

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus does not constitute a public offering of securities.

The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws, and except pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws, may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. Person (as that term is defined in Regulation S under the U.S. Securities Act). This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to, or for the account or benefit of, any U.S. Persons.

Initial Public Offering

August 10, 2022

FINAL PROSPECTUS



SCOPE CARBON CORP.

10,500,000 Common Shares at a price of \$0.10 per Common Share
Initial Public Offering of \$1,050,000

This prospectus (the "**Prospectus**") of Scope Carbon Corp. (the "**Company**" or "**Scope**") offers (the "**Offering**") through its agent, Research Capital Corporation (the "**Agent**") on a commercially reasonable efforts basis, 10,500,000 common shares (the "**Common Shares**") of the Company at a price of \$0.10 per Common Share for aggregate gross proceeds of \$1,050,000. The Offering is only available to purchasers resident in British Columbia, Alberta and Ontario (the "**Jurisdictions**"). The offering price was determined by negotiation between the Agent and the Company. See "*Plan of Distribution*".

	Offering Price ⁽¹⁾	Agent's Commission ⁽¹⁾	Net Proceeds to the Company ⁽²⁾
Per Common Share	\$0.10	\$0.010	\$0.090
Total	\$1,050,000	\$105,000	\$945,000

Notes:

- (1) The Agent shall receive a cash commission equal to 10% of the aggregate gross proceeds of the Offering (the "**Agent's Commission**") and a non-transferable option to purchase up to that number of Common Shares (the "**Agent's Compensation Option**") as is equal to 10% of the aggregate number of Common Shares sold under this Offering at a price of \$0.10 per Common Share for a period of twenty-four (24) months following the Closing (as defined herein). The Agent's Compensation Option and the Common Shares of the Company issuable upon exercise of the Agent's Compensation Option will be qualified under this Prospectus. In addition, the Company has agreed to reimburse the Agent for all reasonable expenses incurred in connection with this Offering, and pay the Agent a corporate finance work fee of \$35,000, plus applicable taxes (the "**Work Fee**") on Closing of the Offering. See "*Plan of Distribution*".
- (2) Before deducting the balance of the remaining costs of this issue estimated at \$233,500, which includes legal and audit fees and other expenses of the Company, the Agent's expenses, legal fees, Work Fee, the listing fee payable

to the Canadian Securities Exchange (the “**Exchange**”) and the filing fees payable to the regulatory authorities of the Jurisdictions (the “**Commissions**”). See “*Use of Proceeds and Available Funds*”.

The Agent (including any registered sub-agents who assist the Agent in the distribution of the Common Shares), as exclusive agent for the purposes of this Offering, conditionally offers on a commercially reasonable efforts basis the Common Shares, and if, as and when issued and delivered by the Company and accepted by the Agent in accordance with the terms and conditions contained in the agency agreement (the “**Agency Agreement**”) dated August 10, 2022 between the Company and the Agent and subject to the approval of certain legal matters on behalf of the Company by Norton Rose Fulbright Canada LLP and on behalf of the Agent by Vantage Law Corporation. See “*Plan of Distribution*”.

Subscriptions for the Common Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the Closing will occur on a date agreed upon by the Company and the Agent, but not later than the date that is 90 days after a receipt is issued for the final prospectus or if a receipt has been issued for an amendment to the final prospectus, within 90 days of issuance of such receipt and in any event not later than 180 days from the date of receipt of the final prospectus. It is expected that the Common Shares will be issued as non-certified book-entry securities through CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee. Consequently, if delivered in book entry form, purchasers of Common Shares will receive only a customer confirmation from the registered dealer that is a CDS participant and from or through which the Common Shares were purchased.

The completion of the Offering is subject to a minimum subscription of Common Shares for aggregate gross proceeds of \$1,050,000. The Offering will not be completed and no subscription funds will be advanced to the Company unless and until the minimum subscription of \$1,050,000 has been raised. In the event that the minimum subscription is not attained by the end of the period of the Offering, all subscription funds that subscribers may have advanced to the Agent in respect of the Offering will be refunded to the subscribers without interest or deduction.

There is no market through which the securities of the Company may be sold. This may affect the pricing of the Company's securities in the secondary markets, the transparency and availability of trading prices, the liquidity of the Company's securities and the extent of issuer regulation. See “*Risk Factors*”.

The Company has applied to list (the “**Listing**”) its Common Shares on the Canadian Securities Exchange (the “**Exchange**” or the “**CSE**”). As at the date of this Prospectus, the CSE has conditionally approved the Company's Listing. The Listing is subject to the Corporation fulfilling all of the requirements of the Exchange. As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities on the Toronto Stock Exchange, Neo Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America.

An investment in Common Shares of the Company is highly speculative due to various factors, including the nature and stage of development of the business of the Company. An investment in these securities should only be made by persons who can afford the total loss of their investment. See “*Risk Factors*”.

Readers are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding, or disposing of Common Shares, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires Common Shares.

The Company is not a related or connected issuer to the Agent (as such terms are defined in National Instrument 33-105 – *Underwriting Conflicts*). See “*Relationship between the Company and Agent*”.

Upon successful completion of the Offering, the Agent will receive:

Agent's Position	Maximum Size or Number of Securities Available	Exercise Period of Acquisition Date	Exercise Price of Average Acquisition Price
Agent's Compensation Options ⁽¹⁾	1,050,000 Common Shares	Twenty four (24) months from the Closing	\$0.10 per share

Note:

(1) The Agent's Compensation Options and the Common Shares issuable upon exercise of the Agent's Compensation Options are qualified for distribution under this Prospectus. See "*Plan of Distribution*".

No person is authorized by the Company or the Agent to provide any information or to make any representations other than those contained in this Prospectus in connection with the issue and sale of the securities offered pursuant to this Prospectus.

**Research Capital Corporation
Suite 1920, 1075 West Georgia Street
Vancouver, BC V6E 3C9
Telephone: (604) 662-1800
Facsimile: (778) 373-4101**

The Company's registered and head office is located at Suite 1800, 510 West Georgia Street, Vancouver British Columbia V6B 0M3.

As a director of the Company, as prescribed by Form 41-101F1, resides outside of Canada, they have appointed the following agent for service of process, as applicable:

Name of Person	Name and Address of Agent
Sean Prescott	Turlex Office Services Limited Partnership 1800 - 510 West Georgia Street Vancouver, BC V6B 0M3 Canada

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even is the party has appointed an agent for service of process.

TABLE OF CONTENTS

GLOSSARY	1
GENERAL MATTERS	6
FORWARD-LOOKING INFORMATION	6
MARKET REPORTS	10
PROSPECTUS SUMMARY	11
CORPORATE STRUCTURE	14
DESCRIPTION OF THE BUSINESS	14
HISTORY	30
USE OF PROCEEDS AND AVAILABLE FUNDS	33
SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS	36
DESCRIPTION OF SECURITIES	37
CONSOLIDATED CAPITALIZATION	38
OPTIONS TO PURCHASE SECURITIES	39
PRIOR SALES	41
ESCROWED SECURITIES	41
PRINCIPAL SECURITYHOLDERS	42
DIRECTORS AND EXECUTIVE OFFICERS	42
EXECUTIVE COMPENSATION	47
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS	49
AUDIT COMMITTEE	49
CORPORATE GOVERNANCE	52
PLAN OF DISTRIBUTION	55
RISK FACTORS	56
PROMOTERS	69
LEGAL PROCEEDINGS	69
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	69
RELATIONSHIP BETWEEN THE COMPANY AND AGENT	70
AUDITORS	70
REGISTRAR AND TRANSFER AGENT	70
MATERIAL CONTRACTS	70
EXPERTS	70
DIVIDENDS	71
ELIGIBILITY FOR INVESTMENT	71
RIGHTS OF WITHDRAWAL AND RESCISSION	71
OTHER MATERIAL FACTS	72
FINANCIAL STATEMENTS	1
SCHEDULE "A" FINANCIAL STATEMENTS OF SCOPE CARBON CORP. AND MANAGEMENT'S DISCUSSION AND ANALYSIS	1
SCHEDULE "B" AUDIT COMMITTEE CHARTER	1
CERTIFICATE OF SCOPE CARBON CORP.	1
CERTIFICATE OF THE PROMOTER	2
CERTIFICATE OF THE AGENT	3

GLOSSARY

The following is a glossary of certain terms used in this Prospectus. Terms and abbreviations used in the financial statements of the Company may be defined separately and the terms defined below may not be used therein.

“**Agency Agreement**” has the meaning ascribed to such term on the face page of this Prospectus;

“**Agent**” has the meaning ascribed to such term on the face page of this Prospectus;

“**Agent’s Commission**” has the meaning ascribed to such term on the face page of this Prospectus;

“**Agent’s Compensation Option**” has the meaning ascribed to such term on the face page of this Prospectus;

“**AI**” means artificial intelligence;

“**AIDA**” means the proposed *Artificial Intelligence and Data Act (Canada)*;

“**Articles**” means the articles of the Company, as may be further amended from time to time;

“**Audit Committee**” means the audit committee of the Board;

“**BCBCA**” means the *Business Corporations Act* (British Columbia), as amended, together with all regulations promulgated thereto;

“**Board**” means the board of directors of the Company, as constituted from time to time;

“**Business Co-Operation Agreement**” means the agreement between the Company and Farm Flight dated June 3, 2022;

“**BVLS**” means beyond visual line of sight;

“**CARB**” means the California Air Resources Board;

“**Carbon Credit Certifiers and Developers**” means carbon credit forest certification firms, and carbon credit project developers;

“**carbon credits**” means carbon allowances, carbon offsets, forest offsets and other environmental attributes including, without limitation, renewable energy certificates and clean/low carbon fuel standard credits;

“**CARs**” means the Canadian Aviation Regulations;

“**CCA**” means the California Cap and Trade Program established by CARB;

“**CCBS**” means the climate, community and biodiversity standards creating Co-Benefits established by Verra;

“**CCUS**” means carbon capture, usage and storage technologies;

“**CDS**” means the Canadian Depository for Services;

“**CEO**” means chief executive officer;

"**CFO**" means chief financial officer;

"**Closing**" means the closing of the Offering;

"**Co-Benefits**" means any positive impacts, other than direct greenhouse gas emissions mitigation, resulting from carbon offset projects;

"**CO₂**" means carbon dioxide;

"**Code of Conduct**" has the meaning ascribed to such term under the heading "*Ethical Business Conduct*";

"**Commissions**" has the meaning ascribed to such term on the face page of this Prospectus;

"**Common Shares**" has the meaning ascribed to such term on the face page of this Prospectus;

"**Common Share Purchase Warrants**" has the meaning ascribed to such term under the heading "*Common Share Purchase Warrants*";

"**Company**" has the meaning set forth on the face page of this Prospectus, and any reference to "**we**" or "**us**" or "**our**" is a reference to the Company;

"**COO**" means chief operating officer;

"**CORSIA**" means Carbon Offsetting and Reduction Scheme for International Aviation;

"**Deferred Plan**" or "**Deferred Plans**" has the meaning ascribed to such terms under the heading "*Eligibility for Investment*";

"**DPSP**" has the meaning ascribed to such term under the heading "*Eligibility for Investment*";

"**Escrow Agreement**" means the escrow agreement substantially in the form of 46-201F1 – *Escrow Agreement* among the Company, the Transfer Agent and the Escrowed Securityholders and dated August 10, 2022;

"**Escrowed Shares**" has the meaning ascribed to such term under the heading "*Escrowed Securities*";

"**Escrowed Securityholders**" means being James Liang, Alan Tam, Sean Prescott, Michael Zenko and Darien Lattanzi, each of whom will be required to enter into an Escrow Agreement;

"**ESG**" means Environmental, Social, and Governance;

"**ETS**" means emission trading systems;

"**EU ETS**" means the European Union ETS;

"**Exchange**" or "**CSE**" means the Canadian Securities Exchange;

"**Farm Flight**" means Farm Flight, Inc., a Wyoming company providing mapping services for agricultural diagnostics;

"**Financial Statements**" has the meaning ascribed to such term under the heading "*Prospectus Summary*";

"**Form 41-101F1**" means Form 41-101F1 Information Required in a Prospectus within NI 41-101 *General Prospectus Requirements*, as amended from time to time;

“Form 52-110F2” means Form 52-110F2 *Disclosure by Venture Issuers* within National Instrument 52-110 *Audit Committees*, as amended from time to time;

“Forward-Looking Information” has the meaning ascribed to such term under the heading *“Forward-Looking Information”*;

“GHG” means greenhouse gas;

“Governance, Nominating and Compensation Committee” means the governance, nominating and compensation committee of the Board;

“GPU” means Graphics Processing Unit;

“GtCO₂e” means billion tonnes of carbon dioxide equivalent;

“IFRS” means the International Financial Reporting Standards;

“IPCC” means the Intergovernmental Panel on Climate Change;

“Jurisdictions” has the meaning ascribed to such term on the face page of this Prospectus;

“Licensor” means the Prescott Family Foundation, a foundation directed by Sean Prescott, the Company’s non-Executive Chairman;

“LIDAR” meaning light detection and ranging;

“Listing” has the meaning ascribed to such term on the face page of this Prospectus;

“Listing Date” means the date on which the Common Shares are listed for trading on the Exchange;

“MD&A” means the Management Discussion and Analysis;

“MtCO₂e” means million tonnes of carbon dioxide equivalent;

“Named Executive Officers” or **“NEOs”** has the meaning ascribed to such term under the heading *“Executive Compensation”*;

“Neural Network” means the collection of algorithms in the Technology;

“NI 41-101” means National Instrument 41-101 *General Prospectus Requirements*, as amended from time to time;

“NI 52-110” means National Instrument 52-110 *Audit Committees*, as amended from time to time;

“NI 58-101” means National Instrument 58-101 *Disclosure of Corporate Governance Practices*, as amended from time to time;

“NP 46-201” means National Policy 46-201 *Escrow for Initial Public Offerings*, as amended from time to time;

“NP 58-201” means National Policy 58-201 *Corporate Governance Guidelines*, as amended from time to time;

“Offering” has the meaning ascribed to such term on the face page of this Prospectus;

"Options" means options to purchase Common Shares issued pursuant to the Option Plan;

"Option Plan" means the Company's share option plan, effective upon the date of Listing, and providing for the granting of incentive options to the Company's directors, officers, employees and consultants in accordance with the rules and policies of the Exchange;

"Paris Agreement" or the Paris accords, was an international treaty adopted on December 12, 2015 concerning climate change among the 195 UNFCCC participating member states and the European Union regarding long-term sustainability against climate change;

"Participant" has the meaning ascribed to such term under the heading "*Option Plan*";

"Pilot Testing Agreement" means the agreement between the Company and Mikiwam Holdings Ltd. dated February 18, 2022, and as amended July 12, 2022;

"Principal" of an issuer means:

- (a) a person or company who acted as a promoter of the Company within two years before this Prospectus;
- (b) a director or senior officer of the Company or any of its material operating subsidiaries at the time of this Prospectus;
- (c) a person or company that holds securities carrying more than 20% of the voting rights attached to the Company's outstanding securities immediately before and immediately after the Listing Date; or
- (d) a person or company that:
 - (i) holds securities carrying more than 10% of the voting rights attached to the Company's outstanding securities immediately before and immediately after the Listing Date, and
 - (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Company or any of its material operating subsidiaries;

"Processed Data" means the data which has been processed by the Technology in accordance with terms of the Business Co-Operation Agreement;

"Prospectus" has the meaning ascribed to such term on the face page of this Prospectus;

"RDSP" has the meaning ascribed to such term under the heading "*Eligibility for Investment*";

"Related Persons" has the meaning ascribed to such term in the CSE Policy 2;

"RESP" has the meaning ascribed to such term under the heading "*Eligibility for Investment*";

"RPA" means a remotely piloted aircraft, a terms used in the CARs;

"RRIF" has the meaning ascribed to such term under the heading "*Eligibility for Investment*";

"RRSP" has the meaning ascribed to such term under the heading "*Eligibility for Investment*";

"Scope Analysis Platform" means the application of the Company's Scope Analysis Software for the identification of carbon credits;

"Scope Analysis Software" means the Company's software system which utilizes the Technology;

“SD Vista Standard” means the Sustainable Development Verified Impact Standard created by Verra with regard to Co-Benefits;

“SFOC” means a Special Flight Operations Certificate, as granted by Transport Canada;

“Small RPAs Advanced” means the form of RPA license granted by Transport Canada;

“Small RPAs Basic” means the form of RPA license granted by Transport Canada;

“SOCIALCARBON” means the methodology and standard created by the Ecológica Institute (Brazil) in 1998 of assessing Co-Benefits from climate change mitigation;

"Tax Act" has the meaning ascribed to such term under the heading "*Eligibility for Investment*";

“tCO2” means one tonne of carbon dioxide;

“tCO2e” means one tonne of carbon dioxide equivalent;

"Technology" means the source code and image recognition and artificial intelligence technology acquired under the Technology Acquisition Agreement;

“Technology Acquisition Agreement” means the technology acquisition agreement dated February 15, 2022, between the Company and the Licensor for the license to, and ultimate acquisition of, the Technology;

“Technology License Shares” means the Common Shares to be issued to the Licensor under the Technology Acquisition Agreement;

"TFSA" has the meaning ascribed to such term under the heading "*Eligibility for Investment*";

“The Gold Standard” means the means the standard set by the World Wildlife Fund for certifying carbon emissions reductions;

“Transfer Agent” means Endeavour Trust Corporation;

“Transport Canada” means federal department of the Canadian government responsible for managing regulations, policies and services of road, rail, marine and air transportation in Canada;

“UAV” means unmanned aerial vehicles;

“UNFCCC” means the United Nations Framework Convention on Climate Change;

“Unit” means a unit issued by the Company entitling the holder to one (1) common share and one half of one (1) Warrant;

“UN SDGs” means the United Nations’ Seventeen Sustainable Development Goals established by the United Nations in 2015 and intended to be achieved by 2030;

“U.S. Securities Act” means the United States Securities Act of 1933, as amended;

“Verified Carbon Standard” means the standard set by Verra for certifying carbon emissions reductions;

“Verra” means the non-profit corporation based in Washington DC; and

“Work Fee” means the \$35,000 plus applicable taxes fee payable to the Agent.

GENERAL MATTERS

All references in this Prospectus to "management" are to the persons who are identified in this Prospectus as the executive officers of the Company. See "*Directors and Executive Officers*". All statements in this Prospectus made by or on behalf of management are made in such persons' capacities as executive officers of the Company and not in their personal capacities.

Readers should rely only on the information contained in this Prospectus. The Company has not authorized anyone to provide you with additional or different information. The information contained on the Company's website, <https://www.scopecarboncorp.com/> is not intended to be included in or incorporated by reference into this Prospectus, and readers should not rely on such information. Any graphs, tables or other information demonstrating historical performance of the Company or that of any other entity contained in this Prospectus are intended only to illustrate past performance and are not necessarily indicative of the Company's or such entities' future performance. Readers should assume that the information appearing in this Prospectus is accurate only as of its date, regardless of its time of delivery. The Company's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus.

In this Prospectus, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to \$ are to Canadian dollars.

FORWARD-LOOKING INFORMATION

Except for statements of historical fact relating to the Company, certain statements in this Prospectus may constitute forward-looking information, future oriented financial information, or financial outlooks (collectively, "**Forward-Looking Information**") within the meaning of Canadian securities laws. Forward-Looking Information may relate to this Prospectus, the Company's future outlook and anticipated events or results and, in some cases, can be identified by terminology such as "may", "could", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "projects", "predict", "potential", "targeted", "possible", "continue" or other similar expressions concerning matters that are not historical facts. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- the Company's intention to complete the Offering and Listing;
- general market conditions and expectations concerning carbon market trends, overall carbon market growth rates and prices for carbon credits
- the Company's expectations regarding its revenue, expenses and operations as well as business plan and strategies;
- the Company's anticipated cash needs and its needs for additional financing;
- the Company's intention to grow the business and its operations;
- the grant and impact of any license or supplemental license to conduct activities with the Company's Technology;
- the Company's competitive position and the regulatory environment in which the Company expects to operate;
- the Company's expectation that available funds will be sufficient to cover its expenses over the next twelve (12) months;

- the Company's expected business objectives and milestones, including costs of the foregoing, for the next twelve (12) months;
- the costs associated with this Prospectus and the Listing;
- the Company's ability to obtain additional funds through the sale of equity or debt commitments;
- projections for research and development and all milestone targets therein;
- the Company's ability to obtain regulatory clearance, as required;
- the Company's ability to attract partners in the development process;
- the Company's ability to commercialize its technology;
- expectations regarding acceptance of products and technologies by the market;
- the intentions of the Board with respect to executive compensation plans and corporate governance plans described herein; and
- the Escrow Agreement and the escrow of the Escrowed Shares.

Certain forward-looking statements and other information contained in this Prospectus concerning the industry and the markets in which the Company operates, including the Company's general expectations and market position, market opportunities and market share, is based on estimates prepared by the Company using data from publicly available governmental sources, as well as from market research and industry analysis, and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the industry in which the Company operates involves risks and uncertainties that are subject to change based on various factors and the Company has not independently verified such third-party information.

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward looking statements included in this Prospectus, the Company has made various material assumptions, including but not limited to: (i) obtaining the necessary regulatory approvals; (ii) that regulatory requirements will be maintained; (iii) there will not be an increase in regulatory requirements in the Company's current operations jurisdiction for the Company to complete its business; (iv) general business, economic and political conditions; (v) the Company's ability to successfully execute its plans and intentions, including, without limitation, obtaining a final receipt from the applicable securities regulatory authorities and listing the Common Shares on the Exchange; (vi) the availability of financing on reasonable terms; (vii) the Company's ability to the necessary talent to develop its technology; (viii) the Company's ability to market its technology and attract strategic partners; (ix) market competition; (x) the technology offered by the Company's competitors; (xi) that good relationships with service providers and other third parties will be established and maintained; (xii) continued growth of the industry in which the Company competes in; (xiii) positive public opinion with respect to the industry in which the Company operates in; and (xiv) the negative impacts associated with COVID-19 will not be long-term. Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and the Company cannot assure that actual results will be consistent with these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "Risk Factors", which include:

- the Company continuing to have a negative cash flow;
- uncertainty about the Company's ability to continue as a going concern;
- the Company's need for additional financing due to a lack of significant earnings;
- there is no assurance that the Company will turn a profit or generate revenues;
- the Company is a development stage company with little operating history and the Company cannot assure profitability;
- the Company's actual financial position and results of operations may differ materially from the expectations of the Company's management;
- the Company could become subject to fluctuations and risks associated with foreign currency exchange rates;
- the Company may be unable to rely on third party data accuracy and veracity of information and projections sourced from third parties respecting, among other things, demand for carbon credits, growth in carbon markets and anticipated carbon pricing and unable to generate its own;
- the Company's business is subject to the Technology Acquisition Agreement, which may not provide an adequate remedy for its breach by the Licensor;
- the Company may be unsuccessful in gaining market acceptance and keeping pace with market developments;
- the Company operates in an unproven market with an unproven technology;
- the Company may not be successful in applying its technology;
- the Company's inability to identify, discover or rely on commercial partners;
- the Company's reliance on third parties in the commercialization of its technology;
- the Company's dependency on its technology and ability to adequately protect its proprietary and intellectual property rights;
- uncertainties and ongoing market developments surrounding the regulatory framework the Company operates;
- the Company's regulatory compliance in operating its business with the use of UAVs;
- the Company's compliance with regulations governing cybersecurity and the protection of data and privacy;
- the Company's compliance in Canada with the proposed implementation of Bill C-27 or the Digital Charter Implementation Act, 2022;
- if the Company is unable to attract and retain key personnel, it may not be able to compete effectively in the industry in which it operates;

- the Company has a limited operating history in the identification of carbon credits;
- the Company's officers and directors may be engaged in a range of business activities resulting in conflicts of interest;
- the Company's director may have a conflict of interest with that of the Licensor;
- in certain circumstances, the Company's reputation could be damaged;
- the Company could have limited access to real-time data to evaluate the market it operates in;
- potential weakness in internal controls or financial reporting by the Company;
- the Company's concentration on the carbon credit market;
- the Company's inaccurate estimates of growth strategy;
- the Company's lack of key person insurance;
- the Company may be adversely affected by public health crises and other events outside its control, including those relating to COVID-19;
- the Company may be adversely affected by a lack of demand for carbon credits;
- the Company may be subject to volatility and high liquidity issues in the carbon credit market;
- the Company being adversely affected by a lack of emergence of the voluntary carbon market;
- the Company may be subject to adverse changes in climate;
- the Company may become subject to litigation, which may have a material adverse effect on the Company's reputation, business, results from operations and financial condition;
- the Company faces competition from other companies where it will conduct business and those companies may have a higher capitalization, more experienced management or may be more mature as a business;
- the Company could be subject to risk from foreign operations as well as geopolitical risk outside its control;
- the market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control;
- the Company's Common Shares will be subject to fluctuations in the carbon credit markets;
- the Company does not anticipate paying cash dividends;
- the Company will be subject to additional regulatory burden resulting from its public listing on the Exchange; and
- the Company may be subject to additional tax consequences arising from the Listing.

The factors identified above are not intended to represent a complete list of the risks and factors that could affect the Company. Some of the important risks and factors that could affect forward-looking statements are discussed in the section entitled "*Risk Factors*" in this Prospectus. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, 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 actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in this Prospectus. See "*Risk Factors*". Forward-looking statements are based upon management's beliefs, estimates and opinions on the date the statements are made and, other than as required by law, the Company does not intend, and undertakes no obligation to update any Forward-Looking Information to reflect, among other things, new information or future events.

Upon becoming a reporting issuer, the Company intends to discuss in its quarterly and annual reports, referred to as the Company's MD&A documents, any events and circumstances that occurred during the period to which such document relates that are reasonably likely to cause actual events or circumstances to differ materially from those disclosed in the Prospectus. New factors emerge from time to time and it is not possible for management to predict all such factors and to assess the impact of each such factor on the Company's business in advance or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Readers are cautioned against placing undue reliance on forward-looking statements.

All of the Forward-Looking Information contained in this Prospectus is expressly qualified by the foregoing cautionary statements. Readers should read this entire Prospectus and consult their own professional advisors to ascertain and assess the income tax, legal, risk factors and other aspects of an investment in the Company.

MARKET REPORTS

This Prospectus contains statistical data, market research and industry forecasts that were obtained from government or other industry publications and reports or based on estimates derived from such publications and reports. Governmental, non-governmental and industry publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but do not guarantee the accuracy and completeness of their information. Often, such information is provided subject to specific terms and conditions limiting the liability of the provider, disclaiming any responsibility for such information, and/or limiting a third-party's ability to rely on such information. None of the authors of such publications and reports has provided any form of consultation, advice or counsel regarding any aspect of, or is in any way whatsoever associated with the Company. Further, certain of these organizations are advisors to participants in the carbon credit industry, and may present information in a manner that is more favourable to that industry than would be presented by an independent source. Actual outcomes may vary materially from those forecast in such reports or publications and the prospect for material variation can be expected to increase as the length of the forecast period increases. While the Company believes this data to be reliable, market and industry data is subject to variations and cannot be verified due to limits on the availability and reliability of data inputs, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any market or other survey. Accordingly, the accuracy, currency and completeness of this information cannot be guaranteed. The Company has not verified any of the data from third-party sources referred to in this Prospectus or ascertained the underlying assumptions relied upon by such sources.

PROSPECTUS SUMMARY

The following is a summary of the Company, its business and the principal features of the securities it previously issued and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus. You should read this entire Prospectus carefully, especially the "Risk Factors" section of this Prospectus.

- The Company:** Scope Carbon Corp. is a corporation governed by the BCBCA. See "*Corporate Structure*".
- Business of the Company:** The Company is a carbon mapping technology company located in Vancouver, British Columbia and is focused on the commercial development of its technology and the Scope Analysis Platform. The Scope Analysis Platform is an AI-driven image recognition technology used for the identification and estimation of carbon-based lifeforms and carbon emissions, both key components in the identification of carbon credits. See "*Description of the Business*".
- The Offering:** The Company is offering 10,500,000 Common Shares at a price of \$0.10 per Common Share for gross proceeds of \$1,050,000.
- Under the terms of the Agency Agreement, the Company will pay the Agent the Agent's Commission equal to 10% of the total gross proceeds of the Offering. In addition to the Agent's Commission, the Company will issue to the Agent the Agent's Compensation Option to purchase up to that number of Common Shares equal to 10% of the aggregate number of Common Shares sold under the Offering at a price of \$0.10 per Common Share for a period of twenty-four (24) months from the date of Closing. The Company has also agreed to pay to the Agent a Work Fee of \$35,000, plus applicable taxes and pay for all reasonable expenses of the Agent in connection with the Offering. See "*Plan of Distribution*".
- Qualified Securities:** The Prospectus qualifies the distribution of the Common Shares, the Agent's Compensation Option and the Common Shares issuable upon the exercise of the Agent's Compensation Option. See "*Plan of Distribution*".
- Listing:** The Company is not currently listed on the Exchange. Listing on the Exchange would be subject to the Company fulfilling all of the requirements of the Exchange, including minimum public distribution requirements. See "*Description of Securities*".

