SCOPE TECHNOLOGIES CORP.
AMENDED AND RESTATED MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED JUNE 30, 2024

The information contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations for the nine months ended June 30, 2024 ("MD&A") of Scope Technologies Corp. (formerly, Scope AI Corp. and Scope Carbon Corp.) (the "Company") was originally filed on August 23, 2024, has been revised and refiled on SEDAR+ to correct certain disclosure contained in the MD&A. The information herein is as of March 28, 2025.

In connection with the filing of this 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.

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 nine months ended June 30, 2024 and to the date of this MD&A, the Company accomplished the following:

- 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.

- 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 GEM Platform, being the artificial intelligence driven recognition technology. 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.

- 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 provided 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)

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) <u>The Stage of Development of the QSE Technology</u>. 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.

(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 amount 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;

(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,

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 overs 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 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

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 it image recognition technology to the GEM Platform, the Company did not proceed with the Business Combination Agreement.

<u>Loans to Farm Flight</u>

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 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.

RESULTS OF OPERATIONS

Nine Months Ended June 30, 2024

The Company incurred a net loss of $3,187,413 for the nine months ended June 30, 2024 (2023 - $2,250,564).

	2024	**2023**

	$	**$**
Revenue	-	-
Expenses		
Advertising and promotion	247,889	13,093
Bank charges	1,738	1,156
Consulting and salaries	189,586	33,000
Currency exchange	4,936	10,978
Filing and transfer agent fees	67,106	34,492
Investor relations	30,192	100,000
Office expenses	24,706	3,051
Professional fees	161,449	172,922
Research and development	90,671	842,847
Share-based compensation	1,705,263	1,061,936
Travel & entertainment	1,920	7,530
Impairment of investments	688,294	-
Interest and other income	(26,337)	(30,441)
Net loss and total comprehensive loss for the period	3,187,413	2,250,564

Revenue

The Company did not ear any revenue during the nine months ended June 30, 2024 and the comparative period of 2023.

Advertising

Advertising and promotional expenses significantly increased from $13,093, during nine months ended June 30, 2023, to $247,889, during the nine months ended June 30, 2024, principally due to costs associated with an upcoming investor marking campaign by Think Ink Marketing in the amount of $54,812, CDMG Inc. in the amount of $150,496 and Market IQ Media Group in the amount of $25,000. Other costs relate to rebranding of the Company's website.

Consulting and salaries

During the current period, fees charged by related parties and external consultants increased (see *Related Party Transactions*). Valuation fees were incurred with respect to the proposed Farm Flight Inc. transaction.

Filing fees

During the current period, additional US filing fees were incurred. Monthly listing fees also increased.

Investor Relations

During the prior period, the Company engaged an investor relations consultant for an initial six-month term which was temporarily held pending market conditions. During the current period, the contract was reinstated.

Office expenses

Office expense increases relate to a new month-to-month sub-lease agreement (see *Related Party Transactions)*.

Professional fees

Costs were relating to legal fees for the proposed transaction with Farm Flight Inc., rebranding, and corporate, commercial, and regulatory guidance in addition to audit and accounting services.

Research and Development

Research and Development costs decreased from $842,847, during the nine months ended June 30, 2023, to $90,671, during the nine months ended June 30, 2023. The significant decrease in research and development costs principally relate to the non-cash fair value recognition of $502,000 in connection with the issuance of 250,000 common shares under the technology agreement with the Prescott Family Foundation (the "GEM Technology Agreement") and $247,983 in connection with the Product Development Agreement which was terminated on November 15, 2023. Costs were incurred in the 2024 period relating to development of the GEM platform and QSP platforms (see *Related Party Transactions)*.

Share-based Compensation

During the nine months ended June 30, 2024, the Company recorded a total of $1,705,263 in share-based compensation expense being $2,896 related to the vesting of 1,500,000 stock options granted in fiscal 2023 and $1,702,367 related to the vesting of 2,000,000 restricted share rights granted in fiscal 2024 (nine months ended June 30, 2023 - $1,061,936 being all relating to vesting of fiscal 2023 stock options).

