doseology

Doseology Sciences Inc.

Management's Discussion & Analysis

For the three and nine months ended March 31, 2022 and 2021

This management's discussion and analysis ("MD&A") provides a review of Doseology Sciences Inc.'s (the "Company") business operations and is intended to help readers understand the significant factors that affect the performance of the Company and those that may impact its future performance. This MD&A has been prepared as of May 30, 2022 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the nine months ended March 31, 2022 and the audited consolidated financial statements for the year ended June 30, 2021.

The financial information disclosed in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") and complies with International Accounting Standard ("IAS") 34, *Interim Financial Reporting.* The Company's significant accounting policies are set out in Note 2 of the unaudited condensed consolidated interim financial statements for the nine months ended March 31, 2022. All amounts in this MD&A are expressed in Canadian dollars, unless otherwise indicated.

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" that is based on expectations, estimates and projections as of the date of this MD&A. Often, but not always, such forward-looking information can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information in this MD&A. Many of such risks and uncertainties are beyond the control of the Company. Please refer to the non-exhaustive list of risks and uncertainties included in this MD&A.

While the Company anticipates that subsequent events and developments may cause its views to change, it will not update this forward-looking information, except as required by law. This forward-looking information should not be relied upon as representing the views of the Company as of any date after the date of this MD&A. The Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those current expectations described in forward-looking information. However, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended and that could cause actual actions, events or results to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

The words "we", "our", "us", "Company", "Doseology" and "Dose" refer to Doseology Sciences Inc., together with its predecessors, subsidiaries, and/or the management and employees of the Company's subsidiary.

BUSINESS OVERVIEW

The Company, along with its wholly owned subsidiary Dose Labs Inc., is building a progressive brand focused on mental health and wellness through cultivation, extraction and innovative nutraceutical and pharmaceutical products. The Company aims to make a meaningful impact on the mental health pandemic by utilizing and developing psychedelic and non-psychedelic compounds within the plant-derived drugs and functional fungi markets. With a vertically integrated approach, Doseology intends to process and distribute products at its facilities in Vernon, British Columbia, in accordance with applicable laws to ensure safe and high-quality production. The Company's medicinal mushroom products, including tinctures and powders are available on doseology.com. The Company trades on the Canadian Securities Exchange under the symbol "MOOD", the Frankfurt Stock Exchange under the symbol "VU7" and the OTC Pink Sheets in the United States under the symbol "DOSEF".

STRATEGY AND OUTLOOK

Doseology's focus continues to be the research, development and sales of its branded line of medicinal mushroom tinctures and powders. The Company's products employ adaptogenic blends to improve on the single-extract tinctures commonly available in other competitor products. This blending process translates into a higher market value product because of increased user benefits and increased challenges in development. In February of 2022 the Company launched its product line in Canada. The Company signed a Brand and Product Representation Agreement with Connect Brand Management in March 2022 to establish and manage relationships with retailers and e-tailers. The Company also signed a Distribution Agreement with Peak Performance Products Inc. in April 2022 to accelerate distribution of the Company's products across Canada. The Company is currently working on a sales and distribution strategy for the United States market.

To supplement this focus and potentially create more products in the future, on November 10, 2021, the Company submitted an application to Health Canada for a Dealer's License under the *Controlled Drugs and Substances Act* (CDSA). This license, once approved, will permit the Company to have legal access to controlled substances, including psilocybin and psilocin, and will enable the Company to produce, cultivate, extract, process and distribute novel strains of psilocybin mushrooms for research purposes. Research and development capabilities are a crucial aspect of the Dealer's License, as it will allow the Company to research psilocybin compounds and produce novel chemical compounds. Through this research and development, the Company intends to create intellectual property around strain optimization, consistency, dosage and effect. The Company remains confident that the Dealer's License application from regulators in Canada will be approved.

As commented in our last MD&A, the Company still intends to establish and operate a clinic which will serve as a proof-of-concept clinic for the Company to offer treatment using psychedelic compounds. Previously the location of that first clinic was thought to be Portland, Oregon and while Portland continues to be an option, the Company continues to monitor the regulatory environment in both the United States and Canada to determine the best location. Any new clinic will continue to be developed alongside Dr. Paramdeep Bhasin, the Company's Chief Medical Officer.

