PASCAL BIOSCIENCES INC.
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Form 51-102F1

Management's Discussion & Analysis of Financial Condition and Results of Operations for the Financial Year Ended November 30, 2020

Date: March 30, 2021

Management's Discussion and Analysis

The following managements' discussion and analysis (MD&A) of the financial information of Pascal Biosciences Inc. (the "Company") and results of operations should be read in conjunction with the Company's audited consolidated financial statements for the year ended November 30, 2020. These documents are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to future performance. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and include the operating results of the Company.

This MD&A was reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on March 30, 2021. The information contained within this MD&A is current to March 30, 2021.

The Company's critical accounting estimates, significant accounting policies and risk factors have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in Canadian Dollars unless noted otherwise.

Forward-Looking Statements

This MD&A contains forward-looking statements within the meaning of applicable securities laws. All statements contained herein that are not clearly historical in nature are forward-looking, and the words "believe," "expect," "plan," "may," "will," "could," "leading," "intend," estimate," or words of a similar nature are generally intended to identify forward-looking statements. Forward-looking statements in this MD&A include, but are not limited to, statements with respect to the Company's:

- expected future loss and accumulated deficit levels;
- projected financial position and estimated cash burn rate;
- expectations about the timing of achieving milestones and the cost of development programs;
- requirements for, and the ability to obtain future funding on favourable terms or at all;
- projections for the development of our core technologies, particularly with respect to the timely and successful completion of trials and availability of results from such studies and efficacy;
- expectations about its product's safety and efficacy;
- expectations regarding the progress and the successful and timely completion of the various stages of regulatory processes;
- ability to secure strategic partnerships with larger pharmaceutical and biotechnology companies;
- expectations regarding the acceptance of our products and technologies by the market;

- ability to retain and access appropriate staff, management and expert advisors; and

- expectations with respect to existing and future corporate alliances and licensing transactions with third parties, and the receipt and timing of any payments to be made by the Company or to the Company in respect of such arrangements.

All forward-looking statements reflect the Company's beliefs and assumptions based on information available at the time the assumption was made. These forward-looking statements are not based on historical facts but rather on management's expectations regarding future activities, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities.

By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, known and unknown, that contribute to the possibility that the predictions, forecasts, projections or other forward-looking statements will not occur. In evaluating forward-looking statements, readers should specifically consider various factors, including the risks outlined under the heading "Risk Factors" in this MD&A. Some of these risks and assumptions include, among others:

• substantial fluctuation of losses from quarter to quarter and year to year due to numerous external risk factors, and anticipation that the Company will continue to incur significant losses in the future;

• uncertainty as to the Company's ability to raise additional funding to support operations;

• the Company's ability to generate product revenue to maintain our operations without additional funding;

• the risks associated with the development of the Company's product candidates which are at early stages of development;

• reliance on third parties to plan, conduct and monitor our pre-clinical studies and clinical trials;

• the Company's product candidates may fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or may not otherwise produce positive results;

• risks related to filing Investigational New Drug applications (INDs), to commence clinical trials and to continue clinical trials if approved;

• the risks of delays and inability to complete clinical trials due to difficulties involved in enrolling patients;

• competition from other biotechnology and pharmaceutical companies;

• the Company's reliance on the capabilities and experience of its key executives and scientists and the resulting loss of any of these individuals;

• the Company's ability to adequately protect trade secrets;

• the Company's ability to source and maintain licenses from third-party owners; and

• the risk of patent-related litigation.

Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, we cannot assure readers that actual results will be consistent with these forward-looking statements. Any forward-looking statements represent estimates only as of the date of this MD&A and should not be relied upon as representing estimates as of any subsequent date. The Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as may be required by securities legislation.

Overview

The Company was incorporated on January 28, 2011 pursuant to the *Business Corporations Act* (British Columbia). On May 24, 2013, the Company acquired all of the issued and outstanding shares of bioMmune Advanced Technologies Inc. ("BAT"), a private company (incorporated on July 5, 2012) formed to commercially exploit a number of patents and patent applications that surround three technologies. On March 27, 2017, the Company incorporated a wholly owned subsidiary in Seattle, Washington, named Pascal Biosciences US, Inc. ("Pascal (US)"). The Company is a Tier 2 Biotechnology Issuer targeting therapies for serious diseases, including COVID-19. Pascal is also developing treatments for cancer with targeted therapies for acute lymphoblastic leukaemia and cannabinoid-based therapeutics. Pascal's portfolio includes a small molecule therapeutic, PAS-403, that is advancing into clinical trials for the treatment of glioblastoma and PAS-393, an immune-stimulatory cannabinoid to be used in combination with checkpoint inhibitor therapy for cancer treatment. The Company trades on the TSXV Exchange under the trading symbol "PAS".

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

Overall Performance

Research and Development

In March 2017, Pascal Biosciences (US), Inc. began operating a research lab in Seattle, Washington. The Company currently has six full-time employees, the CEO, Chief Business Officer and four who conduct research and drug development.

To contribute to research efforts during the coronavirus pandemic, Pascal scientists searched for compounds, including cannabinoids, that have activity against SARS-CoV-2 in a cell-based assay.

On July 14, 2020, the Company announced that it has discovered certain cannabinoids that block replication of SARS-CoV-2, the coronavirus that causes COVID-19. The best cannabinoid tested had potency similar to remdesivir, a recently approved drug from Gilead that in some limited trials, improves recovery time for COVID-19 patients.

On September 22, 2020, the Company confirmed that certain cannabinoids block remdesivir in two different assays. The cannabinoid is being tested in additional assays, leading to clinical trials which the Company hopes to begin within a year. Pascal believes it is the first to identify a cannabinoid that directly inhibits replication of the virus, and has applied for patent protection for this unique discovery. The data suggest that a Pascal-identified cannabinoid may have the potential to limit the severity and progression of COVID-19.

