Management's Discussion and Analysis

Telo Genomics Corp.

For the three months ended September 30, 2020 and 2019

For the Three Months Ended September 30, 2020 and 2019

*This management's discussion and analysis ("**MD&A**") of Telo Genomics Corp. (formerly 3D Signatures Inc.) (the "**Company**" or "**TELO**") for the interim period ended September 30, 2020 as prepared on November 30, 2020. This MD&A was prepared with reference to National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators. This MD&A should be read in conjunction with the condensed interim consolidated financial statements for the period ended September 30, 2020 and the audited consolidated financial statements for the year ended June 30, 2020 and the related notes, which have been prepared by management in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Financial Accounting Standards Board ("**IASB**"). Additional information regarding the Company is available on SEDAR at www.sedar.com.All amounts are expressed in Canadian dollars.*

CAUTION REGARDING FORWARD-LOOKING STATEMENTS AND RISK FACTORS

Certain statements and information in this MD&A contain forward-looking statements or forward-looking information under applicable Canadian securities legislation that may not be based on historical fact, including, without limitation, statements containing the words "believe", "may", "plan", "will", "estimate", "continue", "anticipate", "intend", "expect", "predict", "project", "potential", "continue", "ongoing", "could", "would", "seek", "target" or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words and similar expressions.

Forward-looking statements are necessarily based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as factors that we believe are appropriate. Forward-looking statements in this MD&A include, but are not limited to, statements relating to:

- the initiation, timing, cost, progress and success of our research and development programs;
- our ability to advance product candidates into, and successfully complete, clinical studies;
- the timing of, our decision to seek, and our ability to achieve regulatory approval for our current and future diagnostic and prognostic tests (the "**Tests**") being developed;
- our ability to achieve profitability;
- the Company's ability to establish and maintain relationships with collaborators with acceptable development, regulatory and commercialization expertise, and the benefits to be derived from such collaborative efforts;
- the implementation of our business model and strategic plans;
- our estimates of the size of the potential markets for our Tests;
- our commercialization, marketing and manufacturing capabilities and strategy;
- our ability to protect our intellectual property and operate our business without infringing upon the intellectual property rights of others;
- the therapeutic benefits, effectiveness and safety of our Tests;
- the rate and degree of the market acceptance and clinical utility of our future products, if any;
- our expectations regarding market risk, including interest rate changes and foreign currency fluctuations;

- the release of the provision against the value of the intangible assets;
- our expectations that clinical results will be detailed and published in peer-reviewed papers and journals;
- our ability to engage and retain the employees required to grow our business; and
- estimates of our expenses, future revenue, capital requirements and our need for additional financing.

Such forward-looking statements reflect our current views with respect to future events, are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by TELO as of the date of such statements, are inherently subject to significant medical, scientific, business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause our actual results, performance, achievements, prospects or opportunities to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including, but not limited to: (i) obtaining positive results from the Company's clinical studies; (ii) obtaining regulatory approvals for the Company's Tests; (iii) assumptions regarding general business and economic conditions; (iv) the Company's ability to successfully develop the Tests; (v) that our current positive relationships with third parties will be maintained; (vi) the availability of financing on reasonable terms; (vii) the Company's ability to attract and retain skilled staff; (viii) assumptions regarding market competition; (ix) the products and technology offered by the Company's competitors; and (x) the Company's ability to protect patents and proprietary rights.

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined in this MD&A under the heading "*Risks and Uncertainties*". Should one or more of these risks or uncertainties, or a risk that is not currently known to us, materialize, or should assumptions underlying the forward-looking statements contained herein prove incorrect, actual results may vary materially from those described herein. All forward-looking statements herein are made as of the date of this MD&A and we do not intend, and do not assume any obligation, to update these forward-looking statements except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

COMPANY OVERVIEW AND DISCUSSION OF OPERATIONS

Business Overview

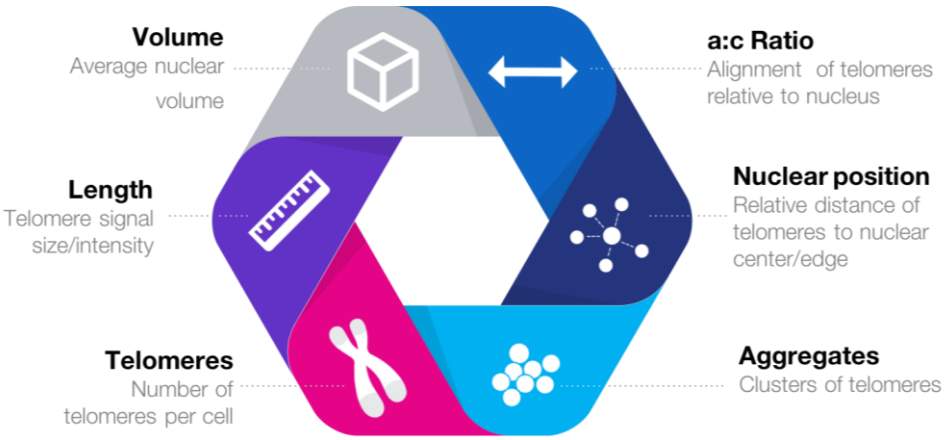
Liquid biopsy is a rapidly growing field in diagnostics and of significant interest to the medical community. Importantly, it can be just as informative and less invasive than traditional diagnostic approaches, such as tissue biopsy. Liquid biopsy that uses genomic testing goes beyond a simple blood test; it can provide important actionable information to practitioners in regard to confirming disease, when or if to treat, treatment selection, monitoring and recurrence of disease.

Telo Genomics (TELO) is a biotech company that is developing the most comprehensive telomere analysis platform in the industry, with powerful diagnostic and prognostic applications based on the quantification of genomic instability as a disease predictor. Telomeres are the protective caps at the end of chromosomes and are considered a safeguard of the genome. Dysfunction of telomeres has been linked with genomic instability and disease. *(Mai S. The Three-Dimensional Cancer Nucleus Genes Chromosomes Cancer. 2019;58:462-473)*

Genomic instability is a key feature in many diseases and it occurs when there are genomic alterations or mutations during cell division. TELO's applications include the use of liquid biopsies and other less-invasive types of biopsies in analyzing the genomic instability of several oncogenic and neurological diseases.

TELO's technologies utilize a multi-step process that involves; capturing sample cells from blood or other easy to access cells, labeling and putting them into a 3D format, processing and analyzing with TeloView® resulting in a personalized TeloView® generated report.

TeloView® is TELO's proprietary software platform used to quantify specific features of each patient's telomeres. It quantifies 6 specific biological and structural features of cellular telomeres and builds a score for each patient to assess their risk of disease progression and potential treatment response.



One of the key features of TELO's technologies is that it is based on single cell biology. Genomic instability and telomere dysfunction originate in single cells, therefore TeloView® is able to capture the heterogeneity and complexity of cancers with relatively small sample sizes in its clinical studies. Many of the alternative genomic testing approaches are not single cell technologies and must use technologies that amplify samples to achieve statistical significance, which introduces low signal-to-noise issues and potentially misses anomalies and heterogeneity of the disease. Liquid biopsy technologies that use amplification usually require much bigger and longer studies involving large number of patients.

The utility of TELO's proprietary technologies has been substantiated in over 150 peer-reviewed publications and in over 25 clinical studies involving more than 3,000 patients with multiple cancers and Alzheimer's disease. TELO benefits from over twenty years of foundational and translational research conducted by the company's founder Dr. Sabine Mai from the University of Manitoba, where she holds multiple prestigious positions, including Canada Research Chair (Tier 1) in Genomic Instability and Nuclear Architecture of Cancer.