Available Funds and Principal Purposes:

Upon completion of the Offering the Company will have available cash of approximately \$1,472,323, based on the Company's cash position as of July 31, 2022. Upon the Listing, the principal purposes for the foregoing available funds are expected to be as follows:

Available Working Capital	Funds (\$)
Working capital as of July 31, 2022	422,323
Gross Proceeds of the Offering	1,050,000
Principal Purposes	Funds (\$)
Expenses of the Offering ⁽¹⁾	(178,500)
Estimated outstanding expenses for Listing on the CSE	(55,000)
Twelve (12) Month Work Program ⁽²⁾	(744,000)
General and Administrative Costs	(204,000)
Unallocated funds (unaudited)	290,823
Total	1,472,323

Notes:

- (1) Includes a deduction of the Agent's Commission of \$105,000, the Work Fee of \$35,000 plus GST, legal fees of the Agent, estimated at \$35,000 (plus taxes and disbursements), and other reasonable expenses of the Agent.
- (2) This figure is for a forecasted period of twelve (12) months and includes \$527,000 for research and development and \$190,000 for direct marketing costs.

The Company had a negative cash flow from operating activities for the financial year ended September 30, 2021. To the extent that the Company has negative cash flow from operating activities in future periods, the Company may need to use a portion of proceeds from any offering to fund such negative cash flow. See "*Risk Factors*".

The Company intends to spend the funds available to it as stated in this Prospectus; however, there may be circumstances where a reallocation of funds may be necessary for sound business reasons. Use of funds will be subject to the discretion of management. For further details, see "*Use of Proceeds and Available Funds*".

**Management,
Directors & Officers:**

The Company's Board will initially consist of five directors, being James Liang, Alan Tam, Darien Lattanzi, Mike Zenko, and Sean Prescott. The officers of the Company are James Liang (CEO), Alan Tam (CFO) and Mike Zenko (COO). See "*Directors and Executive Officers*".

**Selected Financial
Information:**

The following tables set forth our selected financial information for the periods and as at the dates indicated therein. The selected financial information has been derived from and is qualified in its entirety by our audited annual financial statements as at and for the financial years ended September 30, 2021 and 2020 and audited interim financial statement for the period ended March 31, 2022 and notes thereto included in this Prospectus, and should be read in conjunction with such financial statements and the related notes thereto included in Schedule "A" of this Prospectus (the "**Financial Statements**"). All Financial Statements of the Company are prepared in accordance with IFRS.

Our historical results are not necessarily indicative of the results that should be expected in any future period. Readers should review this information in conjunction with the audited and unaudited financial statements, including the notes thereto, and the MD&A, as well as "*General Matters*", "*Consolidated Capitalization*" and "*Description of Securities*" included elsewhere in this Prospectus.

	As at and for the period ended March 31, 2022 (audited) (\$)	As at and for the year ended September 30, 2021 (audited) (\$)	As at and for the year ended September 30, 2020 (audited) (\$)
Total Assets	605,179	10,145	28,231
Total Liabilities	79,561	10,159	23,767
Total Equity (Deficiency)	525,618	(14)	4,464
Revenue	Nil	Nil	Nil
Net Loss and Comprehensive Loss for the Period	(102,660)	(4,478)	(74,820)

See "*Selected Financial Information and Management's Discussion and Analysis*".

Risk Factors:

Due to the nature of the Company's business and the present stage of development of its business, the Company is subject to significant risks. Readers should carefully consider all such risks. Risk factors include, but are not limited to, the Company's negative operating cash flow, the Company operating as a going concern, need for additional capital requirements, the Company's intellectual property, the Company's business operations and operating environment and third parties. For a detailed description of these and other risks, please see "*Risk Factors*". The risks and uncertainties described in this Prospectus are those the Company currently believes to be material, but they are not the only ones faced by the Company. If any of the risks discussed in this Prospectus actually occur, alone or together with additional risks and uncertainties not currently known to us, or that we currently deem immaterial, the Company's business, financial condition, results of operations and prospects may be materially adversely affected.

CORPORATE STRUCTURE

Name and Incorporation of the Company

The Company was incorporated under the BCBCA on June 20, 2018 under the name "Puffin Capital Ltd." and subsequently filed articles of amendment in order to changed its name to "Scope Carbon Corp." on February 11, 2022. The Company's registered and head office is located at 1800-510 West Georgia Street, Vancouver, BC V6B 0M3.

Intercorporate Relationships and Subsidiaries

As of the date of this Prospectus, the Company does not have any subsidiaries, past or present.

DESCRIPTION OF THE BUSINESS

Overview

Scope is a Canadian technology company located in Vancouver, British Columbia. The Company has an exclusive license to a technology known as the "image recognition technology" (previously defined as the "**Technology**") pursuant to a license agreement dated between the Company and the Licensor. The Technology is an interface that consists of the following processes:

- (a) A front-end camera, mounted on an unmanned aerial vehicle (a "**UAV**"), captures an image;
- (b) The camera forwards the captured images from the internal video stream via a secured connection to the back-end computer system which has a listening server ready to receive the encoded image data;
- (c) The computer system then reads and re-formats the captured image for comparison and inference in the pre-trained neural network (consisting of multiple layers of neurons, which together build a filter system of parameters and weights that ultimately build the "decision tree") (previously defined as the "**Neural Network**");
- (d) In the Neural Network, a comparison is made against the captured image and the previously trained models and/or pre-determined or previously gathered datasets; and
- (e) The Technology returns a list of carbon characteristics and corresponding confidence levels in the captured image for the given detected object based on the similarities recognized in its database and the probability of correctness.

In general, capturing the data associated with carbon credits verification has been a protracted and labour intensive exercise due to the following reasons¹:

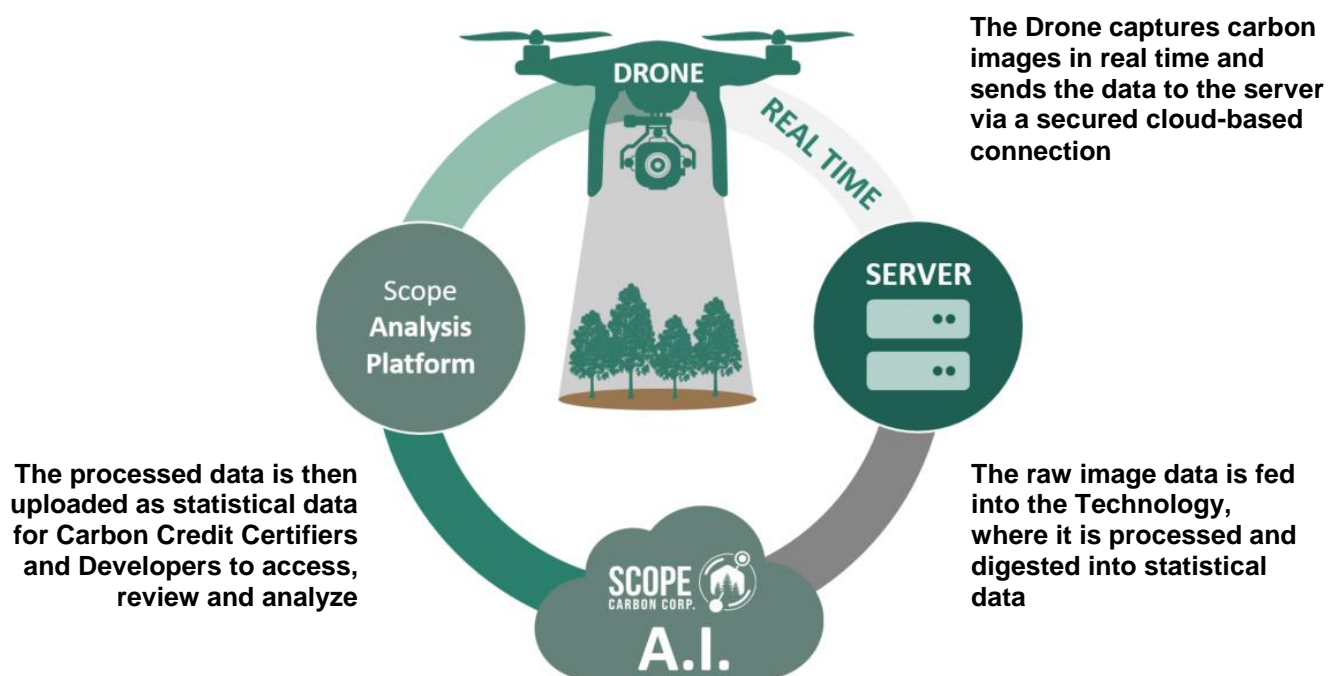
- (a) to properly certify certain projects (such as forests for example), the Carbon Credit Certifiers and Developers must collect vast amounts of data, including overhead forestry patterns, ground-level factors of the forest, the species of the carbon lifeforms growing in the project area and the relative health of the lifeforms in that ecosystem;
- (b) the collection of data required in carbon credit verification can be area-intensive where some carbon credit projects can be as small as 100 acres, others can be over 150,000 acres in size;

¹ Jianfu Wang & Shiping Jin & Weiguo Bai & Yongliang Li & Yuhui Jin, 2016. "Comparative analysis of the international carbon verification policies and systems," Natural Hazards: Journal of the International Society for the Prevention and Mitigation of Natural Hazards, Springer; International Society for the Prevention and Mitigation of Natural Hazards, vol. 84(1), November

- (c) field data collection requires personnel which is subject to human error and can be slow and costly; and
- (d) the carbon credits markets are becoming subject to increased calls for transparency, with emphasis on the reliability of data collected in the verification process.

In order to minimize these difficulties, by utilizing the Technology, the Company has developed, and continues to develop, a technology which is named the "Scope Analysis Platform." The Company's Technology's currently fully functional, but requires re-programming to be applied to the Scope Analysis Platform. The Scope Analysis Platform is an add-on, AI-driven technology that utilizes the Technology to present the data collected to clients in a digestible and accessible manner. In general, the main function of the Scope Analysis Platform is to collect, analyze, manage and sort carbon credit certification data through object-oriented analytics.

The following chart explains the application of the Scope Analysis Platform:



At its core, the Scope Analysis Platform will be comprised of the following components:

- (a) UAVs equipped with cameras that are capable of all-terrain traversal to quickly capture data in real time;
- (b) Cloud-based transmission for immediate, secure and accurate transmission of carbon credit data to the back-end computer system;
- (c) Software platform in the computer system driven by AI that reads the carbon credit inventory data, analyzes through the Neural Network and returns a list of carbon characteristics and confidence levels that will be used to help manage and sort carbon credit certification data; and

- (d) A secure portal that the Carbon Credit Certifiers and Developers can access, view and handle the carbon credit certification data for their intended usage.

With respect to the above proposed business process, the Company has achieved the following milestones:

- Created a prototype drone with the requisite camera system;
- Secured initial mapping data through a partnership with Farm Flight; and
- Completed 75% of the software that will drive the AI and analyze the captured image and process the data and formats / organizes them for ready access by the stakeholders.

The Company's focus is on establishing itself in the budding carbon credits market. The Company believes the Scope Analysis Platform has the potential to be an essential tool to Carbon Credit Certifiers and Developers in the identification of carbon credits. The Company intends to execute its strategy by:

- (i) developing and finalizing the outstanding components of the Scope Analysis Software and purchasing the infrastructure to host the Scope Analysis Platform;
- (ii) expanding and enhancing the database of the Company's Technology to include a broad library of carbon-based characteristics; and
- (iii) marketing and networking with Carbon Credit Certifiers and Developers and other public companies embracing green technology to create brand awareness and strategic partnerships.

Every year, the world emits approximately 51 billion tons of greenhouse gases into the atmosphere². To avoid the worst impacts of climate change, Earth's populace needs to reduce that number to zero, and we need to do it in the next thirty years³. The private sector has an essential role to play in this effort and the Company is of the belief that a robust voluntary carbon market will continue to grow and develop until 2050 and beyond⁴. The Company intends to position itself as an essential service provider to Carbon Credit Certifiers and Developers to meet this growing demand.

Research & Development

The Company is committed to investing in its Technology and a research and development program that will complete the outstanding components of the Scope Analysis Software and commercialize the Scope Analysis Platform. Mr. Sean Prescott will lead the research and development program along with any consultants or subcontractors as required.

The research and development program will comprise of the following key components:

Completing the remaining programming on the Scope Analysis Software and develop a portal for third-party access (Present – Q4 2022)

To commercialize the Scope Analysis Platform, the Company must address the outstanding programming requirements. The primary components outstanding in the system are:

- re-programming the Neural Network to focus solely on carbon characteristics as opposed to general item characterisation. Whilst the Technology is currently functional, the Neural Network, which is a component of the Technology, has not been programmed to focus on a particular type of object. The Company is currently in the process of re-programming the Neural Network, and has

² https://ourworldindata.org/grapher/total-ghg-emissions?tab=chart&country=~OWID_WRL

³ *Canadian Net-Zero Emissions Accountability Act, S.C. 2021, c. 22*

⁴ Institute of International Finance, Taskforce on Scaling Voluntary Carbon Markets – Final Report, (January 2021).

executed the Business Co-Operation Agreement and Pilot Testing Agreement (herein defined) so that the Company has an initial database package which will be used to complete this programming;

- re-programming and scaling the Technology and Scope Analysis Software to address a real-time video stream. Currently, the Technology is calibrated only to recognize a single object within a single frame. In order to reach the commercialization stage the technology must be able to recognize multiple images per frame, and capture them in a quick succession on a frame-by-frame basis through a video stream;
- the Scope Analysis Software has also not been calibrated to handle the anticipated traffic, upon the commercialization of the Technology, consisting of multiple clients to be able to access the Scope Analysis Platform at any given time without the Scope Analysis Software crashing; and
- establishing database administration for processed and unprocessed data. The Scope Analysis Software, once operational, is anticipated to be processing high volumes of data. To properly catalogue this high volume of data the Company needs to establish algorithms which can sort and organize the data. The database administration is crucial to the Company's operations as it will have a significant impact on efficacy of the Scope Analysis Software.

It is anticipated that Mr. Prescott will continue to lead the development of the Scope Analysis Software into commercialization. As of the date of this Prospectus the Company does not anticipate requiring any additional specialized expertise to complete these components and believes the outstanding programming can be completed by Mr. Prescott. Nevertheless, to expedite the development, the Company anticipates hiring consultant developers who will work under Mr. Prescott's direction.

Furthermore, the Company will need to develop a customized portal (the "**Scope Analysis Portal**") in which clients can access the data gathered. At this time, the Company has not yet decided whether the Scope Analysis Portal will assume the form of a website access program application or an android or iOS application. It is anticipated that such decision will be made closer to commercialization on the basis of greatest benefits to potential clients. For the purposes of designing the Scope Analysis Portal to be user-friendly as well as aesthetically pleasing for marketing purposes and other commercial reasons including prioritizing the user experience, the Company anticipates outsourcing the creation of the portal to specialized developers. The Company does not intend developing the Scope Analysis Portal until the development of the outstanding components on the Scope Analysis Software are completed or nearing completion. See "*Risk Factors – Outsourcing Development to Third-Parties and Specialized Knowledge*".

The budget for the outstanding programming and the development of a client portal is \$220,000.

Acquire physical infrastructure to host the Scope Analysis Platform (Q2 –2022 – Q3 2023)

The infrastructure to host the Scope Analysis Platform will be interconnected on a pool of virtualized services and physical servers to allow for maximal scaling as needed on local bare-metal machines, while the web-based components will likely be cloud-based for a faster co-located user experience.

The components to be acquired are as follows:

- A Webserver (also known as an Application Programmer Interface Request Handler). The webserver will need to be suitable for mobile application to accommodate the Scope Analysis Platform and have access to a fast internet connection with efficient download capabilities. The budget for the webserver is approximately \$27,000.
- A Pre-Processor. The pre-processor is the component that pre-processes the video-stream data into frames and segments for inference. The budget for the pre-processor is approximately \$27,000.

- A Data Server. The data server is an algorithm and storage unit that sorts the information for later refinement and use in the training epochs (otherwise known as “learning iterations”, where a set of training images in the form of a gallery are loaded in to the framework of the Neural Network, and then subsequently tested against a different gallery, usually called a test-set).. The budget for the data server is approximately \$33,000.
- A Storage Server. The Scope Analysis Platform will require a physical storage unit consisting of multiple terabytes of both solid-state drive and hard disk storage. This server will host the imaging data and will need to be expanded gradually in the long term. The budget for this server is approximately \$64,000.
- A server to host the Training System. To develop the image recognition technology the Scope Analysis Software will have a separate training system. Initially the Scope Analysis Software will train with a singular system before being expanded with clone systems. The training system is designed to be fed with information manually and monitored by developers. The training system will require as many GPUs as possible to expedite the training. The budget for the server to host this is \$24,000.
- The Inference Server. As the Scope Analysis Software will need to process video in real-time, (approximately 24 frames per second), an inference server will be required to maximize GPU and processing utilization. The budget for this server is approximately \$32,000.

The total cost of this phase is estimated at approximately \$207,000.

Expand image database and complete initial training of the Technology (Present - Q4 2022)

To reach commercialization, the Company will need to train the Technology to recognize carbon-based lifeforms. The Technology must first be tested to meet a benchmark of success before it can be deemed marketable. This will involve a gradual, careful and monitored calibration of the images captured by, and fed to, the Technology.

The developer will be monitoring for a continued success rate in the images recognized until the technology can achieve a recognition benchmark.

The Company will also need to establish an initial database of carbon based lifeforms and characteristics against which the Technology will compare the images captured by the camera. The Company has already begun procuring an initial image database by negotiating the Business Co-Operation Agreement and Pilot Testing Agreement. Under the Business Co-Operation Agreement, the Company is granted ownership continued license of Farm Flight’s unprocessed data, which it will then render through the Technology, which will apply its image recognition analysis. The Company has agreed that once processed, Farm Flight shall acquire a fifty percent (50%) joint interest in this rendered data .

As at the date of the Prospectus, the unprocessed data from Farm Flight is packaged and ready for Scope’s receipt. To receive the unprocessed data, due to the size and nature of the unprocessed data, Scope must acquire the physical infrastructure to host the data, which is anticipated to occur shortly after completion of the Offering.

Whilst initial training is anticipated to be slow, the Technology is designed to be self-learning and the Company anticipates that the training system will eventually achieve a desirable benchmark of image recognition success. For faster and more efficient self-learning, the Technology requires a database that is larger, more complex, and higher-quality.

The total cost of this phase is estimated at approximately \$97,000.

Beta Testing (Q4–2022 - Q2 2023)

Upon achieving an acceptable benchmark of image recognition success, the Company anticipates completing its beta-testing in partnership with mining companies interested in tracking their GHG emissions and providing ESG disclosure. The Company intends to charge these partners a base, but reduced, fee for these services which will provide revenue prior to commercialization and mitigate the costs associated with beta testing. Beta testing is essential as it will assist the Company in the identification and resolution of any outstanding issues. See “*Risk Factors - Preferences of Carbon Credit Certifiers and Developers may change, and the Company may be unsuccessful in gaining market acceptance and keeping pace with changing market developments*”.

The total cost of this phase is estimated at approximately \$30,000.

Business Model and Services

The Company’s business model involves using overhead UAVs configured with high-resolution cameras which captures images that are then fed into the Scope Carbon Software, where the AI technology will assess the results and build out its own database of carbon characteristics. This data is intended to aid Carbon Credit Certifiers and Developers to create an inventory and manage the forest data, which is a key component in the process of carbon credit identification, as visual forest data (regarding trees characteristics and surrounding areas) is at the heart of building reliable carbon credit inventories for carbon credit projects. To complete operations with a UAV, the Company was required to apply to Transport Canada for a Small RPA Basic License regarding its UAV. The Company has acquired a Small RPA Basic License from Transport Canada to conduct operations and does not anticipate conduction BVLS operations in the foreseeable future. See “*Regulation and Permitting - UAV Regulation in Canada*”.

For the Scope Analysis Platform to generate revenue, the Company’s technology must be fully operational, scaled to deal with multiple vendors at will and marketable to potential clients. The research and development program and direct marketing efforts required can be summarised as follows:

- (1) developing and finalizing the outstanding components of the Technology and Scope Analysis Software, namely
 - (a) re-programming the Neural Network to focus solely on carbon characteristics as opposed to general item characterisation;
 - (b) re-programming and scaling the Technology and Scope Analysis Software so that it captures images on a frame-by-frame video stream;
 - (c) increasing scalability, to ensure that the Scope Analysis Software can handle the increased user traffic associated with commercialization as well as stress testing; and
 - (d) developing enhanced database administration for processed and unprocessed data.
- (2) purchasing the network and computer infrastructure to host the Scope Analysis Platform, which will be comprised of not less than ten independent servers;
- (3) expanding and enhancing the database of the Technology to include a broad library of carbon-based characteristics to increase the robustness of the comparison process; and
- (4) creating brand awareness and strategic partnerships by marketing and networking with Carbon Credit Certifiers and Developers and other public companies interested in incorporating green technology.

Until the research and development program is completed, the Scope Analysis Platform will not be fully functional and operational. On completion of the Company's research and development program, the Company intends to market to Carbon Credit Certifiers and Developers directly and investigate strategic partners to further market penetration. The Company intends to charge a flat fee to clients for the foreseeable future for using the Scope Analysis Platform. The flat fee will be determined by management on a "per project" basis against any reasonable costs anticipated and the demand for the application of the Scope Analysis Platform. Whilst the Scope Analysis Platform has an obvious market with Carbon Credit Certifiers and Developers, the Company will also explore the potential of alternative clients, such as governments, private forest owners and mining companies, among others, who are required to track their GHG emissions for various reasons. See "*Risk Factors - No Assurance of Profits or Revenues*".

Industry Overview & Trends

Overview of Climate Change Protocols

The UNFCCC in 1992 signed and established an international environmental treaty to "prevent dangerous anthropogenic (human) interference with the climate system". The framework was designed primarily as a means to begin and support a process for future, and more detailed, agreements about how to respond to climate change.⁵

In December 2015, as a key element under the UNFCCC, the Paris Agreement was adopted to set the world on a course towards sustainable development, aimed at holding global average temperature increases to 2°C above pre-industrial levels, while also pursuing efforts towards limiting the temperature increase even further to 1.5°C. Reaching the 1.5°C target requires that GHG emissions are cut by approximately 50% of current levels by 2030 and a balance between greenhouse GHG and removals, otherwise known as the "net-zero" goal, is reached by 2050.⁶

In August 2021, the IPCC released their sixth assessment report, which stated "Global warming of 1.5°C and 2°C will be exceeded during the 21st century unless deep reductions in carbon dioxide and other greenhouse gas emissions occur in the coming decades." According to the report, even with drastic emissions cuts to 2030, average temperatures could still rise 1.5°C by 2040 and possibly 1.6°C by 2060 before stabilizing, a decade earlier than the IPCC concluded in their previous report published less than three years ago.⁷

In response to the Paris Agreement and net-zero goal, countries have increased their commitments to reduce global greenhouse gas emissions. In 2020 and 2021, many countries announced more aggressive GHG emission reduction goals while others pledged to be "carbon-neutral" or "net-zero" by 2050.⁸

Carbon Credit Markets

The Kyoto Protocol, which went into force on February 16, 2005, operationalized the UNFCCC by having countries commit to limit and reduce their greenhouse gas emissions in accordance with agreed individual targets. The protocol set binding emission reduction targets for 37 industrialized countries and economies in transition and the European Union which added up to an average of 5% below 1990 levels over the five-year period 2008 to 2012 (the first commitment period).⁹ The Kyoto Protocol served to pioneer new approaches for fighting climate change and the development of two broad types of carbon markets: compliance and voluntary.

⁵ United Nations, United Nations Framework Convention on Climate Change, 1992

⁶ United Nations, Paris Agreement, 2015

⁷ IPCC, Sixth Assessment Report: Climate Change 2021 – The Physical Science Basis, August 9, 2021

⁸ <https://climateactiontracker.org/climate-target-update-tracker-2022/>

⁹ United Nations, Kyoto Protocol to the United Nations Framework Convention on Climate Change, December 10, 1997

Kyoto Protocol enabled the 15 original member states of the European Union to join together to be treated as a single entity with one emissions cap for compliance purposes and led to the creation of the EU Emissions Trading Scheme (“**EU ETS**”), which came into force in 2005. The EU ETS was the world’s first ETS and today remains the largest compliance carbon market by value (it was also the largest ETS by volume until China launched its national ETS in July 2021). ETSs are created and regulated by national or regional jurisdictions and collectively form the compliance carbon market. Carbon allowances that are created in an ETS are primarily traded within their specific compliance market, but can also be traded on secondary markets, which may or may not be regulated.

The California Legislature set the first climate target in 2006, establishing a GHG reduction target for 2020, and mandating the CARB adopt their 2017 Climate Change Scoping Plan to achieve the target and include a cap-and-trade program¹⁰. The CCA was launched in 2012 and covers around 85% of the state’s emissions. Covered entities must surrender allowances and/or offsets equal to their emissions, and the penalty for missing a deadline is 4 MtCO₂e allowances for each tCO₂e. CARB distributes approximately 90% of average emissions to most sectors for free. To acquire additional allowances, covered entities must purchase them at auction or buy them in the open market. CARB creates allowances equal to the total amount of permissible emissions which are then distributed among four categories: (i) cost-containment; (ii) utility allocation; (iii) industrial allocation; and (iv) auction. The cost-containment reserve acts as a mechanism to reduce price volatility. Additionally, the price floor for 2020 was USD \$16.68 per tCO₂e, which increases at a 5% rate plus the consumer price index per year¹¹. The voluntary carbon market is newer than the compliance market, only developing in the mid-2000s. The voluntary carbon market is largely unregulated, so various non-governmental organizations are the ones setting the standards and ensuring the validity and quality of the credits. Its main purpose is to serve businesses, individuals, non-governmental organizations and other entities that want to reduce their carbon footprint. In fact, voluntary credits have become more relevant in the context of large organizations aiming to achieve carbon neutrality. Based on Zerotracker data, nearly 700 of the largest publicly traded companies have set (or reached) net-zero targets.¹²

This market also has an important social role, as it directs investment to climate action projects that might never have become a reality without the financial incentive of carbon credits¹³. Furthermore, over the last five years, 41 per cent of retired carbon offsets originated in developing and least developed markets¹⁴. As mentioned, some of these projects might also bring additional benefits and help to progress the UN SDG’s goals. Credits with these characteristics are generally more desirable for corporations and thus more expensive.

Below is a simplified example of how two carbon emitters may buy and sell a carbon offset allowance on the carbon credit markets. Emitter B has a large GHG emission allowance that it has not used, as opposed to Emitter A, which has superseded its allowance and is now subject to governmental penalty. Through the carbon credit markets, Emitter B sells its GHG emission allowance to Emitter A, who will then no longer be subject to penalization governmental penalization.

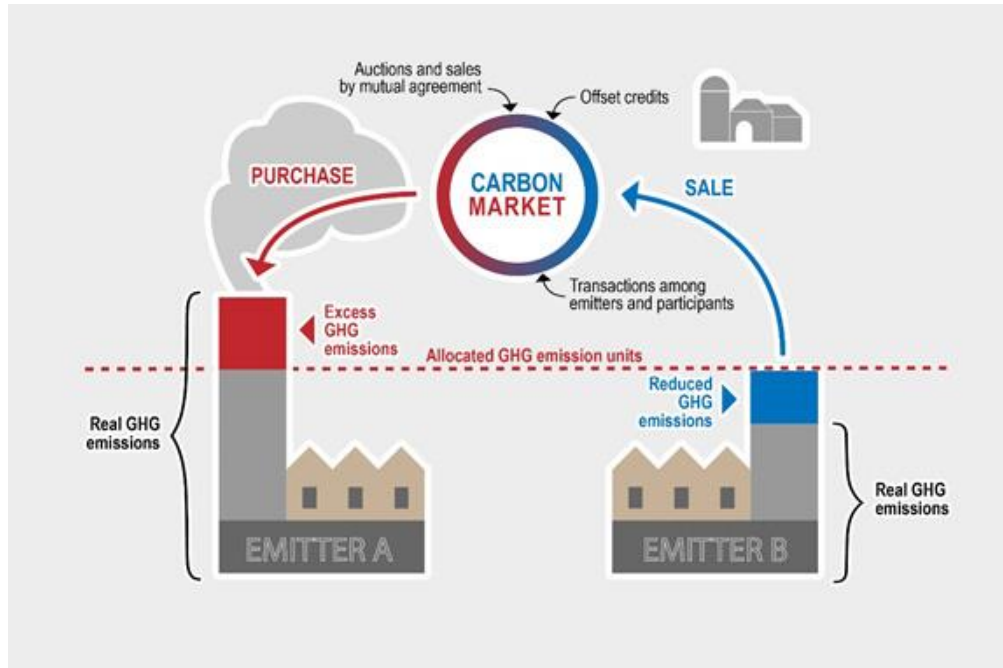
¹⁰ *Global Warming Solutions Act of 2006*

¹¹ International Emissions Trading Association, Carbon Market Business Brief (California), June 2020

¹² <https://zerotracker.net/>

¹³ Second Nature, Co-Benefits of Carbon Offset Projects, (September 2020)

¹⁴ Trove Research – The Global Voluntary Carbon Market, (January 2021)



Source: Government of Quebec, Ministry of Environment and Fight Against Climate Change – A Brief Look at the Quebec Cap-and-Trade System for Emission Allowances (May 2018)

The voluntary carbon markets function outside of the compliance market and allow corporations, governments, asset managers and individuals that have voluntarily agreed to offset their greenhouse gas emissions to purchase carbon credits in the voluntary market in order to achieve their sustainability objectives. Carbon credits are purchased on the voluntary market and then “retired” by the purchaser to offset their greenhouse gas emissions. Some carbon credits created in the voluntary markets are permitted to cover a portion of the emissions of a regulated entity in certain ETSs. Because demand for compliance carbon credits is driven by regulatory obligations, their prices tend to be higher than carbon credits issued solely for the voluntary market.

