LEXSTON LIFE SCIENCES CORP.
MANAGEMENT DISCUSSION AND ANAYSIS – FORM 51-102F1
For the three and nine-month periods ended February 28, 2022

1.1 Date of Report

The following Management Discussion and Analysis ("**MD&A**") for Lexston Life Sciences Corp. (the "**Company**" or "**Lexston**") is prepared as of April 12, 2022 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes for the three and nine-month periods ended February 28, 2022 and the Company's audited financial statements and related notes for the period from July 1, 2020 (date of incorporation) to May 31, 2021 which were prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("**IASB**"). Except as noted, all dollar amounts contained in this MD&A and in the condensed interim consolidated financial statements are in Canadian dollars.

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 "anticipate", "believe", "expect", "estimate", "may", "will", "could", "leading", "intend", "contemplate", "shall" and similar expressions 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:

- our expected future loss and accumulated deficit levels;
- our projected financial position and estimated cash burn rate;
- our requirements for, and the ability to obtain, future funding on favourable terms or at all;
- our projections for development plans and progress of each of our services and technologies;
- our expectations about our services and technologies' safety and efficacy;
- our expectations regarding our ability to arrange for and scale up of our services and technologies;
- our expectations regarding the progress, and the successful and timely completion, of the various stages of the regulatory approval process;
- our expectations about the timing of achieving milestones and the cost of our development programs;
- our plans to market, sell and distribute our services and technologies;
- our expectations regarding the acceptance of our services and technologies by the market;
- our ability to retain and access appropriate staff, management and expert advisers;
- our expectations about whether various clinical and regulatory milestones will be achieved;
- our ability to secure strategic partnerships with larger pharmaceutical and biotechnology companies;
- our strategy to acquire and develop new products, services and technologies and to enhance the safety and efficacy of existing services and technologies;
- our 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 us or to us in respect of such arrangements;
- our strategy with respect to the protection of our intellectual property; and
- the effects of COVID-19 on our business.

All forward-looking statements reflect our 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 we will continue to incur significant losses in the future;
- uncertainty as to our ability to raise additional funding to support operations;
- our ability to generate product revenue to maintain our operations without additional funding;
- the risks associated with the development of our services and technologies which are at early stages of development;
- competition from other biotechnology and pharmaceutical companies;
- our reliance on the capabilities and experience of our key executives and scientists and the resulting loss of any of these individuals;
- our ability to fully realize the benefits of acquisitions;
- our ability to adequately protect our intellectual property and trade secrets;
- our 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 our 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 our estimates only as of the date of this MD&A and should not be relied upon as representing our estimates as of any subsequent date. We undertake 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.

Management's Responsibility for Financial Statements

The information provided in this report, including the unaudited condensed interim consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of the future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying condensed interim financial statements.

As the Company is still in its infancy, the Company is currently developing, reviewing and updating its internal controls as required given the changes and growth of the Company's business operations in order to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

1.2 Nature of Business and Overall Performance

Lexston Life Sciences Corp. (formerly Lexston Capital Corp.) (the "Company") was incorporated on January 3, 2020 under the laws of the province of British Columbia. The address of the Company's registered and records of is 1150 – 789 West Pender Street, Vancouver, BC V6C 1H2 and its principal place of business is 929 Mainland Street, Vancouver, BC V6B 1S3. The Company is a Canadian biotechnology company providing cannabis testing and research services and recently received its licensing under the exemptions prescribed by section 56 of the Controlled Drugs and Substances Act (Canada) to enable the expansion of its services into the psychedelic industry with an initial focus on the detection and quantification of psychedelic molecules in the lab and point of care. Lexston intends to develop and validate methods for standardized manufacturing of plant derived psychedelics in support of burgeoning trials in the field of mental health and wellness.

On January 18, 2021, the Company changed its name to Lexston Life Sciences Corp. in conjunction with the Share Exchange Agreement (the "Agreement") with Egret Biosciences Ltd. ("Egret").

On September 25, 2020, as amended on October 20, December 2, December 28, 2020 and January 6, 2021, the Company entered into a letter of intent (“**LOI**”) with Egret Bioscience Ltd. (“**Egret**”) and subsequently entered into a Share Exchange Agreement (“**SEA**”). Egret is a company incorporated in the province of British Columbia and is a Kelowna based business that provides contract-based research for the detection and screening of pathogens, analytical testing services for mid-stream cannabinoid potency and stability testing. Egret has also optimized nodal tissue culture methods and protocols for cannabis, consisting of a proprietary medium and tissue culture tubes and boxes for the micropropagation of clean cannabis stock.

