OVERVIEW

The following management discussion and analysis ("MD&A") of the results of the operations and financial position of Redwood AI Corp. ("Redwood" or "the Company") (formerly Marshall Technologies Corp.) for the nine months ended May 31, 2026 should be read in conjunction with the Company's condensed interim consolidated financial statements for the nine months ended May 31, 2026 and the audited financial statements for the year ended August 31, 2025 which are available on the SEDAR+ website at www.sedarplus.ca. This MD&A contains information for the 2026 fiscal period to the date of this report being July 30, 2026.

The financial information in this MD&A is derived from the Financial Reports prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All figures contained in this MD&A are presented in Canadian dollars unless otherwise indicated.

Additional information is available upon request from the Company's head office at 1309 – 7th Street SW, Calgary, Alberta, T2R 1A5, or through the Company's SEDAR+ profile at www.sedarplus.ca.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements contained in the foregoing MD&A constitute forward-looking statements. Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions. Forward-looking statements in this MD&A include statements regarding the Company's future plans and expenditures, the satisfaction of rights and performance of obligations under agreements to which the Company is a part, the Company's proposed acquisition of Quantum.IQ (as defined below), including the satisfaction or waiver of closing conditions, the timing and completion of the Acquisition (as defined below), the expected business, technology, strategic and operational benefits of the Acquisition, and the integration and future development of Quantum.IQ's business, technology and assets; the Private Placement (as defined below) including the filing of the Prospectus Supplement (as defined below) to qualify the distribution of the Units (as defined below), the ability of the Company to hire and retain employees and consultants and estimated administrative assessment and other expenses. Such forward-looking statements involve a number of 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 statements. Forward-looking statements contained in this MD&A include statements with respect to, but not limited to the following: development of the Company's artificial intelligence ("AI") powered software, Reactosphere, including the ability of the synthesis prediction model designed to help users find the best way to create any given chemical; the anticipated benefits of the Performance Upgrade (as defined below), including any improvements in model efficiency and runtime speed, the ability to enable teams to run full studies more quickly, to expand deployment flexibility, to reduce ongoing operating costs and to allow the Company's chemistry synthesis model to run full studies on standard CPU infrastructure; the suitability of the Company's platform for potential clients with specific infrastructure footprints or intellectual property considerations; the anticipated commencement, scope, objectives, timing and potential results of the Mitacs Accelerate-supported research project with UBC and QAI (as defined below), including the ability to combine artificial intelligence with quantum computing methods, to support faster and more efficient approaches to chemical synthesis and to reduce research timelines and costs; the anticipated scope, timing and potential results of the Company's collaborative research project with the Page Lab (as defined below), including the design and optimization of inhibitors targeting NUDT5, the generation and evaluation of virtual libraries of synthetically tractable analogue compounds, the ability to help guide compound selection and accelerate the experimental work being carried out by the Page Lab, and the potential advancement of any resulting candidates toward future preclinical development; the anticipated scope, timing, development and potential utility of the Company's collaboration with Aidos (as defined below), including the development of an AI-powered analytical platform for the detection and prediction of toxic opioids, and the development of further decision-support tools; the anticipated participation of third parties in the foregoing projects and collaborations; and the potential commercial, operational, scientific or public-sector applications arising from any of the foregoing initiatives; the Company's future research and development programs and plans, and the anticipated timing and costs of same; and the continued operations of the Company being dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient equity financing and generate profitable operations in the future.

