

Management's Discussion and Analysis

Telo Genomics Corp.

For the years ended June 30, 2022 and 2021

Telo Genomics Corp.
Management Discussion and Analysis
For the Years Ended June 30, 2022 and 2021

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This management's discussion and analysis ("MD&A") of Telo Genomics Corp. (the "Company" or "TELO") for the year ended June 30, 2022, as prepared on September 26, 2022. 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 audited consolidated financial statements for the year ended June 30, 2022, 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;

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- 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.

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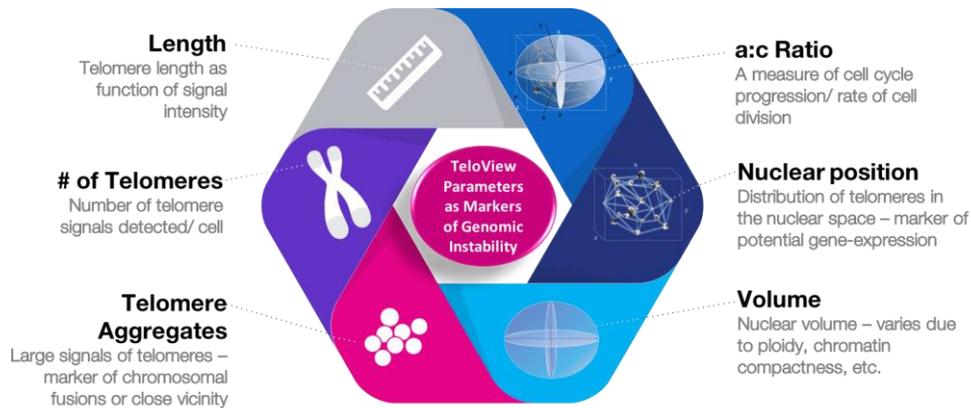
TELO is a biotech company that is developing the most comprehensive telomere analysis platform in the industry, with powerful diagnostic and prognostic applications based on the quantification of genomic instability as a disease predictor. Telomeres are the protective caps at the end of chromosomes and 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.

The prototype of TeloView[®] was initially developed in 2005. In 2015 Telo Genomics contracted CIMTEC, a renowned medical imaging software developer, to scale up and automate TeloView. The project was completed in 2016 and the TeloView[®] commercial version developed by CIMTEC was validated and is currently being used by Telo Genomics in the clinical studies.



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 signal-to-noise issues and potentially missing anomalies and heterogeneity of the disease. Liquid biopsy technologies that use amplification usually require much bigger and longer studies involving large number of patients.

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The utility of TELO’s proprietary technologies has been substantiated in over 160 peer-reviewed publications and in over 30 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 in 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 IP 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 (disease-specific patents) 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. All the patents listed in the table below have been already granted with the exception of the US pending patent application titled “Methods of characterizing and isolating circulating tumor cell subpopulations”, and the provisional patent titled: “Methods of assessing smoldering multiple myeloma” that was filed in Canada in November 2021. The pending patent application is in prosecution and the Company expects to achieve a final favorable decision within the coming 24 months.

List of Patents

No	Country	Title	Category	Applicati on No.	Status/ Expiry	Registratio n No.
1	Canada	METHODS OF DETECTING AND MONITORING CANCER USING 3D ANALYSIS OF CENTROMERES	Core Technology	2665100	Granted/ 2029	2665100
2	Germany	METHODS OF DETECTING AND MONITORING CANCER USING 3D ANALYSIS OF CENTROMERES	Core Technology	07815918 .3	Granted/ 2027	2066816
3	France	METHODS OF DETECTING AND MONITORING CANCER USING 3D ANALYSIS OF CENTROMERES	Core Technology	07815918 .3	Granted/ 2027	2066816
4	United Kingdom	METHODS OF DETECTING AND MONITORING CANCER USING 3D ANALYSIS OF CENTROMERES	Core Technology	07815918 .3	Granted/ 2027	2066816
5	United States of America	METHODS OF DETECTING AND MONITORING CANCER USING 3D ANALYSIS OF CENTROMERES	Core Technology	12/44378 1	Granted/ 2030	8849579
6	Canada	DIAGNOSTIC METHODS FOR HEMATOLOGICAL DISORDERS	Disease Specific	2760873	Granted/ 2031	2760873
7	United States of America	HEMATOLOGICAL DISORDERS DIAGNOSIS BY 3D q-FISH	Disease Specific	13/69264 5	Granted/ 2032	9963745
8	Canada	METHODS FOR EVALUATING ALZHEIMER'S DISEASE AND DISEASE SEVERITY	Disease Specific	2856419	Granted/ 2034	2856419
9	Germany	METHODS FOR DIAGNOSING ALZHEIMER'S DISEASE	Disease Specific	12857141 .1	Granted/ 2032	2791676

