

ALBERT LABS INTERNATIONAL CORP. (FORMERLY ALBERT LABS INC.)
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE MONTHS ENDED MARCH 31, 2023

DATE AND SUBJECT OF REPORT

The following is management's discussion and analysis ("MD&A") in respect of the results of operations and financial position of Albert Labs International Corp. (the "Company" or "Albert Lab") for the three months ended March 31, 2023. This MD&A should be read in conjunction with the Company's consolidated financial statements for the recent year ended December 31, 2022, which are presented in Canadian dollars and prepared in accordance with International Financial Reporting Standards ("IFRS").

The date of this MD&A is June 6, 2023

FORWARD LOOKING STATEMENTS

This MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are usually preceded by, followed by or include the words 'believes', 'expects', 'anticipates', 'estimates', 'intends', 'plans', 'forecasts', 'may', 'will', or similar expressions, although not all forward-looking statements contain these words. Forward-looking statements are not guaranteeing of future performance.

These forward-looking statements are based on management's current expectations and involve numerous risks and uncertainties, including, but not limited to, those identified in the Risks & Uncertainties section. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and while many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company reviews its forward looking statements on an ongoing basis and updates this information when circumstances require it.

COMPANY OVERVIEW & OVERALL PERFORMANCE

Albert Labs Inc., ("AL") was incorporated under the Business Corporation Act (British Columbia) on September 16, 2020. The Company's head and registered office address is 201-6996 Merritt Avenue, Burnaby, BC, V5J 4R6.

On March 10, 2022, AL and ME Resources Corp. ("MEC") completed a share exchange agreement (the "Transaction") whereby AL has become the wholly owned subsidiary of MEC, However, for accounting purposes, the Transaction is considered a reserve-take-over ("RTO") as the shareholders of AL acquired control of MEC. Consequently, AL is considered the accounting acquirer for the RTO.

MEC was incorporated under the Business Corporation Act (British Columbia) on October 16, 2009. Before the Completion of the RTO, MEC's shares commenced trading on the Canadian Securities Exchange ("CSE") under the symbol MEC. MEC's head office is #201 - 6996 Merritt Avenue, Burnaby, BC V5J 4R6, Canada.

MEC changed its name to Albert Labs International Corp. ("AL Intl" or the "Company") upon the completion of the RTO. The Company's shares commenced trading on the CSE under the name ABRT commencing March 10, 2022.

At the date of acquisition, MEC did not meet the definition of a business and, accordingly, the transaction has been accounted for as an acquisition of assets. The acquisition is accounted for in accordance with IFRS 2 Share Based Payments and IFRS 3 Business Combination ("IFRS 3"). MEC did not qualify as a business as defined in IFRS 3 as there were no substantive processes in place. As a result, the RTO is considered as an acquisition of assets. Given the fair value of tangible and intangible

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assets held by MEC was \$Nil at the acquisition date, the whole amount of proceeds of acquisition has been expensed as listing expenditures for the Company to list its common shares on the CSE. A breakdown of the acquisition proceeds is as follow:

Proceeds of acquisition	\$
Fair value of 6,367,192 common shares of AL issued to MEC’s shareholders	1,591,798
Fair value of 3,301,542 common shares of AL issued to MEC’s creditors for debt settlement	825,386
Assumption of accounts payable and due to related parties of MEC	1,325,612
Gain from settlement with MEC creditors	(825,356)
Total	2,917,440

As the fair value of tangible and intangible assets held by MEC was \$Nil when the RTO was completed, the whole amount of proceeds of acquisition has been expensed as listing expenditures for the Company to list its common shares on the CSE.

Line of Business

The Company’s principal line of business is to research and develop drugs to ensure accelerated access to safe and effective psychedelic-assisted therapy for patients with urgent, unmet needs.

Other Corporate Events

On February 22, 2023 the Company closed a non-brokered private placement for the issuance of 6,250,000 security units (“Unit”) at a price of \$0.048 per Unit. Each Unit is comprised of one common share of Albert Labs and one non-transferable Common Share purchase warrant. Each warrant is exercisable to one common share of Albert Labs at an exercise price of \$0.07 for 24 months from issuance. In connection with this private placement, the Company applied \$50,000 from the \$106,000 subscription received in 2022 and received cash of \$250,000, totalling \$300,000.