On February 4, 2021, the Company completed a reverse takeover transaction (the “Transaction”) pursuant to which it acquired all of the issued and outstanding common shares of Lexston Capital Corp. (“Lexston”). Under the terms of the Transaction, the Company issued 26,968,260 common shares and up to 10,000,000 additional common shares (the “performance shares”) for certain milestones attained by Egret management subsequent to the Transaction.

The acquisition has been accounted for as an asset acquisition for accounting purposes, as the Transaction is considered to be outside of the scope of IFRS 3, *Business Combinations*, as Lexston did not have an active business prior to the Transaction. As such, the Transaction is accounted for in accordance with IFRS 2, *Share-based Payments*, whereby Egret is deemed to be the accounting acquirer and issued common shares in exchange for the net assets of Lexston.

During the nine-month period ended February 28, 2022, the Company:

- commenced trading its common shares on the Canadian Securities Exchange on June 25, 2021 under the trading symbol LEXT;
- released 2,130,000 common shares from escrow to leave 19,170,000 common shares held in escrow pursuant to an escrow agreement dated June 7, 2021;
- granted 2,500,000 incentive stock options to directors, officers and consultants of the Company which vest immediately under the Company’s Stock Option Plan exercisable at $0.175 per share expiring July 5, 2026;
- announced the acquisition of 750,000 Class C Non-Voting Common Shares of Psy Integrated Health Inc. (“Psy Integrated”) for the total consideration of $75,000 representing 13% of the total issued and outstanding shares of Psy Integrated. Psy Integrated is a British Columbia based benefit corporation with a mission to improve mental health through psychedelic assisted therapies delivered by a network of clinics delivering integrative health. Investments in Psy Integrated are valued at cost for a limited period after the date of acquisition if the purchase price remains representative of the fair value at the reporting date. Psy Integrated celebrated their grand opening of its state-of-the-art health and wellness center, Empower Health Clinic, in Vancouver, British Columbia on September 18, 2021.
- retained Amherst Baer Consultancy Corp. (“ABCC”) to prepare a marketing campaign for the Company. ABCC will provide digital media services, vendor management, marketing and data analytic services to the Company over a 12 month period at an expected cost of $300,000;
- granted 780,000 incentive stock options to consultants of the Company which vest immediately under the Company’s Stock Option Plan exercisable at $0.18 per share expiring September 8, 2026;
- On September 21, 2021, the Company announced the acquisition of Zen Analytics Ltd. (“**Zen Labs**”). The Company acquired all the issued and outstanding shares of Zen Labs for $50,000 cash and the issuance of 1,173,709 common shares with a fair value of $269,953 resulting in a total purchase price of $319,953. Zen Labs is a fully zoned, operational, and licensed facility based in Kelowna, British Columbia. Zen Labs is currently licensed for Analytical Testing under the Public Health Agency of Canada and provides analytical testing of cannabis, pathogens, and toxins.
- issued 500,000 common shares for the exercise of 500,000 stock options at $0.175 per share for total proceeds of $87,500 which resulted in a transfer from share-based payment reserve to share capital of $74,238;
- issued 500,000 common shares for the exercise of 500,000 stock options at $0.18 per share for total proceeds

of $90,000 which resulted in a transfer from share-based payment reserve to share capital of $76,307;

