

## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED NOVEMBER 30, 2022

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Management's discussion and analysis ("MD&A") provides a detailed analysis of the results and financial condition of Telescope Innovations Corp. (the "Company") for the three months ended November 30, 2022. The following MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements for the period ended November 30, 2022 and the audited consolidated financial statements for the year ended August 31, 2022, and 2021 and the notes thereto (collectively, the "Financial Statements"), which have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Other information contained in these documents has also been prepared by management and is consistent with the data contained the Financial Statements.

This Management's Discussion and Analysis ("MD&A") is dated January 30, 2023, and discloses specified information up to that date. Unless otherwise cited, references to dollar amounts are in Canadian dollars. This MD&A contains "forward-looking statements" that are subject to risk factors including those set out in the "Cautionary Statement" at the end of this MD&A. All information contained in this MD&A is current and has been approved by the Company's Board of Directors as of January 30, 2023, unless otherwise indicated. Throughout this report we refer to "Telescope", the "Company", "we", "us", "our", or "its". All these terms are used in respect of Telescope Innovations Corporation. ***We recommend that readers consult the "Cautionary Statement" on the last page of this report.*** Additional information relating to the Company is available on the Company's website at [www.telescopeinnovations.com](http://www.telescopeinnovations.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

The condensed consolidated interim financial statements for the three months ended November 30, 2022, have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. During the three months ended November 30, 2022, the operations of the Company were primarily funded by the issuance of share capital.

The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financing, or generate profitable operations in the future. The condensed consolidated financial interim statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue business.

### Description of Business

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. Telescope also applies these toolsets to resolve inefficiencies in industrial process chemistry and manufacturing.

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.

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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 three strategic areas: i) The development of automated laboratory systems and analytical tools to accelerate chemistry research (“Telescope Automation”); ii) the application of these tools to discover scalable synthetic pathways to psilocybin and related mental health medicines (“Telescope Health”); and iii) the application of Telescope Automation tools to resolve process manufacturing inefficiencies in the chemical industry (“Telescope Industries”).

Telescope Automation launched its first product, the Direct Inject Liquid Chromatography (“DILC”) platform, in June 2022. The DILC is an innovative instrument for real-time, *in situ* sampling and immediate analysis of chemical reactions. The Company expects that the commercial deployment and insight provided by DILC technology will highlight the unique combination of skills Telescope provides to support the characterization and development of chemical, biopharmaceutical, and manufacturing process development.

Under the Telescope Health banner, the Company has filed a Patent Cooperation Treaty (“PCT”) patent application to protect its novel, scalable synthesis methods to produce psilocybin and tryptamine-based analogs and precursors. The PCT application, published in July 2022, claims priority to provisional applications filed in December 2020 and October 2021. The synthetic approach described is 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 patent also covers a set of proprietary Novel Chemical Entities (“NCEs”) in the tryptamine family that are 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 proprietary processes for the synthesis of next-generation psychedelic therapeutics, targeting improvements in safety, potency, specificity, or tunability relative to known candidates.

Since March 2022, the Telescope Industries division has applied the Company’s tools to address previously intractable challenges in chemical manufacturing, engineering, and mining. The Company has been engaged by various industrial clients seeking crucial chemical analytical studies to enable process manufacturing, or to evaluate novel processes and technologies for potential deployment. Clients include Hatch Ltd. and Standard Lithium Ltd. The Company expects these engagements to illuminate industrial pain points that can be targeted by its unique technology, creating valuable products and services for the chemical manufacturing sector.

Over the next year, Telescope intends to continue deploying its Automation technology through product sales, and focused contract research engagements addressing specific chemical research, development, or manufacturing bottlenecks for client companies. The Company anticipates that current R&D activities will result in filing additional provisional patents related to novel processes in the next twelve months and may license these processes for commercial application (development and manufacturing).

### **Q1 -FY 2023 Highlights**

On September 1, 2022, the Company upgraded to trade on the OTCQB market. The Company anticipates that upgrading to the OTCQB will provide greater liquidity and a more seamless trading experience for our U.S. shareholders. With enhanced reporting requirements and greater transparency required with the OTCQB listing, the upgrade also provides exemptions from U.S. state securities laws or “blue sky” exemptions which may help to further increase liquidity and expand investment advisors’ ability to research and recommend investment in Telescope.