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10	France	METHODS FOR DIAGNOSING ALZHEIMER'S DISEASE	Disease Specific	12857141 .1	Granted/ 2032	2791676
11	United Kingdom	METHODS FOR DIAGNOSING ALZHEIMER'S DISEASE	Disease Specific	12857141 .1	Granted/ 2032	2791676
12	United States of America	METHODS FOR EVALUATING ALZHEIMER'S DISEASE AND DISEASE SEVERITY	Disease Specific	14/49199 6	Granted/ 2034	9758830
13	Canada	METHODS FOR CHARACTERIZING AND ISOLATING CIRCULATING TUMOR CELLS SUBPOPULATIONS	Disease Specific	2775315	Granted/ 2032	2775315
14	United States of America	METHODS FOR CHARACTERIZING AND ISOLATING CIRCULATING TUMOR CELL SUBPOPULATIONS	Disease Specific	16/29174 4	Pending/ 2039	
15	United States of America	METHODS FOR ASSESSING CANCER CELLS USING GRANULOMETRY	Core Technology	14/85214 3	Granted/ 2035	9784666
16	Canada	METHOD OF MONITORING GENOMIC INSTABILITY USING 3D MICROSCOPY AND ANALYSIS	Core Technology	2515792	Granted/ 2025	2515792
17	Germany	METHOD OF MONITORING GENOMIC INSTABILITY USING 3D MICROSCOPY AND ANALYSIS	Core Technology	04713499 .4	Granted/ 2024	1594990
18	Spain	METHOD OF MONITORING GENOMIC INSTABILITY USING 3D MICROSCOPY AND ANALYSIS	Core Technology	04713499 .4	Granted/ 2024	1594990
19	France	METHOD OF MONITORING GENOMIC INSTABILITY USING 3D MICROSCOPY AND ANALYSIS	Core Technology	04713499 .4	Granted/ 2024	1594990
20	United Kingdom	METHOD OF MONITORING GENOMIC INSTABILITY USING 3D MICROSCOPY AND ANALYSIS	Core Technology	04713499 .4	Granted/ 2024	1594990
21	United States of America	METHOD OF MONITORING GENOMIC INSTABILITY USING 3D MICROSCOPY AND ANALYSIS	Core Technology	10/54615 2	Granted/ 2025	7801682
22	Canada	METHODS OF ASSESSING SMOLDERING MULTIPLE MYELOMA	Disease Specific	3139296	Provisional/ 2041	

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TELO maintains a collaborative partnership with CancerCare Manitoba (“CCMB”), a provincially mandated cancer agency that sets strategic priorities and long-term planning for cancer and blood disorders in the province. CCMB hosts the Research Institute in Oncology and Hematology, supporting translational and clinical research on all aspects of cancer and blood disorders. TELO’s co-founder Dr. Mai has her research laboratory and imaging facility located within CCMB and the Research Institute in Oncology and Hematology. CCMB has assigned all of the IP rights and ownership related to TeloView® to TELO for the purpose of commercialization. TELO has in turn granted Dr. Mai and her research program under CCMB a license to use TELO’s technology for research purposes.

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.

In September 2021, the Company launched the project of fulfilling the requirements of ISO 15189 to achieve the accreditation. ISO 15189 is specific for medical and clinical laboratories. Once the accreditation is achieved TELO will be authorized to issue clinical laboratory tests reports. The project is expected to be completed within 12-18 months from launching date.

Lead Application – Multiple Myeloma (Telo-MM)

TELO’s primary focus is on developing prognostic tests for multiple myeloma (MM). 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 technology as a prognostic tool for MM addressing certain clinical unmet needs in the management of the MM disease.

MM is a cancer that forms in a type of white blood cell called a plasma cell. It causes cancerous plasma cells to accumulate in the bone marrow where they crowd out healthy cells. Symptoms can include organ failure, specifically in the bone, kidney and liver, among several others. To date, MM is an incurable, deadly disease. MM is preceded by an asymptomatic expansion of plasma cells, recognized as MGUS or smoldering multiple myeloma (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 capable of predicting which patients have high risk to 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 will develop resistance to treatment and are at higher risk to relapse while 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.

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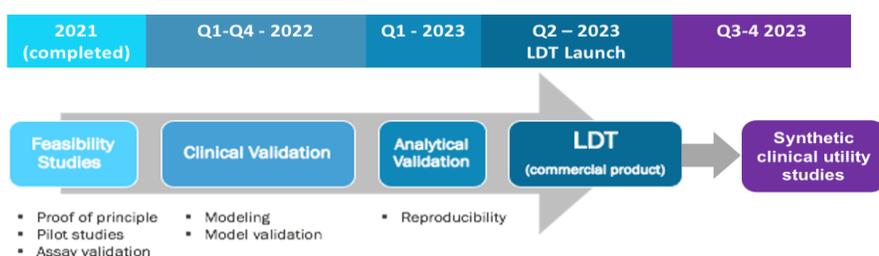
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Clinical Studies and Product Development Design:

In collaboration with Dr. Shaji Kumar, MD, Mayo Clinic and Dr. Kenneth Anderson, MD, Harvard School of Medicine, the Company has designed 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.

