

**SCOPE CARBON CORP.  
(FORMERLY PUFFIN CAPITAL LTD.)  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE NINE-MONTHS PERIOD ENDED JUNE 30, 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 nine months period ended June 30, 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 August 29, 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 nine month period ended June 30, 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.
- Became a Reporting Issuer.

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.

On August 15, 2022, the Company became a Reporting Issuer. The Company's common shares will be listed on the Canadian Securities Exchange ("CSE") under the symbol "SCPE".

## **SELECTED QUARTERLY INFORMATION**

At June 30, 2022, the Company was not a reporting issuer and has not been required to and has not prepared prior quarterly statements.

## **FINANCIAL RESULTS FOR THE NINE MONTHS ENDED JUNE 30, 2022**

During the nine months ended June 30, 2022, the Company began its primary 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 the CSE. There was no corresponding business activity in the prior period.

During the nine months ended June 30, 2022, the Company reported a net loss of \$198,268 and a loss per share of \$0.01 (Year Ended September 30, 2021 – loss of \$4,478 and a loss per share of \$4,478).

	<b>For the nine months ended June 30, 2022</b>	<b>For the year ended September 30, 2021</b>
	\$	\$
<b>Administration expenses</b>		
Advertising and promotion	6,176	-
Bank charges	690	-
Consulting fees	29,000	-
Currency exchange	136	-
Filing fees	14,450	-
Interest expense	-	1,906
Professional fees	133,352	3,000
Research and development	8,746	-
Travel & Entertainment	7,444	-
Other (income) on forgiveness of loans payable	(1,726)	-
Income tax (recovery)	-	(428)
<b>Net loss and total comprehensive loss for the period</b>	<b>(198,268)</b>	<b>(4,478)</b>

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 hiring of Mr. Alan Tam as Chief Financial Officer of the Company, as well as valuation consultants to assess the value of the Company's technology.

Professional fees are primarily related to legal fees for the process of listing the Company shares on the CSE, as well as audit and accounting support fees.

Research and development primarily relates 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**

	Nine months ended June 30, 2022
Cash (used in) provided by	
Operating activities	\$ (99,961)
Investing activities	-
Financing activities	637,226

Increase (decrease) in cash during the period	\$ 537,265
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There are no committed capital expenditures required to meet the Company's planned development and commercialization efforts. At June 30, 2022 the Company had working capital of \$436,510 (September 30, 2021 - a working capital deficiency of \$14), and cash of \$537,266 to pay liabilities of \$109,013.

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 nine months ended June 30, 2022 and the year ended September 30, 2021, the Company has the following related party balances and transactions:

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

During the nine months ended June 30, 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 nine months ended June 30, 2022, the Company incurred \$12,000 (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.

Key management personnel comprise the Company's Board of Directors and executive officers. No other remuneration was paid to key management personnel during the nine months ended June 30, 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.

### **ADOPTION OF NEW ACCOUNTING STANDARD**

The Company did not adopt any new accounting standards during the period ended June 30, 2022 which had a material impact upon adoption.

## OUTSTANDING SHARE DATA AND DILUTION CALCULATION

The Company has authorized share capital consisting of common shares without par value. The number of shares authorized is unlimited. The Company has issued warrants for the purchase of common shares and also a stock option plan. The table below summarizes the Company's common shares, stock options and warrants that are convertible into common shares as of August 29, 2022:

Issued and outstanding common shares	26,500,001
Share purchase warrants with a weighted average exercise price of \$0.20	7,950,000
<b>Fully Diluted</b>	<b>34,450,001</b>