Impairment of Investments

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 $688,294.

Three Months Ended June 30, 2024

The Company incurred a net loss of $1,007,236 for the three months ended June 30, 2024 (2023 - $895,131).

	2024 **$**	**2023** **$**
Revenue	-	-
Expenses		
Advertising and promotion	220,549	3,901
Bank charges	571	297
Consulting and salaries	72,086	13,500
Currency exchange	1,126	9,240
Filing and transfer agent fees	14,563	10,705
Investor relations	30,192	16,667
Office expenses	13,384	202
Professional fees	67,063	78,130
Research and development	27,689	652,121

Share-based compensation	558,417	103,025
Travel & entertainment	1,597	7,437
Impairment of investments	-	-
Interest and other income	(21,520)	(94)
Net loss and total comprehensive loss for the period	985,716	895,131

Revenue

The Company did not earn any revenue during the three months ended June 30, 2024 and the comparative period of 2023.

Advertising

Advertising and promotional expenses significantly increased from $3,901, during three months ended June 30, 2023, to $220,549, during the three months ended June 30, 2024, principally due to costs associated with an upcoming investor marking campaign by Think Ink Marketing in the amount of $54,812 and CDMG Inc. in the amount of $150,496. Other costs relate to rebranding of the Company's website.

Consulting and salaries

During the current period, fees charged by related parties and external consultants increased (see *Related Party Transactions*). Valuation fees were incurred with respect to the proposed Farm Flight Inc. transaction.

Filing fees

Costs relate to filing ongoing filing fees with the securities commission and stock exchange. Additional fees are due to an increase in listing fees.

Investor Relations

During the prior period, the Company engaged an investor relations consultant for an initial six-month term which was temporarily held pending market conditions. During the current period, the contract was reinstated.

Office expenses

Office expense increases relate to a new month-to-month sub-lease agreement (see *Related Party Transactions)*.

Professional fees

Costs were relating to legal fees for the proposed transaction with Farm Flight Inc., rebranding, and corporate, commercial, and regulatory guidance in addition to audit and accounting services.

Research and Development

Research and Development costs decreased from $652,121, during the three months ended June 30, 2023, to $27,689, during the three months ended June 30, 2023. The significant decrease in research and development costs principally relate to the recorded of $502,000 in connection with the issuance of 250,000 common shares under the GEM Technology Agreement and $57,257 in connection with the Product Development Agreement which was terminated on November 15, 2023. Costs were incurred in the 2024 period relating to development of the GEM Platform and QSP platforms (see *Related Party Transactions)*.

Share-based Compensation

During the three months ended June 30, 2024, the Company recorded a total of $558,417 in share-based compensation expense being all related to the vesting of 2,000,000 restricted share rights granted in fiscal 2024 (three months ended June 30, 2023 - $103,025 being all relating to vesting of fiscal 2023 stock options).

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

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	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023
	$	$	$	$
Total revenues	nil	nil	nil	nil
Net loss	(985,716)	(825,229)	(1,376,468)	(954,809)
Net loss per share	(0.02)	(0.02)	(0.03)	(0.02)

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

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

Quarterly fluctuations mainly relate to increased administrative overhead, promotional initiatives, research and development costs and share-based compensation expense, which is recognized as equity incentive payments are granted and vest, and investment impairments which are recognized as conditions arise.

During the periods ending December 31, 2022, to June 30, 2024, significant non-cash share-based compensation was recognized. During the three months ended December 31, 2023 and 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 June 30, 2024, the Company had a working capital surplus of $1,286,203 (September 30, 2023 – working capital deficit of $211,906).

During the nine months ended June 30, 2024, 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 and 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.

On July 30, 2024, the Company 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. On August 6, 2024, 1,050,000 common share purchase warrants exercisable at $0.10 per common share purchase warrant were exercised for gross proceeds of $105,000.

Proceeds from these activities were partly used as loan advancements to Farm Flight Inc. and will be used to continue to develop the Company's GEM Platform and advance the QSE Technology as well as for general working capital purposes.

