# LANCASTER RESOURCES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Six months Ended May 31, 2023 and 2022

July 31, 2023

This Management's Discussion and Analysis ("MD&A") relates to the financial position and financial performance of Lancaster Resources Biosciences Inc. ("Lancaster Resources" and the "Company") as at May 31, 2023 and for the three and six months ended May 31, 2023 and 2022. All references to "us" "we" and "our" refer to Lancaster Resources.

Except where otherwise indicated, the financial information contained in this MD&A was prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with our audited financial statements for year ended November 30, 2022 and condensed interim financial statements for the three and six months ended May 31, 2023 and 2022 (referred to as the "Financial Statements").

Financial information contained in this MD&A has been prepared on the basis that we will continue as a going concern, which assumes that we will be able to realize our assets and satisfy our liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon our ability to continue as a going concern.

The Company has recorded net income of $140,649 and used $35,562 of cash for operating activities during the six-month period ended May 31, 2023. As of May 31, 2023, the Company had an accumulated deficit of $14,982,594 and working capital deficit of $205,249. The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption be inappropriate. The impact of these adjustments could be material.

Except where otherwise indicated, all financial information is expressed in Canadian dollars.

As at the date of the MD&A, further development of operations and continuation of our normal business activities requires securing additional funding.

## CORPORATE OVERVIEW

We were incorporated under the laws of the province of British Columbia, Canada on September 18, 2019 and are extra provincially registered in Ontario. We were previously engaged in drug development research into potential therapeutic uses of psychedelic compounds. On December 29, 2020, the Company's common shares were listed on the Canadian Securities Exchange (the "Exchange") and the Company completed its initial public offering ("IPO") and on January 4, 2021, the Company's common shares resumed trading on the Exchange under the ticker symbol "NEON". On June 7, 2023, the Company changed its name to Lancaster Resources Inc. and on June 8, 2023 the Company completed a reverse takeover transaction with Lancaster Lithium Inc. ("LL"), whereby the former shareholders of LL became the shareholders of the Company, and LL became a wholly owned subsidiary of the Company and the Company changed its business from drug development to exploration of energy transition metals. On June 14, 2023, the Company's common shares resumed trading on the Exchange under the ticker symbol "LCR".

## DEVELOPMENT OF BUSINESS

We were incorporated on September 18, 2019. In September 2019 we initiated research into potentially therapeutic uses of Psilocybin.

In May 2020 we developed a plan for a pre-clinical trial to investigate psilocybin as a treatment to cause weight loss and reduce food cravings. The University of British Columbia initiated a Health Canada-approved pre-clinical trial on our behalf in November 2020 to assess the potential of psilocybin in promoting weight loss and curbing food cravings.

On December 29, 2020, our common shares were listed on the Exchange and on December 30, 2020, we completed our IPO of 46,000,000 units at a price of $0.10 per unit for gross proceeds of $4.6 million. Each unit consisted of one Common Share and one Warrant exercisable at a price of $0.20 per Warrant until December 31, 2021. We also granted 4,600,000 Broker Warrants to purchase units as compensation to selling agents participating in the IPO. On January 4, 2021 the Common Shares resumed trading on the Exchange under the ticker symbol "NEON." Subsequent to the IPO we raised additional capital of $1.2 million through warrant and option exercises.

On January 18, 2021 our Common Shares began trading on the FSE under the stock symbol "6UF".

In January 2021 we appointed a new CEO, Rob Tessarolo. Under his leadership, we added a clinical model to pair with the drug development business. We continued with drug development, including completing our preclinical trials, assembling an integrated development plan and successfully completing pre-IND consultation with the FDA, regarding proposed Phase 1/2 clinical trials for our lead obesity drug candidate, NEO-001. We also assembled a world class team with experience in clinical trials and drug development.

On August 25, 2021 our common shares listed on the OTCQB became eligible for electronic clearing and settlement through the Depository Trust Company in the United States.

