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# Maritime Launch Services Inc.

## Management Discussion and Analysis (MD&A)

For the three and nine months ended September 30, 2024

MARITIME LAUNCH

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# MANAGEMENT DISCUSSION AND ANALYSIS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023, AND SEPTEMBER 30, 2024.

*Reference to the "Company," "our", "us" or "we" refer to Maritime Launch Services Inc. ("**MLS**" or **"Maritime Launch Services")** together with its wholly owned subsidiaries Maritime Launch Services (Nova Scotia) Ltd. and Maritime Launch USA Inc.*

*This Management Discussion and Analysis ("**MD&A**") should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the three- and nine-month periods ended September 30, 2024, and the accompanying notes (the "**Q3-2024 Financial Statements**") and the audited consolidated financial statements of the Company for the year ended December 31, 2023, and the accompanying notes (the "**2023 Annual Financial Statements**").*

*The Q3-2024 Financial Statements and the 2023 Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). All dollar amounts are expressed in Canadian Dollars ("**CAD**"), except where otherwise indicated.*

*The information in this MD&A is current to November 26, 2024, unless otherwise noted.*

## FORWARD-LOOKING INFORMATION

*This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws. Such forward-looking information includes, but is not limited to, information with respect to the Company's objectives and strategies to achieve these objectives, as well as information with respect to the Company's beliefs, plans, expectations, anticipations, estimates, intentions and views of future events. Discussions containing forward-looking information may be found throughout this MD&A. In some cases, forward-looking information can be identified by words or phrases such as "forecast", "target", "goal", "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict", or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking information. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward looking information. Statements containing forward-looking information are not historical facts. The Company has based the forward-looking information on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs.*

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*Forward-looking statements include, but are not limited to, those relating to:*

- *expectations for space industry growth which may be impacted by new technology and geopolitics;*
- *the extent of global demand for small and medium class satellite launch services for satellite constellation deployment, which may be impacted by competition, economic and launch market conditions and new technologies;*
- *launch timing, which may be impacted by financing and construction schedules;*
- *number, frequency of launches and class or size of launch vehicles which may be impacted by availability of launch vehicles, launch market conditions, construction and financing;*
- *expected revenues from the launch site lease model ("**airport model**") which may be impacted by the launch vehicle customer selected and the services required by the customer, as well as their launch cadence; and*
- *extension of the convertible debentures, which remain subject to entering into binding definitive extension agreements with the holders of the debentures and regulatory approval; and*
- *Strategic Innovation Fund ("**SIF funding**") timing, which may be impacted by negotiation of binding agreements; the Company's ability to meet the conditions of the SIF and otherwise finance its operations until profitability of the Company can be achieved; and construction schedules.*

*Statements containing forward-looking information are based on certain assumptions and analyses made by the Company in light of management's experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. These assumptions include our ability to maintain and expand the scope of our business; our ability to execute on our growth strategies; assumptions relating to government support and funding levels for space programs and missions; continued and accelerated growth in the global space economy; the impact of competition; our ability to retain key personnel; our ability to obtain and maintain existing financing on acceptable terms; changes and trends in our industry or the global economy; currency exchange and interest rates; and changes in laws, rules, regulations.*

*Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect and there can be no assurance that actual results will be consistent with the forward-looking information. Given these risks, uncertainties and assumptions, readers should not place undue reliance on the forward-looking information. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those described in this MD&A and listed under the heading "Risk Factors" in the*

*Company's Annual Information Form, which was filed on Sedar on March 27, 2024, such factors should not be considered exhaustive and should be read together with the other cautionary statements in this MD&A.*

*If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking information prove incorrect, actual results might vary materially from those anticipated in the forward-looking information.*

## COMPANY OVERVIEW

On April 1, 2022, pursuant to a binding letter agreement (the "Letter Agreement") dated November 5, 2021 and amended on January 22, 2022 and March 30, 2022, Maritime Launch Services Inc. (formerly Jaguar Financial Corporation) acquired all of the issued and outstanding shares of Maritime Launch Services Ltd., and changed its name to Maritime Launch Services Inc., with the former shareholders of Maritime Launch Services Ltd. obtaining control of the Company (the "RTO" or "Reverse Takeover"). References to Maritime Launch Services Ltd. refer to the operating company thru until April 1, 2022, immediately prior to the Reverse Takeover.

The Reverse Takeover was completed by way of the three-cornered amalgamation of Maritime Launch Services Ltd. and a newly incorporated acquisition subsidiary of the Company to form Maritime Launch Services (Nova Scotia) Ltd., which is now a wholly owned subsidiary of the Company.

On April 25, 2022, the Company received final approval to list its common shares on the NEO Exchange Inc. (the "NEO Exchange") (now operating as Cboe Canada) and on April 27, 2022, its common shares began trading on the NEO Exchange (now operating as Cboe Canada) under the symbol MAXQ. On August 23, 2022, the Company received approval to trade on the OTCQB Venture Market under the symbol "MAXQF".

Prior to the Reverse Takeover, Maritime Launch Services Ltd., started in Nova Scotia, was incorporated on October 17, 2016, to begin its efforts to make Canada a Launching State to serve the burgeoning global space industry needs by building and operating the first pure commercial satellite launch site in North America. The initiative has matured with the growth in the industry and validation of the strengths and opportunities of our launch facility location to serve domestic and international needs for a range of launch vehicles and their respective satellite clients. The operational model for the spaceport will phase in launch vehicle clients that require a long-term dedicated launch pad for their vehicles to deliver their satellite clients payloads to the desired orbits. The Company would provide the needed access to the site and a host of services that the launch vehicle client would pay for, to deliver their customer's satellites to the desired locations in low earth orbit ("**LEO**"). This model is not unlike an airport that hosts carriers for a fee and provides a full suite of services to the air carrier. This "airport model" for the spaceport will see

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an annual lease cost and per launch fee from the launch vehicle client beginning with one launch pad planned for phase one and adding launch pads as the launch client base grows. This model has significant advantages in that the development costs and risks for the launch vehicle is not carried by the spaceport while the launch client has the reliable services they need for themselves and their customers.

## The Commercial Space Industry Opportunities are Growing

Since the landing of the last NASA Space Shuttle in 2011, the low earth orbit ("**LEO**") market demand has been met by the commercial space industry and has seen average year over year growth of approximately 3%. This is coupled with the miniaturization of technology away from the very large geosynchronous orbit ("**GEO**") satellites to much smaller satellite clusters and the market growth for global broadband and other communication and remote sensing satellites. The global space economy was valued by the analytics and engineering firm, Euroconsult, and according to their report on the global space economy through 2022, the value reached an all-time high of US $464 billion, a 14.1% increase over the previous year.[1] The launch industry segment of this economy, which MLS sees as the backbone of the industry, was valued at about US$10 billion in 2022. The World Economic Forum published an analysis in April 2024, stating the global space economy had reached USD$ 630 billion in 2023 and is on pace to reach USD$ 1.8 trillion in activity by 2035 [2].