- issued 4,891,665 common shares for the exercise of 4,891,665 warrants at $0.15 per share for total proceeds of $733,750;
- granted 1,400,000 incentive stock options to consultants of the Company which vest immediately under the Company's Stock Option Plan exercisable at $0.135 per share expiring November 11, 2026;
- applied for and received approval from OTC Markets Group Inc. for its common shares to begin trading on the OTCQB Market beginning at market open on November 12, 2021 under the symbol "LEXTF";
- received Depository Trust Company ("DTC") eligibility in the United States on December 15, 2021. DTC eligibility allows the Company's shares to be electronically cleared and settled in the United States to create a seamless process of trading and enhance liquidity of the Company's shares;
- Released the second tranche of seven for a total of 3,195,000 common shares from escrow to leave 15,975,000 common shares held in escrow pursuant to an escrow agreement dated June 7, 2021;
- On January 10, 2022, the Company announced the signing of a Memorandum of Understanding (the **"MOU"**) between its wholly owned subsidiary Egret Bioscience Ltd. (**"Egret"**) and Panacea Plant Sciences Inc. (**"Panacea"**), a leading United States biotechnology company focused on developing new therapeutic, cultivation, extraction and isolation techniques for high value natural products such as psychedelic-containing lifeforms and cannabis. Under the terms of the MOU, Panacea and Egret intend to create joint ventures (**"JV"**) through which they plan to expand the supply chain, reduce the supply cost, and characterize the chemistry and pharmacology of a suite of psychedelic compounds using each team's particular expertise. The goal of the JVs will be to develop cell-based culture systems for the standardized production and formulation of novel psychedelic combinations. In addition to assigning intellectual property to the JV, the parties will also assign four percent (4%) of its equity to environmental and indigenous groups associated with the lifeform or compound of interest;
- On January 12, 2022, the Company announced the signing of a Memorandum of Understanding (the **"MOU"**) between its wholly owned subsidiary Egret Bioscience Ltd. (**"Egret"**) and Alvarius Research Inc. (**"Alvarius"**; a wholly owned subsidiary of Lighthouse Genomics Inc**.**), a leading research and development company focused on ex situ conservation and genomic resource development for the Colorado River toad (*Incilius alvarius*). Under the terms of the MOU, Egret and Alvarius intend to elucidate the biosynthetic pathways leading to the entourage of tryptamines (5-MeO-DMT, 5-MeO-tryptamine, 5-HO-N-methyltryptamine, Bufotenin and DMT) produced in the toads' parotoid glands secretions;
- On January 14, 2022, the Company commented on certain market activity surrounding its common shares traded on the OTCQB market pursuant to the request of the OTC Markets Group Inc. On January 13, 2022, higher than usual trading volume occurred feasibly of a result of two newsletters dated January 12, 2022. The Company, its officers and directors were not involved directly or indirectly with the creation, payment or distribution of these newsletters;
- On January 19, 2022, the Company announced that it had participated with The National Research Council of Canada through their Industrial Research Assistance Program to develop new breeding techniques using CRISPR-Cas9 technology. The team reported successfully creating cannabis protoplasts (cannabis cell cultures without cell walls) from four of Egret's flagship essential oil hemp varieties: *Hempress*, *Autopilot*, *Abacus* and *Suver Haze*. The team also successfully transformed the protoplast with a marker protein, Green Fluorescent Protein (GFP) to validate the methods developed thus far;
- On January 24, 2022, the Company announced the development and validation of a targeted genetic barcode consisting of eight Single Nucleotide Polymorphism (**"SNP"**) for psychedelic mushroom genetic identification (**"Egret Psilocybe Assay"**);
- On January 31, 2022, the Company announced the grant of a two-year Section 56 exemption by Health Canada, pursuant to which the Company can now possess up to 100 grams of psilocybin mushrooms for

scientific purposes for their project entitled "Establishing best practices and analytical methods for the rapid detection, quantification and traceability of botanically derived classical psychedelics".

Subsequent to February 28, 2022, the Company:

- On March 25, 2022, the Company announced the resignation of Dimitrios Mitrakos as CFO and Corporate Secretary and the appointment of Jesse Manhas as CFO and Corporate Secretary. The Company also announced the appointment of Graeme Staley to the audit committee of the Company which now consists of Jagdip Singh Bal, Harinder Bains and Graeme Staley;
- On April 11, 2022, the Company announced its wholly owned subsidiary, Egret Bioscience Ltd., sponsored the whole genome sequencing, open access archiving and biobanking of the Pacific Northwest wood-rotting psychedelic mushroom, Psilocybe allenii, a joint effort with the Entheome Foundation.

Going Concern Assumption

As at February 28, 2022, the Company has generated negative cash flows of $1,209,009 from operating activities, and has an accumulated deficit of $2,516,481 (May 31, 2021 - $876,130). The Company expects to incur further losses in the development of its operations. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues enough to cover its operating costs. These factors indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

The unaudited condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in the condensed interim financial statements.

Impact of COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company has not been material, but management continues to monitor the situation.

1.3 Selected Annual Information

N/A

1.4 Results of Operations

During the nine-month period ended February 28, 2022, the Company's net loss and comprehensive loss was $1,640,351. The Company recorded revenues of $256,287, cost of sales was $73,028 to earn a gross profit of $183,259, a 72% gross margin. The Company generated consulting revenues of $97,200 for the nine-month period ended February 28, 2022. The Company also receives samples from our customers which we process by laboratory sampling, testing and detection whereupon completion we provide the analysis results to our customers which resulted in in gross revenues of $159,087 for the nine-month period ended February 28, 2022. These sales results are significantly lower than our business model projections but due to the economic slow-down caused by the Covid 19 pandemic and that the Company is still in its infancy, management is encouraged by these results. The Company's consolidated operating expenses were $1,837,010 for the nine-month period ended February 28, 2022. As the Company was incorporated on July 1, 2020 and did not consolidate operations with Egret until

