OPTIMI HEALTH CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview

This management's discussion and analysis ("**MD&A**") is in respect of the operations and financial condition of Optimi Health Corp. ("**Optimi**" or the "**Company**") and is dated as of May 30, 2024 and describes the operating and financial results of the Company for the period ended March 31, 2024 and 2023. The MD&A supplements, but does not form part of, the condensed interim consolidated financial statements of the Company, and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended September 30, 2023 and 2022. The Company prepares and files its audited consolidated financial statements in accordance with International Financial Reporting Standards ("**IFRS**"). The currency referred to in this MD&A is in Canadian Dollars.

Certain information included in the MD&A is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Cautionary Statement Regarding Forward-Looking Statements*" for further detail.

Overall Performance

During the period ended March 31, 2024 and up to the date of this MD&A, the Company has (i) received $1,000,000 in senior debt financing with an interest rate of 7.5% with a term of 18-months, (ii) received $1,500,000 in the form of a non-brokered private placement through issuance of 4,500,000 common share units. In conjunction with this financing, certain founders have agreed to a one-year voluntary lock-up period for their founder shares, which the last portion of these shares was initially set to be released from escrow on February 23, 2024, marking 36 months from Optimi's original listing date, (iii) granted Precursor Licence by Health Canada for 3,4-Methylenedioxyphenyl-2-propanone ("MDP2P"), the precursor used in the chemical synthesis of MDMA, (iv) completed encapsulation of 40mg and 60mg MDMA dosage formats, (v) confirmed production of MDMA,, and (vi) confirmed five-month stability testing for the Company's psilocybin drug candidate, (vii) entered into a supply agreement to supply MDMA to The institute for Psychedelic Research at Tel Aviv University for research purposes, (vii) received finished product test results and certificate of analysis for GMP natural psilocybin extract, (ix) signed a psilocybin supply agreement with Matai Medical Research, (x) completed in-house production of MDMA Active Pharmaceutical Ingredient (API), (xi) received certificate of analysis for 40mg and 60mg GMP MDMA capsules, (xii) signed a letter of intent to advance Phase II Clinical Trial Group and Individual Administration Protocol for Major Depressive Disorder, (xiii) secured Import Permit from Mind Medicine Australia for 160 doses of MDMA and Psilocybin Capsules to be exported to Australia, (xiv) announced partnership with Kwantlen Polytechnic University Applied Genomics Centre Partner to Advance Mushroom Science and Research.

On February 28, 2023, the Company signed purchase orders with Mind Medicine Australia Limited to ensure that patients in Australia with treatment resistant post-traumatic stress disorder (PTSD) have access to medical grade GMP MDMA and patients with treatment resistant depression have access to GMP encapsulated psilocybin as part of therapy through their authorized treating psychiatrists. A long-term distribution agreement with Mind Medicine Australia Limited was also entered into, with distribution through a lead pharmaceutical distribution company and registered pharmacy networks being formed in each State and Territory of Australia with full compliance with regulatory requirements in each jurisdiction. MDMA and psilocybin drug candidates have been produced, encapsulated, and packaged entirely inside of the Company's Health Canada Licensed Facility in compliance with GMP standards. The Company expects to ship product to Australia in Q2 2024.

Obtaining key licenses and regulatory pre-approvals has become a strategic priority for the Company. The following milestones outline the Company's strategic imperative for the emerging psychedelic pharmaceutical industry:

