PHARMALA BIOTECH HOLDINGS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS -

QUARTERLY HIGHLIGHTS

THREE AND SIX MONTHS ENDED FEBRUARY 28, 2023

(EXPRESSED IN CANADIAN DOLLARS)

INTRODUCTION

PharmAla Biotech Inc. ("PharmAla") was incorporated under the Business Corporations Act (British Columbia) on December 23, 2020. The registered head office of the Company is 1055 West Georgia Street P.O. Box 11117, Vancouver, BC V6E 4N7, Canada.

PharmAla Biotech Holdings Inc. (previously Greenridez 3.0 Acquisitions Corp.) ("Holdings Inc.") was incorporated under the Business Corporations Act (British Columbia) on January 12, 2021.

PharmAla Biotech Inc. is a Canadian Biotechnology company dedicated to the manufacture and sales of MDMA and MDXX class molecules in service to the burgeoning clinical research community.

On March 19, 2021, Holdings Inc. issued 40,000,000 common shares as consideration for acquisition of the 5,000,000 common shares in the capital of PharmAla. The Acquisition was accounted for as a reverse takeover ("RTO") whereby PharmAla was identified as the acquirer for accounting purposes and the resulting consolidated financial statements are presented as a continuance of PharmAla. After the RTO, the combined entity of Holdings Inc. and PharmAla is referred to also as "the Company".

The Company is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of British Columbia. On January 11, 2022, the Company's shares were listed on the Canadian Securities Exchange ("CSE") under the symbol "MDMA".

The Canadian Dollar is the Company's functional and reporting currency. Unless otherwise noted, all dollar amounts are expressed in Canadian Dollars.

The following Interim Management's Discussion and Analysis ("Interim MD&A") of the Company for the three and six months ended February 28, 2023 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the year ended August 31, 2022. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1 of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's annual consolidated financial statements, together with the notes thereto, and Annual MD&A for the year ended August 31, 2022. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed consolidated interim financial statements for the three and six months ended February 28, 2023, and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of April 28, 2023, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of the Company (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of PharmAla's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Interim MD&A contains forward-looking information and statements ("forward-looking statements") which may include, but are not limited to, statements with respect to the future financial or operating performance of the Company. Forward-looking statements reflect the current expectations of management regarding the Company's future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as "may", "would", "could", "will", "anticipate", "believe", "plan", "expect", "intend", "estimate" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant risks, uncertainties and assumptions. Many factors could cause the actual results, performance or events to be materially different from any future results, performance or events that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in the "Risk Factors" section of this Interim MD&A. Although the Company has attempted to identify important factors that could cause actual results, performance or events to differ materially from those described in the forward-looking statements, there could be other factors unknown to management or which management believes are immaterial that could cause actual results, performance or events to differ from those anticipated, estimated or intended. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or events may vary materially from those expressed or implied by the forward-looking statements contained in this Interim MD&A. These factors should be considered carefully, and readers should not place undue reliance on the forward-looking statements. Forward-looking statements contained herein are made as of the date of this Interim MD&A and the Company assumes no responsibility to update forward looking statements, whether as a result of new information or otherwise, other than as may be required by applicable securities laws.

Forward-looking statements	Assumptions	Risk factors
The Company's (i) development of product candidates, (ii) demonstration of such product candidates' safety and efficacy in clinical trials, and (iii) obtaining regulatory approval to commercialize these product candidates.	Financing will be available for development of new product candidates and conducting clinical studies; the actual results of the clinical trials will be favourable; development costs will not exceed PharmAla's expectations; the Company will be able to retain and attract skilled staff; the Company will be able to recruit suitable patients for clinical trials; all requisite regulatory and governmental approvals to commercialize the product candidates will be received on a timely basis upon terms acceptable to PharmAla; applicable economic conditions are favourable to PharmAla.	Availability of financing in the amount and time frame needed for the development and clinical trials may not be favourable; increases in costs; uncertainties of COVID-19 pandemic; the Company's ability to retain and attract skilled staff; the Company's ability to recruit suitable patients for clinical trials; timely and favourable regulatory and governmental compliance, acceptances, and approvals; interest rate and exchange rate fluctuations; changes in economic conditions.
The Company's ability to obtain the substantial capital it requires to fund research and operations.	Financing will be available for PharmAla's research and operations and the results thereof will be favourable; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to PharmAla.	Changes in debt and equity markets; uncertainties of COVID-19 pandemic; timing and availability of external financing on acceptable terms; increases in cost of research and operations; interest rate and exchange rate fluctuations; adverse changes in economic conditions.