February 2021, the prior period results are not comparable for a meaningful analysis. The loss per share was $0.03 for the nine-month period ended February 28, 2022. Operating expenses were mainly attributable to:

a. Advertising and marketing for the nine-month period ended February 28, 2022 was $188,715. The significant expenditures included the retention of a marketing firm to provide digital media services, vendor management, marketing and data analytic services to the Company for $25,000 per month for a twelve-month period. The Company also contracted a digital display advertising campaign for a twelve-month period for the Company at $13,750 per month.

b. Amortization for the nine-month period ended February 28, 2022 was $58,438. The Company acquired a total of approximately $179,497 in computer and laboratory equipment and leasehold improvements with the acquisition of Zen Labs. Amortization is a non-cash expense.

c. Bad debt expense for the nine-month period ended February 28, 2022 was $53,604. The Company is engaged in an emerging market where it provided credit terms to start-up companies with little or no credit history. The Company has addressed this issue by the requirement of a deposit before testing has begun and final payment upon receipt of the results.

d. Consulting fees for the nine-month period ended February 28, 2022 was $103,079. The Company hired consultants to assist with its administrative functions which included the acquisition and management of Zen Labs and the assistance to list the Company on the OTC market in the United States.

e. Office and miscellaneous fees for the nine-month period ended February 28, 2022 were $30,980. The majority of these expenditures include the design and maintenance of the Company's website and industry subscriptions for administration, invoicing and certification for the Company's testing services.

f. Management fees for the nine-month period ended February 28, 2022 was $70,000. A one-time fee of $10,000 was charged By Jag Bal, the President of the Company, which included the reverse-takeover of Lexston and taking the Company public on the Canadian Stock Exchange. Management fees for July 2021 - February 2022 were $7,500 per month and are anticipated to be this amount going forward but are subject to the time required to manage the Company.

g. Professional fees for the nine-month period ended February 28, 2022 was $102,302. Professional fees included legal expenditures required for the acquisition of Zen Labs, accounting, general corporate matters and legal assistance to apply for listing on the OTC market in the United States.

h. Regulatory and transfer agent fees for the nine-month period ended February 28, 2022 was $75,952. This included one-time fees to list of the CSE and application to list on the OTC market in the United States. Regulatory fees also included annual fees for filing the Company's audited financial statements.

i. Research and development for the nine-month period ended February 28, 2022 was $113,992. The Company has proceeded with research and development involved with tissue culture and virus detection.

j. Salaries and benefits for the nine-month period ended February 28, 2022 was $312,640. These expenses included 5 full time employees during the nine-month period of which approximately 25% has been reclassified to research and development.

k. Share-based compensation expense for the nine-month period ended February 28, 2022 was $708,549. This mainly related to the granting a total of 4,680,000 stock options to officers, directors, and consultants of the Company as an incentive-based compensation which allows the Company to preserve cash flows for operations. Share-based compensation is a non-cash expense and is attributable to the number of options granted and vested during the period and the assumptions used for the Black-Scholes option pricing model.

l. Gain on debt settlement for the nine-month period ended February 28, 2022 was $13,400. This gain was due to the Company's former landlord forgiving rent expense as the former facilities were not suitable for the Company's present and future operations.

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in the interim financial statements.

There are no legal proceedings, contingent liabilities, defaults under debt or other contractual obligations, breach of any laws or special resolutions during the nine-month period ended February 28, 2022 or as of the date of this MD&A.

At February 28, 2022, the Company had a working capital of $1,185,034 (May 31, 2021 - $949,822). The Company anticipates that additional funding will be in the form of equity financing from the sale of common shares or exercise of outstanding warrants and/or options. The Company may also seek to obtain short term loans from directors of the Company.

Please refer to Section 1.10 for Third Quarter Results.

1.5 Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	Q3 Feb 28, 2022 $	Q2 Nov. 30, 2021 $	Q1 Aug. 31, 2021 $	Q4 May 31, 2021 $	Q3 Feb. 28, 2021 $	Q2 Nov. 30, 2020 $	Q1 Aug. 31, 2020 $	Q4 May 31, 2020 $
Total revenues	81,235	31,043	144,009	58,690	40,275	27,045	11,550	N/A
Net Income (Loss)	(463,452)	(655,932)	(520,967)	(208,939)	(594,352)	(74,459)	1,620	N/A
Loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	0.00	N/A

The Company was incorporated July 1, 2020 and therefore did not have operations prior to that date. The expenses incurred by the Company are those typical of early-stage companies in the development and start-up phases. In some quarters, more expenses are incurred than in others as a result of non-recurring activities or events.

