Management's discussion and analysis ("MD&A") provides a detailed analysis of the results and financial condition of Telescope Innovations Corp. (the "Company") for the year ended August 31, 2023. The following MD&A should be read in conjunction with the Company's consolidated financial statements for the year ended August 31, 2023, and August 31, 2022, and the notes thereto (collectively, the "Financial Statements"), which have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Other information contained in these documents has also been prepared by management and is consistent with the data contained the Financial Statements.

This Management's Discussion and Analysis ("MD&A") is dated December 21, 2023, and discloses specified information up to that date. Unless otherwise cited, references to dollar amounts are in Canadian dollars. This MD&A contains "forward-looking statements" that are subject to risk factors including those set out in the "Cautionary Statement" at the end of this MD&A. All information contained in this MD&A is current and has been approved by the Company's Board of Directors as of December 21, 2023, unless otherwise indicated. Throughout this report we refer to "Telescope", the "Company", "we", "us", "our", or "its". All these terms are used in respect of Telescope Innovations Corporation. ***We recommend that readers consult the "Cautionary Statement" on the last page of this report.*** Additional information relating to the Company is available on the Company's website at www.telescopeinnovations.com and on SEDAR at www.sedar.com.

The consolidated financial statements for the year ended August 31, 2023, have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. During the year ended August 31, 2023, the operations of the Company were primarily funded by the issuance of share capital in prior quarters and revenues earned from contract research and Telescope Automation Products.

The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financing, or continue to generate profitable operations in the future. The consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue business.

Description of Business

Telescope Innovations Corp. ("Telescope") or ("the Company") is a chemical technology company developing scalable manufacturing processes and tools for the pharmaceutical, specialty chemical and next generation clean energy industries. The Company builds, combines and deploys new enabling technologies including flexible robotic platforms, advanced analytical tools and machine learning which improve experimental throughput, efficiency, process insight and data quality. A key area of application for these tools is the development of optimized, scalable manufacturing processes. Telescope also applies these tools in performing Contract Research Services for clients to resolve inefficiencies in industrial process chemistry and manufacturing.

The Company was incorporated on July 30, 2019, with the intention of focusing on the rapidly expanding and unmet demand for pharmaceutical-grade tryptamine compounds currently being studied in clinical trials for several therapeutic areas such as treatment resistant depression, post traumatic stress disorder, alcoholism and palliative care. To address this need, the Company is developing proprietary processes compatible with the standards of cGMP. The sale or licensing of Company-developed intellectual property forms a core component of the Company's business model.

On May 31, 2021, ClearMynd Technology Solutions Corp. ("ClearMynd") closed a Share Exchange Agreement with Telescope, whereby Telescope acquired all the issued and outstanding securities in the capital of ClearMynd in exchange for common shares of Telescope. The acquisition of ClearMynd by Telescope is accounted for as a reverse takeover, whereby, ClearMynd is deemed to be the acquirer and Telescope is deemed to be the acquiree. The acquisition constitutes an asset acquisition as Telescope did not meet the definition of a business as defined in IFRS 3, *Business Combinations*.

As a result, the net assets of Telescope were deemed to be acquired at fair value by ClearMynd and share capital of Telescope is eliminated as a result of the acquisition.

In September 2021, Telescope completed its direct listing on the Canadian Securities Exchange (the "CSE"), and its common shares commenced trading on the CSE on September 27, 2021, under the ticker symbol "TELI".

On August 30, 2022, Telescope completed its amalgamation with ClearMynd.

Operations and development efforts thus far have focused on three strategic areas: i) The development of autonomous process optimization laboratory systems to accelerate chemical process research ("Telescope Automation"); ii) the application of these tools to discover and develop scalable synthetic pathways for mental health medicines ("Telescope Health"); and iii) the application of Telescope Automation tools to resolve process manufacturing inefficiencies in the chemical industry ("Telescope Industries").

Telescope Automation launched its first product, the Direct Inject Liquid Chromatography ("DILC") platform, in June 2022. The DILC™ is an innovative instrument for real-time, *in situ* sampling and immediate analysis of chemical reactions. The Company expects that the commercial deployment and insight provided by DILC™ technology will highlight the unique combination of skills Telescope provides to support the characterization and development of chemical, biopharmaceutical, and manufacturing processes. The Company commenced commercial sales of the DILC™ during the most recent quarter.