Subsequent to the quarter ended March 31, 2023, the Company announced a non-brokered private placement for gross proceeds of up to \$3,000,000 (the “Private Placement”), at a price of \$0.08 per Unit (the “Units”). Each Unit is comprised of one common share of Albert Labs (the “Common Share”) and one half of one non-transferable Common Share purchase warrant (the “Warrant”). Each full Warrant will be exercisable to acquire one common share of Albert Labs at an exercise price of \$0.12 for 12 months from the date of the closing of the Private Placement. The Company may decrease the size of the Private Placement. All securities issued in connection with the Offering will be subject to a hold period of four months plus a day from the date of issuance and the resale rules of applicable securities legislation.

SELECTED QUARTERLY INFORMATION

Following are the Company’s quarterly results of the most recent eight quarters:

Three months ended	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
	\$	\$	\$	\$
Total Assets	146,197	163,759	399,860	1,151,688
Revenue	Nil	Nil	Nil	Nil
Net Loss	(385,893)	(1,746,392)	(524,289)	(957,641)
Loss per share, basic and diluted	(0.01)	(0.03)	(0.01)	(0.01)

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Three months ended	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
	\$	\$	\$	\$
Total Assets	1,045,566	163,759	294,938	375,378
Revenue	Nil	Nil	Nil	Nil
Net Loss	(3,830,491)	(1,235,698)	(293,986)	(177,889)
Loss per share, basic and diluted	(0.08)	(0.03)	(0.01)	(0.01)

The Company's businesses are not subject to seasonal variations.

RESULTS OF OPERATIONS

	2022	2021
	\$	\$
Expenses		
Amortization	6,828	856
Consulting and management	60,416	280,821
General and administration	10,265	58,801
Listing expenditures (i)	-	3,027,054
Promotion and advertisement	38,752	23,588
Professional fees	6,930	49,773
Research (ii)	108,003	329,108
Salaries and wages	20,304	47,762
Share-based compensation (iii)	122,073	-
Travel	12,322	12,728
Loss and comprehensive loss	(385,893)	(3,830,491)

(i) The listing expenses incurred during 2022 are non-cash and non-recurring which were arising from the RTO.

(ii) The amount of research expenditure incurred depends on the financial resources on hands and the progress of research being conducted.

(iii) share-based compensation varies from time to time depending on timing of stock options granted and vesting.

During the three months ended March 31, 2023, the Company's main assets and liabilities movements are as follows:

- Cash decreased by \$10,914 (2022/12/31:\$ 68,208; 2022/12/31: \$79,122)

The Company used \$260,914 in its operations which was mainly financed by the receipt of \$250,000 from issuance of security units.

LIQUIDITY & CAPITAL RESOURCES

As at March 31, 2023, the Company had a working capital deficiency of \$444,566. In order to finance the Company's operations, the Company has initiated a private placement that will raise up to \$3,000,000.

The Company realizes that the current resources are not adequate for the Company to achieve its long- term objectives. The Company considers different financing options, including, but not limited to, further debt or equity financing, or share for debt settlement, to secure addition financing to provide adequate capital resource for the Company to meet its long-term business objective.

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Readers should be cautioned that the Company's continuation as a going concern is dependent whether the Company can develop an economically viable business and generate funds there from and/or raise equity capital to meet current and future obligations. The Company has not yet achieved profitable operations and expects to incur further losses in the development of its business. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company is a newly incorporated business and there is no guarantee the Company is able to secure financing as needed.

As of the date of this MD&A, the Company does not have commitments for capital expenditures and the Company is not subject to external requirement in using its capital resources or maintenance of its capital structure.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have off balance sheet arrangements.

PROPOSED TRANSACTIONS

Other than the proposed private placement disclosed in the above, the Company does not have other proposed transactions that are material to the Company for disclosure.

TRANSACTIONS WITH RELATED PARTIES

a) Transactions with key management personnel and directors were as follows:

Three months ended March 31,	2023	2022
	\$	\$
Consulting fees	-	105,000
Share-based compensation	75,650	-

During the year ended December 31, 2022, an amount of \$586,590 of consulting fees charged by related parties have been settled by Company's common shares at \$0.25 per share. The Company also issued common shares at \$0.25 per share to settle the amount of \$395,000 accounts payable for unpaid consulting fees charged in 2021.

