

## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2024

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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 year ended August 31, 2024. The following MD&A should be read in conjunction with the Company's consolidated financial statements for the year ended August 31, 2024, and August 31, 2023, 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 in the Financial Statements.

This MD&A is dated December 20, 2024, 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 December 20, 2024, 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.sedarplus.com](http://www.sedarplus.com).

The consolidated financial statements for the year ended August 31, 2024, has 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 year ended August 31, 2024, the operations of the Company were funded by positive operating cash flow generated by the Company's operating activities.

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 continue to generate profitable operations in the future. The condensed consolidated interim financial 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. is a chemical technology company developing scalable manufacturing processes and tools for the pharmaceutical, specialty chemical and next generation clean energy industries. The Company develops, combines and deploys new enabling technologies including flexible robotic platforms, advanced analytical tools and machine learning tools which improve experimental throughput, efficiency, process insight and data quality. A key area of application for these tools is the development of optimized, scalable manufacturing processes. The Company also applies these tools in performing contract research services for clients to resolve inefficiencies in industrial process chemistry and manufacturing. The Company was incorporated on March 25, 2019, with the intention of focusing on the rapidly expanding and unmet demand for pharmaceutical-grade tryptamine compounds currently being studied in clinical trials for several therapeutic areas such as treatment resistant depression, post-traumatic stress disorder, alcoholism and palliative care. 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 continues as one of the core components of the Company's business model.

Operations and development efforts thus far have focused on three strategic areas: (i) development and commercialization of critical analytical technology to speed the development of chemical based processes; (ii) autonomous process optimization laboratory systems ("Self-Driving Labs") to accelerate chemical process research while significantly decreasing development costs; and (iii) the application of these tools to resolve chemistry related manufacturing challenges in pharmaceutical and chemical synthesis.

## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2024

During February 2024, Telescope strengthened their senior management team by adding Henry Dubina as Chairman and Chief Executive Officer and John Kirincic as Chief Financial Officer for the Company. Jason Hein will continue to lead Telescope's development services and research efforts as Chief Technology Officer, and Jeff Sherman will remain the Chief Operating Officer, rounding off an enhanced C-suite to advance the Company's strategic growth. Further, Deborah Cotter assumed the role of the Company's Corporate Secretary.

Mr. Dubina brings significant experience to the Company, having served in general management positions in the scientific instruments industry for the past 35 years. He served as President and Head of Mettler-Toledo AutoChem for over 20 years, directing the global business from its infancy to global market leadership. Mettler-Toledo Autochem provides technology solutions and services to speed the development of high value, chemical-based processes. AutoChem instruments have been ubiquitously deployed in academia and industry for biopharmaceutical, chemical, and advanced materials applications to boost research and development ("R&D") productivity.

Mr. Kirincic has served in various financial and operating leadership roles for over 20 years, including Chief Financial Officer to numerous growth-stage companies. Mr. Kirincic has a deep corporate development and finance background working with growth-oriented companies in direct roles supporting shareholders and through buy-side investment capital firms building value for stakeholders.

Possessing over three decades of experience in both Canadian and US public and private markets, Deborah Cotter has overseen corporate governance, securities compliance, equity financings, and general administration. She currently serves as Corporate Secretary and/or Governance Professional for numerous public and private corporations in Canada and the US.

Since March 2022, the Company has applied tools to address previously intractable challenges in chemical manufacturing, engineering, next generation clean energy and mining. The Company has been engaged by various industrial clients seeking crucial chemical studies to enable process manufacturing, or to evaluate novel processes and technologies for potential deployment. Clients include Natural Resources Canada, Standard Lithium Ltd., Pfizer, Hatch, along with other multinational companies. The Company expects these engagements to illuminate industrial pain points that can be targeted with its unique technology, creating valuable products and services for the chemical manufacturing sector, such as high purity lithium and key metal utilized in current and new battery technologies.