The Company continues to consider potential attractive acquisition targets that are accretive to earnings. The availability of a public stock, the current economic environment and a strong balance sheet would allow the Company to acquire other businesses at advantageous pricing, making its acquisition strategy fruitful to current shareholders.

KEY HIGHLIGHTS

Retail and Distribution Strategy

In connection with the Company's Canadian product launch, the Company has initiated a Canadian retail sales strategy with its sales broker, Connect Brand Management ("Connect"). Connect is a national consumer packaged goods firm specializing in sales and marketing for natural food and nutraceutical brands. It is expected that Connect will be integral to the Company's revenue generation and product rollout in Canada. The Company has also signed a Distribution Agreement with Peak Performance Products Inc. ("Peak") for the distribution of its medicinal mushroom products across Canada. Peak is a leading distributor of innovative and effective products that optimize health and wellness. To date, Peak has already helped the company get its products into retailers such as Well.ca, a Canadian based e-commerce retailer that specializes in health, beauty, baby, home, green, and natural products.

Stock Listings

On March 17, 2022, the Company announced that its common shares started trading on the Frankfurt Stock Exchange ("FSE") under the symbol VU7. The Company's common shares have also started trading on the OTC Pink Sheets in the United States under the symbol DOSEF, and the Company has applied to uplist its shares from the OTC Pink Sheets to the OTCQB market. In addition, the Company's common shares have been approved for eligibility for book-entry and depository services through the Depository Trust Company, which will facilitate electronic clearing and settlement of transfers of the shares in the United States. Listing on the FSE and OTC are important milestones for the Company, as it provides for an increased investor base, improved liquidity, and more broadly introduces the Company's unique global brand to other countries."

Product Launches

On January 6, 2022, the Company announced the successful soft launch of seven new adaptogenic mushroom products in the United States. The Company's new medicinal mushroom products have successfully completed test marketing with overwhelmingly positive ratings and reviews. Being among the most comprehensive available on the market, they will help fill the growing demand for high-quality adaptogenic nutraceuticals. The new line employs adaptogenic blends to improve on the single-extract tinctures commonly available. Blends have a higher market value because of increased user benefits and development challenges. On February 23, 2022, the Company announced the launch of five of these products in Canada.

PSYCHEDELICS AND REGULATORY LANDSCAPE

Health Canada Notice to Stakeholders

On May 6, 2022, Health Canada issued a notice to provide information on the use of psilocybin mushrooms in clinical trials or as a drug requested through the Special Access Program, and to emphasize the importance of drug quality and Good Manufacturing Practices ("GMP"). Consistent quality and dosing are required to generate reliable clinical trial results and support good clinical decision-making. The use of psilocybin mushrooms presents challenges for clinical trials because of the potential variability in the content of the active ingredients and potential impurities among different mushroom cultivars, as well as the potential variability throughout the mushroom tissue matrix. The primary implications of this are related to dosing, particularly in the determination of a dosage form that provides a consistent active ingredient, while ensuring any impurities are consistently within acceptable limits. This inconsistency in dosing and impurities can make it difficult for psilocybin mushrooms to meet GMP requirements. Research that meets the definition of a clinical trial in the Food and Drug Regulations requires the investigational product to be of GMP quality. This means that any psilocybin product, including psilocybin mushrooms, used in a clinical trial must be manufactured according to GMP standards. GMP ensures that products are consistently produced and controlled according to quality standards.

Health Canada also specified that manufacturers supplying drugs to the Special Access Program are requested to provide information regarding the manufacturing of the drug under GMP principles. Drugs that do not meet GMP standards may only be considered when no product of higher quality is available.

Special Access Program Update

In April 2022 a clinic in Nanaimo, British Columbia, became the first health centre in Canada to offer a legal psilocybin group therapy program. On May 5, 2022, a clinic in Montreal, Quebec, received Health Canada's approval to use psilocybin to care for a patient who had undergone several unsuccessful treatments for depression. This is the first health-care facility in Quebec to legally treat depression with psilocybin. As of May 16, 2022, Health Canada said it had received 15 requests for the use of psilocybin or MDMA since reinstating the Special Access Program in January of 2022.

Study on Psychedelics and Opioid Use Disorder

A study published on April 7, 2022, in Nature: Scientific Reports, found that psylocibin use was associated with a 30% reduction in odds of opioid use disorder in a large, nationally representative sample in the United States. This study replicates findings from a 2017 study linking psychedelics to lowered odds of opioid use disorder across a broad spectrum of diagnostic criteria, but specifies that this link only exists for psilocybin, and not for other psychedelics.