The entire commercial space industry depends on the spaceport and launch vehicle combination to achieve its growth. The majority of the sector's value (83%) is found in space-based end-user applications, covering telecommunications, Earth observation and companies utilizing satellite navigation to deliver services to their customers.

There are several key competitive considerations for the launch of these satellites, including: cost, schedule, spaceport location related to launch inclination, satellite destination, nearness to satellite manufacturers, government stability, relationship with the United States, nearby multi-modal infrastructure, lift capacity of the launch vehicle, as well as the physical volume of the payload bay (fairing diameter). The opportunity presented by a commercially operated, North American location with a wide range of launch inclinations that is phasing in launch capability using multiple launch platforms and ultimately working to bring mature, low technical risk launch vehicle(s) with

[1] All Euroconsult industry data referenced herein is available on their website: https://www.euroconsult-ec.com/press-release/value-of-space-economy-reaches-424-billion-in-2022-despite-new-unforeseen-investment-concerns-2/

[2] The World Economic Forum is available on their website: https://www.weforum.org/publications/space-the-1-8-trillion-opportunity-for-global-economic-growth/

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a multi-ton lift capacities and a large diameter fairing is unique in the spaceport industry as it exists today and nearly impossible to replicate elsewhere.

As of the date of this MD&A, management is aware of 31 spaceports globally that have achieved the successful launch of satellites into orbit. All but one of these spaceports is owned and operated by a government entity, irrespective of whether they call themselves a commercial launch site. The one active truly commercial launch site is located in New Zealand. Our launch complex under construction near Canso, Nova Scotia (the "**Launch Complex**" or "**Spaceport**" or "**Spaceport Nova Scotia"**) will become the second commercial launch site in the world, the only one in North America and the first ever for Canada. It will have unique competitive features, and an increased level of flexibility as compared to government-operated spaceports.

We believe that Canada's current atmosphere of innovative investment, renewed and revised space policy initiative, international government agreements and treaties, provides an anchor tenancy for an entirely new industry to grow. We have engaged the governments of Canada and Nova Scotia so as to promote the significant benefits the Spaceport will bring to the region and the country, which they have publicly acknowledged and have committed to support by committing to update Canada's launch regulations, negotiation of a Technology Safeguard Agreement treaty with the US government, and through the approvals of numerous financial reimbursement programs. The location of the Launch Complex is a unique North American location with a broad range of possible inclinations ranging from 45 degrees to 98 degrees, including sun synchronous orbit ("**SSO**"), and with a desirable northern latitude for LEO and medium earth orbit ("**MEO**") markets, including global broadband, communications satellites and the new Space Stations in development in the US. MLS launch vehicle clients can anticipate full launch manifests for the foreseeable future. Filings in 2021 to the United States Federal Communications Commission by numerous satellite clients revealed an additional 37,000 satellites being planned in various constellations and with many inclinations that can be served at our launch location. In Euroconsult's (now known as NovaSpace) 2022 report, it noted at least 24,500 satellites need to be launched over the next decade, which would require hundreds of launches per year. In October 2023, a representative of the FCC acknowledged an additional 56,000 applications for satellites, at the Satellite Innovation Conference in Mountain View, California, further demonstrating the demand for launch sites. The Launch Complex will ramp up to provide a diversified launch offering from 150 kg to 4 tons for SSO launches and up to 6 tons to LEO at a time when other ranges are at or near capacity beginning with one launch pad and adding up to two additional launch pads within the current site footprint, as the market demand continues to increase.

The site of the Spaceport is located in a high technology and university-rich province that serves as the base for the Canadian naval fleet. It is adjacent to a windfarm for electricity, is less than one kilometer from a deep seaport and 50 km from a major super port as well as a transnational rail line and highway network. The launch facility leases will be offered at competitive rates that are comparable to other spaceports offering similar services. There is also a significant satellite manufacturing industry in Canada and government is expected to encourage this industry to

prioritize Spaceport Nova Scotia's launch lease clients, so as to keep launch spending domestic and to reduce logistical costs.

The development of a commercial site in Canada is favorable for launch vehicle clients in the United States and Europe, given the history of strong intergovernmental relationships between the aligned countries, the stability of the Canadian government, ongoing international space-related collaborations (such as with Lunar Gateway[2]) and reduced logistical costs. Canada and the United States federal governments announced the completion of a Technology Safeguard Agreement ("**TSA**") in August 2024, paving the way for US based launch vehicles and satellites to launch from Spaceport Nova Scotia.

### Expected Advantages of MLS in the Market

Maritime Launch Services is entering the market at a key time when other launch sites in North America are at or near capacity (https://spacenews.com/cape-congestion-worlds-busiest-spaceport-stretched-to-its-limits/) (https://newsletter.spacedotbiz.com/p/spaceport-bottleneck ). Coupled with that, numerous launch vehicle developers do not have their own designated launch sites to launch their client's constellations into orbit. Maritime Launch Services, phasing launches to begin with a small launcher initially to build flight heritage and generate early revenue, is working towards hosting multiple launch vehicle companies that could each launch eight or more times per year and are capable of carrying numerous satellites on each mission. We can offer relief to this congested launch condition. Even as other nations, not in North America, begin to recognize the need for domestic launch capability and begin building their own, Spaceport Nova Scotia has significant expected advantages. These advantages include our North American location, expansive range of launch inclinations, ease of access to the site, temperate weather, nearness to the satellite market, and being a commercial offering for clients. The backlog at US sites alongside the advantages of our site over other locations outside North America builds a strong expected competitive moat for our offering to industry.

### Pathfinder Launches to Gain Flight Heritage

The Company's development strategy is a phased approach, with the ultimate goal of reaching full orbital launch operations of a small launcher in the second half of 2026, while building towards the addition of one or more other launch vehicles from the Launch Complex as early as Q2 of 2027. This step-by-step approach promotes the development of the Land and the Launch Complex, provides for the opportunity to work with federal regulators at Transport Canada to adapt the existing regulatory framework to the commercial context and to generate revenue earlier with the small launchers, with both suborbital and orbital missions.

[2] For more information, see the Canadian Space Agency's information page here: https://www.asc-csa.gc.ca/eng/astronomy/moon-exploration/lunar-gateway.asp.

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The Company intends to continue to complete several pathfinder launches to reach an orbital multi-launch tempo, that began with the successful first small vehicle suborbital launch demonstration completed on July 6, 2023. The second suborbital launch, with the potential for conducting science experiments for interested customers, is planned for the summer of 2025, and has already garnered interest from payload clients. The processes developed alongside the federal regulators at Transport Canada of these two suborbital launches presage a first orbital launch of a small pathfinder launcher planned for the second half of 2026, that can deliver the first customer satellites to low earth orbit. This will then transition to an operational mode with a small launcher customer leasing a launch pad site to ramp up a cadence with multiple launches per year and a revenue stream while we complete the preparations for adding additional launchers. The Company intends to advance the concurrent portion of preparing the facility for multiple launchers while working on the initial pathfinders.