TELO has secured intellectual property protection in various jurisdictions around the world and owns patents and pending patent applications in the United States, Canada and the EU. The scope of the IP covers the core technology and specific applications of the technology. In addition to the patents and pending patent application, TeloView® is protected as a trademark in the USA, Canada, Europe and Israel.

Title	Clinical Relevance
Method of Monitoring Genomic Instability Using 3D Microscopy and Analysis	Prognostic, risk predictive and monitoring test for several cancers
Methods of Detecting and Monitoring Cancer Using 3D Analysis of Centromeres	Prognostic, risk predictive and monitoring test for several cancers
Diagnostic Methods for Hematological Disorders	Prognostic and risk predictive test for blood cancers
Methods for Diagnosing Alzheimer's Disease	Prognostic and risk predictive test for Alzheimer's disease patients
Methods for Evaluating Alzheimer's Disease and Disease Severity	Prognostic and risk predictive test for Alzheimer's disease patients
Method for Characterizing and Isolating Circulating Tumour Cell Subpopulations (Prostate Cancer)	Prognostic and risk predictive test for Prostate Cancer patients
Diagnostic Methods Using Granulometry	Prognostic, risk predictive and monitoring for several cancers by examining DNA-occupied territories inside the cell/nucleus

TELO intends to develop and either commercialize or license a portfolio of genomics-based tests to enable precise disease stratification, predictive prognostics and convenient patient monitoring to healthcare professionals, drug developers and clinical researchers. The company is also seeking to engage in collaborations with biopharmaceutical companies geared towards improving their drug-screening capabilities and developing companion diagnostics that identify or monitor appropriate patients for a given therapeutic agent based on TELO's platform tests. TELO will pursue such arrangements with biopharmaceutical companies to potentially diversify future revenue streams and to provide incremental opportunities to develop the tests into companion diagnostics.

The Company has assembled a team of Directors, Management and Advisors with successful track records respectively in science and technology, financing, and the development and commercialization of biomedical products. As stated, the team is currently developing the Company's commercialization strategy focusing on the United States as the primary target market and is currently evaluating four main pathways to revenues;

- License or sale directly to pharmaceutical companies for research use only products with the option to develop tests for companion diagnostic;
- License or sale to a diagnostic product company or clinical laboratory company for commercialization;
- Direct sales through a Telo Genomics' CLIA laboratory as a Laboratory Developed Test ("LDT");
- Direct sales as an in vitro diagnostic test ("IVD") under FDA approval as a new product.

TELO's registered and records office is located at 1200-750 West Pender St. Vancouver, BC V6C 2T8, and its corporate head office is located at MaRS Centre, South Tower, 101 College Street, Suite 200, Toronto, Ontario M5G 1L7. The MaRS Discovery District is a non-profit innovation hub that houses over 1,200 Canadian science and technology companies focused on the commercialization of biomedical technologies and solutions.

TELO's clinical development operations are conducted in the Company's offices and laboratories located in the MaRS Centre. TELO's laboratories include a state-of-the art wet lab, which enables TELO to independently conduct its testing workflow in-house. TELO's laboratories also include a state-of-the-art image acquisition and analysis facility equipped with 3 image acquisition fluorescent microscopes with 3D imaging capabilities, and multiple image processing and analysis stations.

Lead Application - Multiple Myeloma (TELO-MM®)

Background:

TELO's primary focus is in developing its lead application TELO-MM – which is a prognostic genomics-based test that can be used as a diagnostic/prognostic tool for determining disease stages of multiple myeloma, and to provide important actionable information to healthcare professionals.

On December 19, 2019 TELO announced a research collaboration with the Mayo Clinic in Minnesota, to conduct clinical studies to evaluate and validate the utility of the Company's TELO-MM in addressing certain clinical unmet needs in the management of multiple myeloma.

Multiple myeloma (MM) is a cancer that forms in a type of white blood cell called plasma cell. It causes cancer plasma cells to accumulate in the bone marrow where they crowd out healthy cells. Symptoms can include bone pain, frequent infections and nausea. It is a deadly disease. MM is preceded by an asymptomatic expansion of plasma cells, recognized as monoclonal gammopathy of undetermined significance (MGUS) or smoldering MM (SMM). Patients with MGUS or SMM are generally not treated but frequently monitored to make sure they have not evolved to full stage MM. A diagnostic/prognostic test that could predict which patients have high risk to become transition into full stage MM would be very useful in management of the disease. Once patients do have MM, it is rarely cured but can go into remission with treatment. Another important diagnostic/prognostic application would be to accurately predict which patients are at the highest risk of relapse while on treatment, to increase monitoring and to initiate follow-on treatment. MM has a 5–year survival rate of 43% for stage III and 83% for stage II, with a life expectancy of 8-10 years.

Study Design:

The Company has designed, in collaboration with Dr. Shaji Kumar, MD, Mayo Clinic and Dr. Kenneth Anderson, MD, Harvard School of Medicine, studies to advance two potential TELO-MM tests to the clinic. The studies are designed to confirm the clinical utility established by the proof of concept studies conducted in Dr. Mai's laboratory.

- *Study #1a – Confirm if* TeloView® *can predict the transition of smoldering multiple myeloma to active multiple myeloma.*

Only between 10-15% of patients diagnosed with smoldering multiple myeloma, an asymptomatic pre-cursor to multiple myeloma, progress to active multiple myeloma. Early recognition of high-risk patients can lead to earlier treatment, potentially delaying the onset of active multiple myeloma and its painful symptoms. For the majority of lower-risk patients with smoldering multiple myeloma there is a great benefit to not over-treat. There are currently no known clinical tests that can predict the progression of smoldering multiple myeloma to multiple myeloma. There are approximately 250,000 people with smoldering multiple myeloma in the United States.

- *Study #1b – Confirm if* TeloView® *can predict patient response to initial therapy.*

Choosing an effective initial therapy improves a patient's chances of going into remission and delays the onset of the painful symptoms associated with multiple myeloma. It is also possible to prevent the

initiation of an expensive therapy that may not be effective. First line therapy for multiple myeloma currently consists of a complex cocktail of chemotherapies or a combination of chemotherapies and immunotherapies. Multiple myeloma is very difficult to treat and therapies must be adjusted over the course of the disease. It is forecasted that there will be 32,000 new cases of multiple myeloma in the US in 2020.
(http://seer.cancer.gov/statfacts/html/mulmy.html)

The validation of each test includes two stages. Stage 1a & 1b of the two initial TELO-MM tests will be conducted on retrospective specimens to avoid the lengthy process of recruiting patients prospectively and facilitate a quick turnaround in collecting the study results. In this setting, TELO has the opportunity to analyze existing patient samples and immediately match the TeloView® results to the follow-up clinical data (illustrating which patient's disease progressed or did not progress, and whether the patient responded to treatment or not). The second stage of the study will be conducted prospectively.