- **Product in Development 1 (Lead Product): TeloView® Test for Smouldering Multiple Myeloma**
 - **Development Timeline:** 18-24 months – clinical studies ongoing
 - **Clinical Utility:** The utility of the TeloView® test for SMM is to identify high-risk SMM that will benefit from *immediate intervention* and to provide a confirmation on disease stability for low-risk stable SMM patients who can be safely monitored 3-4 times per year using the TeloView test.
 - **Clinical Unmet Need:** 10-15% of patients diagnosed with SMM, an asymptomatic pre-cursor to MM, have a high risk to progress to the active stage of MM. Early recognition of these 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 SMM there is a great benefit to not over-treat. There are currently no known clinical tests that can predict the progression of SMM to MM.
 - **Market Size:** The most conservative assessment of the incidence rate of SMM in the US is 200,000. It is estimated that between 10-15% of these SMM patients transition to active MM every year. Based on the calculated incidence rate, the most conservative total addressable market in the US for the TeloView® test for SMM is estimated to be >500,000 tests per year.
 - **Cost to Completion:** The estimated cost to complete the retrospective studies required to introduce the TeloView® test for SMM as a laboratory developed test (LDT) will range between \$430,000 - \$600,000 including developing the predictive model, the model validation and the analytical validation.
 - **Stages of Product Development:**



- **Product in Development 2: TeloView® Test to Predict Patient Resistance to Treatment**
 - **Development Timeline:** 24 - 36 months – clinical studies ongoing
 - **Clinical Utility:** The utility of the TeloView® test is to predict newly diagnosed MM patients who will develop resistance to first line treatment. These patients with high risk of relapse can be subjected to alternative treatment to avoid disease relapse.
 - **Clinical Unmet Need:** Choosing an effective initial therapy improves a patient's chances of going into remission and delays the onset of the painful symptoms associated with MM. It is also possible

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to prevent the initiation of an expensive therapy that may not be effective. First line therapy for MM currently consists of a complex cocktail of chemotherapies or a combination of chemotherapies and immunotherapies. MM 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 MM in the US in 2020. (<http://seer.cancer.gov/statfacts/html/mulmy.html>)

- **Market Size:** The incidence rate of MM in the US is estimated to be 35,000 in 2020. The median progression free survival after first line therapy is 2 years, with relapse rate of 30% in the first year. The incidence rate and the progression free survival rate suggests that conservatively 80,000 MM patients will benefit from this TeloView[®] test. According to surveys conducted by TELO with myeloma key opinion leaders, the test once validated may be used to monitor myeloma patients receiving first line therapy every three months. The most conservative total addressable market in the US for this TeloView[®] test for testing and monitoring of MM patients is estimated to be >200,000 tests per year.
- **Cost to Completion:** The estimated cost to complete the retrospective studies required to introduce the TeloView[®] test to predict patient resistance to treatment as an LDT will range between \$430,000 - \$600,000 including developing the predictive model, the model validation and the analytical validation.

The validation of 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 final stage of the study will be conducted prospectively.

Progress of Product Development in Collaboration with the Mayo Clinic:

In Q2 & Q3 of 2022, TELO received from the Mayo Clinic patients' samples pertaining to the clinical validation of the 2 MM prognostic products in development, for SMM and for drug resistance. TELO has completed the sample processing of the 2 studies and submitted the laboratory results to the Mayo Clinic for review and analysis. The statistical analysis of the two studies is currently ongoing, with the expectation to be completed before the end of December 2022.

In 2021, TELO successfully completed the feasibility stage of the ongoing clinical studies in collaboration with the Mayo Clinic. The successful results from the feasibility stage were a critical milestone for TELO and the Mayo Clinic, which allowed TELO's collaboration with the Mayo Clinic to advance to the clinical validation stage of product development.

Regulatory Process & Commercialization plans

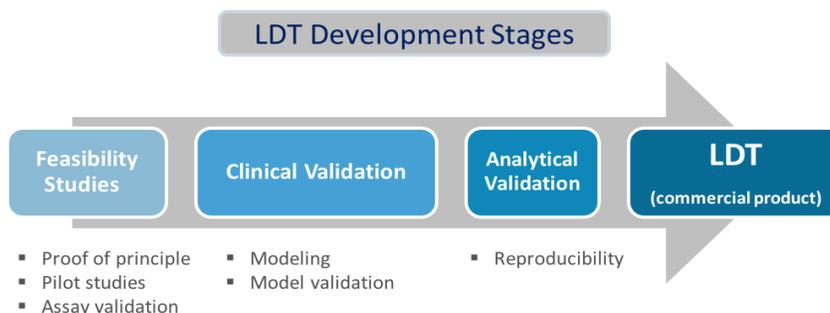
TELO is evaluating multiple regulatory approval pathways to launch the TeloView[®] tests into the clinical market in the US and Canada.

- a) **LDT pathway:** Develop and launch TeloView[®] tests as LDTs with a partner lab or a TELO owned reference lab in the US or Canada.

The development of the TeloView[®] tests as LDT will follow the Clinical Laboratory Improvement Amendments (CLIA) guidelines. The clinical claims of the TeloView[®] tests were determined in collaboration with TELO's 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

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following the CLIA and FDA guidelines. Initial discussion will help with potential commercial partners based in the US and Canada once the clinical validation stage with Mayo, as announced by the Company on March 7, 2022 has been completed. TELO 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 clinical validation stage with Mayo has been completed. TELO will focus on companies that are active in the MM 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 would also seek the CE certification of the Telo-MM test to allow commercialization outside of the US. The CE certification affirms the products compliance with relevant EU legislation and allows for sale within the European Economic area.

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 to add other cancer tests using the sample platform and increase the number of potential future acquisition partners.

Bio-Pharma Partnerships

TELO 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. The Company sees opportunities to partner with pharma during the clinical development of new multiple myeloma therapies, as well as in label extension trials for marketed drugs.

