



TELESCOPE INNOVATIONS CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED FEBRUARY 28, 2022

TELESCOPE INNOVATIONS CORP.
Management Discussion and Analysis
For the six months ended February 28, 2022

Introduction

This Management Discussion and Analysis (“MD&A”) of Telescope Innovations Corp. (the “Company”) has been prepared by management as of April 27, 2022 and should be read in conjunction with the condensed consolidated interim financial statements and related notes thereto of the Company for the period ended on February 28, 2022, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) including IAS 34 – *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”). All dollar figures are expressed in Canadian dollars unless otherwise stated.

Forward-looking Statements

This MD&A contains “forward-looking information” within the meaning of applicable Canadian securities legislation and “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, “forward-looking information”). In certain cases, forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or variations or the negative of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative of these terms or comparable terminology. By their very nature, forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. The Company disclaims any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

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1. Executive Summary

Telescope Innovations Corp. (“Telescope”) or (“the Company”) is a chemical technology company developing scalable manufacturing processes and tools for the pharmaceutical and chemical industry. The Company builds and deploys new enabling technologies including flexible robotic platforms and artificial intelligence software that improves experimental throughput, efficiency, and data quality. A key area of application for these tools is the development of scalable manufacturing processes for mental health medicines in the under-utilized tryptamine class of compounds, including psychedelic therapeutics. Telescope also applies these toolsets to resolve inefficiencies in industrial process chemistry and manufacturing.

2. Summary of Telescope Innovations Corp. Business

The Company was incorporated on July 30, 2019 with the intention of focusing on the rapidly expanding and unmet demand for pharmaceutical-grade psilocybin and related compounds. To address this need, the Company is developing proprietary processes compatible with the standards of cGMP. The sale or licensing of Company-developed intellectual property forms a core component of the Company’s business model.

On May 31, 2021, ClearMynd Technology Solutions Corp. (“ClearMynd”) closed a Share Exchange Agreement with Telescope, whereby Telescope acquired all the issued and outstanding securities in the capital of ClearMynd in exchange for common shares of Telescope. The acquisition of ClearMynd by Telescope is accounted for as a reverse takeover, whereby, ClearMynd is deemed to be the acquirer and Telescope is deemed to be the acquiree. The acquisition constitutes an asset acquisition as Telescope did not meet the definition of a business as defined in IFRS 3, *Business Combinations*. As a result, the net assets of Telescope are deemed to be acquired at fair value by ClearMynd and share capital of Telescope is eliminated as a result of the acquisition.

In September, 2021, Telescope completed its direct listing on the Canadian Securities Exchange (the “CSE”), and its common shares commenced trading on the CSE on September 27, 2021 under the ticker symbol “TELI”.

Research and development efforts thus far have focused on the development of scalable synthetic pathways to psilocybin and tryptamine-based analogs and precursors. Based on this work, a Patent Cooperation Treaty (“PCT”) patent application was filed in December 2021, claiming priority to provisional applications filed in December 2020 and October 2021. Telescope’s PCT application includes both a validation of the Company’s chemical synthesis approach, as well as a set of proprietary Novel Chemical Entities (“NCEs”). The pathways outlined in these patents are well-positioned for cGMP optimization due to the use of simple, abundant starting materials and a limited number of synthetic steps. The chemical flexibility of the processes enables the exploration of many other valuable tryptamine-based compounds, including: dimethyltryptamine, harmaline, miprocin, ibogaine, melatonin, lysergic acid diethylamide, serotonin and bufotenine, among others. The Company believes that there is increasing interest among industry participants in the modification of classic psychedelic compounds to tune their predictability, potency, and pharmacokinetic profiles. Indeed, the NCEs discovered by Telescope are currently being evaluated by a third-party drug screening and neurochemical company for therapeutic potential. Positive results from these studies could warrant preclinical development of Telescope’s compounds as next-generation psychedelic therapeutics, targeting improvements in safety, potency, specificity, or tunability relative to known candidates.

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2. Summary of Telescope Innovations Corp. Business (continued)

The Company's research efforts in this area were originally inspired by work conducted in Prof. Jason Hein's laboratory in the Department of Chemistry at the University of British Columbia ("UBC"). As Telescope's Chief Executive Officer, Prof. Hein has led the Company's spin-out process from UBC with a focus on ensuring the Company's right to own and develop independent intellectual property. In November 2021, UBC formally agreed to assign all interest in and to these provisional patents to Telescope along with the option to acquire additional technological developments related to scalable synthetic psilocybin and tryptamine compounds. In consideration for the assignment of the interest and the grant of the option, the Company agreed to issue 1,000,000 common shares to UBC at a deemed price of \$0.99 per share. All shares issued to UBC will be subject to restrictions on resale for a period of four-months-and-one-day in accordance with applicable securities laws.