Currently, the voluntary markets represent a small portion of the total carbon market, with approximately USD \$320 million in trades in 2019, representing 104 MtCO₂e in carbon credits.¹⁵ In comparison, global compliance markets traded €229 billion (USD \$261 billion) in value representing volume of 10.3 GtCO₂e in 2020.¹⁶

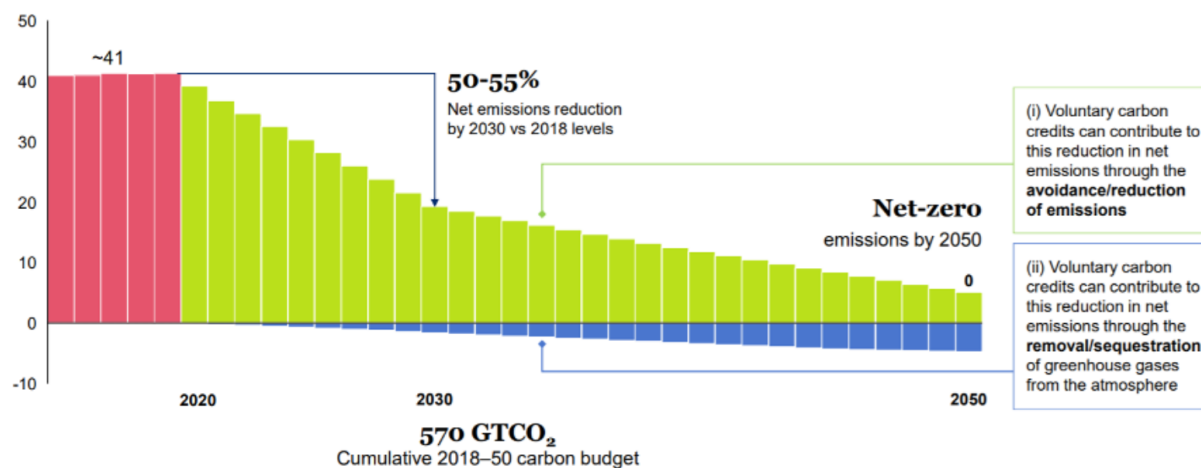
However, voluntary markets are expected to have strong growth in both volume and value of credits going forward.¹⁷ The Taskforce on Scaling Voluntary Carbon Markets, a private sector-led initiative working to scale an effective and efficient voluntary carbon market to help meet the goals of the Paris Agreement, in their final report released January 2021 estimates that demand in the voluntary market for carbon credits could grow by approximately 15-fold to 1.5 to 2 GtCO₂ of carbon credits per year in 2030 from today, and by 50-fold to a 100-fold to 7 to 13 GtCO₂ per year by 2050. The voluntary market has been in surplus nearly every year since inception, as retirements have not kept up with the pace of issuance. As demonstrated below, the voluntary market is intended to play a key role in reaching “net zero” by 2050.

¹⁵ Ecosystem Marketplace – State of the Voluntary Carbon Markets 2020, September 2020.

¹⁶ Refinitiv – Carbon Market Year in Review 2020, January 2021.

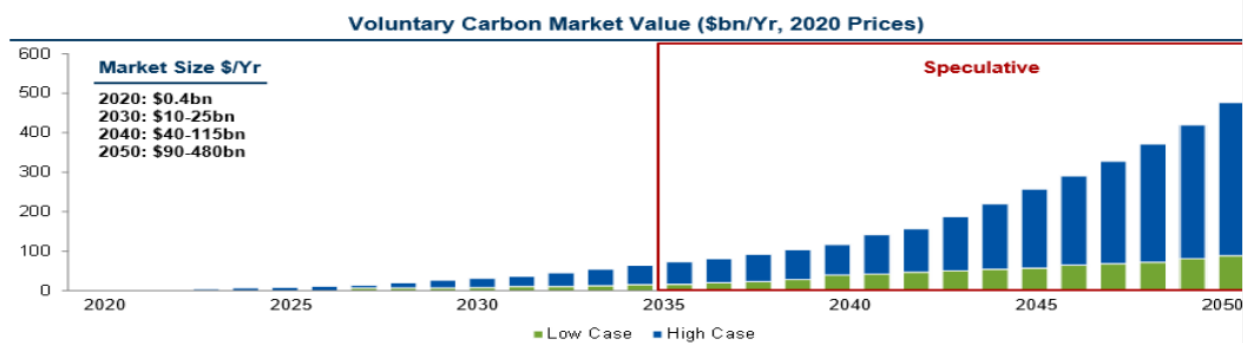
¹⁷ Institute of International Finance, Taskforce on Scaling Voluntary Carbon Markets – Final Report, (January 2021).

Net carbon dioxide emissions, GtCO₂



Source: McKinsey & Company – Sustainability and Risk Practices, A blueprint for scaling voluntary carbon markets to meet the climate challenge (January 2021)

In January 2021, Trove Research undertook an analysis on the potential size of the voluntary carbon markets.¹⁸ As indicated above, they projected a range for demand of carbon offsets in 2030 to be 500 to 900 MtCO₂e, increasing to 3 to 9.5 GtCO₂e in 2050. The projected market value of the voluntary carbon market estimated by Trove Research is shown in the figure below with the green representing their low scenario (corporate demand for carbon offsets increases at 19% annually to 2025 (the average rate of growth over the last 4 years) and then 10% annually from 2025 to 2050) and the blue representing their high scenario (19% annual growth to 2030 and 15% annual growth to 2050). Both Trove Research scenarios exclude additional demand from CORSIA and European Union oil companies.



Source: Trove Research – The Global Voluntary Carbon Market (January 2021)¹⁹

It is also possible that a removal-only scenario develops, where carbon credits become oversupplied and a shift in focus turns to the removal of carbon from the atmosphere. This scenario would likely cause the price of carbon credits to peak at the end of the decade. There is also a hybrid scenario which foresees a gradual evolution of the offset market, from the voluntary market today, to a removal-only market for corporations and finally to a removal-only market primarily for countries, rather than companies, by mid-century. See “Risk Factors - Reduced Demand for Carbon Credits”.

Given the current trend of companies and countries in meeting their carbon offset targets, the Company believes that the Trove Research posits the most likely scenario. It should be noted that the Taskforce on

¹⁸ Trove Research – The Global Voluntary Carbon Market, (January 2021).

¹⁹ All estimations in United States dollars.

Scaling Voluntary Carbon Markets from the Institute of International Finance, together with McKinsey & Company, estimates that the market could be worth between USD \$30 billion and USD \$50 billion by 2030²⁰, whereas Trove Research's report as outlined above, is far more conservative by USD \$10 billion and USD \$40 billion. McKinsey & Company in their report note that the figures indicate demand established by climate commitments of more than 700 large companies. They are lower bounds because they do not account for likely growth in commitments and do not represent all companies worldwide.

Carbon Credit Exchanges and Pricing

Carbon credits are traded on both private and public markets. Some exchanges that specialize in the trading of carbon credits include the European Climate Exchange, the NASDAQ OMX Commodities Europe exchange, and the European Energy Exchange. The prices of carbon credits are primarily driven by the levels of supply and demand in the markets. There are several factors that determine the price paid for a particular voluntary carbon credit including: project activity (such as forestry, renewable energy, waste disposal, carbon capture, etc.), location, vintage (the year the credit was created), verification standard and associated Co-Benefits (such as job creation, water conservation or preservation of biodiversity).

Projects Generating Carbon Credits

Projects generating carbon credits are typically grouped into two categories: (i) avoidance / reduction projects, such as forest conservation, renewable energy or methane capture and (ii) removal / sequestration projects, such as reforestation/afforestation, wetland restoration or direct air capture technology, the most common of which are explained in further detail below.

- *Forests.* Approximately 80% of the earth's above-ground carbon and 40% of below-ground carbon is in forests. Forestry projects have been popular not only because of the carbon sequestration potential of forests, but also for their ability to potentially deliver additional environmental and social benefits for local communities, such as job creation, water conservation, flood prevention, control of soil erosion, protection of fisheries and preservation of biodiversity, cultures and traditions. Afforestation projects are efforts that help create a forest on land that was previously barren. Reforestation projects, on the other hand, involve replanting trees in an area that has been deforested. Collectively, afforestation and reforestation projects act as carbon sinks (i.e. natural or artificial deposits that store more carbon than they emit, such as oceans, forests and artificial carbon sequestration technologies that remove carbon from the air). Forest conservation includes projects which help protect existing forests that would have otherwise been deforested without such conservation efforts and the revenue generated from carbon credits.
- *Improved energy efficiency.* Carbon credits may be created from improved energy efficiency achieved by the installation of energy efficient products and technologies, fuel switching or the substitution of fossil fuel generation assets with solar, wind, hydro, geothermal or biomass alternatives. Costs of solar and other renewables projects vary based on the type of renewable, the geographic location of the project and project scale.
- *Wetland restoration.* Wetlands are globally important carbon sinks, storing vast amounts of carbon. Peatlands hold a disproportionate amount of the earth's soil carbon, and coastal wetlands such as mangroves, salt marshes and sea grass beds are vital for the sequestration of "blue carbon" (the high-density and long-life carbon that accumulates in coastal systems as a result of their high productivity and sediment trapping ability).
- *Methane capture.* These projects capture methane from landfills or agricultural sources and by doing so can have additional benefits of lowering the risk of groundwater and soil contamination and air pollution for adjacent communities. These projects generally destroy greenhouse gases by

²⁰ McKinsey & Company – Sustainability and Risk Practices, A blueprint for scaling voluntary carbon markets to meet the climate challenge (January 2021)

flaring, in turn generating electricity that can be harnessed for other purposes such as heating or fuel for vehicles.

Credit Verification

Carbon Credits, certified or verified by recognized standards, are generally required to meet the following criteria²¹:

- *Real, quantifiable and measurable.* The emission reductions or removal must be realized and quantified based on a credible baseline using a recognized methodology expressed using standard greenhouse gas metrics. For example, a range of factors are considered when estimating forest offsets, including existing timber inventory (e.g. age, species, volume), forest management, sustainability constraints, timing of harvests and regeneration strategies, among others. They also cannot be double counted or double claimed.
- *Additional.* The project activity must be additional. That is, it would not have existed in the absence of carbon market initiatives and the project reduces emissions or removes carbon dioxide from the atmosphere beyond a business-as-usual scenario. For example, claiming carbon credits from the reduction of methane from a landfill that was required by regulation to capture and destroy that methane would not be considered additional.
- *Permanent.* Carbon credits must represent emission reductions or removals that will not be reversed after the credit is issued. If non-permanence is a material issue (e.g. wildfires in relation to forest offsets) then buffer pools can sometimes be put in place to minimize that risk and account for reversals should they occur.
- *Verified.* The emissions reductions or removals from the project should be monitored, reported and verified by a qualified, independent third-party in accordance with verification standards.

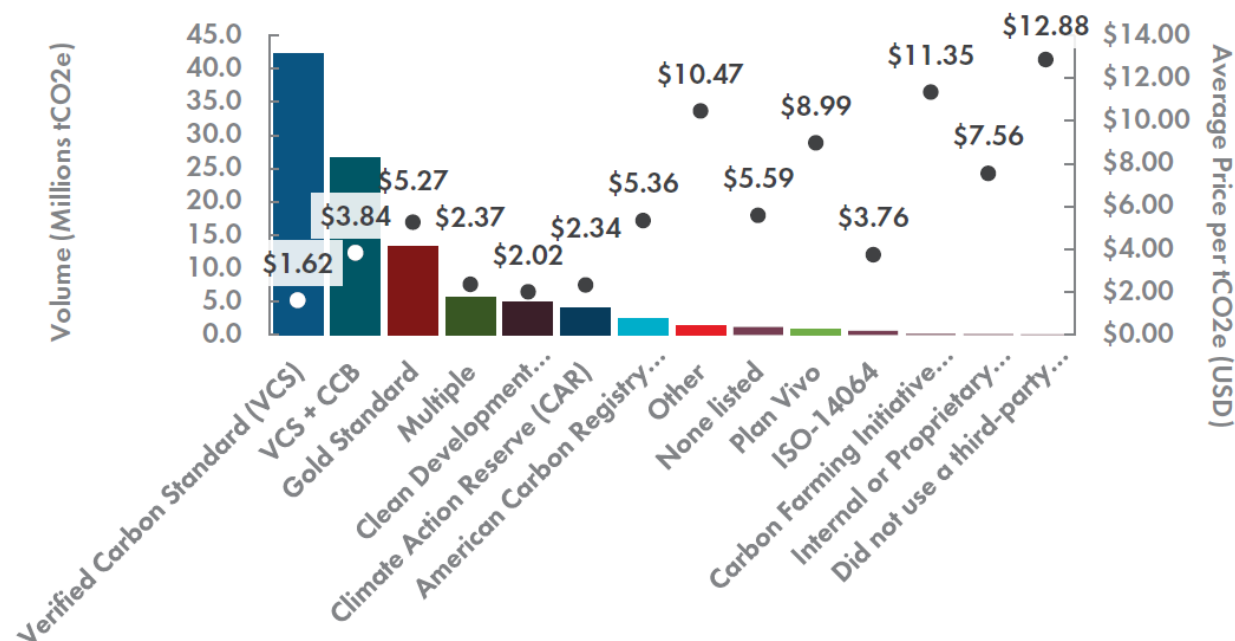
The verification of carbon credits is carried out by qualified independent companies, in accordance with approved methodologies stipulated by standards organizations that usually maintain their own carbon credit registry. Standards set the project design, monitoring, and reporting criteria against which a project's carbon offsetting activities and/or environmental and social Co-Benefits can be certified or verified. In the voluntary markets, a number of competing standards organizations have emerged with the intent to increase credibility in the marketplace. Some of the more commonly used standards include the Verified Carbon Standard by Verra, The Gold Standard, as well as those set by the American Carbon Registry and Climate Action Reserve.

Projects can also achieve additional accreditation under other assessment standards (which are not carbon accounting standards) such as the CCBS, SOCIALCARBON and the SD Vista Standard (sometimes known as the SD VISTa), which when applied to carbon offset projects help ensure that these projects provide additional environmental, biodiversity and sustainability benefits. For example, the CCBS identifies projects that simultaneously address climate change, support local communities and smallholders, and conserve biodiversity. In 2019, carbon credits with either the Verified Carbon Standard or the Verified Carbon Standard together with the CCBS accounted for 66.2% of transacted volume on the voluntary markets²². The SD Vista Standard assesses the sustainable development benefits of a project based on the UN SDGs. SOCIALCARBON is a standard developed by the Ecologica Institute that certifies carbon offset projects for their contribution to sustainable development. The below graph shows the wide variation in average prices and volumes transaction by standard of carbon credit. Based on Verified Carbon Standard's

²¹ The American Carbon Registry Standard, Requirements and Specifications for the Quantification, Monitoring, Reporting, Verification, and Registration of Project-Based GHG Emissions Reductions and Removals, Version 7.0, December 2020

²² Ecosystem Marketplace, State of the Voluntary Carbon Markets 2020 – Installment #2: The Only Constant is Change (December 2020)

domination of the market, this clearly demonstrates the demand for high accreditation standards, which Scope reasonably believes it can provide Carbon Credit Certifiers and Developers.



Source: Ecosystem Marketplace, State of the Voluntary Carbon Markets 2020 – Installment #2: The Only Constant is Change (December 2020)

Competitive Conditions

The number of competitors and the degree of competition within the North American carbon credit and related AI marketplace is currently in the early emerging stages.

Pachama, Inc., a Delaware-based technology company utilizing AI and remote sensing to measure carbon credits in forests is the Company’s closest known competitor. In contrast to the Company, Pachama, Inc. uses light detection and ranging (“LIDAR”), satellite imaging and other remote sensing data to identify forest characteristics. Whilst the Company acknowledges that there is a utility to LIDAR technology, the Company has opted not to utilize its own technology with the aid of satellite imagery, on the basis that the geological jurisdictions the Company intends to operate in for the foreseeable future are more prone to cloud cover, which would seriously impair the efficacy of the Scope Analysis Platform. Pachama’s platform is similar in nature to that of the Company, excluding its use of satellite imagery, and is currently operational and available online to prospective clients.

Xyonix, Inc., a Washington state-based technology company which develops custom AI solutions. One of Xyonix’s targeted solutions is aimed at clients who wish to use AI and machine learning models to improve carbon capture storage systems. Currently, their technology seems to prioritize the capture of emission from factories and power plants, as opposed to carbon credit projects which the Company intends to focus on. Furthermore, Xyonix proposes to utilize satellite data, which is distinct from the Company current approach which utilizes UAVs.

Carbon Streaming Corporation, a British Columbia based public issuer trading on the NEO Stock Exchange is an environmental, social and governance investment company focused on the acquisition, management and growth of carbon credits as a form of investment tool. Carbon Streaming Corporation’s business, similar to that of Scope, is based on the continued growth of carbon credits and their utility as an investment tool. Carbon credits are not a uniform and binary investment and have varying valuations, and Carbon Streaming Corporation business model is based on the identification of carbon credits which acquire value over time.

The Company's business model is distinct from Carbon Streaming Corporation in that the Company, for the foreseeable future does not anticipate acquiring carbon credits and intends to act as a service provider to Carbon Credit Certifiers and Developers.

Whilst the Company is not currently aware of any other competitors within the market, the Company believes that it is likely that more competitors will emerge as the voluntary market develops and the growth potential of the industry is realized. "*Risk Factors – Competition*".

Intellectual Property

The Company's Technology and Scope Analysis Platform are not patented, but are intended to be protected via trade secrets in the near future. The Company's software and system is documented and all source code is kept in a secure location. The Company, in conference with its legal counsel, intends to regularly consider and re-evaluate the requirements for trademarks, copyrights and patents of the Company's Technology against the financial costs, reasonable necessity and utility of such intellectual property protections.

Any significant impairment of, or third-party claims against, the Company's intellectual property rights could harm the Company's business and the Company's ability to compete. The Company is subject to risks related to its intellectual property. For more information, see "*Risk Factors – Risks Relating to Our Intellectual Property*".

Specialized Skills and Knowledge

The Company has the qualified personnel required to operate and to develop its Scope Analysis Platform and Scope Analysis Platform to the level of commercialization. Specifically, the Company has access to specialized skills and knowledge of software development, AI-based architecture and quality management systems. Together, the Company's management has experience and skillsets in the forestry, carbon credits and technological industries to develop the Scope Analysis Platform to commercialization and positive revenue growth. In addition, the Company's intends to recruit consultants specializing in marketing and green technology to develop the Company's client base.

Regulation and Permitting

UAV Regulation in Canada

A new regulatory framework relating to the use of drones in Canada was published by Transport Canada in January 2019 and came into effect on June 1, 2019. The changes, published in the Canadian Aviation Regulations (or "**CARs**"), Part IX, introduce new rules based on the weight of the remotely piloted aircraft and the intended operation. This framework creates three broad categories of RPAs: (i) small RPAs in limited (low risk) operations requiring a Small RPAs Basic license; (ii) small RPAs in advanced (complex) operations requiring a Small RPAs Advanced license; and (iii) all other RPA operations that fall outside (i) and (ii) above. These regulations focus on foundational issues such as aircraft marking and registration, pilot knowledge and certification, airworthiness of the aircraft, and flight rules.

In this Prospectus, the terms, drone, unmanned aircraft system (or "**UAV**") and remotely piloted aircraft (or "**RPA**") can be used interchangeably. Small RPAs Basic apply to RPAs weighing between 250 grams (g) and 25 kilo grams (kg) and operated in rural and unpopulated areas. These RPAs will require identification markings, including name, address and contact information of the owner and pilot of the RPA. Pilots must be at least 14 years of age and must hold a valid Basic RPA licence that is specific to small drones. Additional restrictions are imposed, including that the RPA cannot operate (i) within approximately 30 metres of people or open-air assemblies of people, (ii) above 400 feet, (iii) within approximately 1.85 kilo

metres (km) of heliports or (iv) within approximately 5.5km of airports. These regulations require the RPA to always be operated within visual line-of-sight.

Small RPAs Advanced apply to RPAs weighing between 250g and 25kg and operated in urban and/or populated areas. These RPAs will require identification, marking and registration with Transport Canada as well as meeting specified design standards acceptable to Transport Canada. The RPA will be assigned a unique identification/registration number issued by Transport Canada. Pilots must be at least 16 years of age and must hold a valid Advanced RPA licence that is specific to small drones. Approval for operation must be granted by Air Traffic Control when operating in controlled airspace or near controlled aerodromes. A set of flight rules must be followed at all times for these more complex operations. Restrictions, including distances from people, are determined based on the safety certification of the RPA being operated. The RPA must always be operated within visual line-of-sight. The attainment of RPA licenses and registration of UAVs with Transport Canada is largely administrative in nature and is not expected to result in additional costs or significant regulatory requirements.

The current legislation utilizes a similar SFOC application process, as the previous regulations, to approve any operations that do not fit within the regulatory regime set out above, such as operating beyond visual-line-of-sight. For those wishing to operate outside of the regulatory framework set out in CARs, part IX, there will be a variety of SFOC application processes tailored to the nature and use of the RPA. The more complex and riskier the proposed operation, the more thorough and detailed the SFOC application process.

Those operators requiring an SFOC must apply to the Transport Canada Civil Aviation Regional Office at least 30 working days prior to the date of the proposed RPA operation. Transport Canada has wide discretion in reviewing and approving SFOC applications; however, to date the Company has never been refused an SFOC for which it has applied. The purpose of the SFOC application review is to ensure that the proposed operation is safe and associated risks have been adequately mitigated by the Company.

The Company is currently fully compliant with all current regulatory requirements and has applied for Small RPA Basic license, and received Transport Canada approval for a Small RPA Basic license. The Company does not anticipate requiring an SFOC for the foreseeable future. The Company does not anticipate conducting BVLS operations in the foreseeable future and will reassess its regulatory requirements regularly. See “*Risk Factors - Regulation and Permitting*”.

To date, the Company has not identified any additional restrictions under applicable federal, state or provincial laws which the Company may be subject to. Upon commercialization of the Scope Analysis Platform the Company anticipates being a service provider in the identification of carbon credits.

Artificial Intelligence Legislation in Canada

On June 16, 2022 the federal government introduced Bill C-27, also known as the *Digital Charter Implementation Act, 2022*. If passed, this bill will enact AI legislation, currently known as the *Artificial Intelligence and Data Act (“AIDA”)*. AIDA would establish Canada-wide requirements for the design, development, use, and provision of AI systems and prohibit certain conduct in relation to these systems that may result in serious harm to individuals or biased outputs. AIDA would require individuals and legal entities who are “responsible for” AI systems (meaning those who, in the course of international or interprovincial trade and commerce, design, develop or make available for use the artificial intelligence system or manage its operation) to: establish measures to manage anonymized data, conduct an impact assessment to determine if the AI system is “high-impact” (a threshold that will eventually be defined by regulations) and maintain general records of steps taken to meet compliance requirements and that describe how impact assessment conclusions are reached. In the event an AI system is determined to be “high-impact” the individuals and legal entities would need to develop a risk mitigation plan.

As of the date of this Prospectus, the likelihood of AIDA becoming law in Canada is unknown as is the definition of a “high-impact” AI. The Company will continue to monitor the regulatory requirements of utilizing its AI, but management is not currently of the opinion that the Technology will meet the definition of “high-

impact” contemplated by AIDA. See “*Risk Factors*” – “*Implementation of Bill C-27 or the Digital Charter Implementation Act, 2022*”.

Privacy Laws and Regulation

The Company is aware that upon commercialization, the Scope Analysis Platform has the potential to collect personal data and imaging of its clients. Prior to commercialization the Company anticipates preparing a data collection and privacy policy to manage these commitments. Additionally, the Company anticipates requiring written consent from clients prior to the application of the Scope Analysis Platform to prevent inadvertent collection of sensitive data.

The Company also continues to monitor the data received from Farm Flight for potentially sensitive information which may trigger additional privacy and data protection requirements, As of the date of this Prospectus the Company is not aware of having received any such data or information. See “*Risk Factors*” – “*Regulations Governing Cybersecurity and the Protection of Data and Privacy*”.

Bill C-27, which is currently being proposed by the federal government includes three proposed acts, namely the *Consumer Privacy Protection Act*, the *Personal Information and Data Protection Tribunal Act*, and the *Artificial Intelligence and Data Act*. As of the date of this Prospectus, it is not known how these proposed act will affect the Company’s business and the processing of collected information by the Technology, if at all. See “*Risk Factors*” – “*Implementation of Bill C-27 or the Digital Charter Implementation Act, 2022*”.

Business Cycles and Seasonality

The Company’s business, upon the Scope Analysis Platform’s commercialization, will be subject to limited business cycles and seasonality, and the Company has specifically chosen to utilize UAV technology for this reason. The Company is conscious that adverse weather could cause disruption to commercial contracts being carried out and intends to take precautions accordingly. Furthermore, the Company intends to operate exclusively in North America for the foreseeable future where there is a level of reliability in continuing weather cycles and operations.

Environmental Protection

The Company’s business does not materially impact environmental conditions. The Company does not expect that there will be any financial or operational effects as a result of environmental protection requirements on its capital expenditures, profit or loss, or its competitive position in the current fiscal year or in future years.

Employees

As of the date of this Prospectus the Company does not have any full-time employees and will rely on the Company’s management, consultants as well as outsourcing to various third parties to assist in the development and commercialization of the Scope Analysis Platform. The Company anticipates hiring consultants as required in the future from time to time to assist with various aspects of the administration of its business but does not have any immediate plans to do so. The Company may also subcontract parts of the development of the Scope Analysis Platform under Mr. Prescott’s directions where it is prudent to do so.

Foreign Operations

The Company’s operations on commercialization will be based primarily in Canada for the foreseeable future, except the extent to which Mr. Prescott, who is based in Switzerland, will be leading the remaining development of the Scope Analysis Platform, as well as any subcontractors, who may be located in other jurisdiction. Upon commercialization, as such market opportunities arise, and as may be required due to

weather patterns and potential seasonality of the Company's business, management of the Company may consider it prudent to engage in operations in the United States. The Company is also aware that the majority of retired carbon credits are in developing and least developed jurisdictions. Such opportunities will be weighed against the financial market risk of fluctuations in currency exchange rates which the Company could then become exposed to as well as other risks which the entry into additional markets could pose, especially those which are currently still developing.

Bankruptcy and Similar Procedures

The Company has not been the subject of bankruptcy, receivership or similar proceedings (voluntary or otherwise) since inception or during the current financial year.

HISTORY

General Development of the Business

2016 – 2020

Mr. Sean Prescott began development of the Technology in early 2016 and has been to date the sole architect of the Company's Technology developing the technical, AI and software components. He created the Technology through integration with various types of AI systems, neural networks, open source applications and a variety of network, cloud and AI systems and tools.

The Technology went through various names due to different functionality being built into it over time. Originally, Mr. Prescott intended to use it for facial recognition for "Know-Your-Customer" (KYC) and events linked to security. Synapps was the name of the application, while ZORP, as in "absorb", was the version of the application that applied object recognition.

For a period, Mr. Prescott considered using the Technology to optimize the pricing system for options and other derivatives with the ultimate goal of selling the application of the technology to banks and investment firms for Monte-Carlo simulations or even optimizing the Black-Scholes model. Ultimately Mr. Prescott opted not to proceed with this application of the technology.

In its original form, the Technology was capable of handling real-time video sequences on mobile phones (operating using the iOS operating system) and detecting a catalog of different objects with high precision and confidence on inference. Due to the scale of the technology at the time, the database of objects the Information Recognition Technology could recognize was in the dozens.

The basic rendering engine that received the image data spliced from the mobile device (or "backend") consisted of various GPUs and fed it through the custom-designed neural network, which in turn showed the confidence of an inferred object. This was ultimately mapped to a database that revealed the corresponding description (name, brand, object, etc.) of the inferred/detected object back to the mobile device, then known as the Zorp application.

To make the Technology operational, Mr. Prescott was required to develop various aspect of the Technology, including the Neural Network, the object optimization, database structures for the Technology as well as programming and mapping the application infrastructure.

Mr. Prescott programmed the Neural Network to be capable of identifying most objects at a basic level to recognize patterns from previously captured objects and to be self-learning. The Neural Network does this by identifying the object captured by the Technology on the basis of questions and results which were pre-programmed into the Technology.

Once the Neural Network was developed, Mr. Prescott developed basic infrastructure for the application, so that the captured raw data would flow properly through the program. Further to this, Mr. Prescott created database administration, so that data was accordingly prioritized or discarded as required.