Forward-looking statements	Assumptions	Risk factors
Factors affecting pre-clinical research, clinical trials and regulatory approval process of the Company's product candidates.	Actual costs of pre-clinical research, clinical and regulatory processes will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; the Company will be able to recruit suitable patients for clinical trials; the Company will be able to complete pre-clinical research and clinical studies on a timely basis with favourable results; all applicable regulatory and governmental approvals for product candidates will be received on a timely basis with terms acceptable to PharmAla; debt and equity markets, exchange and interest rates, and other applicable economic and political conditions are favourable to PharmAla; there will be a ready market for the product candidates.	PharmAla's product candidates may require time-consuming and costly pre-clinical and clinical studies and testing and regulatory approvals before commercialization; the Company's ability to retain and attract skilled staff; uncertainties of COVID-19 pandemic; the Company's ability to recruit suitable patients for clinical trials; adverse changes in regulatory and governmental processes; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company will not be adversely affected by market competition.
The Company's ability to commercialize on its own or find and enter into agreements with potential partners to bring viable product candidates to commercialization.	PharmAla will be able to commercialize on its own or to find a suitable partner and enter into agreements to bring product candidates to market within a reasonable time frame and on favourable terms; the costs of commercializing on its own or entering into a partnership will be consistent with PharmAla's expectations; partners will provide necessary financing and expertise to bring product candidates to market successfully and profitably.	PharmAla will not be able to commercialize on its own or find a partner and/or enter into agreements within a reasonable time frame; if the Company enters into agreements, these agreements may not be on favourable terms to PharmAla; costs of entering into agreements may be excessive; uncertainties of COVID-19 pandemic; potential partners will not have the necessary financing or expertise to bring product candidates to market successfully or profitably.
The Company's ability to obtain and protect the Company's intellectual property rights and not infringe on the intellectual property rights of others.	Patents and other intellectual property rights will be obtained for viable product candidates; patents and other intellectual property rights obtained will not infringe on others.	PharmAla will not be able to obtain appropriate patents and other intellectual property rights for viable product candidates; patents and other intellectual property rights obtained will be contested by third parties; no proof that acquiring a patent will make the product more competitive.
The Company's ability to source markets which have demand for its products and successfully supply those markets in order to generate sales.	The anticipated markets for the Company's potential products and technologies will continue to exist and expand; the Company's products will be commercially viable and it will successfully compete with other research teams who are also examining potential products.	The anticipated market for the Company's potential products and technologies will not continue to exist and expand for a variety of reasons, including competition from other products and the degree of commercial viability of the potential product.
Future actions with respect to and potential impacts of pending claims.	PharmAla will be able to settle or otherwise obtain disposition of claims against it on favourable terms.	PharmAla may will not be able to settle pending claims on favourable terms; claims may be adjudicated in a manner that is not favourable to PharmAla.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Interim MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward- looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Business Overview

PharmAla is a Canadian biotechnology company dedicated to the manufacture and sales of MDMA and MDXX class molecules in service to the burgeoning clinical research community. PharmAla has 3 primary business lines: (1) the manufacture of MDMA and MDXX class molecules for sale to clinical researchers in both the commercial and academic sphere, (2) the research and development of novel MDXX class compounds which offer unique benefits above and beyond currently known substances and (3) the development of novel delivery mechanisms for MDMA and MDXX class compounds.

