant acquisition pursuant to Part 8 of NI 51-102. In addition, IFRS 3 outlines the accounting treatment for an acquisition of a business and, where a transaction does not meet the definition of a business, accounting for an acquisition of assets in accordance with IFRS 3.2(b) or other standards.

Before applying the recognition and measurement guidance in IFRS 3, the Company carried out an assessment whether the QSE Technology met the definition of a business at the acquisition date. Ovryde's only input and processes are intellectual property programming provided by Ovryde and, to date, the only output has been the creation of the technology stack comprising the QSE Technology. The Company did not acquire ownership of Ovryde nor any rights to future digital products that Ovryde may produce. However, the Company does retain Mr. Prescott, and, prior to closing of the acquisition, was and still remains CTO of the Company, for future additional internal development to the QSE Technology in order to create potential revenue. Ovryde has no physical facilities, employees, marketing systems or sales forces and none were acquired by the Company. The Company has had to hire additional employees to develop the QSE Platform product suite.

The Company determined the purchase price of the QSE Technology based on a number of factors:

- (i) The Stage of Development of the QSE Technology. At the time of acquisition, the stage of development of the QSE Technology was an existing "technology stack", being software code, that lacked a platform/interface for a product offering. Accordingly, the QSE Technology was comprised of (A) one hundred percent (100%) ownership of a quantum card and an assignment of a license for the software that applies to the quantum card; (B) one hundred percent (100%) ownership of the software for distribution of quantum resilient entropy, being the ability to generate quantum random numbers that meet certain National Institute of Standards and Technology ("NIST") standards; (C) one hundred percent (100%) ownership of the software for digital storage of data; and (D) a perpetual right to access and use Ovryde's SaaS platform for the QSE Modules Software.

Ovryde's SaaS Platform is an existing platform they developed that is used for other business ventures, such as, digital wallets, fiat currency exchange, etc. The Company has not acquired any rights relating to these other business ventures of Ovryde.

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- (ii) The time frame and cost for the Company to develop technology similar to the QSE Technology on its own. Given the specialized nature of the QSE Technology, the Company would be unable to develop the QSE Technology on its own. The Company anticipates it would take many years and millions of dollars in development costs. Accordingly, the Company believed that the purchase price of \$6,000,000 was reasonable given the fact that there was an existing “technology stack” and the potential cost and ability for the Company to develop a similar type of technology on its own.

- (iii) The potential to add a revenue stream to the Company. The QSE Technology was a “technology stack” and did not consist of an existing product offering. The purchase price for the QSE Technology reflects the fact that the Company could build out a pathway for a revenue stream, however, the Company was required to: (A) create a back-end SaaS platform for entropy as a service, encryption and distribution to decentralized storage (the “QSE services”). The Company uses its access rights to the Ovryde SaaS Platform as the base model, which required significant changes to permit the QSE services, (B) build and develop a front-end customer platform that includes: a website/mobile application access, an interface that can randomly generate entropy for a customer; an interface that can encrypt a customer’s data; and allow the distribution of encrypted data to decentralized storage; (C) build and develop the payment platform for the QSE Platform. Utilize Stripe payment integration.

The transaction is considered a related party transaction under IAS 24. The board of directors unanimously approved the acquisition of QSE Technology. In addition, Mr. Prescott signed the consent resolution as unanimous approval is required under the *Business Corporations Act*.

Veronika Prescott, the spouse of Mr. Prescott, is the sole shareholder and founder of Ovryde. Mr. Prescott does not directly or indirectly hold any shares in Ovryde or exercise control over such shares. The operations of Ovryde are managed by Ms. Prescott. Ms. Prescott is the only person that has authority to instruct the corporate director of Ovryde.

The transaction value constituted approximately 6% of the market capitalization of the Company at the time of the QSE Technology Agreement. The Company subsequently obtained a draft independent valuation of the QSE Technology, which was not finalized. As the QSE Technology is an emerging technology that has yet to be broadly adopted, the valuator was unable to identify an active market for the QSE Technology. Accordingly, the Company elected to impair the entire purchase price of the QSE Technology, being \$5,999,999, notwithstanding the fact that revenue is being generated from the QSE Platform.

As a result of the acquisition of the QSE Technology, the Company is able to offer a product suite consisting of API-based quantum-resilient entropy as a service and encrypted storage solutions. The purpose of the transaction was to strengthen and diversify the Company’s product offering portfolio.