Under the Telescope Health banner, the Company has filed a Patent Cooperation Treaty ("PCT") patent application to protect its novel, scalable synthetic process for tryptamine-based analogs and precursors. The PCT application, published in July 2022, claims priority to provisional applications filed in December 2020 and October 2021. The synthetic approach described is well-positioned for cGMP optimization due to the use of simple, abundant starting materials and a limited number of synthetic steps. The chemical flexibility of the processes enables the exploration of many other valuable tryptamine-based compounds, including: dimethyltryptamine, harmaline, mupirocin, ibogaine, melatonin, lysergic acid diethylamide, serotonin and bufotenine, among others. The patent also covers a set of proprietary Novel Chemical Entities ("NCEs") in the tryptamine family that are being evaluated by many third-party drug screening and neurochemical companies for therapeutic potential. Positive results from these studies could warrant preclinical development of Telescope's proprietary processes for the synthesis of next-generation psychedelic therapeutics, targeting improvements in safety, potency, specificity, or tunability relative to known candidates.

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

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

FY 2023 Highlights

The Company reported gross revenues and operating expenses of $2,824,010 and $3,542,104 respectively for a net loss of $718,094, a decrease in loss of $5,028,933 from the previous year.

On November 10, 2022, the Company closed a private placement and issued a total of 4,879,499 units at a price of $0.30 per unit for total proceeds, less share issuance costs, of $1,430,054. Company allocated $1,382,285 of the proceeds to share capital and $47,668 for the fair value of warrants to reserves using the residual value method. Each unit consists of one common share of the Issuer and one-half-of-one common share purchase warrant. Each Warrant entitles the holder to purchase one additional common share of the Issuer at a price of $0.75 per warrant share until November 10, 2024, subject to accelerated expiry at the option of the Company in the event the closing price of the Shares on the Canadian Securities Exchange is $1.00 or more for ten consecutive trading days. The Units were offered pursuant to exemptions from the registration and prospectus requirements of applicable securities legislation. The Company paid finders' fees of $33,796 related to the private placement, which was recorded as share issuance costs.

Insiders of the Company subscribed for an aggregate of 1,160,332 Units. The issuances of Units to insiders pursuant to the Offering are considered related party transactions within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company relied on exemptions from the formal valuation and minority approval requirements in sections 5.5(a) and 5.7(1)(a) of MI 61-101 in respect of insider participation as, at the time the transaction was agreed to, neither the fair market value of, nor the fair market value of the consideration for, the transaction, insofar as it involves interested parties, exceeded 25% of the Company's market capitalization.

The Company has used the net proceeds from the Offering for working capital and general corporate purposes. The securities issued by the Company under the Offering are subject to restrictions on resale in accordance with applicable securities laws. These restrictions expired on March 11, 2023. No finders' fees or commissions were paid by the Company in connection with completion of the Offering.

On September 1, 2022, the Company upgraded to trade on the OTCQB market. The Company anticipates that upgrading to the OTCQB will provide greater liquidity and a more seamless trading experience for our U.S. shareholders. Further, enhanced reporting requirements and greater transparency required with the OTCQB listing, the upgrade also provides exemptions from U.S. state securities laws or "blue sky" exemptions which may help to further increase liquidity and expand investment advisors' ability to research and recommend investment in Telescope.

FY 2023 Operational Highlights

AUTOMATION AND ANALYTICAL PRODUCTS AND SERVICES FOR PHARMACEUTICAL R&D

<u>Technology Platform Development Contracts</u>

The Company has been engaged by pharmaceutical manufacturers to develop customized automation workflows for self-driving laboratories to compress the development timelines. Additionally, thirteen of the Top Twenty Pharmaceutical companies in the world have purchased and integrated Telescope Innovations' automation tools, like the Company's DirectInject™-LC product.

<u>Product Distribution and Development Agreement</u>

Telescope is in negotiations to establish a distribution agreement for our flagship DirectInject™-LC product, a technology for automated chemistry process analysis. Discussions are ongoing with multiple market-leading global scientific instrument manufacturers. This approach will rapidly bring our products to our customers across the globe without a high initial capital outlay and ongoing overhead costs or international distribution. In addition to the Distribution Agreement, negotiations are also underway with those same companies to establish a product development agreement for those Distribution Partners to fund Telescope Innovations' development of future products. These Distribution and Product Development Agreements are expected to be in effect in early 2024.

<u>Technology Partnership with Mott for New Product Development</u>

Telescope has partnered with Mott Corporation to develop and commercialize a novel robotic sampling probe for chemical analysis and purification. This new technology would enable accurate analysis of very common but often intractable chemistries in pharmaceutical and chemical manufacturing. Moreover, this probe would expand Telescope's portfolio of automated platforms for chemistry analysis and process development, building on the momentum of its successful first product, the DirectInject™-LC system.