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

### FINANCIAL HIGHLIGHTS

The Company reported gross revenues and operating expenses of \$4,427,942 and \$5,751,595, respectively, resulting in a net loss of \$1,323,653 for the year ended August 31, 2024. Revenues increased by \$1,603,932 (+56.8%) from the previous comparable period primarily attributed to an increase in DirectInject-LC™ product sales. Total product sales for the year ended August 31, 2024, was \$2,916,010 while contract service sales represented \$1,350,258. Sales of products and contract services to clients occurred in Canada, USA, Europe, and Asia. As at August 31, 2024, the combination of the Company's deferred revenue and backlogged orders was in excess of \$7,300,00 which represents products and services to be delivered in future periods. During the year ended August 31, 2024, the Company incurred positive cash flows of \$19,801 from operating activities with a residual decrease in cash of \$19,801 after incorporating investing and financing activities. The Company had an accumulated deficit of \$12,066,404 which has been funded primarily by equity financing. For the year ended August 31, 2024, the Company posted EBITA and Adjusted EBITA of (\$456,600) and (\$152,227) respectively (see *Non-IFRS Measures* below). The Company's ability to continue as a going concern is dependent upon its ability to be profitable and generate positive cash flows, obtaining additional financing, or maintaining continued support from its creditors.

## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2024

The Company announced on February 15, 2024, that it has granted a total of 400,000 incentive stock options to an employee and a consultant of the Company in accordance with the Company's incentive stock option plan. The options vest according to the Company's incentive stock option plan and are exercisable to acquire common shares of the Company at a price of \$0.36 until February 15, 2029.

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 \$1,430,054. 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 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 paid finders' fees of \$33,796 related to the private placement, which was recorded as share issuance costs. 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. The Company has used the net proceeds from the Offering for working capital, general corporate purposes, and to continue to grow the operations of the business.

### OPERATIONAL HIGHLIGHTS

#### *Automation and Analytical Products and Services for Pharmaceutical R&D*

#### **Mettler Toledo Product Distribution and Development Agreement**

Significant business activities in Q4 supported Telescope's multi-year agreement with Mettler Toledo for the global distribution of our flagship DirectInject-LC™. During this period, Telescope delivered all required product orders and expanded our customer base through sales activities, network building, product demonstrations, and installations (outlined below). Mettler Toledo's market leadership in the automated chemistry market, with thousands of installations world-wide, continues to provide an ideal distribution platform for Telescope's product. The revenue impact of this partnership is reflected in Telescope's strong financial performance this quarter and is expected to support the Company's growth plan going forward.

#### Highlights of sales and marketing activities for DirectInject-LC™ this quarter:

- Mettler Toledo internal training and sales meetings
  - Telescope hosted the Mettler Toledo service team in Vancouver to empower Mettler's sales and deployment activities for the DirectInject-LC™ (July, 2024)
  - Telescope representatives participated in Mettler Toledo Annual Sales meetings, both for US and EU territories
- Mettler Toledo InfoDay | June 2024, San Francisco
  - Telescope showcased DirectInject-LC™ to a high-profile industry and academia audience focused on innovative automation approaches to pharmaceutical R&D.
- Mettler Toledo RXE User Forum | August 2024, Tokyo
  - This event consisted of Mettler Toledo AutoChems customers in Japan. Telescope delivered a seminar and overview demonstrations of our DirectInject-LC™ system to key stakeholders in pharmaceutical process development that attended the meeting.
- Product demonstrations, installations, and demonstrations at pharmaceutical companies across the US and EU territories, including Syngenta, Novo Nordisk, Astra Zeneca, Biogen, and Bristol Myers Squibb.

## **MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2024**

### **Master Collaborative Research Agreement with Pfizer for Developing Self-Driving Labs**

A multi-year collaborative research agreement was signed between Telescope and Pfizer. Through the funding provided and close collaboration we expect to support Telescope's Technical Team growth and R&D advancement, with a particular focus on the deployment of Self-Driving Laboratories ("SDLs"). SDLs use artificial intelligence, advanced process analytical technology, and robotic automation to autonomously perform chemistry research. SDLs are capable of optimizing material properties and chemical synthesis methods up to 100x faster than traditional research methods. Thus, it is estimated that SDLs will significantly reduce the time and cost of developing new pharmaceuticals. SDL development is aligned with the key market drivers for accelerated time to market of new chemicals and processes, increased competitiveness with offshore markets and supply chains, and robustness towards global economic upsets.