Drug Establishment Licence ("DEL"): the Company submitted a formal application to obtain a DEL and hosted a Health Canada facility inspection in April 2024. Securing a DEL positions the Company as a pharmaceutical company with a strong portfolio of government approved licenses for controlled substances. As Health Canada is a participant to several Mutual Recognition Agreements (MRAs) covering drug/medicinal products for global distribution, the Company will be recognized globally for the GMP production of its psilocybin and MDMA formulations. The DEL will differentiate the Company from other psychedelic manufacturers in the space and enables the Company to provide competitively priced products within the GMP psychedelics market; conduct research and development with in-house scientific and quality teams; and provides flexibility to adapt to international licensing demands and changes in legislation. Importantly, having a DEL will enable Optimi to be one of the only licensed, psychedelic pharmaceutical manufacturers to export to the Australian Marketplace and supply the Authorized Prescriber program. In the program,

authorized Psychiatrists will be able to prescribe MDMA assisted therapy for patients suffering from Post Traumatic Stress Disorder (PTSD) and Psilocybin Assisted therapy for patients suffering from Treatment Resistant Depression.

All products supplied to the Authorised Prescriber Program should be certified GMP compliant as per the Therapeutic Goods Administration (TGA). Health Canada is only allowing Canadian companies with a DEL to be issued export permits to supply Australia, Optimi will be one of the few able to do this.

Another benefit of the DEL is as other countries commence programs similar to Australian (US Virgin Islands, The Bahamas, Costa Rica, Israel, Brazil, Thailand, etc.), Optimi will be able to supply these markets with it's GMP products immediately.

Drug Master File ("DMF"): the Company is on schedule to complete and submit its DMF in Canada for psilocybin in the coming months and over time, to the USA (FDA). Once the DEL is secured, Optimi will submit a DMF application for MDMA. This critical documentation showcases the Company's commitment to regulatory compliance and transparency, laying the foundation for streamlined communication with regulatory authorities. DMFs are submissions to Health Canada and the FDA used to provide confidential, detailed information about facilities, processes, or articles used in the manufacturing, processing, packaging, and storing of human drug products, therefore allowing parties interested in the Company's drug candidates to reference our material without having to disclose DMF contents. DMF's become "plug and play" documentation which supports a Clinical Trial Application intending to have Optimi supply it's drug candidates.

Supply Deals: The Company is actively engaged in identifying and closing supply deals with international and domestic partners seeking GMP drug substance (API) and encapsulated drug candidates. This includes negotiations with partners in Israel, Poland, United States, Brazil, Thailand, and Australia. On December 12, 2023, the Multidisciplinary Association for Psychedelic Studies Public Benefit Corporation (now "Lykos") submitted a New Drug Application (NDA) to the FDA for the approval of MDMA-Assisted Therapy for PTSD. On February 9, 2024, Lykos announced that the FDA had accepted the NDA and designated the application as priority review via the Prescription Drug User Fee Act (PDUFA) with a target action date set for August 11, 2024. Lykos will meet with the FDA Advisory Committee on June 4, 2024 to review investigational MDMA-Assisted Therapy for PTSD. This is the first FDA Advisory Committee meeting for potential new PTSD treatment in 25 years. If approved in August 2024, the Company plans to be active in securing clinical trials involving healthy subjects (therapists) who benefit from and MDMA assisted therapy experience as part of their training.

Optimi Nutraceuticals

The Company has developed a nutraceutical brand that focuses on the health and wellness food markets. The Company is specifically targeting the functional mushroom segment of the nootropic space which it defines as natural health formulations derived from functional mushrooms, commonly referred to as medicinal mushrooms, which do not include any psychedelic compounds. The Company sells its products directly to consumers, through Amazon and through distributors/brokers. The Company is sourcing mushroom raw materials from third parties, recently changed its co-manufacturer which is now locally based and is completing fulfillment in-house and with Amazon. The Company has obtained the required product licenses called Natural Product Number as assessed by the Natural and Non-Prescription Health Product Directorate of Health Canada. Below are some key highlights for this business in the past year:

- The Company is seeing the success of growing the business through retail channels by securing a national listing with the largest Natural Food grocery store chain in the country as well as a listing with the largest in Quebec. Distribution for these deals will commence during the summer of 2024.
- The company will take formally introduce it's Nutraceutical products to the USA near the end of Q2, 2024 (or early Q3).
- The Nutraceutical team has embraced the theme of "deconstruct to reconstruct," focusing on re-evaluating our processes, partners, and energy allocation for all products.
- The company will introduce a new protein SKU in Q3, 2024.
- Initiated a 3-year stability testing program.
- Will reduce costs of goods sold (COGS) by 32% on this SKU by transitioning to pouches.
- Shifted from plastic pressure seals to foil induction seals and adding cotton void fill resulting in savings on packaging costs, improved seal quality and value for the customer.