On April 18, 2022, we effected a consolidation of our issued share capital on the basis of 4 Common Shares for 1 new Common Share. We had 128,576,561 Common Shares outstanding prior to the consolidation and had 32,144,140 Common Shares outstanding after completion of the consolidation.

On July 5, 2022, we voluntarily delisted the Common Shares from trading on the OTCQB, and the Common Shares became quoted on the Pink tier of OTC Markets Group under the stock ticker NMDBF. The Common Shares continued to be eligible to be electronically cleared and settled through DTC.

Despite our progress in our drug development plan and positive results from our preclinical trial, the environment for capital raising for psychedelics dampened in 2022 and we were unable to raise capital needed to fulfill our drug development business plan. On November 8, 2022, we announced that we had made a strategic decision to divest our lead drug development program and undertake a search for a new business acquisition.

On December 14, 2022, we entered into the Letter Agreement with Lancaster Lithium (which was later replaced by the Merger Agreement on March 21, 2023) for a reverse-takeover transaction of the Company by Lancaster.

On January 10, 2023, we cancelled 3,742,500 stock options, 225,000 restricted share units and 2,500,000 Common Shares, previously granted to certain directors and officers pursuant to our Stock Option Plan and our RSU plan.

On January 25, 2023 we effected a consolidation of our issued share capital on the basis of 30 Common Shares for 1 new Common Share. We had 33,702,475 Common Shares outstanding prior to the consolidation and had 1,123,419 Common Shares outstanding after completion of the consolidation.

On March 13, 2023, we incorporated a fully owned subsidiary, 1405306 B.C. Ltd. ("Subco").

On March 21, 2023,we signed a definitive merger agreement with Lancaster Lithium Inc. ("Lancaster Lithium") for a reverse merger transaction (the "Transaction"). Lancaster Lithium is a private company which is committed to powering the transition to a low carbon economy through the acquisition, exploration and development of properties that are prospective for Lithium. It has the right to acquire 100% of the Alkali Flat Lithium Project - a lithium brine exploration project located in southwestern New Mexico, USA.

On June 9, 2023, after obtaining all necessary approvals, the Transaction was completed via a three-cornered amalgamation between the Company, Lancaster Lithium, and Subco. In this process, the Company acquired 100% of the issued and outstanding Lancaster Lithium common shares in exchange for common shares of the Company on a 1:1 basis. The outstanding warrants and options of Lancaster Lithium were exchanged into warrants and options of the Company on an identical basis. Upon closing the Transaction, the company resulting from the amalgamation of Lancaster Lithium and Subco became a wholly owned subsidiary of the Company, and the Company changed its name to Lancaster Resources Inc. and continues to advance the Lancaster Lithium exploration and development strategy.

## SELECTED ANNUAL INFORMATION

Management considers that the main indicators of our performance are the following: revenues, net income and loss, total assets, earnings or loss per share. The following information was derived from our audited financial statements for the years ended November 30, 2022 and 2021.

| | 2022 | 2021 |
|---|---|---|
| Revenues | $ - | $ - |
| Loss before other items | (1,751,370) | (7,776,382) |
| Net loss from continuing operations | (2,034,352) | (6,684,440) |
| Basic and diluted loss per shares from continuing operations | (1.80) | (6.80) |
| Total assets | 129,430 | 1,339,124 |
| Dividends declared and paid out in cash | - | - |

## OVERALL PERFORMANCE

For the three and six months ended May 31, 2023 and 2022, we did not recognize any revenue.

For the three and six months ended May 31, 2023 and 2022, we had net loss of $84,308 and net income of $140,649, primarily driven by gains from settlement of debts of $436,070, offset by operating expenses and other items of $217,363. We had a net loss of $900,118 and $1,781,672 in the same periods of the prior year driven by operating expenses and research activities. The decrease in operating expenses in the current period is due to the fact that we had significant fewer operating transactions in the current period to reserve working capital to move forward with an RTO transaction with Lancaster Lithium.