Regulatory Process & Commercialization plans

Telo Genomics is evaluating multiple regulatory approval pathways to launch the TELO-MM test into the clinical market in the US and Canada.

a) **LDT pathway: Develop and launch TELO-MM as a laboratory developed test (LDT) with a partner lab or a Telo Genomics' owned lab in the United states or Canada.**

   The development of the TELO-MM test as an LDT test will follow the Clinical Laboratory Improvement Amendments (CLIA) guidelines. The clinical claim of the TELO-MM test was determined in collaboration with Telo Genomics clinical advisory board as a guide to predict the transition of smoldering multiple myeloma to active multiple myeloma. The necessary clinical studies will be performed following the CLIA and FDA guidelines. Initial discussion will help with potential commercial partners based in the US and Canada once the initial stage 1a) study with Mayo has been completed. Telo Genomics is also evaluating studies with additional clinical centers in the US and Canada.

b) **License to partner: Licensing the TELO-MM test to a diagnostic clinical laboratory or a medical institution in the US.**
   Initial discussion will be held with potential licensing partners once the initial stage 1a) study with Mayo has been completed. TELO will focus on companies that are active in the Multiple Myeloma diagnostic and disease management.

c) **IVD pathway: Develop the TELO-MM test as an In-vitro Diagnostic (IVD) following the FDA's In-vitro diagnostic device (IVDD) regulations. Telo Genomics would also seek the CE certification of the TELO-MM test to allow commercialization outside of the US.**

   The development of the TELO-MM test as an IVD product, allowing it to be sold to any hospitals and laboratories worldwide, will require a significant investment in time and capital. Following the IVD guidelines will allow Telo Genomics to add other cancer tests using the sample platform and increase the number of potential future acquisition partners.

Bio-Pharma Partnerships
Telo Genomics, in partnership with the cancer care center of Manitoba has published over 130 publication across multiple cancer types highlighting the utility of the technology for clinical research, dug development and diagnostics.

Telo Genomics is evaluating entering into Bio-Pharma partnership business to offer research products and sample testing services for bio-pharma and research institutions to increase the awareness of the technology.

COVID-19

The outbreak of the coronavirus ("Covid-19") pandemic may impact TELO's plans and activities. The Company may face disruption to operations, supply chain delays and the impact on economic activity in affected countries or regions can be unexpected and can be difficult to quantify. Such pandemics or diseases represent a serious threat to maintaining a skilled workforce and could be a health-care challenge for the Company. There can be no assurance that these pandemic diseases will not impact TELO's personnel and ultimately that the Company would not see its workforce productivity reduced or incur increased medical costs/insurance premiums as a result of these health risks. Additional cyber-security risks exist due to personnel working remotely. In addition, the Covid-19 pandemic has created a dramatic slowdown in the global economy. The duration of the Covid-19 outbreak and the resultant travel restrictions, social distancing, government response actions, business closures and business disruptions, can all have an impact on the Company's operations and access to capital. There can be no assurance the TELO will not be impacted by adverse consequences that may be brought about by the Covid-19 pandemic on global financial markets, may reduce share prices and financial liquidity and thereby that may severely limit the financing capital available.

CURRENT CORPORATE DEVELOPMENTS AND GOING CONCERN

On December 20, 2019 TELO announced that it has signed a collaboration agreement with the Mayo clinic to validate its TELO-MM tests for multiple myeloma. The collaboration is to be divided into two parts. The first, is to predict the progression of multiple myeloma precursors to full stage multiple myeloma and the second, is to predict patient responses to first-line therapy at the point of diagnosis. Both are considered important inflection points in the treatment of multiple myeloma.

On November 16, 2020 the Company has announced study results showing that TeloView® analysis differentiates between stable smoldering multiple myeloma patients and patients that progressed to active multiple myeloma.

In this study, TeloView®'s quantitative and spatial analysis of 6 key parameters of telomeres was conducted on a total of 26 patients that were diagnosed with smoldering multiple myeloma. The cohort included 21 stable patients who remained at the smoldering stage for over 5 years and 5 high-risk patients that progressed to the active multiple myeloma stage within 2 years from point of diagnosis. A high level of statistical significance was observed across all of the 6 parameters measured by TeloView®, and the analysis distinguished between the group of patients that remained stable with smoldering multiple myeloma from the group that progressed to active multiple myeloma in 26 out of the 26 patients-cohort.

The study was conducted blindly on the diagnostic specimens suggesting the capability of TeloView® analysis to stratify smoldering multiple myeloma patients at the point of diagnosis. These results have the potential to guide evidence-based decisions to treat smoldering multiple myeloma patients with a high risk of progression, addressing a critical unmet clinical need in the management of multiple myeloma.

Telo Genomics is conducting further studies on expanded cohorts of patients to further validate the results obtained from this proof of concept study, and to confirm the utility of its TeloView® technology to predict the progression of smoldering multiple myeloma in patients.

On November 11, 2020 the Company has announced that it has received final approval and grant of three of its pending patent applications including:

- Diagnostic Methods for Hematological Disorders (Hematological Cancers) - Canada
- Methods for Characterizing and isolating circulating tumor cell subpopulations (Liquid biopsy) - Canada
- Methods of Diagnosing Alzheimer's Disease - Europe

TELO has already been granted final patents governing its intellectual property ("IP") for hematological cancers in the USA, and Alzheimer's Disease in the USA and Canada. TELO's patent application on liquid biopsy in the USA is still pending.

On October 21, 2020 the Company announced that that it has engaged Leede Jones Gable Inc. and Mackie Research Corporation (the "Brokers") to solicit and facilitate, on a commercially reasonable efforts basis, the exercise of warrants issued pursuant to the Company's financing announced November 25th, 2019 (the "Warrants"). TELO has 8,677,500 Warrants outstanding with an exercise price $0.20 per share which expire on November 25th, 2020. In connection with the engagement, the Brokers will be paid a fee of 4% of the gross proceeds received by TELO from the exercise of the Warrants.

On October 13, 2020 the Company announced that its abstract submitted to the American Society of Hematology (ASH) annual meeting 2020, reporting on positive results achieved from a diagnostic/prognostic smoldering multiple myeloma (SMM) 'proof of concept' study, was selected for online publication. The abstract will be included in the November supplemental issue of the scientific journal *Blood, published by ASH.* The results are embargoed until the publication of the journal. The ASH annual meeting is considered one of the top clinical international meetings focused on blood cancers and hematological malignancies. ASH annual meeting attracts more than 30,000 attendees every year, predominantly clinicians from all over the world.

On September 15, 2020 the Company announced that it has launched a commercial evaluation in collaboration with Applied Spectral Imaging (ASI) California to assess the applicability of integrating GenASIs™, the ASI automated imaging and analysis solutions into TELO's workflow. The potential integration of ASI artificial intelligence and automation solutions into TELO's workflow targets to augment the efficiency and consistency of TELO's workflow, and at the same time decrease the laboratory's processing time (Turnaround Time) and cost.

On May 13, 2020 and November 28, 2019, the Company granted incentive stock options to various directors, officers, employees and consultants of the Company to purchase up to an aggregate of 500,00 and 2,100,000 common shares, respectively of the Company pursuant to the Company's stock option plan. The stock options are exercisable at a price of $0.15 per share for a period of five years

On May 06, 2020 the Company announced the appointment of Guido Baechler as chairman of the Company's Board of Directors pursuant to the resignation of the current chairman Mr. Hugh Rogers. Mr. Baechler first joined the TELO Board of Directors on February 28, 2019 as an independent director and assumed the role of lead director on December 5, 2019. He is an international life science executive with over 25 years of experience in the commercialization of medical diagnostics. Mr. Rogers remained as a Director and TELO's Board.