RESULTS OF OPERATIONS

For the three and nine months ended March 31, 2022 and 2021

The loss and comprehensive loss for the three months ended March 31, 2022 was $537,459 or $0.01 loss per share compared to $405,502 or $0.01 loss per share for the same period in 2021. The increase in loss of $131,957 (33%) in 2022, as further explained below, was primarily due to investor relation costs, more staffing and consulting, regulatory/listing fees and increased depreciation and amortization. The higher costs in 2022 were partially offset by lower management fees and leasehold operating costs .

The loss and comprehensive loss for the nine months ended March 31, 2022 was $1,391,418 or $0.04 loss per share compared to $996,239 or $0.04 loss per share for the same period in 2021. The increase in net loss of $395,179 (40%) in 2022 was primarily due to the same factors as noted above relating to the three months ended March 31, 2022 but also due to increased marketing and share-based compensation.

For the three and nine months ended March 31, 2022, revenues from product sales and cost of sales were not significant as the Company's products only recently launched. The Company expects revenues to increase significantly going forward due to the Company's retail and distribution strategy. For the three months ended March 31, 2022, operating expenses increased by $137,301 (35%) to $525,703 compared to $388,402 for the same period in 2021. Operating expenses increased by $387,897 (41%) to $1,338,990 for the nine months ended March 31, 2022 compared to $951,093 for the same period in 2021. Below is a reference to the Company's statements of loss and comprehensive loss along with a discussion of the key factors that lead to the changes in operating expenses:

	For the three months ended March 31		For the nine months ended March 31	
	2022 $	2021 $	2022 $	2021 $
Income				
Product sales	2,386	-	2,386	-
Cost of sales	(1,631)	-	(1,631)	-
	755	-	755	-
Expenses				
Marketing	61,856	60,609	178,146	110,232
Investor relations	101,252	-	126,803	-
Product development and other costs	5,208	8,650	53,963	100,169
Leasehold operating costs	5,566	21,713	27,232	88,794
Consulting fees	37,359	20,039	63,628	40,804
Management fees	11,625	158,520	35,625	311,020
Professional fees	49,119	57,859	99,544	146,993
Regulatory filings and listing fees	13,449	2,105	164,985	16,457
Office	15,186	18,863	38,211	27,895
Salaries and benefits	184,236	18,794	370,546	49,237
Share-based compensation	6,794	-	68,449	-
Depreciation and amortization	34,053	21,250	111,858	59,492
	(525,703)	(388,402)	(1,338,990)	(951,093)
Other income (expenses)				
Interest and other income	5,330	-	6,212	-
Interest accretion	(17,841)	(17,100)	(56,862)	(51,146)
Loss on asset disposals	-	-	(2,533)	-
Gain on debt settlement	-	-	-	6,000
Loss and comprehensive loss for the period	(537,459)	(405,502)	(1,391,418)	(996,239)
Loss per share - basic and diluted	(0.01)	(0.01)	(0.04)	(0.04)
Weighted average number of shares outstanding - basic and diluted	41,100,300	33,876,435	38,431,764	25,507,512

Investor Relations – Increased

Investor relations were $101,252 for the three months ended March 31, 2022, compared to $nil for the same period in 2021. The increase of $101,252 (100%) was because the Company listed its common shares publicly in November 2021 on the Canadian Securities Exchange. As part of its listing, the Company engaged an investor relations firm to assist with investor matters. In addition, costs were also incurred to a separate company to assist with preparing new investor materials and content. For the nine months ended March 31, 2022, investor relations were $126,803 compared to $nil for the same period in 2021. The reason for the nine-month increase was primarily the same as noted for the three-month increase.

Salaries and benefits – Increased

Salaries and benefits increased by $165,442 (880%) to $184,236 for the three months ended March 31, 2022 compared to $18,863 for the same period in 2021. The primary reason for the increase was that the Company started hiring employees in 2021 to fill positions for facility maintenance, marketing and accounting. In addition, there were additional costs related to the hiring and then changeover in the CEO position. For the nine months ended March 31, 2022, salaries and benefits were $321,309 higher than the comparable period in 2021. The reason for the nine-month increase was primarily the same as noted for the three-month increase.