Key Priorities:

- USA Launch:
    - Regulatory compliance, optimize packaging, trademark and intellectual property management, market research & positioning, launch strategy & storefront build out.
- Production Process Streamlining:
    - As the product offering gets more complex, the Company is securing expertise and support to identify and eliminate inefficiencies, automate where possible, and standardize procedures when it comes to forecasting, sourcing & manufacturing.
- Website Audit & Optimizations:
    - Leveraging the current interface, enhance the overall user experience, focusing on conversion rate optimization by implementing clear calls-to-action, streamlining the checkout process, and minimizing friction points. Look to implement or review analytics tools to track user behavior, traffic sources, and relevant metrics for informed decision-making (MIQ/Google Analytics).
- Business Development:
    - Continue to build out tools, customer relationship management platform, promotions, and programing to support a dedicated staff in this role.

Optimi Labs Inc.

Our focus is research into mushroom-derived psilocin/psilocybin which is designed to investigate the treatment of mental illness, addiction, and other health conditions if and as permitted by applicable laws and regulations, pursuant to the Licences that Optimi maintains in good standing. The Company is additionally researching and producing a MDMA formulation that could be used in clinical studies for PTSD and other applications.

The Company holds a Controlled Substances Dealer's License ("Dealer License") which allows the Company to possess, produce, assemble, sell, and deliver psilocybin and other psychedelic substances within the regulated framework set forth by Health Canada. The Dealer's License allows the Company to possess up to 20kg of psilocybin and 200g of psilocin (which is estimated to be equal to approximately 2000kg of dried full-body psilocybin-containing mushrooms). The Company announced on January 19, 2024 that it had been granted an amendment to its Health Canada Controlled Drugs and Substances Licence allowing for increases in the quantities of MDMA (2kg to 20kg), MDA (1kg to 2kg), and 2-CB (400g to 4kg) under subsection J.01.059(4) of Part J of the Food and Drug Regulations. The Company also received approval for an additional 16 psychedelic substances providing opportunity for Optimi to pursue research opportunities and clinical trial supply as opportunities arise.

The Company has filed a patent pertaining to a breakthrough process that facilitates the extraction of the natural psilocybin and psilocin from mushrooms at higher yields than previously expected.

The Company possesses a fully equipped and licensed lab capable of producing third-party testing for cannabis and psychedelic products.

In November 2023, the Company announced the advancement of its full spectrum, GMP extract quality program after successfully completing process validation for its natural psilocybin drug candidate. Stability testing was conducted in accordance with ICH guidelines, resulting in more than eight months of accelerated data. Optimi confirms its product is able to maintain potency and other quality attributes for the duration of clinical trials.

Also in November 2023, the Company announced the successful harvest of eight new natural Psilocybin genetics, demonstrating its ongoing commitment to innovation and research. Optimi has cultivated these new Psilocybin-containing mushroom strains with the aim that they will play a pivotal role in the development of psilocybin extracts and novel drug candidates. Optimi now possesses one of the largest Psilocybe cubensis genetics banks in the world with more than 200 strains.

Regarding the Company's GMP quality control efforts, we tested, and continue test, manufactured batches of our drug candidates and now have validated Certificates of Analysis (COAs) for psilocybin, psilocybin extracts, and MDMA. This work is an ongoing priority being conducted in collaboration with a reputable third-party laboratory. When completed, it will make Optimi the first publicly traded psychedelics company in Canada with full control of its scalable product from end-to-end.