To date, this has included the initial design of the Launch Complex, construction of the initial road system throughout the Land into the Launch Complex which supported the first small vehicle launch demonstration. The phased approach to development will allow the Company to achieve early Flight Heritage for the launch site and generate revenue earlier than previously expected. This Flight Heritage with the recent suborbital launch has demonstrated the successful collaboration between the Company and federal partners for rocket launch. The next steps would expand and prove out the processes and procedures for launch and provide the team with additional experience. This has provided a clear path forward for launch vehicle companies to launch their rockets in support of their satellite clients. The approach will optimally schedule Facility development to move towards the launch of multiple small launch vehicles, leading up to additional larger launchers, through earlier revenue generation and additional investment rounds including equity, debt and additional federal and provincial government support.

A small vehicle launch requires significantly less infrastructure and can be completed earlier in the construction process of the Launch Complex. The launch vehicle developer would provide the vehicle and their own support equipment required while the Company would be responsible for providing road access, a small launch pad site for set up of the developer's equipment, portable power, communications and tracking equipment, launch commit criteria and equipment for go-no go for launch, payload processing facilities, launch control center, control of public access to the Launch Complex and the regulatory approval for the launch in coordination with Transport Canada and NavCanada (for clearing airspace).

The Company is phasing the complexity of the launch approvals that began with a Canadian suborbital launch and will build towards the orbital launch of a non-Canadian launch vehicle and non-domestic payload in 2026. Relevant variables include the vehicle's country of origin, payload, and whether it is a suborbital or orbital launch. The initial launches will benefit the Company by providing the opportunity to work through the federal regulatory processes, procedures and permissions prior to the full implementation of the small launcher program and lead up to the future medium class launch capability. It will aim to build public confidence in the launch process

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and gain flight heritage for the Launch Complex. It is also expected to create a source of additional revenue for subsequent launches from satellite clients requiring launch services for smaller numbers and/or sizes of satellites up to 1250 kg, from operators of small class launch vehicles using the Launch Complex.

The satellite constellation market dictates the need for a larger launch vehicle in the long term. There is already a strong market niche for the foreseeable future for a medium class launch vehicle to support the tens of thousands of satellites in development in numerous constellations for global broadband and near-earth imaging. Recent geopolitical events have enhanced the need further as the Russian medium class vehicle, Soyuz, is no longer expected to be used in Western markets for an indefinite period due to international sanctions. That vehicle was launching more than 20 times per year, on average, in recent years and its loss of offering to the industry has only increased the demand and exposed the gap between market needs and available vehicles. As the medium launchers that are in development over the next few years reach flight readiness, the company will be well positioned to offer launch pads for lease to them, in addition to the small launchers that will be continuing service from the Company's site.

Given the market need, the longer-term focus for the Launch Complex is to eventually support multiple launch companies operating their vehicles multiple times per year to include a medium class launcher. As such, concurrent with the launches of smaller sized vehicles, construction on the Launch Complex will continue to build out the required infrastructure to support the launch of medium class launch vehicles. The first launch of a larger class is expected to take place as early as 2027. Capacity for medium class launch vehicles is a primary goal in the Launch Complex's development. Management anticipates that the launch of medium class vehicles from the Launch Complex will round out the full offering to industry alongside the small launchers being enabled to use at the spaceport. Medium launch vehicles are capable of launching large constellations in one launch with an average launch capacity of five tons to LEO. The engineering specifications and facility design for a medium class launch vehicle largely does not change based on the launch vehicle to be used because of commonalities in vehicle design, propellants, launch pad specifications, and facility and control center requirements. These industry commonalities will provide the Company increased flexibility to maintain our small launcher program and to pivot to add alternative medium class launch vehicles.

## Competitive Advantages of the Company and the Launch Complex

Management believes that the following combination of location, nongovernment ownership, diversified launch offerings, orbits, schedule flexibility, cost benefits, simplified logistics and additional demand for launch, will make the Launch Complex a key asset for the commercial space industry that cannot be easily duplicated anywhere else in North America, if at all.

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**Location**. The location of the Launch Complex near Canso, Nova Scotia is a unique location in North America with a broad range of possible inclinations ranging from 45 degrees to 98 degrees, including SSO, and with a desirable northern latitude for LEO and MEO markets, orbits used by global broadband and communications satellites. The location of the Launch Complex can serve most of the launch vehicle satellite clients' needs for placement into LEO. The two principal inclinations needed by these clients are 55 degrees and 98 degrees, which are within the Launch Complex's capabilities.

The Launch Complex is located in a high technology and university-rich province that serves as the base for the Canadian naval fleet. It is adjacent to a windfarm for electricity, is less than one kilometer from a deep-water seaport and 50 km from a major super port as well as a transnational rail line. The launch site leases at the Launch Complex are expected to be offered at competitive rates that are comparable to other spaceports offering similar services. There is also a significant satellite manufacturing industry in Canada and local basing is expected to encourage this industry to prioritize and co-locate near the Launch Complex so as to keep launch spending domestic and to reduce logistical costs.

**Non-government Ownership of the Launch Complex.** A key discriminator for the Spaceport Nova Scotia launch site is the private ownership. As noted, almost all launch sites in the world are government owned and operated. This translates into significant differences in launch priority for government missions instead of commercial satellites. A key strength is being able to launch when the commercial client wants, and to where they want in orbit, versus waiting for a time slot to open up at a government range and to be launched into an orbit that either limits the satellites effectiveness or shortens its life in orbit due to the energy required to move to a different plane in orbit. Further complicating the launch from a government range is the ranges are near very congested population centers, are multiple decades old and have significant outdated processes that have to be adhered to. A commercial site is responsive to the launch needs of the launch vehicle client and their satellite customers.

**Access to polar/SSO inclinations.** The location of the Launch Complex provides the Company with the possibility of supporting a large range of inclinations for small LEO satellites, a growing segment of the launch industry, according to the BryceTech Data. These satellites will be primarily destined to the Polar/SSO launch trajectories. The Company will be able to offer access to these trajectories from the Launch Complex, whereas the current launch sites in the United States supporting similar inclinations give priority to launches for government programs or cannot achieve these launch inclinations for safety overflight reasons.

**Compliance with certain US regulations.** The placement of the Launch Complex will be compliant with the United States *International Traffic in Arms Regulations*, and the terms of the Technology Safeguard Agreement, which may offer a crucial differentiator for certain customer payloads compared to competitors located outside North America.

