

**TELESCOPE INNOVATIONS CORP.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED FEBRUARY 28, 2023, AND 2022**  
**(UNAUDITED – PREPARED BY MANAGEMENT)**

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements they must be accompanied by a notice indicating that these condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

**TELESCOPE INNOVATIONS CORP.**

Condensed Consolidated Interim Statements of Financial Position

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

As at,

|  | Note     | February 28,<br>2023<br>(unaudited) | August 31,<br>2022  |
|--|----------|-------------------------------------|---------------------|
| <b>ASSETS</b>                            |          |                                     |                     |
| Current assets                           |          |                                     |                     |
| Cash                                     |          | \$ 1,718,807                        | \$ 719,493          |
| Accounts receivable                      |          | 148,724                             | 503,954             |
| Sales taxes recoverable                  |          | 255,549                             | 215,103             |
| Prepaid expenses and deposits            |          | 79,329                              | 58,053              |
| <b>Total current assets</b>              |          | <b>2,202,409</b>                    | <b>1,496,603</b>    |
| Equipment                                | <b>5</b> | 1,505,908                           | 1,526,956           |
| <b>Total assets</b>                      |          | <b>\$ 3,708,317</b>                 | <b>\$ 3,023,559</b> |
| <b>LIABILITIES</b>                       |          |                                     |                     |
| Current liabilities                      |          |                                     |                     |
| Accounts payable and accrued liabilities |          | \$ 255,300                          | \$ 480,277          |
| Amounts due to related parties           | <b>8</b> | 200,055                             | 39,375              |
| Deferred revenue                         | <b>8</b> | 409,297                             | 831,375             |
| <b>Total liabilities</b>                 |          | <b>864,652</b>                      | <b>1,351,027</b>    |
| <b>EQUITY</b>                            |          |                                     |                     |
| Share capital                            | <b>7</b> | 10,384,774                          | 8,954,720           |
| Equity reserves                          | <b>7</b> | 2,742,469                           | 2,742,469           |
| Accumulated deficit                      |          | (10,283,578)                        | (10,024,657)        |
| <b>Total equity</b>                      |          | <b>2,843,665</b>                    | <b>1,672,532</b>    |
| <b>Total liabilities and equity</b>      |          | <b>\$ 3,708,317</b>                 | <b>\$ 3,023,559</b> |

Nature and continuance of operations (Note 1)

Approved by the Board on April 24, 2023:

“Robert Mintak”

Director

“James Andrew Robinson”

Director

*The accompanying notes are an integral part of these condensed consolidated interim financial statements*