In addition, the Company was listed by Health Canada as an approved supplier under the Special Access Program (the "SAP"). The SAP allows qualified medical practitioners to request access to Schedule 3 controlled substances

such as psilocybin or MDMA on a case-by-case emergency basis. The Company intends to supply psilocybin and MDMA to patients in need under the SAP by Q2 2024.

The Company is completing the purchase of extensive analytical instrumentation which is poised to dramatically ramp up in-house productivity. With this equipment, the Company will be able to produce assays which includes potency testing via high-performance liquid chromatography including a diode array detector that allows for measuring multiple substance at multiple wavelengths (or components) simultaneously. Additional capabilities include stability and identity testing utilizing thin layer chromatography, ultraviolet-visible spectroscopy, and mass spectrometry.

The Company is developing an IP strategy encompassing delivery mechanisms, extraction methods, isolation of synthetic compounds, new formulations, testing and protocol regimens specific to mushroom based products. To expedite innovation, Optimi Labs Inc. works with both academic and strategic development partnerships, led by Chief Science Officer, Dr. Preston A. Chase.

Optimi Farms

The Company has two GMP-capable 10,000 sq ft. purpose-built mushroom cultivation and processing facilities in Princeton, BC (the "**Facilities**").

The Facilities are being used for cultivation, processing, extraction, research and distribution of psilocybin, psilocin, and other psychedelic substances approved by Health Canada in the Company's amended licence. Scale efficiencies are technically and commercially viable through state-of-the-art horticultural lighting and sensor technology intended to maximize production per square foot. The Company currently houses a genetics bank of more than 80 species of Psilocybe cubensis. In May 2023, the Company announced a harvest of 300 kg of *Psilocybe* cubensis mushrooms set for extraction and processing for the Australian market.

The Facilities will also be equipped with state-of-the-art laboratory equipment as described above. In addition to testing its own products, the Company plans to use this equipment to perform laboratory services for third party customers resulting in an additional revenue stream.

Optimi Buildings: Two state-of-the-art 10,000 sq ft indoor production plants designed to facilitate vertical farming, manufacturing, and R&D; Hospital-grade, clean air purification control to 99.9%; Schedule 8 Security which allows up to $50 Million in controlled substances; State-of-the-Art self-contained security vault; and access to cost-efficient utilities.

Optimi Equipment includes: Industrial autoclave; Pasteurizer; HPLC, Mass Spectrometer, QPCR, ICP-MS, Chromatography, Flow Hydrogenator, other extraction equipment; Argus advanced environmental control system; and State-of-the-Art Security System.

Results of Operations

Period Ended March 31, 2024

During the period ended March 31, 2024, the Company had revenue of $187,964 and a net loss of $2,685,919. The main factors that contributed to the loss in the fiscal year were amortization expense of $388,383, consulting of $501,329, production costs of $275,844, and wages and benefits of $859,988.

Amortization expense relates to the natural deterioration of plant and equipment due to the passage of time. Wages and benefits relate to amounts paid to employees and consulting expenses relate to services provided by management and consultants relating to the development and administration of the Company and the management of the Facilities. Production costs relate to facility operating costs not capitalized to biological assets or inventory.

During the period ended March 31, 2024, the Company received a $1,000,000 in loan proceeds and $555,010 in proceeds from private placements.

Period Ended March 31, 2023

During the 6-month period ended March 31, 2023, the Company had revenue of $117,667, interest and other income of $97,624 and a net loss of $2,330,490. The main factors that contributed to the loss in the fiscal period were amortization expense of $432,752, consulting of $357,292 and wages and benefits of $717,622.

Amortization expense relates to the natural deterioration of plant and equipment due to the passage of time. Wages and benefits relate to amounts paid to employees and consulting expenses relate to services provided by management and consultants relating to the development and administration of the Company and the management of construction at the Facilities.