The Company believes that there is a significant market for clinical-grade MDMA for scientific research, the supply of which is constrained by manufacturing bottlenecks and regulatory restrictions. While the Company anticipates that business line (1), namely the manufacture of clinical grade MDMA for sale to researchers, is likely to generate revenue in 2023, the Company also believes that manufacturing of generic molecules is unlikely to yield stable long-term revenue as the supply of these molecules increases over time. As such, the Company believes that significantly more long-term value can be derived from activity which generates significant Intellectual Property, such as the Company's business lines (2) and (3). While these business lines are likely to generate significant value in the long-term, they are unlikely to generate short-term cash revenue as this revenue is dependent on the Company achieving its regulatory milestones.

Operational Highlights

Corporate Highlights

On October 4, 2022, the Company announced that it was selected as the MDMA manufacturing partner for a human MDMA trial at a campus of the University of California.

On October 6, 2022, in response to the Government of Alberta's announcement that they will legalize Psychedelic therapies, the Company announced that it stands ready to assist the Government of Alberta in supplying patients with clinical-grade drug product. However, many questions remain about how the Alberta government intends to deliver psychedelic molecules to patients under this new framework.

On October 11, 2022, the Company announced that it has retained Clerkenwell Health, a UK-based Contract Research Organization, to assist the Company in regulatory proceedings with both the US Food and Drug Administration (FDA) and the UK Medicines and Health Regulatory Authority (MHRA). PharmAla intends to bring ALA-002, its leading Novel Chemical Entity (NCE), to both jurisdictions. ALA-002 was designed to provide the same efficacy as MDMA, has an improved safety profile, including Cardio- and Neuro-tox, and fewer adverse events.

On October 13, 2022, the Company announced that it has retained Dr. Leah Mayo to the company's Scientific Advisory Board. Dr. Mayo recently took up the role of Parker Chair in Psychedelics Research at the Department of Psychiatry, the Hotchkiss Brain Institute and the Mathison Centre for Mental Health Research and Education at the University Calgary. Prior to her appointment, Dr. Mayo was Assistant Professor at the Center for Social and Affective Neuroscience, Linköping University (Sweden).

On November 2, 2022, the Company announced that it has submitted its pre-IND data meeting package to the US Food and Drug Administration (USFDA) in advance of its pre-IND meeting scheduled for later this month. The Company will be requesting FDA feedback on the nonclinical and CMC development plan to support the initial clinical trial for ALA-002.

On November 16, 2022, the Company announced that it has entered into an exclusive sales agreement with Mindset Pharma Inc. Under the sales agreement, the Company will be the exclusive global reseller of Mindset's cGMP psilocybin to appropriately licensed clinical researchers.

On January 24, 2023, the Company announced that its manufacturing partners have received an export permit for 300 grams of its LaNeo™.

On February 14, 2023, the Company announced that it has completed an agreement to sell a shipment of its GMP LaNeo MDMA to Emyria Ltd. Amidst growing interest in its products and technologies, PharmAla has submitted a trademark application for 'LaNeo' in Australia. The TGA's regulatory change will make Australia the first country in the world to allow specially-licensed psychiatrists to prescribe MDMA and Psilocybin for certain conditions, beginning July 1st.

On February 23, 2023, the Company announced the publication of a key Patent Cooperation Treaty (PCT) application containing 6 Novel Chemical Entities (NCEs). The application claims priority to and benefit of a United States provisional patent application filed on August 20, 2021. This PCT application disclosed novel compositions of MDMA and analogs thereof, which may be used to alleviate the known side effects of MDMA while retaining its efficacy.

On February 28, 2022, the Company completed its first Annual General Meeting as a publicly-traded company. The company report that all motions were adopted with zero votes against.

EVENTS SUBSEQUENT TO FEBRUARY 28, 2023

On March 22, 2023, the Company announced that it has been named the exclusive MDMA supplier to Awakn LS Europe Holdings Limited ("Awakn") (CSE:AWKN).

On April 11, 2023, the Company and Filament Health Corp., a clinical-stage natural psychedelic drug development company, today announced the GMP release of MDMA capsules at the Metro Vancouver facility operated by Filament's subsidiary Psilo Scientific.