On September 14, 2020, the Company and SōRSE Technology Corporation ("SōRSE") announced that they entered into a Collaborative Research Agreement (the "Agreement") to advance Pascal's PAS-393, an immune-stimulating cannabinoid for cancer treatment, into clinical testing. Pascal and SōRSE will share their respective technologies to test PAS-393 in human volunteers, enabling testing of cancer patients treated with checkpoint inhibitors. This partnership leverages SōRSE's industry-leading formulation technology with Pascal's proprietary cannabinoid programs for clinical trials. This will be the first pharmaceutical use of the novel formulation technology developed by SōRSE. The Agreement will include Pascal's intellectual property, which covers the use of cannabinoids in cancer patients treated with checkpoint inhibitors. SōRSE currently sells and licenses a proprietary water-soluble cannabinoid emulsion technology (patent-pending) that enables increased bioavailability, accurate dosing, and more than 12 months' shelf stability. Pascal and SōRSE scientists will optimize a cannabinoid formulation for human subjects and will test the formulated PAS-393 in volunteers. SōRSE will provide US $750,000 in research funding to Pascal throughout the 15-month collaboration and will pay for related research expenditures. Pursuant to the Agreement, as at March 30, 2021, the Company has received US $300,000 from SōRSE (US $50,000 for each of September 2020 through February, 2021), which was applied against salaries.

Please refer to "*Core Technologies*" below for updates on the Company's research and development.

Share Capital

On January 14, 2019, 3,095,000 warrants, exercisable at a price of $0.60 per warrant, were cancelled.

On May 28, 2019, the Company granted 198,000 stock options to consultants of the Company. The stock options are exercisable at a price of $0.195 per optioned share for a period of three years, vesting quarterly over three years.

On June 12, 2019, 10,774,600 warrants expired, unexercised.

During the year ended November 30, 2020, 1,135,000 stock options, with a weighted average exercise price of $0.34 per share were cancelled or expired, unexercised. As a result, the Company transferred $242,720 from share-based payment reserve to retained earnings.

On March 24, 2020, the Company closed a private placement, whereby SōRSE purchased 3,793,548 units of the Company at a price of $0.09 per Unit for gross proceeds of $341,419. Each Unit consists of one common share of Pascal and one common share purchase warrant, which will entitle SōRSE to purchase one additional common share of the Company at a price of $0.15 for 18 months following the date which is six months after the closing of the private placement.

On June 12, 2020, 387,594 share purchase warrants, exercisable at a price of $0.40 per share, expired.

On November 2, 2020, January 19, 2021 and January 22, 2021 the Company announced a non-brokered private placement (the "Private Placement") of up to 7,500,000 units (each a "Unit" respectively) at a price of $0.10 per Unit for gross proceeds of up to $750,000. Each Unit will consist of one common share and one common share purchase warrant (each a "Warrant") Each Warrant entitles the holder to purchase one additional common share of the Company at a price of $0.15 per share for a period of twenty-four months from the date of closing, subject to an exercise acceleration clause. Under the exercise acceleration clause, which the Company may exercise once the Units are free of resale restrictions and if the Company's shares are trading at or above a volume weighted average price of $0.40 for 10 consecutive trading days, the Warrants will expire upon 30 days from the date the Company provides notice in writing to the Warrant holders via a news release. Certain directors and officers of the Company intend to acquire the Units under the Private Placement. Any such participation would be considered to be a "related party transaction" as defined under Multilateral Instrument 61 -101 *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). The transaction will be exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of any shares issued to, or the consideration paid by such persons, will exceed 25% of the Company's market capitalization. On February 8, 2021, the Company closed the first tranche of the Private Placement and issued 5,600,000 Units for gross proceeds of $560,000. The Company paid $32,200 in finder's fees related to the closing of the first tranche. On March 17, 2021, the Company closed the second tranche and issued 1,900,000 Units for gross proceeds of $190,000. The Company paid $1,365 in finder's fees related to the closing of the second tranche. The proceeds from the sale of Units will be added to working capital in furtherance of the Company's business. The securities to be issued under the placement will be subject to a four-month hold period and the Private Placement is subject to the acceptance of the TSX Venture Exchange.

On November 30, 2020, the Company issued 1,153,825 common shares of the Company to related parties to settle debt owing of $230,765. The shares were issued at a fair value of $184,612 and a gain on debt settlement of $46,153 was recorded.

Management

On April 1, 2019, the Company announced the appointment of Carl Weissman as Acting President. On July 4, 2019, the Company announced that Mr. Weissman stepped down from the position of Acting President.

On May 8, 2019, the Company announced the formation of a clinical advisory board of preeminent neuro-oncology experts to guide the PAS-403 therapeutic program. Members include:

- Chair: Dr. Darell Bigner – E.L. and Lucille F. Jones Cancer Research Professor, Duke University School of Medicine

  Dr. Bigner is founding Director of the Preston Robert Tisch Brain Tumour Center. His research has involved investigation of the causes, mechanism of transformation, altered growth control, and development of new methods of therapy for primary brain tumours and those metastasizing to the brain. Dr. Bigner has over 600 scientific publications and received the Lifetime Achievement Award from the Society of Neuro-Oncology in 2014.