During the 6-month period ended March 31, 2023, the Company received a deposit of $112,500 pursuant to a supply agreement. The Company has agreed to produce and supply its products for gross proceeds of $450,000. The purchaser has the option to purchase additional products for an additional $450,000. As the Company does not plan to deliver these products until subsequent periods, the deposit is classified as deferred revenue.

Subsequent to March 31, 2024, the Company:

- Received $944,990 in proceeds from a non-brokered private placement on issuance of 3,149,967 units at $0.30 per unit. Each Unit is comprised of one common share in the capital of the Company and one-half of one transferable Common Share purchase warrant (”Warrant”). Each Warrant entitles the holder to acquire one Common Share at $0.40 for two years from the date of issuance, subject to an accelerated expiry provision, whereby in the event the closing price of the Company’s Common Shares on the Canadian Securities Exchange exceeds $0.50 for a period of 20 consecutive trading days, at the Company’s election, the period within which the Warrants are exercisable, will be reduced and the holders of the Warrants will be entitled to exercise their Warrants for a period of 30 days commencing on the day the Company provides notice, any outstanding Warrants not exercised during the 30 day period will expire.
- Issued 139,125 common shares valued at $104,344 on exercise of restricted share rights (“RSRs”). All of the Company’s RSRs are now fully vested and converted into common shares.
- Granted 15,000 stock options with an exercise price of $0.35 and a term of 5 years.

Selected Financial Information

The following table sets forth selected financial information with respect to the Company’s consolidated financial statements for the period ended March 31, 2024, and 2023.

	Year ended March 31, 2024	**Period ended March 31, 2023**
Operations:		
Revenue	$187,964	$117,667
Expenses	$2,913,287	$2,564,891
Interest and other income	$12,796	$97,624
Loss and comprehensive loss	($2,685,919)	($2,364,556)
Loss per share (basic and diluted)	($0.03)	($0.03)
Assets:		
Current Assets	$1,514,860	$2,293,853
Non-Current Assets	$13,677,945	$14,105,237
Total Assets	$15,192,805	$16,399,090
Liabilities:		
Current Liabilities	$1,337,502	$700,051
Non-Current Liabilities	$2,623,763	$51,590
Total Liabilities	$3,961,265	$751,641
Shareholders’ Equity	$11,231,540	$15,647,449
Total Liabilities and Shareholders’ Equity	$15,192,805	$16,399,090

Selected of Quarterly Results

Quarter	**March 31, 2024**	**December 31, 2023**	**September 30, 2023**	**June 30, 2023**
Loss for the period	$1,443,545	$1,242,374	$1,278,226	$1,506,022
Loss per share	$(0.02)	$(0.01)	$(0.02)	$(0.02)
Total assets	$15,192,805	$15,664,248	$16,491,729	$15,291,247
Total liabilities	$3,961,265	$3,572,888	$3,280,836	$1,159,031
Quarter	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**	**June 30, 2022**
Loss for the year	$1,215,241	$1,195,059	$1,319,271	$1,338,939
Loss per share	$(0.01)	$(0.01)	$(0.02)	$(0.02)
Total assets	$16,365,028	$17,368,052	$16,817,771	$18,631,925
Total liabilities	$751,645	$618,386	$797,665	$1,667,805

Liquidity and Capital Resources

As at March 31, 2024, the Company had a working capital surplus of $177,358.

The Company had negative cash flow of $2,571,574 from operating activities during the period ended March 31, 2024. During the period ended March 31, 2024, the Company spent $16,053 on plant and equipment additions. During the period ended March 31, 2024, the Company raised $1,000,000 in loan proceeds and $555,010 in proceeds from private placements. Subsequent to March 31, 2024, the Company raised an additional $944,990 from private placements.