### ***Automation Tools and Process Development for Cleantech and Critical Minerals R&D***

#### **Intellectual Property and Demonstration: Production of Lithium Sulfide, a Key Precursor for Next-Generation Solid-State Batteries**

As an outcome of work with Standard Lithium Ltd., Telescope has invented a low-temperature method of generating lithium sulfide from brine-sourced lithium chemicals. This method, described in provisional patent application (65/584,062) could reduce the current high costs of lithium sulfide production, and if so, facilitate the widespread deployment of solid-state batteries. The key to discovering this new method is Telescope's enabling technology, by combining robotic automation with artificial intelligence and our online analytical platforms such as DirectInject-LC™, we can discover synthetic pathways 10 to 100 times faster than conventional approaches. Telescope's approach to accelerated discovery has fueled the growth of Telescope's IP portfolio, which already includes a granted Canadian patent on the production of pharmaceutically relevant indole compounds. Telescope's patenting activities places the Company among the 2% of Canadian SMEs to hold patents.

The production of lithium sulfide has traditionally faced significant challenges, including the requirement for high temperatures (which increase energy consumption and production costs), purity concerns, and scalability. Telescope's proprietary method is positioned to reduce production costs by operating at lower temperatures, maintain high product purity to meet the stringent requirements of solid-state batteries, simplify the equipment and operational procedures for scalable production, and reduce energy consumption.

#### **Intellectual Property and Pilot Plant: Purification of Lithium Carbonate for Battery Materials**

The Company has filed a provisional patent application (63/606,069) on a disruptive new technique to purify lithium carbonate, a critical mineral building block for lithium-ion battery production and particularly for low-cost LFP battery chemistries. The current provisional application describes a single-step process that produces battery-grade, >99.9% lithium carbonate from crude material of a wide range of (20-95%) purity. This technology can dramatically reduce the requirement for pre-processing of crude lithium brine feeds, which conventionally accounts for up to 80% of refinement costs. The Company has branded this process as recrystallization refinement technology, ("ReCRFT™").

In the final quarter for the year ended August 31, 2024, Telescope was awarded \$400,273 in early-stage funding from the B.C. Centre for Innovation and Clean Energy ("CICE"). This non-dilutive investment will support Telescope's piloting of its proprietary ReCRFT™, a carbon-negative and low-cost method to produce battery-grade lithium carbonate from saltwater brines. The Company will commence work on this initiative during fiscal year 2025. ReCRFT™ is inspired by established manufacturing approaches from the pharmaceutical industry that reliably produce large quantities of active pharmaceutical ingredients in high purity. ReCRFT™ enables low-cost production in 4 ways: i) continuous operation, ii) high process yield, iii) high impurity tolerance, and iv) reduced reagent utilization. Current estimates suggest that ReCRFT™ could reduce lithium refinery plant CapEx by 15-25% and OpEx by 25% relative to incumbent technologies. Telescope's lab-scale pilot aims to provide the key engineering studies and continuous operation demonstrations requested by several potential licensing customers.

**New Battery Recycling Technology**

Telescope has demonstrated proof-of-concept for a proprietary recrystallization process that efficiently separates battery raw materials (i.e., lithium and nickel salts) from mixed recycling slurries. The new technology has the potential to disrupt battery recycling methods, bolster the supply chain for battery materials, and support the global transition to a clean energy economy. The Company has submitted a collaborative grant application through the Canada-UK Critical Minerals: Sustainability and Circularity program. This program provides government funding from the National Research Council of Canada Industrial Research Assistance Program (NRC IRAP) and Innovate UK. Funding would enable Telescope to translate this technology from proof-of-concept to validation and demonstration with a UK-based battery recycling company.

**Membership of MaRS Discovery District**

Telescope has been accepted as a member of MaRS, a network of the most promising and innovative young technology companies in Canada. Relative to similar VC-backed ventures, MaRS member companies raise higher capital amounts, having secured over CAD \$19B in cumulative investments since 2010 with revenues exceeding CAD \$11.5B. This membership offers the Company with high-value networking opportunities as it seeks to commercialize its proprietary lithium refinement technology (ReCRFT™).