RESEARCH PROJECTS TO DEVELOP AUTOMATION TOOLS FOR CLEANTECH AND CRITICAL MINERALS R&D

Natural Resources Council of Canada

- Natural Resources Canada (NRCan), a Canadian government agency, has selected Telescope as an innovation partner to develop an autonomous laboratory platform powered by robotics, artificial intelligence, and Telescope’s unique chemical analysis technology.
- This engagement explicitly aligns Telescope’s research activities with federal priorities on technology innovation.
- The automation platform will aim to increase the efficiency of lithium extraction, purification, and crystallization to address rising demands for battery materials and clean energy.
- We are expanding Telescope’s contract research offerings. This project is synergistic to an ongoing collaboration between Telescope and Standard Lithium, a leading Canadian lithium developer pioneering a new wave of lithium production in North America.
- This project may lead to the development of new intellectual property addressing market-driven needs for lithium supply technologies.

Hatch Ltd

The Company has conducted chemistry and purification research and development for building Lithium Manufacturing Facilities for global clients.

Mining Innovation Commercialization Accelerator Grant

The Company has been awarded $292,333 through Canada's Mining Innovation Commercialization Accelerator ("MICA") Network. Funds are to support Telescope's development of carbon-negative production of lithium carbonate from continental brines. Telescope will deploy its unique automation and analytical technologies to accelerate the development cycle for such processes, targeting the production of battery-grade lithium carbonate from brine sources of varying quality. In synergy with Telescope's collaborative research efforts with Standard Lithium Ltd. and Natural Resources Canada, this project will contribute to increasing production capacity for a crucial battery material while actively enabling a lower-carbon economy.

Summary of Quarterly Financial Results

The following is a summary of certain financial information concerning the Company for the last eight quarters ended August 31, 2023 in accordance with IFRS.

	Three Months Ended August 31, 2023 $	Three Months Ended May 31, 2023 $	Three Months Ended February 28, 2023 $	Three Months Ended November 30, 2022 $
Total assets	3,290,512	3,244,904	3,708,317	3,796,349
Total long-term liabilities	-	-	-	-
Working capital	493,797	1,493,942	1,337,757	1,307,029
Revenue	483,618	1,012,999	816,328	511,065
Comprehensive income (loss)	(527,020)	67,847	11,314	(270,235)
Basic and diluted loss per share	(0.01)	0.00	0.00	0.00

	Three Months Ended August 31, 2022 $	Three Months Ended May 31, 2022 $	Three Months Ended February 28, 2022 $	Three Months Ended November 30, 2021 $
Total assets	3,023,559	2,171,325	2,935,013	3,556,499
Total long-term liabilities	-	-	-	-
Working capital	145,576	574,313	1,521,286	2,300,639
Revenue	595,398	-	-	-
Comprehensive income (loss)	(745,702)	(990,248)	(3,218,778)	(792,299)
Basic and diluted loss per share	(0.01)	(0.02)	(0.07)	(0.02)

Summary of Annual Financial Results

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

	Year Ended August 31, 2023 $	Year Ended August 31, 2022 $	Year Ended August 31, 2021 $
Revenue	2,824,010	595,538	-
Comprehensive loss	(718,094)	(5,747,027)	(4,025,319)
Basic and diluted loss per share	(0.01)	(0.12)	(0.16)
Total assets	3,290,512	3,023,559	4,074,158
Total long-term liabilities	-	-	-
Working capital	493,797	145,576	3,227,524

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

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

1. During the year, the company generated $2,824,010, compared to $595,398 in the previous year, from revenues from new and existing customers that it onboarded during the current and previous years.

2. Advertising and promotion expense was $82,849 compared to $13,316 in 2022. During the year, the company attended more conferences and initiated more shareholder and marketing initiatives.

3. Consulting fees were $1,369,690, an increase of $258,732 over the comparable year. The increase is the result of engaging more consultants due to an increase in new business and projects.

4. Insurance expense for the year was $35,217, an increase of $22,965. The increase is the result of increasing general liability coverage and the implementation of directors' and officers' insurance.

5. During the previous year, the Company entered into an assignment agreement with the University of British Columbia to acquire certain interests and provisional patent applications. The purchase was made by way of issuing 1,000,000 shares of the Company at a deemed value of $990,000. Costs relating to this patent were a one-time costs and do not expect to be incurred in the future. The fair value of the share issued was $850,000 which consist of the majority of the balance. Patent costs in current year relate to legal fees to secure patents on propriety processes.

6. During the year, the Company transitioned 9 consultants to employees. As a result, the Company will disclose a portion of labor costs as salaries and wages with another portion continuing to be allocated to consulting fees.