- Dr. Mitchell Berger – Professor and Chair, Neurological Surgery, University of California, San Francisco

  Dr. Berger is an internationally recognized expert in treating brain and spinal cord tumours in adults and children. He is co-director of the Adult Brain Tumour Surgery Program, director of the Brain Tumour Research Center and director of the Center for Neurological Injury and Repair. Dr. Berger is a past-president of the Society for Neuro-Oncology (1997-1999), has received the Victor Levin Award in Neuro-oncology Research from the Society for NeuroOncology in 2015, was named on the Blue Ribbon Panel of scientific experts for the National Cancer Moonshot Initiative, and has also served as president of the American Association of Neurological Surgeons.

- Dr. Timothy Cloughesy – Professor of Neurology, University of California, Los Angeles

  Dr. Cloughesy is Director of the UCLA Neuro-Oncology program. Dr. Cloughesy's research focuses on clinical trials in brain cancer using targeted molecular therapies with novel clinical trial design. He has developed a brain cancer bioinformatics database which combines clinical outcomes, imaging and molecular analysis to enhance translational research. For more than a decade, he has been recognized as both a Top Doctor and Top Doctor for Cancer by U.S. News.

- Dr. Patrick Wen – Professor of Neurology, Harvard Medical School

  Dr. Wen is Director of the Center for Neuro-Oncology, Dana Farber Cancer Research Institute and Director of the Division of Cancer Neurology at Brigham and Women's Hospital. Dr. Wen's research is focused on novel treatments of brain tumours, especially targeted molecular agents, and optimizing response assessment and clinical trial endpoints in neuro-oncology. He currently serves as President of the Society for NeuroOncology, the premier North American organization for health care professionals focusing on central nervous system tumours in children and adults.

- Dr. Andrew Sloan – Professor, Departments of Neurological Surgery and of Pathology, School of Medicine, Case Western Reserve University

  Dr. Sloan serves as Director of the Brain Tumour and Neuro-Oncology Center at the Seidman Cancer Center and is also Vice Chairman of Neurosurgery at University Hospitals Cleveland Medical Center. His clinical and research interests focus on the biology and treatment of tumours of the brain and spine. He has been recognized by his peers as one of the "Best Doctors in America" since 2003, and as one of the "Top Surgeons in America" since 2007. In 2014, he was elected President of the Ohio State Neurosurgical Society.

On July 9, 2020, the company appointed Dr. H. Michael Shepard to its Board of Directors. Dr. Shepard was a 2019 recipient of the Lasker Award for medical research and public service, conferred for his role in the discovery and development of the drug Herceptin (trastuzumab). The Lasker Awards are regarded as America's top biomedical research prize, and approximately 90 past recipients have proceeded to win a Nobel Prize. Herceptin is used to treat breast cancer patients with HER2-positive tumours, marking an especially aggressive form of the disease. Over 2 million patients have benefited from this discovery. Dr. Shepard started his career in biotechnology at Genentech where he discovered Herceptin. He subsequently initiated several successful biotech companies and then served as vice-president and chief scientific officer of Halozyme Therapeutics. In 2007, he was awarded the prestigious Warren Alpert Prize from Harvard Medical School and the Warren Alpert Foundation. Dr. Shepard is an author on more than 90 peer-reviewed publications and has been an inventor, resulting in more than 50 patents. Dr. Shepard received his BS degree from the University of California, Davis and his PhD from the University of Indiana.

On March 22, 2021, the Company announced the resignation of a director of the Company, Karoly Nikolich and the appointment of Kevin Egan to the position of Chief Business Officer.

Financial Position

The audited consolidated statement of financial position as of November 30, 2020 indicates a cash position of $nil (November 30, 2019: $361,385). Other current assets are comprised of prepaid expenses of $10,598 (November 30, 2019: $27,531), accounts receivable of $80,802 (November 30, 2019: $14,307) and assets held for sale of $nil (November 30, 2019: $45,312). Non-current assets at November 30, 2020 are comprised of computer and lab equipment of $26,314 (November 30, 2019: $6,946).

Current liabilities at November 30, 2020 total $473,053 (2019: $111,445), comprised of bank indebtedness of $16,909, accounting and audit fees of $30,000 (2019: $30,000), research and development fees of $81,757 (2019: $nil), legal fees of $63,955 (2019: $14,110), transfer agent, filing and listing fees of $2,926 (2019: $1,257), investor relations and marketing of $13,501 (2019: $nil), consulting fees of $33,752 (2019: $nil), insurance of $5,998 (2019: $nil), general administration of $1,009 (2019: $nil), due to related parties of $129,650 (2019: $nil) and salaries and benefits of $93,594 (2019: $nil).

Shareholders' equity is comprised of share capital of $12,331,652 (2019: $11,805,621). On March 24, 2020 the Company closed a non-brokered private placement for gross proceeds of $341,419 and on November 30, 2020 the Company issued 1,153,825 common shares at a fair value of $184,612.

As at November 30, 2020, the Company had a working capital deficit of $378,653 (2019: working capital of $337,090).

The weighted average number of common shares outstanding, basic and diluted, as at November 30, 2020 was 55,400,349 (November 30, 2019: 52,647,396).

Core Technologies

1. **Novel natural compounds** that are able to increase antigen expression on the surface of tumour cells, making them more visible to the immune system. These molecules will be useful as cancer therapeutics by enabling increased killing of cancer cells by the immune system.

   Many cancer cells, including those that are metastatic, escape immune recognition and elimination after selection by immune editing whereby tumour antigens are not properly displayed on the cell surface thus are not properly recognized by the immune system. These escape variants do not express sufficient Major Histocompatibility Complex I ("MHC-I") molecules and their associated tumour antigen peptides at the cell surface. Thus, these tumour cells evade recognition by host immune surveillance mechanisms, making them resistant to most immunotherapeutic approaches for elimination of cancer. In February 2014, the Company entered into an agreement with the University of British Columbia ("UBC") whereby UBC conducted research to identify compounds that increase the expression of the Transporter of Antigen Processing ("TAP1") protein, a part of the antigen processing pathway, critical for MHC-I expression. The research revealed that several identified compounds restored the presentation of tumour antigens at the cancer cell surface. By developing a high-throughput screening assay applied to extracts from deep-sea sponges, the Company identified several unique molecules that induce antigen presentation in metastatic prostate and lung carcinomas.