In 2022, the Company expects to focus the majority of its R&D efforts on maximizing reaction efficiency and product purity to enable the development of a cGMP process. While the Company has historically conducted its own R&D activities, it may, in the future, also rely on subcontracted R&D service providers. The Company will also seek to establish relationships with biopharmaceutical companies interested in onboarding Telescope processes into pharmaceutical development pipelines, and/or assessing Telescope NCEs for potential development. The Company anticipates that current R&D activities will result in filing additional provisional patents related to novel processes and molecules in the next twelve months.

3. Q2-2022 Highlights

On October 28, 2021, the Company granted 1,600,000 stock options to management and consultants of the Company at a price of \$0.50 for a period of 5 years with the stock options vested in full on March 1, 2022.

On November 23, 2021, the Company granted 1,725,000 stock options to consultants and directors of the Company at a price of \$0.90 for a period of 5 years with the stock options vested in full on March 24, 2022.

On November 29, 2021 the Company entered into an agreement with the University of British Columbia ("UBC") in which UBC has agreed to assign all interest in and to a provisional patent application related to the development of scalable synthetic psilocybin and other tryptamine compounds. The Company was also granted the option by UBC to acquire additional technological developments related to the patent application in the future. In consideration for the assignment of the interest, and the grant of the option, on January 10, 2022 the Company issued 1,000,000 common shares with a fair value of \$990,000 to UBC. All shares issued to UBC are subject to a four month and one day hold period which will expire on May 11, 2022.

The Company's cash position at February 28, 2022 was \$1,295,891.

4. Results of Operations

The following is a summary of the activities and costs to date for the advancement of the patent application:

During the three-month period ended February 28, 2022:

- Amortisation costs of \$61,833 were incurred in the three month period ended February 28, 2022 ("Q2-2022") which are a result of the straight-line amortisation of the laboratory which commenced operations on September 13, 2021.
- Consulting fees of \$294,917 were incurred during Q2-2022. These costs relate to the ongoing operation and set-up of the laboratory.

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4. Results of Operations (continued)

- Insurance costs of \$1,270 were incurred during Q1-2022. This cost related to Commercial General Liability Coverage.
- Lab operations and supply costs of \$81,566 were incurred during Q2-2022. These costs were incurred to operate lab, inclusive of rental of laboratory space.
- Management fees of \$58,850 were incurred during Q2-2022. These costs include the fees paid to the CEO and Corporate Secretary of the Company.
- Office and miscellaneous costs of \$23,540 during Q2-2022 were higher than costs of \$3,881 incurred during Q2-2021. These costs relate to bank service charges, website and the purchase of computers and supplies. Higher costs were incurred during the period due to the set-up of workspace for new consultants.
- Patent costs of \$1,001,410 were incurred during Q2-2022. These costs were incurred as part of the ongoing management of the patent application and the 1,000,000 common shares issued to UBC with a non-cash value of \$990,000.
- Professional fees of \$60,293 incurred during Q2-2022 were higher than costs of \$35,511 incurred during Q2-2021. These costs relate to legal, audit, tax filing and accounting fees.
- Regulatory and transfer agent costs of \$48,213 related to costs due to the commencement of trading during Q1-2022.
- Research and development costs of \$17,361 were incurred during Q2-2022 as compared to \$56,613 during Q2-2021. The fees related to the research and development for the eventual filing of a patent.
- Share-based payment cost of \$1,551,417 relate to the stock option grants dated October 28, 2021 and November 23, 2021.
- Travel costs of \$15,292 incurred during Q2-2022 relate to the reimbursement of travel for out of town consultants.

During the six-month period ended February 28, 2022:

- Amortisation costs of \$107,536 were incurred in the six month period ended February 28, 2022 ("YTD2022") which are a result of the straight-line amortisation of the laboratory which commenced operations on September 13, 2021.
- Consulting fees of \$479,989 were incurred during YTD2022. These costs relate to the ongoing operation and set-up of the laboratory.
- Insurance costs of \$8,429 were incurred during YTD2022. This cost related to Commercial General Liability Coverage and Worksafe BC premiums.
- Lab operations and supply costs of \$170,110 were incurred during YTD2022. These costs were incurred to operate lab, inclusive of rental of laboratory space.
- Management fees of \$108,950 were incurred during YTD2022. These costs include the fees paid to the CEO and Corporate Secretary of the Company.
- Office and miscellaneous costs of \$60,143 during YTD2022 were higher than costs of \$3,998 incurred during YTD2021. These costs relate to bank service charges, website and the purchase of computers and supplies. Higher costs were incurred during the period due to the set-up of workspace for new consultants.

