doseology

Doseology Sciences Inc.

Management's Discussion & Analysis

For the three and nine months ended March 31, 2023 and 2022

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 29, 2023 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three and nine months ended March 31, 2023 and the audited consolidated financial statements for the year ended June 30, 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 innovative nutraceutical products. Doseology aims to make a meaningful impact on the mental health pandemic by utilizing and developing functional fungi and plant-derived drugs. Doseology's functional mushroom products, including tinctures, powders and supplements, are available on doseology.com. The Company trades on the Canadian Securities Exchange under the symbol "MOOD", the OTCQB Venture Market in the United States under the symbol "DOSEF", and the Frankfurt Stock Exchange under the symbol "VU7".

STRATEGY AND OUTLOOK

Consumer Packaged Goods

The focus of the Company is the sale of its branded line of functional mushroom tinctures, powders, and supplements. The Company's tinctures 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. The Company has established retail sales channels for its products in Canada and sells its products online through its website and Amazon. The Company's products are now on the shelves of approximately 135 retail locations across Canada, and the Company continues to work with its sales broker and distributor to develop additional sales channels. The Company also intends to establish retail sales channels in the United States.

Termination of Lease at Vernon Facility

The Company terminated the lease at its facility in Vernon, British Columbia. The facility, located at 6294 Old Kamloops Road, was the site of the Company's application to Health Canada for a Dealer's License under the *Controlled Drugs and Substances Act*. Accordingly, the Company discontinued its application for a Dealer's License. In connection with the lease termination, the Company obtained a release from the landlord of the premises from any liability arising under the lease. The Company determined that the limited market for psilocybin products and the slow pace of regulatory change made operations at the Vernon facility unfeasible. The Company could not justify the additional capital expenditures required to complete construction and obtain a Dealer's License.

Strategic Review

The Board of Directors of the Company, with the support of management, has initiated a review process to explore and evaluate a broad range of strategic alternatives. The strategic review process will encompass an evaluation of the Company's current strategic direction, operations, market valuation and capital structure and will consider appropriate alternatives for the Company, which may include one or more of the following: continuation as a stand-alone public company, strategic investor participation, acquisition by or a merger with an industry partner that may involve all or part of the Company's business or assets, and any other strategic alternatives that may be identified during the strategic review. While the strategic review process is ongoing, the Company intends to continue to pursue its core strategic objectives so as to maintain and enhance the value of its current business and operations.

Clinics

The Company continues to monitor the regulatory landscape in the United States and Canada to determine the feasibility and location of a potential clinic to offer treatment using psychedelic compounds. Any new clinic will be developed alongside Dr. Paramdeep Bhasin, the Company's Chief Medical Officer.

Mergers and Acquisitions

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

Sobeys

The Company successfully introduced its functional mushroom products into the Canadian market, with a strategic placement in Sobeys and Safeway stores. The distribution includes an impressive network of 37 Sobeys locations and 19 Safeway locations, making the product easily accessible to consumers throughout the country.

The Company's functional mushroom product line is specifically available in the Rachelle Béry wellness boutique section of both Sobeys and Safeway stores. Sobeys Inc. is recognized as the second largest supermarket chain in Canada, boasting a diverse portfolio of over 1,500 stores operating under various banners, including Safeway and Rachelle Béry. This partnership offers a significant opportunity for the Company to reach a broader customer base and increase brand recognition in the Canadian market.

Whole Foods

In addition to its distribution in Sobeys and Safeway stores, the Company has expanded its reach through a strategic partnership with Whole Foods Market Canada. The Company's functional mushroom products will be available in 14 of the top-tier Whole Foods Market locations across Canada.

Initially, customers will have access to three SKUs of the Company's functional mushroom tinctures: SLEEP, WAKE, and ELEVATE. Whole Foods Market is a renowned natural and organic foods retailer with over 40 years of experience in the industry. The Company's products align well with Whole Foods' commitment to seeking out the finest natural and organic foods and maintaining the strictest quality standards. Furthermore, Whole Foods has demonstrated an unwavering dedication to sustainable agriculture practices.

Whole Foods Market operates over 500 stores across the United States, Canada, and the United Kingdom. This partnership presents a valuable opportunity for the Company to expand its distribution channels and reach a wider audience with its innovative functional mushroom product line.