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 in this MD&A, the Company has made various material assumptions, including but not limited to: the Company's ability to continue developing Reactosphere and the Performance Upgrade in a manner consistent with management's expectations; that the closing conditions, approvals and consents required in connection with the Acquisition will be satisfied or obtained on terms and within timeframes acceptable to the Company; that the Company will complete the Acquisition on the terms currently contemplated; that the anticipated benefits of the Acquisition will be realized; that the Company will file the Prospectus Supplement within the expected timeframe or at all; the ability of the Company's chemistry synthesis model to improve efficiency and runtime speed, expand deployment flexibility, reduce operating costs and run full studies on standard CPU infrastructure; the suitability of the Company's platform for potential clients with specific infrastructure footprints or intellectual property considerations; the ability of the Company to continue its research projects and collaborations with UBC, QAI, the Page Lab and Aidos in a manner consistent with current expectations; the anticipated participation of third parties in the foregoing projects and collaborations; the Company's ability to successfully execute its plans and intentions; general business and economic conditions; the Company's ability to successfully execute its plans and intentions; availability of financing on reasonable terms; market competition; market for and potential revenues to be derived from the Company's products; costs, timing and future plans concerning operations of the Company will be consistent with current expectations; future interest rates; favourable operating conditions; the Company's ability to attract and retain skilled personnel and directors; political and regulatory stability; competitive conditions; market (including labour, financial and capital markets) conditions in Canada; timely receipt of governmental, regulatory and third-party approvals on favourable terms; and stability in the requirements placed on the Company under applicable laws. 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 but not limited to: negative cash flows from operations; requirement of additional capital, which may not be available to the Company when required on attractive terms, if at all; failure to further develop, prove out or commercialize the Company's technologies; the risk that the Company's development initiatives, research projects and collaborations may not proceed as anticipated or yield the expected results; the risk that the anticipated benefits or applications of the Company's platform, software and other technologies may not be realized; the risk that third parties may not participate in the Company's projects; the actual financial position and results of operations of the Company; significant ongoing costs and obligations relating to investments in infrastructure, growth, research and development, regulatory compliance and operations; that the Acquisition may not be completed on the terms anticipated or at all; that closing conditions, approvals or consents may not be satisfied or obtained; that the anticipated benefits of the Acquisition may not be realized; that integration of Quantum.IQ's business, technology or assets may be more difficult or costly than expected; that the Prospectus Supplement may not be filed within the expected timeframe or at all; protection of proprietary and intellectual property; litigation; conflicts of interest between the Company and its directors or management; adverse general economic conditions; dependence on key personnel; inflation-related risks; limits on insurance coverage and the occurrence of uninsurable risks; market price of the Company's common shares; and the Company being subject to regulatory burden. 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. Other than as required by applicable securities laws, the Company does not intend, and does not assume any obligation, to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking 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 the forward-looking statements

NATURE OF BUSINESS

The Company was incorporated on September 6, 2022, pursuant to the provisions of the *Business Corporations Act* (British Columbia).

The Company is a Vancouver-based company that integrates AI with chemistry to accelerate drug synthesis pathways. By leveraging advanced AI technology, the Company aims to reduce the time and cost associated with chemistry development, from discovery and preclinical research for pharmaceutical use cases. The Company has developed a proprietary AI-powered software, Reactosphere, designed to assist in automating manual tasks in drug synthesis, addressing a key bottleneck in pharmaceutical production. The tool aims to streamline laboratory operations, optimize equipment usage, and reduce chemical costs. Additionally, the tool and associated models are being tested in public safety settings and for defence-based applications.

The Company's business strategy focuses on leveraging proprietary AI models to address the growing need for smarter, faster, and more accurate chemical processes and for chemical identification and characterization. The Company's mission is to apply its AI capabilities to complex chemical research, creating transformative solutions for industries such as pharmaceuticals, biotechnology, public safety and defence.

The financial statements have been prepared under a going concern assumption which contemplates the Company will continue in operation and realize its assets and discharge its liabilities in the normal course of operations. Should the going concern assumption not continue to be appropriate, adjustments to carrying values may be required. The Company's ability to meet its obligations and maintain its current operations is contingent upon successful completion of additional financing arrangements and ultimately upon generating profitable operations.

Management expects to be successful in arranging sufficient funding to meet operating commitments for the ensuing year. However, the Company's future capital requirements will depend on many factors, including the costs of performing research and development activities, operating costs, the current capital market environment, and global market conditions. To achieve its long-term objectives, the Company will depend on outside capital. Such outside capital will include the issuance of additional equity shares. There can be no assurance that capital will be available, as necessary, to meet the Company's operating commitments and further development plans. The issuance of additional equity securities by the Company may result in significant dilution to the equity interests of current shareholders. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the future success of the business could be adversely affected.

ACQUISITION OF REDWOOD AI INC.

On January 30, 2026, the Company completed the acquisition of 100% of the issued and outstanding shares of Redwood AI Inc. ("Opco") (the "Transaction") in exchange for the issuance of 12,000,000 shares of the Company. This acquisition has been accounted for as an acquisition of assets in accordance with IFRS 2, Share-based payments, as Opco did not meet the definition of a business under IFRS 3, Business Combinations. As there was no change of control, Opco became a wholly-owned subsidiary of the Company on January 30, 2026, the closing date of the Share Purchase Agreement.