COVID-19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. This outbreak may also cause staff shortages, reduced customer demand, increased government regulations or interventions, all of which may negatively impact the business, financial condition, or results of operations of the Company. The duration and impact of the COVID-19 outbreak affected the Company as there were delays in the Company receiving the lab samples from the Mayo clinic.

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CURRENT CORPORATE DEVELOPMENTS AND GOING CONCERNS

On September 14, 2022, the company announced that the initial clinical validation stage of its ongoing clinical study for smoldering multiple myeloma, in collaboration with the Mayo Clinic, has completed review and analysis of its first cohort, consisting of 187 patients and has exceeded its targeted endpoint.

On August 17, 2022, the Company announced the completion of the laboratory processing and analysis of patient samples related to its multiple myeloma drug resistance clinical study. The patient samples were provided by the Mayo Clinic as part of an ongoing collaboration to evaluate the Company's prognostic technology for multiple myeloma ("MM"). TELO's study results have now been submitted back to the Mayo Clinic for review and analysis. TELO's ongoing collaboration with the Mayo Clinic includes clinical studies in the development of prognostic tools to address two specific unmet clinical needs in the management of MM including: 1) assess the risk of precursor smoldering myeloma (SMM) patients who may benefit from either immediate intervention for high-risk SMM or active continual monitoring for stable SMM; and 2) identify MM patients who will develop resistance to first-line treatment within two years, and may benefit from an alternative treatment regimen.

On July 13, 2022, the Company announced that it has commenced the processing of clinical samples to evaluate its TeloView platform to identify multiple myeloma patients that are at high-risk of developing treatment resistance. This study is the second study being carried out in collaboration with the Mayo Clinic to evaluate the Company's prognostic technology to address multiple unmet clinical needs in MM.

On July 6, 2022, the Company announced the completion of the laboratory processing and analysis component of its clinical study for TELO's lead prognostic test for smoldering multiple myeloma ("SMM"). The SMM patient samples were provided by the Mayo Clinic in Q1 2022 as part of an ongoing collaboration to evaluate the Company's prognostic technology for multiple myeloma. TELO's study results have now been submitted back to the Mayo Clinic for review and comparative analysis.

On May 31, 2022, the Company announced that it had completed the validation of a suite of proprietary automation tools developed using cutting-edge machine learning, deep machine learning and artificial intelligence technologies to maximize the efficiency and throughput of its technology workflow. The validation was conducted on a subset of smoldering multiple myeloma patient samples that were received in collaboration with the Francois Baclesse Cancer Center, Caen, France. The Company recently completed a series of projects with the goal to automate and enhance accuracy and efficiency of its novel diagnostic platform. These projects included: i) increased automation and batch processing of the microscopy aspects of the assay, ii) developed machine learning and artificial intelligence algorithms to facilitate automated target cell selection, a key step in the single cell analysis that enriches the value of TeloView analytics, and iii) enhanced the processing capacity of the TeloView.

On March 15, 2022, the Company announce that it had engaged Tracey Kidd ("Kidd") to perform services related to investor relations activities for the Company. Pursuant to an engagement agreement (the "Engagement Agreement"), Kidd will receive a cash monthly fee of \$7,500 over a period of twelve months. The Company has granted Kidd 120,000 stock options, with each option exercisable into one common share at an exercise price of \$0.335 per share. 30,000 stock options will vest three months following the date of the Engagement Agreement, and 30,000 stock options shall vest on each of September 15, 2022, December 15, 2022, and March 15, 2023. All vested stock options shall be eligible for exercise until the earlier of (i) 30 days following termination of the Agreement, and (ii) two years from the date of grant.

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On March 7, 2022, the Company announced that it had received clinical samples from its collaborator, Mayo Clinic, to conduct the clinical validation of the Company's lead product in development, its TeloView® prognostic test for segregating high risk and low risk SMM patients.

On February 3, 2022, the company announced that Dr. Ron McGlennen, President and Founder of the medical laboratory Access Genetics, Minnesota, USA, has joined its Board of Directors. Dr. McGlennen brings unique and valuable expertise to TELO's board with extensive experience in successfully introducing novel diagnostics technologies into clinical laboratories across the USA.

Dr. McGlennen brings over 30 years of leadership in the development and commercialization of innovative diagnostic and prognostic technologies across multiple disease areas. He is internationally recognized as an expert in molecular biology and genetics. Over the past decades, Dr. McGlennen has acted as medical director of several clinical laboratories across the USA. He is currently Associate Professor of Pathology at the University of Minnesota Medical School and has published more than 70 peer reviewed publications and book chapters. He holds 9 issued and pending patents. He is board certified in Anatomic and Clinical Pathology and also by the American Board of Medical Genetics, with a specialty in clinical molecular genetics. Dr. McGlennen has also served on a series of governmental and regulatory committees focused on the growth of the field of molecular diagnostics.

Dr. McGlennen has replaced Mr. Ryan Cheung who resigned his position as a Board Director for Telo Genomics on February 3, 2022.

On January 19, 2022, the Company announced the launch of a validation study to accelerate the commercialization of its lead product in development for smoldering multiple myeloma (SMM) patients. The Company also announces that it has recently implemented in its workflow several proprietary automation solutions that employed cutting edge machine learning and artificial intelligence algorithms.