Mr. Prescott then worked to optimize the Technology. Because the key value to the Technology is its ability to self-learn and self-improve, Mr. Prescott worked to improve the Technology's recognition abilities. Furthermore, the Technology is now equipped to run its program in an almost instantaneous timeframe, while clearly capturing the defining features of objects. Additional networking components were also tried and tested to gain the optimal band-width between the systems to ensure that stability was never neglected during operation. As every single test of the software optimizations on the Neural Network could take more than two days on average, the bug-fixing, development and discover phase of the initial project scope was very time-consuming.

In total, Mr. Prescott dedicated about six to nine months of full-time work to developing the Technology, specifically building the Neural Network, its various components and experimenting with feeding the Technology with various data. This involved optimizing the precision and speed, and building the Technology, which went through some amendments for testing/demos along the way.

2021 - 2022

In the past twelve months, Mr. Prescott has developed the image splicer (a frame extractor) with resizing to fit the Technology's Neural Network, created the training set, to automate the Technology's learning, automated inference on test images and installed a database for result storage. The current development of the Technology is focused on customization toward the Scope Analysis Platform's application. See "*Description of Business – Research & Development*".

Recent development on the Technology has involved enhancing the Neural Network to support more than just the standard RGB data-streams (red, green, blue pixels of an image), in addition to quadrupling the pixel processing of the previous network.

On November 10, 2021, the Company appointed Mr. James Liang to act as Chief Executive Officer, Mr. Alan Tam to act as Chief Financial Officer and Mr. Sean Prescott to act as the Non-Executive Chairman. Each of Messrs. Liang, Tam and Prescott were appointed to the Board of the Company.

On January 12, 2022, Michael Zenko was appointed to the Board and to act as the Company's Chief Operating Officer. Mr. Zenko is the General Manager for the western division of Boscus Canada Inc. one of Canada's established lumber distributors and international brokers and has over 25 years of experience in the forestry and lumbar industries.

On January 31, 2022, the Company completed a private placement financing for 4,500,000 Common Shares at a price of \$0.005 per share for aggregate gross proceeds of \$22,500. These Common Shares will be subject to escrow in accordance with National Policy 46-201 *Escrow for Initial Public Offerings*. For further information see "*Escrowed Securities – Escrowed Shares*".

On February 11, 2022, the Company completed a private placement financing for 15,900,000 Units at a price of \$0.02 per Unit, with each Unit comprising of one (1) Common Share and one half of one (1) Common Share Purchase Warrant for gross proceeds of \$318,000. Each Common Share Purchase Warrant entitles the holder to purchase one Common Share at a price of \$0.20 until February 11, 2024. Effective with the closing of unit financing the Company changed its name from "Puffin Capital Ltd." to "Scope Carbon Corp."

On February 15, 2022, the Company entered into the Technology Acquisition Agreement with the Licensor. Under the terms of the Technology Acquisition Agreement, the Company obtained a worldwide exclusive license to utilize and exploit, including the right to sublicense the Technology.

The Company has the right to acquire a one hundred percent interest (100%) in the Technology upon the following terms:

- (a) 250,000 Common Shares on the later of (i) completion of expenditures of \$250,000 toward the development of the Technology; or (ii) February 15, 2023;
- (b) an additional 250,000 Common Shares on the later of (i) completion of expenditures of \$600,000 toward the development of the Technology, or (ii) February 15, 2024;
- (c) an additional 250,000 Common Shares on the later of (i) the Company generating revenue (before associated costs and taxes) of \$250,000 from the application of the Technology, or (ii) February 15, 2025; and
- (d) an additional 250,000 Common Shares on the later of (i) the Company generating revenue (before associated costs and taxes) of \$500,000 from the application of the Technology, or (ii) February 15, 2026.

(together, the “**Technology License Shares**”)

Until such time as all Technology License Shares are issued, the Company retains an exclusive, sub-licensable and transferable right and license to use and exploit the Technology, whilst the Licensor retains full title to the Technology. Upon full issuance of the Technology License Shares, the Company shall acquire a 100% right, title and interest to the Technology and the Licensor shall take all necessary actions to transfer its remaining interest to the Company. The Company also has the option to accelerate the Technology Acquisition Agreement by providing to the Licensor notice of two business days and issuing all the Technology License Shares to the Licensor.

On February 14, 2022, the Company acquired a UAV to begin initial data mapping of carbon characteristics. The total price of the acquisition, along with associated taxes was approximately \$9,155. The Company has registered its UAV as required by Transport Canada and acquired a Small RPAs Basic License for all persons who will be responsible for operating it. See “*Regulation and Permitting - UAV Regulation in Canada*”.

On February 18, 2022, the Company entered into a pilot testing agreement, as amended July 12, 2022, with Mikiwam Holdings Ltd. (the “**Pilot Testing Agreement**”). Under the terms of the Pilot Testing Agreement the Company was given access to diverse ecological territory in British Columbia for the purposes of developing the Technology and establishing a base library of carbon-based characteristics for a period of thirty (30) days upon receipt of notice from the Company to complete the work underlined in the Pilot Testing Agreement. As consideration for access the Company paid to Mikiwam Holdings Ltd. the sum of \$2,000 for access to the property. The diverse ecological territory was chosen on the basis that it represented all the key traits of the ecology indigenous to British Columbia, the Company’s current jurisdiction of operations as at the date of this Prospectus. Furthermore, management believed it provided a suitable training base of carbon lifeforms for the AI to begin self-training.

To date, the Company has not yet opted to begin collecting data pursuant to the Pilot Testing Agreement, as the Company has instead opted to use the unprocessed data collected from the Business Co-Operation Agreement as the initial training packet with which to begin image recognition training. The basis of this decision was the unprocessed data was already packaged by Farm Flight and would require less development expenditures to collect than the initial image data contemplated by the Pilot Testing Agreement. The Company does however intend to collect initial image data contemplated by the Pilot Testing Agreement at a later date.

On February 28, 2022, the Company completed a private placement financing for 6,100,000 Common Shares at a price of \$0.05 per share for aggregate gross proceeds of \$305,000.

On June 3, 2022, the Company entered into a business co-operation agreement with Farm Flight (the “**Business Co-Operation Agreement**”). Under the terms of the Business Co-Operation Agreement, Farm Flight will provide to Scope their unprocessed data so that it may be processed by the Company’s Technology (thereafter, the “**Processed Data**”) which will be jointly owned in right, title and interest by Scope and Farm Flight. Upon receipt by Farm Flight of the Processed Data, the Company will earn a continued license to the unprocessed data. The Processed Data will be used in completing the outstanding programming of the Company’s Technology and to form the basis of the Company’s initial image database. For more information see “*Description of Business – Research and Development*”.

The Business Co-Operation Agreement has a term of nine (9) months, where after it shall automatically renew for a further nine (9) months. The Business Co-Operation Agreement may be terminated by either the Company or Farm Flight upon provision of thirty (30) days written notice. Under the Business Co-Operation Agreement, each party shall be responsible for the associated costs and responsibility associated with the applicable data protection requirements.

As at the date of the Prospectus, the unprocessed data from Farm Flight is packaged and ready for Scope’s receipt. To receive the unprocessed data, due to the size and nature of the unprocessed data, Scope must acquire the physical infrastructure to host the data, which is anticipated to occur shortly after completion of the Offering.

USE OF PROCEEDS AND AVAILABLE FUNDS

Funds Available and Principal Purposes

The net proceeds to be received by the Company from the Offering, after deducting the balance of the estimated expenses of the Offering of approximately \$73,500 and the Agent’s Commission of \$105,000, will be \$871,500. As at July 31, 2022, the Company has a working capital of \$422,323. As a result, the Company estimates that the total funds available will be \$1,293,823.

Upon completion of the Offering and the Listing, the Company anticipates having funds available for the principal purposes, estimated as follows:

Principal Purposes

Available Working capital	Funds (\$)
Working capital as of July 31, 2022	422,323
Gross Proceeds of the Offering	1,050,000
Forecasted Use of Funds	Funds (\$)
Expenses of the Offering	(178,500)
Estimated remaining expenses for Listing on the CSE	(55,000)
Twelve Month Work Program	(744,000)
General and Administrative Costs	(204,000)
Unallocated funds (unaudited)	290,823
Total	1,472,323

The Company expects to incur approximately \$204,000 in general and administrative costs on an annual basis to cover the expenses of operating as a public company over the next twelve (12) months. A breakdown of the estimated general and administrative costs for that period is as follows:

	Annual (\$)
Audit and Accounting Expenses	35,000
Legal Expenses	65,000
Management Fees	24,000
Investor Relations	50,000
Regulatory Filing Fees	15,000
Transfer Agent	10,000
Miscellaneous	5,000
Total	204,000

The Company intends to spend the funds available to it as stated in this Prospectus; however, there may be circumstances where a reallocation of funds may be necessary for sound business reasons. Use of funds will be subject to the discretion of management.

The Company cannot guarantee it will have a cash flow positive status from operating activities in future periods. As a result, the Company may rely on the issuance of securities or other sources of financing to generate sufficient funds to fund its working capital requirements and for corporate expenditures. To the extent that the Company has negative cash flow from operating activities in future periods, the Company may need to use a portion of proceeds from any offering to fund such negative cash flow. See "*Risk Factors*".

With the exception of the management fees to be paid to Mr. Tam of \$2,000 per month and the reimbursement of reasonable out-of-pocket expenses, the Company does not anticipate allocating any funds, directly or indirectly to related parties.

The CFO of the Company will be responsible for the supervision of all financial assets of the Company. Based on the Company's cash flow requirements, management will determine the appropriate level of liquidity required for operations and will draw down such funds as necessary.

Negative Operating Cash Flow

Since incorporation, and in the most recently completed financial years ended September 30, 2021 and 2020 and interim financial period ended March 31, 2022, the financial statements of which are included in this Prospectus, the Company has had negative operating cash flow and incurred losses. The Company's negative operating cash flow and losses are expected to continue for the foreseeable future. The Company cannot predict when it will reach positive operating cash flow, if ever. Whilst the Company does not anticipate using the proceeds of the Offering to address negative operating cash flow over the next twelve (12) months, due to the expected continuation of negative operating cash flow, the Company will be reliant on future financings in order to meet its cash needs.

Business Objectives and Milestones

The Company's short-term objective is to commercialize the Scope Analysis Platform so that the business of the Company is sustainable and revenue generating.

The Company intends to further develop Scope Analysis Software's capabilities so that the front end of the technology has full functionality. The outstanding components on the Technology include the real-time video stream processing, the output metrics storage (to database) for datamining and statistical analysis and generation of video overlay of detected carbon objects in real time.

Upon completion of the remaining components of the Technology, the Company intends to develop the back-end data set for the technology as well as corresponding infrastructure. Whilst the Company will rely on Mr. Sean Prescott to bring the Scope Analysis Software and Scope Analysis Platform to the level of commercialization, the Company will consider outsourcing such components of work under Mr. Prescott's oversight where it is practical to do so and cost-efficient in the circumstances.

The Company anticipates using locally hosted servers as opposed to cloud based server technology in the interest of preserving its capital for the foreseeable future. The Company intends to regularly revisit and re-evaluate its needs as the Company grows. The Company may consider further developing the Scope Analysis Software's capabilities and intellectual property's functionality where such costs are considered prudent by management in terms of the Company's long-term growth.

The Company also intends to engage in direct marketing efforts by networking and also by working with appropriate carbon credit certification and management firms and governments whose CO2 reduction goals and budgets are large enough that the Scope Analysis Platform can provide direct benefits to them, especially all carbon credit developers, producers and buyers.

To accomplish its objectives, the Company intends to achieve the following milestones within the next 12 months.

The Company cannot assure, however, that it will meet these milestones (or any of these milestones, if at all), or that the Company will achieve the milestones on the basis described below. See "Risk Factors – Risks Relating to the Development and Commercialization of the Company's Technology"

Milestone	Estimated Completion Date (Calendar Year)	Total Cost (\$)
Complete all remaining programming on the Scope Analysis Software and develop a portal for client access.	Q3 – Q4, 2022	220,000
Acquire physical infrastructure to host the Scope Analysis Platform.	Q2 – Q3, 2022 - 2023	207,000
Expand and enhance the database for the Technology required to serve as an image recognition benchmark and calibrate success rates.	Q4, 2022	97,000
Engage with at least two clients to complete beta testing of the Scope Analysis Platform and address any bugs or deficiencies.	Q4 – Q2, 2022 - 2023	30,000
Total Research and Development Cost		554,000
Prepare demonstration and presentation on the application of the Scope Analysis Platform.	Q4, 2022	10,000
Direct marketing and networking with Carbon Credit Certifiers and Developers.	Q3 – Q1, 2022 - 2023	120,000

Identification of and engagement with strategic partners for further market penetration and technology innovation.	Q2, 2023	60,000
Total Direct Marketing Cost		190,000
Business Objectives and Milestones Total		744,000

DIVIDENDS OR DISTRIBUTIONS

Dividends

The Company has neither declared nor paid any dividends on its Common Shares. The Company currently intends to retain any future earnings to fund the development and growth of its business and does not currently anticipate paying dividends on the Common Shares. Any determination to pay dividends in the future will be at the discretion of the Board and will depend on many factors, including, among others, the Company's financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other factors that the Board may deem relevant.

SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

The following tables set forth our selected financial information for the periods and as at the dates indicated therein. The selected financial information has been derived from and is qualified in its entirety by the Company's audited annual financial statements as at and for the years ended September 30, 2021 and 2020 and interim financial period ended March 31, 2022, included in this Prospectus, and should be read in conjunction with such Financial Statements and the related notes thereto included in Schedule "A" of this Prospectus. All Financial Statements of the Company are prepared in accordance with IFRS.

Our historical results are not necessarily indicative of the results that should be expected in any future period. Readers should review this information in conjunction with the audited and unaudited Financial Statements, including the notes thereto, and the MD&A, as well as "*General Matters*", "*Consolidated Capitalization*" and "*Description of Securities*" included elsewhere in this Prospectus.

All amounts referred to as being derived from the Financial Statements of the Company are denoted in Canadian dollars.

	As at and for the period ended March 31, 2022 (audited) (\$)	As at and for the year ended September 30, 2021 (audited) (\$)	As at and for the year ended September 30, 2020 (audited) (\$)
Total Assets	605,179	10,145	28,231
Total Liabilities	79,561	10,159	23,767
Total Equity (Deficiency)	525,618	(14)	4,464
Revenue	Nil	Nil	Nil
Net Loss and Comprehensive Loss for the Period	(102,660)	(4,478)	(74,820)

Management's Discussion and Analysis

The MD&A of the Company for the financial years ended September 30, 2021 and 2020 and interim financial period ended March 31, 2022, are attached to this Prospectus as Schedule "A". The MD&A should

be read in conjunction with the Company's unaudited interim financial statements and audited annual financial statements, along with the related notes thereto, included in Schedule "A" of this Prospectus. The MD&A is presented as of the date of this Prospectus and is current to that date, unless otherwise stated.

Certain information contained in the MD&A constitutes forward-looking statements. These statements relate to future events or to the Company's future financial performance and involve known and unknown risks, uncertainties and other factors that may cause the actual results, levels of activity, performance or achievements of the Company to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward looking statements. There can be no assurance that such Forward-Looking Information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on Forward-Looking Information, which speaks only as of the date made. See "*Forward-Looking Information*" and "*Risk Factors*".

DESCRIPTION OF SECURITIES

Common Shares

The following description of our Common Shares summarizes certain provisions contained in our Articles. These summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of our Articles.

The Company's authorized capital consists of an unlimited number of Common Shares, of which 26,500,001 Common Shares are issued and outstanding as at the date of this Prospectus as fully paid and non-assessable. Holders of the Common Shares are entitled to vote at all meetings of the holders of the Common Shares, to receive any dividend declared by the Company and, subject to the rights of holders of any shares ranking in priority to or on a parity with the Common Shares, to participate rateably in any distribution of our property or assets upon liquidation or wind-up.

The Board is authorized to issue additional Common Shares on such terms and conditions and for such consideration as the Board may deem appropriate without further shareholder action.

The Company intends to list its Common Shares on the Exchange. The Listing has been conditionally approved and is subject to the Company fulfilling all the listing requirements of the Exchange.

The Company is not currently a reporting issuer in any province or territory of Canada.

Preferred Shares

The Company's authorized capital consists of an unlimited number of Preferred Shares, none of which are issued and outstanding as at the date of this Prospectus as fully paid and non-assessable. Holders of the preferred shares are not entitled to vote at meetings of the Company, but may receive a dividend declared by the Company in priority to the Common Shares, and are entitled to participate rateably in any distribution of our property or assets upon liquidation or wind-up.

The Board is authorized to issue additional preferred shares in series on such terms and conditions and for such consideration as the Board may deem appropriate without further shareholder action.

Common Share Purchase Warrants

As at the date hereof, there are 7,950,000 Common Share purchase warrants (the "**Common Share Purchase Warrants**") issued and outstanding.

7,950,000 Common Share Purchase Warrants were issued in connection with a private placement on February 11, 2022 of 15,900,000 Units, with each Unit consisting of one (1) Common Share and one-half of one (1) Common Share Purchase Warrant. These Common Share Purchase Warrants expire on February 11, 2024. Prior to the maturity date, each Common Share Purchase Warrant entitles the holder thereof to purchase one (1) Common Share at a price of \$0.20 per Common Share.

Options

As of the date hereof there are no Options outstanding under the Company's Option Plan. The Board of the Company have approved an Option Plan, designed for selected employees, officers, directors, consultants and contractors to incentivize such individuals to contribute toward our long-term goals and to encourage such individuals to acquire Common Shares as long-term investments. The Option Plan is administered by the Board, with each Option issued thereunder convertible into a Common Share of the Company. The terms of any award are determined by the Board, provided that no options may be granted with an exercise price lower than the greater of the closing market prices of the Common Shares on (a) the trading day prior to the date of grant of the stock options and (b) the date of grant of the stock options. See "*Options to Purchase Securities*".

CONSOLIDATED CAPITALIZATION

The following table sets forth the capitalization of the Company at the date of this Prospectus, both before and after giving effect to the Offering:

Description	Amount Authorized or to be Authorized	Outstanding as at March 31, 2022 ⁽¹⁾	Outstanding as at the date of this Prospectus ⁽¹⁾	Outstanding as at the date immediately after giving effect to the Offering ⁽¹⁾⁽²⁾
Common Shares	Unlimited	26,500,001	26,500,001	37,000,001
Common Share Purchase Warrants	N/A	7,950,000	7,950,000	7,950,000
Options	10% of issued and outstanding	Nil	Nil	Nil
Long-Term Liabilities	Nil	Nil	Nil	Nil

Notes:

(1) See "*Prior Sales*".

(2) Assumes no Options are issued and no Options or Common Share Purchase Warrants are exercised.

Fully Diluted Common Share Capitalization

Common Shares	Number of Securities	Percentage of Total
Common Shares issued and outstanding as at the date of this Prospectus	26,500,001	56.38%

Common Shares	Number of Securities	Percentage of Total
Common Shares to be issued under the Offering	10,500,000	22.34%
Common Shares reserved for issuance upon exercise of Common Share Purchase Warrants	7,950,000	16.91%
Common Shares reserved for issuance upon exercise of the Agent's Compensation Options	1,050,000	2.23%
Common Shares reserved for issuance under the Technology Acquisition Agreement	1,000,000	2.13%
Common Shares reserved for issuance upon exercise of Options	Nil	Nil
Total Fully Diluted Share Capitalization after the Listing	47,000,001	100.00%

OPTIONS TO PURCHASE SECURITIES

Option Plan

The Option Plan was adopted by the Board on May 16, 2022 and will replace the existing option plan of the Company effective as of the Listing Date. The purpose of the Option Plan is to develop the interest of and provide an incentive to eligible employees, directors and consultants of the Company or any related entity of the Company, to assist in the Company's growth, development and success by granting to eligible employees, directors and consultants from time to time options to purchase Common Shares, thereby advancing the interests of the Company and its shareholders. The Option Plan is designed to: (i) encourage share ownership; (ii) align eligible participants' interests in the performance of the Company; (iii) encourage the retention of key employees within the Company; and (iv) attract highly qualified employees by remaining competitive in terms of total compensation arrangements. Under the Option Plan, Options may be granted to directors and employees of the Company or of a related entity of the Company, as well as to consultants of the Company (each, a "**Participant**").

The Option Plan provides that the aggregate number of voting Common Shares reserved for issuance, set aside and made available for issuance under the Option Plan may not exceed ten percent (10%) of the number of Common Shares issued and outstanding at the time of the granting of the Option (on a non-diluted basis). The Option Plan is an "evergreen" plan. Accordingly, if the Company issues additional Common Shares in the future, the number of voting Common Shares issuable under the Option Plan will be increased accordingly. The Company shall at all times, during the term of the Option Plan, reserve and keep available such number of voting Common Shares as will be sufficient to satisfy the requirements of the Option Plan. Any voting Common Shares subject to an Option which for any reason expires without having been exercised or is forfeited or terminated shall again be available for future grants under the Option Plan. The Option Plan, when combined with all of the Company's other security-based compensation arrangements (if any), shall not result at any time in any of the following, except with shareholder approval, if so permitted in accordance with applicable regulatory or CSE requirements: (a) a number of voting Common Shares reserved for issuance under Options granted to insiders exceeding ten percent (10%) of the issued voting Common Shares; (b) a number of voting Common Shares reserved for issuance under Options granted to any one Participant in the Option Plan exceeding five percent (5%) of

the issued voting Common Shares; (c) the number of voting Common Shares issued to insiders, within a 12-month period pursuant to the exercise of Options exceeding ten percent (10%) of the issued voting Common Shares; (d) the issuance to any one Participant in the Option Plan, within a 12-month period (calculated from the date of the grant), of a number of Options exceeding five percent (5%) of the issued voting Common Shares, provided that with respect to consultants the number of Options granted to any one consultant within a 12-month period (calculated from the date of the grant) shall not result in a number of Options exceeding two percent (2%) of the issued voting Common Shares (calculated as of the date of the grant); or (e) the issuance to any employees conducting investor relations activities within a 12-month period (calculated from the date of the grant) of a number of voting Common Shares exceeding an aggregate of two percent (2%) of the issued voting Common Shares. No fractional voting Common Shares shall be issued upon the exercise of Options, and the Board may determine the manner in which fractional share value shall be treated.

The Board has delegated the administration of the Option Plan to the Governance, Nominating and Compensation Committee, subject to any Options granted by the Governance, Nominating and Compensation Committee being ratified by the Board. The Governance, Nominating and Compensation Committee, as administrative agent and trustee, has authority to, among other things, determine the Participants to whom Options will be granted, as well as the number of voting Common Shares which are subject to purchase upon the exercise of any outstanding Option, as well as the terms, conditions and restrictions of any grant of Option.

The exercise price of any Options granted under the Option Plan shall not be lower than 100% of the fair market value of a voting Common Share on the date of the grant of the Option; provided, however that if the voting Common Shares are listed and posted for trading on one or more stock exchange(s), the exercise price shall not be less than that from time to time permitted by the applicable regulations and policies of the stock exchange(s).

Subject to accelerated termination as provided for in the Option Plan and unless as otherwise specified in a signed written agreement between a Participant and the Company evidencing the terms and conditions upon which an Option is granted, or by the Board, each Option shall expire on the tenth (10th) anniversary of the date of grant, which will be the date specified by the Board at the time it grants or ratifies the Option, or if no such date is specified, the date upon which the Option was granted.

Options granted under the Option Plan are not assignable or transferable or subject to any other alienation, sale, pledge or encumbrance by the optionee except, by will or by the laws of descent and distribution.

Subject to certain exceptions and unless otherwise determined by the Board of Directors, if a Participant who has been granted Options under the Option Plan ceases to be employed or provide services to the Company or its related entities for any reason other than death, disability or retirement, any Option held by such Participant shall terminate, except that each such Option that has vested as of the date of termination of employment may be exercised for the lesser of 30 days following: (i) the date on which notice of resignation is given by the Participant; or (ii) the date on which notice of termination is given by the Company or a related entity of the Company, whether such termination is with or without reasonable notice, or the balance of such Option's term.

If the employment or services of a Participant who has been granted Options terminates by reason of death, disability or retirement, any Option (other than an incentive stock option) held by such Participant that was vested as of such date may thereafter be exercised, to the extent then exercisable or to such other extent as the Board may determine, for a period of 180 days (or such other period as the Board may specify) from the date of death, disability or retirement, or until the expiration of the stated term of such Option, whichever period is the shorter.

Outstanding Options

As of the date of this Prospectus the Company has not issued any Option under the Option Plan.

PRIOR SALES

The following table summarizes the sale of securities of the Company in the 12 months prior to the date of this Prospectus:

Date of Issue	Type of Security	Number of Securities Issued	Issue Price per Security
January 31, 2022	Common Shares	4,500,000	\$0.005
February 11, 2022	Units ⁽¹⁾	15,900,000	\$0.02
February 28, 2022	Common Shares	6,100,000	\$0.05

Note:

(1) Each Unit consisted of one Common Share and one half of a Common Share Purchase Warrant, with each Common Share Purchase Warrant entitling the holder to purchase one Common Share for a price of \$0.20 until February 11, 2024.

ESCROWED SECURITIES

Escrowed Shares

On or before completion of the listing approval, in accordance with CSE Policy 2, the Escrowed Securityholders (constituting "**Related Persons**" as defined in the policies of the CSE) will enter into the Escrow Agreement with the Escrow Agent, pursuant to which these parties will collectively deposit 4,500,001 Common Shares with the Escrow Agent, representing 16.98% of the issued and outstanding Common Shares (the "**Escrowed Shares**"):

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Common Shares	4,500,001	16.98%

The Escrowed Shares are subject to the terms and conditions set out in the escrow agreement dated August 10, 2022, among the Company, the Transfer Agent and the holders of the Escrowed Shares, being James Liang, Alan Tam, Sean Prescott, Michael Zenko and Darien Lattanzi (the "**Escrowed Securityholders**"), which is substantially in the form of 46-201F1 – *Escrow Agreement* (the "**Escrow Agreement**"), the form of agreement for escrow arrangements under NP 46-201.

Pursuant to the Escrow Agreement, the Escrowed Securityholders may not sell, transfer, assign, mortgage, enter into a derivative transaction concerning, or otherwise deal in any way with their respective Escrowed Shares or any related share certificates or other evidence of their Escrowed Shares for a period of 36 months beginning on the date of Listing as set out below. In addition, any Common Shares received upon the conversion of Common Share Purchase Warrants or Options by the Escrowed Securityholders are required to be deposited in escrow and are releasable upon the same terms as set out below.

Upon the completion of Listing, the Company will be an "emerging issuer" pursuant to NP 46-201 and, as such, the Escrowed Shares will be subject to a three-year escrow and subject to the following release schedule:

Date of Automatic Timed Release	Amount of Escrowed Shares Released
On the Listing Date	1/10 of the Escrowed Shares
6 months after the Listing Date	1/6 of the remaining Escrowed Shares
12 months after the Listing Date	1/5 of the remaining Escrowed Shares
18 months after the Listing Date	1/4 of the remaining Escrowed Shares
24 months after the Listing Date	1/3 of the remaining Escrowed Shares
30 months after the Listing Date	1/2 of the remaining Escrowed Shares
36 months after the Listing Date	The remaining Escrowed Shares

Assuming there are no changes to the Escrowed Shares initially deposited and no additional Escrowed Shares are deposited, automatic timed release escrow applicable to the Company will result in a ten percent (10%) release on the Listing Date, with the remaining Escrowed Shares being released in 15% tranches every six months thereafter.

The automatic timed release provisions under NP 46-201 pertaining to "established issuers" provide that 25% of each Principal's and shareholder's Escrowed Shares are released on the Listing Date, with an additional 25% being released in equal tranches at six month intervals over 18 months. If, within 18 months of the Listing Date, the Company meets the "established issuer" criteria as set out in NP 46-201, the Escrowed Shares will be eligible for accelerated release available for established issuers. In such a scenario, that number of Escrowed Shares that would have been eligible for release from escrow if the Company had been an "established issuer" on the Listing Date will be immediately released from escrow. The remaining Escrowed Shares would be released in accordance with the timed release provisions for established issuers, with all Escrowed Shares being released 18 months from the Listing Date. The Company does not expect to become an established issuer within 18 months of the Listing Date.