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4. Results of Operations (continued)

- Patent costs of \$1,014,443 were incurred during YTD2022. These costs were incurred as part of the ongoing management of the patent application and the 1,000,000 common shares issued to UBC with a non-cash value of \$990,000.
- Professional fees of \$120,796 incurred during YTD2022 were higher than costs of \$49,988 incurred during YTD2021. These costs relate to legal, audit, tax filing and accounting fees.
- Regulatory and transfer agent costs of \$64,356 related to costs due to the commencement of trading during Q1-2022.
- Research and development costs of \$30,221 were incurred during YTD2022 as compared to \$67,113 during YTD2021. The fees related to the research and development for the eventual filing of a patent.
- Share-based payment cost of \$1,828,021 relate to the stock option grants dated October 28, 2021 and November 23, 2021.
- Travel costs of \$15,292 incurred during YTD2022 relate to the reimbursement of travel for out of town consultants.

5. Summary of Quarterly Results

The following is a summary of certain financial information concerning the Company for the last eight quarters:

Quarter Ended	Total Revenues	Comprehensive Loss for the Period	Basic and Diluted Loss Per Share
May 31, 2020	\$Nil	\$(120,506)	\$(120,506)
August 31, 2020	\$Nil	\$(40,510)	\$(40,510)
November 30, 2020	\$Nil	\$(36,515)	\$(0.01)
February 28, 2021	\$Nil	\$(137,901)	\$(0.01)
May 31, 2021	\$Nil	\$(3,295,115)	\$(0.13)
August 31, 2021	\$Nil	\$(555,788)	\$(0.02)
November 30, 2021	\$Nil	\$(792,299)	\$(0.06)
February 28, 2022	\$Nil	\$(3,218,778)	\$(0.05)

6. Liquidity and Capital Resources

As at February 28, 2022, the Company reported working capital surplus of \$1,521,287.

The Company held \$1,295,891 of cash or cash equivalents as of February 28, 2022.

The Company held \$373,240 as prepayment and \$153,801 as a receivable as at February 28, 2022

Current liabilities as at February 28, 2022 consist of accounts payable and accrued liabilities of \$301,646.

7. Off-Balance Sheet Arrangements and Commitments

At the date of this MD&A, the Company had no off-balance sheet obligations and has no commitments to incur costs related to the advancement of the business.

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8. Changes in Accounting Policies

The preparation of financial statements in conformity with IFRS requires the Company to establish accounting policies and to make estimates that affect both the amount and timing of the recording of assets, liabilities, revenues and expenses. A detailed summary of the Company's significant accounting policies is included in Note 2 and adoption of new or amended accounting standards are included in Note 4 of the audited consolidated financial statements for the year ended August 31, 2021.

9. Financial Instruments and Other Instruments

Financial Instruments and Fair Value Measurements

IFRS 13 – *Fair Value Measurement*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The following table sets for the company's financial assets measured at fair value by level within the fair value hierarchy:

	Fair Value Measurements Using				Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
February 28, 2022					
Cash	\$ 1,295,891	\$ –	\$ –	\$ –	\$ 1,295,891
August 31, 2021					
Cash	\$ 3,294,388	\$ –	\$ –	\$ –	\$ 3,294,388

Financial Risk

(i) Credit Risk

Credit risk arises from non-performance by counterparties of contractual financial obligations. The Company's maximum credit risk is primarily attributable to its cash. The Company limits its exposure to credit loss for cash by placing such instruments with financial institutions.

(ii) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient financial resources to meet liabilities when due. As at February 28, 2022, the Company had working capital surplus of \$1,521,287. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(iii) Interest Rate Risk

In management's opinion, the Company's interest rate risk is minimal as the Company does not have any bank indebtedness or loans payable that bear interest at fixed or variable rates.

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10. Business Operations

The Company was incorporated on July 30, 2019 under the laws of British Columbia. The Company's principal business activities include developing scalable synthetic processes to access pharmaceuticals for the treatment of mental health. The address of the Company's corporate office is 1600-609 Granville Street, Vancouver, British Columbia, V7Y 1C3, Canada.

At February 28, 2022, the Company had not yet determined whether its activities are economically viable and the ability of the Company to obtain necessary financing to complete the development and obtaining a patent is not known.

During March 2020, the World Health Organization declared COVID-19 a global pandemic. The contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company has not been significant, but management continues to monitor the situation.

Outstanding Share Data

Summary of Outstanding Share Data at April 27, 2022:

- i) Authorized:
Unlimited common shares without par value

- Issued and outstanding:
48,786,070 common shares

- ii) Stock options outstanding: 3,325,000

- iii) Warrants outstanding: nil

11. Disclosure Controls

Management has designed disclosure controls and procedures, or has caused them to be designed under its supervision to provide reasonable assurance that material information relating to the Company is made known to management, particularly during the period in which the annual filings are being prepared. Management has also designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements for the year ended August 31, 2021 in accordance with IFRS.

The Chief Executive Officer and Chief Financial Officer of the Company have evaluated the effectiveness of the Company's disclosure controls and procedures in place as at February 28, 2022. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer of the Company concluded that the design and operations of these controls and procedures were effective.