**Marketing Activities**

To continue our participation in the relevant scientific communities and to promote business development activities, Telescope Innovations has presented their research, published reports, participated in expert panel discussions and roundtables, and/or had commercial booth space in the exposition portion of the following conferences since June of 2024:

- Fastmarkets: 2024 Lithium Supply and Battery Raw Materials Conference | June 2024, Las Vegas
  - Dr. Ryan Jansonius, VP of Chemistry Contract Services for the Company, presented Company's proprietary lithium refinement technology (ReCRFT™), which generates battery-quality lithium carbonate in a single step from brines, hardrock, or battery recycling feeds.
- Acceleration Consortium: 2024 Accelerate Conference | August 2024, Vancouver
  - This is the largest Canadian conference dedicated to the use of AI and automation for chemistry R&D. Telescope Innovations sponsored the conference, hosted a Women in STEM networking event, led laboratory tours of its facilities for industry and academia representatives, and Dr. Ryan Jansonius presented a lecture on ReCRFT™ technology.

***Health and Safety Committee***

Telescope's Health and Safety Committee observed no safety incidents over the last quarter, including no damage to lab or capital equipment and no injuries to staff. The Company considers health and safety in the workplace a top priority for all stakeholders, and is subject to third party annual safety audits in addition to managing health and safety operationally day to day through policies and procedures established by the Company's Health and Safety Committee.

**NON-IFRS MEASURES*****EBITA and Adjusted EBITA***

Earnings, or loss, before interest, taxes and amortization ("EBITA") is a non-IFRS financial measure which excludes the following items from IFRS net earnings:

- Amortization of property and equipment
- Amortization of right of use asset
- Interest on right of use asset



## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2024

Adjusted EBITA, or loss, excludes the following items from EBITA:

- Share based payments
- Foreign exchange gain/loss

Management believes EBITA and Adjusted EBITA provide an indication of continuing capacity to generate operating cash flow to fund capital needs, service obligations and fund capital expenditures. These measures are intended to provide additional information to readers of this MD&A. There are not standardized definitions under IFRS and should not be considered in isolation or as a substitute for measures of operating performance prepared in accordance with IFRS.

Adjusted EBITA excludes share-based payments, and non-operating or recurring items such as foreign exchange gains and losses. Under IFRS, entities must reflect within compensation expense the cost of share-based payments. In the Company's circumstances, share-based compensation can involve significant amounts that will not be settled in cash but are settled by issuance of shares in exchange. The Company discloses Adjusted EBITA to aid in understanding the results of the Company.

The following table provides a reconciliation of net income (loss) in the IFRS based financial statements to EBITA and Adjusted EBITA:

<b>EBITA Reconciliation:</b>	<b>Year Ended</b>	
	<b>August 31, 2024</b>	<b>August 31, 2023</b>
Net income (loss) per IFRS	\$ (1,323,653)	\$ (718,094)
Amortization of property and equipment	370,974	303,598
Amortization of right of use asset	259,537	-
Interest on right of use asset	236,542	-
<b>EBITA</b>	<b>\$ (456,600)</b>	<b>\$ (414,496)</b>
Share based payments	263,603	192,841
Foreign exchange gain/loss	40,770	(3,644)
<b>Adjusted EBITA earnings (loss)</b>	<b>\$ (152,227)</b>	<b>\$ (225,299)</b>

EBITA was (\$456,600), a decrease of \$42,104 when compared to (\$414,496) for the year ended August 31, 2023. There was additional amortization and interest on right of use assets versus comparative periods due to the Company's 120-month office lease agreement that commenced on October 1, 2023.

Adjusted EBITA for the year ended August 31, 2024, was (\$152,227), an increase of \$73,072 when compared to Adjusted EBITA of (\$225,299) in the corresponding year end in 2023. Changes to Adjusted EBITA are a result of the items noted above in EBITA, further excluding share-based payments and movements in realized foreign exchange.

## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2024

### SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following is a summary of certain financial information concerning the Company for the last eight quarters ended August 31, 2024, in accordance with IFRS.