On April 27, 2020 the Company announced that it has repurchased from Knight Therapeutics Inc. the exclusive license to commercialize diagnostic and prognostic test products of the Company and the right to act as the exclusive distributor of such products in Canada. In consideration for the rights, the Company paid $5,000 and issued 50,000 share purchase warrants to Knight. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of $0.25 per share for a period of five years from the date of issuance. The warrants and any common shares issued pursuant to the exercise of the warrants are subject to a four month hold period from the date of issuance of the Warrants, in accordance with applicable securities laws.

On February 27, 2020 the Company held its annual shareholders general meeting ("AGM"). During the AGM, the shareholders have elected Mr. John Meekison as incoming Director on the Company's Board. The shareholders have also elected Mr. Hugh Rogers as Chairman of Board, Dr. Sabine Mai, Mr. Guido Baechler and Mr. Ryan Cheung as Directors. The shareholders also approved the change of Company's auditor and the TELO 2020 stock options plan.

On December 05, 2019 the Company announced that Mr. Guido Baechler had taken on the role of Lead Director on its Board of Directors till he was appointed Chairman of the Board of Directors in May 2020. Mr. Baechler joined the Company's board of directors at the 2019 AGM. As Lead Director, Mr. Baechler will head TELO's board committees tasked to develop and refine the Company's corporate strategy, including commercialization & partnerships.

Mr. Baechler has over 25 years of experience working with emerging technologies in the life sciences and medical diagnostics industries. He has global experience in both start-up and leading multinational organizations. Most recently, he served as president, chief executive officer, and director of Singulex, Inc. Prior to Singulex; Mr. Baechler worked at Roche Diagnostics in both the U.S. and Europe where he held leadership and executive positions at both Roche Diagnostics Europe and Roche Molecular Diagnostics.

Subsequent to September 30, 2020, the Company issued 5,6,031,760 common shares through various warrant exercises for gross proceeds of $1,177,869.

During the period ended September 30, 2020, 702,770 share purchase options were exercised between $0.10 and $0.20 per share.

On November 25, 2019 the company announced that it has closed an oversubscribed $1,735,500 non-brokered private placement and converted to equity secured and non-secured debts in the amount of $1,054,885, and completed a 5:1 share consolidation.

The Company issued a total of 17,355,000 units at a price of $0.10 per unit under the offering. Each unit issued under the offering consisted of one post-consolidation common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional post-consolidation common share at a price of $0.20 per share for a period of 12 months from the date of issuance.

Further, the Company issued an aggregate of 6,628,850 units to secured creditors, 500,000 units to certain unsecured creditors and 3,420,000 post-consolidation common shares to various unsecured creditors to settle outstanding debt totaling $1,054,885.

Each unit issued under the debt settlement to secured creditors consisted of one post-consolidation common share of the Company and one non-transferable common share purchase warrant, with each warrant entitling the holder to acquire one additional post-consolidation common share at a price of $0.20 per share for a period of 24 months from the date of issuance. Each unit of the 500,000 units issued to certain unsecured creditors consisted of one post-consolidation common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional post-consolidation common share at a price of $0.20 per share for a period of 12 months from the date of issuance. Each unit issued under the debt settlement to unsecured creditors consisted of one post-consolidation common share of the Company.

The securities issued pursuant to the secured debt settlement and the 500,000 units issued to certain unsecured creditors are subject to a statutory four month hold period ending on March 23, 2020 in accordance with applicable securities laws.

The 3,420,000 post-consolidation shares issued to the various unsecured creditors pursuant to the debt settlement are also subject to additional three year resale restrictions pursuant to which these securities will become available for resale in 15% tranches every 6 months, with the last release occurring on November 22, 2022.

On October 11, 2019, the Company announced the terms of a non-brokered private placement for gross proceeds of up to $1,300,000 (the "**Offering**") through the issuance of up to 13,000,000 units at a price of $0.10 per unit. In addition, the Company has an over-allotment option to sell up to an additional 5,000,000 units at the offering price. Concurrently with the announcement of the terms of the non-brokered private placement the company announced its intention to settle up to $1,000,000 of debt.

Throughout Fiscal year 2019 and 2020 the Company successfully raised $630,000 in the form of senior secured debt financing, which allowed the Company to fulfill its corporate obligations and maintain its assets.

On September 06, 2019 the Company announced that it had secured C$350,000 worth of secured promissory notes. The funds will be used as general working capital and for other corporate purposes. The promissory notes are repayable in the event of a third-party claim, action, suit, or proceeding against the Company or its subsidiary for an amount in excess of $15,000 before any court of competent jurisdiction. The promissory notes mature on August 30, 2020, and bear an annual interest rate of 10%. The notes are secured against the assets of the Company and are proposed to rank *pari passu* with its other senior debt.

QUARTERLY AND ANNUAL PERFORMANCE

The Company recorded a net loss of $197,142 the three months ended September 30, 2020 compared to a net loss of $138,643f for the comparable period.

Factors contributing to the overall increased net loss comprises an increase in salaries and fees relating to research and development and administration, and consulting fees relating to increased corporate and research activity.

The Company incurred research and development costs of $102,916 the three months ended September 30, 2020 compared to a net loss from research and develop activities of $45,816. The Company is focused on specific research and development activities and has increased such activity over the prior periods.

The Company incurred general and administrative costs of $94,226 during the three months ended September 30, 2020, compared to net loss from general and administrative activities of $92,827 for the comparable period. Overall general and administrative expenses increased slightly in the current period due to further business development of the Company and support of research and development activity.

SELECTED ANNUAL FINANCIAL INFORMATION

For the year ended June 30	**2020**	**2019**	**2018**
	$	$	$
Net loss for the year	(1,241,696)	(1,074,192)	(4,694,618)
Basic/Diluted loss per share	(0.04)	(0.08)	(0.08)
Total assets	1,168,675	262,668	429,515

SELECTED QUARTERLY FINANCIAL INFORMATION AND QUARTERLY ANALYSIS

The following table sets forth consolidated financial information for the periods indicated.

	Three months ended			
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Revenue	$ -	$ -	$ -	$ -
Research and development	91,746	62,525	150,117	106,286
General and administration	106,326	340,337	171,305	341,647
Finance (income) expense, net	-	26,535	-	-
Net loss	(137,065)	(333,698)	(321,422)	(447,933)
Basic loss per share	(0.00)	(0.00)	(0.00)	(0.03)
Diluted loss per share	(0.00)	(0.00)	(0.00)	(0.03)

	Three Months Ended			
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Revenue	$ -	$ -	$ -	$ -
Research and development	45,816	64,072	52,561	9,001
General and administration	92,827	119,723	61,886	167,022
Finance expense, net	-	-	-	-
Net loss	(138,643)	(204,466)	(114,447)	(176,023)
Basic loss per share	(0.01)	(0.01)	(0.00)	(0.01)
Diluted loss per share	(0.01)	(0.01)	(0.00)	(0.00)

*Some items on the Statements of Loss and Comprehensive loss are not summarized in the tables above.

Variations in the Company's net losses and expenses for the periods above resulted primarily from the following factors:

- Revenue. The Company has not earned revenue to date as it is in the pre-revenue research and development stage.
- Research and development and general and administrative expenses trended downwards due to working capital preservation activities.

LIQUIDITY AND CAPITAL RESOURCES

The Company's Tests are at an early stage of development, and, accordingly, the Company does not generate cash from operations and finances its operations by raising capital through equity issuances and other means.

Sources and Uses of Cash

As at September 30, 2020, the Company had cash resources of $820,157, compared to $920,983 as at June 30, 2020. As at September 30, 2020, the Company had working capital of $642,623 compared to working capital of $683,890 as at June 30, 2020.