On November 10, 2022, the Company closed a private placement and issued a total of 4,879,499 units at a price of \$0.30 per unit for total proceeds, less share issuance costs, of \$1,462,650. Each unit consists of one common share of the Issuer and one-half-of-one common share purchase warrant. Each Warrant entitles the holder to purchase one additional common share of the Issuer at a price of \$0.75 per warrant share until November 10, 2024, subject to accelerated expiry at the option of the Company in the event the closing

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price of the Shares on the Canadian Securities Exchange is \$1.00 or more for ten consecutive trading days. The Units were offered pursuant to exemptions from the registration and prospectus requirements of applicable securities legislation.

The Company intends to use the net proceeds from the Offering for working capital and general corporate purposes. The securities issued by the Company under the Offering are subject to restrictions on resale in accordance with applicable securities laws. These restrictions will expire on March 11, 2023. No finders' fees or commissions were paid by the Company in connection with completion of the Offering.

### ***FY2022 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 \$850,000 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.

On March 14, 2022, the Company granted 100,000 stock options to a consultant of the Company in accordance with the Company's incentive stock option plan. The option vests on July 15, 2022 and is exercisable to acquire common shares of the Company at a price of \$0.55 until March 14, 2027.

On April 25, 2022, Telescope announced the Company had been engaged to perform contract research services by Hatch Ltd. ("**Hatch**"), a global engineering, project management, and professional services firm. Hatch contracted Telescope to perform a series of physical chemistry studies leveraging Telescope's unique analytical toolsets to address notorious bottlenecks in chemical development and manufacturing pipelines. To date, very few tools exist to fully map out the behavior of dynamic chemical systems even though the data is indispensable for development and optimization. Telescope brings automation, machine learning, process analytical technology and chemical expertise to meet this challenge. This is another demonstration of the growth of industrial interest in Telescope's Contract Research capabilities.

On April 28, 2022, Henry Dubina was elected as an additional independent director of the Company by its shareholders. Mr. Dubina was the president and Strategic Business Unit Head of Mettler-Toledo AutoChem ("MT AutoChem") between 1999 and his retirement in 2022. As the President and Head of MT AutoChem for over 20 years, he directed the global business Research & Development, Manufacturing, Marketing, Sales and Service.

On June 17, 2022, the Company entered into a Master Service Agreement ("the MSA") with Standard Lithium Ltd. ("SLI"), a related party, to provide scientific services and test work for the purpose of developing new technologies. The Company will receive funding for one year from the first project under the MSA. This project consists of the evaluation and utilisation and sequestration of CO<sub>2</sub> within the lithium brine extraction and reinjection processes developed by SLI. This project works towards the decarbonisation of the lithium supply chain and continues to strategically deploy the Company's tools and expertise across the chemical industry.

On June 27, 2022 Telescope Automation announced its first commercial product launch, the Direct Inject Liquid Chromatography ("**DILC**") platform, an innovative tool to enable real-time, immediate analysis tool of chemical reactions. The DILC platform fuses Telescope's proprietary hardware, software, and unique integration know-how with proven sampling technology supplied by an internationally renowned manufacturer

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of lab instrumentation. The Sampler Manufacturer is the global leader in enabling hardware and software technology that accelerates the development of chemical and biological processes.

Telescope has been engaged by several major global pharmaceutical companies to onboard our DILC product. Telescope has already leveraged this enabling tool across all its contract research operations and are now offering this to market to address unmet needs in process analytics to characterize and optimize chemical reactions. First customer shipments are expected in January of 2023.

On July 19, 2022, the Company granted 500,000 incentive stock options to certain consultants and advisory board members of the Company in accordance with the Company's incentive stock option plan. The options vest on November 20, 2022 and are exercisable to acquire common shares of the Company at a price of \$0.35 until July 19, 2027.