1. TELO has recently received the SMM patient samples pertaining to a validation study that TELO is launching. The clinical study will be conducted under the clinical leadership of Dr. Hans Knecht, Head of Hematology, Jewish General Hospital & McGill University, Montreal, Canada and TELO's Clinical Advisor. The samples were received in collaboration with the Francois Baclesse Cancer Center, Caen, France. The launched study goal is to accelerate the validation of TELO's ongoing collaboration with the Mayo clinic to develop TELO's lead product, a prognostic test for smoldering multiple myeloma (SMM) patients.
2. TELO also announces that over the last 12-months it has conducted several internal R&D projects to enhance its throughput, maximize accuracy and elevate its efficiency. These projects included: i) increased automation and batch processing to the microscopy component of the workflow, ii) introduction of machine learning algorithms to facilitate automated target cell selection, a key step in the single cell analysis that enriches the value of TeloView analytics, and iii) enhanced the processing capacity of the TeloView platform. These projects are now completed, validated and implemented.

The implementation of these enhancements to TELO's workflow increased the efficiency and productivity of TeloView by over 40%. The key advantages of these improvements include: i) expedite the completion of clinical studies, ii) simplify the process of technology adoption by potential partners or licensees in the future, iii) lower sample processing cost by allowing TELO's high qualified human assets to maximize multitasking, iv) minimize the probabilities of human introduced errors.

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On December 7, 2021, the Company announced its successful uplisting from the OTC Pink Sheets to the OTCQB® Venture Market (the "OTCQB"). TELO commenced trading on the OTCQB at market open on December 6, 2021, under the symbol "TDSGF". TELO common shares will continue to trade on the Toronto Venture Exchange under the symbol TELO.

On October 13, 2021, the Company announced updates related to its recent participation in the International Multiple Myeloma Workshop in Vienna, Austria, and progress of the ongoing clinical studies in collaboration with the Mayo Clinic.

1. TELO has recently participated in the International Myeloma Workshop (IMW 2021) that took place in Vienna, Austria. During the IMW 2021 TELO held important meetings with influential Lead Investigators of multiple myeloma Clinician groups from the USA, France, Spain and Portugal. These meetings were highly productive focused on the development of new collaborations to advance the clinical studies that the Company is currently conducting and in turn accelerate the commercialization of the Company's prognostic tests in-development. TELO also advanced the discussions with potential collaborators addressing additional specific clinical unmet needs in the management of multiple myeloma.
2. The Company also announces that it has successfully completed the processing of the first batch of myeloma samples, which was received from the Mayo Clinic earlier in the year. This batch of patient samples represents the overall feasibility assessment of the ongoing clinical studies included in TELO's collaboration with the Mayo Clinic. During the IMW 2021 TELO held an important meeting with the study's Lead Clinical Investigator from the Mayo Clinic to discuss the results of the *Feasibility Assessment* samples. TELO is expecting to receive the following batch of samples from the Mayo Clinic within Q4 of the current year.

On October 5, 2021, the Company issued a disclosure that its board of directors has adopted amendments to its By-Laws to include advance notice provisions which require shareholders of the Company to provide advance notice to the Company when nominating persons for election to the Board. The Advance Notice Provisions provide the required form and contents for a Shareholder to give notice and fixes the deadline by which Shareholders must submit director nominations to the Company prior to any annual or special meeting of Shareholders.

On September 21, 2021, the Company issued a news release to disclose that it has entered into a consulting agreement with Adelaide Capital Markets Inc. to provide investor relations consulting services to the Company in compliance with the policies and guidelines of the TSX Venture Exchange and applicable legislation.

Adelaide will provide investor relations and consulting services to the Company, effective September 15, 2021. Under the terms of the Consulting Agreement, Adelaide will receive \$8,000 per month from the Company for an initial period of six months (subject to extension by mutual agreement) until March 15, 2022. The Company has also granted 100,000 stock options to Adelaide, with each option exercisable into one common share at an exercise price of \$0.50 per share, vesting quarterly over a 12-month period. All vested options shall be eligible for exercise for a period ending on the earlier of (i) two years from the date of the grant and (ii) 30 days following termination of the agreement. This agreement was terminated on November 30, 2021.

On September 9, 2021, the Company announced that it is participating in the 18th International Myeloma Society Workshop 2021 (IMW 2021) taking place in Vienna, TELO will showcase the clinical utility and unique advantages of its TeloView® technology, and its potential as a transformative liquid biopsy

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prognostics solution for managing multiple myeloma. TELO is one of the 14 industry participants in the IMW 2021 including biopharma and diagnostics leaders in the myeloma disease management.

On August 11, 2021, the Company issued a news release to disclose that it has engaged Terry Bramhall (“Bramhall”) to perform services for the Company, including investor relations activities, as defined in accordance with the policies of the TSX Venture Exchange (“TSXV”) and applicable securities laws.

Pursuant to an agreement entered into with Bramhall on July 28, 2021, Bramhall will receive a cash fee of \$2,000 per month over a period of six months for a total of \$12,000. The Company has granted Bramhall 50,000 stock options, with each option exercisable into one common share at an exercise price of \$0.50 per share, vesting quarterly over a 12-month period. All vested options shall be eligible for exercise for a period ending on the earlier of (i) two years from the date of the grant and (ii) 90 days following termination of the agreement. This agreement was terminated on March 31, 2022.