Acquisition of the GEM Platform

On February 15, 2022, the Company entered into a technology acquisition agreement (the “GEM Technology Agreement”) originally with Prescott Family Foundation and now assigned to Ovryde, a company controlled by Veronika Prescott, being a spouse of Sean Prescott who is Chief Technology Officer and a director of the Company. Under the terms of the GEM Technology Agreement, the Company obtained a worldwide exclusive license to utilize and exploit, including the right to sublicense the GEM Platform. In order to acquire a one hundred percent interest (100%) in the GEM Platform, the Company must issue 1,000,000 common shares as follows:

- (a) 250,000 common shares on the later of (i) completion of expenditures of \$250,000 toward the development of the GEM Platform; or (ii) February 15, 2023 (which shares have been issued);

- (b) an additional 250,000 common shares on the later of (i) completion of expenditures of \$600,000 toward the development of the GEM Platform, or (ii) February 15, 2024;

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- (c) an additional 250,000 common shares on the later of (i) the Company generating revenue (before associated costs and taxes) of \$250,000 from the application of the GEM Platform, or (ii) February 15, 2025; and
- (d) an additional 250,000 common shares on the later of (i) the Company generating revenue (before associated costs and taxes) of \$500,000 from the application of the GEM Platform, or (ii) February 15, 2026.

Until such time as all common shares are issued under the GEM Technology Agreement, the Company retains an exclusive, sub-licensable and transferable right and license to use and exploit the GEM Platform, while Ovryde retains full title to the GEM Platform. The Company also has the option to accelerate the terms of the GEM Technology Agreement by providing Ovryde notice of two business days and issuing all the common shares to Ovryde.

The transaction is considered a related party transaction under IAS 24.

Investment in Farm Flight

Letter of Intent with Farm Flight

On April 24, 2023, the Company entered into a non-binding letter of intent (the “Letter of Intent”) with Farm Flight, Inc. (“Farm Flight”) whereby the Company proposed to acquire all of the issued and outstanding securities of Farm Flight. In consideration of Farm Flight, the Letter of Intent contemplated the issuance of 12,351,662 common shares of the Company (the “Exchanged Shares”) at a deemed price of \$1.60 per share to the shareholders of Farm Flight. The parties contemplated that the Exchanged Shares would be subject to the following restrictions on resale: 20% subject to restrictions until 36 months after closing, 20% subject to restrictions until 42 months after closing, 20% subject to restrictions until 48 months after closing, 20% subject to restrictions until 54 months after closing, and 20% subject to restrictions until 60 months after closing.

The Letter of Intent also contemplated that prior to closing Farm Flight would use its best efforts to cause (i) the optionholders to cancel their respective stock options, (ii) the warrantholders to cancel their respective share purchase warrants, and (iii) the unsecured convertible note holders in the amount of US \$1,190,000 of notes to settle and surrender under mutually agreeable terms. The parties further contemplated that on closing the board of directors of the Company would be reconstituted where the Company would have three nominees and Farm Flight would have three nominees.

Assuming closing of the transaction, the Company would also retain Sam Baker, Chief Executive Officer of Farm Flight, who would receive 2,250,000 common shares for his services in equal instalments over a four-year period.

The proposed transaction was an arm's length transaction and not a related party transaction.

At the time of entering into the Letter of Intent, the Company was focusing on using its image recognition technology (which is now used for the GEM platform) for the purpose of carbon mapping. Farm Flight, whose operations focused on advanced imagery and analytics for agriculture clients, appeared to compliment the business operations of the Company.

On entering into the Letter of Intent, the Company had not prepared a valuation report on Farm Flight. Nevertheless, during the due diligence phase, the Company engaged a third party to provide a valuation report. Based on additional financial due diligence of Farm Flight as well as the draft valuation report, the Company elected not to proceed with the Farm Flight transaction.

Business Cooperation Agreement

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On June 3, 2022, the Company entered into a business co-operation agreement with Farm Flight (the “Business Co-Operation Agreement”). Under the terms of the Business Co-Operation Agreement, Farm Flight agreed to provide the Company their unprocessed data so that it may be processed by the Company’s image recognition technology (thereafter, the “Processed Data”) which will be jointly owned in right, title and interest by the Company and Farm Flight. Upon receipt by Farm Flight of the Processed Data, the Company was to earn a continued license to the unprocessed data. The Processed Data was to be used in completing the outstanding programming of the Company’s image recognition technology and to form the basis of the Company’s initial image database. The Business Co-Operation Agreement had a term of nine (9) months, where after it shall automatically renew for a further nine (9) months. As the Company did not proceed with the Farm Flight transaction and changed the focus of its image recognition technology to the GEM AI Platform, the Company did not proceed with the Business Combination Agreement.

