



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

The information contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations for the three months ended December 31, 2023 ("MD&A") has been prepared as of February 26, 2024. It should be read in conjunction with the audited financial statements of Scope Carbon Corp. (the "Company") for the year ended September 30, 2023, and the condensed interim financial statements for the three months ended December 31, 2023.

The referenced financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in the Company's presentational currency of Canadian dollars unless otherwise indicated.

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 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;

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- 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

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"), which was acquired through its technology acquisition agreement dated February 15, 2022 (the "Technology Acquisition Agreement"). 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 three months ended December 31, 2023 and to the date of this MD&A, the Company accomplished the following:

- On October 16, 2023, the Company entered into a consulting agreement and granted 1,000,000 restricted share rights. The rights vest as follows: 10% upon grant; 30% after six months; 30% after one year and the remaining 30% after eighteen months. Each vested right is redeemable for one common share of the Company at the time of vesting.
- On October 27, 2023, the Company closed a non-brokered private placement for the issuance of 1,250,000 units at a price of \$1.60 per unit for aggregate gross proceeds of \$2,000,000. Each unit comprised one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$2.25 per share for a period of two years.
- Realized gross proceeds of \$990,000 (\$22,000 received during the three months ended September 30, 2023) through exercise of a total of 4,950,000 common share purchase warrants exercisable at \$0.20 per share.

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RESULTS OF OPERATIONS

The Company incurred a net loss of \$1,376,468 for the three months ended December 31, 2023 (2022 - \$858,063).

	2023	2022
	\$	\$
Expenses		
Advertising and promotion	2,005	4,973
Bank charges	821	501
Consulting	67,000	6,000
Currency exchange	3,645	843
Filing and transfer agent fees	13,164	12,184
Investor relations	-	33,333
Office expenses	4,996	-
Professional fees	28,021	47,977
Research and development	14,843	93,224
Share-based compensation	627,029	671,663
Impairment of investments	615,884	-
Interest and other income	(940)	(12,635)
Net loss and total comprehensive loss for the period	1,376,468	858,063

Consulting fees

Fees charged by certain related parties and external consultants increased effective October 1, 2023.

Investor Relations

During the prior period, the Company engaged an investor relations consultant for an initial six-month term which was not renewed.

Office expenses

Office expenses relate to a month-to-month sub-lease agreement.

Professional fees

Increased costs were recognized in the prior period relating to legal fees for the proposed transaction with Farm Flight Inc. and corporate/commercial and regulatory guidance in addition to accounting services.

Research and Development

The material components of Research and Development costs relate to a product development agreement for the advancement of the Scope Analysis Platform of \$8,275 (2022 - \$93,224) (terminated on November 15, 2023).

Share-based Compensation

On October 3, 2022, 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.

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On October 16, 2023, the Company entered into a consulting agreement with an advisor to the Company and granted 1,000,000 restricted share rights. The share-based compensation expense relates to the vesting of the options and restricted share rights granted.

Investment impairment

The Company continued to consider the ability of Farm Flight Inc. to repay the each of the loan financing contracts and deemed this to be an indicator of impairment, leading to a test of recoverable amount.

SUMMARY OF QUARTERLY INFORMATION

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

Three months ended	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023
	\$	\$	\$	\$
Total revenues	nil	nil	nil	nil
Net loss	(1,376,468)	(954,809)	(895,131)	(497,371)
Net loss per share	(0.03)	(0.02)	(0.02)	(0.01)

Three months ended	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022
	\$	\$	\$	\$
Total revenues	nil	nil	nil	nil
Net loss	(858,063)	(170,797)	(95,608)	(84,618)
Net loss per share	(0.02)	-	-	(0.01)

Due to the nature of its current operations, the Company earned no revenue during the periods presented.

Quarterly fluctuations mainly relate to investor relations fees, research and development costs and share-based compensation expense, which is recognized as equity incentive payments are granted and vest, and investment impairment which is recognized as conditions arise.