Nature's Emporium

The Company has also successfully introduced its functional mushroom products into Nature's Emporium, a prominent retailer with four locations across Ontario. Nature's Emporium was established in 1993 with a vision of promoting a healthy lifestyle based on natural and organic foods.

With an impressive selection of over 35,000 natural and organic products, Nature's Emporium offers customers an extensive range of products to choose from, including unique local goods as well as trusted major brands. This aligns well with the Company's focus on offering natural and innovative functional mushroom products to support a healthy lifestyle.

The partnership with Nature's Emporium presents a significant opportunity for the Company to reach a wider customer base in Ontario and expand its market share in the natural and organic food industry. The Company is excited to work with Nature's Emporium, a reputable and trusted retailer that shares its mission of promoting a healthy and natural lifestyle.

Board Changes

During the reporting period, the Company underwent significant changes in its board and executive management. Harbir Toor resigned as a Director of the Company and the Independent Audit Chair. In his place, David Lutz, CPA, was appointed as a Director with his extensive experience in small business management consulting, corporate finance, and business valuation. He has performed and supervised over 200 business valuations, and has helped structure, underwrite, and syndicate over $100 million in private and public stock offerings. With over 18 years of experience in the brokerage industry and seven years of experience with a major Chicago-based management consulting firm, Mr. Lutz brings unique and diverse experience in legal and business matters to the Company.

Additionally, Pratik Patel, CPA, was appointed as a Director and Independent Audit Chair, bringing over 15 years of experience as a senior accounting and finance professional with expertise in integration and external reporting. His experience includes serving as Head of Finance at Bardel Entertainment and a Senior Corporate Accountant at WildBrain Studios. He also replaced Peter Geh as CFO on March 3, 2023.

On March 31, 2023, Ralph Olson resigned as CEO and Director of the Company. In his place, Pratik (Tiki) Patel was appointed as interim CEO. However, it is important to note that David Lutz resigned as Director of the Company during this period as well.

The Company is grateful for the contributions made by Harbir Toor and Peter Geh during their tenure with the Company, and wishes Ralph Olson and David Lutz well in their future endeavors. The Company remains committed to maintaining strong corporate governance practices and is confident that the new board and executive management team will continue to guide the Company towards growth and success.

RESULTS OF OPERATIONS

For the three and nine months ended March 31, 2023 and 2022

The loss and comprehensive loss for the three months ended March 31, 2023, was $188,297 compared to $537,459 for the three months ended March 31, 2022. The decrease in loss is described in further detail below but is mainly attributable to lower costs associated with regulatory filings and listing fees, marketing, salaries and benefits, share-based compensation, consulting fees, and product development and other costs. The company also benefited recovering $96,760 in income tax credits through the government of Canada's SR&ED program. The lower operating costs in 2022 were partially offset by higher management fees and professional fees. The loss and comprehensive loss for the nine months ended March 31, 2023, was $634,485 compared to $1,391,418 for the nine months ended March 31, 2022. The decrease in loss is described in further detail below but is mainly attributable to the same items mentioned for the three months ended March 31, 2023 and 2022.

For the three months ended March 31, 2023, revenues from product sales were $17,058 compared to $2,386 for the same period ending March 31, 2022. For the nine months ended March 31, 2023 the company had revenues of $32,0291 compared to $2,386 for the same period ending March 31, 2022.

Below is a reference to the Company's statements of loss and comprehensive loss for the three and nine months ended March 31, 2023 and 2022 along with a discussion of the key factors that lead to the changes in operating expenses:

Doseology Sciences Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	For the three months ended March 31,		For the nine months ended March 31,	
	2023	2022	2023	2022
	$	$	$	$
Income				
Product sales	9,808	2,386	32,029	2,386
Cost of sales	(7,358)	(1,631)	(29,087)	(1,631)
	2,450	755	2,942	755
Expenses				
Marketing	7,284	61,856	130,564	178,146
Investor relations	704	101,252	4,478	126,803
Product development and other cc	-	5,208	-	53,963
Leasehold operating costs	(23,289)	5,566	(12,231)	27,232
Consulting fees	-	37,359	12,125	63,628
Management fees	30,450	11,625	98,336	35,625
Professional fees	5,359	49,119	57,283	99,544
Regulatory filings and listing fees	6,115	13,449	24,925	164,985
Office	17,347	15,186	58,555	38,211
Salaries and benefits	57,764	184,236	248,689	370,546
Share-based compensation	-	6,794	23,375	68,449
Loss on asset disposal	5,797	-	5,797	2,733
Depreciation and amortization	27,976	34,053	84,335	111,658
	(135,507)	(525,703)	(736,231)	(1,341,523)
Other income (expenses)				
Interest and other income	40,207	5,330	56,723	6,212
Interest accretion	(17,711)	(17,841)	(54,679)	(56,862)
Income tax recovery	-	-	96,760	-
Loss and comprehensive loss for the	**(110,561)**	**(537,459)**	**(634,485)**	**(1,391,418)**