Loans to Farm Flight

In connection with the Company’s proposed acquisition of Farm Flight, the Company made a series of loans to Farm Flight totaling US\$1,062,000 from February 2023 to January 2024. The board of directors did not enter into a consent resolution of the directors approving the loans to Farm Flight other than the convertible note financing.

The Company made the loans to Farm Flight in order for Farm Flight to pay the professional costs associated with the proposed transaction and to cover Farm Flight’s ongoing operating costs. Based on a review of the financial information of Farm Flight provided to the Company up to November 2023, the Company believes the proceeds of the loans were used for Farm Flight:

Use of Proceeds of Farm Flight Loan	Amount (US\$)
Payroll Expenses of Farm Flight	638,075
Rent and Office Expenses of Farm Flight	53,859
Software and Drone Pilots	147,745
Travel Expenses	7,487
Professional Fees	47,617
Total	894,784

The Company lacks the financial information of Farm Flight on the balance of the loan proceeds for December 2023 and January 2024.

The Company made these advances to Farm Flight as it believed it would complete its acquisition of Farm Flight and, upon closing of the acquisition, benefit from any contracts that may be entered into by Farm Flight. In mid-January 2024, the Company’s analysis of Farm Flight’s future financial condition, being prospects of profitable revenue and its significant ongoing burn rate, and a review of a draft valuation report prepared by RWE Growth Partners determined that it would be detrimental to the Company to complete an acquisition of Farm Flight. After this decision was made, the Company did not advance any additional funds to Farm Flight.

The Company determined that it should impair the loans as Farm Flight would not be able to continue as a going concern without funding from the Company. Accordingly, there is a significant risk that the Company will not be repaid any amounts advanced to Farm Flight. Further, the Company has not formally demanded repayment of the loans to Farm Flight.

SELECTED ANNUAL INFORMATION

During the year ended September 30, 2022, and continuing throughout 2023, the Company’s primary business activity has been acquiring and developing AI analytical software. There was no corresponding business activity in the year ended September 30, 2021. The below table provides selected financial information derived from the audited financial statements for the three years ended September 30, 2023.

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September 30	2023	2022	2021
	\$	\$	\$
Total revenues	nil	nil	nil
Net loss	(3,205,374)	(369,065)	(4,478)
Net loss per share (basic & diluted)	(0.09)	(0.02)	(4,478)
Total assets	146,504	1,216,428	10,145
Dividends declared	nil	nil	nil

During the three years above, the Company has raised gross proceeds from the issuance of equity through private placements and exercise of warrants totalling \$2,045,500. Proceeds from these financing activities have mainly been used towards software development, financing arrangements with Farm Flight and associated costs as well as costs in relation to maintaining itself as a public company. The Company also recognized non-cash costs relative to share-based compensation in respect of vesting stock options and relative to the first milestone payment of the GEM Technology Agreement.

FOURTH QUARTER

No unusual activity impacted the Company's cashflows during the quarter ended September 30, 2023. Significant activity mainly related to fees incurred regarding software development and non-cash share-based compensation relative to vesting stock options and investment impairment.

RESULTS OF OPERATIONS

Year Ended September 30, 2023

The Company incurred a net loss of \$3,205,374 for the year ended September 30, 2023 (2022 - \$369,065).

	2023	2022
	\$	\$
Revenue	-	-
Expenses		
Advertising and promotion	14,388	36,608
Bank charges	1,643	955
Consulting	46,500	35,000
Currency exchange	3,437	2,065
Filing and transfer agent fees	42,851	64,383
Investor relations	101,052	-
Office expenses	9,117	1,552
Professional fees	285,283	215,676
Research and development	902,645	8,746
Share-based compensation	1,054,248	-
Travel & entertainment	7,530	7,444
Change in fair value related to derivative asset	3,541	-
Finance charges	4,839	-
Gain on forgiveness of loans payable	-	(1,726)
Impairment of investments	768,591	-
Interest and other income	(40,291)	(1,638)
Net loss and total comprehensive loss for the year	3,205,374	369,065

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Revenue

The Company did not earn any revenue during the financial year ended September 30, 2023 and the comparative period of 2022.