Funding Requirements

As the Company does not currently earn revenue, it is required to finance its operating expenditures and capital costs. Operational activities were financed by previous capital raises.

The Company expects to finance its ongoing development costs by issuing equity to prospective investors that have expressed an interest in becoming shareholders of the Company and is currently in discussions with such investors. The Company will consider investments through public or private financings. The Company's development programs are modular and can be scaled to accommodate the Company's financing strategy and timing.

Contractual Obligations

The Company has entered into an operating lease for office space in Winnipeg (the "**Winnipeg Lease**") and a license agreement for lab and office space in Toronto (the "**Toronto Lease**"). The term of the Winnipeg Lease is five years commencing on June 20, 2016 and the term of the Toronto Lease is one year and 16 days commencing on April 15, 2017. Both agreements have the option to extend at the lessee's request; however, the Toronto Lease also requires the lessor's prior written approval before it can be extended. Included within the Winnipeg Lease is an early termination option (the "**Option to Terminate**") allowing for, upon six (6) months written notice, the ability to terminate the lease after the conclusion of the third year of the lease. The monthly expenditure for the Toronto Lease is $6,450 plus applicable taxes and the minimum monthly expenditure for the Winnipeg Lease is $1,050 plus applicable taxes and additional rent relating to portion of building operating costs for years 1-3 and minimum rent of $1,093.75 in years 4-5 plus applicable taxes and additional rent relating to portion of building operating costs, should the Company not utilize its Option to Terminate.

The Company renewed its agreement (the "**MaRS Renewal**") for lease of office and laboratory space at MaRS Discovery District for a period of one year, effective May 1, 2018 (the "**Term**"). In accordance with the MaRS renewal, the Company has committed to payments of $8,069 per month during the Term. On April 25, 2019 the Company has renewed its agreement for lease of office and laboratory space with MaRS Discovery District for one year effective May 01, 2019. In accordance with the renewal the Company has committed to payments of $8,069 per month for the first six months of the year from May 01, 2019 till October 31, 2019, and $8,865 per month for the latter six month of the year from November 01, 2019 till April 31, 2020. On May 01, 2020 the Company extended its lease with MaRS Discovery District for 6 months from May 01, 2020 till October 31, 2020. In accordance with the lease extension the Company committed to payments of $8,865 per month. The Company has renewed its agreement for lease of office and laboratory space at MaRS Discovery District for a period of one year, effective November 1, 2020 till October 31, 2021. In accordance with the lease renewal the Company committed to payments of $8,865 per month.

Liquidity Risk

The Company manages liquidity risk through maintaining sufficient cash to finance its operations and seeking financing from existing shareholders and outside investors as required. If the Company will have a working capital deficiency, it may not be able to pay continuing obligations as they become due such as the lease payments in *"Contractual Obligations"* above. The Company intends to satisfy its continuing operating expenditures through existing cash on hand and under future equity offerings. Using the proceeds from the recently completed non-brokered private placement financing is directed toward the validation and commercialization of its lead application TELO-MM test, for further implementation of automation, machine learning and artificial intelligence to its technology workflow, other working capital and general corporate purposes. The Company will continue to be dependent on raising capital through equity issuances and other means, including the pursuit of non-dilutive grant funding, as required until and unless it achieves the commercialization of its tests and generates profit from its operations. If financing is not available on

reasonable terms as a result of external factors, such as disruptions in the capital markets, the Company's liquidity may be affected.

OUTSTANDING SHARE CAPITAL

As of the date of this document, the Company had 48,120,083 common shares issued and outstanding, 3,269,737 share purchase options issued and outstanding, and 9,734,420 share purchase warrants issued and outstanding.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

As at September 30, 2020, and in the normal course of business, the Company has short term obligations relating to its office and lab rentals with six months of less commitments. The Company expects to renew another six months in or around October 2020.

RELATED PARTY TRANSACTIONS

Key personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Chairman of Board of Directors, the Chief Executive Officer, Chief Financial Officer and a Director are considered key personnel.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has identified its directors and officers as its key management personnel

In addition to their salaries, the Company also provides non-cash benefits and participation in the Stock Option Plan. The following table details the compensation to key management personnel and directors:

	September 30, 2020	September 30, 2019
Salaries, fees and short-term benefits	**$ 71,811**	**$ 41,000**
	$ 71,811	**$ 41,000**

As at September 30, 2020, the Company has $20,250 (2020 - $26,355) recorded within accounts payable and accrued liabilities relating to amounts payable to key management personnel.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

As a result of the Company's limited administrative staffing levels, internal controls which rely on segregation of duties in many cases are not possible. To help mitigate the impact of this, the Company is highly reliant on the performance of compensating procedures and senior management's review and approval.

As a venture issuer, the Company is not required to certify the design and evaluation of the Company's disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"), and as such has not completed such an evaluation.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR, as defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings,* may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances.
Information about key assumptions and estimation uncertainties that have a risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

- Estimates of inputs into the valuation of stock based compensation
- Measurement and period of use of intangible assets
- Estimates of future enacted corporate tax rates
- Recognition of government assistance

The Company is a research and development stage company and as such is primarily dependent on the funding of new investors to continue as a going concern. In the future, the Company's ability to continue as a going concern will be dependent upon its ability to attain profitable operations and generate funds therefrom, and to continue to obtain borrowings from third parties sufficient to meet current and future obligations and/or restructure the existing debt and payables.

CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

The Company's principal accounting policies are outlined in the Company's annual audited financial statements for FY 2018. The Company is currently reviewing its accounting policies and is determining the method the Company expects to use to adopt them and the impact of these accounting policies on its business.

Recently adopted standards due to accounting policy changes

New standard IFRS 9 "Financial Instruments"
This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

IFRS 16 Leases
IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties of a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. The adoption of this standard did not have an impact on the Company's consolidated financial statements as the Company does not have any long term leases.

OFF-BALANCE SHEET ARRANGEMENTS

TELO has no material undisclosed off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on its results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources that is material to investors.

PROPOSED TRANSACTIONS

At present, there are no proposed asset or business acquisitions or dispositions.

FINANCIAL INSTRUMENTS AND RISKS AND FINANCIAL RISK MANAGEMENT

(i) Market risk

The Company is exposed to foreign exchange risk, the risk that the fair value of future cash flows for financial instruments will fluctuate because of changes in foreign exchange rates, due to its United States dollar denominated cash and accounts payable and accrued liabilities. A 5% appreciation or deterioration of the Canadian dollar against the United States dollar would result in an increase and decrease, respectively in the Company's net income of approximately $41,000 as at September 30, 2020. The Company is not exposed to any significant interest risk as it does not have any variable rate borrowings.

(ii) Credit risk

Credit risk is the potential that customers or a counterparty to a financial instrument fail to meet their obligation to the Company. The Company believes this risk to be low as there are no trade receivables as no revenues have been earned to September 30, 2020. Additionally, amounts receivable are primarily composed of government remittances receivable in which the Company believes the collection risk is low. Additionally, the Company mitigates credit risk by holding all cash in a chartered bank.

(b) Risks arising from financial instruments

(iii) Liquidity risk

Liquidity risk is the risk the Company will encounter difficulties in meeting its financial obligations as they become due. The Company manages liquidity risk through cash management. In managing liquidity risk, the Company maintains access to equity markets, the availability of which is dependent on market conditions. The Company monitors its requirements regularly and believes there may not be sufficient funding for the foreseeable future. All financial liabilities are current and due within the next twelve months.