Quarter Ended	Total Assets	Total Long - term Liabilities	Working Capital	Revenue	Comprehensive Income (Loss)	Basic and Diluted Income (Loss) per share
November 30, 2022	\$ 3,796,349	-	\$ 1,307,029	\$ 511,065	\$ (270,235)	\$ (0.00)
February 28, 2023	3,708,317	-	1,337,757	816,328	11,314	0.00
May 31, 2023	3,244,904	-	1,493,942	1,012,999	67,847	0.00
August 31, 2023	3,290,512	-	493,797	483,618	(527,020)	(0.01)
November 30, 2023	5,804,094	1,880,546	820,780	1,504,852	215,000	(0.00)
February 29, 2024	5,506,891	1,956,295	608,395	686,205	(541,212)	(0.01)
May 31, 2024	5,281,184	1,932,423	1,107,915	1,224,351	(200,299)	(0.00)
August 31, 2024	\$ 5,691,670	\$ 2,029,127	\$ 261,199	\$ 1,012,534	\$ (797,142)	\$ (0.02)

### Financial Highlights for the Quarterly Period ended August 31, 2024, and August 31, 2023

During the quarterly period ended August 31, 2024, the Company reported gross revenues and operating expenses of \$1,102,534 (August 31, 2023 - \$483,618) and \$1,809,676 (August 31, 2023 – \$1,010,638), respectively, resulting in a net loss of \$797,142 (August 31, 2024 – net loss \$527,020).

Revenues increased by \$528,916 (+109.4%) from the previous comparable financial quarter primarily attributed to an increase in DirectInject-LC™ product sales with Mettler-Toledo and new product development work with Pfizer. Operating expenses increased by \$799,038 (+79.1%) from the previous comparable financial quarter primarily due to recognition of additional amortization for equipment and right of use asset, insurance costs, lab expenses, employee compensation, consulting costs, and parts expenses supportive of growth in the Company's revenue, in particular product based revenue, for the comparative quarterly period.

### SUMMARY OF ANNUAL FINANCIAL RESULTS

The following selected financial information is taken from the audited financial statements and should be read in conjunction with those statements.

	Year Ended August 31, 2024	Year Ended August 31, 2023	Year Ended August 31, 2022
Revenue	\$ 4,427,942	\$ 2,824,010	\$ 595,538
Comprehensive loss	(1,323,653)	(718,094)	(5,747,027)
Basic and diluted loss per share	(0.02)	(0.01)	(0.12)
Total assets	5,561,670	3,290,512	3,023,559
Total long-term liabilities	-	-	-
Working capital	\$ 261,199	\$ 493,797	\$ 145,576

## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2024

For the year ended August 31, 2024, in comparison to the year ended August 31, 2023

	2024	2023	Note
<b>REVENUES</b>	\$ 4,427,942	\$ 2,824,010	1
<b>EXPENSES</b>			
Advertising and promotion	80,120	82,849	
Amortization	630,511	303,598	2
Consulting	871,189	1,369,690	3
Foreign exchange loss (gain)	40,770	(3,644)	
Insurance	84,409	35,217	4
Interest in right of use asset	236,542	-	2
Lab operations and supplies	388,753	221,686	
Management fees	210,400	285,400	
Office and miscellaneous	83,007	54,765	
Parts	710,226	29,971	5
Professional fees	314,153	190,983	
Regulatory and transfer agent fees	75,105	79,896	
Salaries and wages	1,326,613	325,413	3
Share-based payments	263,603	192,841	6
Rent	29,803	132,985	2
Travel	406,391	240,454	7
<b>Total expenses</b>	<b>(5,751,595)</b>	<b>(3,542,104)</b>	
<b>Net Loss and comprehensive loss for the period</b>	<b>\$ (1,323,653)</b>	<b>\$ (718,094)</b>	
<b>Basic and diluted income (loss) per common share</b>	<b>\$ (0.02)</b>	<b>\$ (0.01)</b>	

- During the year ended August 31, 2024, the Company generated revenues of \$4,427,942, versus \$2,824,010 in the comparable year, an increase of \$1,603,932. The increase in revenues is the result of an increase in DILC units sold during the year versus the comparable year.
- Total amortization of equipment and the Company's right of use asset (ROU) for the year was \$630,511 versus \$303,598 in the comparable year. The increase is due to amortization relating the Company's right of use asset and liability relating to its new office and lab space that it moved into during the year. The Company will no longer continue to record rent expenses relating to leased office and lab space.
- Consulting fees were \$871,189 during the year versus \$1,369,690 over the comparable year. The decrease is due to several consultants becoming employees of the Company in May 2023. As a result, these consulting fees are now treated as salaries and wages.
- Insurance expense for the year was \$84,409, an increase of \$49,192. The increase is the result of increasing general liability coverage and the implementation of directors' and officers' insurance.
- Parts expense related to the costs of input materials for DILC units. There were limited DILC related costs in the comparable year.
- Share based payments expense was \$263,603 during the year compared to \$192,841 in the previous year. The increase is the result of issuing 757,550 of new options to employees and consultants and the vesting of options during the current year.
- Travel expense was \$406,391 compared to \$240,454 in the comparable year, an increase of \$165,937. The increase is due to an increase in business travel relating to conferences and DILC sales.



## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2024

Year ended August 31, 2023 in comparison to the year ended August 31, 2022:

	2023	2022	Note
<b>REVENUES</b>	\$ 2,824,010	\$ 595,398	1
<b>EXPENSES</b>			
Advertising and promotion	82,849	13,316	2
Amortization	303,598	276,340	
Business development	-	93,563	
Consulting	1,369,690	1,110,958	3
Foreign exchange gain	(3,644)	(9,873)	
Insurance	35,217	12,252	4
Lab operations and supplies	221,686	353,413	
Management fees	285,400	200,400	
Office and miscellaneous	51,265	96,735	
Parts	29,971	-	
Patent costs	3,500	930,148	5
Professional fees	190,983	216,200	
Regulatory and transfer agent fees	79,896	89,722	
Research and development	-	59,559	
Salaries and wages	325,413	-	6
Share-based payments	192,841	2,742,469	7
Rent	132,985	111,508	
Travel	240,454	45,715	8
<b>Total expenses</b>	<b>(3,542,104)</b>	<b>(6,342,425)</b>	
<b>Net Loss and comprehensive loss for the year</b>	<b>\$ (718,094)</b>	<b>\$ (5,747,027)</b>	
<b>Basic and diluted loss per common share</b>	<b>\$ (0.01)</b>	<b>\$ (0.12)</b>	

- During the year, the company generated \$2,824,010, compared to \$595,398 in the previous year, from revenues from new and existing customers that it onboarded during the current and previous years.
- Advertising and promotion expense was \$82,849 compared to \$13,316 in 2022. During the year, the company attended more conferences and initiated more shareholder and marketing initiatives.
- Consulting fees were \$1,369,690, an increase of \$258,732 over the comparable year. The increase is the result of engaging more consultants due to an increase in new business and projects.
- Insurance expense for the year was \$35,217, an increase of \$22,965. The increase is the result of increasing general liability coverage and the implementation of directors' and officers' insurance.
- During the previous year, the Company entered into an assignment agreement with the University of British Columbia to acquire certain interests and provisional patent applications. The purchase was made by way of issuing 1,000,000 shares of the Company at a deemed value of \$990,000. Costs relating to this patent were a one-time costs and do not expect to be incurred in the future. The fair value of the share issued was \$850,000 which consist of the majority of the balance. Patent costs in current year relate to legal fees to secure patents on propriety processes.
- During the year, the Company transitioned 9 consultants to employees. As a result, the Company will disclose a portion of labor costs as salaries and wages with another portion continuing to be allocated to consulting fees.

## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2024

7. Share based payments expense was \$192,841 during the year compared to \$2,742,469 in 2022. The decrease of \$2,549,628 is the results of fewer options being issued and/or that vested during the year.
8. Travel expenses increased from \$45,715 in 2022 to \$240,454 in 2023 as the result of more business travel and conferences attended.

### LIQUIDITY, CAPITAL RESOURCES AND CAPITAL EXPENDITURES

During the year, the Company increased its revenues, however, it has accumulated losses and may incur further losses in the development of its business. This 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, and generate profitable operations in the future.

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 should it not be able to immediately continue its profitable 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 generated an IFRS net loss of \$1,323,653 for the year ended August 31, 2024 (August 31, 2023 – net loss of \$718,094). The Company has a history of losses and accumulated losses of \$12,066,404 (August 31, 2023 - \$10,742,751) since its inception. The Company may incur losses in the future however it has secured several cash flow positive sales contracts that it expects will help to generate positive cash flows going forward.

At August 31, 2024, the Company's working capital, defined as current assets less current liabilities, was \$261,199 an decrease of \$232,598 working capital as compared to \$493,797 at August 31, 2023.

