



**SCOPE CARBON CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE SIX MONTHS ENDED MARCH 31, 2023**

The following management's discussion and analysis ("MD&A") of the operations, results, and financial position of Scope Carbon Corp. (the "Company" or "Scope.") should be read in conjunction with the Company's unaudited condensed interim financial statements for the six months ended March 31, 2023 and the audited financial statements for the year ended September 30, 2022 and the notes thereto.

The unaudited condensed interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and include the operating results of the Company. Unless expressly stated otherwise, all financial information is presented in Canadian dollars. This MD&A is dated May 23, 2023.

**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;

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- 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 the Company'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**

Scope 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.

During the six months ended March 31, 2023 and to the date of this MD&A, the Company accomplished the following:

- On October 3, 2022, the Company enters into product development agreement with Marsman Limited to assist in advancement of the Company's self-learning image recognition technology.
- On October 3, 2022, the Company announced it has granted 1,500,000 stock options to directors, officers and consultants of the Company.
- On October 28, 2022, the Company engaged investor relations firm Maynard Communications as an investor relations firm.
- On November 15, 2022, the Company announced that it has received its initial mapping data from Farm Flight Inc.
- On January 17, 2023, the Company announced that its common shares were approved for listing on the OTCQB Venture Market under the symbol "SCPCF".
- On March 6, 2023, the Company announced a strategic investment in Farm Flight Inc. ("Farm Flight").
- On April 27 and April 28, 2023, the Company announced a Letter of Intent for the proposed acquisition of Farm Flight and the provision of a loan to further the transaction.

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**SUMMARY OF QUARTERLY INFORMATION**

The following financial data was derived from the Company's financial statements for the last eight quarters:

	<b>Mar 31, 2023</b>	<b>Dec 31, 2022</b>	<b>Sep 30, 2022</b>	<b>Jun 30, 2022</b>
Three months ended	\$	\$	\$	\$
Total revenues	nil	nil	nil	nil
Net loss	(497,371)	(858,063)	(89,392)	(177,013)
Net loss per share	(0.01)	(0.02)	-	-

	<b>Mar 31, 2022</b>	<b>Dec 31, 2021</b>	<b>Sep 30, 2021</b>	<b>Jun 30, 2021</b>
Three months ended	\$	\$	\$	\$
Total revenues	nil	nil	nil	nil
Net loss	(84,618)	(18,042)	-	-
Net loss per share	(0.01)	(18,042)	-	-

Due to the nature of its current operations, the Company earned no revenue during the periods presented. Quarterly fluctuations mainly relate to share-based payments expense, which is recognized as stock options are granted and vest.

During the three months ended March 31, 2023 and December 31, 2022, significant non-cash gain share-based payment was recognized. Starting October 2022, the Company entered into significant investor relations and research and development contracts.

**RESULTS OF OPERATIONS**

The Company incurred a net loss of \$1,355,434 for the six months ended March 31, 2023 (2022 - \$102,660)

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Expenses</b>		
Advertising and promotion	9,192	2,430
Bank charges	859	234
Consulting	19,500	23,000
Currency exchange	1,739	-
Filing and Transfer Agent Fees	23,787	-
Investor relations	83,333	-
Office Expenses	2,849	-
Professional fees	94,792	69,976
Research and development	190,726	8,746
Share-based compensation	958,911	-
Travel & Entertainment	93	-
Other income	(8,973)	-
Interest income	(21,374)	-
Gain on forgiveness of loans payable	-	(1,726)
<b>Net loss and total comprehensive loss for the period</b>	<b>1,355,434</b>	<b>102,660</b>

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Expenses increased generally over the comparative period as the Company is expanding its operations and development:

Consulting fees

Valuation fees were incurred in the prior period whereas fees for consulting services provided by the Chief Financial Officer and another consultant were incurred in the current period.

Filing and Transfer Agent fees

Costs were incurred in the current period relating to the preparation of listing on the OTCQB Venture Market.

Investor Relations

On October 28, 2022, the Company entered into an investor relations agreement.

Professional fees

The increase in costs primarily relate to legal fees for the process of listing on the OTCQB Venture Market, the initial costs of the proposed transaction with Farm Flight and corporate/commercial and regulatory guidance in addition to accounting services.

Research and Development

On October 1, 2022, the Company entered into a product development agreement for the development of the Scope Analysis Platform.

Interest Income

The Company recognized interest income earned on its investments.

Other non-cash items were:

Share-based Compensation Expense

The Company granted 1,500,000 options to directors, officers, advisors of the Company to acquire common shares of the Company at a price of \$0.60 per share expiring in 5 years from the grant date. The share-based compensation expense relates to the vesting of the options granted.

Other Income

Under the convertible note agreement with Farm Flight, the Company received 9,345 share purchase warrants of Farm Flight to purchase 9,345 common shares of Farm Flight at a price of USD \$1.07 per common share. The fair value of the warrants was determined as \$0.96 per warrant using the Black-Scholes model.

**DIVIDENDS**

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

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**LIQUIDITY AND CAPITAL RESOURCES**

As at March 31, 2023, the Company had a working capital surplus of \$690,197 (September 30, 2022 - \$1,086,720). A net decrease in cash was realized of \$181,193.