Regulatory filing and listing fees – Decreased

Regulatory filing and listing fees decreased by $7,334 (55%) to $6,115 for the three months ended March 31, 2023 compared to $13,449 for the same period in 2022. The decrease was primarily due to accounting and legal fees related to preparing and filing of a prospectus for the listing of the Company's common shares on the Canadian Securities Exchange (CSE) on November 15, 2021. For the nine months ended March 31, 2023, Regulatory filing and listing fees decreased by $140,060 (85%) to $24,925 compared to $164,985 for the same period in 2022. The reason for the nine month decrease was the same as noted for the three month decrease.

Marketing – Decreased

Marketing was $7,284 for the three months ended March 31, 2023, compared to $61,856 for the same period in 2022. The decrease of $54,572 (88%) was primarily because the Company incurred additional costs on social media platforms in the United States to coincide with the Company's line of seven functional mushroom tinctures and powders in 2021. In 2022, the lower cost on social media spend was offset by listing costs to place the Company's product in retail locations. For the nine months ended March 31, 2023 the Company incurred $130,564 compared to $178,146 for the same period in 2022. The costs incurred in 2022 were primarily due to the same reasons mentioned for the three month period. Costs incurred during the nice months ended March 31, 2023 also related to the Company initiating its prepaid marketing program. The unused portion of prepaid marketing as of March 31, 2023 was $832,250.

Salaries and benefits – Decreased

Salaries and benefits decreased by $126,472 (69%) to $57,764 for the three months ended March 31, 2023 compared to $184,326 for the same period in 2022. The primary reason for the decrease is that the Company condensed its employee roles in, marketing, accounting and legal. For the nine months ended March 31, 2023 salaries and benefits were $248,689 compared to $370,546 for the same period in 2022. The decrease of $121,587 (33%) was due to the consolidation of the management team.

Share-based compensation – Decreased

Share-based compensation for the three months ended March 31, 2023 was $nil compared to $6,794 for the same period in 2022. The decrease of $6,794 (100%) was due to the overall reduced fair value of previously granted stock options being amortized into income. For the nine months ended March 31, 2023, share-based compensation was $23,375 compared to $68,449 for the same period in 2022. The decrease of $45,074 (66%) was primarily due to the same reasons mentioned for the three month period.

Consulting Fees – Decreased

Consulting fees were $nil for the three months ended March 31, 2023 compared to $37,359 for the same period in 2022. The decrease of $37,359 (100%) in consulting fees is attributable to hiring the appropriate staff and the reallocation of consulting fees into management fees. For the nine months ended March 31, 2023, consulting fees decreased by $51,503 (81%) to $12,125 compared to $63,628 for the same period in 2022. The decrease was primarily due to the same reasons mentioned for the three months ended March 31, 2023.

Product development and other costs – Decreased

Product development and other costs were $nil for the three months ended March 31, 2023 since the Company conducted no product development activities during this period. In contrast, for the same period in 2022 the company incurred $5,208 in product development costs since it was still developing the products that it is currently selling. Since product development has been completed, resources and effort have shifted towards sales and marketing. For the nine months ended March 31, 2023, product development and other costs were $nil compared to $53,963 for the same period in 2022. The decrease is due primarily to the same reason mentioned for the three month period ending March 31, 2023.

Management fees – Increased

Management fees were $30,450 for the three months ended March 31, 2023, compared to $11,625 for the same period in 2022. The increase was due to the Company currently having both a contracted CFO and CEO whereas in the prior period, some of these costs were included in salaries and benefits. For the nine months ended March 31, 2023, management fees were $98,336 compared to $35,625 for the same period in 2022. The increase of $62,711 (176%) was primarily due to the same reasons mentioned for the three month period ending March 31, 2023.