During the periods ending December 31, 2022, to December 31, 2023, significant non-cash share-based compensation was recognized. During the three months ended December 31, 2023 and September 30, 2023, significant non-cash investment impairment was recognized. During the three months ended June 30, 2023, the Company issued the first tranche of shares under the Technology Acquisition Agreement resulting in recognition of a significant non-cash fair value expense.

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.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2023, the Company had a working capital surplus of \$1,057,610 (September 30, 2023 – working capital deficit of \$211,906). A net increase in cash was realized of \$1,139,649.

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During the three months ended December 31, 2023 and to the date of this MD&A the Company closed a non-brokered private placement for the issuance of 1,250,000 units at a price of \$1.60 per unit for aggregate gross proceeds of \$2,000,000 and realized gross proceeds of \$990,000 (\$22,000 received during the three months ended September 30, 2023) through exercise of a total of 4,950,000 common share purchase warrants exercisable at \$0.20 per share.

Proceeds from these activities were used as loan advancements to Farm Flight Inc. and towards general working capital.

The Company will require additional funds for technology development, upcoming regulatory fees, business development and general operations. 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 and accounts receivable, which are classified as financial assets at amortized cost, and accounts payable and accrued liabilities, due to related parties and other liabilities, which are classified as financial liabilities at amortized cost. Cash, accounts receivable, accounts payable and accrued liabilities, due to related parties and other liabilities approximate their fair values due to the short period to maturity. Investments assets are remeasured to fair value at each reporting period.

The Company's financial instruments are exposed to certain financial risks, including interest rate risk, liquidity risk, currency risk, credit risk, and other price risk. The Company's most significant exposure is credit risk with respect to its cash investments in a private company. The Company has obtained security over the underlying assets of the private company for certain investments only. The maximum credit risk exposure is the carrying value of the cash investments.

CHANGES IN ACCOUNTING POLICIES

There have been no changes to accounting policies during the three months ended December 31, 2023.

RELATED PARTY TRANSACTIONS

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

Fees in the amount of \$15,000 (2022 – \$6,000) were charged by a company controlled by an officer of the Company for consulting services. Accounts payable as of December 31, 2023, were \$9,450 (September 30, 2023 - \$nil).

Fees in the amount of \$30,000 (2022 – \$nil) were charged by a company controlled by a director of the Company for consulting services. Accounts payable as of December 31, 2023, were \$30,000 (September 30, 2023 - \$nil).

Pursuant to a month-to-month sub-lease agreement, amounts of \$4,996 (2022 – \$nil) were charged by a company with a common director of the Company for office space rental. Accounts payable as of December 31, 2023, were \$nil (September 30, 2023 - \$5,246).

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A director of the Company is also the trustee to the Prescott Family Foundation (the “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. A summary of compensation awarded to key management was as follows:

	2023	2022
Short-term benefits	\$ 45,000	\$ 6,000
Share-based payments	1,931	-
Total	\$ 46,931	\$ 6,000

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 an Equity Incentive Plan. The table below summarizes the Company’s common shares, stock options, warrants and restricted share rights that are convertible into common shares as of February 26, 2024:

Issued and outstanding common shares	45,200,001
Share options with a weighted average exercise price of \$0.60	1,500,000
Share purchase warrants with a weighted average exercise price of \$0.89	1,675,000
Restricted Share Units - vested	100,000
Restricted Share Units - unvested	900,000
Fully Diluted	49,375,001

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.

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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 greenhouse gas emission avoidance, reduction, and removal/sequestration programs; government regulations; commitments to reduce greenhouse gas 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.

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, 2023 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.sedarplus.ca.

SUBSEQUENT EVENTS

Other than disclosed elsewhere, the following occurred subsequent to December 31, 2023:

On February 11, 2024, a total of 1,250,000 common share purchase warrants exercisable at \$0.20 per share expired unexercised.

Subsequent to December 31, 2023, a total of US\$54,000 was advanced to Farm Flight Inc. under the Company's ongoing facility agreement between the Company and Farm Flight Inc.