Advertising and promotion

Fees were incurred in the prior period in relation to website development and video production.

Consulting fees

Valuation fees were incurred in the prior period whereas fees for consulting services provided by the Chief Financial Officer and another consultant were incurred in the current period.

Filing and Transfer Agent fees

Costs were incurred in the prior period in relation to initial CSE listing fees and DTC eligibility. Further costs were incurred in the current period relating to the preparation of listing on the OTCQB Venture Market.

Investor Relations

On October 28, 2022, the Company engaged Maynard as an investor relations consultant for an initial six-month term. Maynard is now contracted on as-needed basis.

Professional fees

The increase in costs primarily relate to legal fees for the process of listing on the OTCQB Venture Market, the initial costs of the proposed transaction with Farm Flight and corporate/commercial and regulatory guidance in addition to accounting services.

Research and Development

The material components of Research and Development costs relate to a product development agreement for the advancement of the Scope Analysis Platform of \$307,781 (2022 - \$nil) (subsequently terminated on November 15, 2023); fair value of 250,000 common shares of \$502,500 (2022 - \$nil) issued pursuant to the GEM Technology Agreement; high-performance computer and server equipment of \$92,364 (2022 - \$nil) to assist with video editing, 3D rendering, scientific computing, and machine learning; and acquisition of a high-precision drone of \$nil (2022 - \$8,746) with an integrated multispectral imaging system built for agriculture missions and environmental monitoring.

Share-based Compensation

The Company granted 1,500,000 options to directors, officers, advisors of the Company to acquire common shares of the Company at a price of \$0.60 per share expiring in 5 years from the grant date. The share-based compensation expense relates to the vesting of the options granted.

Change in fair value related to derivative asset

Under the Convertible Note with Farm Flight, the Company has the right to purchase 9,345 common shares of Farm Flight at a price of USD \$1.07 per common share. The fair value of the warrants was determined using the Black-Scholes model on initial recognition and subsequent remeasurement.

Financing charges / Interest and other income

With respect to loan financing contracts entered into with Farm Flight, the Company recognized finance charges and interest income using the effective interest method. The Company also recognized cash

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interest income earned on its investments and entered into an equipment lease agreement with Farm Flight whereby certain computer equipment is leased at a rate of \$US50 / day.

Investment impairment

The Company continued to consider the ability of Farm Flight Inc. to repay each of the loan financing contracts and recognized an impairment in accordance with Level 3 of the fair value hierarchy. The following indicators of impairment were identified relative the investment made by the Company:

- **Significant Decline in Market Value:** The market value of Farm Flight experienced a significant decline in value since the Letter of Intent was entered into. The valuation report prepared the Company noted no significant tangible net assets but some goodwill relative to customer relationships, brand awareness and employee base.
- **Economic Factors:** Farm Flight was had yet to manage profitable operations and continued to operate only generating a gross and net loss. Significant seed investors indicated that future funding would not be available. The Company remained the only significant source of funding.

The Company's management does not expect imminent cash inflows from the loans to Farm Flight. In estimating the fair value less costs of disposal, management did not have observable or unobservable inputs to estimate the recoverable amount greater than \$1 per Farm Flight loan, and therefore recorded an impairment provision in accordance with Level 3 of the fair value hierarchy in an amount of \$768,591.

Previous Financings

Initial Public Offering

On September 2, 2022, the Company completed its initial public offering of 10,500,000 common shares at a price of \$0.10 per share, for aggregate gross proceeds of \$1,050,000 (the "Initial Public Offering").

The Company's use of its funds raised under the Initial Public Offering is summarized as follows:

Disclosed Net Use of Proceeds	Actual Net Use of Proceeds
\$178,500 for expenses of the Initial Public Offering	Approximately \$229,000
\$55,000 for expenses for listing on the Canadian Securities Exchange	Approximately \$59,000
\$744,000 for Twelve month work program	Approximately \$902,000 (R&D)
\$204,000 for General and Administrative Costs	Approximately \$223,000
\$290,823 for unallocated funds	Approximately \$59,323

October Private Placement Financing

On October 30, 2023, the Company a private placement financing of 1,250,000 Units at a price of \$1.60 per Unit for aggregate gross proceeds of \$2,000,000 (the "October 2023 Financing"). Each Unit comprised one Share and one half of one Warrant. Each whole Warrant entitles the holder to purchase on Share at an exercise price of \$2.25 per Share for a period of two years.