PRINCIPAL SECURITYHOLDERS

To the knowledge of the directors and officers of the Company, no person directly or indirectly beneficially owns, or exercises control or direction over, Common Shares carrying more than ten percent (10%) of the voting rights attaching to all the outstanding Common Shares both before and after giving effect to the issuance of the Listing.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holdings

The following table provides the names, municipalities of residence, position, principal occupations and the number of voting securities of the Company that each of the directors and executive officers beneficially owns, directly or indirectly, or exercises control over, as of the date hereof:

Name and Municipality of Residence and Position with the Company	Director/ Officer Since	Principal Occupations Held During the Last Five Years	Number and Percentage of Common Shares Beneficially Owned or Controlled, Directly or Indirectly as of the date of this Prospectus⁽¹⁾	Number and Percentage of Common Shares Beneficially Owned or Controlled, Directly or Indirectly upon completion of the Offering ⁽²⁾
Mr. James Liang British Columbia, Canada <i>Chief Executive Officer and Director</i>	CEO & Director since November 10, 2021	Associate of New Margin Ventures, former Chief Executive Officer and director of Skyledger Tech Corp. and director of Hello Pal International Inc. and Zinc One Resources Inc.	500,000 (1.89%)	500,000 (1.35%)
Mr. Alan Tam ⁽⁴⁾ Vancouver, British Columbia, Canada <i>Chief Financial Officer and Director</i>	CFO & Director since November 10, 2021	Chief Financial Officer of Enlighta Inc., Golcap Resources Corp. and Crest Resources Inc., former Chief Financial Officer of TraceSafe Inc.	500,000 (1.89%)	500,000 (1.35%)
Mr. Sean Prescott ⁽³⁾⁽⁴⁾ Schwyz, Switzerland <i>Non-Executive Chairman and Director</i>	Non-Executive Chairman and Director since November 10, 2021	Chief Executive Officer of UniCrypt group AG and Former Chief Technology Officer of nVision AG	2,500,000 (9.43%)	2,500,000 ⁽⁶⁾ (6.76%)
Mr. Michael Zenko ⁽³⁾⁽⁵⁾ Surrey, British Columbia, Canada Chief Operating Officer and Director	Chief Operating Officer and Director since January 12, 2022	General Manager the Western Division of Boscus Canada Inc. and former lumber trader with Lignum Forest Productions	500,000 (1.89%)	500,000 (1.35%)
Mr. Darien Lattanzi ⁽³⁾⁽⁴⁾⁽⁵⁾	Director since	Consultant with various publicly listed issuers and a	500,001 (1.89%)	500,001 (1.35%)

Vancouver, British Columbia, Canada <i>Director</i>	June 20, 2018	director of JKS Resources Inc.		
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Notes:

- (1) Percentage is based on 26,500,001 Common Shares issued and outstanding as of the date of this Prospectus on a non-diluted basis. See "*Options to Purchase Securities*".
- (2) Percentage is based on 37,000,001 Common Shares issued and outstanding immediately, on a non-diluted basis, after giving effect to the Offering.
- (3) Independent Director.
- (4) Member of the Audit Committee.
- (5) Member of the Governance, Nominating and Compensation Committee.
- (6) Held indirectly through the Prescott Family Foundation, a foundation directed by Sean Prescott, and of which Mr. Prescott is the majority beneficiary

The term of office of the directors expires annually at the time of the Company's next annual general meeting, unless his or her office is earlier vacated in accordance with the Articles of the Company or with the provisions of the BCBCA. As at the date of this Prospectus, the directors and executive officers of the Company as a group beneficially own, directly or indirectly, or exercised control or discretion over an aggregate of 4,500,001 Common Shares, which is equal to 16.98% of the Common Shares issued and outstanding as at the date hereof on a non-diluted basis. This percentage is based on 26,500,001 Common Shares expected to be issued and outstanding immediately prior to Closing, on a non-diluted basis.

Background

The following is a brief description of each of the directors and executive officers of the Company, including their names, positions and responsibilities with the Company, relevant educational background, principal occupations or employment during the five years preceding the date hereof, experience in the Company's industry and the amount of time intended to be devoted to the affairs of the Company:

Mr. James Liang (Age: 37) – Chief Executive Officer and Director

Mr. Liang currently works with New Margin Ventures, which is a venture capital firm based in Hangzhou, China, and assists with the evaluation of a number of technology companies for the purpose of New Margin Ventures providing financing. He currently acts as a director of Hello Pal International Inc. and Zinc One Resources Inc. and is the former Chief Executive Officer of Skyledger Tech Corp. Mr. Liang has a Bachelor of Commerce from the University of British Columbia, obtained a Financial Risk Manager Certification from the Global Association of Risk Associates (GARP) and completed two levels of the CFA exams.

Mr. Liang will be responsible for the overall management of the Company. Mr. Liang will devote approximately 25% of his time to the Company or such greater amount of time as is necessary. Mr. Liang has not entered into a non-competition or non-disclosure agreement with the Company. Mr. Liang is an independent contractor of the Company.

Mr. Alan Tam (Age: 49) - Chief Financial Officer and Director

Mr. Tam has the professional designation of CPA, CA and is a financial consultant for multiple companies, both publicly traded and private. Mr. Tam has served as both director and CFO of various companies and has experience navigating companies through the company listing process; conducting investor relation programs and financings; managing mergers and acquisitions of assets and operational businesses; and developing companies to various levels of operational development. Mr. Tam also holds a financial planning designation and an economics degree from Simon Fraser University. From 2007 to 2010, Mr. Tam provided financial reporting, strategic planning, tax and internal control advice as a business advisor at an accounting firm.

As Chief Financial Officer, Mr. Tam is responsible for coordination of the financial operations of the Company, for its corporate filings and regulatory matters and for coordinating with the Company's legal counsel. Mr. Tam will devote approximately 20% of his time to the Company or such greater amount of time as is necessary. Mr. Tam has not entered into a non-competition or non-disclosure agreement with the Company. Mr. Tam is an independent contractor of the Company. Alan Tam Inc., a company directed by Mr. Tam, is paid \$2,000 per month for providing the services of Mr. Tam.

Mr. Sean Prescott (Age: 37) – Director, Non-Executive Chairman and Chair of the Audit Committee

Mr. Prescott is the founder and executive chairman of UniCrypt Group AG. Mr. Prescott is also the former managing partner and Chief Executive Officer of Serpico Investment GmbH, a SaaS provider for cybersecurity and consulting. Mr. Prescott has over two decades of experience in the enterprise information technology and banking industry, acting in a variety of roles from senior licensed derivate trader, trading system developer as well as a senior developer and project manager for a variety of banks, exchanges and technology companies throughout Europe. Mr. Prescott also hold a degree in Computer Science / Systems Engineering from the Technical Business School in Zurich, Switzerland and is a former licensed derivative trader (Eurex) and certified financial engineer (CFE I).

Mr. Prescott anticipates devoting approximately 30% of his time to the Company or such greater amount of time as is necessary. Mr. Prescott has not entered into a non-competition or non-disclosure agreement with the Company. Mr. Prescott is an independent contractor of the Company and does not receive any fees from the Company as a result of being an independent contractor.

Mr. Michael Zenko (Age: 46) – Director and Chief Operating Officer

Mr. Zenko currently works as the General Manager for the western division of Boscus Canada Inc. one of Canada's established lumber distributors and international brokers. Mr. Zenko has nearly 25 years of knowledge in the forestry and lumber industries, holding various roles throughout his career and with experience relating to forestry management, mill production and wholesale distribution. Mr. Zenko is also an active member in the North American Wholesale Lumber Association, British Columbia Wholesale Lumber Association and the Lumbermen's Association of Texas and Louisiana.

Mr. Zenko anticipates devoting approximately 30% of his time to the Company or such greater amount of time as is necessary. Mr. Zenko has not entered into a non-competition or non-disclosure agreement with the Company. Mr. Zenko is an independent contractor of the Company and does not receive any fees from the Company as a result of being an independent contractor.

Mr. Darien Lattanzi (Age: 24) – Director and Chair of the Governance, Nominating and Compensation Committee

Mr. Lattanzi is a consultant with several public companies, including Silver One Resources Inc., Hello Pal International Inc., Silverton Metals Corp and Zinc One Resources Inc. among others as well as JKS Resources Inc., a junior mining company focusing on gold exploration. Mr. Lattanzi's public market knowledge ranges from various sectors and industries including exploration and mining, cryptocurrency, technology and cannabis. He has assisted in raising in excess of \$50 million in share transactions in the Canadian markets. Mr. Lattanzi's specialties include marketing and business development.

Mr. Lattanzi anticipates devoting approximately 25% of his time to the Company or such greater amount of time as is necessary. Mr. Lattanzi has not entered into a non-competition or non-disclosure agreement with the Company. Mr. Lattanzi is an independent contractor of the Company and does not receive any fees from the Company as a result of being an independent contractor.

Corporate Cease Trade Orders or Bankruptcies

Except as disclosed below, to the Company's knowledge, no director or executive officer or promoter of the Company is, as at the date of this Prospectus, or was within ten years before the date hereof, a director, CEO or CFO of any company, including the Company, that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period for more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, CEO or CFO; or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period for more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO.

Zinc One Resources Inc.

On August 14, 2020, Zinc One Resources Inc. ("**Zinc One**") was subject of a cease trader order (the "**CTO**"), issued by the BCSC, as a result of Zinc One's failure to file its annual audited financial statements and annual management discussion and analysis for the fiscal year ended February 29, 2020. At the time of its failure to file, James Liang was a director of Zinc One. This CTO was revoked by the BCSC on December 15, 2020 upon Zinc One's filing the required records.

Penalties or Sanctions

To the Company's knowledge, no director or executive officer or promoter of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement with a regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

Bankruptcies

To the Company's knowledge, no director or executive officer or promoter of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date of this Prospectus, or has been within the ten years before the date hereof, a director or executive officer of any company, including the Company, that, while that person was acting in that capacity, or within one year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Conflicts of Interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his or her interest and abstain from voting on such matter, as required under the BCBCA.

To the best of the Company's knowledge, except as disclosed elsewhere in this Prospectus, there are no known existing or potential conflicts of interest among the Company, a subsidiary, its promoters, directors and officers or other members of management of the Company, its subsidiary or of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

The directors and officers of the Company will not be devoting all of their time to the affairs of the Company. Some of the directors and officers of the Company are directors and officers of other companies, some of which are in the same business as the Company. The directors and officers of the Company are required by law to act in the best interests of the Company. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies, and in certain circumstances this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligations to act in the best interests of the Company. Such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives.

EXECUTIVE COMPENSATION

The Company was not a reporting issuer at any time during the fiscal year ended September 30, 2021, the Company's most recently completed financial year. Accordingly, and in accordance with Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*, the following is a discussion of all significant elements of compensation to be awarded to, earned by, paid to or payable to Named Executive Officers (as defined below) of the Company, once the Company becomes a reporting issuer, to the extent this compensation has been determined.

For the purposes hereof, a named executive officer is each CEO, each CFO and each of the Company's executive officers, other than the CEO and the CFO whose total salary and bonus exceeds \$150,000 and any additional individuals for whom disclosure would have been provided except that the individual was not serving as an officer of the Company (“**Named Executive Officer**” or “**NEO**”).

As of the Company's most recently completed financial year ended September 30, 2021 the Company did not have any Named Executive Officers. As of the date of this Prospectus, the NEOs are:

- Mr. James Liang, Chief Executive Officer
- Mr. Alan Tam, Chief Financial Officer

Compensation Discussion and Analysis

At its present stage of development, the Company does not have any formal objectives, criteria and analysis for determining the compensation of its NEOs and primarily relies on the discussions and determinations of the Board. The type and amount of future compensation to be paid to NEOs and directors has not been determined at this time, and the Board has not considered the implications of the risks associated with the Company's compensation policies and practices.

As of the date of this Prospectus, given the early stage of the Company's development, the Board has not established any specific benchmark or performance goals to be achieved or met by Named Executive Officers; however, such Named Executive Officers are expected to carry out their duties in an effective and efficient manner so as to advance the business objectives of the Issuer. The satisfactory discharge of such duties is subject to ongoing monitoring by the Company's directors.

The Board has tasked its Governance, Nominating and Compensation Committee with, among other things, setting the executive compensation philosophy and compensation policy of the Company, evaluating the performance of executive officers and establishing the appropriate executive compensation structure, and administering the Company's equity and incentive-based plans. The Governance, Nominating and Compensation Committee will annually review and approve corporate goals and objectives relevant to the compensation of the CEO, review and assess the CEO's performance relative to those goals and objectives, and set the CEO's compensation on an annual basis. It will also, in consultation with the CEO, review and make recommendations annually to the Board for consideration and approval with respect to non-CEO senior executive officer compensation. The Governance, Nominating and Compensation Committee will also review and make recommendations to the Board with respect to executive incentive compensation plans and equity-based plans in which executive officers and members of the Board are eligible to participate, and will oversee the administration of such plans.

Summary Compensation Table

The following table sets forth information about compensation paid to, or earned by, the Company's Named Executive Officers during the financial years ended September 30, 2021, 2020 and 2019:

Table of Compensation Excluding Compensation Securities							
Name and Principal Position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites	Value of All Other Compensation (\$)	Total Compensation (\$)
Mr. James Liang Director and Chief Executive Officer ⁽¹⁾	2021	N/A	N/A	N/A	N/A	N/A	N/A
	2020	N/A	N/A	N/A	N/A	N/A	N/A
	2019	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Alan Tam Director and Chief Financial Officer ⁽²⁾	2021	N/A	N/A	N/A	N/A	N/A	N/A
	2020	N/A	N/A	N/A	N/A	N/A	N/A
	2019	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Mr. Liang has served as CEO since November 10, 2021. Mr. Liang does not earn any compensation in his role as a director of CEO of the Company.
- (2) Mr. Tam has served as CFO since November 10, 2021. Mr. Tam receives \$2,000 as an independent contractor providing CFO services and is not compensated for his role as a director.

Incentive Plan Awards

There were no outstanding share based and option based awards to the Named Executive Officers since incorporation of the Company on June 20, 2018.

Defined Benefit Plans

The Company does not have any defined benefit or actuarial plan.

Termination and Change of Control Benefits

Except as disclosed below, the Company does not have any contracts, agreements, plans or arrangements in place with any NEOs that provides for payment following or in connection with any termination (whether voluntary, involuntary or constructive) resignation, retirement, a change of control of the Company or a change in a NEO's responsibilities.

The Company has a verbal agreement dated for January 1, 2022 with Mr. Alan Tam whereby Alan Tam Inc., a company controlled by Mr. Tam, is paid \$2,000 per month for providing the services of Mr. Tam as Chief Financial Officer of the Company.

Pension Plan Benefits

No pension plan or retirement benefit plans have been instituted by the Company and none are proposed at this time.

Director Compensation

Except as disclosed below, and as of the date of this Prospectus, the Board has not established any formal compensation policy for its Board and the Company does not have any arrangements, standard or otherwise, pursuant to which directors are compensated by the Company for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultants or experts.

Each director will be entitled to reimbursement for reasonable travel and other expenses incurred in connection with attending Board meetings and meetings for any committee on which such director serves. To date, there have been no travel expenses incurred by the Company due to all meetings of the Board being conducted virtually.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date of this Prospectus, no director or executive officer of the Company or any associate thereof, is indebted to the Company or its subsidiary, or has been at any time during the preceding financial year. None of the Company's directors, executive officers, employees, former directors, former executive officers or former employees, or of its subsidiary, and none of their respective associates, is or has within 30 days before the date of this Prospectus or at any time since the beginning of the most recently completed financial year been indebted to the Company or its subsidiary or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar agreement or understanding provided by the Company or its subsidiary.

AUDIT COMMITTEE

Audit Committee

The Audit Committee assists the Board in fulfilling its legal and fiduciary obligations with respect to matters involving the financial reporting process on behalf of the Board. This includes oversight responsibility for financial reporting and continuous disclosure, oversight of external audit activities, oversight of financial risk and financial management control, and oversight responsibility for compliance with tax and securities laws and regulations as well as whistle blowing procedures. In addition, the Audit Committee provides an avenue for communication between the external auditor, management and other employees of the Company, as well as the Board, concerning accounting, financial reporting and auditing matters.

NI 52-110, NI 41-101 and Form 52-110F2 require the Company, as an IPO venture issuer, to disclose certain information relating to the Company's Audit Committee and its relationship with the Company's independent auditors. Mr. Sean Prescott is the chair of the Audit Committee.

Audit Committee Charter

The text of the Audit Committee's charter is attached as Schedule B to this Prospectus.

Composition of Audit Committee

The members of the Company's Audit Committee are:

Director⁽¹⁾	Independent⁽²⁾	Financially literate⁽³⁾
Mr. Sean Prescott	No	Yes
Mr. Alan Tam	No	Yes
Mr. Darien Lattanzi	Yes	Yes

Notes:

(1) See "*Directors and Executive Officers*".

(2) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.

(3) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Relevant Education and Experience

Each member of the Company's present Audit Committee has adequate education and experience that is relevant to his or her performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements or experience actively supervising individuals engaged in such activities; and
- (c) an understanding of internal controls and procedures for financial reporting. See "*Directors and Executive Officers*" for further details.

The relevant education and/or experience of each member of the Audit Committee is as follows:

Sean Prescott

Mr. Prescott is the current Chief Executive Officer of UniCrypt group AG and the former Chief Technology Officer of nVision AG. Mr. Prescott also has over two decades of experience in the enterprise information technology and banking industry, acting in a variety of roles including senior licensed derivate trader. As such, Mr. Prescott has the ability to understand financial statements.

Alan Tam

Mr. Tam has over 20 years of experience, has been involved in financing, operations, corporate services, mergers and acquisitions, and investor relations and has acted as the Chief Financial Officer for various public companies previously. Mr. Tam has the professional designation of CPA, CA and has the ability to understand financial statements.

Darien Lattanzi

Mr. Lattanzi has been a business associate working with a number of corporations with CSE and TSX Venture Exchange listed resource companies, which provided him with experience in financings, corporate filings and corporate governance. Mr. Lattanzi is also currently completing a Canadian Securities Course. Accordingly, Mr. Lattanzi has the ability to understand financial statements.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board to pre-approve all non-audit services to be provided to the Company, or any subsidiaries, by the Company's external auditor and to consider whether the auditor's provision of permissible non-audit services is compatible with the auditor's independence. The Audit Committee is also authorized to delegate such pre-approval to one or more independent members of the Audit Committee to the extent permitted by applicable laws, regulations, rules and listing standards.

External Auditor Service Fees

The following sets forth the fees billed or accrued for various services provided by the Company's external auditor, Mao & Ying LLP and its affiliates, to the Company for the Company's fiscal years ending September 30, 2021 and 2020.

	Fiscal 2021	Fiscal 2020
	(\$)	(\$)
	<hr/>	<hr/>
Audit fees ⁽¹⁾	10,500	10,500
Audit related fees ⁽²⁾	Nil	Nil
Tax fees ⁽³⁾	Nil	Nil
All other fees ⁽⁴⁾	Nil	Nil
	<hr/>	<hr/>
Total fees paid	10,500	10,500
	<hr/>	<hr/>

Notes:

- (1) Fees for audit service on an accrued basis.
- (2) Fees for assurance and related services not included in audit service above.
- (3) Fees for tax compliance, tax advice and tax planning.
- (4) All other fees not included above.

Exemption

The Company has relied upon the exemption provided by section 6.1 of NI 52-110, which states that the Company, as a venture issuer (as such term is defined under NI 52-110), is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

CORPORATE GOVERNANCE

General

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and will be charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision-making.

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. NP 58-201 provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, NI 58-101 prescribes certain disclosure by the Company of its corporate governance practices. The Company's corporate governance practices are summarized below:

Board of Directors

The Board facilitates its exercise of independent supervision over the Company's management through frequent meetings. The Board is comprised of five directors, being Mr. James Liang, Mr. Alan Tam, Mr. Sean Prescott, Mr. Michael Zenko and Mr. Darien Lattanzi. At this time, the Board has no formal procedures designed to facilitate the exercise of independent supervision over management, relying instead on the integrity of the individual members of its management team to act in the best interests of the Company.

Under NI 58-101, a director is considered to be independent if he or she is independent within the meaning of NI 52-110. Pursuant to NI 52-110, an independent director is a director who is free from any direct or indirect relationship which could, in the view of the Board, be reasonably expected to interfere with a director's independent judgment. Based on information provided by each director concerning his or her background, employment and affiliations, the Board has determined that of the five directors on the Board, all are independent with the exception of Mr. James Liang and Mr. Alan Tam due to their respective roles as the CEO and CFO of the Company.

Directorships

The Board has not adopted a formal director interlock policy, but is kept informed of other public directorships held by its members. The following directors are also currently directors of the following reporting issuers:

Name of Director	Name of Reporting Issuer	Exchange
James Liang	Hello Pal International Inc.	Canadian Securities Exchange
	Zinc One Resources Inc.	TSX Venture Exchange (NEX)

Chair of the Board

The Chair of the Board is principally responsible for overseeing the operations and affairs of the Board. Mr. Sean Prescott was appointed as the Non-Executive Chair of the Board on November 10, 2021, to hold office until his successor is elected or appointed.

Director Orientation and Continuing Education

The Board will oversee an appropriate orientation for new Board members in order to familiarize them with the Company and its business (including the Company's reporting and organizational structure, strategic plans, significant financial, accounting and risk issues, compliance programs and policies, management, and external auditors), the role of the Board and its committees, and the contribution that an individual Board member is expected to make to the Board, its committees (if applicable) and the Company.

Board members will be encouraged to keep themselves current with industry trends and developments and will be encouraged to communicate with management and, where applicable, auditors, advisors and other consultants of the Company.

While the Company currently has no formal orientation and education program for new Board members, sufficient information is provided to any new Board member to ensure that new directors are familiarized with the Company's business and the procedures of the Board.

Board Assessments

Historically, the individual performance of Board members and of committees as a whole was undertaken regularly and on an *ad hoc* basis, under the oversight of the Chair of the Board. The Company currently has a Governance, Nominating and Compensation Committee, whose mandate includes, among other things, evaluating the effectiveness and performance of the Board and its individual members as well as the size and composition of the Board as a whole. One of the responsibilities of the Governance, Nominating and Compensation Committee is to annually assess and report to the Board on the performance and effectiveness of directors and to oversee the evaluation of the Board, its committees and each of its members. Based on its review, the Governance, Nominating and Compensation Committee will recommend to the Board any changes, where appropriate.

Nomination of Directors

The Board has created a Governance, Nominating and Compensation Committee to review and recommend the nomination of qualified candidates to become members of the Board. The Governance, Nominating and Compensation Committee establishes the qualifications of and assists in identifying candidates for the Board, including the competencies and skills each individual director is expected to bring, availability to serve, independence, conflicts of interest and other relevant factors. It also periodically presents to the Board a list of individuals recommended for nomination for election to the Board.

Compensation

One of the purposes of the Board's Governance, Nominating and Compensation Committee is establishing and assessing the compensation of the directors of the Board, and its responsibilities in this respect include:

- periodically reviewing the adequacy and form of compensation of directors to determine if the compensation realistically reflects the responsibilities and risks involved in being an effective director;
- reviewing and assessing the adequacy and form of compensation paid to non-management members of the Board and recommending to the Board any changes, where appropriate; and

- reviewing and making recommendations to the Board with respect to executive incentive compensation plans and equity-based plans in which executive officers and members of the Board are eligible to participate.

The Board regularly reviews compensation matters and plans to review and assess compensation matters once again upon completion of the Listing.

Other Board Committees

Other than the Audit Committee and the Governance, Nominating and Compensation Committee, the Company has no other standing committees. Following the Listing, the Company will consider creating new committees, if and when appropriate.

Ethical Business Conduct

The Company has adopted a written Code of Conduct and Ethics (the “**Code of Conduct**”) that applies to all contract employees, officers and directors of the Company and its affiliates. The objective of the Code of Conduct is to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or perceived conflicts of interest;
- compliance with applicable laws, rules, regulations and internal policies;
- full, fair, accurate, timely and understandable disclosure in reports, documents and communications;
- the prompt internal reporting of violations of the Code of Conduct; and
- accountability for adherence to the Code of Conduct.

The Code of Conduct addresses, among other matters, conflicts of interest, protection of the Company’s assets, confidentiality, fair dealing with stakeholders and employees, insider trading, compliance with laws and reporting any illegal or unethical behaviour. As part of the Code of Conduct, any person subject to the Code of Conduct will be required to avoid or fully disclose interests or relationships that are harmful or detrimental to the Company’s best interests or that may give rise to real, potential or the appearance of conflicts of interest. The Board’s Audit Committee reviews and assesses the Code of Conduct on an annual basis, makes recommendations to the Board where appropriate, and is responsible for monitoring compliance with the Code of Conduct.

Blackout Periods

The Company recognizes that for good corporate governance reasons, many public issuers have internal policies prohibiting certain employees from buying or selling the issuer’s securities or exercising stock options during specific periods. The time periods in which these employees are not permitted to trade in an issuer’s securities are often called “blackout periods”. Trading restriction policies are not only a component of good corporate governance, but also assist in fostering compliance with legal requirements that prohibit people from trading in a public issuer’s securities when they have material information about the issuer that has not been released to the public. A blackout period is designed to prevent a person from trading on material information that is not yet available to other security holders. For example, a blackout period occurs during a specified period before and after the day that an issuer announces its quarterly or annual earnings. A blackout period might also arise during the time that an issuer has material undisclosed information about an important potential transaction it might be considering, such as a significant merger or acquisition. While the Company currently has no formal insider trading, reporting and blackout policy, the Company’s Board are fully aware of their compliance obligations and intend to provide similar orientation to incoming board

members. As the Company develops and the Board grows the Company may consider it prudent to adopt a formal policy.

PLAN OF DISTRIBUTION

Under the Agency Agreement, the Company has appointed the Agent on a commercially reasonable efforts basis to offer for sale 10,500,000 Common Shares at a price of \$0.10 per Common Share for total gross proceeds of \$1,050,000. The issue price of \$0.10 per Common Share was determined by negotiation between the Company and the Agent.

The completion of the Offering is subject to a minimum subscription of Common Shares for total gross proceeds of \$1,050,000. The Offering will not be completed, and no subscription funds will be advanced to the Company unless and until the minimum subscription of \$1,050,000 has been raised. In the event that the minimum subscription is not attained by the end of the period of the Offering, all subscription funds that subscribers may have advanced to the Agent in respect of the Offering will be refunded to the subscribers without interest or deduction.

The Company has agreed not to, directly or indirectly, issue, sell or grant or agree to announce any intention to issue, sell or grant, any additional equity or quasi-equity securities for a period of 90 days after the Closing of the Offering without the prior written consent of the Agent, such consent not to be unreasonably withheld, except in conjunction with: (i) the grant or exercise of stock options and other similar issuances pursuant to the share incentive plan of the Company and other share compensation arrangements; (ii) obligations in respect of existing mineral property agreements; and (iii) the issuance of securities in connection with property or share acquisitions in the normal course of business.

Subscriptions for Common Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the Closing of the Offering will occur on a date agreed upon by the Company and the Agent, but not later than the date that is 90 days after a receipt is issued for the final prospectus or if a receipt has been issued for an amendment to the final prospectus, within 90 days of issuance of such receipt and in any event not later than 180 days from the date of receipt of the final prospectus. It is expected that share certificates evidencing the Common Shares will be available for delivery on the Closing unless the Agent elects for delivery in electronic book entry form through CDS or its nominee. If delivered in book entry form, purchasers of Common Shares will receive only a customer confirmation from the registered dealer that is a CDS participant and from or through which the Common Shares were purchased.

There is currently no market through which any of the securities of the Company, including the Common Shares, may be sold and purchasers and holders thereof may not be able to resell or dispose of any of the securities purchased, distributed or qualified under this Prospectus.

The Company has applied to list its Common Shares on the CSE. As at the date of this Prospectus, the CSE has conditionally approved the Company's Listing. The Listing is subject to the Corporation fulfilling all of the requirements of the Exchange. As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities on the Toronto Stock Exchange, Neo Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America.

The Company has agreed to indemnify the Agent and its respective directors, officers, employees, shareholders and agents against all liabilities arising directly or indirectly from the Agency Agreement. Notwithstanding the above, the indemnity does not include claims arising from negligence, dishonesty, or wilful misconduct of the Agent.

The obligations of the Agent under the Agency Agreement may be terminated at the Agent's discretion on the basis of its assessment of the state of financial markets and may also be terminated upon the

occurrence of certain stated events. The Agent is not obligated to purchase any of the Common Shares under the Offering but may choose to do so in its sole discretion.

Agent's Commission

The Company has agreed to pay to the Agent the Agent's Commission equal to 10% of the aggregate gross proceeds of the Offering in consideration for its services in connection with the Offering. Such fee, together with all other expenses of the Offering, will be paid by the Company out of the proceeds of the Offering. The Company has also agreed to pay to the Agent a Work Fee of \$35,000 plus applicable taxes upon Closing of the Offering. As additional compensation, on the Closing, the Company has agreed to grant to the Agent the Agent's Compensation Option exercisable to acquire that number of Common Shares that is equal to 10% of the number of Common Shares sold pursuant to this Offering at the price of \$0.10 per Common Share for a period twenty-four (24) months from the Closing. The Agent's Compensation Option will be qualified under this Prospectus.

Listing of Common Shares on the Exchange

The Company has applied, and has received conditional approval to list its Common Shares on the CSE.

RISK FACTORS

An investment in the securities of the Company involves a high degree of risk and should be considered highly speculative due to the nature of the Company's business and its present stage of development. An investment in the Company's securities is suitable only for those knowledgeable and sophisticated readers who are willing to risk loss of their entire investment. Readers should consult with their professional advisors to assess an investment in the Company's securities. In evaluating the Company and its business, readers should carefully consider, in addition to the other information contained in this Prospectus, the following risk factors. If any of the risks discussed in this Prospectus actually occur, alone or together with additional risks and uncertainties not currently known to us, or that we currently deem immaterial, the Company's business, financial condition, results of operations and prospects may be materially adversely affected.