On August 9, 2021, the Company announced that it has entered into an agreement with the clinical laboratory veteran Mark Stene, Founder & President of MyClinLab[®] LLC, Austin, Texas USA. Mark Stene is a former senior executive with several clinical laboratories and medical device enterprises in the USA. Dr. Stene brings a record of accomplishment in guiding biotech companies through the process of achieving clinical laboratory accreditation. Dr. Stene will lead TELO’s efforts to achieve the ISO 15189 certification, specific for medical laboratories, and the certified Clinical Laboratory Improvement Amendments (CLIA) accreditation. Achieving the ISO 15189 accreditation is expected to be completed within 8-12 months and will be followed by achieving the CLIA certification.

During the year ended June 30, 2022, the Company issued 3,491,540 common shares in connection with the exercise of warrants at an exercise price of \$0.20 per share for gross proceeds of \$698,308.

On July 5, 2021, the Company announced that it has closed the second and final tranche of its previously announced non-brokered private placement (“Offering”) of units (the “Units”) and issued an additional 390,000 Units at \$0.50 per unit for gross proceeds of \$195,000. The originally announced Offering was oversubscribed and along with the first tranche of the Offering, the Company raised \$2,287,750.

Each Unit issued consisted of one common share of the Company (a “Common Share”) and one-half of one non-transferable common share purchase warrant (each whole warrant, a “Warrant”). Each Warrant will entitle the holder to acquire one additional Common Share at a price of \$0.75 per Common Share until January 2, 2023.

In connection with this tranche of the Offering, the Company paid finder’s fees in cash as follows: \$10,150 to PI Financial Corp. and \$3,500 to Canaccord Genuity Corp. The Company also issued finder’s warrants (the “Finder’s Warrants”) to eligible finders as follows: 20,300 Finder’s Warrants to PI Financial Corp. and 7,000 Finder’s Warrants to Canaccord Genuity Corp. Each Finder’s Warrant entitles the holder to acquire one common share of the Company at a price of \$0.50 per share until July 2, 2022.

On July 2, 2021, the Company announced that it has closed the first tranche of its previously announced non-brokered private placement.

The Company issued a total of 4,185,500 Units at a price of \$0.50 per Unit for gross proceeds of \$2,092,750 under the first tranche of the Offering. Each Unit issued consisted of one common share of the Company (a “Common Share”) and one-half of one non-transferable common share purchase warrant (each whole warrant, a “Warrant”). Each Warrant will entitle the holder to acquire one additional Common Share at a price of \$0.75 per Common Share until December 30, 2022.

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In connection with the first tranche of the Offering, the Company paid finder's fees in cash as follows: \$57,925 to Leede Jones Gable Inc., \$38,850 to Research Capital Corporation, and \$5,128 to Haywood Securities Inc. The Company also issued finder's warrants (the "Finder's Warrants") to eligible finders as follows: 115,850 Finder's Warrants to Leede Jones Gable Inc., 77,700 Finder's Warrants to Research Capital Corporation, and 10,255 Finder's Warrants to Haywood Securities Inc. Each Finder's Warrant entitles the holder to acquire one common share of the Company at a price of \$0.50 per share until June 30, 2022.

The Company intends to use the net proceeds of the Offering to fund the Company's ongoing collaborative studies with the Mayo Clinic in multiple myeloma, the construction or purchase of a certified Clinical Laboratory Improvement Amendments (CLIA) lab, the exploration of additional indications and for general working capital purposes.

For the year ended June 30, 2021, the Company issued 9,871,840 common shares through various warrant exercises for gross proceeds of \$1,885,608. Additionally, the Company issued 100,000 common shares pursuant to the exercise of stock options for gross proceeds of \$15,000.

On April 29, 2021, the Company announced that it has co-authored a publication demonstrating TELO's ability to identify high risk *versus* low-risk smoldering myeloma patients in a large longitudinal prospective multiple myeloma clinical study including 214 patients. The study was recently published in the Scientific Journal titled "*Cancers*".

The most important result was the identification of high-risk SMM patients who progressed to active MM (symptomatic) within 1-3 years from point of diagnosis *versus* low risk stable SMM patients who remained at the smoldering stage (asymptomatic) for over 5 years with high significance. Moreover, TeloView® analysis identified MM patients with stable form of the disease *versus* those with aggressive form of the disease with high significance. Importantly, the quantification of TeloView® parameters correlated with MM patient's survival rate. Currently, there is no single clinical test that allows the identification of high risk *versus* low risk smoldering myeloma patients.

The results of this study validate the findings of previously published MM clinical studies using TeloView® that were published in 2014 and 2019, with a total number of 362 patients analyzed to date across the three published clinical studies.

On March 24, 2021, TELO announced the results of its recent annual general shareholders meeting (the AGM) held on March 4, 2021, in Toronto, ON. A total of 5,161,568 shares representing 11% of the Company's total issued and outstanding common shares were voted either by proxy or by proxy holders.

Based on the results of the proxy voting, the five nominees proposed by TELO's Management were elected as directors of Telo Genomics Corp. to serve until the corporation's next annual meeting of shareholders or until their successors are elected or appointed.

In addition, the shareholders approved all other resolutions placed before the meeting. These included fixing the number of directors of the corporation for the ensuing year at five; appointing auditors for the corporation for the ensuing year; approving the Company's stock option plan; and approving an amendment to the Company's Bylaws to allow holding shareholders meetings in a virtual format only as a COVID-19 safety measure to ensure the safety of the Company's shareholders, directors, officers and stakeholders.