The Company's use of its funds raised under the October 2023 Financing is summarized as follows:

Disclosed Net Use of Proceeds	Actual Net Use of Proceeds
Approximately \$1,800,000 for the acquisition of Farm Flight, Inc.	Approximately \$1,100,000
Approximately \$200,000 for general working capital purposes	Approximately \$900,000 for general working capital purposes

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Note:

- (1) In October 2023, the Company initially intended to use a significant amount of the net proceeds for its acquisition of Farm Flight, Inc. However, after finalizing its due diligence of Farm Flight, Inc., the Company elected to not proceed with the transaction and the balance of the proceeds were used for general working capital purposes.

SUMMARY OF QUARTERLY INFORMATION

The following financial data was derived from the Company's financial statements for the last eight quarters:

Three months ended	Dec 31, 2022	Mar 31, 2023	Jun 30, 2023	Sep 30, 2023
	\$	\$	\$	\$
Total revenues	nil	nil	nil	nil
Net loss	(858,063)	(497,371)	(895,131)	(954,809)
Net loss per share	(0.02)	(0.01)	(0.02)	(0.00)

Three months ended	Dec 31, 2021	Mar 31, 2022	Jun 30, 2022	Sep 30, 2022
	\$	\$	\$	\$
Total revenues	nil	nil	nil	nil
Net loss	(18,042)	(84,618)	(95,608)	(170,797)
Net loss per share	(18,042)	(0.01)	(0.00)	(0.00)

Due to the nature of its current operations, the Company earned no revenue during the periods presented.

Quarterly fluctuations mainly relate to investor relations, research and development costs and share-based compensation expense, which is recognized as stock options are granted and vest, and investment impairment which is recognized as conditions arise.

During the year ended September 30, 2023, significant non-cash gain share-based compensation and significant non-cash accreted interest income were recognized in addition to cash interest received on surplus funds. During the three months ended September 30, 2023, significant non-cash investment impairment was recognized. During the three months ended June 30, 2023, the Company issued the first tranche of shares under the GEM Technology Agreement resulting in recognition of a significant non-cash fair value expense.

DIVIDENDS

There are no restrictions that could prevent the Company from paying dividends on its common shares. The Company has not paid any dividends on its common shares as it will incur losses for the foreseeable future, and it is not contemplated that the Company will pay any dividends in the immediate or foreseeable future. It is the Company's intention to use all available cash flow as working capital.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2023, the Company had a working capital deficit of \$211,906 (2022 – working capital surplus of \$1,086,720). A net decrease in cash was realized of \$143,423.

On October 30, 2023, the Company closed a non-brokered private placement for the issuance of 1,250,000 units at a price of \$1.60 per unit for aggregate gross proceeds of \$2,000,000. Each unit comprised one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$2.25 per share for a period of two years.

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Subsequent to September 30, 2023, a total of 140,000 common share purchase warrants exercisable at \$0.20 per share were exercised for gross proceeds of \$28,000 (\$22,000 received during the year ended September 30, 2023 and \$6,000 received post year end).

Subsequent to September 30, 2023, a total of US\$504,000 was advanced to Farm Flight under the Loan Facility Agreement.

The Company anticipates that it will require \$1,032,000 to meet ongoing operating, general and administrative expenses and \$647,000 for development of its GEM and QSE platforms over the next twelve months.

The Company will require additional funds for technology development, upcoming regulatory fees and business development and general operations. There can be no assurance that financing will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

The Company has no existing contractual obligations other than as described herein. There are no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, accounts receivable and investments, excluding derivative assets, which are classified as financial assets at amortized cost, and accounts payable and accrued liabilities and other liabilities, which are classified as financial liabilities at amortized cost. The carrying values of all these instruments approximate their fair values due to the short period to maturity. Derivate assets are remeasured to fair value at each reporting period.

The Company's financial instruments are exposed to certain financial risks, including interest rate risk, liquidity risk, currency risk, credit risk, and other price risk. The Company's most significant exposure is credit risk with respect to its cash investments in a private company. The Company has obtained security over the underlying assets of the private company for certain investments only. The maximum credit risk exposure is the carrying value of the cash investments.