Consulting fees – Increased

Consulting fees increased by $17,320 (86%) to $37,359 for the three months ended March 31, 2022 compared to $20,039 for the same period in 2021. The primary reason for the increase was that the Company hired a few more consultants, primarily a consultant to assist with digital marketing. For the nine months ended March 31, 2022, consulting fees were $22,824 higher than the comparable period in 2021. The reason for the nine-month increase was primarily the same as noted for the three-month increase.

Regulatory and listing fees

Regulatory and listing expenses increased by $11,344 (539%) to $13,449 for the three months ended March 31, 2022 compared to $2,105 for the same period in 2021. The increase was due primarily to the Company listing on the Frankfurt Stock Exchange ("FSE") and progress made towards listing on the OTCQB in the United States. For the nine months ended March 31, 2022, regulatory and listing expenses were $148,528 higher than the comparable period in 2021. The increase related to preparing and filing of a prospectus for the listing of the Company's common shares on the Canadian Securities Exchange ("CSE"). On October 29, 2021, the Company received an approval from the CSE to list its common shares on the CSE.

Depreciation and amortization – Increased

Depreciation and amortization increased by $12,803 (60%) to $34,053 for the three months ended March 31, 2022 compared to $21,250 for the comparable period in 2021. The increase in depreciation and amortization expense related to the overall increase in property and equipment and intangible assets. An acquired 3-year cannabis license and a new right of use asset related to leased office space were the most significant new assets added in the latter half of 2021. For the nine months ended March 31, 2022, depreciation and amortization was $52,366 higher than the comparable period in 2021. The reason for the nine-month increase was primarily the same as noted for the three-month increase.

Leasehold operating costs – Decreased

Leasehold operating costs were $5,566 for the three months ended March 31, 2022, compared to $21,713 for the same period in 2021. The decrease of $16,147 (74%) was primarily due to the company spending less on repairs and maintenance and facility improvements. For the nine months ended March 31, 2022, leasehold operating costs were $61,562 lower than the comparable period in 2021. The reason for the nine-month decrease was primarily the same as noted for the three-month increase.

Management fees – Decreased

Management fees were $11,625 for the three months ended March 31, 2022, compared to $158,520 for the same period in 2021. The decrease of $146,895 (93%) was because certain consultants were replaced by employees and the services of other consultants were no longer needed by the Company. For the nine months ended March 31, 2022, management fees were $275,395 lower than the comparable period in 2021. The reason for the nine-month decrease was primarily the same as noted for the three-month increase.

Marketing – Increased

The change in marketing expenses for the three months ended March 31, 2022 compared to for the same period in 2021 was negligible; however, for the nine months ended March 31, 2022, marketing expenses were $67,914 higher than the comparable period in 2021. The reason for the nine-month increase was primarily due to the company ramping up spending to coincide with the launch of its products in Canada in early 2022 and general brand awareness.

Share-based compensation - Increased

The change in share-based compensation for the three months ended March 31, 2022 compared to the same period in 2021 was negligible; however, for the nine months ended March 31, 2022, it was $68,449 compared to $nil for the same three-month period in 2021. The increase related primarily to the fair value amortization of stock options granted in April 2021. The fair value amortization of stock options previously awarded in April 2021 has partially been offset by share-based compensation expense reversals as a result of options being forfeited.

SUMMARY OF QUARTERLY RESULTS

The Company's quarterly results for the last eight quarters are as follows:

	March 31, 2022 $	December 31, 2021 $	September 30, 2021 $	June 30, 2021 $
Revenue	2,386	-	-	-
Loss and comprehensive loss	(537,459)	(543,280)	(310,679)	(630,318)
loss per share - basic and diluted	(0.01)	(0.01)	(0.01)	(0.02)

	March 31, 2021 $	December 31, 2020 $	September 30, 2020 $	June 30, 2020 $
Revenue	-	-	-	-
Loss and comprehensive loss	(405,502)	(418,132)	(172,605)	(402,951)
loss per share - basic and diluted	(0.01)	(0.02)	(0.01)	(0.51)

The Company as a start-up has primarily been focusing on research and product development, and putting key infrastructure and employees in place to execute on its business plan. The full business plan can be found in the Company's prospectus. For the period ended March 31, 2022, the company's focus has partially shifted towards the sales and distribution of its first line of medicinal mushroom products. Overall, there is no discernible quarter over quarter trend except to say that generally operating expenses have grown as the Company completed development and brought to market its first line of products. Cash burn is a primary focus of the Company and now with projected revenues in the near future, the company can look to execute on other areas of its business plan and also look to other opportunities as they arise.