(c) Capital management

The Company's objective when managing capital is for the Company to safeguard the entity's ability to continue as a going concern, so that it can continue to explore and develop its research to ultimately provide returns for shareholders and benefits for other stakeholders.

The Company sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets as with consideration of externally imposed capital requirements. In order to maintain or adjust the capital structure, the Company may issue new shares or attempt to obtain debt financing.

The Company's management of capital as at September 30, 2020 consists of only the remaining cash at year end.

RISKS AND UNCERTAINTIES

COVID-19

The outbreak of the coronavirus ("Covid-19") pandemic may impact TELO's plans and activities. The Company may face disruption to operations, supply chain delays and the impact on economic activity in affected countries or regions can be unexpected and can be difficult to quantify. Such pandemics or diseases represent a serious threat to maintaining a skilled workforce and could be a health-care challenge for the Company. There can be no assurance that these pandemic diseases will not impact TELO's

personnel and ultimately that the Company would not see its workforce productivity reduced or incur increased medical costs/insurance premiums as a result of these health risks. Additional cyber-security risks exist due to personnel working remotely. In addition, the Covid-19 pandemic has created a dramatic slowdown in the global economy. The duration of the Covid-19 outbreak and the resultant travel restrictions, social distancing, government response actions, business closures and business disruptions, can all have an impact on the Company's operations and access to capital.

There can be no assurance the TELO will not be impacted by adverse consequences that may be brought about by the Covid-19 pandemic on global financial markets, may reduce share prices and financial liquidity and thereby that may severely limit the financing capital available.

Early Stage Development and Scientific Uncertainty
TELO's tests are at an early stage of development. Significant additional investment in development and validation, technology transfer to clinical settings and regulatory submissions of such tests is required prior to commercialization. There can be no assurance that any such tests will actually be approved. The development and regulatory processes may require access to inputs and resources or the achievement of certain outcomes which may not be available to the Company in sufficient amounts or in a timely fashion to allow the Company to complete the development or receive regulatory approval of any product or process. A commitment of substantial time and resources is required to conduct research and clinical trials if the Company is to complete the development of any test or process. It is not known whether any of these test or process candidates will meet applicable health regulatory standards and obtain required regulatory approvals, whether such tests can be produced in commercial quantities at reasonable costs and be successfully marketed or if the Company's investment in any such tests will be recovered through sales or royalties.

No Assurance of Successful Deployment of Tests
The Company must demonstrate each test's safety and efficacy in humans through extensive clinical testing. Safety in humans is not an issue or concern in the case of the current tests because they are non-invasive and performed on blood or tissue samples provided by patients. Questions about general safety must be addressed in any and every application for approval. One of the principle objectives of clinical trials is to show efficacy; that a test reliably provides accurate and useful information. The Company may experience numerous unforeseen events during, or as a result of, the testing process that could delay or prevent the commercialization of any tests, including the following: decreased demand for the tests; impairment of business reputation; withdrawal of clinical trial participants; costs of related litigation and substantial monetary awards to patients or other claimants; loss of revenues; and the inability to commercialize the tests.

Negative Cash Flow from Operations
The Company has continued negative cash flow from operations. The Company anticipates having negative cash flows in future periods and, accordingly, the Company may be required to raise additional funds through the issuance of additional securities to satisfy the Company's general working capital requirements. The Company expects to continue to incur net losses unless and until such time as one or more of its Tests enter into commercial production and generate sufficient revenue to fund continuing operations, or until such time as the Company is able to offset its expenses against the sale of one or more of its Tests, if applicable. The development of the Company's Tests to commercialization will require the commitment of substantial financial resources. The amount and timing of such expenditures will depend on a number of factors, including the results of the Company's current and future studies and clinical trials, the ability of the Company to receive third party and regulatory approvals of its Tests, the rate at which operating losses are incurred and the execution of any sale or licensing agreements with strategic partners, some of which are beyond the Company's control. There is no assurance that the Company will be profitable in the future.

Dependence on Collaborative Partners, Licensors and Others
The Company's activities will require it to enter into various arrangements with corporate and academic

collaborators, licensors, licensees and others for the research, development, clinical testing, manufacturing, marketing and commercialization of its tests. TELO intends to attract corporate partners and enter into additional research collaborations. There can be no assurance, however, that the Company will be able to establish such additional collaborations on favorable terms, if at all, or that its current or future collaborations will be successful. Failure to attract commercial partners for the provision of its tests to patients may result in the Company incurring substantial clinical testing, manufacturing and commercialization costs prior to realizing any revenue from test sales or result in delays or program discontinuance if funds are not available in sufficient quantities.

Should any collaborative partner fail to develop, manufacture or commercialize successfully any test to which it has rights, or any partner's test to which the Company may have rights, the Company's business may be adversely affected. The failure of a collaborative partner to continue to participate in any particular program could delay or halt the development or commercialization of tests generated from such program. In addition, there can be no assurance that the collaborative partners will not pursue other technologies or develop alternative tests, either alone or in collaboration with others, including the Company's competitors, as a means for developing treatments for the diseases targeted by the Company's programs.

Clinical Trials Recruitment
Clinical trials for TELO's Tests require that TELO identify and procure patient samples for retrospective analysis or enroll patients with the disease under investigation. TELO may not be able to access sufficient patient samples for retrospective analysis or enroll a sufficient number of patients to complete the clinical trials in a timely manner. Procuring samples and patient enrollment is a function of many factors including, but not limited to, design of the study protocol, size of the patient population, eligibility criteria for the study, the perceived risks and benefits of the therapy under study, the patient referral practices of physicians and the availability of clinical trial sites. If TELO has difficulty procuring patient samples or enrolling a sufficient number of patients to conduct the clinical trials as planned, TELO may need to delay or terminate ongoing clinical trials.

Uncertainties Related to Clinical Trials and Test Development
There is no assurance that the Company's R&D programs will result in commercially viable Tests and in the commercially viable provision of Tests to patients. To achieve profitable operations, TELO must successfully develop, out-license, gain regulatory approval and market its proposed Tests. To obtain regulatory approvals for the Tests being developed and to achieve commercial success, clinical trials must demonstrate that the Tests are reliable for human use and that they demonstrate reproducible outcomes in terms of accuracy and specificity. The Company can make no assurances that any future Tests or clinical trials, if undertaken, will yield favorable results.

Development Costs and Timing
The Company may be unable to initiate or complete the development of its tests on the Company's currently expected timeline, or at all. The timing for the completion of the studies for the Company's tests will depend on the Company's ability to secure funding for these studies and tests, which, in the case of the Company's myeloma and lung cancer studies, will require funding beyond the Company's existing cash and cash equivalents and the net proceeds from any future equity offerings. In addition, if regulatory authorities require additional time or studies to assess the safety or efficacy of the Tests, the Company may not have or be able to obtain adequate funding to complete the necessary steps for the approval of its Tests. Additional delays may result if regulatory authorities recommend non-approval or place restrictions on approval. Moreover, the Company may experience delays, or be unable to commence clinical trials or studies, as a result of delays in obtaining approvals from applicable hospital ethics committees and internal review boards, or the failure of such bodies to provide such approvals.

Studies required to demonstrate the safety and efficacy of the Company's Tests are time consuming, expensive and together take many years to complete. In addition, approval policies, regulations or the type and amount of clinical data necessary to gain approval may change during the course of the Tests' clinical

development and may vary among jurisdictions. The Company has not obtained regulatory approval for its Tests and it is possible that none of its Tests or any test it seeks to develop in the future will ever obtain regulatory approval. Delays in regulatory approvals or rejections of applications for regulatory approval in Canada, the United States, Europe and other markets may result from a number of factors, many of which are outside the Company's control.