**TELESCOPE INNOVATIONS CORP.**

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

For the Three and Six Months Ended February 28,

|  | Note     | Three months ended |                      | Six months ended    |                       |
|--|----------|--------------------|----------------------|---------------------|-----------------------|
|  |          | 2023               | 2022                 | 2023                | 2022                  |
| <b>Revenues</b>  | <b>9</b> | \$ 816,328         | \$ -                 | \$ 1,327,393        | \$ -                  |
| <b>Expenses</b>  |          |                    |                      |                     |                       |
| Advertising and promotion  |          | 33,505             | 467                  | 35,203              | 467                   |
| Amortization   |          | 81,625             | 61,833               | 149,264             | 107,536               |
| Consulting   |          | 426,179            | 294,917              | 816,083             | 479,989               |
| Foreign exchange loss (gain)                                     |          | (3,701)            | 2,349                | (16,385)            | 2,324                 |
| Insurance  |          | 3,787              | 1,270                | 7,825               | 8,429                 |
| Lab operations and supplies                                      |          | 48,910             | 62,766               | 165,719             | 132,810               |
| Management fees  | <b>8</b> | 60,100             | 58,850               | 110,200             | 108,950               |
| Office and miscellaneous   |          | 14,840             | 23,540               | 34,794              | 60,143                |
| Patent costs   |          | -                  | 1,001,410            | -                   | 1,014,443             |
| Professional fees  |          | 52,667             | 60,293               | 100,204             | 120,796               |
| Regulatory and transfer agent fees                               |          | 13,241             | 48,213               | 20,508              | 64,356                |
| Research and development   |          | -                  | 17,361               | -                   | 30,221                |
| Rent   |          | 35,574             | 18,800               | 71,148              | 37,300                |
| Share-based payments   | <b>7</b> | -                  | 1,551,417            | -                   | 1,828,021             |
| Travel   |          | 38,288             | 15,292               | 91,751              | 15,292                |
|  |          | <b>(805,015)</b>   | <b>(3,218,778)</b>   | <b>(1,586,315)</b>  | <b>(4,011,077)</b>    |
| <b>Net Income (Loss) and comprehensive<br/>Income (Loss)</b>     |          | <b>\$ 11,314</b>   | <b>\$(3,218,778)</b> | <b>\$ (258,921)</b> | <b>\$ (4,011,077)</b> |
| <b>Basic and diluted earnings (loss) per<br/>share</b>           |          | <b>\$ 0.00</b>     | <b>\$ (0.05)</b>     | <b>\$ (0.01)</b>    | <b>\$ (0.08)</b>      |
| <b>Weighted average number of common<br/>shares outstanding.</b> |          |                    |                      |                     |                       |
| <b>– basic and diluted</b>                                       |          | <b>50,256,604</b>  | <b>48,330,514</b>    | <b>50,256,604</b>   | <b>35,875,609</b>     |

The accompanying notes are an integral part of these condensed consolidated interim financial statements

**TELESCOPE INOVATIONS CORP.**

Condensed Consolidated Interim Statements of Changes in Equity  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

|   | <b>Number of<br/>Common<br/>Shares</b> | <b>Share<br/>Capital<br/>Amount</b> | <b>Equity<br/>Reserves</b> | <b>Accumulated<br/>Deficit</b> | <b>Total<br/>Equity</b> |
|---|--|-------------------------------------|----------------------------|--------------------------------|-------------------------|
| <b>Balance at September 1, 2021</b>               | <b>47,786,070</b>                      | <b>\$ 8,104,720</b>                 | <b>\$ -</b>                | <b>\$ (4,278,297)</b>          | <b>\$ 3,826,423</b>     |
| Share based payments                              | -                                      | -                                   | 1,828,021                  | -                              | 1,828,021               |
| Shares issued for Technology Assignment Agreement | 1,000,000                              | 850,000                             | -                          | -                              | 850,000                 |
| Net loss and comprehensive loss                   | -                                      | -                                   | -                          | (4,011,077)                    | (4,011,077)             |
| <b>Balance, February 28, 2022</b>                 | <b>48,786,070</b>                      | <b>\$ 8,954,720</b>                 | <b>\$ 1,828,021</b>        | <b>\$ (8,289,374)</b>          | <b>\$ 2,493,367</b>     |
| <b>Balance at September 1, 2022</b>               | <b>48,786,070</b>                      | <b>\$ 8,954,720</b>                 | <b>\$ 2,742,469</b>        | <b>\$ (10,024,657)</b>         | <b>\$ 1,672,532</b>     |
| Shares issued for cash, net of costs              | 4,879,499                              | 1,430,054                           | -                          | -                              | 1,430,054               |
| Net loss and comprehensive loss                   | -                                      | -                                   | -                          | (258,921)                      | (259,921)               |
| <b>Balance, February 28, 2023</b>                 | <b>53,665,569</b>                      | <b>\$ 10,384,774</b>                | <b>\$ 2,742,469</b>        | <b>\$ (10,283,578)</b>         | <b>\$ 2,843,665</b>     |

*The accompanying notes are an integral part of these condensed consolidated interim financial statements*