CAPITAL RESOURCES AND LIQUIDITY

As at March 31, 2022, the Company had cash of $2,231,095 (June 30, 2021 - $3,733,524) and working capital of $3,231,291 (June 30, 2021 - $2,247,059).

Cash used in operating activities for the nine months ended March 31, 2022 was $1,390,639 compared to $1,892,261 for the comparable period in 2021, a decrease of $501,622. The decrease in cash used in operating activities was primarily because the company incurred significant prepaid costs in 2021 in connection with the Company's share listing. The decrease in cash used in operating activities was offset by higher general operating costs as the company scaled up and launched its first line of products.

Cash used in financing activities for the nine months ended March 31, 2022, was $105,662 compared to $5,489,834 provided by financing activities for the comparable period in 2021. The increased cash provided by financing activities for the comparable period in 2021 was primarily due to the receipt of share issuance proceeds.

Cash used in investing activities for the nine months ended March 31, 2022 was $6,128 compared to $11,709 for the same period in 2021. The amount of $6,128 was for the purchases of farm and office equipment. The comparable period in 2021 included $155,791 in purchases of farm equipment, furniture and office equipment, leasehold improvements and intangible assets. This amount was partially offset by $109,082 of cash received from the acquisition of Pendulm Craft Corp.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

COMMITMENTS

The Company is committed to the following minimum lease payments:

Maturity analysis	March 31, 2022 $	June 30, 2021 $
Less than one year	157,217	96,000
One year to five years	664,568	480,000
More than five years	270,000	480,000
Total undiscounted lease liability	1,091,785	1,056,000

During the nine months ended March 31, 2022, the company leased a new office space in Kelowna, British Columbia. In signing this lease, the Company committed to an additional $121,672 in total lease payments up until August 2024. This new lease commitment contributed to the increased lease liability noted in the table above.

TRANSACTIONS WITH RELATED PARTIES

Key management personnel include directors and officers who have the authority and responsibility for planning, directing, and controlling the activities of the Company. The compensation paid to these key management personnel for the three and nine months ended March 31, 2022 and 2021 is as below:

	Three months ended		Nine months ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	$	$	$	$
Management fees	11,625	148,220	35,625	338,348
Professional fees	29,449	24,261	45,199	71,679
Listing expenses	-	-	106,756	-
Share-based compensation	1,416	-	47,726	-
Lease payments	24,000	15,000	72,000	45,000
Salaries and benefits	58,298	-	58,298	-
Total	124,788	187,481	365,604	455,028

During the three months ended March 31, 2022, the Company incurred $11,625 (March 31, 2021 - $nil) in management fees to a consulting firm where Peter Geh, the Company's CFO is the owner. During the nine months ended March 31, 2022, in addition to the preceding fees, the Company paid management fees of $24,000 to Daniel Vice, the Company's former CEO and now director. Included in accounts payable as at March 31, 2022 is $4,233 owing to Mr. Geh's firm.

During the three months ended March 31, 2022, the Company incurred $29,449 (March 31, 2021 - $24,261) in professional fees to a law firm where Scott Reeves, a director of the Company, is a partner. During the nine months ended March 31, 2022, the Company paid professional fees and listing expenses of $45,199 and $106,756 respectively. Included in accounts payable as at March 31, 2022 is $15,064 owing to Mr. Reeves' law firm.

During the three months ended March 31, 2022, the Company paid $24,000 (March 31, 2021 - $15,000) to Sungrown Organics Inc., for the rental of the Vernon facility, a company which is 50% controlled by Shane Gordon, a former officer and director of the Company. During the nine months ended March 31, 2022, the Company paid $72,000 (March 31, 2021 - $45,000). As part of this rental arrangement, Sungrown Organics Inc., owed the Company $13,900 as of June 30, 2021.