In relation to the Transaction, the Company issued 600,000 common shares to finders. The allocation of the consideration paid is summarized as follows:

	$
Consideration	
12,000,000 common shares at a fair value of $0.50 per share	6,000,000
600,000 common shares at a fair value of $0.50 per share issued as finder's fee	300,000
	6,300,000
Net assets acquired (liabilities assumed)	
Cash	5,224
GST receivable	9,751
Prepaid expenses	22,309
Accounts payable and accrued liabilities	(142,769)
Promissory notes payable	(771,884)
Net liabilities assumed	(877,369)
Transaction consideration	7,177,369

OPERATIONS UPDATE

On February 26, 2026, the Company announced a performance-focused upgrade (the "Performance Upgrade") to its proprietary AI-powered synthesis prediction model designed to help users find the best way to create certain chemicals. The Performance Upgrade is designed to improve model efficiency and runtime speed, thereby enabling teams to run full studies more quickly while expanding deployment flexibility and reducing ongoing operating costs. A key benefit of the Performance Upgrade is that it will allow Redwood's chemistry synthesis model to run full studies on standard CPU infrastructure, rather than solely on specialized GPU hardware, which will broaden the Company's platform and make it suitable for potential clients for whom other software is not suitable for their needs. The Performance Upgrade also aligns with recent advances in AI deployment strategies associated with "AI sovereignty," supporting biopharmaceutical organizations that prioritize keeping compute and sensitive workflows within their preferred infrastructure footprint. This is of critical importance given the sensitive intellectual property considerations of many organizations.

On March 26, 2026, the Company announced the launch date of a Mitacs Accelerate-supported research project with the University of British Columbia ("UBC"), delivered in collaboration with the Quantum Algorithms Institute ("QAI"). The Company and QAI are participating as co partner organizations on the project, which is anticipated to commence in April 2026. This research project represents an important step in Redwood's ongoing efforts to bring emerging technologies into real-world chemical applications. By combining artificial intelligence with quantum computing methods, the project aims to support faster and more efficient approaches to chemical synthesis, with the potential to one day reduce research timelines and costs for applications such as pharmaceutical development and defense applications.

On April 1, 2026, the Company announced the launch of a collaborative research project with the Brent Page Lab at UBC (the "Page Lab"), focused on the furthering the potential development of novel drugs for Alzheimer's disease. The project, titled "Novel Therapeutics for Neurodegeneration – Targeting NUDT5 in

Alzheimer's Disease," brings together Redwood's AI-driven computational drug research platform with the Page Lab's expertise in medicinal chemistry and drug discovery. The project will focus on the design and optimization of inhibitors targeting NUDT5, a protein involved in biological stress-related signaling processes associated with neurodegeneration in Alzheimer's disease. Redwood will apply its computational platform to generate and evaluate virtual libraries of synthetically tractable analogue compounds, with the goal of helping to guide compound selection and accelerate the experimental work being carried out by the Page Lab. By combining artificial intelligence with medicinal chemistry and biological testing, the project is intended to improve the efficiency of promising candidates for early-stage drug discovery and help advance them toward future preclinical development.

On April 17, 2026, the Company announced that it has entered into a two-year collaboration agreement (the "Collaboration") with Aidos Innovations ("Aidos") in relation to 'Track and Trace' pilot program, under which it will be working in collaboration with the Royal Canadian Mounted Police ("RCMP"), the Victoria Police Department ("VICPD"), and the Canada Border Services Agency ("CBSA") to develop an AI-powered analytical platform for the detection and prediction of toxic opioids, including fentanyl, across Vancouver and Victoria with potential for broader application across Canada. Aidos is a nonprofit institute focused on translating cutting-edge science into real-world solutions for people living with substance use disorder, with a mission centred on creating accessible tools, therapies, and technologies that support patients, clinicians, and front-line workers.

The Collaboration is intended to strengthen the region's response to the fentanyl crisis by providing a more coordinated, data-driven view of opioid activity in these two major urban centres, while also supporting broader public safety, border security, and national-level threat awareness objectives through improved coordination, earlier awareness of changes in the illicit drug supply, and more timely responses to emerging threats. The RCMP, VICPD, and CBSA will participate as key partners, helping to guide the development and use of the tool so that it supports front-line operational and intelligence needs in their jurisdictions. In addition to supporting law enforcement intelligence, the platform is intended to improve shared situational awareness among participating agencies and contribute to a more coordinated regional response to toxic drug activity. The Collaboration is expected to include the development of interactive dashboards, intelligence reports and other decision-support tools designed to help participating agencies interpret and act on emerging opioid activity more effectively.