On April 20, 2023, the Company announced that it has been selected as a MDMA manufacturing partner for the Clinical Psychedelic Lab at Monash University's upcoming Phase 2 Clinical Trial.

On April 25, 2023 the Company announced that it has received a signed purchase order for GMP LaNeo MDMA and Psilocybin by Incannex (IHL.ASX), a NASDAQ-listed psychedelic research company and clinic operator based in Australia.

TRENDS AND ECONOMIC CONDITIONS

The Company's future performance is largely tied to its intellectual property rights, the results of its clinical research and development program, regulatory changes impacting the Psychedelics category, and the overall financial markets. Financial markets are likely to be volatile, reflecting ongoing concerns about the stability of the global economy.

Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions.

Due to the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Research;
- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on labour availability and supply lines;
- Purchasing power of the Canadian dollar; and
- Ability to obtain funding.

At the date of this Interim MD&A, the Canadian government has not introduced measures which would significantly impede the activities of the Company. Management believes the business will continue and accordingly the current situation bears no impact on management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

Apart from these and the risk factors noted under the heading "Risk Factors" and "Cautionary Note Regarding Forward-Looking Information", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

RESULTS OF OPERATIONS

Three months ended February 28, 2023, compared with the three months ended February 28, 2022

The Company's net loss and comprehensive loss totaled $72,269 for the three months ended February 28, 2023, with basic and diluted loss per share of $0.00. This compares with a net loss and comprehensive loss of $285,333 with basic and diluted loss per share of $0.00 for the period from incorporation to February 28, 2022. The decrease of $213,064 in net loss was principally because the Company had just begun operations in the prior comparative period. Some significant increases are as follows:

	For the three months ended February 28,			
	2023	**2022**	**Variance**	**Comments**
Revenue	$ (93,335)	$ -	$ (93,335)	During the current period the Company sold and shipped an engineering batch and recorded revenue from the grant of a license.
SR&ED	(145,619)	-	(145,619)	The Company had previously filed a SR&ED claim which was received in the current period.
Travel	25,481	-	25,481	Incurred related to a sales program during the period.
Other expenses and revenues	285,742	285,333	409	Non-significant variances in other expenses and revenues items.
Total	**$ 72,269**	**$ 285,333**	**$ (213,064)**	

Six months ended February 28, 2023, compared with three months ended February 28, 2022

The Company's net loss and comprehensive loss totaled $360,770 for the six months ended February 28, 2023, with basic and diluted loss per share of $0.00. This compares with a net loss and comprehensive loss of $588,054 with basic and diluted loss per share of $0.01 for the six months ended February 28, 2022. The increase of $227,284 in net loss is as follows:

	2023	**2022**	**Variance**	**Comments**
Revenue	$ (93,335)	$ -	$ (93,335)	During the current period the Company sold and shipped an engineering batch and recorded revenue from the grant of a license.
Consulting	250,815	189,632	61,183	Consulting costs increased in order to support the development of the Company's intangible asset.
Professional fees	36,587	96,603	(60,016)	The increase from the comparative period was a result of the Company capitalizing a large portion of it's professional fees to the intangible assets. .
Stock based compensation	57,997	96,520	(38,523)	The change is related to the vesting of stock options granted in the prior year.
SR&ED	(152,433)	-	(152,433)	The Company had previously filed a SR&ED claim which was received in the current period.
Travel	25,481	-	25,481	Incurred related to a sales program during the current period.
Other expenses and revenues	235,658	205,299	30,359	Non-significant variances in other expenses and revenues items.
Total	**$ 360,770**	**$ 588,054**	**$ (227,284)**	

Off-Balance-Sheet Arrangements

As of the date of this Interim MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Liquidity and Capital Resources

The activities of the Company, principally the research and development of MDMA and MDXX, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options.