1.6 Liquidity

The unaudited condensed interim consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in these financial statements.

The unaudited condensed interim consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

a) The Company had cash of $782,938 as at February 28, 2022 (May 31, 2021 – $949,171) and has working capital of $1,185,034 (May 31, 2021 – $949,822).

Cash Flows from Operating Activities

During the nine-month period ended February 28, 2022, the Company used cash of $1,209,009 for operating activities which was primarily related to general operating costs which includes advertising, marketing and shareholder information, consulting and management fees, salaries and professional, regulatory and transfer agent fees.

Cash Flows from Investing Activities

During the nine-month period ended February 28, 2022, the Company invested $434 for the purchase of lab equipment for it research facility in Kelowna, its $75,000 investment in Psy Integrated and the net cash portion of $34,540 for the acquisition of Zen Labs.

Cash Flows from Financing Activities

During the nine-month period ended February 28, 2022, the Company received proceeds from the exercise of warrants and options of $1,152,750.

As at February 28, 2022, the Company has the following financial obligations:

	< 1 year	1 - 5 years	> 5 years	Total
Accounts payable	$ 40,311	$ –	$ –	$ 40,311
Deferred revenue	23,300	–	–	23,300
Due to related parties	17,395	–	–	17,395
	$ 81,006	$ –	$ –	$ 81,006

The Company is not subject to any externally imposed capital requirements.

The Company currently has a "burn" rate of approximately $75,000 per month for operating activities.

1.7 Capital Resources

The Company is not subject to any externally imposed capital requirements.

We manage the capital structure and adjust it considering changes in economic conditions and the risk characteristics of the underlying assets. As an emerging growth company, issuance of equity has been the primary source of capital to date. Debt and/or equity financing may be pursued in the future as deemed appropriate to balance debt and equity. To maintain or adjust the capital structure, our Company may issue new shares, take on debt or sell assets to reduce debt.

While our management plans to generate revenues and to continue financing our Company through the issuances of additional equity securities or debt instruments, there can be no assurance that enough revenue or financing will occur to meet our cash needs for the next 12 months. The ability to achieve our projected future operating results is based on several assumptions which involve significant judgments and estimates, which cannot be assured. If we are unable to achieve our projected operating results, our liquidity could be adversely impacted, and we may need to seek additional sources of financing. Our operating results could adversely affect our ability to raise additional capital to fund our operations and there is no assurance that sufficient debt or equity financing will be available, on acceptable terms, or in a timely basis.

1.8. Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

1.9 Transactions with Related Parties

Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members. All related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	THREE-MONTH PERIOD ENDED FEBRUARY 28,		**NINE-MONTH PERIOD ENDED FEBRUARY 28,**	
	2022	2021	**2022**	2021
	$	$	**$**	$
Management fees				
A company controlled by Jag Bal, President and director	**22,500**	NIL	**70,000**	NIL
Share-based compensation				
Jag Bal, President and director	–	NIL	**30,560**	NIL
Harinder Bains, director	**555**	NIL	**26,495**	NIL
Jatinder Manhas, director	**1,176**	NIL	**25,840**	NIL
Dimitrios Mitrakos, former CFO and secretary	**871**	NIL	**2,643**	NIL
Dr. Philippe Henry, CSO and director	**693**	NIL	**24,373**	NIL
Graeme Staley, director	**5,070**	NIL	**35,587**	NIL
	12,114	NIL	**145,498**	NIL

a) As at February 28, 2022, the Company owed $17,395 (May 31, 2021 – $4,061) to Dr. Philippe Henry, Director and Chief Science Officer ("CSO") of the Company and CEO and sole Director of Egret. The amount owing is unsecured, non-interest bearing, and due on demand.

b) On January 18, 2021, the Company granted 1,333,333 stock options to officers and directors of the Company, of which 10% vest on the Listing Date (June 25, 2021), and 15% vest for every six months after the listing date.

c) On July 5, 2021, the Company granted 800,000 stock options to officers and directors of the Company, which vested immediately.