**TELESCOPE INOVATIONS CORP.**

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

For the Six Months Ended February 28,

|  | <b>2023</b>         | <b>2022</b>         |
|--|---------------------|---------------------|
| CASH PROVIDED BY (USED IN):                        |                     |                     |
| <b>Operating Activities</b>                        |                     |                     |
| Net loss   | \$ (258,921)        | \$ (4,011,077)      |
| Adjustments for non-cash items:                    |                     |                     |
| Share-based payments                               | -                   | 1,828,021           |
| Amortization                                       | 149,264             | 107,536             |
| Shares issued for Technology Assignment Agreement  | -                   | 990,000             |
| Change in non-cash working capital items           |                     |                     |
| Sales taxes recoverable                            | (40,446)            | (90,142)            |
| Accounts receivable – trade                        | 355,230             | -                   |
| Prepaid expenses and deposits                      | (21,276)            | (257,362)           |
| Due to related parties                             | 133,350             | -                   |
| Accounts payable and accrued liabilities           | (197,647)           | 54,578              |
| Deferred revenue                                   | (422,078)           | -                   |
| Cash used in operating activities                  | (302,524)           | (1,378,446)         |
| <b>Investing Activities</b>                        |                     |                     |
| Equipment purchases                                | (128,216)           | (620,051)           |
| Cash used in investing activities                  | (128,216)           | (650,051)           |
| <b>Financing Activities</b>                        |                     |                     |
| Proceeds from the issuance of shares, net of costs | 1,430,054           | -                   |
| Cash provided by financing activities              | 1,430,054           | -                   |
| <b>Change in cash during the period</b>            | <b>(999,314)</b>    | <b>(1,998,497)</b>  |
| <b>Cash, Beginning</b>                             | <b>719,493</b>      | <b>3,294,388</b>    |
| <b>Cash, Ending</b>                                | <b>\$ 1,718,807</b> | <b>\$ 1,295,891</b> |

## Supplemental Cash Flow Information

|                   |      |      |
|-------------------|------|------|
| Income taxes paid | \$ - | \$ - |
| Interest paid     | \$ - | \$ - |

*The accompanying notes are an integral part of these condensed consolidated interim financial statements*

## **TELESCOPE INNOVATIONS CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

For the Six Months February 28, 2023, and 2022

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### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Telescope Innovations Corp. (the “Company” or “Telescope”), formerly Culmina Ventures Corp., was incorporated under the British Columbia Business Corporations Act on March 25, 2019. On May 31, 2021, the Company completed a share exchange agreement with ClearMynd Technology Solutions Corp. (“ClearMynd”) giving effect of the acquisition of ClearMynd’s outstanding common shares by Telescope as a reverse acquisition transaction (Note 4). These condensed consolidated interim financial statements include the historical operations, assets and liabilities of ClearMynd, which is deemed to be the continuing entity for financial reporting purposes. ClearMynd was incorporated under the British Columbia Business Corporations Act on July 30, 2019.

The Company intends to focus on the development as a Contract Research Organisation (“CRO”) to develop intellectual property, contract research and build automation products. The Company intends to raise additional equity, as needed, in order to pursue future business opportunities. The address of the Company’s corporate office and principal place of business is 2200-885 West Georgia Street, Vancouver, British Columbia, V6C 2E8, Canada.

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes the continued realization of assets and satisfaction of liabilities and commitments in the normal course of business.

During the period ended February 28, 2023, the Company incurred a net loss of \$258,921 and as at February 28, 2023, the Company had a working capital of \$1,337,757 and an accumulated deficit of \$10,283,578 which has been funded primarily by the issuance of equity and generating revenues from operating activities. The Company’s ability to continue as a going concern is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors and generating profitable operations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

These condensed consolidated interim financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these condensed consolidated interim financial statements. Such adjustments could be material.

#### **Risks associated with Public Health Crises, including COVID-19**

The Company’s business, operations and financial condition could be materially adversely affected by the outbreak of epidemics, pandemics or other health crises, such as the outbreak of COVID-19 that was designated as a pandemic by the World Health Organization on March 11, 2020. The international response to the spread of COVID-19 led to significant restrictions on travel, temporary business closures, quarantines, global stock market volatility and a general reduction in consumer activity. Such public health crises can result in operating, supply chain and project development delays and disruptions, global stock market and financial market volatility, declining trade and market sentiment, reduced movement of people and labour shortages, and travel and shipping disruption and shutdowns, including as a result of government regulation and prevention measures, or a fear of any of the foregoing, all of which could affect commodity prices, interest rates, credit risk and inflation. In addition, any future emergence and spread of similar pathogens could have an adverse impact on global economic conditions which may adversely impact the Company’s operations, and the operations of suppliers, contractors and service providers, including smelter and refining service providers, and the demand for the Company’s production.