Risks Relating to Our Financial Position and Need for Capital

Negative Operating Cash Flow

The Company's business has incurred net losses since its inception. For the years ended September 30, 2021 and 2020, the Company incurred a net loss of \$4,478 and \$74,820, respectively. The Company has an accumulated deficit of \$102,675 as of March 31, 2022. To date, the Company has no history of significant earnings.

Although the Company expects to become profitable, there is no guarantee that will happen, and the Company may never become profitable. The Company currently has a negative operating cash flow and may continue to have a negative operating cash flow for the foreseeable future. The Company's ability to generate revenue and the potential to become profitable will depend largely on its ability to commercialize and market the Scope Analysis Platform into an essential tool for Carbon Credit Certifiers and Developers or other persons seeking to assess their GHG emissions. There can be no assurance that any such events will occur or that the Company will ever become profitable. Even if the Company does achieve profitability, the Company cannot predict the level of such profitability. If the Company sustains losses over an extended period of time, the Company may be unable to continue its business.

The Company as a Going Concern

The continued operation of the Company as a going concern is dependent upon the Company's ability to generate positive cash flows and/or obtain additional financing sufficient to fund its ongoing operating expenditures, meet its liabilities for the ensuing year, and fund necessary activities to commercialize its

technology, generate revenue and achieve positive cash flows from operations. While the Company continues to review its operations in order to identify strategies and tactics to increase revenue streams and financing opportunities, there is no assurance that the Company will be successful in such efforts; if the Company is not successful, it may be required to significantly reduce or limit operations, or no longer operate as a going concern. It is also possible that operating expenses could increase in order to grow the business. If the Company does not significantly increase its revenue to meet these increased operating expenses and/or obtain financing until its revenue meets these operating expenses, its business, financial condition and operating results could be materially adversely affected. The Company cannot be sure when or if it will ever achieve profitability and, if it does, it may not be able to sustain or increase that profitability.

Need for Additional Financing

The Company has no history of significant earnings and, due to the nature of its business, there can be no assurance that the Company will be profitable. There is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company will require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

Any additional equity financing may be dilutive to shareholders, and debt financing, if available, may involve restrictive covenants. If additional funds are raised through the issuance of equity securities, the percentage ownership of the shareholders of the Company will be reduced, shareholders may experience additional dilution in net book value per share, or such equity securities may have rights, preferences or privileges senior to those of the holders of the Common Shares. If adequate funds are not available on acceptable terms, the Company may be unable to further develop or market its technology, take advantage of future opportunities or respond to competitive pressures, any of which could have a material adverse effect on its business, financial condition and operating results, or the Company may be forced to cease operations.

No Assurance of Profits or Revenues

There is no assurance as to whether the Company will be profitable, earn revenues, or pay dividends. The Company has incurred and anticipates that it will continue to incur substantial expenses relating to the development and initial operations of its business. The payment and amount of any future dividends will depend upon, among other things, the Company's results of operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

Limited Operating History

The Company has a limited operating history in its industry upon which its business and future prospects may be evaluated. The Company is subject to all of the business risks and uncertainties associated with a new business enterprise, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, lack of revenues and the risk that the Company will not achieve its operating goals. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of the Company's success must be considered in light of its early stage of operations.

Actual Financial Position and Results of Operations May Differ from Expectations of Management

The Company's actual financial position and results of operations may differ materially from management's expectations. The Company's limited operating history makes it difficult for management to evaluate the Company's future business prospects and make decisions based on those estimates of the Company's future performance. As such, the Company's revenue, net income and cash flow may differ materially from the Company's projected revenue, net income and cash flow. The process for estimating the Company's

revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations.

Foreign Exchange Rates

To date, 41 percent of retired carbon offsets originated in developing and least developed markets. To achieve profitability the Company may be required to enter foreign markets, including developing jurisdictions. The Company believes that in such a scenario it may not be possible to be paid in Canadian dollars, which will expose the Company to fluctuations in foreign exchange rates.

Difficulties with Forecasts

The Company must rely largely on its third-party market research to forecast the continued valuation of carbon credits and which regional markets will emerge as the leader in the carbon credits market. A failure in the demand for carbon credits to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Risks Relating to the Development and Commercialization of the Company's Technology

The Company's business is subject to the Technology Acquisition Agreement, which may not provide an adequate remedy for its breach by the Licensor.

The acquisition of the Technology is subject to the Technology Acquisition Agreement. The Company is subject to a number of risks associated with its collaboration with the Licensor, including the risk that the Licensor may terminate the Technology Acquisition Agreement upon the occurrence of certain specified events and the Company fails to exercise its option to acquire the Technology upon termination.

The Company could also suffer the consequences of non-compliance or breaches by Licensor in connection with the Technology Acquisition Agreement. Such non-compliance or breaches by the Licensor could in turn result in the Company's breaches or defaults under its agreements with its other collaboration partners, and it could be found liable for damages or lose certain rights, including rights to develop and/or commercialize the Technology. Loss of its rights to the Technology Acquisition Agreement in the future, or the exclusivity rights provided therein, could harm the Company's financial condition, operating results and future prospects.

Preferences of Carbon Credit Certifiers and Developers may change, and the Company may be unsuccessful in gaining market acceptance and keeping pace with changing market developments.

As a result of changing preferences, it may be possible the Company's technology attains financial success for a limited period of time. Even if the Scope Analysis Platform finds success among Carbon Credit Certifiers and Developers, there can be no assurance that the Company's business will be profitable. The Company's success will be significantly dependent upon its ability to offer new and improved technology and adapt to the preferences of Carbon Credit Certifiers and Developers. Even if the Company is successful in introducing new features to the Scope Analysis Platform, a failure to gain consumer acceptance could cause a decline in the technology's popularity and impair its brand. In addition, the Company may be required to invest significant capital in further developing the technology as well as marketing campaigns and other features, none of which are guaranteed to be successful. Failure to introduce new features and to achieve and sustain market acceptance could result in the Company being unable to satisfy the preferences of Carbon Credit Certifiers and Developers and generate revenue.

Unproven Market for Products and Technologies

The Company believes that the anticipated market for its potential products and technologies will continue to exist and expand. These assumptions may prove to be incorrect for a variety of reasons, including competition from other products and technologies and the degree of commercial viability of the potential product candidates identified by the Company's platform. Even when strategic partners are successfully identified, the Company's ability to generate significant revenue depends on the acceptance of such identified product candidates by the Company's potential partners and Carbon Credit Certifiers and Developers. The Company cannot be sure that its products and technologies or any identified product candidates will achieve the expected market acceptance and demand. Any factors preventing or limiting the market acceptance of the Company's products and technologies could have a material adverse effect on the Company's business, results of operations, and financial condition.

Application of the Company's Technology

The Company currently anticipates utilizing its AI technology using high specification cameras attached to UAVs to allow for a versatile interaction with a carbon environment. However, it may be the case that this is not the best method for capturing the data relating to carbon credits, as, for example, some of the Company's competitors for example have utilized LIDAR technology. In the event the Company needs to re-utilize its technology the process could be costly. It is also possible that the Technology is ineffective in capturing data in this way, which would result a materially adverse effect to the Company's business.

Risks Relating to Our Reliance on Third Parties

Inability to Identify, Discover or Commercial Partners and Reliance on Third Parties

The success of the Company's business depends on its ability to develop its intellectual property portfolio and commercialize the Scope Analysis Platform. Furthermore, upon commercialization, the Company may identify commercial partners and the Company may fail to gain support in the market for a number of reasons, including but not limited to the following:

- the Company's development process may be unsuccessful in commercializing the Technology;
- the Company may not be able or willing to assemble sufficient resources to identify or discover commercial partners;
- the Company may not succeed in partnering with third parties to advance the development of the Technology; and
- the market for carbon credits identification may change during the implementation of the Company's research and development so that the Company's Scope analysis Platform is no longer attractive to Carbon Credit Certifiers and Developers.

If any of these events occurs, the Company may be forced to abandon its efforts to third parties to partner with, which would have a material adverse effect on its business and could potentially cause the Company to cease operations.

Outsourcing Development to Third Parties and Specialized Knowledge

To complete the development of the Scope Analysis Platform the Company may be forced to sub-contract all or portions of the development to be completed. Components of the Scope Analysis Platform may be outside the Company's current competency and they may need to rely on specialized knowledge to commercialize the Scope Analysis Platform. The costs, and efficiency of, such sub-contracting if required is at this time unknown. Sub-contracting could also expose the Company to additional risks such as a loss of trade secrets or damage to the development of the Scope Analysis Platform already completed.

Risks Relating to the Company's Intellectual Property

Intellectual Property and Licenses

The Company's success is heavily dependent on the Company's intangible properties and technologies and will depend in part on its ability to protect and maintain its intellectual property rights. Whilst the Company intends to take reasonable precautions to protect its intellectual property and trade secrets, no assurance can be given that these rights will not be stolen, infringed or circumvented, in which case, the Company may be unable to seek any recovery or remedy to the matter as a result of the Company's decision not to utilize patent protection. Moreover, the Company could potentially incur substantial legal costs in defending legal actions which allege patent infringement or by instituting infringement suits against others. The Company's commercial success also depends on the Company not infringing patents or proprietary rights of others. There can be no assurance that the Company will be able to maintain its current technology license that it may require to conduct its business. Furthermore, there can be no assurance that the Company will be able to remain in compliance with any such licenses.

Risks Relating to Regulation

Regulatory Compliance Risks

Achievement of the Company's business objectives is subject to compliance with regulatory requirements that may be enacted by governmental authorities. The Company may incur costs and obligations related to regulatory obligations. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Regulation and Permitting

Transport Canada is responsible for establishing, managing, and developing safety and security standards and regulations for civil aviation in Canada, and includes unmanned civil aviation (UAVs or "drones"). Civil operations include law enforcement, scientific research, or use by private sector companies for commercial purposes. The Canadian Aviation Regulations govern civil aviation safety and security in Canada, and by extension govern operation of drones in Canada to an acceptable level of safety.

While Transport Canada has been a leader in the development of regulations for the commercial use of remotely piloted aircraft systems and continues to move forward rapidly with its regulatory development, it has acknowledged the challenge of regulations keeping pace with the rapid development in technology and the growing demand for commercial remotely piloted aircraft systems, particularly in the beyond visual line-of-sight environment.

Failure to obtain necessary regulatory approvals from Transport Canada or other governmental agencies, or limitations put on the use of remotely piloted aircrafts in response to public safety concerns, may prevent the Company from testing or operating its aircraft and/or expanding its sales which could have an adverse impact on the Company's business, prospects, results of operations and financial condition.

It may also become the case that the Company requires a SFOC to operate and there can be no guarantee that the Company will have any success in applying for such a license or ever be granted one. If this were to occur it could have a materially adverse effect on the Company's business.

Regulations Governing Cybersecurity and the Protection of Data and Privacy

The Company's future clients are expected to use the Scope Analysis Platform to collect, store and use data and information regarding their properties. Whilst this is not anticipated to constitute personal or confidential information, the Scope Analysis Platform has the potential to inadvertently collect such information or allow such information to be received from Farm Flight. Accordingly, the Company could become subject to federal, state, provincial and foreign laws regarding cybersecurity and the protection of data and privacy, including the *Personal Information Protection and Electronic Documents Act* (Canada) and the European General Data Protection Regulations ("GDPR"). Further, some jurisdictions have enacted laws requiring companies to notify governmental authorities and/or individuals of certain security breaches, such as those involving certain types of personal data or those giving rise to significant risk of harm to an individual. In such circumstances the Company would be required to notify clients in the event of a security incident. Additionally, some jurisdictions, require us to use industry-standard or reasonable measures to safe guard personal or confidential information.

In Canada, the regulatory authority responsible for enforcement of Canada's Anti-Spam Legislation ("CASL") has recently issued a bulletin that signals broad potential liability for electronic intermediaries (such as hosting providers, SaaS providers and payment processors) for failing to take sufficient steps to stop third parties from using intermediary services and facilities to violate CASL, including prohibitions on sending electronic marketing messages or installing computer programs without consent.

The regulatory framework in Canada, the United States, Europe and in many other jurisdictions in respect of cybersecurity and the protection of data and privacy is constantly evolving and is likely to remain uncertain for the foreseeable future. Certain aspects of the interpretation and application of such laws and regulations are also ambiguous. The Company is subject to risks relating to protection of data and privacy.

Implementation of Bill C-27 or the Digital Charter Implementation Act, 2022

On June 16, 2022 the federal government introduced Bill C-27, also known as the *Digital Charter Implementation Act, 2022*. Bill C-27 proposes to establish Canada-wide requirements for the design, development, use, and provision of AI systems and prohibit certain conduct in relation to these systems that may result in serious harm to individuals. The enactment of Bill C-27 could potentially result in a significant regulatory burden on the Company's business, leading to additional operational costs or the Company's business becoming cost or regulatory prohibitive.

Furthermore, Bill C-27 could potentially impose additional privacy obligations on behalf of the Company through the utilization of its Technology, the extent of which are not currently known. Similarly, these could result in a significant regulatory burden on the Company's business, leading to additional operational costs or the Company's business becoming cost or regulatory prohibitive.

Risks Relating to our Business Operations and Operating Environment

Dependence upon key management

The Company is dependent upon the continued availability and commitment of its key management, whose contributions to immediate and future operations of the Company are of significant importance. The loss of any such members could negatively affect business operations or lead to an inability to adequately develop the Company's technology. From time to time, the Company will also need to identify and retain additional skilled management and specialized technical personnel to efficiently operate its business. The number of persons experienced in technology or carbon markets and competition for such persons can be intense. In addition, the number of persons with a knowledge of the carbon credit market and/or AI-based image recognition technology is limited. Recruiting and retaining qualified personnel is critical to the Company's success and there can be no assurance of such success. If the Company is not successful in attracting and training qualified personnel, the Company's ability to execute its business model and growth strategy could be affected, which could have a material adverse impact on its profitability, results of operations and

financial condition. In addition, although Messrs. Liang and Tam spend significant time with the Company and are highly active in the Company's management, both Messrs. Liang and Tam do not devote their full time and attention to the Company, as Mr. Liang also serves as a director of Hello Pal International Inc. and Zinc One Resources Inc. and Mr. Tam serves as Chief Financial Officer of Enlighta Inc., Golcap Resources Corp. and Crest Resources Inc.

Limited Operating History for the Company's current strategy

The nature of our operations is highly speculative and there is a consequent risk of loss of your investment. The success of the Company's activities will depend on management's ability to implement its strategy and on the availability of opportunities related to the carbon credit industry and the demand for the data collection regarding carbon credits and the Company's technology, GHG emission avoidance, government regulations; commitments to reduce GHG emissions by corporations, organizations and individuals; and general economic conditions. Although management is optimistic about the Company's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved and there is no certainty that the Company will successfully make profitable acquisitions of carbon credits, streams or other interests. In particular, its future growth and prospects will depend on its ability to execute its development plan while at the same time maintaining effective cost controls. Any failure to expand is likely to have a material adverse effect on the Company's business, financial condition and results of operations.

The Company will continue to seek to develop its technology. Despite commercializing its technology, the Company may fail to identify or select appropriate strategic partners, or negotiate acceptable arrangements. The Company may be unable to market its technology for a variety of reasons, including, among other things, the following: (i) the demand for carbon credits failing to develop sufficiently or taking longer than expected to develop; (ii) issues related to identifying, engaging, contracting, compensating and maintaining relationships with Carbon Credit Certifiers and Developers or negotiating agreements; (iii) issues related to the verification and validation of carbon credits, construction, permitting, the environment, and governmental approvals with respect to projects that generate carbon credits; (iv) a reduction in government incentives or adverse changes in policy and laws with respect to carbon credits; (v) competition for the projects the Company wishes to become strategic partners in; (vi) other government or regulatory actions that could impact the Company's business model.

Conflicts of Interest

The Company may be subject to various potential conflicts of interest because some of its officers and directors may be engaged in a range of business activities. In addition, the Company's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

In addition, the Company may become involved in other transactions which conflict with the interests of its directors and officers who may from time to time deal with persons, firms, institutions or companies with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, if such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

Conflict of Interest of the Licensor

Mr. Sean Prescott, the Company's chairman and director, is also a director of the Licensor from whom the Company is acquiring the Technology. As such, in certain circumstances, Mr. Prescott may have a conflict of interest requiring him to abstain from certain decisions of the Board. To the extent that the Company has continued obligations to the Licensor, Mr. Prescott may have a conflict of interest in these continuing obligations. As Mr. Prescott is the director of the Prescott Family Foundation he may be obligated under his fiduciary duties to act for the benefit of its members as a whole. However, in conflict of interest situations, Mr. Prescott may owe the same duty to the Company and will need to balance the competing obligations and liabilities of his actions. There is no assurance that the interests of the Company will receive priority in all cases.

Reputational Damage in Certain Circumstances

Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views regarding the Company and its activities, whether true or not. Although the Company believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the Company does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

Limited access to data and disclosure

As a service provider to Carbon Credit Certifiers and Developers, the Company anticipates that it will have varying access to data on the operations or to the actual projects themselves. This could affect its ability to assess the value of the carbon credit market. The limited access to data and disclosure regarding the operations of the properties or assets in which the Company has an interest, may restrict its ability to assess the value or enhance its performance which may have a material adverse effect on the Company's profitability, results of operation and financial condition.

Internal Controls over Financial Reporting

One or more material weaknesses in the Company's internal controls over financial reporting could occur or be identified in the future. In addition, because of inherent limitations, the Company's internal controls over financial reporting may not prevent or detect misstatements, and any projections of any evaluation of effectiveness of internal controls to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the Company's policies or procedures may deteriorate. If the Company fails to maintain the adequacy of its internal controls, including any failure or difficulty in implementing required new or improved controls, its business and results of operations could be harmed, the Company may not be able to provide reasonable assurance as to its financial results or meet its reporting obligations and there could be a material adverse effect on the price of its securities.

Concentration Risk

The business of the Company is as a service provider to Carbon Credits Parties, and businesses or companies wishing to track their GHG emissions. Given the concentration of the Company's exposure to carbon credits, the Company will be more susceptible to adverse economic or regulatory occurrences affecting carbon credits and carbon markets. Further, the Company does not anticipate utilizing its AI technology outside this market. Any adverse development affecting the development of the voluntary

carbon market, may have a material adverse effect on the Company's near or long-term profitability, financial condition and results of operations.

Inaccurate Estimates of Growth Strategy

Market opportunity estimates and growth strategies are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate, and as such the estimates of growth included in this Prospectus may prove to be inaccurate and may not be indicative of future growth. As the emergence of service providers is relatively new in the carbon credit industry, it may not gain acceptance, or experience widespread growth, as anticipated. There can be no assurance that the Company will be able to enter into agreements with strategic partners, or otherwise receive any significant demand for the Scope Analysis Platform. While the Company's estimate of the total addressable market included in this Prospectus was made in good faith and is based on assumptions and estimates the Company believes to be reasonable, this estimate may not prove to be accurate. Further, even if the estimate of market opportunity and growth strategy does prove to be accurate, the Company could fail to capture a significant portion, or any portion, of the available market.

Key Person Insurance

The Company does not maintain key person insurance on any of its directors or officers, and as result the Company would bear the full loss and expense of hiring and replacing any director or officer in the event the loss of any such persons by their resignation, retirement, incapacity, or death, as well as any loss of business opportunity or other costs suffered by the Company from such loss of any director or officer.

Public Health Crises

The Company could be adversely affected by public health crises and other events outside its control. Public health crises, such as epidemics and pandemics, acts of terrorism, war or other conflicts and other events outside of our control, may adversely impact the activities of the Company as well as operating results. In addition to the direct impact that such events could have on the Company's facilities and workforce, these types of events could negatively impact capital expenditures and overall economic activity in impacted regions or, depending on the severity of the event, globally, which could impact the demand for and prices of commodities, interest rates, credit ratings, credit risk and inflation.

On January 30, 2020, the World Health Organization declared the outbreak of COVID-19 a global health emergency, on March 12, 2020, the World Health Organization declared the outbreak a pandemic and on March 13, 2020 the United States of America declared that the COVID-19 outbreak in the United States of America constitutes a national emergency. To date, there have been a large number of temporary business closures, quarantines, production delays, raw material shortages, supply chain issues and a general reduction in consumer activity in Canada, the United States of America, Europe and China. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. The Company is actively assessing and responding where possible to the potential impact of the COVID-19 pandemic. However, a prolonged continuance of this public health crisis, an increase in its breadth or in its overall severity, could adversely affect our workforce and ability to operate generally as well as cause significant investment decisions to be delayed or postponed. A prolonged continuance of this public health crisis could also have a material adverse effect on overall economic growth and impact the stability of the financial markets and availability of credit, as well as risks to employee health and safety, a slowdown or temporary suspension of operations impacted by an outbreak, increased raw materials, labour and fuel costs, regulatory changes, political or economic instabilities or civil unrest. Any of these developments could have a material adverse effect on the Company's business, financial position, liquidity and results of operations.

The COVID-19 pandemic has caused general business disruption worldwide beginning in early 2020. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the spread of the COVID-19 pandemic, including travel restrictions, border closures, nonessential business closures, quarantines, self-isolations, shelters-in-place and social distancing. While these effects are expected to be temporary, their duration and the related business disruptions and financial impact cannot be reasonably estimated at this time.

Moreover, to the extent the COVID-19 pandemic adversely affects our business, financial condition and results of operations, it may also have the effect of heightening many of the other risks described in this “*Risk Factors*” section, including but not limited to, those related to our ability to generate positive cash flows and/or obtain additional financing sufficient to fund continuing activities, develop, commercialize and market the Scope Analysis Platform, maintain effective marketing and travel, with for marketing purposes or to engage in services for Carbon Credit Certifiers and Developers.

Reduced Demand for Carbon Credits

The demand for, and the market price of, carbon credits can be adversely affected by any number of factors, including the implementation of lower emission infrastructure, an increase in the number of projects generating carbon credits, invention of new technology that assists in the avoidance, reduction or sequestration of emissions, increased use of alternative fuels, a decrease in the price of conventional fossil fuels, increased use of renewable energy, and the implementation and operation of carbon pricing initiatives such as carbon taxes and ETSs. There can be no assurance that carbon pricing initiatives or compliance or voluntary carbon markets will continue to exist. Carbon pricing initiatives may be subject to policy and political changes and, may otherwise be diminished, terminated or may not be renewed upon their expiration. In addition, the demand for carbon credits is driven by the social and political will to reduce GHG emissions globally. Without such social and political will, the marketplace for carbon credits would cease to exist and there would be no place for the Company to buy and sell carbon credits. Even if such marketplaces still exist, without the social and political will to reduce GHG emissions, the price of carbon may fall to an unsustainably low price, preventing profitability of the Company.

Furthermore, the market for carbon credits remains subject to the integrity of their ultimate goal and whether their use is actually helping avert global warming. It may be the case that carbon credits are deemed an ineffective method of combating climate change, or too difficult to regulate in a cohesive way. If such instances were to occur it is unlikely that a carbon credit market would materialize and that the Company would achieve profitability.

Carbon pricing Initiatives are based on Scientific Principles that are subject to Debate

Carbon pricing initiatives, such as ETSs and carbon taxes, and carbon credits have arisen primarily due to relative international and scientific consensus with respect to scientific evidence indicating a correlative relationship between the rise in global temperatures and extreme weather events, on the one hand, and the rise in GHG emissions in the atmosphere, on the other hand. Failure to maintain international consensus, may negatively affect the value of carbon credits. There is no assurance that carbon markets will continue to exist. New technologies may arise that may diminish or eliminate the need for carbon markets. Ultimately, the price of carbon credits is determined by the cost of actually reducing emissions levels. If the price of credits becomes too high, it will be more economical for companies to develop or invest in lower emission technologies, thereby suppressing the demand and adversely affecting the price. Regulatory risk related to changes in regulation and enforcement of ETSs can adversely affect market behavior. If fines or other penalties for non-compliance are not enforced, incentives to purchase carbon credits will deteriorate, which can result in a fall in the price of carbon credits and a lack of demand for carbon credits and the Company’s technology.

Lack of Liquidity and High Volatility of Carbon Markets

Carbon markets, particularly the voluntary markets, are still evolving and there are no assurances that the market will mature as expected. The carbon credit market, particularly the voluntary markets, have experienced a high level of price and volume volatility. There is, or there may be in the future, a lack of liquidity for the purchase or sale of carbon credits. Any issues existing in the carbon credit markets and affecting Carbon Credit Certifiers and Developers would likely affect the Company.

Carbon Trading may become Obsolete

Carbon trading is regulated by specific jurisdictions pursuant to regional legislation or can be voluntary. When regulated (e.g. in the European Union and in the Western Climate Initiative jurisdictions), governments compel emitters to reduce their GHG emissions through technological improvements or through the purchase of carbon credits. It is an identified risk factor that new legislation may arise in certain jurisdictions that may render the Company's business plan and knowledge obsolete with respect to carbon credits. With respect to the voluntary trade of carbon credits, there is a significant risk that certain voluntary purchasers of carbon credits may elect to cease the purchase of carbon credits for various reasons that are inherent to their business plans, or because of changing economic, political contexts or other conditions that cannot be controlled by the management of the Company.

Sensitivity to Nature and Climate Conditions

The physical risks of climate change may also have an adverse effect on the Company's operations and the application of its technology. Extreme weather events have the potential to disrupt the operation of our projects and may require us to make additional expenditures to mitigate the impact of such events.

Legal Proceedings

From time to time, the Company may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom we do business and other proceedings arising in the ordinary course of business. The Company will evaluate its exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on the Company's financial results.

Competition

There are many organizations, companies, and individuals that have or develop a technology which is superior to the Company's. These competitors could be larger, more established companies with substantial financial resources, operational capabilities and long track-records in carbon markets. The Company may be at a competitive disadvantage in the utility of its technology or the capabilities of its management to market the technology or develop it to a more advanced stage. Accordingly, there can be no assurance that the Company will be able to compete successfully against other companies as a service provider to the carbon credit markets. The Company's inability to significantly compete with these organizations may result in a material and adverse effect on the Company's profitability, results of operation and financial condition.

Foreign Operation and Political Risk

Risks the Company may face with respect to any country where current or future streams or investments of the Company may be located, include unforeseen government actions, acts of god, terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of

existing concessions, licenses, permits and contracts, changes in taxation policies, restrictions on foreign exchange and repatriation, and changing political conditions, currency controls, export controls, and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or other events.

Risks Relating to the Common Shares

No Established Market, Market Price of Common Shares and Volatility

The Common Shares do not currently trade on any exchange or stock market. Securities of companies with a small market capitalization have experienced substantial volatility in the past, often based on factors unrelated to the companies' financial performance or prospects. These factors include macroeconomic developments in North America and globally, as well as market perceptions of the attractiveness of particular industries. Factors unrelated to the Company's performance that may affect the price of the Common Shares include the following: the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow the Company; lessening in trading volume and general market interest in the Common Shares may affect an investor's ability to trade significant numbers of Common Shares; the size of the Company's public float may limit the ability of some institutions to invest in Common Shares; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Common Shares, once listed on the Exchange, to be delisted, further reducing market liquidity. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources. The fact that no market currently exists for the Common Shares may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices and the liquidity of the Common Shares.

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price of the Common Shares will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. If an active public market for the Common Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline below the initial purchase price.

Fluctuating Price of Carbon Credits

Upon commercialization of the Scope Analysis Platform, the principal factors anticipated to affect the price of the Common Shares, beyond revenue, are factors which may affect the price of carbon credits and are thus beyond the Company's control. The price at which the Common Shares are traded will be influenced by a number of factors, some specific to the Company and some which may affect listed companies generally. These factors could include the performance of the Company, legislative and regulatory changes and general economic, political or regulatory conditions, including the level of commitment to the goals of the Paris Agreement by both governments and corporations and other private and public initiatives aimed at reducing GHG emissions. Changes in government priorities as a result of government deficits or as a result of changes in the prevailing views concerning the impact of GHGs on climate change could adversely affect the demand for carbon credits and thereby their price. Where the voluntary carbon market does not materialize as anticipated, or there is a material and significant decrease in the price of carbon credits the Company believes it is reasonably foreseeable that this would seriously impair the Company's revenue prospects and the price of the Company's Common Shares. Interpretation and enforcement of environmental legislation will vary by country and is subject to sudden change. Carbon credit prices will also be influenced by infrastructure and technological advances in reducing and sequestering GHG emissions and the economics associated with those activities. There can be no assurance that continual

fluctuations in the price of carbon credits will not occur. In addition, carbon credits are traded in both the compliance and voluntary markets and the price for a carbon credit varies according to not only the market on which it is traded, but also according to its type, location, vintage, accreditation and additional social and environmental attributes. It is likely that the market price for the Company's carbon credits will be subject to market trends generally. Where Carbon Credit Certifiers and Developers are subject to these trends, the Company believes that it is reasonably foreseeable that the Company would be too, and that there may be a corresponding effect in the price of the Company's Common Shares.

Dividends

The Company intends to retain earnings, if any, to finance the growth and development of the Company's business and does not intend to pay cash dividends on the Common Shares in the foreseeable future. The payment of future cash dividends, if any, will be reviewed periodically by the Board and will depend upon, among other things, conditions then existing including earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and conditions and other factors.