On September 1, 2022, Telescopes' USA's ticker symbol "TELIF" was upgraded to trade on the OTCQB market effective September 1, 2022. It is anticipated that Telescope's upgraded listing to the OTCQB will provide greater liquidity and a more seamless trading experience for U.S. shareholders. With enhanced reporting requirements and greater transparency required with the OTCQB listing, the upgrade also provides exemptions from U.S. state securities laws or "blue sky" exemptions which may help to further increase liquidity and expand investment advisors' ability to research and recommend investment in Telescope.

On September 6, 2022 the Company appointed Dr. Jeffrey W. Sherman as Chief Operating Officer. Dr. Sherman brings over thirty years of experience in the scientific instrument industry. He has worked with emerging technology startups, mid-sized companies, and internationally leading suppliers of laboratory technology including Micromeritics Instrument Corporation, ThermoFisher Scientific, and Mettler-Toledo. His breadth of experience covers technical scientific roles, global sales management, and general management. He has also been intimately involved with strategy development, mergers, acquisitions, technology licensing, divestitures, and business consolidations. His market and business development track record has served both industrial and academic clients engaged in new entity discovery, process and product development, as well as scale-up and manufacturing in the bio-pharmaceutical, fine chemical, oil and gas, polymer and plastics, and mining sectors.

On October 6, 2022, The Company announced that K. Barry Sharpless, a crucial member of Telescope's advisory team who provides crucial insights to advance the Company's chemical synthesis and manufacturing technologies and W.M. Keck Professor of Chemistry at Scripps Research, was awarded the 2022 Nobel Prize in Chemistry. Prof. Sharpless shares the award with Carolyn Bertozzi of Stanford and Morten Meldal of the University of Copenhagen, Denmark for the development of "click chemistry and bioorthogonal chemistry. Prof. Sharpless becomes only the fifth person in history to win a Nobel twice.

On October 24, 2022, the Company announced that it has been contracted by Natural Resources Canada ("NRCan") to help develop a critical lithium refinement technology. Over 16 months, Telescope will collaborate with NRCan to build an autonomous, self-driving experimental platform. The goal of this platform is to boost the efficiency of lithium extraction, purification, and crystallization from lithium-containing brines, including effluent streams from battery recycling facilities. This project reaffirms Telescope's position as a trusted partner-of-choice to resolve bottlenecks and inefficiencies in chemical manufacturing. While lithium brine extraction and refinement processes do exist, their complexity incurs high CAPEX and OPEX barriers to deployment. Telescope's unique automation and analytic technology has the potential to address this challenge by increasing the efficiency of lithium carbonate production from brines. In this way, the Company aims to contribute to national decarbonization and electrification efforts.

On November 10, 2022, the Company announced that it has closed a non-brokered private placement (the "Offering"). Upon closing of the Offering, the Company issued a total of 4,879,499 units ("Units") at a price of \$0.30 per Unit for aggregate gross proceeds of \$1,463,850. Each Unit consists of one common share of the Issuer (each, a "Share") and one-half-of-one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to purchase one additional common share (each, a "Warrant Share") of the Issuer at a price of \$0.75 per Warrant Share until November 10, 2024, subject to accelerated expiry at the option of the Company in the event the closing price of the Shares on the Canadian

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Securities Exchange is \$1.00 or more for ten consecutive trading days. The Units were offered pursuant to exemptions from the registration and prospectus requirements of applicable securities legislation.

Telescope intends to use the net proceeds from the Offering for working capital and general corporate purposes. The securities issued by the Company under the Offering are subject to restrictions on resale in accordance with applicable securities laws. These restrictions will expire on March 11, 2023. No finders' fees or commissions were paid by the Company in connection with completion of the Offering.

Insiders of the Company subscribed for an aggregate of 1,160,332 Units. The issuances of Units to insiders pursuant to the Offering are considered related party transactions within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company relied on exemptions from the formal valuation and minority approval requirements in sections

5.5(a) and 5.7(1)(a) of MI 61-101 in respect of insider participation as, at the time the transaction was agreed to, neither the fair market value of, nor the fair market value of the consideration for, the transaction, insofar as it involves interested parties, exceeded 25% of the Company's market capitalization.