Professional Fees – Decreased

Professional fees were $5,359 for the three months ended March 31, 2023 compared to $49,119 for the same period in 2022. The decrease of $43,760 (89%) was mainly due to the Company still working on outsourcing work to recover income tax credits on research and development activities. For the nine months ended March 31, 2023, professional fees were $57,283 compared to $99,544 for the same period in 2022. The costs incurred during the period in 2022 were related to accounting fees for securing R&D tax credits; audit fees for the year ended June 30, 2022; and general legal matters throughout this period. For the nine months ended March 31, 2022, professional fees related to accounting and legal fees associated with the Company's initial public offering.

SUMMARY OF QUARTERLY RESULTS

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

	March 31, 2023 $	December 31 2022 $	September 30, 2022 $	June 30, 2022 $
Revenue	9,808	17,058	5,163	13,662
Loss and comprehensive loss	(110,561)	(188,297)	(340,074)	(547,903)
loss per share - basic and diluted	(0.00)	(0.01)	(0.01)	(0.01)

	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)

As a start-up, for quarters ending March 31, 2022 and prior, the Company was primarily focused on market research, product development, and implementing internal systems to support the growth of the Company over the next few years. With the foundation set and the "going public" milestone reached in November 2021, from early February 2022 and onwards the Company has shifted focus to the sales and distribution of its line of functional mushroom products. As of March 31, 2023 the Company has made meaningful progress regarding its sales strategy. As further noted above in the highlights section of this MD&A, the Company has placed its products in several well-known retail chains already and the Company expects this will translate into increased revenues over the coming quarters.

The change in loss and comprehensive loss for the three months ended March 31, 2023, compared to the same period in 2022, is significant and reflects steps taken by the Company to reduce costs and to recover income tax credits. The decrease in loss and comprehensive loss for the quarter ended March 31, 2023 from December 31, 2022 was primarily due to the Company recovering income tax credits through the government of Canada's SR&ED program. Overall, the Company has shown a downward trend in operating expenses over the past few quarters.

Furthermore, and included in the quarterly loss for March 31, 202 and September 30, 2022, the Company began to use a portion of its prepaid marketing costs to further generate brand awareness and drive customers to retail locations where products are being sold. This expense is non-cash and as of March 31, 2022, $832,250 in prepaid marketing and consulting costs are still available to the Company. Building sales channels and distribution is a lengthy process, and as the Company expands into more retail locations the Company intends to ramp up its use of these prepaid marketing services to help gain traction in the marketplace.

CAPITAL RESOURCES AND LIQUIDITY

As of March 31, 2023, the Company had cash and cash equivalents of $1,413,340 (March 31, 2022 - $2,231,095) and working capital of $2,193,346.

Cash used in operating activities for the nine months ended March 31, 2023, was $349,729 compared to $1,390,639 for the same period in 2022, a decrease of $1,040,910. The decrease in cash used in operating activities was primarily because the company settled significant accounts payable in connection with the Company's share listing in 2022. The Company also decreased cash used in operating activities due to the use of the prepaid marketing contracts in 2022 and overall lower spending.

Cash used in investing activities for the nine months ended March 31, 2023, was $nil compared to $6,128 for the same period in 2022. The amount incurred in 2022 was for the purchase of farm and office equipment.

Cash used in financing activities for the nine months ended March 31, 2023, was $111,347 compared to $105,662 for the comparable period in 2022. The cash used in financing activities in 2023 was primarily due to lease payments associated with the Company's farm and office properties. The cash used in financing activities for the same period in 2022 was due to share issuance costs, repayment of lease liability, and offset by payments received from related parties.

Going concern

The Company has generated minimal revenue to date and has relied on equity financings to finance its operations. The ability of the Company to continue as a going concern and meet its commitments as they become due is dependent on the Company's ability to obtain the necessary financing to fund its ongoing operations until the Company can generate sufficient revenue to sustain its operations. Although the Company has been successful in raising capital there is no assurance that this will continue as there can be unforeseen changes in regulatory environment, market conditions or other global factors.

The condensed interim consolidated financial statements were prepared on a going concern basis, which assumes the Company will be able to meet its obligations as they become due for the next twelve months. The financial statements do not give effect to any adjustment which would be necessary should the Company be unable to continue as a going concern and, therefore, 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 the financial statements. Such adjustments could be material.