   From these extracts, new chemical structures that exhibit efficient restoration MHC-I expression were identified. Subsequently, screening of additional extracts and purified compounds was performed and several more active compounds were identified. One compound, curcuphenol, was initially identified as a leading candidate for immune upregulation.

   Searching the chemical structure of curcuphenol against large chemical databases revealed that some structural elements of curcuphenol are found in certain cannabinoids, compounds found in extracts of the *Cannabis sativa* plant. 400 cannabinoids were tested for their ability to induce MHC-I expression in human cancer cell lines. Several distinct cannabinoids registered positive in this assay, with the most potent inducing MHC-I expression levels to approximately half of the levels induced by interferon gamma, a natural powerful physiologic inducer of MHC-1. Specifically, Pascal has identified a natural cannabinoid with good potency and pharmacologic properties. Pascal intends to develop this cannabinoid as a therapeutic compound that will render cancer cells more visible to immune surveillance. Such a molecule has the potential to increase cancer cell recognition thus dramatically increasing the efficacy of checkpoint inhibitors (therapeutic monoclonal antibodies), which release the cancer killing effects of cytolytic T cells.

2. **Cannabinoid-based therapeutic for glioblastoma:** Glioblastoma is a devastating disease due to its high rate of recurrence, limited treatment options and aggressive nature. Glioblastoma strikes approximately 15,000 patients each year in North America and the median survival time is only 14 months. Therapies for glioblastoma are limited to surgery, radiation, and the chemotherapeutic temozolomide. Pascal's PAS-403 is a cannabinoid-derived drug that kills patient-derived glioblastoma cells. PAS-403 is a mitotic inhibitor that blocks cell division. Several mitotic inhibitors already approved for cancer treatment show substantial benefit in reducing solid tumours when combined with other chemotherapeutics. However, unlike PAS-403, none of these drugs cross the blood-brain barrier and therefore have no activity on glioblastoma. PAS-403 kills cultured glioblastoma cells from patients and is very effective in a mouse model of glioblastoma. The alkylating drug temozolamide, is currently licenced and used as a first line treatment for glioblastoma. Since temozolomide has a different mechanism of action compared to PAS-403, the two drugs should synergize with each other and will possibly provide a superior method of treatment. Pascal has developed a manufacturing process for PAS-403 and completed much of the preclinical pharmacology efforts required for filing an Investigational New Drug with the FDA.

3. **VpreB antibody for the treatment of acute lymphoblastic leukemia (ALL) and other leukemias and lymphomas:**
   ALL is the most common childhood cancer, with the incidence peaking at approximately two to five years of age. In addition, ALL also affects some older individuals with approximately 45% of ALL patients above age twenty. On an annual basis, more than 6,500 people in North America and approximately 40 cases per 1,000,000 people worldwide, present with the disease. Current treatment practices utilize harsh chemotherapy regimens. While effective in many patients, the near and long-term consequences of chemotherapy can be disabling. Therefore, there is a need for new strategies to address relapsed disease and ultimately replace chemotherapy as a frontline treatment.

   ALL is caused by genetic lesions that arise during the earliest stages of B lymphocyte development. Pascal has derived and selected monoclonal antibodies against a unique target, the pre-B Cell Receptor ("Pre-BCR"), that is specifically expressed on the surface of these pre-B cells and not expressed during subsequent stages of B cell development. The pre-BCR is also present on acute lymphoblastic leukemia cells. Therefore, in addition to killing the leukemia cells, Pascal's antibodies against VpreB should only deplete the earliest stages of developing B cells, leaving more mature B cells available to combat infection by secretion of antibodies.

   Careful direct examination of large gene expression databases and exploration of the scientific literature revealed the unexpected expression of VpreB mRNA by tumour cells of subsets of acute myelogenous leukemia (AML) and non-Hodgkin lymphoma ("NHL") patients. Experiments to screen cancer cells from large panels of these patients by immunocytochemistry using the VpreB antibody are planned. If the molecular data are confirmed at the protein level, a VpreB biomarker assay will be developed for identifying AML and NHL patients that may also benefit from VpreB antibody treatment.

4. **Cannabinoid therapeutic for treating COVID-19:** The coronavirus pandemic has triggered a massive, worldwide effort to develop effective vaccines and treatments for COVID-19. Despite the previous global focus on cancer research and treatment, the tremendous disruption of entire economies and health care systems worldwide stimulated Pascal's scientists to direct efforts towards a cannabinoid-based treatment for COVID-19.

   The decision was made to test cannabinoids for effects on the SARS-CoV-2 coronavirus since previously published data suggest that cannabinoids have anti-viral functions. It has been shown that cannabinoids can upregulate major histocompatibility complex Type 1 (MHC-I) molecules on tumour cells. As has been shown with several infections, this MHC upregulation helps the immune system identify virus-infected cells. In addition, cannabis extracts downregulate the expression of receptors for the SARS-CoV-2 virus. Furthermore, some cannabinoids have immunomodulatory activity that can mitigate the uncontrolled inflammatory response known as a "cytokine storm", which is often seen in the most severe COVID-19 patients.