### Results of Operations

#### Summary of Quarterly Financial 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
February 28, 2021	\$Nil	\$(137,901)	\$(0.01)
May 31, 2021	\$Nil	\$(3,295,115)	\$(0.13)
August 31, 2021	\$Nil	\$(555,788)	\$(0.01)
November 30, 2021	\$Nil	\$(792,299)	\$(0.02)
February 28, 2022	\$Nil	\$(3,218,778)	\$(0.07)
May 31, 2022	\$Nil	\$(990,248)	\$(0.02)
August 31, 2022	\$595,398	\$(745,702)	\$(0.01)
November 30, 2022	\$511,065	\$(270,235)	\$(0.01)

#### Selected Financial Information

	Three months ended November 30, 2022	Three months ended November 30, 2021
Total revenue	\$ 511,065	\$ -
Total assets	3,796,349	2,556,499
Net loss	270,235	792,299
Long term debt	Nil	Nil
Dividends	Nil	Nil



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For the three months ended November 30, 2022, compared to the three months ended November 30, 2021:

	2022	2021	Note
<b>REVENUE</b>			
Contract revenue	\$ 511,065	\$ -	1
<b>EXPENSES</b>			
Advertising and promotion	1,698	-	
Amortization	67,639	45,703	2
Consulting	389,904	185,072	3
Foreign exchange gain	(12,684)	(25)	4
Insurance	4,038	7,159	
Lab operations and supplies	116,809	88,544	5
Management fees	50,100	50,100	
Office and miscellaneous	19,954	36,603	
Patent costs	-	13,033	
Professional fees	47,538	60,503	6
Regulatory and transfer agent fees	7,267	16,143	
Research and development	-	12,860	
Rent	35,574	-	
Share-based payments	-	276,604	7
Travel	53,463	-	8
<b>Total expenses</b>	<b>(781,300)</b>	<b>(792,299)</b>	
<b>Loss and comprehensive loss for the period</b>	<b>\$ (270,235)</b>	<b>\$ (792,299)</b>	
<b>Basic and diluted earnings (loss) per common share</b>	<b>\$ (0.01)</b>	<b>\$ (0.06)</b>	

1. During the quarter, the Company generated \$511,065 in contract revenue from new and existing customers that it onboarded during the current period and previous year. This is the second consecutive quarter of revenues for the Company.
2. Amortization expense during the quarter was \$67,639 compared to \$45,703 in the comparable quarter. The Company commenced lab operating in Q1 2022 at which time it began recording amortization.
3. Consulting fees were \$389,904, an increase of \$204,832 over the comparable quarter. The increase is the result of engaging more consultants as the result of more projects and an increase in business activity.
4. The Company generates contract revenues in Canadian and US Dollars. As a result, the Company expects to record foreign exchange gains and losses on quarterly basis.
5. Lab operating and supplies expenses were \$116,809 during the quarter, \$28,265 higher than in the comparable quarter. The Company incurred more lab costs as the result of the increase in business activities during the current quarter.

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6. Professional fees during the quarter were \$47,538 compared to \$60,503 in the comparable quarter. Professional fees were higher in Q1 2021 due to completion of the RTO.
7. Share based payments expense was \$Nil during the quarter compared to \$276,604 during the same quarter last year. There were no new options issued during the current quarter.
8. Travel expenses increased from \$nil in Q1 2022 to \$53,463 in Q1 2023 as the result of more business travel.

### **Liquidity, Capital Resources and Capital Expenditures**

As at November 30, 2022, the Company has not achieved profitable operations and has accumulated losses and expects to incur further losses in the development of its business. This material uncertainty may cast significant doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financing, or generate profitable operations in the future and in addition, its continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business.

The Company will take appropriate measures to raise the necessary funding through private placements, exercising of stock options, warrants and/or credit facilities to address its liabilities and to continue operations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

The Company experienced a net loss and comprehensive loss of \$270,235 for the three-month period ended November 30, 2022 (2021 - \$792,299). The Company has a history of losses and accumulated losses of \$10,294,892 (August 31, 2022 - \$10,024,657) since its inception. The Company anticipates further future losses until the Company secures sales contracts to sustain positive cash flows.