<u>Comparison of Use of Proceeds from the Long Form Prospectus</u>

Investor relations expenditures exceeded the amount initially estimated in the Company's long form prospectus dated January 30, 2026 (the "Long Form Prospectus"). The Company has incurred approximately $2,000,000 in investor relations expenses since the date of the Long Form Prospectus, as compared to the previously disclosed estimate of approximately $600,000. Following the Company's public listing, the board of directors determined that enhanced investor awareness and communication initiatives were warranted and approved additional expenditures from available resources. These additional expenditures were not contemplated when the Long Form Prospectus was filed and were approved only after the Company assessed its post-listing investor relations requirements, available cash resources and overall financial position. The expenditures were funded primarily through a combination of previously unallocated working capital and cash proceeds received from warrant exercises following the Company's listing. In approving these expenditures, the board of directors considered the Company's available funds, ongoing cash inflows from Warrant exercises and the need to support the Company's visibility in the public markets.

The following table provides an update on the use of proceeds previously disclosed in the Long Form Prospectus (other than working capital), an explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones.

Use of Proceeds	**Intended Amount**	**Spent to Date**	**Variance and Impact on Business Objectives**
Executive and director compensation	$222,222	$80,000	Less executive and director compensation has been incurred.
Legal	$84,000	$84,000	None
Transfer agent and regulatory	$30,000	$230,000	Additional expenses were incurred with respect to the Short Form Base Shelf Prospectus contemplated by the Company.
Audit and tax	$50,000	$50,000	None
Corporate administration and accounting	$120,000	$120,000	None
Investor relations	$600,000	$2,000,000	The board of directors approved an additional budget to continue investor relations activities to support the Company's visibility in the public markets. The additional budget consisted of unallocated working capital, cash received through warrant exercises following listing and the Company's available cash resources. Approximately $1,000,000 was spent on the initial MCS Market Communication Service GmbH ("**MCS**") engagement, $900,000 for the extension of the MCS engagement and US$114,000 for the InvestorBrandNetwork engagement.
Office and general corporate administration	$24,000	$24,000	None
Office rent	$55,000	48,000	The current office rent is $8,000 per month.
Total	**$1,185,000**	$2,636,000	$1,451,000

SIGNIFICANT TRANSACTIONS DURING THE PERIOD

On November 25, 2025, the Company advanced a further $72,000 to Opco and extended the maturity date of the promissory note to January 31, 2026. In December 2025 and January 2026, the Company made further advances of $95,000 and $11,000 respectively to Opco, which had a maturity date of January 31, 2026. Subsequent to the acquisition of Opco, the outstanding balance of $403,316, which includes accrued interests of $5,316, was eliminated upon consolidation.

On November 24, 2025, the Company issued a promissory note of $16,000 to an arms-length third party, which was unsecured, bore interest at the TD Bank prime lending rate, and was due on or before November 24, 2026. On January 23, 2026, the holder of this promissory note contributed additional capital to the Company, which was satisfied by the forgiveness of this promissory note payable.

On November 25, 2025, the Company issued a promissory note of $48,000 to an arms-length third party, which was unsecured, bore interest at the TD Bank prime lending rate, and was due on or before November 25, 2026. On January 23, 2026, the holder of this promissory note contributed additional capital to the Company, which was satisfied by the forgiveness of this promissory note payable.

On February 4, 2026, the Company completed a name change from Marshall Technologies Corp. to Redwood AI Corp.

On February 6, 2026, the common shares of the Company commenced trading on the Canadian Securities Exchange (the "CSE"), under the symbol "AIRX".

Upon completion of the Transaction, the Company assumed promissory notes payable of $771,884. $403,316 of these promissory notes payable were owed by Opco to the Company.

On February 20, 2026, the Company entered into debt settlement agreements to settle $368,568 of the promissory notes payable and $35,004 of accounts payable by issuing 236,003 common shares of the Company.

On February 26, 2026, the Company announced a performance-focused upgrade to its proprietary AI-powered synthesis prediction model designed to help users find the best way to create any given chemical.