   Since cannabinoids have the potential to limit the severity and progression of COVID-19, selected compounds were tested in a cell-based assay. It was found that one of Pascal's lead cannabinoids inhibits SARS-CoV-2 growth in primate cells *in vitro*. Pascal has since confirmed this SARS-CoV-2 anti-viral activity in four different laboratories, using different assay conditions and strains of SARS-CoV-2. Significantly, the potency of the cannabinoid in this assay is similar to that of remdesivir, a drug authorized by the FDA for emergency use in COVID-19 treatment. These initial observations have illuminated the path toward rapid validation of cannabinoids in additional cell-based assays, in animal models of the disease and in human clinical trials.

   Our initial results suggest that cannabinoids may act upon the virus or the virus-infected host cells cell to reduce virus infectivity or viral replication. However, it is likely that the scope of the benefit to the patient will extend far beyond the direct effect on the virus-cell interaction. The capacity of certain cannabinoids to restore cancer cell recognition by the immune system has been previously demonstrated. Many viruses, like certain cancers, render their host cells invisible to immune recognition to protect them from destruction and removal. Cannabinoids may reverse this effect. In addition, cannabinoids are known for their anti-inflammatory properties. Thus, they may benefit the patient, much like dexamethasone does, in the later phase of disease when run-away inflammation is one of the main causes of tissue injury and even death.

Patents

Intellectual property and other proprietary rights are essential to the Company's business model. The Company has filed patent applications to protect technology, inventions and improvements of inventions that are important for the development of the business.

In January 2018, the Company filed a provisional patent application, "Cannabinoids and derivatives for promoting immunogenicity of tumour and other infected cells", covering cannabinoid-like compounds that restore immune recognition

of cancer cells thus increasing their subsequent destruction. The non-provisional application was filed January 21, 2019 and the Company is continuing to pursue the application.

Pursuant to the terms of the license agreement with the University of Washington in October 2018, the Company has retained the patent portfolio surrounding development of a cannabinoid-based product for the treatment of glioblastoma multiforme and brain metastases. The patent "Composition and methods for treating glioblastoma" filed in August 2011 by the University of Washington was granted by the United States Patent and Trademark Office in May 2015 (US Patent Number: 9,034,895) with expiry in November 2031.

In August 2018, the University of Washington filed a provisional patent titled "Modified Carbazoles Destabilize Microtubules and Kill Glioblastoma Multiforme Cells and BRAF Mutant Cancers," covering the cannabinoid-based compounds in glioblastoma and brain metastases. In August 2019, the Company filed a non-provisional patent application for patent protection. The Company is continuing to pursue the application.

In July 2019, the Company filed a provisional patent titled "Composition and Methods of Targeting the Pre-B Cell Receptor for the Treatment of Leukemias and Lymphomas. In July 2020, the Company filed a non-provisional application for patent protection.

In July 2020, the Company filed a provisional patent titled: "Method of Treating Coronavirus Infections with Cannabinoids and Derivatives".

Results of Operations

During the year ended November 30, 2020, the Company reported a net loss and comprehensive loss of $1,237,927 ($0.02 basic and diluted loss per share) compared to a net loss and comprehensive loss of $3,412,176 ($0.06 basic and diluted loss per share) for the year ended November 30, 2019.

Selected Annual Information

The following table provides a brief summary of the Company's financial operations for the three most recently completed financial years.

	Year Ended November 30, 2020	Year Ended November 30, 2019	Year Ended November 30, 2018
Total Revenues	$nil	$nil	$nil
Net Loss and Comprehensive Loss	$1,237,927	$3,412,176	$3,244,670
Net Loss per share, basic and diluted	$0.02	$0.06	$0.07
Total Assets	$120,714	$455,481	$3,818,087
Weighted Average Number of Shares Outstanding	55,400,349	52,647,396	48,045,853
Shareholders' Equity (Deficit)	(352,339)	$344,036	$3,591,389

During the year ended November 30, 2020, the Company saw significant year over year decreases in consulting fees of $196,567, salaries and benefits of $757,591, and research and development of $782,144 (Please refer to *Analysis of Quartery Results* below). During the year ended November 30, 2018, the Company recorded an impairment loss of $698,853 in relation to the return of three patents to UBC and increased consulting fees, salaries and benefits of $482,444 as a result of increased staffing and a full year of expenses in Pascal (US).

Summary of Quarterly Results

The following table presents selected quarterly financial information of the Company for the eight most recently completed quarters of operation prepared in accordance with IFRS and expressed in Canadian Dollars.

	2020				*2019*			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Revenue	-	-	-	-	-	-	-	-
Net and comprehensive (gain) loss	(4,899)	320,275	421,165	501,386	519,223	699,881	937,058	1,256,014
Basic and diluted Loss per share	0.00	0.01	0.01	0.01	0.01	0.01	0.02	0.02

Share-based payments impacts expenses and net and comprehensive loss as follows: Q4 2020: $1,460, Q3 2020: $1,831, Q2 2020: $3,962, Q1 2020: $8,268, Q4 2019: $11,890, Q3 2019: $27,670, Q2 2019: $45,437 and Q1 2019: $79,826. Losses during the most recent four quarters are significantly lower due mainly to reduced salaries and research and development expenses. During Q4 of 2020, the Company received $206,864 from SoRSE, pursuant to the collaborative research agreement, and also applied the Payroll Protection Plan funds of $206,144 against salary expense. The Company also recognized a gain on debt settlement of $46,153 during Q4 2020. Q1 2019 loss resulted from higher foreign exchange costs associated primarily with higher research and development costs during the period.

The Company's significant accounting policies are set out in Note 3 of the audited annual consolidated financial statements as at and for the year ended November 30, 2020.