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**

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

**FINANCIAL INSTRUMENTS**

The Company's financial instruments include cash which is classified as a financial asset measured at amortized cost, investments which are classified as financial assets measured at fair value through profit or loss and accounts payable and accrued liabilities, which are classified as financial liabilities measured at amortized cost. The carrying values of accounts payable and accrued liabilities approximate their fair values due to the short period to maturity.

The Company is exposed to credit and other price risk with respect to its investments in a private company. The maximum exposure to these risks is the carrying value of the investments. The Company is not exposed to material currency or interest rate risk.

**RELATED PARTY TRANSACTIONS**

Except as disclosed elsewhere, the Company entered into the following related party transactions:

Fees in the amount of \$12,000 (2022 – \$6,000) were charged by an officer of the Company for consulting services. Amounts payable as at March 31, 2023 were \$nil (September 30, 2022 - \$nil).

During the year ended September 30, 2022, the Company received a non-interest-bearing advance of \$2,414 from a director of the Company. The Company repaid part of the advance in the amount of \$688 and the remaining balance of \$1,726 was forgiven.

A director of the Company is also the trustee to the Prescott Family Foundation, the counterparty to the Technology Acquisition Agreement.

With the exception of the Technology Acquisition Agreement, these transactions were in the normal course of operations and were measured at the fair value of the services rendered. Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment. The key management personnel of the Company are the directors and officers of the Company. The Company has no long-term employee or post-employment benefits.

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A summary of compensation awarded to key management was as follows:

	<b>2023</b>	<b>2022</b>
Short-term benefits	\$ 12,000	\$ 6,000
Share-based payments	511,419	-
<b>Total</b>	<b>\$ 523,419</b>	<b>\$ 6,000</b>

**OFF BALANCE SHEET ARRANGEMENT**

The Company has no off-balance sheet arrangements.

**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 May 23, 2023:

Issued and outstanding common shares	37,000,001
Share options with a weighted average exercise price of \$0.60	1,500,000
Share purchase warrants with a weighted average exercise price of \$0.19	9,000,000
<b>Fully Diluted</b>	<b>47,500,001</b>

**RISKS AND UNCERTAINTIES**

The Company is exposed to a variety of known and unknown risks in the pursuit of its strategic objectives, including but not limited to liquidity/financial risk and general business. The impact of any risk may adversely affect, among other things, the Company's business, financial condition and operating results, which may affect the market price of its securities. The Company monitors its risks on an ongoing basis and seeks to mitigate these risks as and when possible.

*Liquidity/Financial Risks*

The Company is exposed to normal financial risks including liquidity risk, exchange rate risk, interest rate risk and credit risk. The Company's principal liquidity and capital resource requirements are the capital required to acquire streams and general operating expenses. The Company funds these requirements through current cash and working capital balances which are carefully managed to ensure that operational needs and other contractual and financial obligations are met.

*General Business Risks*

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 carbon credit streaming agreements and GHG emission avoidance, reduction, and removal/sequestration programs; 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 implement its current strategy.

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During February 2022, Russia launched a large military invasion of Ukraine leading to a disruption in the supply of energy resources, the imposition of sanctions on Russia, increased tension between the West and Russia and financial market uncertainty. These situations had an impact on many entities and the markets for the securities that they issue, and the impacts may continue.

**DISCLOSURE CONTROLS AND PROCEDURES**

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements for the three months ended December 31, 2022 and this accompanying MD&A (together, the "Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with its filings on SEDAR at [www.sedar.com](http://www.sedar.com).

**SUBSEQUENT EVENTS**

On April 24, 2023, the Company entered into a non-binding letter of intent (the "Letter of Intent") to acquire Farm Flight in an arms-length all-share acquisition valued at approximately USD \$14,500,000 (the "Transaction").

Pursuant to proposed terms of the Transaction, the Company will acquire all of the issued and outstanding shares of Farm Flight in exchange for approximately 12,351,662 common shares of Scope (the "Exchanged Shares"). The Exchanged Shares, in addition to being subject to a four-month hold, will be subject to a lock-up agreement which provides that 20% of the Exchanged Shares will be released 36 months after the completion of the Transaction, and thereafter release 20% of the Exchanged Shares in subsequent six-month intervals until 100% of the Exchanged Shares are released.

In connection with the Transaction, it is expected that each of Farm Flight's option holders and share purchase warrant holders will enter into an option surrender and cancellation agreement, and a warrant surrender and cancellation agreement, respectively. The Company and Farm Flight also anticipate restructuring certain indebtedness of Farm Flight into mutually satisfactory terms.

On April 27, 2023 the Company entered into a further loan agreement (the "Loan Agreement") with Farm Flight for the Company to provide a loan to Farm Flight for the principal amount of USD \$70,000 (the "Loan"), as evidenced by an unsecured promissory note and in connection with the proposed acquisition. The Loan bears no interest and is repayable in full on the date that is one year following the advance. The proceeds of the Loan will be used by Farm Flight in connection with professional and transaction costs in connection with the Transaction and for general corporate purposes.