## DISCUSSION ON OPERATIONS

### Consulting fees

We engage consultants and contractors regularly to obtain expertise in various business areas. For three and six months ended May 31, 2023, we incurred consulting fees of $10,000 and $55,000 respectively as compared to $132,224 and $194,723 of the same periods in the prior year. The decrease in consulting fees was due to reduced business activities.

### Depreciation

For the three and six months ended May 31, 2023, we did not incur depreciation expense as compared to $284 and $284 for the same periods in the prior year. Depreciation expenses were related to office equipment assets.

### Investor relations

For the three and six months ended May 31, 2023, we incurred investor relations expenses of $nil and $11,250 respectively as compared to $44,236 and $87129 for the same periods in the prior year. We reduced activities in investor relations to reserve working capital.

### Listing expenses

Listing fees were related to the application and ongoing fees for the listing of our common shares on the Canadian Securities Exchanges (CSE). For the three and six months ended May 31, 2023, we recorded listing fees $10,600 as compared to $3,000 and $6,000 for the same periods in the prior year.

### Marketing, publicity and digital media

Marketing, publicity and digital media expenses included advertising media spent to promote our corporate brand. For the three and six months ended May 31, 2023, we did not record any marketing, publicity and digital media expenses as compared to $118,684 and $283,427 for the same periods in the prior year. The decrease in marketing, publicity and digital media expenses are due to cost saving measures to reserve working capital.

Office and administrative expenses

Office and administrative expenses primarily included insurance fees, broker and filing fees, and other general office expenses. For the three and six months ended May 31, 2023, we recorded office and administration expenses of $5,709 an d$10,008 as compared to $86,059 and $156,906 for the same periods in the prior year. The decrease in office and administrative expenses was due to cost saving measures.

Pharmaceutical research and development

Pharmaceutical research and development expenses included costs of our medical research and our preclinical trials. For the three and six months ended May 31, 2023, we did not incur any pharmaceutical research and development costs as compared to $67,401 and $146,518 for the same periods in the prior year. We have placed our research projects on hold.

Professional fees

Professional fees include legal, recruitment, accounting, audit and taxation fees. For the three and six months ended May 31, 2023, we incurred professional fees of $53,304 and $81,604 respectively as compared to $60,639 and $127,749 for the same periods in the prior year. The decrease was primarily driven by reduced business activities.

Share-based compensation

Share-based compensation costs are related to stock options granted to our directors, officers, employees and consultants. For the three and six months ended May 31, 2023, we recorded share-based compensation expense of $1,086 and $41,412 respectively as compared to $136,513 and $256,494 for the same periods in the prior year.

Wages

Wages for the three and six months ended May 31, 2023 were $nil and $1,063, as compared to $105,282 and $281.650 for the same periods in the prior year. The decrease in wages was driven by downsizing of the team to reserve working capital.

Other Items

During the three and six months ended May 31, 2023, we recorded other expense of $3,609 and other income of $351,586 respectively as compared to other expense of $145,796 and $240,514 for the same periods of the prior year.

Below is a list of other items for the three and six months ended May 31, 2023 and 2022.

| | Three months ended May 31, | | Six months ended May 31, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Accretion expense | 24,224 | (41,315) | (21,643) | (77,588) |
| Foreign exchange gain | - | 1,210 | 19,555 | 5,265 |
| Gain on settlement of debt | - | - | 422,217 | - |
| Interest expense | (21,989) | (24,441) | (48,089) | (43,191) |
| Unrealized loss on marketable securities | (5,844) | (81,250) | (20,454) | (125,000) |
| | (3,609) | (145,796) | 351,586 | (240,514) |

During the six months ended May 31, 2023, the Company paid US$20,000 ($27,032) to settle a debt owed to Cetara USA Inc. in the amount of US$296,672 ($400,982) resulting in a gain of $373,950.