On March 5, 2026, the Company announced that it has begun receiving growing interest in its AI chemistry platform beyond its initial focus on AI-driven chemistry for potential drug development. The Company has recently received inquiries from organizations operating in other sectors, including defense and public safety for uses such as chemical hazard and threat screening, rapid characterization of unknown compounds, analysis of chemical signatures, and enhanced assessment of precursor chemical supply chains. These discussions highlight the broader potential of Redwood's proprietary AI platform, which was originally developed to accelerate pharmaceutical discovery, but it can also be utilized to analyze and interpret complex chemical datasets across multiple domains.

On April 13, 2026, the Company announced the appointment of Mr. Sam Shahrokhi to its Board of Directors, effective immediately.

SELECTED FINANCIAL INFORMATION

The table below sets out certain selected financial information regarding the operations of the Company for the period indicated. The selected financial information has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements and related notes.

The Company has not declared any dividends since its incorporation and does not anticipate paying cash dividends in the foreseeable future on its common shares and intends to retain any future earnings to finance internal growth, acquisitions, and development of its business. Any future determination to pay cash dividends will be at the discretion of the board of directors of the Company and will depend upon the Company's financial condition, results of operations, capital requirements and such other factors as the board of directors deems relevant.

	Three Months Ended		**Nine Months Ended**	
Summary of Operations	**May 31, 2026**	**May 31, 2025**	**May 31, 2026**	**May 31, 2025**
	$	**$**	**$**	**$**
Total expenses	7,322,094	167,604	10,398,336	395,458
Net loss for the period	(7,294,632)	(166,275)	(18,136,332)	(391,919)
Basic and diluted loss per share	(0.21)	(1.77)	(1.18)	(4.32)

Balance Sheet Summary	**May 31, 2026**	**August 31, 2025**
	$	**$**
Current assets	1,697,371	4,434,945
Total assets	1,701,632	4,434,945
Total current liabilities	202,626	4,868,424
Working capital (deficit)	1,494,745	(433,479)

QUARTERLY INFORMATION

Results from the eight most recently completed quarters are summarized below.

	May 31, 2026	February 28, 2026	November 30, 2025	August 31, 2025
	$	$	$	$
Revenue	-	-	-	-
Net loss for the period	(7,294,632)	(10,765,596)	(76,104)	(139,729)
Total assets	1,701,632	2,324,473	4,531,239	4,434,945
Basic and diluted loss per share	(0.21)	(0.98)	(0.81)	(1.49)
Weighted average shares outstanding	34,895,300	11,015,167	93,750	93,750
	May 31, 2025	**February 28, 2025**	**November 30, 2024**	**August 31, 2024**
	$	$	$	$
Revenue	-	-	-	-
Net loss for the period	(166,275)	(127,232)	(98,412)	(56,573)
Total assets	620,932	132,738	168,753	35,017
Basic and diluted loss per share	(1.77)	(1.36)	(1.16)	(56,573)
Weighted average shares outstanding	93,750	89,089	84,478	1

RESULTS OF OPERATIONS

<u>For the three months ended May 31, 2026:</u>

During the three months ended May 31, 2026, the Company recorded a net loss of $7,294,632 as compared to a net loss of $166,275 for 2025. The increase in net loss was due to a higher level of corporate activities, subsequent to the acquisition of Opco.

Total expenses for the three months ended May 31, 2026 amounted to $7,322,094 as compared to $167,604 for 2025, an increase of $7,154,490. The increase in net loss can be attributed to the following:

- Advertising expense of $580,495 (2025 - $nil), which was incurred to increase investor awareness and to promote the Company.
- Consulting fees of $14,360 (2025 - $nil), which increased as a result of the Company hiring third party consultants.
- General and administrative expenses of $32,102 (2025 - $111) related to general corporate expenditures which increased due to a higher level of corporate activities.
- Listing and filing fees of $109,784 (2025 - $4,383) related to the public listing of the combined entity.
- Professional fees of $88,884 (2025 - $163,110) related to legal, audit, accounting and corporate administration services incurred in relation to the Transaction with Opco as well as the public listing of the combined entity.
- Salaries and wages of $143,654 (2025 - $nil) increased as a result of the Transaction with Opco and were related to the Company's internal development team comprised of leading scientists in their respective fields of expertise.
- Share-based compensation of $6,163,725 (2025 - $nil) related to the issuance of RSUs and options to officers, directors and consultants of the Company.