During the year ended December 31, 2022, the director and CFO assigned \$125,000 in accounts payable to a non-related party; and pursuant to a Debt Settlement Agreement dated March 11, 2022, the debt was settled by issuance of 250,000 of common shares at a deemed price \$0.50 per share. A gain on settlement on the issuance of shares of \$0.25 per common share was recognized as a reduction of the listing expenses.

b) Balances due to related parties:

Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

Due to Related parties	March 31, 2023	December 31, 2022
	\$	\$
Director and CEO	10,000	10,000
Director and CFO	60,000	60,000
Director	90,000	90,000
	160,000	160,000

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OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has 74,413,267 common shares outstanding and issued.

SIGNIFICANT ACCOUNTING POLICIES, CRITICAL ACCOUNTING ESTIMATES, AND CHANGES

Refer to Note 3 to the Company's interim financial statements for the same period.

FINANCIAL INSTRUMENT RISK EXPOSURE AND RISK MANAGEMENT

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is on its cash held. The Company's cash is deposited in two banks with high creditworthy.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The Company's liquidity risk as assessed as high.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in its functional currency. The Company does not manage currency risk through hedging or other currency management tools.

As at March 31, 2023 and December 31, 2022, the Company's exposure to foreign currency risk on its financial instruments is not material.

Interest Rate Risk

Interest rate risk refers to the risk that fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company does not have material financial assets or liabilities that are exposed to fluctuation of interest rate. As a result, the exposure to interest rate risk is not significant.

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Classification of financial instruments

Financial instruments included in the statement of financial position are as follows:

	March 31, 2023	December 31, 2022
	\$	\$
Amortized cost:		
Cash	68,208	79,122
Note receivable	12,540	12,360
Accounts payable accrued liabilities	(365,314)	(369,076)
Due to related parties	(160,000)	(160,000)

Fair value

The Company does not have financial instruments that are measured at their fair values. The financial instruments that are not measured at their fair value have their carrying values approximate their fair values due to their short-term nature.

RISKS AND UNCERTAINTIES

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive.

Capitalization Risk

It is anticipated that the Company will require additional capital to fully execute its long-term business objectives. There can be no assurance that it will be able to obtain any capital in the future or that attempts to obtain capital in the future will result in terms beneficial to existing investors.

Dilution to the Existing Shareholders

The Company has no other capital resources other than the ability to use its common stock to raise additional capital. The issuance of additional equity securities by the Company could result in a significant dilution in the equity interests of existing shareholders.

Management Risk

The Company's success will largely depend on the capability of its management; management has limited experience in managing the growth of a developing business.

Reliance on Management's Expertise

The Company strongly depends on the business acumen and expertise of its management team and there is little possibility that this dependence will decrease in the near term. The loss of the services of any member of the team could have a material adverse effect on the Company. The Company does not have any key person insurance in place for management.

Profitability Risk

Although the Company will work to become profitable, there can be no assurance that factors beyond its control, such as, but not limited to, successful development of its technology into commercial viable products .

Key Personnel Risk

The Company is highly dependent upon the services from external consultants. Loss of these external consultants would adversely affect the achievement of the Company's objectives.

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Risks Inherent in the Nature of the Psychopharmacological Industry

Changes in operating costs (including costs for maintenance, insurance), inability to obtain permits required to conduct the Company's business, changes in health care laws and governmental regulations, and various other factors may significantly impact the ability of the Company to generate revenues. Certain significant expenditures, including legal fees, borrowing costs, maintenance costs, insurance costs and related charges, must be made to operate the business, regardless of whether the Company is generating revenue. Government Regulations, Permits and Licenses The Company's operations may be subject to governmental laws or regulations promulgated by various legislatures or governmental agencies from time to time. A breach of such legislation may result in the imposition of fines and penalties. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. The Company intends to fully comply with all governmental laws and regulations. The physicians that recommend psychedelic therapy to the Company's patients will be subject to various federal, provincial and municipal laws in each jurisdiction. If any permits are required for the Company's operations and activities in the future, there can be no assurance that such permits will be obtainable on reasonable terms or on a timely basis, or that applicable laws and regulations will not have an adverse effect on the Company's business. Psilocybin is currently a controlled substance with no medicinal approved use in Canada or the United Kingdom. If a medical use for psilocybin is not developed or if developed, is not approved for use in Canada, the United Kingdom and other jurisdictions, the commercial opportunity that the Resulting Issuer is pursuing may be highly limited. The current and future operations of the Resulting Issuer are and will be governed by laws and regulations governing the health care industry, labour standards, occupational health and safety, land use, environmental protection, and other matters. Amendments to current laws, regulations and permits governing operations and activities of patient therapies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or costs, or reduction in levels of its business operations.