Analysis of Quarterly Results

		Year Ended November 30,		**Three Months Ended November 30,**	
	Notes	**2020**	**2019**	**2020**	**2019**
		$	**$**	**$**	**$**
Accounting and audit fees	a)	36,354	52,117	30,000	30,000
Administrative and general office	b)	52,357	97,914	8,288	18,329
Amortization		12,478	13,339	1,084	3,363
Bank charges and interest		6,676	8,488	3,896	1,739
Consulting fees	c)	216,392	412,959	33,405	37,945
Salaries and benefits	d)	691,537	1,449,128	(188,099)	275,214
Foreign exchange	e)	7,092	55,015	11,429	22,841
Insurance		56,761	69,905	17,027	22,004
Investor relations and marketing	f)	12,967	48,050	3,967	(1,056)
Legal fees		4,481	30,993	5,406	37,851
Research and development	g)	140,477	922,621	115,629	54,808
Share-based payments	h)	15,521	164,823	1,460	11,890
Transfer agent, listing and filing fees		31,060	27,624	2,426	-
Travel and entertainment	i)	163	77,067	122	6,544
		-		-	
Interest income	j)	(416)	(17,867)	-	(2,249)

a) Accounting and audit fees:
F2019 includes auditor fees to review the Company's short-form shelf prospectus.

b) Administrative and general office:
F2020 reflects a decrease in Pascal US office rent due to COVID-19.

c) Consulting fees:
Year over year decrease was a result of F2019 fees paid to the Acting President who is no longer with the Company.

d) Salaries and benefits:
During F2020, executive salaries were reduced by 35% when compared to the same period in F2019. During the year ended November 30, 2020, Pascal US received emergency funds of $206,144 from the US Small Business Administration under the Paycheck Protection Program. These funds were used to offset salary expenses during the year. During the third quarter of 2020, the Company received $206,864 from SorSE under the collaborative research agreement to fund research and development salaries.

e) Foreign exchange:
Lower in F2020 due to a reduction in research and development expenditures.

f) Investor Relations
During F2020, the Company reduced investor relations activities.

g) Research and development:
During the year ended November 30, 2020, research and development was reduced due to a lack of funding, (please refer to *Overall Performance* above).

h) Share-based payments:
The decrease year over year is due to fewer stock options vesting during the current year.

i) Travel and entertainment:
F2020 has had no scheduled travel.

j) Interest income:
During F2019, the Company purchased a GIC with an annual interest rate of 1.60%, expiring on April 23, 2020.

Liquidity & Capital Resources

The Company has financed its operations to date through the issuance of common shares.

	November 30, 2020	November 30, 2019
Working capital	$ (378,653)	$ 337,090
Deficit	$ 13,571,912	$ 12,576,705

During the year ended November 30, 2020, net cash used in operating activities was $862,829 (2019: $3,267,470), comprised of a loss of $1,237,927 (2019: $3,412,176) net of amortization expense of $12,478 (2019: $13,339), share-based payments of $15,521 (2019: $164,823), gain on settlement of debt of $(46,153), a decrease in prepaid expenses of $16,933 (2019: $82,381), an increase in accounts receivable of $69,495 (2019: $584) and an increase in accounts payable and accrued liabilities of $445,814 (2019: a decrease of $115,253) (refer to *Financial Position* above regarding increase in accounts payable).

Cash used in investing activities was $nil (2019: $2,261).

Cash from financing activities was $471,069 (2019: $nil), comprised of shares issued for cash of $341,419 and shares issued for debt of $129,650 (refer to *Share Capital* above).

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements that would potentially affect current or future operations or the financial condition of the Company.

Related Party Transactions

The following is a summary of related party transactions that occurred during the year ended November 30, 2020 and 2019.

		2020	2019
		$	$
Key management salaries	a)	311,389	546,664
Director and consultant salaries	b)	554,233	752,484
Share-based payments		-	150,376
Benefits		123,704	117,087
		989,326	1,566,611

Related parties include:

a) Key management salaries include amounts paid to the CEO, the CFO, and, in 2019, the former acting president of the Company.

b) Director and consultant salaries include amounts paid to the Vice President of Research, the Vice President of Therapeutic Development, the Vice President of Business Development and a director providing corporate financial services to the Company.

Included in accounts payable and accrued liabilities is $69,522 (2019: $8,906) payable to directors and officers of the Company. During the year ended November 30, 2020, a director of the Company loaned the Company $129,650 (2019: $nil) as an unsecured short-term loan. The loan is due on demand and bears no interest.

Commitments

Commitments over the next five fiscal years are as follows:

a) Consulting agreement with Judi Dalling, CFO of the Company, to provide financial and administrative services to the Company for an annual fee of $102,000. The contract became effective December 1, 2019, and will be renewed annually; and

b) Consulting agreement with Mo Mousa to provide bookkeeping services to Pascal (US) for an annual fee of USD $24,000.

The Company has also entered into the following agreements:

a) University of Washington: On October 9, 2018, the Company entered into an exclusive license agreement with the University of Washington ("UW") to develop a cannabinoid-based product for the treatment of glioblastoma multiforme and brain metastases. Under the terms of the agreement, the Company will pay annual fees (US Dollars) as follow:

October 9, 2020	$ 5,000 (paid)
October 9, 2021	$ 10,000
Every year thereafter until first sale	$ 25,000

Financial Instruments & Other Instruments

(a) Fair value

Financial instruments recognized at fair value on the consolidated statements of financial position must be classified in one of the following three fair value hierarchy levels:

Level 1 – measurement based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;

Level 2 – measurement based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability; or

Level 3 – measurement based on inputs that are not observable (supported by little or no market activity) for the asset or liability.