The lengthy and unpredictable approval process, as well as the unpredictability of future clinical trial results, may result in the Company's failure to obtain regulatory approval to market any of its Tests, which would significantly harm the Company's business, results of operations and prospects.

Lack of Demand
A failure in the demand for TELO's Tests to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Additional Financing Requirements and Access to Capital
The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. Access to financing has been negatively impacted by ongoing global economic risks. The Company will require substantial additional funds for further research and development, planned clinical testing, regulatory approvals, the establishment of manufacturing capabilities and, if necessary, the marketing and sale of its Tests. The Company may attempt to raise additional funds for these purposes through public or private equity or debt financing, collaborations with other therapeutic companies, government grants or other sources. There can be no assurance that additional funding or partnerships will be available on terms acceptable to the Company and which would foster the successful commercialization of the Company's Tests. If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of the Company's Common Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital or to pursue business opportunities, including potential acquisitions. If adequate funds are not obtained, the Company may be required to reduce, curtail or discontinue operations.

Reliance on Key Personnel
The Company is dependent on certain members of its management and scientific staff as well as consultants and contractors, the loss of services of one or more of whom could adversely affect the Company. The contributions of the existing management team to the immediate and near term operations of the Company are likely to be of central importance. In addition, the Company's ability to manage growth effectively will require it to continue to implement and improve its management systems and to recruit and train new employees. There can be no assurance that the Company will be able to successfully attract and retain skilled and experienced personnel. In addition, an inability to hire, or the increased costs, of new personnel including members of executive management, could have a material adverse effect on the Company's business, financial condition and results of operations.

Use of Proceeds
Although the Company has set out its intended use of proceeds in its press releases, these intended uses are estimates only and subject to change. While management does not contemplate any material variation, management does retain broad discretion in the application of such proceeds. The failure by the Company to apply these funds effectively could have a material adverse effect on the Company's business, including the Company's ability to achieve its stated business objectives.

Competition
The biotechnology industry is highly competitive, and includes companies with significantly greater financial, technical, human, research and development and marketing resources than TELO. There are companies that compete with TELO's efforts to discover, validate and commercialize diagnostic and prognostic Tests. TELO's competitors may discover and develop products in advance of TELO or products that are more effective than those developed by TELO. As a consequence, TELO's current and future technologies and Tests may become obsolete or uncompetitive, resulting in adverse effects on revenue, margins and profitability. Potential competitors of the Company have or may develop product development capabilities or financial, scientific, marketing and human resources exceeding those of the Company. The Company believes that its ability to compete effectively depends upon many factors both within and beyond the Company's control, including:

• the usefulness, ease of use, performance and reliability of TELO's Tests compared to its competitors;

• the timing and market acceptance of TELO's Tests, including developments and enhancements to TELO's Tests;

• TELO's ability to monetize its Tests;

• the selection of licensing partners for its Tests with the necessary skills and resources to drive uptake;

• TELO's marketing and selling efforts;

• TELO's financial condition and results of operations;

• changes mandated by legislation, regulatory authorities or litigation;

• acquisitions or consolidations within TELO's industry, which may result in more formidable competitors;

• TELO's ability to attract, retain and motivate talented employees;

• TELO's ability to cost-effectively manage and grow its operations; and

• TELO's reputation and brand strength relative to that of its competitors.

Slow Acceptance of Tests
The marketplace may be slow to accept or understand the significance of the Company's technology due to its unique nature and the competitive landscape. If the Company is unable to promote, market and sell its Tests and secure relationships with partners and purchasers, the Company's business and financial condition will be adversely affected.

Lack of Test Revenues and History of Losses
To date, TELO has not recorded any revenues. TELO expects to incur additional losses during the periods of research and development, clinical testing and application for regulatory approval of its proposed Tests. The Company will incur losses unless and until such time as payments from corporate collaborations, Test sales or royalty payments generate sufficient revenues to fund its continuing operations.

Limited Operating History
The Company has a limited operating history and, in particular, no history of revenue generation. The Company was incorporated on May 25, 2011 and has yet to generate a profit from its operating activities. The Company is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. Although the Company anticipates earning revenue in the future, it will also incur substantial expenses in the establishment of its business.

To the extent that such expenses do not result in revenue gains that are adequate to sustain and expand its business, the Company's long-term viability may be materially and adversely affected.

Government Regulations
Biotechnology companies operate in a high-risk regulatory environment. The development and sale of diagnostic and prognostic tests is governed by numerous statutes and regulations in the United States, Canada and other countries where the Company intends to market its Tests. The subject matter of such legislation includes controlled research and testing procedures, the production of preclinical and clinical data prior to marketing approval as well as regulation of marketing activities, notably advertising and labelling.

The process of completing clinical testing and obtaining required approvals is likely to take several years and require the expenditure of substantial resources. Furthermore, there can be no assurance that regulators will not require modification to any submissions which may result in delays or failure to obtain regulatory approvals. Any delay or failure to obtain regulatory approvals could adversely affect the ability of the Company to utilize its technology, thereby adversely affecting operations. There is no assurance that the Company will be able to timely and profitably provide its Tests while complying with all of the applicable regulatory requirements.

Rapid Technological Change
The biotechnology industry is characterized by rapid and substantial technological change. There can be no assurance that developments by others will not render the Company's proposed Tests or technologies noncompetitive, or that the Company will keep pace with technological developments. Competitors have developed or are developing technologies that could be the basis for competitive tests. In addition, alternative forms of diagnosis and prognosis may be competitive with the Company's Tests.

There is no assurance that the Company will earn profits in the future, or that profitability will be sustained. There is no assurance that future revenues will be sufficient to generate the funds required to continue the Company's business development and marketing activities. If the Company does not have sufficient capital to fund its operations, it may be required to reduce its sales and marketing efforts or forego certain business opportunities.

Software
The Company's Tests incorporate software that is highly technical and complex. The Company's software may now or in the future contain undetected errors, bugs or vulnerabilities. Some errors in the Company's software codes may only be discovered after the codes have been released. Any errors, bugs or vulnerabilities discovered in the Company's codes after release could result in damage to the Company's reputation, loss of users, loss of revenue or liability for damages, any of which could adversely affect the Company's business and financial results.

Risks Associated with International Operations
The Company intends to market and distribute its Tests and services in Canada and the United States and may distribute its Tests and services in other markets. There are inherent risks in operating in different geographic markets including but not limited to (i) differing laws governing the importation, marketing and distribution of the Company's Tests or services; (ii) risks associated with exchange rate differentials across the Company's markets, which can lead to fluctuations in demand, revenue and net income; and (iii) differing levels of consumer, business and overall market acceptance of the Company's brand, Tests or services and the demand for the foregoing. The foregoing risks could have an adverse effect on the operations, strategy, business and profitability of the Company.

No Assurance of Active Trading Market
There can be no assurances that an active trading market in the Company's Common Shares on the markets through which the Common Shares trade will be sustained.