7. Share based payments expense was $192,841 during the year compared to $2,742,469 in 2022. The decrease of $2,549,628 is the results of fewer options being issued and/or that vested during the period.

8. Travel expenses increased from $45,715 in 2022 to $240,454 in 2023 as the result of more business travel and conferences attended.

Year ended August 31, 2022 in comparison to the year ended August 31, 2021:

	2022	2021	Note
REVENUES	$ 595,398	$ -	1
EXPENSES			
Advertising and promotion	13,316	4,904	
Amortization	276,340	-	2
Business development	93,563	73,857	
Consulting	1,110,958	151,256	3
Foreign exchange gain	(9,873)	1,708	4
Insurance	12,252	776	
Listing expense	-	3,131,260	5
Lab operations and supplies	353,413	171,127	6
Management fees	200,400	90,674	
Office and miscellaneous	96,735	84,976	
Patent costs	930,148	15,647	7
Professional fees	216,200	106,784	8
Regulatory and transfer agent fees	89,722	5,579	
Research and development	59,559	129,833	
Rent	111,508	4,900	
Share-based payments	2,742,469	51,023	9
Travel	45,715	1,015	10
Total expenses	6,342,425	4,025,319	
Net loss and comprehensive loss for the year	$(5,747,027)	$ (4,025,319)	
Basic and diluted earnings (loss) per common share	$ (0.12)	$ (0.16)	

1. During the year, the company generated $595,398 in contracts from new customers that it on-boarded during year. This the first quarter of revenues for the Company.

2. Amortization expense during the quarter was $276,340 compared to $nil in the comparable quarter. The Company commenced lab operating in Q1 2022 at which time it began recording amortization.

3. Consulting fee were $1,110,958, an increase of $959,702 over the comparable year. The increase is the result of engaging more consultants as the result of more projects.

4. The Company generates contract revenues in Canadian and US Dollars. As a result, the Company expects to record foreign exchange gains and losses on quarterly basis.

5. Listing fees were $nil during the current year compared to $3,131,260 in the comparable year. The Company completed the RTO in Q4 2021. There were no such costs incurred in the current year.

6. Lab operating and supplies expenses were $353,413 during the year, $182,286 higher than in the comparable year. The Company recognized more lab costs during the year as compared to 2021 due to lab costs incurred for the generation of revenues.

7. During the year, the Company entered into an assignment agreement with the University of British Columbia to acquire certain interests and provisional patent applications. The purchase was made by way of issuing 1,000,000 shares of the Company at a deemed value of $990,000. Costs relating to this patent are a one-time costs and do not expect to be incurred in the future. The fair value of the share issued was $850,000.

8. Professional fees during the year were $216,200 compared to $106,784 in the comparable year. Professional fees were higher in 2022 due to the increase in legal fees relating to new revenue agreements and intellectual property.

9. Share based payments expense was $2,742,469 during the year compared to $51,023 last year. The increase of $2,691,446 is the result of issuing 3,925,000 new options during the year at a weighted average price of $0.66 per option.

10. Travel expenses was $45,715 during the year compared to $1,015 in 2021. The increase of $44,700 in 2022 as the result of more business travel.

Liquidity, Capital Resources and Capital Expenditures

During the year, the company increased its revenues, however, it has accumulated losses and may incur further losses in the development of its business. This uncertainty may cast significant doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financing, and generate profitable operations in the future and in addition, its continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business.

The Company will take appropriate measures to raise the necessary funding through private placements, exercising of stock options, warrants and/or credit facilities to address its liabilities and to continue operations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

The Company experienced a net loss and comprehensive loss of $718,094 for the year ended August 31, 2023 (2022 - $5,747,027). The Company has a history of losses and accumulated losses of $10,742,751 (August 31, 2022 - $10,024,657) since its inception. The Company may incur losses in the future however it has secured several cash flow positive sales contracts that it expects will help to generate positive cash flows in the future.

At August 31, 2023, the Company's working capital, defined as current assets less current liabilities, was $493,797 an increase of $348,221 in working capital as compared to $145,576 at August 31, 2022.

During the year from September 1, 2022, to August 31, 2023, the Company:

i) issued 4,879,070 common shares when it closed a non-brokered private placement for total proceeds, net of share issuance costs, of $1,430,053.

ii) Purchased $128,216 of lab equipment and transferred equipment of $92,451 to inventory.

The Company's financial statements have been prepared in accordance with IFRS applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year.

Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

The Company's cash is denominated Canadian and US dollars. The Company is subject to exchange rate fluctuations relative to the reporting currency. Total Canadian equivalent cash on hand at August 31, 2023 was $356,809 which is held in a large Canadian chartered bank.

The Company has not made any arrangements for sources of financing that remain undrawn.

Financial Instruments and Financial Risk

Financial Instruments and Fair Value Measurements

International Financial Reporting Standards 7, *Financial Instruments: Disclosures,* establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets and financial liabilities measured at fair value on a recurring basis by level within the fair value hierarchy as at August 31, 2023:

	Level 1	Level 2	Level 3
August 31, 2023			
Cash	$ 356,809	$ –	$ –
Total financial assets	$ 356,809	$ –	$ –

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at August 31, 2023 because of the demand nature or short-term maturity of these instruments.

The Company's financial instruments include cash, accounts receivable, accounts payable, accrued liabilities, and amounts due to related parties. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Financial Risk

(i) Credit Risk

Credit risk arises from non-performance by counterparties of contractual financial obligations. The Company's maximum credit risk is primarily attributable to its cash. The Company limits its exposure to credit loss for cash by placing such instruments with financial institutions.

(ii) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient financial resources to meet liabilities when due.

As at August 31, 2023, the Company had working capital of $493,797. All of the Company's financial liabilities have contractual maturities of 30 days or less and are subject to normal trade terms.

(iii) Interest Rate Risk

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

(iv) Foreign currency risk

As at August 31, 2023, $16,710 (August 31, 2022 - $Nil) of the Company's liabilities and $146,647 (August 31, 2022 - $384,375) of its current assets are denominated in US dollars. A 10% change in the US/Canadian dollar exchange rate would result in a $16,336 net impact on the Company's foreign exchange gain or loss. As at August 31, 2023, the Company exposure to foreign exchange fluctuations low.

RELATED PARTY TRANSACTIONS

Key management personnel include the Company's Board of Directors and Officers of the Company. The Company's related parties include key management personnel, and companies related by way of directors or shareholders in common.

(a) Key management personnel compensation is comprised of the following:
The remuneration of directors and other members of key management personnel during the years ended August 31, 2023, and 2022 were as follows:

	2023	2022
Consulting and management fees	$ 471,784	$ 228,900
Share based payments	42,363	1,208,540
	$ 514,147	$ 1,437,440

(b) Amounts due to/from related parties

In the normal course of operations, the Company transacts with companies related to the Company's directors and officers. All amounts payable and receivable are non-interest bearing, unsecured and due on demand. The following table summarizes the amounts due to related parties:

		2023		**2022**
Dr. Jason Hein	$	249,950	$	45,364
Emprise Management Services Corp.		53,025		29,925
	$	302,975	$	75,289

(c) Other related party transactions

The Company recognizes Standard Lithium Ltd as a related party due to common directors. Mr. Rob Mintak and Dr. Andy Robertson serve as directors of Standard Lithium Ltd ("STL") and Telescope Innovations Corp. During the year ended August 31, 2022, the Company entered into multiple service contracts and received total proceeds of $899,903 of which $831,375 was included in deferred revenues. The Company recognized $791,786 of the prior year deferred revenue as revenue in the current year. During the current year, the Company entered into new service contracts with STL and received total proceeds of $1,147,756 of which $169,487 was included in deferred revenues as at August 31, 2023. The total revenues recognized from STL contracts for the year was $1,770,055. As at August 31, 2023, $107,686 in payable from STL to the Company and included in accounts receivable.

Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to develop scalable manufacturing processes and tools for the pharmaceutical and chemical industry. The Company does not have any externally imposed capital requirements to which it is subject to.

The Company considers the aggregate of its equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

The Company's investment policy is to invest its cash in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from operations.

Outstanding Share Data

a) Authorized: The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and outstanding as of December 21, 2023: 53,665,569 common shares.

   In connection with the Company's direct listing on the Canadian Securities Exchange during in 2022, the Company entered into an Escrow Agreement dated September 27, 2021, whereby 11,643,741 common shares were held in escrow and are scheduled for release in accordance with the terms of the Escrow Agreement. As at December 21, 2023, there were 3,493,119 common shares in escrow.

c) Stock options outstanding: 4,283,050

d) Warrants outstanding: 2,439,749

Forward-looking Statements

This MD&A contains “forward-looking information” within the meaning of applicable Canadian securities legislation and “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, “forward-looking information”). In certain cases, forward-looking information can be identified by the use of words such as “plans”, “expects", “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or variations or the negative of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative of these terms or comparable terminology. By their very nature, forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. The Company disclaims any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.