As at November 30, 2020 and 2019, the Company's financial instruments are comprised of cash and cash equivalents (bank indebtedness), accounts receivables, and accounts payable and accrued liabilities. The carrying amounts reported in the consolidated statements of financial position for cash and cash equivalents (bank indebtedness), receivables, and accounts payable and accrued liabilities approximate fair values due to the short-term maturities of these financial instruments.

(b) Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents (bank indebtedness). The Company limits its exposure to credit loss by placing its cash and cash equivalents (bank indebtedness) with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meets its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

At November 30, 2020, the Company had cash and cash equivalents of $nil (2019: $361,385) available to apply against short-term business requirements and current liabilities of $473,053 (2019: $111,445). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of November 30, 2020.

(d) Currency risk

The Company is exposed to currency risk to the extent expenditures incurred or funds received and balances maintained by the Company are denominated in currencies other than the Canadian dollar. The Company does not manage currency risks through hedging or other currency management tools.

As at November 30, 2020 and 2019, the Company's net exposure to foreign currency risk is as follows:

US dollars	**2020**	**2019**
	$	**$**
Cash	(12,506)	10,367
Accounts payable	(112,555)	(40,427)
Short-term loan	(100,000)	
Net exposure to foreign currency risk	(225,061)	(30,060)
Canadian dollar equivalent	(282,931)	(39,042)

Based on the above net foreign currency exposure, and assuming all other variables remain constant, a 7% weakening or strengthening of the Canadian dollar against the US dollar would have a material effect on the Company's net loss and comprehensive loss.

(d) Other price risk

Other price risk is the risk that future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

Risks and Uncertainties

Overview

An investment the Company's shares should be considered highly speculative due to the nature of the the Company's business and the present stage of its development. In evaluating the company and its business, shareholders should carefully consider, in addition to the other information contained in this management discussion and analysis, the following risk factors. These risk factors are not a definitive list of all risk factors associated with the Company. It is believed that these are the factors that could cause actual results to be different from expected and historical results. Investors should not rely upon forward-looking statements as a prediction of future results.

Competition

The market for the Company's technology is highly competitive. The Company competes with other research teams who are also examining potential therapeutics with regards to cancer, autoimmune diseases and other disorders. Many of its competitors have greater financial and operational resources and more experience in research and development than the Company. These and other companies may have developed or could in the future develop new technologies that compete with the Company's technologies or even render its technologies obsolete.

Competition in the Company's markets is primarily driven by:

- timing of technological introductions;
- ability to develop, maintain and protect proprietary products and technologies; and
- expertise of research and development team.

Litigation to Protect Company's Intellectual Property

The Company's future success and competitive position depends in part upon its ability to maintain its intellectual property portfolio. There can be no assurance that any patents will be issued on any existing or future patent applications. Even if such patents are issued, there can be no assurance that any patents issued or licensed to the Company will not be challenged. The Company's ability to establish and maintain a competitive position may be achieved in part by prosecuting claims against others who it believes to be infringing its rights. In addition, enforcement of the Company's patents in foreign jurisdictions will depend on the legal procedures in those jurisdictions. Even if such claims are found to be invalid, the Company's involvement in intellectual property litigation could have a material adverse effect on its ability to distribute any products that are the subject of such litigation. In addition, the Company's involvement in intellectual property litigation could result in significant expense, which could materially adversely affect the use responsibilities, whether or not such litigation is resolved in the Company's favour.

Clinical testing and Regulatory approval

Since the Company's success is dependent on the successful completion of a third party pre-clinical trials, regulatory approval and introduction of its technology into the market and since the Company has completed none of the tasks at this time, the Company does not know if it will be able to complete them.

The timing of these events can vary dramatically due to factors such as delays or failures in the Company's clinical trials and the uncertainties inherent in the regulatory approval process. The Company might not be able to obtain the necessary results from its pre-clinical trials or to gain regulatory approval necessary for licensing its technology. The Company's failure to achieve these objectives will mean that an investor will not be able to recoup their investment or to receive a profit on their investment.

Intellectual Property

The Company's success depends to a significant degree upon its ability to develop, maintain and protect proprietary products and technologies. The Company files patent applications in the United States, Canada, Europe, and selectively in other foreign countries as part of its strategy to protect its proprietary products and technologies. However, patents provide only limited protection of the Company's intellectual property. The assertion of patent protection involves complex legal and factual determinations and is therefore uncertain and expensive. The Company cannot provide assurances that patents will be granted with respect to any of its pending patent applications, that the scope of any of its patents will be sufficiently broad to offer meaningful protection, or that it will develop additional proprietary technologies that are patentable. The Company's current patents could be successfully challenged, invalidated or circumvented. This could result in the Company's patent rights failing to create an effective competitive barrier. Losing a significant patent or failing to get a patent to issue from a pending patent application that the Company considers significant could have a material adverse effect on its business. The

laws governing the scope of patent coverage in various countries continue to evolve. The laws of some foreign countries may not protect the Company's intellectual property rights to the same extent as the laws of Canada and the United States. The Company holds patents only in selected countries. Therefore, third parties may be able to replicate technologies covered by the Company's patents in countries in which it does not have patent protection.

Legal Proceedings

In the course of the Company's business, the Company may from time to time have access to confidential or proprietary information of third parties, and these parties could bring a claim against the Company asserting that it has misappropriated their technologies and had improperly incorporated such technologies into its products. Due to these factors, there remains a constant risk of intellectual property litigation affecting the Company's business. In the future, the Company may be made a party to litigation involving intellectual property matters and such actions, if determined adversely, could have a material adverse effect on the Company.