## **TELESCOPE INNOVATIONS CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

For the Six Months February 28, 2023, and 2022

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### **1. NATURE AND CONTINUANCE OF OPERATIONS (continued)**

The Company may experience business interruptions, including suspended (whether government mandated or otherwise) or reduced operations relating to the outbreak of epidemics, pandemics or other health crises and other such events outside of the Company's control, which could have a material adverse impact on its business, operations and operating results, financial condition and liquidity.

The Company's exposure to such public health crises also includes risks to employee health and safety. Should an employee, contractor, community member or visitor become infected with a serious illness that has the potential to spread rapidly, this could place the Company's workforce at risk.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **a) Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the most recent annual audited consolidated financial statements of the Company issued under International Financial Reporting Standards ("IFRS") for the year ended August 31, 2022.

These condensed consolidated interim financial statements do not contain all of the information required for full annual financial statements. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company's most recent audited annual consolidated financial statements for the year ended August 31, 2022.

These condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors on April 24, 2023.

#### **b) Basis of consolidation**

These condensed consolidated interim financial statements include the assets and operations of the Company and its wholly owned subsidiaries ClearMynd Technology Solutions Corp. and 1280225 B.C. Ltd. All significant intercompany transactions and balances have been eliminated upon consolidation.

#### **c) Basis of measurement**

These condensed consolidated interim financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional and presentation currency of the Company and its subsidiaries is the Canadian dollar.



## TELESCOPE INNOVATIONS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

For the Six Months February 28, 2023, and 2022

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### 2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed consolidated interim financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Significant accounts that require estimates as the basis for determining the stated amounts include share-based payments, deferred income taxes and useful life of equipment. Critical judgments that have the most effect on the amounts recognized in the condensed consolidated interim financial statements include the Company's ability to continue as a going concern, determination of functional currency and revenue recognition.

### 3. NEW ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant effect on the Company's condensed consolidated interim financial statements.

### 4. REVERSE ACQUISITION TRANSACTION

On May 31, 2021, 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 the 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 acquisition is accounted for in accordance with IFRS 2, *Share-based Payments* whereby ClearMynd is deemed to have issued shares in exchange for the net assets of Telescope together with its listing status at the fair value of the consideration deemed received by ClearMynd and the share capital of Telescope is eliminated as a result of the acquisition. The consolidated financial statements on the combined entity are issued under the legal parent, Telescope, but are considered a continuation of the financial statements, assets and operations of the legal subsidiary, ClearMynd.

The listing expense of \$3,131,260 is comprised of the fair value of the common shares of Telescope retained by the former shareholders of Telescope and other direct expenses of the transaction less the fair value of the net assets of the Company that were acquired and is summarized as follows:

|  |              |
|--|--------------|
| Common shares issued (10,000,000 shares at \$0.30) | \$ 3,000,000 |
| Legal and other transactions costs                 | 72,508       |
|  | <hr/>        |
|  | 3,072,508    |
| Net liabilities of the Company:                    |              |
| Cash   | (253)        |
| Accounts payable                                   | 51,935       |
| Promissory notes                                   | 7,070        |
|  | <hr/>        |
|  | 58,752       |
| Listing expense                                    | <hr/>        |
|  | \$ 3,131,260 |

The Company has estimated the fair value of the 10,000,000 common shares based on the fair value of the special warrants issued in the private placements in March 2021 (Note 7).