1.10 Third Quarter

During the three-month period ended February 28, 2022, the Company's net loss and comprehensive loss was $463,452. The Company recorded revenues of $81,235, cost of sales was $32,516 to earn a gross profit of $48,719 or a 60% gross margin. The Company generated consulting revenues of $900 for the three-month period ended February 28, 2022. The Company also receives samples from our customers which we process by laboratory sampling, testing and detection whereupon completion we provide the analysis results to our customers which resulted in in gross revenues of $80,335 for the three-month period ended February 28, 2022. These sales results are significantly lower than our business model projections but due to the economic slow-down caused by the Covid 19 pandemic and that the Company is still in its infancy, management is considering ways to increase sales while reducing expenses. The Company's consolidated operating expenses were $512,171 for the three-month period ended February 28, 2022. As the Company was incorporated on July 1, 2020 and did not consolidate operations with Egret until February 2021, the prior period results are not comparable for a meaningful analysis. The loss per share was $0.01 for the three-month period ended February 28, 2022. Operating expenses were mainly attributable to:

a. Advertising and marketing for the three-month period ended February 28, 2022 was $103,915. The Company retained a marketing firm to provide digital media services, vendor management, marketing and data analytic services to the Company for $25,000 per month for a 12 month period. The Company also contracted a digital display advertising campaign for a twelve-month period for the Company at $13,750 per month.

b. Amortization for the three-month period ended February 28, 2022 was $29,768. The Company acquired in September 2021 a total of approximately $179,498 in computer and laboratory equipment and leasehold improvements with the acquisition of Zen Labs. Amortization is a non-cash expense.

c. Bad debt expense for the three-month period ended February 28, 2022 was $53,604. The Company is engaged in an emerging market where it provided credit terms to start-up companies with little or no credit history. The Company has addressed this issue by the requirement of a deposit before testing has begun and final payment upon receipt of the results.

d. Consulting fees for the three-month period ended February 28, 2022 was $68,079. The Company hired consultants to assist with its administrative functions which also included listing the Company on the OTC market in the United States.

e. Office and miscellaneous fees for the three-month period ended February 28, 2022 were $11,622. The majority of these expenditures include bank charges, repairs and maintenance, industry subscriptions for administration, invoicing and certification for the Company's testing services.

f. Management fees for the three-month period ended February 28, 2022 was $22,500. Management fees are $7,500 per month and are anticipated to be this amount going forward but are subject to the time required to manage the Company.

g. Professional fees for the three-month period ended February 28, 2022 was $21,786. Professional fees for the current period included legal fees required for public company filing requirements and quarterly accounting services and interim financial statement preparation.

h. Research and development for the three-month period ended February 28, 2022 was $41,299. The Company has continues its research and development involved with tissue culture and virus detection.

i. Salaries and benefits for the three-month period ended February 28, 2022 was $107,817. These expenses included 5 full time employees during the three-month period of which approximately 40% has been reclassified to research and development.

1.11 Proposed Transactions

In the normal course of business, the Company evaluates business acquisition transactions and, in some cases, makes proposals to acquire such businesses. These proposals, which are usually subject to Board, regulatory and, sometimes, shareholder approvals, may involve future payments, share issuances and financing. These future obligations are usually contingent in nature and generally the Company is only required to incur the obligation if it wishes to continue with the transaction. As of this date, the Company has a number of possible transactions that it is examining. Management is uncertain whether any of these proposals will ultimately be completed.

1.12 Critical Accounting Estimates and Judgments

The preparation of the unaudited condensed interim consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the unaudited condensed interim consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The unaudited condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed interim unaudited condensed interim consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both the current and future periods.

Significant areas requiring the use of management estimates include the collectability of accounts receivable, the useful lives and carrying value of property and equipment, fair value of share-based compensation, and recoverability of unrecognized deferred income tax assets.

Significant judgments of the Company include:

- Assessment of whether the going concern assumption is appropriate which requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period;
- Determining whether the acquisitions of Egret and Zen Labs are a business combination or an asset acquisition. In a business combination, all identifiable assets, liabilities, and contingent liabilities acquired are recorded at their fair values. In determining the allocation of the purchase price in a business combination, including any acquisition related contingent consideration, estimates include market based and appraisal values are used. The contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in the acquisition transaction. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity;
- Judgment with respect to contracts that may have multiple performance obligations or be in process and require a pro-rata estimate of revenues and costs incurred as at the reporting date;
- Costs to develop products that will be sold are capitalized to the extent that the criteria for recognition as intangible assets in IAS 38, *Intangible Assets*, are met. Those criteria require that the product is technically and economically feasible, which management assesses based on the attributes of the development project, perceived user needs, industry trends and expected future economic conditions. Management considers these factors in aggregate and applies significant judgment to determine whether the product is feasible. As at February 28, 2022, the Company has not capitalized any product development costs as the capitalization criteria under IAS 38 has not been met.