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 as of March 31, 2023:

Maturity analysis	March 31, 2023 $	June 30, 2022 $
Less than one year	141,359	163,882
One year to five years	163,208	293,487
Total undiscounted lease liability	304,567	457,369

On January 1, 2023, the Company obtained a lease agreement release from the landlord of the Company's farm property located in Vernon, BC. See note 16 in the Company's Interim Consolidated Financial Statements and the above "Strategy and Outlook" section within this MD&A for more details. The effect of the release was a reduction in required monthly lease payments totalling $240,000 to June 2025.

TRANSACTIONS WITH RELATED PARTIES

Key management personnel include directors and officers who have the authority and responsibility for the planning, directing, and controlling the activities of the Company. The compensation paid to these key management personnel for the three and six months ended March 31, 2023 and 2022 is as below:

	Three months ended		Nine months ended	
	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023
	$	$	$	$
Management fees	11,625	30,450	35,625	98,336
Professional fees	29,449	5,359	45,199	5,359
Listing expenses	-	-	106,756	-
Lease payments	24,000	-	72,000	-
Salaries and benefits	58,298	-	58,298	-
Share-based compensation	1,416	-	47,726	23,375
	124,788	35,809	365,604	127,070

Management fees

During the three months ended March 31, 2023, the Company incurred $19,281 (March 31, 2022 - $nil) in management fees to Ralph Olson, a director and the CEO of the Company. During the nine months ended March 31, 2023 the Company paid $98,336 (March 31, 2022 - $nil). In addition, during the three months ended March 31, 2023, the Company incurred $7,969 (March 31, 2022 - $11,625) in management fees to a consulting firm where Peter Geh, the Company's former CFO, is the owner. Included in accounts payable as at March 31, 2023 is $nil owing to Mr. Olson and Mr. Geh's firm respectively. During the nine months ended March 31, 2022, the Company incurred $nil (December 31, 2021 - $24,000) in management fees to Daniel Vice, a director of the Company.

Professional fees and listing expenses

During the three months ended March 31, 2023, the Company incurred $29,449 (March 31, 2022 - $29,449) in professional fees and listing expenses to a law firm where Scott Reeves, a director of the Company, is a partner. A balance of $4,534.85 is outstanding as at March 31, 2023. During the nine months ended March 31, 2023, the Company incurred $5,359 (March 31, 2022 - $45,199) in professional fees and listing expenses to Mr. Reeves' law firm.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires the Company's management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are as follows:

Useful lives of property and equipment

Property and equipment are depreciated over their useful lives. Useful lives are based on management's estimate and using industry norms which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the statement of loss and other comprehensive loss in specific periods.

Impairment

Long-lived assets, including equipment and intangibles, are reviewed for indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU). Judgements and estimates are required in defining a CGU and determining the indicators of impairment and the estimates required to measure an impairment, if any.

Share-based payments

The Company measures the cost of equity-settled transactions with employees and non-employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating the fair value requires determining the most appropriate inputs to the valuation model including the expected life of the instrument, volatility, risk-free interest rate and dividend yield.

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these income tax provisions at the end of each reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. Deferred tax assets are recognized where it is determined that the Company is likely to recognize their recovery from the generation of taxable income.

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.

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 mostly because of their current nature.

	March 31, 2023 $	**June 30, 2022 $**
Cash and cash equivalents *	1,413,340	1,874,416
Accounts receivable	11,379	85,412
Accounts payable and accrued liabilities	18,826	125,410
Lease liability	482,761	746,099

* Cash and cash equivalents are classified as fair value through profit and loss, all other financial instruments are classified as amortized cost. 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.

Risks arising from financial instruments and risk management

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.

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 significant foreign exchange rate risk as predominately all its transactions occur in Canadian dollars.

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 but it does hold GIC investments. The GIC's are cashable and investment terms are 90 days or less to minimize cash flow and interest rate risk. Overall, the Company is exposed to minimal cash flow risk.

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, 2023, the Company had a cash balance of $1,413,340 to settle the current liabilities of $94,937 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.

CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprising issued share capital, reserves, and deficit.

The Company manages its capital structure and adjusts it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other financing activities as deemed appropriate under specific circumstances.

The Company is not subject to externally imposed capital requirements and its overall strategy with respect to capital risk management remains unchanged as of March 31, 2023.

OUTSTANDING SHARE DATA

As at March 31, 2023, the following securities were issued and outstanding:

Issued and outstanding common shares	41,100,300
Incentive stock options	875,000
Share purchase warrants (1)	5,942,500
	49,917,800

(1) These share purchase warrants are exercisable at $0.80 per share until November 2, 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, 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.