**TELESCOPE INNOVATIONS CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

For the Six Months February 28, 2023, and 2022

**5. EQUIPMENT**

On September 13, 2021, the laboratory was established and began operations. During the period ended February 28, 2023, the Company purchased \$128,618 of equipment. The equipment is being depreciated using the straight-line method over a five useful life of the equipment.

|                                   | Office furniture and equipment |
|-----------------------------------|--------------------------------|
| <b>Cost</b>                       |                                |
| Balance, August 31, 2022          | \$ 1,803,296                   |
| Additions                         | 128,216                        |
| <b>Balance, February 28, 2023</b> | <b>\$ 1,931,512</b>            |
| <b>Accumulated amortization</b>   |                                |
| Balance, August 31, 2022          | 276,340                        |
| Additions                         | 149,264                        |
| <b>Balance, February 28, 2023</b> | <b>425,604</b>                 |
| <b>Net book value</b>             |                                |
| Balance, August 31, 2022          | 1,526,959                      |
| <b>Balance, February 28, 2023</b> | <b>\$ 1,505,908</b>            |

**6. TECHNOLOGY ASSIGNMENT AGREEMENT**

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.

**7. SHARE CAPITAL*****Authorized***

The Company is authorized to issue an unlimited number of common shares without par value. Issued and outstanding as at February 28, 2023: 53,665,569 common shares.

***Escrow Shares***

In connection with the Company's direct listing on the Canadian Securities Exchange, 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 February 28, 2023, there were 6,986,243 common shares in escrow.

## TELESCOPE INNOVATIONS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

For the Six Months February 28, 2023, and 2022

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### 7. SHARE CAPITAL (continued)

#### *Share issuance*

During the period ended February 28, 2023, the Company carried out the following common share transactions:

- a. On November 10, 2022, the Company closed a private placement and issued 4,879,499 units of the Company at a price of \$0.30 per unit for gross proceeds of \$1,463,850. Each Unit consists of one common share in the capital of the Company and one-half-of-one common share purchase warrant. Each full common share purchase warrant entitles the holder to acquire an additional common share at a price of \$0.75 per warrant share until November 10, 2024.

During the year ended August 31, 2022, the Company carried out the following common share transactions:

- a. 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 and intellectual property 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 an estimated fair value of \$850,000 to UBC.

During the year ended August 31, 2021, the Company carried out the following common share transactions:

- a. On September 1, 2020, the Company issued 1,700,741 common shares for services for total fair value of \$51,023.
- b. On October 30, 2020, the Company completed a non-brokered private placement of 15,748,334 common shares at \$0.03 per share to raise \$472,450 in gross proceeds, of which subscriptions of \$223,500 were received during the period ended August 31, 2020.
- c. On December 15, 2020, the Company completed a non-brokered private placement of 7,397,500 common shares at \$0.10 per share to raise \$739,750 in gross proceeds, of which subscriptions of \$37,500 were received during the period ended August 31, 2020.
- d. On March 15, 2021, the Company completed a non-brokered special warrant private placement of 12,639,495 special warrants at \$0.30 per special warrant to raise \$3,791,849 in gross proceeds (the "Offering"). Each special warrant entitled the holder to acquire, at no additional cost, one common share of the Company. The special warrants were exercisable by the holders thereof at any time after the closing date of the Offering (the "Closing Date") for no additional consideration and all unexercised special warrants will be deemed to be exercised on the earlier of: (a) the date that is four months and a day following the Closing Date, and (b) the third business day after a receipt is issued for a (final) prospectus by the securities regulatory authorities. All special warrants converted to common shares on May 31, 2021, as detailed in the share exchange agreement.

## **TELESCOPE INNOVATIONS CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

For the Six Months February 28, 2023, and 2022

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### **7. SHARE CAPITAL (continued)**

- e. On March 31, 2021, the Company completed a non-brokered special warrant private placement of 300,000 special warrants at \$0.30 per special warrant to raise \$90,000 in gross proceeds (the "Offering"). Each special warrant entitled the holder to acquire, at no additional cost, one common share of the Company.