CHANGES IN ACCOUNTING POLICIES

There have been no changes to accounting policies during the year ended September 30, 2023.

RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere, the Company entered the following related party transactions:

- Fees in the amount of \$24,000 (2022 – \$18,000) were charged by Alan Tam Inc., a company controlled by Alan Tam, a director and officer of the Company, pursuant to a contract for consulting services. Accounts payable as of September 30, 2023, were \$nil (2022 - \$nil).
- Pursuant to a month-to-month sub-lease agreement, amounts of \$4,996 (2022 – \$nil) were charged by Munchen Motorwerks Ltd., a company of which Darien Lattanzi is also a director, for office space rental. Accounts payable as of September 30, 2023, were \$5,246 (2022 - \$nil).
- During the year ended September 30, 2022, the Company received a non-interest-bearing advance of \$2,414 from Darien Lattanzi, a director of the Company. The Company repaid part of the advance for \$688 and the remaining balance of \$1,726 was forgiven.

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- Sean Prescott, a director of the Company, is also the trustee to the Prescott Family Foundation, the former counterparty to the GEM Technology Agreement.

With the exception of the GEM Technology Agreement, these transactions were in the normal course of operations and were measured at the fair value of the services rendered. Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment. The key management personnel of the Company are the directors and officers of the Company. The Company has no long-term employee or post-employment benefits. A summary of compensation awarded to key management was as follows:

	2023	2022
Short-term benefits	\$ 24,000	\$ 18,000
Share-based payments	773,088	-
Total	\$ 797,088	\$ 18,000

Subject to the year ended September 30, 2023, on July 9, 2024, the Company entered into the QSE Technology Agreement with Ovryde whereby Ovryde agreed to transfer its ownership and rights relating to delivery and application of quantum resilient entropy (the "QSE Technology"). On August 6, 2024, the Company closed the transaction and paid \$400,000 and issued 2,800,000 common shares (the "Consideration Shares") at a deemed value of \$2.00 per share. The Consideration Shares will be restricted for a period of four months from the date of issue and be subject to certain voluntary restrictions on resale. The transaction is considered a related party transaction.

OFF BALANCE SHEET ARRANGEMENT

The Company has no off-balance sheet arrangements.

OUTSTANDING SHARE DATA AND DILUTION CALCULATION

The Company has authorized share capital consisting of common shares without par value.

The number of shares authorized is unlimited.

The Company has issued warrants for the purchase of common shares and also an Equity Incentive Plan. The table below summarizes the Company's common shares, stock options, warrants and Restricted Share Units that are convertible into common shares as of November [*], 2024:

Issued and outstanding common shares	50,700,001
Share options	1,600,000
Share purchase warrants	625,000
Restricted Share Units - unvested	1,600,000
Fully Diluted	54,525,001

RISKS AND UNCERTAINTIES

The Company is exposed to a variety of known and unknown risks in the pursuit of its strategic objectives, including but not limited to liquidity/financial risk and general business. The impact of any risk may adversely affect, among other things, the Company's business, financial condition, and operating results, which may affect the market price of its securities. The Company monitors its risks on an ongoing basis and seeks to mitigate these risks as and when possible.

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Liquidity/Financial Risks

The Company is exposed to normal financial risks including liquidity risk, exchange rate risk, interest rate risk and credit risk. The Company's principal liquidity and capital resource requirements are the capital required to acquire streams and general operating expenses. The Company funds these requirements through current cash and working capital balances which are carefully managed to ensure that operational needs and other contractual and financial obligations are met.

General Business Risks

The success of the Company's activities will depend on management's ability to implement its strategy and on the availability of opportunities related to carbon credit streaming agreements and greenhouse gas emission avoidance, reduction, and removal/sequestration programs; government regulations; commitments to reduce greenhouse gas emissions by corporations, organizations, and individuals; and general economic conditions. Although management is optimistic about the Company's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved and there is no certainty that the Company will successfully implement its current strategy.

DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 -*Certificate of Disclosure in Issuer's Annual and Interim Filings*) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements for the year-ended September 30, 2023 and this accompanying MD&A (together, the "Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with its filings on SEDAR+ at www.sedarplus.ca.

SUBSEQUENT EVENTS

Other than disclosed elsewhere, no further subsequent events occurred to the date of this MD&A.