For the nine months ended May 31, 2026:

During the nine-month period ending May 31, 2026, the Company recorded a net loss of $18,136,332 as compared to a net loss of $391,919 for the comparable period ended. The increase in loss was due to an increased level of corporate activities, as the Company completed the Transaction with Opco as well as the public listing of the combined entity's common shares on the CSE.

Total expenses for the nine-month period ended May 31, 2026 amounted to $10,398,336 as compared to $395,458 for the comparable period ended, an increase of $10,002,878. The increase in net loss can be attributed to the following:

- Advertising of $1,595,288 (2025 - $21,000), which was incurred to increase investor awareness and to promote the Company.

- Consulting fees of $212,143 (2025 - $nil), which increased as a result of the Company hiring third party consultants.

- General and administrative expenses of $50,507 (2025 - $4,106) related to general corporate expenditures which increased due to a higher level of corporate activities.

- Listing and filing fees of $197,672 (2025 - $10,673) related to the public listing of the combined entity.

- Professional fees of $235,285 (2025 - $359,679) related to legal, audit, accounting and corporate administration services incurred in relation to the Transaction with Opco as well as the public listing of the combined entity.

- Salaries and wages of $201,520 (2025 - $nil) increased as a result of the Transaction with Opco and were related to the Company's internal development team comprised of leading scientists in their respective fields of expertise.

- Share-based compensation of $7,706,170 (2025 - $nil) related to the issuance of RSUs and options to officers, directors and consultants of the Company.

- Interest income of $70,428 (2025 - $3,314) was recognized in relation to the promissory note issued to Opco.

- Loss on debt settlement of $658,442 (2025 - $nil) was recognized as the Company entered into debt settlement agreements to settle accounts payable of $35,004 and promissory notes payable of $368,568.

- Transaction consideration of $7,177,369 (2025 - $nil) was recognized as a result of the Transaction with Opco and represented the excess of common shares issued for the acquisition in comparison to the net liabilities assumed.

FINANCING ACTIVITIES

On August 28, 2024, the Company issued 6,000,000 subscription receipts at $0.0025 per subscription receipt for proceeds of $15,000, which were received on September 18, 2024. Upon completion of the Transaction, these subscription receipts have been converted into 3,000,000 units of the Company on January 30, 2026, where each unit consists of one common share of the Company and two-thirds of one whole share purchase warrant. Each whole share purchase warrant will allow the holder to purchase one common share of the Company at $0.25 per common share for a period of five years from the issuance date.

On September 4, 2024, the Company issued 18,000,000 subscription receipts at $0.01 per subscription receipt for proceeds of $180,000. Upon completion of the Transaction, these subscription receipts have been converted into 9,000,000 common shares of the Company on January 30, 2026.

On September 9, 2024, the Company issued 93,750 common shares at a price of $0.20 per share for proceeds of $18,750, which was previously received in September 2023.

On September 9, 2024, the Company repurchased and cancelled 1 common share from the founder of the Company for consideration of $1.

On June 12, 2025, the Company issued 8,515,000 subscription receipts at $0.50 per subscription receipt for proceeds of $4,257,500. Upon completion of the Transaction, these subscription receipts have been converted into 8,515,000 units of the Company on January 30, 2026, where each unit consists of one common share of the Company and one half of one share purchase warrant. Each whole share purchase warrant will allow the holder to purchase one common share of the Company at $0.70 per common share for a period of five years from the issuance date. In addition, 516,800 finder's warrants were issued in connection with the subscription receipt financing. Each finder's warrant entitles the holder thereof to purchase one common share at a price of $0.70 per share for 5 years.

On November 24, 2025, the Company issued a promissory note of $16,000 to an arms-length third party, which was unsecured, bore interest at the TD Bank prime lending rate, and was due on or before November 24, 2026. On January 23, 2026, the holder of this promissory note contributed additional capital to the Company, which was satisfied by the forgiveness of this promissory note payable.

On November 25, 2025, the Company issued a promissory note of $48,000 to an arms-length third party, which was unsecured, bore interest at the TD Bank prime lending rate, and was due on or before November 25, 2026. On January 23, 2026, the holder of this promissory note contributed additional capital to the Company, which was satisfied by the forgiveness of this promissory note payable.

On January 23, 2026, the holders of the $0.0025 and $0.001 subscription receipts, respectively, contributed additional capital to the Company, in the aggregate amount of $405,000, in order to raise the average cost of each such subscription receipt to $0.05.