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On March 23, 2021, the Company provided corporate updates, including:

- TELO has received the first batch of samples related to the ongoing multiple myeloma clinical studies conducted in collaboration with Mayo Clinic. The samples received passed the Company's accession quality control and TELO's technical team has already started to process the received samples.
- TELO has advanced discussions with its Clinical Advisory Board and strategic consultant, BioCore Strategies, LLC, for the purpose of expanding the commercial applications of its proprietary diagnostic/prognostic technology platform TeloView®.
- TELO has also received \$616,289 funds from the early exercise of warrants that were issued in connection with convertible secured debt (the debt was converted on November 24, 2019) expiring on November 24, 2021. The exercised warrants represent approximately half of the total warrants issued.
- TELO has appointed Mr. Christopher Ross as the Company's CFO to replace Mr. Ryan Cheung effective April 1, 2021. Mr. Ross is a CPA, CGA with broad financial experience in providing financial accounting, strategic analysis, and consulting services to both private and public companies. In connection with the appointment TELO granted 100,000 of Company's options to Mr. Ross with a term of 5 years and an exercise price of \$0.64. Mr. Cheung will continue to serve as a Director on TELO's Board.

On February 3, 2021, TELO announced that the Company has entered into a consulting agreement with the biomedical industry veteran Gregg Mayer, Founder & Principal of BioCore Strategies, LLC, Boston, Massachusetts, USA, and former executive of Abbott Diagnostics, Siemens and a number of early-stage biopharma and medical device companies, both public and privately held. Mr. Mayer will lead TELO's efforts to develop and execute the Company's industry partnership strategy with Biopharma and Diagnostics industries.

On December 8, 2020, TELO announced that the Company has presented the results of its Hodgkin's lymphoma (HL) clinical study at ASH 2020. The large multicenter study included participants from 3 national and international centers. An abstract summarizing the data was presented at ASH 2020. Although the abstract was included in the proceedings of ASH 2020, the detailed results are embargoed until the manuscript comprising the full study results is published.

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

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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 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 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.

QUARTERLY AND ANNUAL PERFORMANCE

The Company recorded a net loss of \$653,231 and \$2,110,454 for the three and twelve months ended June 30, 2022, compared to a net loss of \$288,174 and \$1,069,963 for the comparable periods.

Factors contributing to the overall increased net loss comprises non-recurring stock-based compensation expense recognized in the current period, as well as increases to consulting and wages as the Company continues to grow and develop. Additionally, for the year ended June 30, 2021, the Company had written off statute barred trade payables which reduced the total expenses reported in that comparable period.

The Company incurred research and development costs of \$394,298 and \$1,123,826 for the three and twelve months ended June 30, 2022, compared to expenses from research and development activities of \$190,717 and \$603,900 in the comparable periods. The Company is focused on specific research and development activities and has increased such activity over the prior periods.

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The following outlines the details of research and development costs and certain variances:

	2022	2021	Variance
	\$	\$	\$
Depreciation	56,955	62,228	(5,273)
Advertising and promotion	45,434	-	45,434
Management and consulting fees	227,003	161,130	65,873
Legal expenses	38,157	36,145	2,012
Share based compensation	54,425	-	54,425
Wages and benefits	283,557	178,218	105,339
Office, administration and other expenses	51,678	39,634	12,044
Lab costs	366,617	126,545	240,072
	1,123,826	603,900	519,926

Certain variances in the Company's research and development above resulted primarily from the following factors:

- Advertising and promotion – The increase is related to attendance at international conferences like ASH annual meeting.
- Management and consulting fees – Consulting increased as the Company retained consultants related to the lab accreditation process in fiscal year 2022.
- Wages and benefits - The increase is related to additional hires with the Company's lab operations over the comparative period.
- Lab costs – The increase is largely related to the rent expense of the lab. In the comparable period, there was rent relief due to COVID-19. Additionally, there was an increase in the purchase of samples and lab supplies due to increased activity related to its diagnostic platform.

The Company incurred general and administrative costs of \$258,933 and \$986,628 during the three and twelve months ended June 30, 2022, compared to expenses from general and administrative activities of \$284,690 and \$653,297 for the comparable periods. Overall general and administrative expenses increased in the current year largely due to an increase in employees and consultants as the Company builds out its team.

The following outlines the details of general and administrative costs and certain variances:

	2022	2021	Variance
	\$	\$	\$
Advertising and promotion	9,916	67,734	(57,818)
Investor relations	62,250	-	62,250
Management and consulting fees	410,907	243,339	167,568
Accounting and legal	91,841	100,292	(8,451)
Insurance	24,201	14,945	9,256
Regulatory	70,899	28,812	42,087
Interest and bank charges	5,390	4,623	767
Office, administration and other expenses	130,727	52,001	78,726
Wages and benefits	83,514	-	83,514
Share based compensation	96,983	141,551	(44,568)
	986,628	653,297	333,331

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Certain variances in the Company’s general and administrative costs above resulted primarily from the following factors:

- Advertising and promotion – The Company incurred decreased fees because of limited conference registration fees as compared to the year ending June 30, 2021.
- Investor relations – The Company engaged two investor relation consultants during the year ended June 30, 2022, there were no investor relations engagement for the comparable period. Both those agreements are now terminated but a new investor relations agreement was entered into March 2022.
- Management and consulting fees – Consulting increased as the Company retained BioCore Strategies LLC in early 2021, to lead the TELO’s efforts to develop and execute the Company’s industry partnership strategy as well as adding strategic advisors and a contracted CFO late in fiscal 2021. These costs were incurred throughout the entire fiscal 2022 year as opposed to only incurred for a small portion of fiscal 2021.
- Regulatory- The increase is a result both AGM related expenses and the incremental costs associated with the Company’s application and listing on the OTCQB during fiscal 2022.
- Office, administration and other expenses – The increase is a result of not having rent relief due to COVID-19 and general increased corporate activity.