The Company's future capital requirements will depend upon many factors including, without limitation, its ability to produce, market and sell its products, consumer demand for its products, the Company's ability to secure required financing, and in the event consumer demand is strong for its products, the Company's ability to expand its business to facilitate this demand. The Company has limited capital resources and has historically relied upon the sale of equity securities for cash required for research and development purposes, for acquisitions and to fund the administration of the Company. The Company intends to finance its future requirements through a combination of debt and/or equity issuances. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms. These uncertainties cast significant doubt on the Company's ability to continue as a going concern. The audited consolidated financial statements do not include any adjustments related to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Key Management Compensation and Related Party Transactions

During the periods ended March 31, 2024 and 2023, the Company incurred the following amounts charged by officers and directors (being key management personnel) and companies controlled and/or owned by officers and directors of the Company.

	March 31, 2024	**March 31, 2023**
	$	**$**
Consulting fees	252,500	101,250
Share-based compensation	12,253	94,548
Wages and benefits	210,487	250,000
	475,240	**445,798**

The Company has entered into a lease agreement with BC Green, as described in Note 8.

As at March 31, 2024, there was $609,093 (2023 - $398,890) owing to key management, which is included in accounts payable and accrued liabilities. The amounts are unsecured, without interest and due on demand.

During the period ended March 31, 2024, the Company received $1,000,000 in loan proceeds from a company controlled by a director (Note 11). As at March 31, 2024, the Company owed $1,000,000 (2023 - $nil) in principal and $18,750 (2023 - $nil) in accrued mortgage interest in relation to this loan.

Significant accounting judgements and estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported revenues and expenses during the year. Actual results may differ from these estimates.

Significant estimates and judgments are evaluations and assumptions about the future and other sources of estimation uncertainty that management has made, which could result in a material adjustment to the carrying amounts of assets and liabilities. Significant estimates and judgments used in the preparation of the audited consolidated financial statements include, but are not limited to, the following:

Going concern

The assessment of whether the concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

Provisions and contingencies

The amount recognized as a provision, including legal, contractual, constructive and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore, assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. The Company assesses its liabilities and contingencies based upon the best information available.

Impairment of property, plant and equipment

Management considers both external and internal sources of information in determining if there are any indications that the Company's property, plant and equipment is impaired. Management considers the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of its plant. Management considers the manner in which the property, plant and equipment is being used or is expected to be used an indication of economic performance of the assets.

Valuation of inventory

Inventories are valued at the lower cost and net realizable value except for biological inventory which includes a fair value component. Purchased inventory is accounted for using the weighted average purchase cost of the components that comprise finished goods inventory. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

Valuation of share-based payments

The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves. The Company estimates volatility based on the Company's historical share prices, excluding specific time frames in which volatility was affected by specific transactions that are not considered to be indicative of the entities' expected share price volatility.

Biological assets and inventory

In calculating the value of the biological assets, management is required to make a number of estimates, including estimating the stage of growth of the mushrooms up to the point of harvest, harvesting costs, selling costs, sales price, wastage and expected yields for the mushrooms. In calculating final inventory values, management is required to determine an estimate of spoiled or expired inventory and compare the inventory cost versus net realizable value. The cost and fair value of biological assets are capitalized to the extent that their cost and fair value will be recoverable.

Loans payable

The identification of loan components is based on interpretation of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the loans payable at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability component is also based on a number of assumptions, including contractual future cash flows and discount rate.

Estimated useful lives of property, plant and equipment

Depreciation of property, plant and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment.

Changes in Accounting Policies

There have been no changes to accounting policies during the period ended March 31, 2024.