During the year from September 1, 2023, to August 31, 2024, the Company:

- i) Issued no new common shares.
- ii) Purchased \$39,602 of office and 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 denominated Canadian and US dollars. The Company is subject to exchange rate fluctuations relative to the reporting currency. Total Canadian equivalent cash on hand at August 31, 2024, was \$337,008 which is held in a large Canadian chartered bank. The Company has not made any arrangements for sources of financing that remain undrawn.

### FINANCIAL INSTRUMENTS AND FINANCIAL RISK

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

IFRS 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

## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2024

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 August 31, 2024:

	August 31, 2024		August 31, 2023	
August 31, 2024				
Level 1				
Cash	\$	337,008	\$	356,809
Level 2		-		-
Level 3		-		-
<b>Total financial assets</b>	<b>\$</b>	<b>337,008</b>	<b>\$</b>	<b>356,809</b>

At August 31, 2024, cash of \$337,008 (August 31, 2023 - \$356,809) was classified as level 1. There were no transfers into or out of level 2 or level 3 during the year. There are no financial liabilities measured at fair value on a recurring basis.

### **Fair Value**

The fair values of the Company's financial instruments approximate their carrying values as at August 31, 2024 and 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 large Canadian financial institutions. The Company has not recorded an allowance for doubtful accounts against its trade receivables as all balances owed are settled in full when due (usually 90 days or less).

#### (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 August 31, 2024, the Company had working capital of \$261,199 (August 31, 2023 - \$493,797). All 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.

Contractual undiscounted cash flow requirements for financial liabilities as at August 31, 2024 are as follows:

	<1 Year	2-5 Years	>5 Years	Total
Accounts payable and accrued liabilities	\$ 397,052	\$ -	\$ -	\$ 397,052
Amounts due to related parties	380,875	-	-	380,875
Lease liabilities	-	1,743,112	1,877,621	3,620,733
	<b>\$ 777,927</b>	<b>\$ 1,743,112</b>	<b>\$ 1,877,621</b>	<b>\$ 4,398,660</b>

#### (iii) Interest rate risk

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

## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2024

### (iv) Foreign currency risk

The Company's functional currency is the Canadian dollar. The Company's head office and operating expenses are mainly denominated in Canadian dollars although some of the Company's revenue is denominated in US dollars. If the US dollar depreciates compared to the Canadian dollar revenue would decrease in Canadian dollars.

As at August 31, 2024, \$109,086 (August 31, 2023 - \$16,710) of the Company's liabilities and \$1,683,458 (August 31, 2023 - \$146,647) of its current assets are denominated in US dollars, Swiss Francs, and Euros. A 10% change in the exchange rate would result in a \$179,254 net impact on the Company's foreign exchange gain or loss. As at August 31, 2024, 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.

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

The remuneration of directors and other members of key management personnel during the years ended August 31, 2024 and 2023 were as follows:

	<b>2024</b>	<b>2023</b>
Consulting and management fees	\$ 640,458	\$ 471,784
Share-based payments	263,603	42,363
	<b>\$ 904,061</b>	<b>\$ 514,147</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 at August 31, 2024, and August 31, 2023:

	<b>2024</b>	<b>2023</b>
Dr. Jason Hein	\$ 287,795	\$ 249,950
Dr. Jeffrey Sherman	9,797	-
Henry Dubina	71,470	-
Emprise Management Services Corp.	11,813	53,025
	<b>\$ 380,875</b>	<b>\$ 302,975</b>

#### (c) Other related party transactions

The Company recognizes Standard Lithium Ltd. ("STL") as a related party due to common directors. Mr. Rob Mintak and Dr. Andy Robertson serve as directors of STL and Telescope Innovations Corp. During the year ended August 31, 2023, the Company entered into new service contracts with STL. The total revenues recognized from STL contracts for the year ended August 31, 2024 was \$801,989. As at August 31, 2024, \$104,725 is payable from STL to the Company and included in accounts receivable. During the year ended August 31, 2023, the Company received total proceeds of \$1,147,756 of which \$169,487 was included in deferred revenue as at August 31, 2023. The total revenues recognized from STL contracts for the year ended August 31, 2024 was \$1,770,055. As at August 31, 2023, \$107,686 in payable from STL to the Company and included in accounts receivable.