During the six months ended May 31, 2023, certain directors, officers and a former employee of the Company reached debt forgiveness agreements with the Company whereas an aggregated amount of $62,120 of debt owed to these directors, officers and employee was forgiven.

Net income (loss)

For the three and six months ended May 31, 2023, we recorded a net loss of $84,308 and net income of $140,649 driven by gains from settlement of debts as compared to net loss of $900,118 an $1,781,672 for the same periods of the prior year which was mostly consisted of operating expenses.

Dividends

No dividends were declared or paid for the three and six months ended May 31, 2023 and 2022.

## SUMMARY OF QUARTERLY RESULTS

The summary of our quarterly results are as follows. For the quarters ended:

| | May 31, 2023 $ | Feb. 28, 2023 $ | Nov. 30, 2022 $ | Aug. 31, 2022 $ |
|---|---|---|---|---|
| Revenue | - | - | - | - |
| Net Income (loss) | (84,308) | 218,707 | (178,614) | (74,066) |
| Basic earnings (loss) per share | 0.08 | 0.19 | (0.15) | (0.06) |
| Diluted earnings (loss) per share | 0.08 | 0.16 | (0.15) | (0.06) |
| | May 31, 2022 $ | Feb. 28, 2022 $ | Nov. 30, 2021 $ | Aug. 31, 2021 $ |
| Revenue | - | - | - | - |
| Net Income (loss) | (900,118) | (881,554) | (650,102) | (1,433,437) |
| Basic and diluted loss per share | (0.80) | (0.79) | (0.62) | (1.38) |
| Diluted earnings (loss) per share | (0.80) | (0.79) | (0.62) | (1.38) |

## LIQUIDITY

| | May 31, 2023 | November 30, 2022 |
|---|---|---|
| Current ratio(1) | 0.3 | 0.2 |
| Cash | $ 255 | $ 35,817 |
| Working capital surplus (deficit) (2) | $ (205,249) | $ (555,018) |
| Debt (3) | $ 1,014,685 | $ 846,937 |
| Equity (Deficit) | $ (1,219,934) | $ (1,401,995) |

*(1) Current ratio is current assets divided by current liabilities.*
*(2) Working capital is current assets minus current liabilities.*
*(3) Debt consisted of the fair value of convertible debentures, both current and non-current.*

Cash Position

As at May 31, 2023, we had $255 in cash. During the three and six months ended May 31, 2023, we spent $35,562 of cash in operating activities to finance operating expenses. We did not incur and cash transactions from financing and investing activities for the three and six months ended May 31, 2023 and 2022.

Working Capital

We had a working capital deficit of $205,249 as at May 31, 2023, which primarily consisted of cash, marketable securities, GST receivable, and prepaid expenses and deposits, offset by accounts payable and accrued liabilities and the current portion of convertible debentures that are due within 12 months. We had a working capital deficit of $555,058 as at November 30, 2022. The decrease in working capital deficit was primarily driven by settlement of debt with gain.

As at the date of the MD&A, we are experiencing difficulties in obtaining sufficient working capital, and further development of our assets is on hold pending additional funding required. We are actively seeking refinancing opportunities to resume our normal business activities.

## CAPITAL RESOURCES AND MANAGEMENT

As at May 31, 2023, we had $255 in cash. We are authorized to issue an unlimited number of common shares. As at May 31, 2023, there were 1,123,419 common shares issued and outstanding. We had 87,518 share purchase warrants outstanding with weighted average exercise price of $14.14 per share. We had 47,209 stock options outstanding with weighted average exercise price of $4.49per share.

Convertible debentures

- On November 29, 2022, we issued convertible debentures in an aggregated amount of $750,000. The convertible debentures carry an annual coupon rate of 10% payable semi-annually and matures in two years. The debentures are convertible into the company's common shares at $14.40 per share anytime before or when they mature. Along with the convertible debentures, the Company issued 50,000 warrants to the debenture holders. Each warrant can be exercised to purchase one additional common share at $16.80 per shares for a period of 36 months.