SELECTED ANNUAL FINANCIAL INFORMATION

For the year ended June 30	2022	2021	2020
	\$	\$	\$
Net loss for the year	(2,110,454)	(1,069,963)	(1,241,696)
Basic/Diluted loss per share	(0.04)	(0.02)	(0.04)
Total assets	2,883,231	3,839,214	1,168,673

SELECTED QUARTERLY FINANCIAL INFORMATION AND QUARTERLY ANALYSIS

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

	Three months ended			
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Revenue	\$ -	\$ -	\$ -	\$ -
Research and development	394,298	272,528	202,358	254,642
General and administration	258,933	242,455	260,939	224,301
Net loss	(653,231)	(514,983)	(463,297)	(478,943)
Basic loss per share	(0.01)	(0.01)	(0.01)	(0.01)
Diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)

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	Three Months Ended			
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Revenue	\$ -	\$ -	\$ -	\$ -
Research and development	190,717	152,849	168,588	91,746
General and administration	284,690	156,759	105,522	106,326
Finance expense, net	(3,750)	-	-	-
Gain on write-off of accounts payable and accrued liabilities	(122,477)	-	-	(61,007)
Net loss	(349,180)	(309,608)	(274,110)	(137,065)
Basic loss per share	(0.01)	(0.01)	(0.01)	(0.00)
Diluted loss per share	(0.01)	(0.01)	(0.01)	(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 upwards due to increased activity and additional hires.

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 June 30, 2022, the Company had cash resources of \$2,692,965 compared to \$3,636,502 as at June 30, 2021. As at June 30, 2022, the Company had working capital of \$2,596,476 compared to working capital of \$3,647,112 as at June 30, 2021.

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.

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Contractual Obligations

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 1, 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 months 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 1, 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, 2021, till October 31, 2022. In accordance with the lease renewal the Company committed to payments of \$9,458 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 for smoldering multiple myeloma, 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 59,424,433 common shares issued and outstanding, 3,501,143 share purchase options issued and outstanding, and 3,910,423 share purchase warrants issued and outstanding.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

As at June 30, 2022, and in the normal course of business, the Company has short term obligations relating to its office and lab rentals. The Company renewed another twelve months in November 2021 with the agreement expiring in October 2022.

RELATED PARTY TRANSACTIONS

Key personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Chief Executive Officer, Chief Financial Officer and the Company’s directors are considered key 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:

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	June 30, 2022	June 30, 2021
Management and consulting fees - Sherif Louis, CEO	\$ 152,086	\$ 150,000
Management and consulting fees - Christopher Ross, CFO	60,000	15,000
Management and consulting fees - John Meekison, Director	18,000	9,000
Management and consulting fees - Ronald McGlennen, Director	16,159	-
Management and consulting fees - Dr. Sabine Mai, Director	30,000	24,000
Management and consulting fees - Guido Baechler, Director	77,309	84,560
Share-based payments (1) - Ronald McGlennen, Director	79,768	-
Share-based payments (1) - Christopher Ross, CFO	-	53,427
	\$ 433,322	\$ 335,987

(1) Share-based payments are the fair value of options granted to key management personnel and directors of the Company under the Company's Stock Option Plan.

As at June 30, 2022, the Company has \$48 owing to Sherif Louis, CEO of the Company. As at June 30, 2021, the Company owed the following amounts; \$3,000 to John Meekison, Director, \$2,000 to Dr. Sabine Mai, and \$6,295 to Guido Baechler, Director.

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.

Significant estimates

Estimates and assumptions where there is significant risk of material adjustments to the consolidated statements of financial position in future accounting periods include the recoverability and measurement are as follows:

- ***Property and equipment*** - Property and equipment is depreciated over the estimated useful life of the assets. Changes in the estimated useful lives could significantly increase or decrease the amount of depreciation recorded during the year and the carrying value of property and equipment.
- ***Intangible assets*** - The application of the Company's accounting policy for intangible assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances.

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The calculations for impairment testing of the Company's indefinite life intangible assets involve significant estimates and assumptions.

- **Share-based compensation** - The fair value of share-based payments and warrants is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

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 Fiscal Year 2022.

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. As at June 30, 2022 and 2021, the Company had no cash and cash equivalents or accounts payable and accrued liabilities. 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 June 30, 2022. 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.

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(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. All financial liabilities are current and due within the next twelve months, with the exception of the long term loan as discussed in the consolidated financial statements for the year ended June 30, 2022.

(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 of June 30, 2022, consists of cash and cash equivalents and the components of shareholders' equity in the definition of capital. There were no changes in the Company's approach to capital management during the current fiscal year. The Company is not subject to externally imposed capital requirements.

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

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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 to incur 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

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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.

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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.

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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.

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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.

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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.

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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

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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.

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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.

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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.