During the three months ended March 31, 2022, the Company incurred net share-based compensation of $1,416 (March 31, 2021 - $nil) to directors and officers. The net amount is made up of $10,623 in compensation less $9,207 in reversed compensation as a result of options being forfeited. During the nine months ended March 31, 2022, the Company incurred $47,726.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the Company's reported financial results. Their judgment and estimates are based on historical experiences and expectation of future events. Actual outcomes could differ from these assumptions. Management reviews the estimates and underlying assumptions on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The significant judgment and estimates that may cause material adjustments to the carrying amounts of the financial statements are as follows:

Going concern

The Company's ability to execute its strategies and continue funding its operations requires judgment, estimates and assumptions which are based on historical experience and factors such as expectations of future events.

As at March 31, 2022, the Company has an accumulated deficit of $3,449,607 (June 30, 2021 - $2,058,189) and will continue to incur losses in executing its business plan. Management intends to preserve cash as much as possible but the Company may need to finance its operations with future equity financings. The Company has been successful in raising equity capital in previous years, however, there is a risk that future financing may not be available on a timely basis or on terms acceptable to the Company. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statements of financial position.

Share-based Compensation

The Company recognizes share-based compensation on stock options granted.

Share-based compensation to employees and others providing similar services is measured at fair value of the equity instrument issued on the grant date and expensed over the vesting periods.

Share-based compensation to non-employees is measured at the fair value of the goods and services received unless that their fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The fair value is recorded at the earlier of the vesting date, or the date the goods or services are received.

The fair value of the options granted is measured using the Black-Scholes option-pricing model considering the terms upon which the options were granted. The offset to share-based compensation is reserves. Proceeds from the exercise of stock options are recorded as share capital and the related reserves are transferred to share capital.

Financial Instruments

Fair value

IFRS 13, *Fair Value Measurement*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable market data.

The following table summarizes the carrying and fair value of the Company's financial instruments. The fair values of these financial instruments approximate their carrying values because of their current nature.

	March 31, 2022 $	June 30, 2021 $
Cash	2,231,095	3,733,524
Receivables	67,233	28,489
Due from related parties	-	15,096
Accounts payable and accrued liabilities	150,730	416,595
Lease liability	761,604	687,544

Interest income, interest expense, and gains and losses from financial assets and financial liabilities classified at amortized cost are recognized in the statement of loss and comprehensive loss.

FINANCIAL RISK MANAGEMENT

a) Credit risk

Credit risk is the risk of loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

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

b) Foreign exchange risk

Foreign exchange risk arises from fluctuations in the future cash flows of a financial instrument because of changes in foreign exchange rates. The Company is not subject to foreign exchange rate risk as predominately all its transactions occur in Canadian dollars.

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The observable impacts on the fair value and future cash flows of financial instruments that can be directly attributable to interest rate risk include changes in profit or loss from financial instruments whose cash flows are determined with reference to floating interest rates and potential changes in value of financial instruments whose cash flows are fixed in nature. The Company does not have any financial liabilities with floating interest rates and accordingly is not exposed to cash flow risk.

d) Liquidity and funding risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at March 31, 2022, the Company had a cash balance of $2,231,095 to settle the current liabilities of $235,337 which are due on demand or within 1 year.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions.

OUTSTANDING SHARE DATA

As at March 31, 2022, the following securities were issued and outstanding:

Issued and outstanding common shares	41,100,300
Incentive stock options exercisable at $0.40 per share	2,850,000
Share purchase warrants (1)	16,332,720
	60,283,020

(1) 5,000,000 share purchase warrants exercisable at $0.16 per share expiring on June 1, 2025 and 11,332,720 warrants exercisable at $0.80 per share expiring between December 22, 2022 and March 31, 2023.

RISKS AND UNCERTAINTIES

Investing in the Company's securities involves a high degree of risk. In addition to the risks identified in this MD&A, current and prospective investors should carefully consider all the risk factors noted in the Company's final prospectus dated October 27, 2021, a copy of which is available on SEDAR at www.sedar.com, before purchasing common shares or any other securities of the Company that may be offered or that are issued and outstanding from time to time. The risks identified in the Company's prospectus remain unchanged and such risk factors identified are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company's operations. The occurrence of any of such risks, or other risks not presently known to the Company or that the Company currently believes are immaterial, could materially and adversely affect the Company's investments, prospects, cash flows, results of operations or financial condition, and the Company's ability to make dividend payments to shareholders. The value of the Common Shares, or any other securities of the Company that may be offered or issued and outstanding from time to time, could decline and investors may lose all or part of their investment.

Additional Information

Additional information relating to the Company is available on its corporate website, www.doseology.com.