At November 30, 2022, the Company's working capital, defined as current assets less current liabilities, was \$1,370,029, an increase of \$1,224,453 in working capital as compared to \$145,576 at November 30, 2021.

During the period from September 1, 2022, to November 30, 2022 the Company:

- i) issued 4,879,070 common shares when it closed a non-brokered private placement for total proceeds, net of share issuance costs, of \$1,462,650.
- ii) Purchased \$35,599 of capital items relating to lab equipment.

The Company's financial statements have been prepared in accordance with IFRS applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

The Company's cash is mainly in Canadian dollars. The Company is subject to only minor exchange rate fluctuations relative to the reporting currency. Cash on hand at November 30, 2022 was \$1,670,343.

The Company has not made any arrangements for sources of financing that remain undrawn.

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### Financial Instruments and Financial Risk

#### *Financial Instruments and Fair Value Measurements*

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, 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 forth the Company's financial assets and financial liabilities measured at fair value on a recurring basis by level within the fair value hierarchy as at November 30, 2022:

	Level 1	Level 2	Level 3
<b>November 30, 2022</b>			
Cash	\$ 1,670,343	\$ –	\$ –
<b>Total financial assets</b>	<b>\$ 1,670,343</b>	<b>\$ –</b>	<b>\$ –</b>

#### Fair value

The fair value of the Company's financial instruments approximates their carrying value as at November 30, 2022 because of the demand nature or short-term maturity of these instruments.

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### *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 November 30, 2022, the Company had working capital of \$1,370,029. 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 that bears interest at fixed or variable rates.



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(iv) Foreign currency risk

As at November 30, 2022, \$Nil (August 31, 2022 - \$Nil) of the Company's liabilities and \$451,792 (August 31, 2021 - \$384,375) of its current assets are denominated in US dollars. A 1% change in the US/Canadian dollar exchange rate would result in a \$4,518 net impact on the Company's foreign exchange gain or loss. As at November 30, 2022, the Company is moderately exposed to foreign exchange fluctuations.

### RELATED PARTY TRANSACTIONS

Key management personnel include the Company's Board of Directors and Officers of the Company. The Company's related parties include key management personnel, and companies related by way of directors or shareholders in common. Transactions with related parties for goods and services are made on normal commercial terms.

(a) Key management personnel compensation was comprised of the following:

The remuneration of directors and other members of key management personnel during the periods ended November 30, 2022, and 2021 were as follows:

	<b>2022</b>	<b>2021</b>
Consulting and management fees	\$ 56,100	\$ 50,100
Share based payments	-	44,163
	<b>\$ 56,100</b>	<b>\$ 94,263</b>

(b) Amounts due to/from related parties

In the normal course of operations, the Company transacts with companies related to the Company's directors and officers. All amounts payable and receivable are non-interest bearing, unsecured and due on demand. The following table summarizes the amounts due to related parties:

	<b>2022</b>	<b>2021</b>
Dr. Jason Hein	\$ 73,262	\$ 45,364
Emprise Management Services Corp.	36,225	29,925
	<b>\$ 109,487</b>	<b>\$ 75,289</b>

### Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to develop scalable manufacturing processes and tools for the pharmaceutical and chemical industry. The Company does not have any externally imposed capital requirements to which it is subject to.

The Company considers the aggregate of its equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

The Company's investment policy is to invest its cash in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from operations.

**Outstanding Share Data**

- a) Authorized: The Company is authorized to issue an unlimited number of common shares without par value.
- b) Issued and outstanding as at January 30, 2023: 53,665,569 common shares.

In connection with the Company's direct listing on the Canadian Securities Exchange during the year, the Company entered into an Escrow Agreement dated September 27, 2021, whereby 11,643,741 common shares were held in escrow and are scheduled for release in accordance with the terms of the Escrow Agreement. As at November 30, 2022, there were 6,986,243 common shares in escrow.

- c) Stock options outstanding: 3,925,000
- d) Warrants outstanding: 2,439,750

***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.