1.13 Changes in Accounting Standards including Initial Adoption

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended February 28, 2022, and have not been early adopted in preparing these unaudited condensed interim consolidated financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's unaudited condensed interim consolidated financial statements.

1.14 Financial Instruments and Risk Management

The Company's financial instruments are comprised of cash, amounts receivable, investment, accounts payable and accrued liabilities, and due to related party. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs that are not based on observable market data (unobservable inputs).

As at February 28, 2022, the fair value of cash held by the Company was based on Level 1 of the fair value hierarchy. The fair values of amounts receivable, accounts payable and accrued liabilities, and amounts due to related party approximate their carrying values due to their short-term maturity.

(a) Financial risk management objectives and policies

The risks associated with the Company's financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

i) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and accounts receivable. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company does not have cash that is invested in asset backed commercial paper. Credit risk is not concentrated with any particular customer. The Company's accounts receivable consists primarily of trade and GST receivable. In an effort to mitigate credit risk, management monitors its accounts receivable and it has been determined that no bad debts need to be recorded as all amounts are considered to be collectible at this time.

ii) 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 seeks to ensure there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. As at February 28, 2022, the Company had an unrestricted cash balance of $782,938 to settle current liabilities of $81,006. All outstanding liabilities are due within 1 year.

1.15 Other MD&A Requirements

Disclosure of Outstanding Share Capital

a) Authorized:

Unlimited number of common shares without par value

b) Issued and Outstanding:

There is a total of 58,733,634 common shares issued and outstanding as at February 28, 2022 and the date of this report as described in detail in Note 9 to the condensed interim consolidated financial statements for the three and nine-month period ended February 28, 2022.

Escrow Shares

Pursuant to an escrow agreement dated June 7, 2021, a total of 21,300,000 common shares of the Company have been deposited into escrow for certain principal shareholders. Under the escrow agreement, 10% of the escrowed common shares were released on the date of listing and 15% will be release subsequently released every 6 months thereafter over a period of 36 months. As of February 28, 2022, 15,975,000 shares were held in escrow.

c) Share Purchase Warrants:

The following table summarizes the warrants outstanding and exercisable at February 28, 2022 and the date of this report:

NUMBER OF WARRANTS	EXERCISE PRICE	EXPIRY DATE
7,139,932	$0.15	June 25, 2023
5,938,332	$0.15	July 14, 2023
873,331	$0.15	October 16, 2023
13,951,595		

The share purchase warrants are subject to an acceleration where they will expire within 30 days if the common shares of the Company are listed on a Canadian stock exchange and trade at a price of $0.40 per share or higher for ten consecutive business days. As at February 28, 2022, the weighted average remaining contractual life of all warrants outstanding was 1.36 years.

d) Stock Options:

The following table summarizes the stock options outstanding as at February 28, 2022 and the date of this report:

Stock options outstanding	Stock options exercisable	Exercise price	Expiry date
2,000,000	500,000	0.10	January 18, 2026
1,700,000	1,700,000	0.175	July 5, 2026
280,000	280,000	0.18	September 9, 2026
3,980,000	2,480,000		

As at February 28, 2022, the weighted average remaining contractual life of all options outstanding was 4.13 years (May 31, 2021 – 5 years) and $26,208 (May 31, 2021 - $84,284) of unrecognized share-based compensation related to unvested stock options.

Additional Disclosure for Venture Issuers Without Significant Revenue

As the Company did not have significant revenue from operations in either of its last nine-month periods ended February 28, the following is a breakdown of the material costs incurred:

	Three-month period ended February 28, 2022 $	Three-month period ended February 28, 2021 $	Nine-month period ended February 28, 2022 $	Period from July 1, 2020 (date of incorporation) to February 28, 2021 $
Expensed research and development costs	41,299	43,051	113,992	43,051
General and administrative expenses	442,399	212,780	1,694,545	299,685
Purchase of plant and equipment	–	104,472	434	106,072

Internal Control over Financial Reporting

National Instrument 52-109 requires the CEO and CFO to certify that they are responsible for establishing and maintaining internal control over financial reporting ("ICFR") for the Company and that those internal controls have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. The CEO and CFO are also responsible for disclosing any changes to the Company's internal controls during the most recent period that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

As the Company is still in its infancy, the Company is currently developing, reviewing and updating its internal controls as required given the changes and growth of the Company's business operations in order to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Disclosure Controls

Management is also responsible for the design and operation of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer continue to work with the Board of Directors and consultants to design and improve its financial reporting disclosure controls and procedures.