The special warrants were exercisable by the holders thereof at any time after the closing date of the Offering (the "Closing Date") for no additional consideration and all unexercised special warrants will be deemed to be exercised on the earlier of: (a) the date that is four months and a day following the Closing Date, and (b) the third business day after a receipt is issued for a (final) prospectus by the securities regulatory authorities.

The Company incurred costs of \$34,837 related to the financings. All special warrants converted to common shares on May 31, 2021, as detailed in the share exchange agreement.

- f. On May 31, 2021, the Company closed a share exchange agreement with ClearMynd Technology Solutions Corp to sell, assign and transfer 100% of the issued and outstanding common shares and special warrants of the Company to Telescope. The exchange ratio was completed on a one-to-one basis (Note 5).
- g. On November 30, 2022, the Company closed a private placement and issued 4,879,499 units of the Company at a price of \$0.30 per unit for gross proceeds of \$1,463,850. Each Unit consists of one common share in the capital of the Company and one-half-of-one Common Share Purchase warrant. Each unit warrant entitles the holder to acquire an additional Common Share at a price of \$0.75 per Warrant Share until November 10, 2024.

#### ***Options***

The Company has a stock option plan in place under which it is authorized to grant options to officers, directors, employees, consultants and management company employees enabling them to acquire up to 7,167,910 common shares of the Company. Under the plan, the exercise price of each option shall not be less than the price permitted by any stock exchange. The options can be granted for a maximum term of 10 years.

- a. On October 28, 2021, the Company issued 1,600,000 stock options to consultants and officers with an exercise price of \$0.50 for a period of five years. The stock options will vest on March 1, 2022.
- b. On November 23, 2021, the Company issued 1,725,000 stock options to consultants and officers with an exercise price of \$0.90 for a period of five years. The options vested on March 24, 2022.
- c. On March 14, 2022, the Company issued 100,000 stock options to a consultant with an exercise price of \$0.55 for a period of five years. The options vested on July, 2022.
- d. On July 19, 2022, the Company issued 500,000 stock options to consultants with an exercise price of \$0.35 for a period of five years.

**TELESCOPE INNOVATIONS CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

For the Six Months February 28, 2023, and 2022

**7. SHARE CAPITAL (continued)*****Options (continued)***

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted:

|                          | <b>October 28,<br/>2021</b> | <b>November 23,<br/>2021</b> | <b>March 14,<br/>2022</b> | <b>July 19,<br/>2022</b> |
|--------------------------|-----------------------------|------------------------------|---------------------------|--------------------------|
| Volatility               | 165%                        | 167%                         | 167%                      | 166%                     |
| Risk-free interest rate  | 1.69%                       | 1.57%                        | 1.93%                     | 3.08%                    |
| Dividend yield           | 0%                          | 0%                           | 0%                        | 0%                       |
| Expected life            | 5 years                     | 5 years                      | 5 years                   | 5 years                  |
| Expected forfeiture rate | 0%                          | 0%                           | 0%                        | 0%                       |

Stock option transactions are summarized as follows:

|                              | Number of<br>options | Weighted average<br>exercise price |
|------------------------------|----------------------|------------------------------------|
| Balance at August 31, 2021   | -                    | \$ -                               |
| Options granted              | 3,925,000            | 0.66                               |
| Balance at February 28, 2023 | 3,925,000            | \$ 0.66                            |

The following table summarizes stock options outstanding and exercisable at February 28, 2023

| Exercise Price<br>\$ | Number of<br>Shares | Options Outstanding                                 |                                    | Options Exercisable |                                    |
|----------------------|---------------------|---|------------------------------------|---------------------|------------------------------------|
|                      |                     | Weighted Average Remaining Contractual Life (years) | Weighted Average Exercise Price \$ | Number Exercisable  | Weighted Average Exercise Price \$ |
| 0.50                 | 1,600,000           | 4.16  | 0.50                               | 1,600,000           | 0.50                               |
| 0.90                 | 1,725,000           | 4.23  | 0.90                               | 1,725,000           | 0.90                               |
| 0.55                 | 100,000             | 4.54  | 0.55                               | 100,000             | 0.55                               |
| 0.35                 | 500,000             | 4.88  | 0.35                               | 500,000             | 0.35                               |
|                      | 3,925,000           | 4.45  | 0.66                               | 3,925,000           | 0.66                               |