Additional Regulatory Burden from Listing

Prior to the Listing, the Company has not been subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of the Exchange or any other stock exchange. The Company is working with its legal, accounting and financial advisors to identify those areas in which changes should be made to its financial management control systems to manage its obligations as a public company. These areas include corporate governance, corporate controls, disclosure controls and procedures and financial reporting and accounting systems. The Company has made, and will continue to make, changes in these and other areas, including its internal controls over financial reporting. However, the Company cannot assure purchasers of Common Shares that these and other measures that it might take will be sufficient to allow it to satisfy its obligations as a public company on a timely basis. In addition, compliance with reporting and other requirements applicable to public companies will create additional costs for the Company and will require the time and attention of management. The Company cannot predict the amount of the additional costs that it might incur, the timing of such costs or the impact that management's attention to these matters will have on its business.

Dilution

Future sales or issuances of equity securities could decrease the value of the Common Shares, dilute shareholders' voting power and reduce future potential earnings per Common Share. The Company intends to sell additional equity securities in subsequent offerings (including through the sale of securities convertible into Common Shares) and may issue additional equity securities to finance its operations, development, exploration, acquisitions or other projects. The Company cannot predict the size of future sales and issuances of equity securities or the effect, if any, that future sales and issuances of equity securities will have on the market price of the Common Shares. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in the Company's earnings per Common Share.

Tax Issues

Income tax consequences in relation to the Common Shares will vary according to circumstances of each person. Readers should seek independent advice from their own tax and legal advisers prior to assessing an investment in Common Shares.

PROMOTERS

Darien Lattanzi, a director of the Company, took the initiative in the primary organization of the Company and accordingly is a promoter of the Company. Mr. Lattanzi owns 500,001 Common Shares which is 1.35% of the Common Shares outstanding prior to giving effect to the Offering.

Information about Mr. Lattanzi is disclosed elsewhere in the Prospectus in connection with his position as a director of the Company. See “*Directors and Executive Officers*” for further details.

Other than as disclosed elsewhere in the Prospectus, no person who was a promoter of the Company within the last two years has received anything of value directly or indirectly from the Company or a subsidiary, or sold or otherwise transferred any asset to the Company or a subsidiary within the last two years.

LEGAL PROCEEDINGS

Legal Proceedings

The Company is not currently a party to any legal proceedings, nor is the Company currently contemplating any legal proceedings, which are material to its business. Management is not currently aware of any legal proceedings contemplated against the Company.

Regulatory Actions

From incorporation to the date of this Prospectus, management knows of no:

- (a) penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority;
- (b) other penalties or sanctions imposed by a court or regulatory body against the Company necessary for the Prospectus to contain full, true and plain disclosure of all material facts relating to the securities being distributed; and
- (c) settlement agreements the Company entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as described below, none of the following persons or companies has had any material interest, direct or indirect, in any transaction which has materially affected or is reasonably expected to materially affect the Company: (a) any director or executive officer of the Company; (b) any person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than ten percent (10%) of any class or series of the Company’s outstanding voting securities; and (c) any associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

On February 15, 2022, the Company entered into the Technology Acquisition Agreement with the Licensor to obtain a worldwide exclusive license to utilize and exploit, including the right to sublicense the Technology in consideration for an aggregate of 1,000,000 Common Shares, subject to certain earn-out provisions. The Licensor, the Prescott Family Foundation, is a foundation which is directed by Sean Prescott, a director of the Company and of which Mr. Prescott is the majority beneficiary. For further information see “*History – General Development of the Business*”

RELATIONSHIP BETWEEN THE COMPANY AND AGENT

The Company is not a “related issuer” or a “connected issuer” of or to the Agent (as such terms are defined in National Instrument – *Underwriter Conflicts*).

AUDITORS

The auditors of the Company are Mao & Ying LLP, having an address at 1188 W Georgia St #1488, Vancouver, BC V6E 4A2.

REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent of the Company is Endeavour Trust Company at its principal office at Suite 702 - 777 Hornby St, Vancouver, BC, V6Z 1S4. Tel: (604) 559 8880 Email: info@TransferAgent.ca

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by the Company or will be entered into prior to the Listing are the following:

- Technology Acquisition Agreement;
- Escrow Agreement;
- Agency Agreement; and
- Business Co-Operation Agreement.

EXPERTS

The following are persons or companies whose profession or business gives authority to a statement made in this Prospectus as having prepared or certified a part of that document or report described in the Prospectus:

- Mao & Ying LLP, is the external auditor of the Company and reported on the Company's audited financial statements for the years ended September 30, 2021 and 2020 and financial statements for the period ended March 31, 2022,, attached as Schedule "A"; and
- The opinion under the section “*Eligibility for Investment*” in this Prospectus has been provided by Norton Rose Fulbright Canada LLP.

In addition, certain legal matters relating to the Offering will be passed upon on behalf of the Company by Norton Rose Fulbright Canada LLP and, on behalf of the Agent, by Vantage Law Corporation.

Mao & Ying LLP, Chartered Professional Accountants, is independent of the Company in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of British Columbia.

Except for 500,000 Common Shares and 200,000 Common Share Purchase Warrants held by an associate at Norton Rose Fulbright Canada LLP, no expert, nor any associate or affiliate of such person has any beneficial interest, direct or indirect, in the property of the Company or of an associate or affiliate of the Company, and, as of the date hereof, each expert, or any associate or affiliate of such person, as a group, beneficially owns, directly or indirectly, less than one percent (1%) of the outstanding securities of the Company and no such person is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or of an associate or affiliate of the Company.

DIVIDENDS

To date, the Company has not paid any dividends on its outstanding Common Shares. The future payment of dividends will be dependent upon the financial requirements of the Company to fund further growth, financial condition of the Company and other factors which the board of directors of the Company may consider in the circumstances. It is not contemplated that any dividends will be paid in the immediate or foreseeable future.

ELIGIBILITY FOR INVESTMENT

In the opinion of Norton Rose Fulbright Canada LLP, counsel to the Corporation, based on the current provisions of the *Income Tax Act* (Canada) and the regulations promulgated thereunder (the "**Tax Act**"), in force as of the date hereof, and all specific proposals to amend to the Tax Act publicly announced by the Minister of Finance (Canada) prior to the date hereof, the Common Shares offered by this Prospectus, if listed on a "designated stock exchange" (as that term is defined in the Tax Act and which includes the Exchange) or if the Corporation is otherwise a "public corporation" for purposes of the Tax Act, in each case at the time of Closing, will at that time be qualified investments for a trust governed by a registered retirement savings plan ("**RRSP**"), a registered retirement income fund ("**RRIF**"), a registered education savings plan ("**RESP**"), a deferred profit sharing plan ("**DPSP**"), a registered disability savings plan ("**RDSP**") or a tax-free savings account ("**TFSA**"), together with the RRSP, RRIF, RESP and RDSP, the "**Deferred Plans**" and each a "**Deferred Plan**") as those terms are defined in the Tax Act. The Common Shares are not currently listed on a "designated stock exchange" (as that term is defined in the Tax Act) and the Corporation is not currently a "public corporation" (as that term is defined in the Tax Act).

The Corporation has applied to list the Common Shares offered by this Prospectus on the Exchange as of the day before Closing, followed by an immediate halt in trading of such Common Shares in order to allow the Company to satisfy the conditions of the Exchange and to have such Common Shares listed and posted for trading prior to their issuance on Closing. The Company must rely on the Exchange to list the Common Shares on the Exchange and have them posted for trading prior to their issuance on the closing of the Offering and to otherwise proceed in such manner as may be required to result in such Common Shares being listed on the Exchange at the time of their issuance. If the Common Shares are not listed on the Exchange at the time of their issuance on Closing and the Company is not otherwise a "public corporation" at that time, such Common Shares will not be qualified investments for the Deferred Plans or a DPSP at that time.

Notwithstanding that the Common Shares may be qualified investments for a particular Deferred Plan, if the Offered Shares are a "prohibited investment" (within the meaning of the Tax Act) for a Deferred Plan, the holder, annuitant or subscriber of the Deferred Plan, as the case may be, will be subject to penalty taxes as set out in the Tax Act. The Common Shares will generally not be a prohibited investment for a Deferred Plan if the holder, annuitant or subscriber, as the case may be, (a) deals at "arm's length" with the Company (for purposes of the Tax Act), and (b) does not have a "significant interest" (as defined in the Tax Act) in the Company. Very generally, a person will have a significant interest in the Company if the person, together with persons with whom they are not dealing at arm's length, owns directly or indirectly (including through partnerships and trusts) ten percent (10%) or more of the issued shares of any class of the capital stock of the Company or any corporation "related" to the Company (within the meaning of the Tax Act). In addition, the Common Shares will not be a prohibited investment if they are "excluded property" (as defined in the Tax Act) for a Deferred Plan. Purchasers who intend to hold their Common Shares in a Deferred Plan should consult their own tax advisors with respect to whether the Common Shares may be a prohibited investment in their particular circumstances.

RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in the Provinces of British Columbia, Alberta and Ontario provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two (2) business days after receipt or deemed receipt of a prospectus and any amendment. The securities legislation further provides a purchaser with remedies for rescission, revisions of the price or damages if

the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

OTHER MATERIAL FACTS

There are no material facts about the Company that are not otherwise disclosed in this Prospectus.

FINANCIAL STATEMENTS

Audited financial statements of the Company as at and for the years ended September 30, 2021 and 2020 and financial statements for the period ended March 31, 2022 are included in this Prospectus as Schedule "A".

SCHEDULE "A"
FINANCIAL STATEMENTS OF SCOPE CARBON CORP. AND MANAGEMENT'S DISCUSSION AND ANALYSIS

See attached.

SCOPE CARBON CORP.

(Formerly Puffin Capital Ltd.)

Financial Statements

For the Years Ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

Mao & Ying LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Directors of **Scope Carbon Corp.** (formerly Puffin Capital Ltd.)

Opinion

We have audited the financial statements of **Scope Carbon Corp.** (formerly Puffin Capital Ltd.) (the "Company"), which comprise the statements of financial position as at September 30, 2021 and 2020, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Linda Zhu.

Vancouver, Canada,
August 10, 2022

Mao & Ying LLP

Chartered Professional Accountants

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	September 30, 2021	September 30, 2020
Assets			
Current			
Cash		1	1
GST receivable		144	-
Prepaid expenses		10,000	-
Short-term loan receivables	5	-	28,230
Total assets		10,145	28,231
Liabilities			
Current			
Accounts payable & accrued liabilities		159	23,767
Loan payable	6	10,000	-
Total liabilities		10,159	23,767
Shareholders' (Deficit) Equity			
Share capital	7	1	1
(Deficit) retained earnings		(15)	4,463
Total shareholders (deficit) equity		(14)	4,464
Total liabilities and shareholders (deficit) equity		10,145	28,231

Nature of operations and going concern (Note 1)
Subsequent events (Note 12)

Approved and authorized on behalf of the Board of Directors on August 10, 2022

 "Darien Lattanzi" Director

 "Alan Tam" Director

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Year ended	
		September 30, 2021	September 30, 2020
		\$	\$
Administration expenses			
Professional fees		3,000	-
Interest expense		1,906	-
		(4,906)	-
Other items			
Provision of short-term loan receivables	5	-	(74,820)
Net loss before taxes		(4,906)	74,820
Income tax recovery	10	428	-
Net loss and total comprehensive loss for the year		(4,478)	(74,820)
Basic and diluted net loss per share		(4,478)	(74,820)
Weighted average number of shares outstanding		1	1

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

Statements of Change in Shareholder's Equity
(Expressed in Canadian Dollars)

	Share Capital Number	Share Capital \$	Deficit \$	Total \$
Balance, September 30, 2019	1	1	79,283	79,284
Net loss for the year	-	-	(74,820)	(74,820)
Balance, September 30, 2020	1	1	4,463	4,464
Net loss for the year	-	-	(4,478)	(4,478)
Balance, September 30, 2021	1	1	(15)	(14)

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended	
	September 30, 2021	September 30, 2020
	\$	\$
Cash flows from operating activities		
Net loss for the year	(4,478)	(74,820)
Items not affecting cash		
Provision of short-term loan receivables	-	74,820
	(4,478)	-
Changes in non-cash operating working capital		
GST receivables	(144)	-
Prepays	(10,000)	-
Accounts payable and accrued liabilities	(23,608)	-
Cash used in operating activities	(38,230)	-
Cash flows from investing activities		
Short term loan receivable	28,230	-
Cash flows from investing activities	28,230	-
Cash flows from financing activities		
Loan proceed	10,000	-
Repayment of loan	-	(399,958)
Cash from (used in) financing activities	10,000	(399,958)
Decrease in cash and cash equivalents	-	(399,958)
Cash - Beginning of year	1	399,959
Cash - End of year	1	1

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Scope Carbon Corp. (“the Company”) was incorporated under the Company Act of British Columbia on June 20, 2018 as Puffin Capital Ltd., and on February 11, 2022 the Company changed its name to Scope Carbon Corp. The Company has acquired and is continuing to develop Artificial Intelligence (“AI”) analytical software and intellectual property for use in analyzing data related to nature-based objects (e.g. forests, wetlands and other areas) as it relates to carbon credit certification. The Company’s current business plan is to enable large volumes of object-based data to be converted into digestible data that carbon credit experts and others are able to use to verify characteristics of trees, wetlands and other areas.

The Company’s registered and corporate head office is located at 1800-510 West Georgia Street, Vancouver, British Columbia, V6B 0M3.

In March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the Company operates. The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in future periods.

These financial statements have been prepared on the going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

As at September 30, 2021, the Company had an accumulated deficit of \$15, a working capital deficit of \$14 and has not generated any revenues since incorporation. The Company’s ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its general operating expenses and to continue to implement its current business plan. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These factors may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements do not reflect the adjustments that may be necessary to be made to the carrying value of assets and liabilities, the reported expenses and the statements of financial position classifications used should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of compliance

These financial statements have been presented in accordance with International Financial Reporting Standards (“IFRS”) and related IFRS Interpretations Committee (“IFRICs”) as issued by the International Accounting Standards Board (“IASB”). These financial statements have been prepared on a going concern basis, under the historical cost convention. In addition, these financial statements have been prepared using the accrual basis of accounting except for certain cash flow information.

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are as follows:

a) Basis of presentation

These financial statements have been prepared on a historical cost basis except for some financial instruments classified in accordance with measurements standards under IFRS. These financial statements are presented in Canadian dollars unless otherwise specified.

b) Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions on the primary economic environment in which the entity operates. The functional and presentation currency of the Company is the Canadian dollar.

c) Financial instruments

Recognition and Classification

The Company recognized a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets, is recognized in profit or loss.

d) Share capital

Common shares and warrants are classified as equity instruments. Transaction costs directly attributable to the issuance of common shares and warrants are recognized as a deduction from equity.

Warrants included in units offered to subscribers as part of corporate financings are bifurcated based on the residual approach being allocating the cash proceeds first to the share capital with the balance to warrants and are presented in contributed surplus in shareholders' equity.

Warrants issued to agents or brokers on a non-cash basis in connection with corporate financings are recorded at fair value using the Black-Scholes option pricing model and charged against share capital as issue costs with an offsetting increase to contributed surplus.

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

e) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury method. The treasury method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate. Diluted loss per share is equal to the basic loss per share as the outstanding options and warrants are anti-dilutive.

f) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. All operating segments' results are reviewed by the Company's management in order to make decisions regarding the allocation of resources to the segment. Segment results include items directly attributable to a segment as those that can be allocated on a reasonable basis.

g) Income tax

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax is estimated using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Company does not provide for temporary differences relating to differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax estimated is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

h) Accounting standard issued but not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended September 30, 2021 and have not been applied in preparing these financial statements. None of these pronouncements are expected to have material impact on the Company's financial statements.

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the period of the change, if the change affects that period only; in the period of the change and future periods, if the change affects both.

a) Critical Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Going concern

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future financing and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

b) Key Sources of Estimation Uncertainty

The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

Income taxes

Significant estimate is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

5. SHORT-TERM LOANS RECEIVABLE

The short-term loans are non-interest bearing and are due on demand by the Company. As at September 30, 2020, there is a receivable balance of \$103,050 owed by two debtors of which \$51,525 was owed by an officer who is also the director of the Company (Note 8). As at the September 30, 2020, the Company recorded a provision of \$74,820 towards to this receivable balance. On September 30, 2021, the Company entered a release agreement with these two debtors to forgive the loan amount of \$74,820. The balance of \$28,230 was repaid during the year ended September 30, 2021.

6. LOAN PAYABLE

During the year-ended September 30, 2021, the Company received a loan of \$10,000 (2020 - \$Nil) from a third party in the form of certain legal costs paid in advance on behalf of the Company. The loan is non-interest bearing and is repayable within one year. (See Note 12c).

7. SHARE CAPITAL

Authorized

An unlimited number of common shares without par value, without special rights or restrictions attached.
An unlimited number of preferred shares without par value, with special rights or restrictions attached.

8. RELATED PARTY TRANSACTIONS

Related party transactions have been measured at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these financial statements are listed below. (also see Note 5):

As at September 30, 2021, there were no related party balances outstanding (September 30, 2020 - \$14,115 receivable from an officer who is also the director of the Company).

Key management personnel comprise the Company's Board of Directors and executive officers. No remuneration was paid to key management personnel during the years ended September 30, 2021 and 2020.

9. FINANCIAL INSTRUMENTS

a) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities. The Company's cash is carried at fair value using Level 1 inputs.
- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.
- Level 3 – Applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Company believes that the carrying values of its financial instruments, being cash, short-term loans receivable and loan payable, approximate their fair values because of their nature and relatively short maturity dates or durations.

b) Management of risks arising from financial instruments

Discussions of risks associated with financial assets and liabilities are detailed below:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash held by the Company. The maximum exposure to credit risk is equal to the carrying value of the financial assets as disclosed in the statements of financial position. The credit risk related to cash is considered minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay its financial liabilities as they come due. The Company manages liquidity risk by maintaining sufficient cash to enable settlement of transactions as they come due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained. At September 30, 2021, the Company had a working capital deficit of \$15, refer to Note 1.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Company conducts its business in Canada, and its expenditures are primarily incurred in Canadian dollars, and is therefore not exposed to significant foreign currency risk.

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

10. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	September 30, 2021	September 30, 2020
Statutory tax rate	27%	27%
	\$	\$
Net loss before tax	(4,906)	(74,820)
Expected income tax (recovery)	(1,325)	(20,201)
Temporal differences	-	20,201
Non-tax deductible items	296	-
Small business deduction	1,029	-
Tax loss utilized	(428)	-
Total income tax recovery	(428)	-

As at September 30, 2021, the Company has \$Nil non-capital loss. As at September 30, 2021, the Company has no future tax assets or tax liabilities.

11. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the acquisition and development of AI analytical software related to nature-based objects. Currently the Company's assets, liabilities and operations are all based in Canada.

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

12. SUBSEQUENT EVENTS

a) Financings

On January 31, 2022, the Company closed a non-brokered private placement for the issuance of 4,500,000 common shares at a price of \$0.005 per share for aggregate gross proceeds of \$22,500.

On February 11, 2022, the Company closed a non-brokered private placement for the issuance of 15,900,000 Units at a price of \$0.02 per Unit for aggregate gross proceeds of \$318,000. Each unit is comprised of one common share and one half of one common share purchase warrant, resulting in 7,950,000 warrants being issued as part of the private placement. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.20 per share for a period of two years, expiring February 11, 2024. No amounts were allocated the warrants included in the Units.

On February 28, 2022, the Company closed a non-brokered private placement for the issuance 6,100,000 common shares at a price of \$0.05 per share for aggregate gross proceeds of \$305,000.

b) Technology acquisition agreement

On February 15, 2022, the Company entered in a Technology Acquisition Agreement with the Prescott Family Foundation (the "Foundation"). The Trustee of the Foundation is also a director of the Company. The Foundation has developed and is the owner of the Image Recognition Technology to be used by the Company in the development of its business plan. The Company acquired the exclusive right to use and exploit the Image Recognition Technology.

In consideration for the rights granted, the Company shall issue:

- 250,000 common shares on the later of completion of expenditures of \$250,000 or by February 15, 2023.
- An additional 250,000 common shares on the later of completion of expenditures of \$600,000 or by February 15, 2024.
- An additional 250,000 common shares on the later of acquiror generating revenue of \$250,000 or by February 15, 2025.
- An additional 250,000 common shares on the later of the Company generating revenue of \$500,000 or by February 15, 2026.

(together, the "Consideration Shares")

The Company has the option to accelerate the Technology Agreement by providing to the Foundation notice of two business days and to issue all the Consideration Shares to the Foundation. Pursuant to the same agreement, the Company may terminate the Technology Agreement at any time without cause, and without incurring any additional obligation, liabilities, or penalty, by providing at least 30 days' prior written notice to the Foundation.

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

c) Promissory Note

On October 1, 2021, the Company entered into a formal promissory note loan agreement with a third party for \$25,000. The promissory note is non-interest bearing and has a term of one year. The promissory note includes the \$10,000 advanced on the Company's behalf (Note 6) and includes \$15,000 of other amounts payable paid, subsequent to September 30, 2021, on the Company's behalf. The promissory note was settled on February 11, 2022 as part consideration of 2,200,000 units issued to the third party as part of the 15,900,000 unit raise on the same date.

d) Change of corporate name

On February 11, 2022, the Company changed its name from Puffin Capital Ltd. to Scope Carbon Corp.

e) Agency agreement

On August 10, 2022, the Company entered an agency agreement, pursuant to which the agent agreed on best effort basis to assist the Company's initial public offering and the Company agreed to pay a non-refundable corporate finance work fee of \$35,000 upon closing.

SCOPE CARBON CORP.

(Formerly Puffin Capital Ltd.)

Financial Statements

For the six months ended March 31, 2022 and year ended September 30, 2021

(Expressed in Canadian Dollars)

Mao & Ying LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Directors of **Scope Carbon Corp.** (formerly Puffin Capital Ltd.)

Opinion

We have audited the financial statements of **Scope Carbon Corp.** (formerly Puffin Capital Ltd.) (the "Company"), which comprise the statements of financial position as at March 31, 2022 and September 30, 2021, and the statements of loss and comprehensive loss, changes in equity and cash flows for the six months ended March 31, 2022 and for the year ended September 30, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2022 and September 30, 2021, and its financial performance and its cash flows for the six months ended March 31, 2022 and for the year ended September 30, 2021 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Linda Zhu.

Vancouver, Canada,
August 10, 2022

Mao & Ying LLP

Chartered Professional Accountants

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	March 31, 2022	September 30, 2021
Assets			
Current			
Cash		602,266	1
GST receivable		2,913	144
Prepaid expenses		-	10,000
Total assets		605,179	10,145
Liabilities			
Current			
Corporate income tax payable		159	159
Accounts payable & accrued liabilities		79,402	-
Loan payable	5	-	10,000
Total liabilities		79,561	10,159
Shareholders' Equity (Deficit)			
Share capital	6	628,293	1
Deficit		(102,675)	(15)
Total shareholders equity (deficit)		525,618	(14)
Total liabilities and shareholders' equity (deficit)		605,179	10,145

Nature of operations and going concern (Note 1)

Approved and authorized on behalf of the Board of Directors on August 10, 2022

“Darien Lattanzi” Director

“Alan Tam” Director

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	For the six months ended March 31, 2022	For the year ended September 30, 2021
		\$	\$
Administration expenses			
Advertising and promotion		2,430	-
Bank charges		234	-
Consulting fees	7	23,000	-
Professional fees		69,976	3,000
Interest expense		-	1,906
Research and development		8,746	-
		(104,386)	(4,906)
Other items			
Other income on forgiveness of advance payable	7	1,726	-
Net loss before taxes		(102,660)	(4,906)
Income tax recovery	11	-	428
Net loss and total comprehensive loss for the period		(102,660)	(4,478)
Basic and diluted loss per share		(0.02)	(4,478)
Weighted average number of common shares outstanding		6,836,814	1

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

Statements of Change in Shareholder's Equity
(Expressed in Canadian Dollars)

	Share Capital Number	Share Capital \$	Deficit \$	Total \$
Balance, September 30, 2020	1	1	4,463	4,464
Net loss for the year	-	-	(4,478)	(4,478)
Balance, September 30, 2021	1	1	(15)	(14)
Receipts of private placements	26,500,000	645,500	-	645,500
Less: Issue costs - cash	-	(17,208)	-	(17,208)
Net loss for the period	-	-	(102,660)	(102,660)
Balance, March 31, 2022	26,500,001	628,293	(102,675)	525,618

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the six months ended March 31, 2022	For the year ended September 30, 2021
	\$	\$
Cash flows from operating activities		
Net loss for the period	(102,660)	(4,478)
Items not affecting cash		
Gain on forgiveness of advance payable	(1,726)	-
	(104,386)	(4,478)
Changes in non-cash operating working capital		
GST receivable	(2,769)	(144)
Prepays	10,000	-
Account payables and accrued liabilities	62,194	(23,608)
Cash used in operating activities	(34,961)	(38,230)
Cash flows from investing activities	-	
Short term loan receivables	-	28,230
Cash flows from investing activities	-	28,230
Cash flows from financing activities		
Loan proceeds	17,414	10,000
Repayment of loan	(688)	-
Private placement	620,500	-
Cash from financing activities	622,226	10,000
Increase in cash and cash equivalents	602,265	-
Cash - Beginning	1	1
Cash - Ending	602,266	1

Supplemental cash flow information (Note 10)

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended March 31, 2022

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Scope Carbon Corp. (“the Company”) was incorporated under the *Business Corporations Act* of British Columbia on June 20, 2018 as Puffin Capital Ltd., and on February 11, 2022 the Company changed its name to Scope Carbon Corp. The Company has acquired and is continuing to develop Artificial Intelligence (“AI”) analytical software and intellectual property for use in analyzing data related to nature-based objects (e.g. forests, wetlands and other areas) as it relates to carbon credit certification (Note 12). The Company’s current business plan is to enable large volumes of object-based data to be converted into digestible data that carbon credit experts and others are able to use to verify characteristics of trees, wetlands and other areas.

The Company’s registered and corporate head office is located at 1800-510 West Georgia Street, Vancouver, British Columbia, V6B 0M3.

In March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the Company operates. The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in future periods.

These financial statements have been prepared on the going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

As at March 31, 2022, the Company had an accumulated deficit of \$102,675 a working capital of \$525,618 and has not generated any revenues since incorporation. The Company’s ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its general operating expenses and to continue to implement its current business plan. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These factors may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements do not reflect the adjustments that may be necessary to be made to the carrying value of assets and liabilities, the reported expenses and the statements of financial position classifications used should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of compliance

These financial statements have been presented in accordance with International Financial Reporting Standards (“IFRS”) and related IFRS Interpretations Committee (“IFRICs”) as issued by the International Accounting Standards Board (“IASB”). These financial statements have been prepared on a going concern basis, under the historical cost convention. In addition, these financial statements have been prepared using the accrual basis of accounting except for certain cash flow information.

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended March 31, 2022

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are as follows:

a) Basis of presentation

These financial statements have been prepared on a historical cost basis except for some financial instruments classified in accordance with measurements standards under IFRS. These financial statements are presented in Canadian dollars unless otherwise specified.

b) Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions on the primary economic environment in which the entity operates. The functional and presentation currency of the Company is the Canadian dollar.

c) Financial instruments

Recognition and Classification

The Company recognized a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended March 31, 2022

(Expressed in Canadian Dollars)

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets, is recognized in profit or loss.

d) Share capital

Common shares and warrants are classified as equity instruments. Transaction costs directly attributable to the issuance of common shares and warrants are recognized as a deduction from equity.

Warrants included in units offered to subscribers as part of corporate financings are bifurcated based on the residual approach being allocating the cash proceeds first to the share capital with the balance to warrants and are presented in contributed surplus in shareholders' equity.

Warrants issued to agents or brokers on a non-cash basis in connection with corporate financings are recorded at fair value using the Black-Scholes option pricing model and charged against share capital as issue costs with an offsetting increase to contributed surplus.

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended March 31, 2022

(Expressed in Canadian Dollars)

e) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury method. The treasury method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate. Diluted loss per share is equal to the basic loss per share as the outstanding options and warrants are anti-dilutive.

f) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. All operating segments' results are reviewed by the Company's management in order to make decisions regarding the allocation of resources to the segment. Segment results include items directly attributable to a segment as those that can be allocated on a reasonable basis.

g) Income tax

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax is estimated using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Company does not provide for temporary differences relating to differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax estimated is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

h) Accounting standard issued but not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the six months ended March 31, 2022 and have not been applied in preparing these financial statements. None of these pronouncements are expected to have material impact on the Company's financial statements.

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended March 31, 2022

(Expressed in Canadian Dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the period of the change, if the change affects that period only; in the period of the change and future periods, if the change affects both.

a) Critical Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Going concern

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future financing and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

b) Key Sources of Estimation Uncertainty

The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

Income taxes

Significant estimate is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

5. LOAN PAYABLE

During the six months ended March 31, 2022, the Company received an additional loan of \$15,000 (for the year ended September 30, 2021 - \$10,000) in the form of service fee paid in advance on behalf of the Company. The promissory note is non-interest bearing and has a term of one year. The promissory note included in these financial statements, was settled on February 11, 2022 as part consideration of 2,200,000 units issued to the third party as part of the 15,900,000 unit raise on the same date (See Note 6).