Financial Instruments

a) Categories of financial instruments

The classification of the financial instruments as well as their carrying values is shown below:

Fair value

The fair value recorded on initial recognition of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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 or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash and cash equivalents, trade receivables, accounts payable and accrued liabilities, deferred revenue, lease liabilities, and loans payable. The fair values of these financial instruments approximate their carrying values due to the short-term nature of these instruments, with the exception of lease liabilities and loans payable which are measured using Level 2 inputs.

b) Management of financial risks

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of these risks. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The Company considers this risk to be limited as it holds no assets or liabilities subject to variable rates of interest.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The financial instruments that potentially subjects the Company to credit risk consists of cash, and cash held in trust. The Company limits exposure by maintaining its cash with major Canadian commercial banks and credit unions.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due. The Company is reliant upon equity issuances and loans as its main sources of cash. The Company manages liquidity risk by maintaining an adequate level of cash to meet its ongoing obligations. The Company continuously reviews its actual expenditures, forecasts cash flows, and matches the maturity dates of its cash to capital and operating needs. All of the Company's existing commitments are budgeted and funded as at the date of the financial statements. All financial liabilities have contractual maturities of less than one year and are subject to normal trade terms with the exception of the Company's lease liability which matures based on the lease agreement and the mortgages payable which have a term of three years.

Currency risk

The Company is not exposed to financial risk related to the fluctuation of foreign exchange rates.

Commitments

The Company has lease commitments for the Facilities. Cash commitments for minimum lease payments in relation to the facility leases as at March 31, 2024, are payable as follows:

	$
Within 1 year	42,000
Between 1 year and 5 years	14,000
	56,000

Disclosure of Outstanding Security Data

The Company has one class of shares outstanding, which is common shares. As of the date of this MD&A, 91,033,357 common shares were issued and outstanding. The Company also has 5,646,154 share purchase warrants, and 4,065,000 stock options outstanding.

Cautionary Statement About Forward-Looking Statements

Certain statements in this MD&A, constitute "forward-looking information" or "forward looking statements" (collectively, "forward looking statements") within the meaning of applicable Canadian securities laws and are based on assumptions, expectations, estimates and projections as of the date of this MD&A. Forward-looking statements include statements with respect to projected growth rates, targets, plans, the Company's future growth, results of operations, performance and business prospects and opportunities. The words "plans", "expects", "projected", "estimated", "forecasts", "anticipates", "intend", "guidance", "outlook", "potential", "prospects", "seek", "aim", "strategy", "targets" or "believes", or variations of such words and phrases or statements that certain future conditions, actions, events or results "will", "may", "could", "would", "should", "might" or "can", or negative versions thereof, "occur", "continue" or "be achieved", and other similar expressions, identify forward-looking statements. Forward-looking statements are necessarily based upon management's perceptions of historical trends, current conditions and expected future developments, as well as a number of specific factors and assumptions that, while considered reasonable by the Company as of the date of such statements, are outside of the Company's control and are inherently subject to significant business, economic and competitive uncertainties and contingencies which could result in the forward-looking statements ultimately being entirely or partially incorrect or untrue. Forward looking statements contained in this MD&A are based on various

assumptions, including, but not limited to the following: the Company's ability to achieve its growth strategy; the demand for the Company's products and fluctuations in future revenues; sufficiency of current working capital to support future operating and working capital requirements; the stability of general economic and market conditions; currency exchange rates and interest rates; equity and debt markets continuing to provide the Company with access to capital; the Company's ability to comply with applicable laws and regulations; and the Company's continued compliance with third party IP rights.

By their nature, forward-looking statements are subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections, or conclusions will not prove to be accurate, that assumptions may not be correct, and that objectives, strategic goals and priorities will not be achieved.

Known and unknown risk factors, many of which are beyond the control of the Company, could cause the actual results of the Company to differ materially from the results, performance, achievements, or developments expressed or implied by such forward-looking statements. Such risk factors include but are not limited to those factors which are discussed in the Company's long form prospectus dated February 12, 2021, a copy of which is available on SEDAR at www.sedar.com. The risk factors are not intended to represent a complete list of the factors that could affect the Company and the reader is cautioned to consider these and other factors, uncertainties, and potential events carefully and not to put undue reliance on forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law. All the forward-looking statements contained in this MD&A are qualified by these cautionary statements.

Other Information

Additional information relating to the Company is available for viewing on the Company's web sites at www.optimihealth.ca and www.optimilife.com.