Dependence upon Management

Although the Company Issuer is expected to have experienced senior management and personnel, it will be substantially dependent upon the services of a few key personnel, particularly Dr. Patrick Gray for the successful operation of its business. The loss of the services of any of these personnel could have a material adverse effect on the business of the Company. The Company may not be able to attract and retain personnel on acceptable terms given the intense competition for such personnel among high technology enterprises, including biotechnology, and healthcare companies, universities and non-profit research institutions. If it loses any of these persons, or is unable to attract and retain qualified personnel, its business, financial condition and results of operations may be materially and adversely affected.

Going Concern

The ability of the Company to continue as a going concern is dependent on its ability to generate future profitable operations and to obtain additional debt or equity financing. There can be no assurance that the Company's operations will achieve profitability in the future or that the the Company will be able to successfully obtain financing on commercially reasonable terms or at all.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the Company's research and development programs will be required. No assurances can be given that the the Company will be able to raise the additional funding that may be required for such activities. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations, or even cease its operations.

Reliance on Third Parties

The Company is relying on a third party to assist it in conducting both pre-clinical and clinical trials. If this third party does not successfully carry out their contractual duties or meet expected deadlines, the Company may not be able to obtain regulatory approval for or commercialize its technology.

Unproven market

The Company believes that there will be many different applications for its technologies and that the anticipated market for these technologies will continue to expand. However, no assurance can be given that these beliefs will be correct owing, in particular, to competition from existing technologies or new technologies and the yet to be established replication of the Company's pre-clinical results.

Limited Operating History

The Company has neither a history of earnings nor has it paid any dividends and it is unlikely to pay dividends or enjoy earnings in the immediate or foreseeable future.

Conflicts of Interest

Certain of the directors and officers of the Company are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including research and development companies) and, as a result of these and other activities, such directors and officers may become subject to conflicts of interest. The *Business Corporations Act*, (British Columbia) ("BCBCA") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to an issuer, the director shall disclose his interest in such contract or agreement and

shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Market risk

The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change, both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

Share Price Volatility and Price Fluctuations

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly junior mineral exploration companies like the Company, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that these price fluctuations and volatility will not continue to occur.

Global Uncertainty

The Company's business could be adversely affected by the effects of health epidemics and pandemics, including the global COVID-19 pandemic. In December 2019, a novel strain of COVID-19 was reported in China. Since then, COVID-19 has spread globally, to include Canada, the United States, several European countries, Asia, Australia and New Zealand and Africa. The spread of COVID-19 from China to other countries has resulted in the World Health Organization (WHO) declaring the outbreak of COVID-19 as a "pandemic," or a worldwide spread of a new disease, on March 11, 2020. Many countries around the world, including Canada, have imposed quarantines and restrictions on travel and mass gatherings to slow the spread of the virus, and have closed non-essential businesses.

The spread of COVID-19, which has caused a broad impact globally, may materially affect the Company economically. While the potential economic impact brought by, and the duration of, COVID-19 may be difficult to assess or predict, a widespread pandemic has resulted in significant disruption of global financial markets, reducing the Company's ability to access capital, which could in the future negatively affect the Company's liquidity. In addition, a recession or market correction resulting from the spread of COVID-19 could materially affect the Company's business and the value of the Company's common shares.

The continued spread of COVID-19 globally could also adversely affect the Company's planned clinical trial operations, including its ability to initiate the trials on the expected timelines and recruit and retain patients and principal investigators and site staff who, as healthcare providers, may have heightened exposure to COVID-19 if an outbreak occurs in their geographic areas. Further, the COVID-19 outbreak could result in delays in clinical trials due to prioritization of hospital resources toward the outbreak, restrictions in travel, potential unwillingness of patients to enrol in trials at this time, or the inability of patients to comply with clinical trial protocols if quarantines or travel restrictions impede patient movement or interrupt healthcare services. In addition, the Company relies on independent clinical investigators, contract research organizations and other third-party service providers to assist in managing, monitoring and otherwise carrying out preclinical studies and clinical trials, and the outbreak may affect their ability to devote sufficient time and resources to the Company's programs or to travel to sites to perform work for us.

The global outbreak of COVID-19 continues to rapidly evolve. The extent to which COVID-19 may impact the Company's business, operations and clinical trials will depend on future developments, including the duration of the outbreak, travel restrictions and social distancing in Canada and other countries, the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the disease and whether Canada and other countries are required to move to complete lock-down status. The ultimate long-term impact of COVID-19 is highly uncertain and cannot be predicted with confidence.

Other MD&A requirements

Information available on SEDAR

As specified by National Instrument 51-102, the Company advises readers of this MD&A that important additional information about the Company is available on the SEDAR website – www.sedar.com.

Disclosure by venture issuer

An analysis of the material components of the Company's general and administrative expenses is disclosed in the audited consolidated financial statements for the year ended November 30, 2020 and 2019.

Outstanding share data

Common shares issued and outstanding as at November 30, 2020 are described in detail in Note 6 to the audited consolidated financial statements for the years ended November 30, 2020 and 2019.

As at the date of this document, March 30, 2021, the Company had the following number of securities outstanding:

Number of shares Issued and outstanding	$	Number of options	Exercise price	Expiry date
65,094,769	13,048,084			
		685,000	$0.36	April 1, 2021
		392,000	$0.72	October 3, 2021
		590,000	$0.33	June 26, 2022
		250,000	$0.29	January 28, 2023
		325,000	$0.35	August 2, 2021
		1,475,000	$0.35	August 2, 2023
		198,000	$0.20	May 28, 2022
		200,000	$0.15	December 18, 2025
		200,000	$0.18	December 18, 2023

	Number of share purchase warrants		
	3,793,548	$0.15	March 24, 2022
	5,600,000	$0.15	February 2, 2023
	1,900,000	$0.15	March 17, 2023