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**Low cost for initial constellation deployment.** After a testing period of the initial satellites, constellation launchers generally want to launch their client's batches of satellites in the most cost-effective manner possible in order to begin service. Depending on the satellite mass of the constellation operator, larger launchers will be well-placed to respond to new constellation launches and will be able to carry a larger number of satellites per mission at a lower cost/kg. For smaller-mass constellation satellites, the launchers are expected to be cost competitive and be able to deploy a competitive number of spacecraft at a time, depending on the launch vehicle company's offering. Further, as the satellites end their short service life in orbit, the replacement capability of smaller numbers of satellites will be a key enabler for the clients to maintain their aging constellations

**Cost-effective and responsive launch for constellation replenishment.** New constellation operators tend to have a higher incidence of satellite failures, due to the use of non-radiation-hardened components in their spacecraft. Constellation operators will need to replenish their failed satellites in a short timeframe, in order to provide the required number of satellites per orbital plane for a dependable network service. Medium sized launch vehicle providers at or over one ton if lift capacity should be well-equipped to replenish small batches of satellites at one time. Small satellite launch vehicles, supporting only 150-300kg payload ranges, are not cost-competitive for constellation replenishment. The Company's flexible and wide possible launch inclinations (from 45 to 98 degrees) are well-suited to the needs of many potential satellite clients. For comparison, according to the Federal Aviation Administration's Office of Commercial Space Transportation, the Kennedy Space Center Launch Complex 39 offers a range of inclinations from 39 to 57 degrees and cannot be used for polar or SSO launches because the launch vehicle would have to traverse large population centers.[3] The Launch Complex will not have to overfly any population centers to achieve the given launch inclinations.

**Potential for rideshare launches.** According to available BryceTech Data, a large proportion of the recent satellites launched in the "NewSpace" sector have been launched using medium sized launch vehicles using a launch integration partner to assemble the spacecraft missions from various customers and to program their deployment with a chosen launcher. Some small satellite launch vehicles with a launch capacity of less than 300kg are able to launch 3-30 microsatellites (weighing 10 to 100kg each) at once. Medium launch providers will be able to launch more than 50 microsatellites at a time with a better price/kg. These satellites are primarily destined for the polar/SSO launch trajectory, which is accessible from the site of the Launch Complex. The only launch sites in the United States supporting similar inclinations are located in California and Alaska and give priority to government programs over commercial launches.

**Leverage of mature technology with reduced risk profile.** The BryceTech Data discloses a number of start-ups and undeveloped competitors in the space industry that will take time to fully

[3] For more information, see the Federal Aviation Administration's information page here: https://www.faa.gov/space/spaceports_by_state/

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mature and are inherently higher risk due to their lack of past performance. For that reason, the Company is pursuing relationships with multiple companies developing launch vehicles that are coming online. As their maturity continues, the company will only offer the lease opportunities to those that have a demonstrated past performance of success. The Company is evaluating other mature technology from several US companies, with extensive history in the industry dating back to Apollo, that may be able to provide separate mature medium class launch vehicles or key subsystems that may allow for a medium class launcher to be brought to market faster.

## Diversified Launch Offerings - Small Class Vehicles

The focus on the phased approach to launch and to deliver a small launcher to the site by late 2026 has generated significant interest from launch vehicle developers across Europe and North America. The Company is in active discussions with no less than seven companies that have had successes with their vehicle development programs. Most of these have facility needs that are similar which allows for the site development for the launch support infrastructure to continue while the best in class becomes clear. The Company and the first launch client expect to finalize the binding launch site commitment for the first orbital launch by the end of Q2 in 2025. Of the seven companies noted, three have signed letters of intent: Reaction Dynamics Lab Inc. ("**Reaction Dynamics**"); UK-based Skyrora Ltd ("**Skyrora"**); and a third with an undisclosed company in Europe. The other four are at similar or more advanced stages in their launch heritage development but have yet to sign a letter of intent. Payload capacities range from 150 kg to 1,250 kg across the seven launch vehicles being evaluated and all represent solid prospects for early Flight Heritage and to generate revenue for the Company. All of these prospective vehicles can be "containerized", in that they come in trailers and require minimal facility infrastructure to begin early launches from Spaceport Nova Scotia. All of the facility support development required for the small class launchers also has direct applicability to all the future launch facility needs.

## Canadian Domestic Launch Capability

Domestic rocket launch has become recognized as an important national strategic capability by the Government of Canada. The potential disruption of key space launch capabilities will have national ramifications for communications and surveillance, which only reinforce the strategic importance of domestic launch capabilities in Canada. MLS's ability to reach the wide range of launch inclinations that the satellite market wants and needs is unparalleled. Not only can the MLS spaceport reach inclination ranges from 45 degrees to 98 degrees, but MLS can also deliver payloads to geosynchronous transfer orbits, to the International Space Station (**"ISS"**) as well as newer commercial space stations in development, if called upon. The domestic launch capability in Canada will also serve as a commitment alongside our Five Eye partner countries, the USA, UK, Australia and New Zealand. Canada will be positioned to offer capacity and resiliency to the US Space Force operations in Florida should any event idle operations along the Florida Space Coast such as the recent hurricane Milton that crossed Florida and hit the Florida Space Coast. The facility will also provide an outlet for overflow demands for launch, given the launch tempo in

Florida reaching near capacity. The Canadian and US government announced in August 2024 the completion of the TSA negotiations. Similar discussions are being taken to codify the relationship with other European countries with launch vehicles in development, through defining similar frameworks.

As noted above, MLS has signed three letters of intent with separate launch vehicle developers and are working on similar launch vehicle letters of intent with multiple other partners. These launch vehicles are being developed and funded through each manufacturers own company's means and have much smaller launch facility infrastructure requirements. MLS is also working directly with three US companies with legacy flight heritage in the industry dating back to the Apollo missions, to consider their launch vehicles and/or key subsystems that can enhance the offering at the site through incorporation of their subsystems in existing systems or as standalone, additional offerings to the satellite industry.

MLS is developing a Spaceport that can support any launch vehicle and is on a path to bring full orbital launch capability to Canada. MLS achieved its first launch of a smaller rocket to achieve flight heritage in July 2023 and will continue to do so with the full implementation of the small launcher program discussed previously. This allows the spaceport to successfully operate under its current planning.

### Employees, Specialized Skill and Knowledge

As at the date of this MD&A, we have four full-time and one part-time personnel and a number of contract personnel and advisors in Canada and the United States. This includes specialists and industry experts who will contribute to the operation of the Launch Complex, design and manufacturing of the launch vehicle, design and construction of the Launch Complex, satellite sales and marketing, government regulatory expertise, investor relations and public company operations. Additionally, the creation of the Advisory Board (established March 2023) also offers multiple decades of industry experience in launch vehicle development, launch site development, satellite development and space law, to enhance our teams' skills and resources.