- On April 8, 2022, we issued 285 convertible debenture units at a price of $1,000 per unit for gross proceeds of $285,000, and 109 convertible debentures units at a price of $1,000 per unit to settle accounts payable of $109,000. The convertible debentures carry an annual coupon rate of 10% payable semi-annually and matures in two years. The debentures are convertible into the company's common shares at $9.00 per share anytime before or when they mature. Along with the convertible debentures, we issued 31,192 warrants to the debenture holders. Each warrant can be exercised to purchase one additional common share at $9.60 per share for a period of 36 months.

During the three months ended March 31, 2023, the Company reached agreements with the registered holders of the 2021 Debentures and the 2022 Debentures. The maturity date of the remaining principal balance of the 2021 Debentures and 2022 Debentures in the total amount of $994,400 was extended to December 4, 2024. Interest will continue to accrue at 10% per annum and will be payable on the maturity date. All other terms of the convertible debentures remain unchanged.

Our objective is to maintain a capital base to support the development of the business through equity issuance and strategic alliances. As at the date of this MD&A, we are experiencing difficulties in obtaining sufficient funding to support our business activities due to unfavourable market conditions. Further development of our assets and business initiatives is pending additional funding required. We are actively seeking alternate value creation strategies which could include refinancing opportunities, divestiture opportunities, and/or merger options.

## OFF-BALANCE SHEET ARRANGEMENTS

As at May 31, 2023, we had no off-balance sheet arrangements.

## RELATED PARTY TRANSACTIONS

The compensation of key management personnel and related parties were as follows:

| | Three months ended May 31, | | Six months ended May 31, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Consulting fees | $ 10,000 | $ 113,124 | $ 55,000 | $ 172,248 |
| Debt forgiveness | - | - | (62,120) | - |
| Share-based compensation | 851 | 137,542 | 40,615 | 308,239 |
| Wages expense | - | 100,833 | - | 268,333 |
| | $ 10,851 | $ 351,499 | $ 33,495 | $ 748,820 |

As at May 31, 2023, the Company owed $3,321 (November 30, 2022 - $7,713) to Better Plant Sciences Inc. ("Better Plant"), a company with common officers and directors, which is included in due to related parties. The balance is unsecured, non-interest bearing, and due on demand. During the six months ended May 31, 2023, the Company incurred $20,417 (2022 – $77,920) operating expenses from Better Plant including accounting and administrative fees under an operating agreement dated August 30, 2020.

As at May 31, 2023, the Company owed $86,130 (November 30, 2022 - $nil) to Lancaster Lithium Inc., a company sharing a common CFO with the Company. The amount is included in due to related parties. The amount owing is unsecured, non-interest bearing, and due on demand.

As at May 31, 2023, the Company owed $20,750 (November 30, 2022 - $15,000) to a company controlled by the CFO of the Company, which is included in accounts payable and accrued liabilities

As at May 31, 2023, the Company owed $25,000 (November 30, 2022 - $20,000) to the former CEO of the Company, which is included in accounts payable and accrued liabilities.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include the useful life and carrying value of property and equipment, fair value of convertible debentures and share-based compensation, and measurement of unrecognized deferred income tax assets.

Judgments made by management in the application of IFRS that have a significant effect on the condensed interim financial statements include the factors that are used in determining whether the Company has significant influence over another entity, and the application of the going concern assumption which requires management to consider all available information about the future, which is at least but not limited to 12 months from the end of the reporting period.

## CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Certain pronouncements have been issued by the IASB, or the IFRS Interpretations Committee that are not mandatory for the current period and have not been early adopted. Management has assessed that there are no future accounting pronouncements that are expected to have a material impact on the Company in the current or future reporting periods.

## FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the statement of financial position as at May 31, 2023, as follows:

| | Fair Value Measurements Using | | | |
|---|---|---|---|---|
| | Quoted prices in active markets for identical instruments (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Balance, May 31, 2023 |
| Marketable securities | $ 13,636 | $ – | $ – | $ 13,636 |

The fair values of other financial instruments, including cash, accounts payable and accrued liabilities, amount due to related parties, and convertible debentures approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter-party default on its obligation. The Company's credit risk is primarily attributable to cash. The Company minimizes its credit risk associated with its cash balance by dealing with major financial institutions in Canada and has no other significant concentration of credit risk arising from operations. The carrying amount of financial assets represents the maximum credit exposure.

Foreign Exchange Rate and Interest Rate Risk

We are exposed to any significant foreign exchange rate or interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. We manage liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there are sufficient funds to meet short-term and specific obligations.

Price Risk

We are exposed to price risk with respect to its marketable securities, which consists of common shares held in publicly-traded companies and is dependent upon the market price or the fair value of the common shares for those companies. The market price or the fair value of the common shares of those companies can fluctuate significantly, and there is no assurance that the future market price or the fair value of those companies will not decrease significantly.

## CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all material information related to Lancaster Resources, including our consolidated subsidiaries, is made known to senior management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") on a timely basis so that appropriate decisions can be made regarding public disclosure.

Internal Control over Financial Reporting ("ICOFR")

Our management, with the participation of our CEO and CFO, are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the CEO and CFO, our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Our internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Lancaster Resources;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that our receipts and expenditures are made only in accordance with authorization of management and our directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the annual or interim financial statements.

Limitations on the Effectiveness of Disclosure Controls and the Design of ICOFR

Our management, including the CEO and CFO, do not expect that our disclosure controls and procedures and ICFR will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable assurance that the control system objectives will be met. The likelihood of achievement is affected by limitations inherent in all internal control systems. These inherent limitations include the realities that judgments or decision making can be faulty, and that breakdowns occur because of simple errors or mistakes. Controls can also be circumvented in numerous ways including collusion, overrides and deception. In addition to the inherent limitations, the design of a control system must reflect that there are resource constraints, and the expected benefit of controls must be considered relative to the expected costs. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Further, no evaluation of controls can provide absolute assurance that all control issues within a company will be detected.

## SUBSEQUENT EVENTS

After obtaining all necessary approvals, we completed a reverse merger transaction via a three-cornered amalgamation between the Company, Lancaster Lithium, and Subco on June 9, 2023. In this process, the Company acquired 100% of the issued and outstanding Lancaster Lithium common shares in exchange for common shares of the Company on a 1:1 basis. The outstanding warrants and options of Lancaster Lithium were exchanged into warrants and options of the Company on an identical basis. Upon closing the Transaction, the company resulting from the amalgamation of Lancaster Lithium and Subco became a wholly owned subsidiary of the Company, and the Company changed its name to Lancaster Resources Inc. and continues to advance the Lancaster Lithium exploration and development strategy.

The Company issued Conversion of principal amount of $49,600 and accrued interest of $129,196 into 893,942 units of the Company, through a non-brokered private placement, at $0.20 per unit. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable at $0.40 per share for a period of 36 months from the time of issuance.

The Company issued 26,650 units to settle debts of $53,730, through a non-brokered private placement, at $0.20 per unit. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable at $0.40 per share for a period of 36 months from the time of issuance.

The Company completed a non-brokered private placement issuing 750,000 units at $0.20 per unit for gross proceeds of $150,000. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable at $0.40 per share for a period of 36 months from the time of issuance. The Company pays a cash commission equal to 8% of the gross proceeds and issued broker warrants equal to 8% of the units issued in the private placement. Each broker warrant is exercisable into one share OF THE Company at $0.20 per share for a period of 36 months from the closing date.

The Company granted 1,380,000 stock options to various officers, advisors and consultants with an exercise price of $0.20. All these options vested immediately, expire in five years and are subject to a four month and a day hold period.