Value of Securities
The value of the Company's Common Shares may be reduced for a number of reasons, many of which

are outside the control of the Company, including:

- general economic and political conditions in Canada, the United States and globally;
- governmental regulation of the biotechnology, health care and pharmaceutical industries;
- the failure to achieve desired outcomes by the Company or its collaborators;
- the failure to obtain industry partner and other third party consents and approvals, when required;
- stock market volatility and market conditions;
- competition for, among other things, capital and skilled personnel;
- the need to obtain required approvals from regulatory authorities;
- revenue and operating results failing to meet expectations in any particular period;
- investor perception of the biotechnology, health care and pharmaceutical industries;
- limited trading volume of the Company's Common Shares;
- announcements relating to the Company's business or the businesses of the Company's competitors; and
- the Company's ability or inability to raise additional funds.

Dilution to Shareholders

TELO has granted in the past, and may grant in the future, to some or all directors, officers, employees and consultants, options to purchase Common Shares and other stock-based awards as non-cash incentives to those persons, and has issued, and may issue in the future, Common Share purchase warrants in the course of financings. The issuance of Common Shares upon the exercise of the Company's outstanding stock options and Common Share purchase warrants will result in dilution to the interests of shareholders, and may reduce the trading price of the Common Shares. Moreover, the issuance of additional stock options or Common Share purchase warrants, and the exercise of these securities for Common Shares, may have an adverse effect on the interests of shareholders and the market price of the Common Shares.

Any additional issuance of Common Shares or a decision to acquire other businesses through the sale of equity securities may dilute investors' interests, and investors may suffer dilution in their net book value per Common Share depending on the price at which such securities are sold. Such issuances may cause a reduction in the proportionate ownership and voting power of all other shareholders. The dilution may result in a decline in the price of the Company's Common Shares.

Litigation

The Company or its directors and officers may be subject to a variety of civil or other legal proceedings, with or without merit. From time to time in the ordinary course of its business, the Company may become involved in various legal proceedings, including commercial, employment and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on the Company's business, operating results or financial condition

Protection of Intellectual Property Rights

There is no guarantee that TELO's patent rights comprise all of the rights that the Company needs to be entitled to freely use and commercialize its Tests. If third party patents or patent applications contain claims infringed by the Company's technology and these claims are valid, TELO may be unable to obtain licenses to these patents at a reasonable cost, if at all, and may also be unable to develop or obtain alternative technology. If such licenses cannot be obtained at a reasonable cost, the business could be significantly

impacted. Further, the enforceability of the patents owned by the Company may be challenged and the Company's patents could be partially or wholly invalidated following challenges by third parties.

If a third party accuses the Company of infringing its intellectual property rights, or if a third party commences litigation against the Company for the infringement of patent or other intellectual property rights, the Company may incur significant costs in defending such action, whether or not it ultimately prevails. Typically, patent litigation in the pharmaceutical and biotechnology industry is expensive. Costs that the Company incurs in defending third party infringement actions would also include the diversion of management's and technical personnel's time. In addition, parties making claims against the Company may be able to obtain injunctive or other equitable relief that could prevent the Company from further developing discoveries or commercializing its Tests. In the event of a successful claim of infringement against the Company, it may be required to pay damages and obtain one or more licenses from the prevailing third party. If it is not able to obtain these licenses at a reasonable cost, it could encounter delays in Test introductions and the loss of substantial resources while it attempts to develop alternative Tests. Defense of any lawsuit or failure to obtain any of these licenses could prevent the Company or its partners from commercializing available Tests and could cause it to incur substantial expenditure. The Company also relies on its trade secrets, which include information relating to the manufacture, development and administration of its Tests. The protective measures that the Company employs may not provide adequate protection for its trade secrets. This could erode the Company's competitive advantage and materially harm its business. The Company cannot be certain that others will not independently develop the same or similar technologies on their own, gain access to trade secrets, disclose such technology or that the Company will be able to meaningfully protect its trade secrets and unpatented knowhow and keep them secret.

Reliance on Third Parties

The Company will rely on independent clinical investigators, contract research organizations and other third-party service providers to assist it in managing, monitoring and otherwise carrying out clinical trials. TELO is reliant on or has contracted with, and plans to continue to contract with, certain third parties to provide certain services, including site selection, enrolment, monitoring and data management services. Although TELO depends heavily on these parties, TELO does not control them and, therefore, cannot be assured that these third parties will adequately perform all of their contractual obligations to TELO. If TELO's third-party service providers cannot adequately fulfill their obligations to TELO on a timely and satisfactory basis, if the quality or accuracy of clinical trial data is compromised due to failure by third parties to adhere to TELO's protocols or regulatory requirement or if such third parties otherwise fail to meet deadlines, TELO's development plans may be delayed or terminated.

No Sales, Marketing or Distribution Experience

TELO has limited sales, marketing or distribution experience. The Company intends to rely heavily on third parties to launch and market its Tests, if approved. However, if the Company elects to develop internal sales, distribution and marketing capabilities, it will need to invest significant financial and management resources. For Tests where the Company decides to perform sales, marketing and distribution functions itself, the Company could face a number of additional risks, including: (i) that it may not be able to attract and build a significant marketing or sales force; (ii) that the cost of establishing a marketing or sales force may not be justifiable in light of the revenues generated by any particular Test; and (iii) that direct sales and marketing efforts may not be successful. If the Company is unable to develop its own sales, marketing and distribution capabilities, it will not be able to successfully commercialize its Tests, if approved, without reliance on third parties.

Potential Product Liability

There is no assurance that unforeseen adverse events or defects will not arise in the Company's Tests. Adverse events could expose the Company to product liability claims or litigation, resulting in the removal of the regulatory approval for the relevant Tests or monetary damages being awarded against the Company. In such event, the Company's liability may exceed the Company's insurance coverage.

Volatility of Share Price, Absence of Dividends and Fluctuation of Operating Results
Market prices for the securities of biotechnology companies, including diagnostic and prognostic product companies have historically been highly volatile. Factors such as the fluctuation of the Company's operating results, announcements of technological innovations, patents or new commercial products by the Company or its competitors, results of clinical testing, regulatory actions or public concern over the safety of therapeutic products and other factors could have a significant effect on the share price or trading volumes for the Company's Common Shares. TELO has not paid dividends to date and does not expect to pay dividends in the foreseeable future.

Conflict of Interest
Certain of the directors and senior officers of the Company may, from time to time, be employed by or affiliated with organizations which have entered into agreements or will enter into agreements with TELO. As disputes may arise between these organizations and TELO, or certain of these organizations may undertake or have undertaken research with competitors of TELO, there exists the possibility for such persons to be in a position of conflict. Any decision or recommendation made by these persons involving TELO will be made in accordance with his or her duties and obligations to deal fairly and in good faith with TELO and such other organizations. In addition, as applicable, such directors and officers will refrain from voting on any matter in which they have a conflict of interest.

Reporting Issuer Status
As a reporting issuer, the Company is subject to reporting requirements under applicable securities law and stock exchange policies. Compliance with these requirements increases legal and financial compliance costs, makes some activities more difficult, time consuming and costly and increases demand on existing Company systems and resources. Among other things, the Company is required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Company's business and results of operations. The Company may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses.

Use and Storage of Personal Information and Compliance with Privacy Laws
The Company may receive, store and process personal information and other customer or patient data, including addresses, telephone numbers and images of government identification. As a result, the Company must comply with the numerous federal, provincial and local laws in Canada and abroad relating to the collection, use, disclosure, storage and safeguarding of personal information. Any failure or perceived failure by the Company to comply with its privacy policies, privacy-related obligations to customers or other third parties or privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other customer data, may result in governmental enforcement actions, fines or litigation.

Forward-Looking Statements May Prove Inaccurate
Investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com.