The composition of the Advisory Board is presently as follows:

| ADVISORY BOARD MEMBER | BACKGROUND |
|---|---|
| Sarah McLean | VP, Communications and Corporate Affairs at Maritime Launch Services (Advisory Board Chair) |
| Hon. Stephen McNeil | Former Premier of Nova Scotia (2013 – 2021) |
| Donna Lawler | Principal at Azimuth Advisory, Space Law Specialists |
| Cory Bell | President and CEO of Lindsay Construction |
| Colonel Lee Rosen | Co-Founder and President of Think Orbital Inc. |
| Jeffrey Manber | Co-Founder of Nanoracks, President of International and Space Stations for Voyager Space |

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## The Land and the Launch Complex

The location of the Launch Complex is an approximately 334-acre parcel located within the Municipality of Guysborough in the Province of Nova Scotia, near the town of Canso (the "**Land**"). The Land is owned by the Province of Nova Scotia and is subject of a crown lease (the "**Land Lease**"), which was signed effective August 24, 2022. The Land Lease has an initial term of 20 years and an initial annual payment rent payment of $13,500. The Land Lease also provides for, amongst other inclusions, a renewal period of 20 years and certain rent adjustment clauses. The Land Lease can be cancelled by either the lessee or the lessor by providing 60 days written notice to the other party.

The Launch Complex will be constructed in three distinct areas within the 334-acre leased area: vertical launch pad areas for the small launchers, launch vehicle and payload processing capabilities and a control center area. The initial facility layout was developed as a part of the site selection process in 2016 to ensure the location was safe for any nearby population and downrange. This analysis was reviewed, approved and accepted by Transport Canada, the federal regulatory body for space launch in Canada. This approval then prompted NavCanada to be allowed to conduct an aeronautical study that defined the restricted airspace needed for a launch which was completed in 2019. The Launch Complex initial road design by one of our contractors, DesignPoint, has been completed, including a geotechnical evaluation to evaluate road overburden. The Department of Natural Resources authorized the development of the initial roads to support the geotechnical evaluation for design and those initial roads into the site have been completed. Upgrades to the roads have now been completed as has the drilling of the test well sites for water for the launch pad and the integration facility. The site layout design is now being tailored for the multi-vehicle lease model to adjust the layout to accommodate multiple small launchers. We completed a constructability study to look at the current state of the construction industry due to inflation and labor issues. This constructability review is feeding the next steps in the architectural and engineering design decision process. Concurrently, we have also continued to solicit specialty support equipment design proposals and are integrating their interfaces into the facility layout. This process will continue into the first quarter of 2025 to ensure we have the best designs that meet our cost, schedule and technical needs for our launch plans while focusing the development activities on the near term suborbital and orbital launch preparations.

The environmental assessment of the Land was approved in June 2019 and in August 2022, the Company received approval from the Province of Nova Scotia to start construction. The approval process included the Company providing numerous plans and studies including the wildlife management plan, noise monitoring plan, air monitoring plan, water monitoring plan, erosion control plan, and various noise and launch vehicle emissions studies.

MLS purchased a 7-acre parcel of private land near and within sight of the proposed location of the launch pad in June 2021 and will construct the Launch Complex's launch control center at this

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location. This location had been evaluated by the Province of Nova Scotia and has been determined to not require any additional environmental review before beginning construction. As such, we engaged the design firm A49 and Nova Construction to work on the Launch Complex design details and have completed geotechnical test pit analysis to continue final design for construction. We have additionally contracted with one satellite tracking company and are engaged with several other space satellite tracking and data companies to host their dish antennas at this site and are evaluating hosting agreements that will give us revenue generating launch vehicle tracking support from the location.

## New Space Business Opportunities Are Increasing

As space becomes more accessible and capital investment in space companies is increasing, the opportunity for Maritime Launch Services is directly impacted. The demand for launch services has increased while the availability of sites with the range of capabilities offered by the location in Nova Scotia has remained stagnant. As noted, the existing launch sites in North America are reaching a point of full capacity and no other launch site locations have been identified. Given the significant barriers to entry for a launch site, should a viable site be identified, the typical process to develop one would take several years of environmental reviews to even reach a point to begin construction. This portends a launch manifest filled with global customers. In Europe there is also a push for launch site developments including three sites in Scotland and one in Sweden, reflecting the increasing demand for domestic launch capabilities. As outlined herein, we believe that Spaceport Nova Scotia has several competitive advantages.

## Government Agencies are Seeking Increased Commercial Collaboration

The growing commercial space economy has resulted in government customers, including civilian space agencies and defense departments, seeking commercial collaboration for launch support activities. The Company has responded, and continues to respond, to several future government initiatives and requests for information. We see this on Government of Canada engagements on projects such as Earth Observation Service Continuity program, Defense Enhanced Surveillance from Space program, the Enhanced Satellite Communication Project – Polar, all of which will require launch services. We are collaborating with commercial companies that build these satellites in efforts to build joint offerings for the government. Similarly, we are coordinating on US Space Force collaboration opportunities as they seek to expand their launch capacity to their other Five Eye partners.

## The Pace and Density of Space Missions is Increasing

The intensity of new business development is rapidly increasing across the Company. Government agencies have increased demand for space-based initiatives for earth observation, space exploration, and space-based communication, while commercial customers are exhibiting similar needs as they obtain record levels of financing. The industry has also indicated a strong interest in

suborbital launches for science experiments, testing of systems prior to orbital launches and also with the need to develop high velocity tracking capabilities. This is an additional market segment that has grown in recent years. The Company is focused on staffing, financing new business development efforts and increasing the scale of the overall business in order to keep pace with this growing market opportunity and increased volumes, including the volumes expected to be provided by the new flagship programs

## Ongoing Government Support

The Government of Canada has provided meaningful support to Maritime Launch's development of Canada's first commercial spaceport. Regulatory support and modernization announced by the Minister of Transport in January 2022, enabling a clear framework for commercial space launch operations in Canada. This was followed by the successful negotiation and announcement of the US-Canada Technology Safeguard Agreement (TSA) in August 2024. The TSA is a critical step toward fostering international partnerships and ensuring compliance with security protocols. Additionally, Maritime Launch received a conditional term sheet for a $12.9 million reimbursable loan under the Strategic Innovation Fund (SIF) administered by the Department of Innovation, Science and Economic Development (ISED). The SIF loan is repayable over 15 years commencing the year after the project is completed and revenue generating. Adding to ISED's support, the Company received a $120,000 loan from ACOA in the fall of 2024 (subsequent to period end) to build a ground station on site at Spaceport Nova Scotia in partnership Leaf Space (first revenue generating customer). This tangible support demonstrates the government's recognition of the strategic importance of space launch infrastructure for Canada's national defence, economic growth, and space sector innovation.