The Company has generated operating revenues from its business operations. However to date the Company has not generated sufficient operating revenues to meet its business operations cash flows, and therefore must utilize its current cash reserves and other financing transactions to maintain its capacity to meet ongoing discretionary operating activities and research and development costs. The Company relies on external financings to generate capital. On February 28, 2023, the Company also had 7,810,000 options which are exercisable that would raise $638,000, and 531,952 warrants outstanding that would raise $53,195, if exercised in full. See “Trends and Economic Conditions” above. The Company has no debt and its credit and interest rate risk is minimal. Amounts payable and other liabilities are short term and non-interest bearing. HST receivable consist of sales tax owing from government authorities in Canada.

At February 28, 2023, the Company had a cash balance of $731,722 as a result of cash inflows in operating activities of $5,418, cash outflows in investing activities of $164,934, and cash inflows from financing activities of $39,100.

Operating activities were affected by net loss of $360,770, items not affecting cash of $84,353, and net non-cash working capital balances of $281,835. Items not affecting cash consisted of depreciation and amortization of $26,356, and stock based compensation of $57,997. Net change in the non-cash working capital balance consisted of customer deposits of $284,468, HST receivable of $2,647, accounts payables and accrued liabilities of $45,638, offset by accounts receivables of $37,613, and prepaid expenses and deposit of $13,305.

Investing activities cash outflows were due to intangible asset development costs of $164,934.

Financing activities cash inflows were due the exercise of warrants of $39,100, which were issued subsequent February 28, 2023.

Currently and in future, the Company’s use of cash has and will principally occur in two areas: funding of its general and administrative expenditures and funding of its investment activities. Funding investing activities includes the cash components of the cost of acquiring and developing its intangible asset.

The following table sets forth a comparison of the disclosure regarding the Company’s intended use of proceeds set out in the Company’s long form prospectus dated December 21, 2021 and the estimated use of proceeds as of February 28, 2023.

Principal Purposes	Allocated ($)	Spent ($)	Remaining ($)
General and administrative costs	610,000	(478,598)	131,402
Estimated expense for listing on the CSE	100,000	(100,000)	-
Sales and marketing	100,000	(56,675)	43,325
Research and development	1,200,000	(1,156,816)	43,184
Total use of available funds	2,010,000	(1,792,089)	217,911
Unallocated funds	139,000	-	139,000
Total use of available funds	2,149,000	(1,792,089)	356,911

There may be circumstances, where for business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives. To date, the COVID-19 pandemic has not had an impact on the Company's available funds or the anticipated use of such funds.

The Company cannot guarantee it will have a cash flow positive status from operating activities in future periods. As a result, the Company continues to rely on the issuance of securities or other sources of financing to generate sufficient funds to fund its working capital requirements and for corporate expenditures. The Company could have negative cash flow from operating activities until sufficient levels of sales are achieved. To the extent that the Company has negative cash flow from operating activities in future periods, the Company may need to use a portion of proceeds from any offering to fund such negative cash flow.

CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis. The Company's ability to continue to carry out its planned activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

The Company considers its capital to be equity, which comprises share capital, special warrants, warrants, contributed surplus and, accumulated deficit, which at February 28, 2023 totaled equity of $1,642,636.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

COMMITMENTS AND CONTINGENCIES

Sales contracts

Pursuant to the sales contracts with customers, the Company receives deposits for sales contracts. Certain upfront costs are non-refundable, however due to the nature of the industry of which the Company operates in, completing performance obligation for the contract often requires regulatory approval from a number of agencies. The Company is committed to completing its performance obligations.

Contingencies

From time to time, the Company may become involved in various claims and litigation as part of its normal course of business. The Company is not currently aware of any claims and litigation that it is party to at this time.

Related Party Transactions

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The Chief Financial Officer ("CFO") of the Company is the managing director of Marrelli Support Services Inc. ("MSSI"). During the three and six months ended February 28, 2023, the Company paid for professional fees of $28,533 and $41,730, respectively (February 28, 2023 - $4,619 and $7,026, respectively) to Marrelli Support Services Inc., DSA Corporate Services Inc., DSA Filling Services Limited, and Marrelli Trust Company Limited, collectively, the ("Marrelli Group"). The services provided by the Marrelli Group are for:

- Bookkeeping services;
- Regulatory filing services;
- Corporate secretarial services; and
- Transfer agent services.