**TELESCOPE INNOVATIONS CORP.**

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(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

For the Six Months February 28, 2023, and 2022

**7. SHARE CAPITAL (continued)****Warrants**

A summary of issued and outstanding warrants is as follows:

|                               | Number of warrants | Weighted average exercise price |
|-------------------------------|--------------------|---------------------------------|
| Outstanding August 31, 2022   | -                  | -                               |
| Issued                        | -                  | -                               |
| Outstanding February 28, 2023 | 2,439,749          | \$ 0.75                         |

The following warrants were outstanding at February 28, 2022:

| Number of Warrants | Exercise Price | Expiry Date       |
|--------------------|----------------|-------------------|
| 2,439,749          | \$ 0.75        | November 10, 2024 |

**8. 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 February 28, 2023, and 2022 were as follows:

|                                | 2023       | 2022       |
|--------------------------------|------------|------------|
| Consulting and management fees | \$ 226,976 | \$ 108,950 |
| Share based payments           | -          | 540,995    |
|                                | \$ 226,976 | \$ 649,945 |

(b) Amounts due to 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:

|                                   | 2023       | 2022      |
|-----------------------------------|------------|-----------|
| Dr. Jason Hein                    | \$ 125,374 | \$ -      |
| Dr. Jeffrey Sherman               | 32,156     | -         |
| Emprise Management Services Corp. | 42,525     | 15,750    |
|                                   | \$ 200,055 | \$ 15,750 |

## TELESCOPE INNOVATIONS CORP.

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### 8. RELATED PARTY TRANSACTIONS (CONTINUED)

#### (c) Other related party transactions

The Company recognizes Standard Lithium Ltd as a related party due to common directors. Mr. Rob Mintak and Dr. Andy Robertson serve as directors of Standard Lithium Ltd (“STL”) and Telescope Innovations Corp. During fiscal 2022, the Company entered into a service contract with STL and received total proceeds of \$899,903. A portion of the proceeds was recorded as revenue and \$409,297 was included in deferred revenue as at February 28, 2023.

### 9. REVENUE

The Company’s revenues for the period ended February 28, 2023, are all attributable new and existing service contracts entered in to over the last 12 months.

### 10. 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 all components of 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.

### 11. 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 February 28, 2023:

|                               | Level 1             | Level 2     | Level 3     |
|-------------------------------|---------------------|-------------|-------------|
| <b>February 28, 2023</b>      |                     |             |             |
| Cash                          | \$ 1,670,343        | \$ –        | \$ –        |
| <b>Total financial assets</b> | <b>\$ 1,670,343</b> | <b>\$ –</b> | <b>\$ –</b> |

## TELESCOPE INNOVATIONS CORP.

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(Expressed in Canadian Dollars)

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### 11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (CONTINUED)

On February 28, 2023, cash of \$1,670,343 (2022 - \$719,493) was classified as level 1. There were no transfers into or out of level 2 or level 3 during the period.

#### Fair value

The fair value of the Company's financial instruments approximates their carrying value as at February 28, 2023 because of the demand nature or short-term maturity of these instruments.

The Company's financial instruments include cash, accounts receivable, accounts payable, and amounts due to related parties. 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 and accounts receivable. 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, 2023, the Company had working capital of \$1,337,757. All of the Company's accounts payable and amounts due to related parties 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.

##### (iv) Foreign currency risk

As at February 28, 2023, \$38,912 (August 31, 2022 - \$Nil) of the Company's liabilities and \$811,528 (August 31, 2021 - \$384,375) of its current assets are denominated in US dollars. A 5% change in the US/Canadian dollar exchange rate would result in a \$38,631 net impact on the Company's foreign exchange gain or loss. As at February 28, 2023, the Company is moderately exposed to foreign exchange fluctuations.