In 2023, the Province of Nova Scotia approved Maritime Launch for an initial qualification of $13.2M for the development of Spaceport Nova Scotia's launch vehicle integration facility on site. The Nova Scotia CITC is an annualized reimbursement program designed by the Government of Nova Scotia to drive economic growth and incentivize development within Nova Scotia. The program provides significant financial advantages to eligible corporations that invest in infrastructure and capital equipment for approved projects located in Nova Scotia. In 2024, the Province approved the Company's eligibility for an additional $7.5M in reimbursements under the CITC for the satellite processing facility project. Reimbursement is eligible to begin at the start of the construction of the satellite processing facility, planned for late 2024, then approved bringing the total to $20.7 million in qualified projects under the provincial program. These provincial programs are non-repayable and will drive Spaceport Nova Scotia's competitive position allowing its launch clients to serve their satellite customers by offering on-site, state of the art, satellite testing and checkout capabilities.

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## Selected Financial Information

During the three-month period ended September 30, 2024, the Company has begun to earn and recognize its first revenue generating activities. The Company is building a small facility (customer funded) and earning annual recurring lease revenues of USD$ 100,000 per year for a ten-year term. The fully executed contract is for the installation and maintenance of a satellite ground tracking station for the upload and download of satellite data. The Company is in discussions with other potential customers to provide similar facilities and services in the near future.

MLS's net loss and comprehensive loss for the three and nine months ended September 30, 2024, was $742,510 ($0.00 per share) and $2,936,190 ($0.00 per share) respectively compared to a net loss and comprehensive loss of $1,001,323 ($0.00 per share) and $3,526,874 ($0.00 per share) for the three and nine months ended September 30, 2023.

The following table contains selected financial information for the three and nine months ended September 30, 2024, and September 30, 2023, as well as the year ended December 31, 2023.

| | Three months ended September 30, 2024 | Three months ended September 30 2023 | Nine months ended September 30, 2024 | Nine months ended September 30, 2023 | Year ended December 31, 2023 |
|---|---|---|---|---|---|
| Revenue | 49,220 | - | 49,220 | - | - |
| Net loss and comprehensive loss | 742,510 | 1,001,323 | 2,936,190 | 3,526,874 | 4,400,746 |
| Total assets | 13,940,092 | 13,450,864 | 13,940,092 | 13,450,864 | 14,412,150 |
| Working capital (deficiency) | (13,742,697) | (9,917,540) | (13,742,697) | (9,917,540) | (11,234,242) |
| Shareholder equity (deficiency) | (155,431) | 2,378,148 | (155,431) | 2,378,148 | 1,431,358 |
| Loss per share | 0.00 | 0.00 | 0.01 | 0.01 | 0.01 |

## Results of Operations – Three- and Nine-Month Periods Ended September 30, 2024

For the three-month and nine-month periods ended September 30, 2024, the Company incurred a net loss and comprehensive loss of $742,510 and $2,936,190 respectively as compared to a net loss and comprehensive loss of $1,001,323 and $3,526,874 for the three-month and nine-month

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periods ended September 30, 2023, an improvement of $258,813 (26%) in the net loss and comprehensive loss for the three month period ended September 30, 2024 compared to 2023 and an improvement of $590,684 (17%) for the nine month period ended September 30 2024 compared to the same period in the prior year. The dominant component of the variance in the comparable nine-month periods is a year over year reduction across all areas of operating costs.

The expenses and non-revenue income incurred during the three-month and nine-month periods ended September 30, 2024, and September 30, 2023, are detailed in the following table.

| | **Three-Months ended September 30, 2024** | **Three-Months ended September 30, 2023** | **Nine-Months ended September 30, 2024** | **Nine-Months ended September 30, 2023** |
|---|---|---|---|---|
| Administration | 20,480 | 121,932 | 216,870 | 400,444 |
| Professional services | 102,160 | 360,348 | 934,110 | 1,376,672 |
| Stock-based compensation | 107,000 | 144,134 | 391,800 | 495,000 |
| Amortization | 8,820 | 9,300 | 26,780 | 28,392 |
| Wage and salaries | 283,520 | 369,230 | 942,710 | 1,125,958 |
| Fair Value Adjustment on derivatives | 305,420 | - | 189,110 | - |
| **Total operating expenses** | **827,130** | **1,004,494** | **2,701,380** | **3,426,466** |
| Gain on extinguishment of convertible debentures | 340,970 | - | 340,970 | - |
| Loss on settlement of debt | - | - | - | (106,563) |
| Other Income | 14,670 | - | 14,670 | - |
| Interest and accretion income (expense) | (233,390) | 3,202 | (448,790) | 21,165 |
| Foreign exchange (loss) | (86,580) | (31) | (190,880) | (15,010) |
| **Net loss and comprehensive loss for the period** | **742,510** | **1,001,323** | **2,936,190** | **3,526,874** |

For the three-month period ended September 30, 2024, the Company incurred administration expenses of $20,480 as compared to $121,932 for the three-month period ended September 30, 2023, a decrease of $100,912. For the nine-month period ended September 30, 2024, administration expenses decreased $183,574 compared to the same period in 2023. The variance being caused by an overall decrease in activities as the Company preserves cash and controls and reduces expenses and focusses on capital raising activities.

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For the three-month period ended September 30, 2024, the Company incurred professional services expenses of $102,160, as compared to $360,348 for the three-month period ended September 30, 2023, a decrease of $258,188. For the nine-month period ended September 30, 2024, expenditure on professional fees decrease by $442,562 compared to the same period in the prior year. The overall decrease is again, a function of less activity in the current year compared to the prior year as the company reduces expenditures to preserve cash.

During the three-month and nine-month periods ended September 30, 2024, the Company incurred non-cash stock-based compensation expense of $107,000 and $391,800 respectively. Stock-based compensation expenses have reduced by $37,134 and $103,200 compared to the same three-month and nine-month periods in 2023. Stock-based compensation arises from the issuance of stock options and the only stock options issued in 2024 were for the new CFO (March 2024) which were offset by the expiration of the options granted to the prior CFO. There have been no other issuances, cancellations and forfeitures during 2024.

For the three-month period ended September 30, 2024, the Company incurred wages and salaries expenses of $283,520 including independent director fees, as compared to $369,320 during the three-month period ended September 30, 2023, for a period over period decrease of $86,070. For the nine-month period ended September 30, 2024, the wages and salary expenses were $942,710 a decrease of $183,248 compared to the same period in 2023. The decrease in costs is driven by year over year headcount reductions (headcount has reduced and some roles reduced to part-time).

For the three-month period ended September 30, 2024, the Company incurred a Fair Value Adjustment of $305,420 (2023: $nil) as the fair value of the December 2023 issued convertible debentures was reduced as a result changes over time in the assumptions used to initially value the derivatives at the time of issuance. The adjustment is a non-cash expense.

During the three-month period ended September 30, 2024, the Company also incurred a gain of $340,970 (2023: $nil) on the extinguishment of the 2021 (amended) convertible debentures as a result of the maturity extension finalized in the quarter and changes in the terms and conditions of the debentures. The extinguishment is a non-cash gain.