RISK FACTORS

Much of the information included in this report includes or is based upon estimates, projections or other forward-looking statements. Such forward-looking statements include any projections or estimates made by the Company and its management in connection with the Company's business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect the Company's current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Except as required by the law, the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below as well as in the Prospectus. The Company cautions readers of this report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements. In evaluating the Company, its business and any investment in its business, readers should carefully consider the following factors:

Risks Related to the Company's Business

The Company's future is dependent upon its ability to obtain financing and if the Company does not obtain such financing, the Company may have to cease its activities and investors could lose their entire investment.

There is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company will require additional financing to sustain its business operations if it is not successful in earning revenues. The Company currently does not have any arrangements for further financing and it may not be able to obtain financing when required. The Company's future is dependent upon its ability to obtain financing. If the Company does not obtain such financing, its business could fail and investors could lose their entire investment.

The Company's directors and officers are engaged in other business activities and accordingly may not devote sufficient time to the Company's business affairs, which may affect its ability to conduct operations and generate revenues.

The Company's directors and officers are involved in other business activities. As a result of their other business endeavours, the directors and officers may not be able to devote sufficient time to the Company's business affairs, which may negatively affect its ability to conduct its ongoing operations and its ability to generate revenues. In addition, the management of the Company may be periodically interrupted or delayed as a result of its officers' other business interests.

The Company has limited operating history

The Company has limited operating history and may not succeed. The Company is subject to all risks inherent in a developing business enterprise. The Company's likelihood of continued success must be considered in light of the problems, expenses, difficulties, undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources, lack of revenues, complications, and delays frequently encountered in connection with the competitive and regulatory environment in which it operates. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of Losses

The Company has incurred losses in operations for the nine-month period ended February 28, 2022 of $1,640,351 and has a deficit of $2,516,481. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, it will not be profitable.

Reliance on Management

The Company is currently in good standing with all high-level employees and believes that with well managed practices will remain in good standing. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Uninsured Risks

The Company's business is subject to a number of risks and hazards including accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, delays in operations, monetary losses and possible legal liability.

The Company Will Be an Entrant Engaging in a New Industry

The biotechnology healthcare industry is a relatively new industry. There can be no assurance that an active and liquid market for shares of the Company will develop and shareholders may find it difficult to resell their shares. Accordingly, no assurance can be given that the Company will be successful in the long term.

Dependence on Suppliers and Skilled Labour

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Company.

Difficulty to Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the biotechnology industry. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Managing Growth

In order to manage growth and changes in strategy effectively, the Company must: (a) maintain adequate systems to meet customer demand; (b) expand sales and marketing and administrative functions; (c) expand the skills and capabilities of its current management team; and (d) attract and retain qualified employees. While it intends to focus on managing its costs and expenses over the long term, the Company expects to invest its earnings and capital to support its growth, but may incur additional unexpected costs. If the Company incurs unexpected costs it may not be able to expand quickly enough to capitalize on potential market opportunities.

Internal Controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's financial statements and materially adversely affect the trading price of the Company's shares.

Liquidity

The Company cannot predict at what prices the Company will trade and there can be no assurance that an active trading market will develop or be sustained. There is a significant liquidity risk associated with an investment in the Company.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for Reporting Issuer's shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Reporting Issuer resources.

Directors and Officers

Jagdip Bal	Director, President and CEO
Jatinder Manhas	Director, CFO and Secretary
Harinder Bains	Director
Dr. Philippe Henry	Director and CSO
Graeme Staley	Director

The Company is dependent on a small number of key directors and officers. Loss of any one of those persons could have an adverse effect on the Company. The Company does not maintain "key-man" insurance with respect to any of its management.

Conflicts of Interest

Certain officers and directors of the Company are officers and/or directors of Egret or Zen Labs or are associated with other companies that acquire interests in businesses. Such associations may give rise to conflicts of interest. The directors are required by law, however, to act honestly and in good faith with a view to the best interests of the Company and its shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with the Company and to abstain from voting as a director for the approval of any such transaction.

Outlook

Lexston has now secured licensing under the exemptions prescribed by section 56 of the Controlled Drugs and Substances Act (Canada) which will now enable the expansion of its services into the psychedelic industry with an initial focus on the detection and quantification of psychedelic molecules in the lab and point of care. Lexston intends to develop and validate methods for standardized manufacturing of plant derived psychedelics in support of burgeoning trials in the field of mental health and wellness.

Other Information

Additional information is available on SEDAR at www.sedar.com.

BY ORDER OF THE BOARD

"Jagdip Bal"	*"Jatinder Manhas"*
Jagdip Bal	Jatinder Manhas
President & CEO	CFO & Secretary

April 12, 2022