These services are required by the Company to maintain its reporting issuer status. As at February 28, 2023, the Marrelli Group was owed $5,102 (February 28, 2022 - $11,605) and this amount is included in accounts payable and accrued liabilities. These services were incurred in the normal course of business, and these cost are included in professional fees.

During three and six months ended February 28, 2023, the Company incurred consulting and payroll fees of $34,440 and $70,440, respectively (for the period from incorporation to February 28, 2023 - $35,358 and $72,000, respectively) to the Chief Executive Officer ("CEO") and companies controlled by the CEO. As at February 28, 2023, the CEO and companies controlled by the CEO were owed $10,170 inclusive of HST, and this amount was included in accounts payable and accrued liabilities.

During three and six months ended February 28, 2023, the Company incurred consulting fees of $nil and $750, respectively (February 28, 2023 - $nil) related to regulatory affairs to a company controlled by a Director. This service was incurred in the normal course of business, and these costs are included in investor relations.

During the three and six months ended February 28, 2023, the Company incurred stock based compensation expense of $16,928 and $46,840, respectively (February 28, 2023 - $50,169 and $105,803, respectively), relating to the vesting of the stock options to directors, and officers.

The Company is not aware of any arrangements that may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, it is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

Significant accounting policies

The same accounting policies and methods of computation are followed in preparing the unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended August 31, 2022.

The Company's accounting policies and its standards of financial disclosure set out below are in accordance with IFRS and have been applied consistently throughout the period presented in the unaudited condensed interim consolidated financial statements.

ACCOUNTING PRONOUNCEMENTS

Accounting Standards Issued and adopted

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The Company has adopted this amendment on September 1, 2022, and there was no material impact to the unaudited condensed interim consolidated financial statements.

IFRS 3 – Business Combinations ("IFRS 3") was amended. The amendments introduce new exceptions to the recognition and measurement principles in IFRS 3 to ensure that the update in references to the revised conceptual framework does not change which assets and liabilities qualify for recognition in a business combination. An acquirer should apply the definition of a liability in IAS 37 – rather than the definition in the Conceptual Framework – to determine whether a present obligation exists at the acquisition date as a result of past events. For a levy in the scope of IFRIC 21, the acquirer should apply the criteria in IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. In addition, the amendments clarify that the acquirer should not recognize a contingent asset at the acquisition date. The Company has adopted this amendment on September 1, 2022, and there was no material impact to the unaudited condensed interim consolidated financial statements.

Accounting Standards Issued but not yet Applied

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for annual periods beginning on or after January 1, 2023 or later periods.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

SHARE CAPITAL

As of the date of this Interim MD&A, the Company had 84,975,600 issued and outstanding common shares, and had no special warrants outstanding.

Warrants outstanding for the Company at the date of this Interim MD&A were as follows:

Warrants	Expiry Date	Exercise Price ($)
211,952	May 14, 2023	0.10

Stock options outstanding for the Company at the date of this Interim MD&A were as follows:

Options	Expiry Date	Exercise Price ($)
70,000	August 12, 2023	0.10
1,985,000	March 23, 2026	0.05
1,700,000	June 18, 2026	0.10
380,000	August 12, 2026	0.10
750,000	November 1, 2026	0.10
1,750,000	January 5, 2027	0.10
300,000	July 13, 2027	0.10

Risks and Uncertainties

An investment in the securities of the Company is highly speculative, involving numerous and significant risks, and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Please refer to the section entitled "Risks and Uncertainties" in the Company's MD&A for the fiscal year ended August 31, 2022, available on SEDAR at www.sedar.com.

Disclosure of Internal Controls

Management has established processes to provide it with sufficient knowledge to support representations that it has exercised reasonable diligence to ensure that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements, and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

1) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
2) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.