For the three-month period ended September 30, 2024, the Company recorded net interest and accretion expense of $233,390, as compared to interest and accretion income of $3,202 during the three-month period ended September 30, 2023. The net interest and accretion expense arises from the issuance of 2023 Debentures in the current period whereas the income earned in the prior comparative year is the result of interest earned on bank deposits exceeding the accretion expense in that period. For addition details on the Convertible Debentures, see the "*Liquidity and Capital Resources*" section of this MD&A.

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## Summary of Quarterly Results

The following table contains selected financial information for the Company for the past eight quarterly periods.

| | Revenue $ | Net loss and comprehensive loss (income) $ | Total assets $ | Working capital (deficiency) $ | Shareholder equity (deficiency) $ | Loss (income) per Share $ ** |
|---|---|---|---|---|---|---|
| December 31, 2022 | Nil | 1,162,687 | 11,630,496 | (5,142,229) | 2,951,459 | 0.01 |
| March 31, 2023 | Nil | 1,134,815 | 12,603,001 | 7,525,326 | 1,947,644 | 0.00 |
| June 30, 2023 | Nil | 1,390,736 | 13,250,103 | (8,208,312) | 3,235,337 | 0.00 |
| September 30, 2023 | Nil | 1,001,323 | 13,450,864 | (9,917,540) | 2,378,148 | 0.00 |
| December 31, 2023 | Nil | 873,890 | 14,412,150 | (11,234,242) | 1,431,358 | 0.00 |
| March 31, 2024 | Nil | 1,594,655 | 14,164,418 | (12,808,769) | 353,403 | 0.00 |
| June 30, 2024 | Nil | 569,928 | 13,866,626 | (13,239,336) | 157,782 | 0.00 |
| September 30, 2024 | $41,920 | 742,510 | 13,940,092 | (13,742,697) | (155,431) | 0.00 |

** The sum of Loss Per Share does not necessarily equal the annual total as a result of rounding.

## Going Concern

The Company currently has no source of operating cash flow. For the three-month period ended September 30, 2024, the Company incurred negative cash flows from operating activities of $1,295,480. Operations have been funded from the issuance of share capital, Convertible Debentures and the exercising of issued warrants, as such, the Company's ability to continue as a going concern is dependent upon the ability to obtain financing to be able to secure adequate bonding for future projects. It is not possible at this time to predict the outcome of these matters. As a result, there is material uncertainty that may cast significant doubt as to whether the Company will have the ability to continue as a going concern.

Additionally, and as noted elsewhere herein and pursuant to an amendment to an international supplier Contract signed in late 2023, for launch complex design and development services, the remaining payments on the Contract of €4,400,000 were due during the first four months of Fiscal

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2024 (As was noted in the Annual MD&A and the 2023 Annual Audited Financial Statements). Subsequent to quarter end, the Company has completed a further amendment to the contract impacting both the delivery of services and the timing of payments. (see Subsequent Events section below)

As of the date of this MD&A, the Company has not yet secured any additional sources of funding but have received non-committed term sheet from the federal government and two fully approved reimbursement programs from the Province of Nova Scotia, institutional debt funds and equity investors, and expects these financing transactions to close before the end of Q1 2025 (see also Subsequent Event notes)

## Liquidity and Capital Resources

At September 30, 2024, the Company reported current assets of $236,383, current liabilities of $13,979,080 and a working capital deficiency of $13,742,697, as compared to current assets of $1,604,812 current liabilities of $12,839,055 and a working capital deficiency of $11,234,243 at December 31, 2023, representing a decrease in working capital of $2,508,454 during the first nine-months of fiscal 2024.

## Convertible Debentures

On May 7, 2021, the Company issued Convertible Debentures for proceeds of $7,500,000 that initially bear interest at 4% per annum, calculated, accruing, and compounded annually with principal and interest initially due on May 7, 2022, or such later date as may be mutually agreed.

On March 29, 2022, the Company amended the terms of the Convertible Debentures ("Amendment 1"). The conversion price applicable to the Convertible Debentures was amended from $0.167 per common share, on a post RTO basis, to $0.1475 per common share, on a post RTO basis to reflect the impact and timing of the RTO transaction. The maturity date of the Convertible Debentures was also extended by one year to May 7, 2023. The Convertible Debentures are convertible at the option of the holder at any time up to and including the maturity date. At the election of the Company, the principal amount and any accrued interest outstanding on the Convertible Debentures will convert into common shares at the conversion price if (a) a Qualified Transaction (i.e.; becoming a listed company) has occurred; and (b) either the Company has raised not less than $10 million in equity at a price not less than $0.2222 per common share, or the Common shares trade at over $0.2222 for 10 consecutive trading days on a recognized exchange. If the Company did not complete a Qualified Transaction on or prior to April 30, 2022, then, at that date and at the end of each month thereafter, if the Company did not complete a Qualified Transaction, the Conversion Price was adjustable such that upon conversion the Company shall issue an additional 1% of the number of common shares.

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Amendment 1 was made in contemplation of the closing of the Reverse Takeover. The amendments were determined to be significant modifications of the terms of the Convertible Debentures. Accordingly, the modification was accounted for as an extinguishment. The existing financial liability was derecognized and the new financial liability, and its components, were recognized at fair value at the date of modification.

Pursuant to Amendment 1, the derivative liability was revalued prior to the extinguishment. The change in the fair value was recognized as a "fair value adjustment on derivatives" in the statement of loss and comprehensive loss for the nine-months ended September 30, 2022. The derivative liability was derecognized as part of the accounting for the extinguishment. There were no additional costs incurred or received as a part of the amendments to the Convertible Debentures included in the accounting for the modification.

On May 5, 2023, the Company amended the terms of the convertible debentures ("Amendment 2"). The maturity date of the convertible debenture was extended by one year to May 7, 2024. The interest rate on the convertible debentures was increased to 9% and interest is now calculated, compounded and paid in cash semi-annually on June 30 and December 31, with the first payment due December 31, 2023. The holders may elect to receive all or part of the accrued interest in common shares of the Company at a price of $0.1475 per common share, subject to a "most favoured nations" adjustment clause that would reduce the conversion price to the lower price if the Company issued shares or convertible securities with a lower exchange price. As a result of the December 8, 2023, issue of unsecured convertible debentures described below, the conversion price applicable to the May 7, 2021, Convertible Debentures, as amended, was reduced to $0.12.

Also pursuant to Amendment 2, accrued interest of $612,000, being all accrued interest owing through May 7, 2023, was converted by the holder into 4,149,151 common shares of the Company at a price of $0.1475 per common share.

As noted, the convertible debentures are convertible into common shares at a price of $0.1475 on demand at any time by the holder and the convertible debentures will convert at the election of the Company in the event of either (a) the Company has raised not less than $10M in equity at a price of not less than $0.2222 per common share or (b) the common shares trade at over $0.2222 for 10 consecutive trading days on a recognized exchange. Pursuant to Amendment 2 and in reference to (a) in the preceding sentence, where common shares are issued with attached warrants ("Units"), the warrants will be valued, then the common shares will be valued by subtracting the value of the warrants from the value of the Units to determine the price of the common shares.