On January 30, 2026, the Company issued 12,000,000 common shares pursuant to the Transaction. In addition, the Company issued 600,000 common shares with total fair value of $300,000 to finders .

On January 30, 2026, the Company issued 300,000 common shares with fair value of $150,000 pursuant to a Corporate and Financial Advisory Agreement.

During the nine months ended May 31, 2026, the Company issued 236,003 common shares at a fair value of $403,572 to settle accounts payable of $35,004 and promissory notes payable of $368,568 pursuant to debt settlement agreements and recorded a $658,442 loss on settlement of debt.

During the nine months ended May 31, 2026, the Company issued 2,180,800 common shares for gross proceeds of $626,560 pursuant to the exercise of warrants.

LIQUIDITY & CAPITAL RESOURCES

As at May 31, 2026, the Company had a working capital of $1,494,745 (August 31, 2025 – deficit of $433,479), cash of $1,093,345 (August 31, 2025 - $22,285) and restricted cash of $nil (August 31, 2025 - $4,161,989). During the nine months ended May 31, 2026, net cash used in operating activities was $3,506,903. Net cash from investing activities were related to the advances made towards promissory note receivable of $178,000 and equipment purchase of $4,383, offset by cash acquired on acquisition of Redwood AI Inc. of $5,224. As part of financing activities, the Company incurred share issue costs of $438,427, received additional contribution of $405,000 and proceeds of $626,560 from exercise of warrants.

These condensed interim consolidated financial statements have been prepared with the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business. During the nine months ended May 31, 2026, the Company had no revenues, incurred a net loss of $18,136,332, and had negative cash flows from operations. As at May 31, 2026, the Company had a working capital of

$1,494,745 and an accumulated deficit of $18,783,561. The continued operations of the Company are dependent on its ability in the future to achieve profitable operations and obtain the necessary financing to meet its obligations such that it can repay its liabilities when they become due. The inability to achieve these objectives may cast significant doubt about the Company's ability to continue as a going concern. These condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements. The impact of these adjustments could be material.

CAPITAL MANAGEMENT

The Company considers its capital structure to include net residual equity of all assets, less liabilities. The Company's objectives when managing capital are to (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to pursue the development of its research projects; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash. The Company is not subject to any externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from prior year.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES AND EXECUTIVE COMPENSATION

Key management includes directors (executive and non-executive) and officers of the Company. The amounts due to related parties are for amounts due to directors and officers. The balances are unsecured, non–interest bearing and have no specific terms for repayment.

During the nine months ended May 31, 2026, the Company incurred $107,812 (2025 - $nil) of salaries and wages to the CEO of the Company and consulting fees of $9,000 (2025 - $5,777) related to services provided by a company controlled by CFO of the Company. As at May 31, 2026, the Company owed $2,000 (August 31, 2025 - $8,777) to the company controlled by CFO of the Company, which is included in accounts payable and accrued liabilities.

During the nine months ended May 31, 2026, the Company also incurred $1,114,689 (2025 - $nil) of share-based compensation to the directors of the Company.

The related party transactions were recorded at the exchange amount, which is considered equivalent to the fair value of the services provided.

ONGOING CONTRACTUAL OBLIGATIONS

The Company entered into a consulting agreement effective as of December 11, 2024 with GKM Consulting Inc. (the "CFO Agreement"), for the services of Mr. Nico Mah to act as the CFO and Corporate Secretary for a monthly fee of $1,000, plus applicable taxes plus $150 per hour for each hour in excess of the minimum commitment of Mr. Mah's attention and ability to the business and affairs of the Company and its subsidiaries on a part-time basis of no less than 15 hours per quarter. The CFO Agreement does not have any provisions with respect to change of control.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are disclosed in Note 2 of the condensed interim consolidated financial statements for the nine months ended May 31, 2026.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Refer to Note 10 of the Company's financial statements for the year ended August 31, 2025, for disclosure regarding the Company's financial instruments. Cash, accounts payable and accrued liabilities, and advances payable are held at amortized cost which approximates fair value due to the short-term nature of these instruments.

SUBSEQUENT EVENTS

Subsequent to May 31, 2026, the Company issued 384,000 common shares pursuant to exercise of warrants and 1,050,000 common shares pursuant to exercise of RSUs.