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended March 31, 2022

(Expressed in Canadian Dollars)

6. SHARE CAPITAL

Authorized

An unlimited number of common shares without par value, without special rights or restrictions attached.
An unlimited number of preferred shares without par value, with special rights or restrictions attached.

Issued share capital

At March 31, 2022, there were 26,500,001 (September 30, 2021 – 1) issued and fully and fully paid common shares.

a) Financings

On January 31, 2022, the Company closed a non-brokered private placement for the issuance of 4,500,000 common shares at a price of \$0.005 per share for aggregate gross proceeds of \$22,500.

On February 11, 2022, the Company closed a non-brokered private placement for the issuance of 15,900,000 units at a price of \$0.02 per unit for aggregate gross proceeds of \$318,000. Each unit is comprised of one common share and one half of one common share purchase warrant, resulting in 7,950,000 warrants being issued as part of the private placement. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.20 per share for a period of two years, expiring February 11, 2024. The Company allocated all the proceeds to the share capital and no amounts were allocated the warrants by applying the residual approach.

On February 28, 2022, the Company closed a non-brokered private placement for the issuance 6,100,000 common shares at a price of \$0.05 per share for aggregate gross proceeds of \$305,000.

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended March 31, 2022

(Expressed in Canadian Dollars)

b) Share purchase warrants

The balance of warrants outstanding and related information for the six-months ended March 31, 2022 are as follows:

	Number of warrants	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance September 30, 2021	-	-	-
Issued	7,950,000	\$0.20	2.00
Balance March 31, 2022	7,950,000	\$0.20	1.87
Exercisable, March 31, 2022	7,950,000	\$0.20	1.87

The balance of warrants outstanding as at March 31, 2022 was as follows:

Expiry date	Exercise price	Remaining life (years)	Warrants Outstanding	Exercisable
February 11, 2024	\$0.20	1.87	7,950,000	7,950,000
			7,950,000	7,950,000

7. RELATED PARTY TRANSACTIONS

Related party transactions have been measured at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these financial statements are listed below.

At March 31, 2022, there were no related party balances outstanding (September 30, 2021 - \$Nil).

During the six months ended March 31, 2022, the Company received an advance of \$2,414, from a director of the Company. On December 31, 2021, the Company repaid in the amount of \$688. This advance was non-interest bearing and the remaining balance of \$1,726 was forgiven.

During the six months ended March 31, 2022, the Company incurred \$6,000 (year ended September 30, 2021 - \$Nil) consulting fee to an officer who is also the director of the Company.

A director of the Company is also the Trustee to the Prescott Family Foundation, the counterparty to the Technology Acquisition Agreement (See Note 12).

Key management personnel comprise the Company's Board of Directors and executive officers. No other remuneration was paid to key management personnel during the six months ended March 31, 2022 and year ended September 30, 2021 other than as indicated above.

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended March 31, 2022

(Expressed in Canadian Dollars)

8. FINANCIAL INSTRUMENTS

a) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities. The Company's cash is carried at fair value using Level 1 inputs.
- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.
- Level 3 – Applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Company believes that the carrying values of its financial instruments, being cash, bank overdraft, accounts payable and loans payable, approximate their fair values because of their nature and relatively short maturity dates or durations.

b) Management of risks arising from financial instruments

Discussions of risks associated with financial assets and liabilities are detailed below:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash held by the Company. The maximum exposure to credit risk is equal to the carrying value of the financial assets as disclosed in the statements of financial position. The credit risk related to cash is considered minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay its financial liabilities as they come due. The Company manages liquidity risk by maintaining sufficient cash to enable settlement of transactions as they come due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained. At March 31, 2022, the Company had a working capital of \$525,618, refer to Note 1.

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended March 31, 2022

(Expressed in Canadian Dollars)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Company conducts its business in Canada, and its expenditures are primarily incurred in Canadian dollars, and is therefore not exposed to significant foreign currency risk.

9. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the acquisition and development of AI analytical software related to nature-based objects. Currently the Company's assets, liabilities and operations are all based in Canada.

10. SUPPLEMENT CASH FLOW INFORMATION

	March 31, 2022	September 30, 2021
	\$	\$
Gain on forgiveness of loans payable	1,726	-
Shares issued for settlement of loan payable	25,000	-

11. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	March 31, 2022	September 30, 2021
Statutory tax rate	27%	27%
	\$	\$
Net loss before tax	(102,660)	(4,906)
Expected income tax (recovery)	(27,718)	(1,325)
Temporal differences	-	-
Non-tax deductible items	-	296
Small business deduction	-	1,029
Tax loss carry forward (utilized)	27,718	(428)
Total income tax expense (recovery)	-	(428)

As at March 31, 2022, the Company has approximately \$102,660 non-capital loss expiring in 2042, that are available to shelter income in future years. The net benefit related to the future tax assets is not recognized for the due to the uncertainty associated with the ultimate realization of the non-capital losses.

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended March 31, 2022

(Expressed in Canadian Dollars)

12. TECHNOLOGY ACQUISITION AGREEMENT

On February 15, 2022, the Company entered in a Technology Acquisition Agreement (the “Technology Agreement”) with the Prescott Family Foundation (the “Foundation”). The Foundation has developed and is the owner of the Image Recognition Technology to be used by the Company in the development of its business plan. The Company acquired the exclusive right to use and exploit the Image Recognition Technology.

In consideration for the rights granted, the Company shall issue:

- 250,000 common shares on the later of completion of expenditures of \$250,000 or by February 15, 2023.
- An additional 250,000 common shares on the later of completion of expenditures of \$600,000 or by February 15, 2024.
- An additional 250,000 common shares on the later of the Company generating revenue of \$250,000 or by February 15, 2025.
- An additional 250,000 common shares on the later of the Company generating revenue of \$500,000 or by February 15, 2026.

(together, the “Consideration Shares”)

The Company has the option to accelerate the Technology Agreement by providing to the Foundation notice of two business days and to issue all the Consideration Shares to the Foundation. Pursuant to the same agreement, the Company may terminate the Technology Agreement at any time without cause, and without incurring any additional obligation, liabilities, or penalty, by providing at least 30 days’ prior written notice to the Foundation.

The Company has concluded the Technology Acquisition Agreement is an asset acquisition and has elected to account the contingent consideration when the conditions associated with the contingency are met. Therefore, no amount was recorded associated with the Technology Acquisition Agreement as at March 31, 2022.

13. AGENCY AGREEMENT

On August 10, 2022, the Company entered an agency agreement, pursuant to which the agent agreed on best effort basis to assist the Company’s initial public offering and the Company agreed to pay a non-refundable corporate finance work fee of \$35,000 upon closing.

**SCOPE CARBON CORP.
(FORMERLY PUFFIN CAPITAL LTD.)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTH PERIODS ENDED MARCH 31, 2022**

This Management's Discussion and Analysis ("MD&A") presents an analysis of the financial position of Scope Carbon Corp. (the "Company" or "Scope") for the six month periods ended March 31, 2022. The following information should be read in conjunction with the audited consolidated financial statements for the years ended September 30, 2021 and 2020, including the notes contained therein. The preparation of financial data for Scope is in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Date of Report

This MD&A is dated June 9, 2022.

Forward Looking Statements

This MD&A contains forward-looking statements. These statements relate to future events or future performance and reflect our expectations and assumptions regarding our growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect our current beliefs and are based on information currently available to us. In some cases, forward-looking statements can be identified by terminology such as "may", "would", "could", "will", "should", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict", "potential", "continue" or the negative of these terms or other similar expressions concerning matters that are not historical facts. The forward-looking statements in this MD&A include, among others, statements regarding our future operating results, economic performance and product development and commercialization efforts, and statements in respect of:

- our expected future losses and accumulated deficit levels;
- our projected financial position and estimated cash burn rate;
- our requirement for, and our ability to obtain, future funding on favorable terms or at all;
- our potential sources of funding;
- our assessment of the benefits of our technology;
- our expectations regarding the progress, and the successful and timely completion, of the various stages of the regulatory clearance process;
- our plans to market, sell and distribute our technology;
- our expectations regarding the acceptance of our technology by the market;
- our expectations with respect to future corporate alliances and licensing transactions with third parties; and
- our strategy with respect to the protection of our intellectual property.

A number of factors could cause actual events, performance or results, including those in respect of the foregoing items, to differ materially from the events, performance and results discussed in the forward-looking statements. Factors that could cause actual events, performance or results to differ materially from those set forth in the forward-looking statements include, but are not limited to:

- the effect of continuing operating losses on our ability to obtain, on satisfactory terms, or at all, the capital required to maintain the Company as a going concern;
- the ability to obtain sufficient and suitable financing to support operations, development and commercialization of our technology;
- the risks associated with the development and commercialization of our technology;
- the risks associated with the increase in operating costs from additional development and commercialization costs and increased staff;
- the regulatory approval process;

- our ability to successfully compete in our targeted markets;
- our ability to adequately protect proprietary information and technology from competitors;
- our ability to attract and retain key personnel;
- the potential for liability claims; and
- the substantial risks involved in early-stage technology development companies related to, among other things, commercialization, capitalization, cost containment, and potential litigation.

Although the forward-looking statements contained in this MD&A are based on what we consider to be reasonable assumptions based on information currently available to us, there can be no assurance that actual events, performance or results will be consistent with these forward-looking statements, and our assumptions may prove to be incorrect. These forward-looking statements are made as of the date of this MD&A.

Forward-looking statements made in this MD&A are made as of the date of the original document and have not been updated by us except as expressly provided for in this MD&A. As required by applicable securities legislation, in its capacity as a reporting issuer, it is Scope's policy to update forward-looking information in its periodic MD&As, as required from time to time, and provide updates on its activities to the public through the filing and dissemination of news releases and material change reports.

OVERALL PERFORMANCE & BUSINESS OVERVIEW

In the course of the six month period ended March 31, 2022, Scope accomplished the following:

- Began organizing the new business activity of the Company by engaging professionals to assess the viability of acquiring and developing AI driven image recognition technology.
- Acquired an Artificial Intelligence ("AI") analytical software, for further development.
- Engaged Research Capital Corporation as agent in connection with an initial public offering.

Scope Carbon Corp. is a carbon mapping technology company located in Vancouver, British Columbia and is focused on the commercial development of its proprietary technology, the Scope Analysis Platform. The Scope Analysis Platform is an AI driven image recognition technology used for the identification and estimation of carbon-based lifeforms and carbon emissions, both key components in the identification of carbon credits.

SELECTED QUARTERLY INFORMATION

The Company is not a reporting issuer and has not been required to and has not prepared prior quarterly statements.

FINANCIAL RESULTS FOR THE SIX MONTHS ENDED MARCH 31, 2022

During the six months ended March 31, 2022, the Company began business activity by acquiring an AI analytical software, began organizing all the components needed to run an operational business, and began the process of listing the Company shares on a stock exchange. There was no business activity in the prior period.

Advertising and promotion expense relate to website design and other design fees such as for a new logo for the Company.

Consulting fees relate to the onboarding of Mr. Alan Tam to organize the financial reporting and audit process plus other individuals required for administrative tasks.

Professional fees are related to the process of listing the Company shares on a stock exchange and audit of the financial statements.

Research and development primarily relate to the acquisition of a professional drone for the purpose of developing the multi-spectral imaging capabilities of the Company's technology.

DIVIDENDS

There are no restrictions that could prevent Scope from paying dividends on its common shares. Scope has not paid any dividends on its common shares as it will incur losses for the foreseeable future and it is not contemplated that Scope will pay any dividends in the immediate or foreseeable future. It is Scope's intention to use all available cash flow as working capital.

LIQUIDITY AND CAPITAL RESOURCES

	Six months ended March 31, 2022
Cash (used in) provided by	
Operating activities	\$ (34,961)
Investing activities	-
Financing activities	622,226
Total	\$ 602,265

There are no committed capital expenditures required to meet the Company's planned development and commercialization efforts.

The Company will require additional funds for technology development, for upcoming regulatory fees, business development and general operations. The Company is currently seeking to raise additional capital and, in particular, is exploring opportunities for private placements and public placements with potential individual investors and/or institutional investors and other means of equity or debt financing.

There can be no assurance that financing will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

Scope has no existing contractual obligations other than as described herein. There are no off-balance sheet arrangements.

TRANSACTIONS BETWEEN RELATED PARTIES

Related party transactions have been measured at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these financial statements are listed below. During the six months ended March 31, 2022 and the year ended September 30, 2021, the Company has the following related party balances and transactions:

At March 31, 2022, there were no related party balances outstanding (September 30, 2021 - \$Nil).

During the six months ended March 31, 2022, the Company received a loan of \$2,414, from Darien Lattanzi, a director of the Company. On December 31, 2021, the loan was partially repaid by the amount of \$688. The loan was non-interest bearing and the remaining balance of \$1,726 was forgiven by the Director on December 31, 2021.

During the six months ended March 31, 2022, the Company incurred \$6,000 (year ended September 30, 2021 - \$Nil) consulting fees to Alan Tam, an officer who is also the director of the Company.

Sean Prescott, a director of the Company is a party to the Technology Acquisition Agreement (See Note 12).

Key management personnel comprise the Company's Board of Directors and executive officers. No other remuneration was paid to key management personnel during the six months ended March 31, 2022 and year ended September 30, 2021 other than as indicated above.

SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies are fully disclosed in Note 3 of the audited consolidated financial statements for the year ended September 30, 2021.

SCHEDULE "B" AUDIT COMMITTEE CHARTER

PURPOSE AND PRIMARY RESPONSIBILITY

- 1.1 This charter sets out the Audit Committee's purpose, composition, member qualification, member appointment and removal, responsibilities, operations, manner of reporting to the Board of Directors (the "**Board**") of Scope Carbon Corp. (the "**Company**"), annual evaluation and compliance with this charter.
- 1.2 The Audit Committee assists the Board in fulfilling its legal and fiduciary obligations with respect to matters involving the financial reporting process on behalf of the Board. This includes oversight responsibility for financial reporting and continuous disclosure, oversight of external audit activities, oversight of financial risk and financial management control, and oversight responsibility for compliance with tax and securities laws and regulations as well as whistle blowing procedures. The Audit Committee is also responsible for the other matters as set out in this charter and/or such other matters as may be directed by the Board from time to time. The Audit Committee should exercise continuous oversight of developments in these areas.
- 1.3 In addition, the Audit Committee provides an avenue for communication between the external auditor, management and other employees of the Company, as well as the Board, concerning accounting, financial reporting and auditing matters.

MEMBERSHIP

- 2.1 At least a majority of the Audit Committee must be comprised of independent directors of the Company as defined in sections 1.4 and 1.5 of National Instrument 52-110 – Audit Committees ("**NI 52-110**"), provided that should the Company become listed on a senior exchange, each member of the Audit Committee will also satisfy the independence requirements of such exchange.
- 2.2 The Audit Committee will consist of at least three members, at least a majority of whom shall be financially literate, provided that an Audit Committee member who is not financially literate may be appointed to the Audit Committee if such member becomes financially literate within a reasonable period of time following his or her appointment. Upon graduating to a more senior stock exchange, if required under the rules or policies of such exchange, the Audit Committee will consist of at least three members, all of whom shall meet the experience and financial literacy requirements of such exchange and of NI 52-110.
- 2.3 The members of the Audit Committee will be appointed by the Board annually (and from time to time thereafter to fill any vacancies). An Audit Committee member may be removed or replaced at any time at the discretion of the Board and will cease to be a member of the Audit Committee on ceasing to be a director of the Company.
- 2.4 The Board appoints one Audit Committee member to act as its chair (the "**Committee Chair**"), provided that if the Board does not so designate a Committee Chair, the Committee, by a majority vote, may designate a Committee Chair. The Committee Chair may be removed at any time at the discretion of the Board. The incumbent Committee Chair continues in office until (i) a successor is appointed, (ii) he or she is removed by the Board, or (iii) he or she ceases to be a director of the Company. If the Committee Chair is absent from a meeting, the Committee will, by majority vote, select another Committee member to preside at that meeting.

AUTHORITY

- 3.1 In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:

- (a) engage, set and pay the compensation for independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities, and any such consultants or professional advisors so retained by the Audit Committee will report directly to the Audit Committee;
- (b) communicate directly with management and any internal auditor, and with the external auditor without management involvement;
- (c) communicate directly with the Company's external auditor and the Company's officers and employees and request Company information and documentation from these persons;
- (d) investigate any matter relating to the Company's audit and accounting practices, or anything else within its scope of responsibility, and obtain full access to all Company books, records, facilities and personnel; and
- (e) incur ordinary administrative expenses that are necessary or appropriate in carrying out its duties, which expenses will be paid for by the Company.

DUTIES AND RESPONSIBILITIES

4.1 The duties and responsibilities of the Audit Committee include:

- (a) recommending to the Board the external auditor to be nominated by the Board;
- (b) recommending to the Board the compensation of the external auditor to be paid by the Company in connection with (i) preparing and issuing the audit report on the Company's financial statements, and (ii) performing other audit, review or attestation services;
- (c) overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (d) regularly meeting with the external auditor without management present to discuss matters that fall under its mandate;
- (e) reviewing the external auditor's annual audit plan, fee schedule and any related services proposals (including meeting with the external auditor to discuss any deviations from or changes to the original audit plan, as well as to ensure that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditor or the reporting of their findings to the Audit Committee);
- (f) ensuring that the external auditor is independent by receiving a report annually from the external auditors with respect to their independence, such report to include (i) disclosure of all engagements (and fees related thereto) for non-audit services provided to the Company, (ii) a written statement delineating all relationships between the external auditor and the Company (assuring that lead audit partner rotation is carried out, as required by law, and delineating any other relationships that may adversely affect the independence of the external auditor);
- (g) ensuring that the external auditor is in good standing with the Canadian Public Accountability Board by receiving, at least annually, a report by the external auditor on the audit firm's internal quality control processes and procedures and all relationships between the external auditor or any affiliates thereof and the Company or persons in financial reporting oversight roles at the Company that, as of the report's date, may reasonably be

thought to bear on independence, such report to include any material issues raised by the most recent internal quality control review, or peer review, of the firm, or any governmental or professional authorities of the firm within the preceding five years, and any steps taken to deal with such issues, and discussing with the external auditor the potential effects of any relationships described in the report which may reasonably be thought to bear on independence;

- (h) ensuring that the external auditor meets the rotation requirements for partners and staff assigned to the Company's annual audit by receiving a report annually from the external auditors setting out the status of each professional with respect to the appropriate regulatory rotation requirements and plans to transition new partners and staff onto the audit engagement as various audit team members' rotation periods expire;
- (i) resolving disputes between management and the external auditor regarding financial reporting;
- (j) pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor (or delegating such pre-approval to one or more independent to the extent permitted by applicable laws, regulations, rules and listing standards) and considering whether the auditor's provision of permissible non-audit services is compatible with the auditor's independence;
- (k) reviewing and discussing with management and the external auditor, prior to their public disclosure, the annual audited and quarterly unaudited financial statements and related Management Discussion and Analysis ("**MD&A**"), including the appropriateness of the Company's accounting policies, disclosures (including material transactions with related parties), reserves, key estimates and judgements (including changes or variations thereto) and obtaining reasonable assurance that the financial statements are presented fairly in accordance with IFRS and the MD&A is in compliance with appropriate regulatory requirements;
- (l) reviewing and discussing with management and the external auditor, prior to their public disclosure, all earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies;
- (m) reviewing and discussing with management and the external auditor, prior to their public disclosure, any annual information form and prospectus-type documents (including financial outlook, future-oriented financial information and other forward-looking information, and any pro-forma or non-IFRS information included therein);
- (n) to the extent not previously reviewed by the Committee, reviewing and discussing with management and the external auditor, prior to their public disclosure, all financial statements included in any prospectus, business acquisition report or offering memoranda and all other financial reports required by regulatory authorities and/or requiring approval by the Board;
- (o) reviewing and supervising, to the extent deemed appropriate, the preparation by management of (i) any information of the Company required to be filed by the Company with applicable securities regulators or stock exchanges, (ii) press releases of the Company containing material financial information, earnings guidance, forward-looking statements, information about operations or any other material information, (iii) correspondence broadly disseminated to the shareholders of the Company, and (iv) other relevant material written and oral communications or presentations

- (p) satisfying itself on a regular basis through reports from management and related reports, if any, from the external auditors, that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements and for ensuring that such information is fairly presented, and periodically assessing the adequacy of those procedures;
- (q) satisfying itself that management has developed and implemented a system to ensure that the Company meets its continuous disclosure obligations through the receipt of regular reports from management and the Company's legal advisors;
- (r) reviewing and discussing with management and the external auditor major issues regarding accounting principles and financial statement presentation including any significant changes in the selection or application of accounting principles to be observed in the preparation of the financial statements of the Company and its subsidiaries;
- (s) reviewing and discussing with management and the external auditor the external auditor's written communications to the Audit Committee in accordance with generally accepted auditing standards and other applicable regulatory requirements arising from the annual audit and quarterly review engagements;
- (t) reviewing the external auditor's report to the shareholders on the Company's annual financial statements;
- (u) reporting on, and recommending to the Board the approval of, the annual financial statements and the external auditor's report on those financial statements, the quarterly unaudited financial statements, and the related MD&A and press releases for such financial statements, prior to the dissemination of these documents to shareholders, regulators, analysts and the public;
- (v) overseeing the adequacy of the Company's system of internal accounting controls and obtaining from management and the external auditor summaries and recommendations for improvement of such internal controls and processes, together with reviewing management's remediation of identified weaknesses or deficiencies;
- (w) reviewing with management and the external auditors the integrity of disclosure controls and internal controls over financial reporting;
- (x) reviewing and monitoring the processes in place to identify and manage the principal risks that could impact the financial reporting of the Company and assessing, as part of its internal controls responsibility, the effectiveness of the overall process for identifying principal business risks and reporting thereon to the Board;
- (y) reviewing and assessing on an annual basis the code of business conduct and ethics of the Company ("**Code of Conduct**"), and making recommendations to the Board, where appropriate;
- (z) monitoring compliance with the Code of Conduct;
- (aa) reviewing and discussing with the Company's Chief Executive Officer (or an officer carrying out the function of CEO) (the "**CEO**") and Chief Financial Officer (or an officer carrying out the function of CFO) (the "**CFO**") the process for the certifications to be provided under National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, and receiving and reviewing any disclosure from the Company's CEO and CFO made in connection with the required certifications of the Company's quarterly and annual reports filed;

- (bb) establishing procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Company from employees and others regarding accounting, internal accounting controls or auditing matters and questionable practises relating thereto; and
 - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (cc) reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor of the Company;
- (dd) overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities;
- (ee) reviewing the findings of any examinations by regulatory agencies, and any external auditors observations made regarding those findings;
- (ff) reviewing, together with management, the creditworthiness, liquidity and important treasury matters including financial plans and strategies of the Company;
- (gg) reviewing the Company's tax strategy, including its tax planning and compliance with applicable tax law;
- (hh) establishing and ensuring the application of procedures for:
 - (i) reviewing, on a periodic basis, the Company's insurance coverage program and related insured risks, including coverage for services provided, property damage, business interruption, liabilities, and directors' and officers' liability;
 - (ii) reviewing activities, organizational structure, and qualifications of the Chief Financial Officer and the staff in the financial reporting area and ensuring that matters related to succession planning within the Company are raised for consideration at the Board;
 - (iii) obtaining reasonable assurance as to the integrity of the Chief Executive Officer and other senior management and that the CEO and other senior management strive to create a culture of integrity throughout the Company;
 - (iv) reviewing fraud prevention policies and programs, and monitoring their implementation;
 - (v) reviewing regular reports from management and others (e.g., external auditors, legal counsel) with respect to the Company's compliance with laws and regulations having a material impact on the financial statements including:
 - (A) Tax and financial reporting laws and regulations;
 - (B) Legal withholding requirements;
 - (C) Environmental protection laws and regulations; and
 - (D) Other laws and regulations which expose directors to liability.

- 4.2 A regular part of Audit Committee meetings involves the appropriate orientation of new members as well as the continuous education of all members. Items to be discussed include specific business issues as well as new accounting and securities legislation that may impact the organization. The Chair of the Audit Committee will regularly canvass the Audit Committee members for continuous education needs and in conjunction with the Board education program, arrange for such education to be provided to the Audit Committee on a timely basis.
- 4.3 The Audit Committee shall, on an annual basis, review and assess the adequacy of this charter taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Company has a reporting relationship and, if appropriate, recommend changes to the Audit Committee charter to the Board for its approval.

OPERATIONS

- 5.1 In connection with the discharge of its duties and responsibilities, the Committee shall observe the following procedures:
- (a) **Meetings.** Each of the Committee Chair, members of the Audit Committee, Chair of the Board, external auditor, CEO, CFO or secretary shall be entitled to request that the Chair of the Audit Committee call a meeting which shall be held within 48 hours of receipt of such request to consider any matter that such individual believes should be brought to the attention of the Board or the shareholders. The Audit Committee shall fix its own procedure at meetings and for the calling of meetings. The external auditor must be given reasonable notice of, and has the right to appear before and to be heard at, each meeting of the Audit Committee.
 - (b) **Quorum.** The quorum for a meeting of the Audit Committee is a majority of the members of the Audit Committee.
 - (c) **Committee Chair.** The Committee Chair shall be responsible for leadership of the Audit Committee, including scheduling and presiding over meetings, preparing agendas, overseeing the preparation of briefing documents to circulate during the meetings as well as pre-meeting materials, ensuring all matters requiring the Audit Committee's approval are properly tabled and presented for consideration at Audit Committee meetings, and making regular reports to the Board on the work of the Audit Committee. The Committee Chair will also maintain regular liaison with the CEO, CFO, and the lead external audit partner.
 - (d) **Meeting with the CEO and CFO.** The Audit Committee will meet in camera separately with each of the CEO and the CFO of the Company at least annually to review the financial affairs of the Company.
 - (e) **Meeting with external auditor.** The Audit Committee will meet with the external auditor of the Company in camera at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.
 - (f) **Reporting to the Board.** The Audit Committee will report, at least annually, to the Board regarding the Audit Committee's examinations and recommendations. The Audit Committee will report its activities to the Board to be incorporated as a part of the minutes of the Board meeting at which those activities are reported.
 - (g) **Minutes.** The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

- 5.2 The Committee is authorized and empowered to adopt its own rules of procedures not inconsistent with any provision of this Charter, any provision of the Company's by-laws, or the compliance with applicable laws and regulations.

ANNUAL PERFORMANCE EVALUATION

- 6.1 The Board will conduct an annual performance evaluation of the Audit Committee, taking into account the Charter, to determine the effectiveness of the Committee.

GENERAL

- 7.1 The Audit Committee shall discharge its responsibilities and shall assess the information provided by the Company's management and any external advisors, including the external auditor, in accordance with its business judgment. Audit Committee members are not full-time Company employees and are not, and do not represent themselves to be, professional accountants or auditors. The authority and responsibilities set forth in this Charter do not create any duty or obligation of the Audit Committee to (i) plan or conduct any audits, (ii) determine or certify that the Company's financial statements are complete, accurate, fairly presented or in accordance with IFRS, as applicable, and applicable laws, (iii) guarantee the external auditor's reports, or (iv) provide any expert or special assurance as to internal controls or management of risk. Audit Committee members are entitled to rely, absent knowledge to the contrary, on the integrity of the persons from whom they receive information, the accuracy and completeness of the information provided and management's representations as to any audit or non-audit services provided by the external auditor.
- 7.2 Nothing in this Charter is intended or may be construed as to impose on any Audit Committee member or the Board a standard of care or diligence that is in any way more onerous or extensive than the standard to which the directors are subject under Applicable Laws. This Charter is not intended to change or interpret the Company's constituting documents, Investor Agreements or Applicable Laws to which the Company is subject, and this Charter should be interpreted in a manner consistent with all such Applicable Laws. The Audit Committee is a committee of the Board and is not and shall not be deemed to be an agent of the Company's shareholders for any purpose whatsoever. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability on the part of the Company or its directors or officers to shareholders, security holders, customers, suppliers, competitors, employees or other persons, or to any other liability whatsoever on their part.
- 7.3 Any action that may or is to be taken by the Committee may, to the extent permitted by law or regulation, be taken directly by the Board.

CERTIFICATE OF SCOPE CARBON CORP.

Dated: August 10, 2022

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by Scope Carbon Corp. as required by the securities legislation of British Columbia, Alberta and Ontario.

“James Liang”

Mr. James Liang
Chief Executive Officer

“Alan Tam”

Mr. Alan Tam
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

“Darien Lattanzi”

Mr. Darien Lattanzi
Director

“Michael Zenko”

Mr. Michael Zenko
Director

CERTIFICATE OF THE PROMOTER

Dated: August 10, 2022

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by Scope Carbon Corp. as required by the securities legislation of British Columbia, Alberta and Ontario.

"Darien Lattanzi"

Mr. Darien Lattanzi

CERTIFICATE OF THE AGENT

Dated: August 10, 2022

To the best of our knowledge, information and belief, this Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of British Columbia, Alberta and Ontario.

RESEARCH CAPITAL CORPORATION

“Jovan Stupar”

Jovan Stupar
Managing Director, Venture Investment Banking