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, 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 and cash equivalents, accounts and other receivables and investments, excluding derivative assets, which are classified as financial assets at amortized cost, and accounts payable and accrued liabilities, due to related parties 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.

The Company is exposed to credit risk in respect to managing its cash. All cash is held with a Canadian financial institution.

CHANGES IN ACCOUNTING POLICIES

There have been no changes to accounting policies during the nine months ended June 30, 2024.

RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of operations and have been measured at the exchange amount of consideration agreed between the related parties.

Except as disclosed elsewhere, the Company entered into the following related party transactions with amounts due to related parties being unsecured, non-interest-bearing, and with no formal terms of repayment:

- Fees in the amount of $15,000 (2023 – $nil) were charged by James Young Consulting, a company controlled by James Young, a director and officer of the Company, pursuant to a contract for consulting services.

  On April 29, 2024, the Company entered into an employment agreement appointing James Young as Chief Executive Officer. Under the agreement, remuneration payable is $10,000 per month, less statutory deductions, and an annual discretionary bonus ($nil to date). In addition, the Company granted 1,000,000 restricted share rights.

- Fees in the amount of $34,453 (US$25,000) (2023 – $nil) were charged by Spresso Security – FZCO, a company controlled by Sean Prescott, a director of the Company, for development work on the GEM and QSP Platforms. Accounts payable as of June 30, 2024, were $13,984 (US$10,000) (September 30, 2023 - $nil). Sean Prescott is the trustee to the Prescott Family Foundation (the "Foundation"), the former counterparty to the GEM Technology Agreement and is now an indirect controlling party to the GEM and QSE Technology Agreements.

- Fees in the amount of $53,500 (2023 – $nil) were charged by Lattz Equity, a company controlled by Darien Lattanzi, a director of the Company, pursuant to a contract for consulting services.

- Fees in the amount of $45,000 (2023 – $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.

- Pursuant to a month-to-month sub-lease agreement, amounts of $19,992 (2023 – $nil) were charged by Munchen Motorwerks Ltd, a company of which Darien Lattanzi is also director, for office space rental. Accounts payable as of March 31, 2024, were $nil (September 30, 2023 - $5,246).

On July 9, 2024, the Company entered into 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"). 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.

Key management personnel are the persons responsible for planning, directing and controlling the activities of an entity, and include the chief executive officer, chief financial officer and directors. The Company has no long-term employee or post-employment benefits.

A summary of compensation awarded to key management, was as follows:

	June 30, 2024 $	June 30, 2023 $
Short-term benefits	169,573	18,000
Share-based payments	274,136	707,956
	443,709	**725,956**

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, without special rights or restrictions attached and preferred shares without par value, with special rights or restrictions attached. 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 rights 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.

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 the development, capabilities of its AI analytical software and image recognition technology focusing on its recognition system called General Enterprise Machine Learning ("GEM") as a one-tool solution in any visual information system; 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.

Cybersecurity

Companies in all industries, including the mining industry, are susceptible to cyber risk. The Company's primary operational exposure to cyber risk is with respect to proprietary geological, geochemical and exploration data and related models. The Company, similar to companies in all industries, is exposed to common place cyber risks such as, but not necessarily limited to, phishing, spam, fraudulent attacks, denial of service attacks, data loss , data theft, data corruption. The Company outsources its IT management to IT professionals who implement, among other controls and mitigation strategies, system access and authentication controls, transactional authentication, system aactivity logging, audit trails, "exception" handling, on-prem and off-prem backup and storage of the Company's data.

Other

The economic uncertainties around persistent inflation pressure and geopolitical events have the potential to slow growth in the global economy. Future developments in these challenging areas could impact on the Company's results and financial condition and the full extent of that impact remains unknown.

DISCLOSURE CONTROLS AND PROCEDURES

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Audit Committee is composed of three directors who meet at least quarterly with management and at least annually with the external auditors to review accounting, internal control, financial reporting, and audit matters. There have been no significant changes to the Company's internal control over financial reporting that occurred during the period that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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 six months ended March 31, 2024 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 other material events occurred subsequent to June 30, 2024.