The amendments included in Amendment 2 were determined to be significant modifications of the terms of the convertible debentures; accordingly, Amendment 2 was accounted for as an extinguishment on May 5, 2023. On extinguishment, the fair value of the existing liability component was determined to be equal to the carrying value, resulting in no gain or loss recognized on extinguishment of the liability component.

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On recognition of the amended convertible debentures, the liability component was fair valued by reference to the fair market interest rate of the Company, estimated to be 28% at the date of amendment. Any residual between the fair value of the liability component under the original terms and the fair value of the liability component under the amended terms was recognized as a charge to contributed surplus, representing the incremental change in fair value of the conversion feature.

On December 8, 2023, the Company issued unsecured convertible debentures for proceeds of $2,282,000 payable on December 8, 2024, unless earlier converted or repaid. The 2023 convertible debentures bear interest at 10% per annum payable in cash quarterly as well as interest payable in common shares of the Company (paid in kind, referred to as "PIK" interest), consisting of 5% of the outstanding 2023 convertible debentures, calculated at a price of $0.12 per common share (the "conversion price"), payable at the earlier of the end of term or early repayment. The Company may choose to prepay the 2023 convertible debentures. Upon a prepayment, the holders may elect, solely at the option of each holder, to be repaid in cash with an early repayment bonus of 10% of the principal amount outstanding, or to convert the principal and any accrued, unpaid interest into common shares at the conversion price. The 2023 convertible debentures have anti-dilution rights such that if the Company issues, offers, sells, grants any option or rights to purchase, or otherwise dispose of any equity securities, for consideration on a share basis that is less than the conversion price, the conversion price will be adjusted to such lower price. This anti-dilution right resulted in the number of shares issuable on conversion, and for PIK, being variable and therefore representing embedded derivatives

Each 2023 convertible debenture is accompanied by one common share purchase warrant for each whole $0.48 principal amount. Each warrant is exercisable at a price of $0.15 any time prior to December 8, 2028. The warrants represent an equity classified instrument.

Unless the 2021 convertible debentures (twice amended) are converted into common shares, the principal balance of $7,500,000 and all remaining accrued interest were due on May 7, 2024, however as noted above the extension agreements are not yet finalized (expected to close the week of August 12, 2024). Once the extension is finalized the balances will be due on December 7, 2024.

The principal amount of $2,282,000 plus any outstanding interest for the Debentures issued on December 8, 2023, are due December 7, 2024.

For additional information with respect the accounting treatment of the Convertible Debentures, please see the 2023 Annual Financial Statements.

## Off-Balance Sheet Arrangements

Other than as described herein, the Company has no off-balance sheet arrangements.

## Related Party Transactions

During the nine-month periods ended September 30, 2024, and 2023, the Company entered into the following related party transactions:

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| | 2024 | 2023 |
|---|---|---|
| • Management Compensation attributable to the Chief Executive Officer, Chief Financial Officer | $378,613 | $356,729 |
| • Director's fees | $144,000 | $129,818 |
| • Non-cash stock-based compensation attributable to the Chief Executive Officer, Chief Financial Officer and Directors | $ 180,451. | $170,535 |

These transactions are in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties.

## Outstanding Share Data

| | Issued and Outstanding November 21, 2024 | Issued and Outstanding September 30, 2024 | Issued and Outstanding December 31, 2023 |
|---|---|---|---|
| Common Shares | 421,502,741 | 421,502,741 | 410,484,741 |
| Stock Options | 28,350,000 | 28,350,000 | 28,350,000 |
| Warrants | 26,721,095 | 26,721,095 | 29,989,095 |

See both the 2023 Annual Audited Financial statements and the Interim Financial Statements for the three and nine months ended September 30, 2024, for additional information with respect to common shares, stock options and warrants.

During the three months ended September 30, 2024, warrant holders exercised warrants, pursuant to the terms and strike price of the warrants, resulting in the issue of 2,768,000 shares for gross proceeds of $155,008.

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## Subsequent Events

Extension of Convertible Debentures

On November 13, 2024, Maritime Launch announced it had reached an agreement in principle with the holders of its outstanding convertible debentures dated May 7, 2021 (as amended) and the holders of its outstanding convertible debentures dated December 7, 2023, to extend the maturity date of all outstanding convertible debentures to December 7, 2026 (previously December 7, 2024). As a condition of the extension, the Company will be repaying $500,000 in principal face value of the convertible debentures to be paid out of a planned Private Placement Offering (see below) as well as issuing 4,830,105 Shares in settlement of an extension fee. The Company will also commit to repay an additional $500,000 in principal face value of the convertible debentures upon completing any financing in excess of $3 million.

The interest rate terms, including cash interest rate of 10% plus an additional interest rate of 5% payable in Shares, remain unchanged. Cash interest will compound annually and be paid in full upon maturity, however the interest component payable in Shares will be paid semi-annually through the issuance of Shares from Treasury, commencing December 7, 2024. Interest payable in Shares on December 7, 2024 amounts to 6,496,740 Shares (interest owing of $324,837 divided by $0.05 per share conversion price based upon the private placement terms discussed below). The conversion features, terms and conditions remain unchanged. The convertible debentures contain a conversion rate adjustment clause that reduces the conversion price from the current conversion price ($0.12 per Share) to the Share price of any financing completed at a lower amount. Accordingly, upon completion of the proposed Offering (see below), the convertible debentures will be convertible into Shares at a conversion price $0.05 per Share. After repaying the initial $500,000 in principal face value of the convertible debentures as a condition of the extension, the aggregate total principal amount of all issued convertible debentures, plus previously capitalized interest from the prior extension, is expected to be $9,678,712.

The convertible debentures extension is subject to negotiation of final binding agreements and regulatory approval including the Cboe Exchange.

Private Placement

The Company also announced, on November 13, 2024 its intention to complete a private placement of common shares (the "**Shares**") at a price of $0.05 per Share for gross proceeds of a minimum of $1,000,000 (the "**Offering**"). A portion of the proceeds of the offering will be used to redeem a portion of the outstanding debentures, with the remaining balance used for working capital and ongoing operating expenses.

The Offering is anticipated to close before December 7, 2024, and is subject to customary closing conditions and approvals of applicable securities regulatory authorities, including the Cboe Exchange.

Supplier Agreement

On November 6, 2024 the Company, and an international Supplier, have reached a revised agreement regarding the timing and completion of the remaining contract services and deliverables. Services provided under the contract are for launch complex design and development. The remaining value of the services to be provided are EUR 4,400,000. Payments of EUR 10,000 per month will commence in January 2025 and continue through January 2026 with the remaining balance of EUR 4,270,000 payable in equal installment from February through May 2026.

## RISK FACTORS

Risk factors are discussed in the Company's MD&A for the year ended December 31, 2023.