## **MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2024**

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation of this document along with the audited consolidated financial statements. Management is responsible for the integrity and objectivity of this document, ensuring the fair presentation of its financial results. The Audit Committee is responsible for reviewing the contents of this document along with the audited consolidated financial statements to ensure the reliability and timeliness of the Company's disclosure while providing another level of review for accuracy and oversight. The Board of Directors, based on recommendations from the Company's Audit Committee, reviews and approves the financial information contained in the audited consolidated financial statements and the MD&A.

### **MATERIAL ACCOUNTING POLICIES**

The Company's material accounting policies are described in Note 2 the consolidated financial statements for the year ended August 31, 2024, as filed on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). As at August 31, 2024, there are no IFRS Accounting Standards or International Financial Reporting Interpretations Committee interpretations that are not yet effective or early adopted that are expected to have any impact on the Company.

### **SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS, AND JUDGEMENTS**

The preparation of the consolidated financial statements in accordance with IFRS Accounting Standards, such as the underlying consolidated financial statements for the year ended August 31, 2024, requires management to make estimates, assumptions and judgements that affect the reported amounts of assets, liabilities and expenditures. These estimates, assumptions and judgements are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Actual results could differ and such differences could be material. Estimates, assumptions and judgements are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates, assumptions and judgements, and the resulting effects on the carrying amounts of the Company's assets and liabilities, are accounted for prospectively.

### **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 of August 31, 2024: 53,665,569 common shares. In connection with the Company's direct listing on the Canadian Securities Exchange in 2022, 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 August 31, 2024, there were 1,746,557 common shares in escrow. The balance of escrow shares will be released between September 1, 2024, and September 27, 2024.
- c) Stock options outstanding: 4,683,050
- d) Warrants outstanding: 2,439,749

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**OFF-BALANCE SHEET ARRANGEMENTS**

During the year ended August 31, 2024, there were no material off-balance sheet transactions which have not been recorded in the Company's consolidated financial statements. The Company has not entered into any specialized financial arrangement to minimize its currency risk.

**CAUTIONARY STATEMENT*****Forward-looking Statements***

Certain statements made and information contained herein in the MD&A constitutes "forward-looking information" and "forward-looking statements" within the meaning of applicable securities legislation (collectively, "forward-looking information" or "forward-looking statements") concerning the business, operations, financial performance and condition of the Company. The forward-looking information contained in this MD&A is based on information available to the Company as of the date of this MD&A. Except as required under applicable securities legislation, the Company does not intend, and does not assume any obligation, to update this forward-looking information. Generally, any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance, (often, but not always, identified by words or phrases such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "projects", "estimates", "budgets", "scheduled", "forecasts", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events, conditions or results "will", "may", "could", "would", "should", "might" or "will be taken", "will occur" or "will be achieved" or the negative connotations thereof and similar expressions) are not statements of historical fact and may be forward-looking statements. All statements other than statements of historical fact may be forward-looking statements. Forward-looking information is necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: risks and uncertainties relating to, among other things, cost estimates, currency fluctuation, financings, infrastructure, cost overruns, availability of materials and equipment, timeliness of government approvals, taxation, political risk and related economic risk and unanticipated environmental impact on operations as well as other risks, and uncertainties and other factors, including, without limitation, those referred to in the "Financial Instruments and Financial Risks" section of the MD&A, and elsewhere, which may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. The Company believes that the expectations reflected in the forward-looking statements and information included in this MD&A are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements and information should not be unduly relied upon. This statement and information is as of the date of the MD&A. Forward-looking information is based on certain assumptions that the Company believes are reasonable, that the general business and economic conditions will not change in a material adverse manner, that financing will be available if and when needed on reasonable terms and that the Company will not experience any material labour dispute, accident, or failure of plant or equipment. These factors are not, and should not be construed as being, exhaustive. Although the Company has attempted to identify important factors that would cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, or intended. There can be no assurance that such statements will prove to be accurate, as the Company's actual results and future events could differ materially from those anticipated in such statements, as a result of the factors discussed in the "Financial Instruments and Financial Risks" section of the MD&A, and elsewhere, which is available under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). All of the forward-looking information contained in this document is qualified by these cautionary statements. Readers are cautioned not to place undue reliance on forward-looking information due to the inherent uncertainty thereof.