On June 26, 2026 the Company entered into a share purchase agreement dated June 26, 2026 with Quantum.IQ Technologies Inc. ("Quantum.IQ") and the shareholders of Quantum.IQ, pursuant to which the Company will acquire all of the issued and outstanding shares of Quantum.IQ (the "Acquisition"), subject to the satisfaction or waiver of customary closing conditions.

On July 21, 2026, the Company closed a private placement (the "Private Placement") of 1,663,000 special warrants of the Company ("Special Warrants") at a price of $2.11 per Special Warrant, for gross proceeds of $3,508,930. Each Special Warrant is exercisable into one unit which consists of one common share and one common share purchase warrant of the Company. Each warrant shall entitle the holder thereof to acquire one common share at a price of $2.48 per share for a period of 5 years following the closing. 83,150 agent warrants have been issued in connected with the private placement, with each agent warrant being exercisable to acquire one common share at a price of $2.48 per share for 5 years.

Each Special Warrant will be automatically exercised, without the payment of any additional consideration, into one Unit on the date (the "Qualification Date") that is the earlier of: (i) 4 months and a day following the closing of the Private Placement, and (ii) the date that a prospectus supplement (the "Prospectus Supplement") is filed to qualify the distribution of the Units. However, if the Prospectus Supplement has not been filed on or before the date that is 90 days following the closing of the Private Placement (the "Penalty Provision"), then each Special Warrant will be exercisable, at no additional consideration, for 1.10 units (each, a "Penalty Unit") (instead of one unit).

OUTSTANDING SHARE DATA

The Company had the following securities issued and outstanding:

	May 31, 2026	**Date of MD&A**
Common shares	35,925,553	37,359,553
Warrants	4,593,500	4,292,650
Special warrants	-	1,663,000(1)
RSU	1,850,000	800,000
Stock options	50,000	50,000

(1) If the Penalty Provision is triggered, 1,663,000 Special Warrants will be exercisable into 1,829,300 Penalty Units (instead of 1,663,000 Units).

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The following table sets out the following material components for the periods presented:

	Nine months ended May 31, 2026 $	Nine months ended May 31, 2025 $
General and administrative expenses	10,398,336	395,458
Other material costs expensed or recognized as assets	7,737,996	3,539
Total	18,136,332	391,919

OUTLOOK

The Company's primary focus for the foreseeable future will be on the business of developing AI models to assist in the investigation and development of pharmaceuticals as well as defense and public safety-associated chemical tracking.

RISKS

The Company is subject to a number of risks and uncertainties that could significantly affect its financial condition and performance. As the Company grows and enters into new markets, these risks can increase. These risk factors are not a definitive list of all risk factors associated with the Company or in connection with the Company's operations.

The Company has no history of profitable operations and a limited operating history. The Company's present business is at an early stage of development. As such, many risks common to such early-stage enterprises, including cash shortages and limitations with respect to personnel, financial and other resources, and access to capital, exist. Certain risks and assumptions include, among others:

- the Company's limited operating history;
- uncertainty as to the Company's ability to continue as a going concern;
- substantial fluctuation of losses due to numerous external risk factors out of the Company's control that cause the Company to incur significant losses in the future;
- uncertainty as to the Company's ability to raise additional funding to support operations;
- regulatory approval as well as with health and data protection laws and risks;
- compliance with environmental and consumer health and safety laws and regulations;
- uncertainty surrounding the Company's reputation and feasibility of product developments;
- the Company's ability to adequately protect its intellectual property and trade secrets;
- risks related to various tax matters;
- the Company's reliance on the capabilities and experience of the Company's key executives and the resulting loss of any of these individuals;
- liquidity of the Company's securities;
- risks related to additional issuances and dilution of the Company's securities;
- risks related to the Company's capital structure;
- the costs associated with maintain public listings; and
- other factors beyond the Company's control.

There is no assurance that the Company will be successful in executing its business plan and generating a return on shareholders' investments. The likelihood of success must be considered in relation to its early stage of operations and industry. There are a number of risk factors that could cause future results to differ materially from those described herein. Additional risks and uncertainties, including those that the Company does not know about or that it currently deems immaterial, could also adversely affect the Company's business and results of operations.

ADDITIONAL INFORMATION

Additional information related to the Company will be available for view on the Company's SEDAR+ profile at www.sedarplus.ca, or by requesting further information from the Company's head office.

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