LOPHOS HOLDINGS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended March 31, 2024

(Expressed in Canadian Dollars)

Dated: July 29, 2024

INTRODUCTION

Lophos Pharmaceuticals Corp. ("Lophos Pharma") was incorporated under the Business Corporations Act (British Columbia) on September 13, 2021. The registered and head office of Lophos Pharma is located at 550 Burrard St #2900, Vancouver, BC V6C 0A3.

The Company's primary business focus is on the cultivation of peyote cactus for direct sale and the research of the compounds found within the peyote cactus, including Mescaline, for drug development. Furthermore, the Company is dedicated to the development, validation, and commercialization of innovative drug formulations from the compounds found within peyote, including Mescaline.

Lophos Holdings Inc. ("Lophos Holding" or "the Company") was incorporated under the Business Corporations Act (British Columbia) on October 14, 2020 under the name "Greenridez 2.0 Acquisitions Corp." and subsequently filed a notice of alteration of its articles in order to change its name to "Lophos Holdings Inc." on February 4, 2022. The registered and head office of the Company is located at 550 Burrard St #2900, Vancouver, BC V6C 0A3.

The Company has two fully-controlled subsidiaries: Lophos Holdings and Richmond Pharma Inc. ("Richmond Pharma").

On August 14, 2023, the Company received a receipt from the British Columbia Securities Commission for its final prospectus dated August 11, 2023, thus becoming a reporting issuer in the Province of British Columbia.

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

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Lophos constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended March 31, 2024. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the fiscal years ended March 31, 2024, and 2023, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. Information contained herein is presented as of July 29, 2024, unless otherwise indicated.

For the purposes of preparing this 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 the Company'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.

CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION

This 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 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 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 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 peyote and Lophophora compounds, and (ii) obtaining regulatory approval to commercialize these product candidates.	Financing will be available for development of new product candidates and conducting clinical studies; development costs will not exceed Lophos' expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals to commercialize the product candidates will be received on a timely basis upon terms acceptable to Lophos; applicable economic conditions are favourable to Lophos.	Availability of financing in the amount and time frame needed for the development may not be favourable; increases in costs; the Company's ability to retain and attract skilled staff; 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 Lophos' 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 Lophos.	Changes in debt and equity markets; 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.
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.	Lophos 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

Forward-Looking Statements	Assumptions	Risk Factors
		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.	Lophos will be able to settle or otherwise obtain disposition of claims against it on favourable terms.	Lophos may will not be able to settle pending claims on favourable terms; claims may be adjudicated in a manner that is not favourable to Lophos.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also refer 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 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

The Company's principal business pertains to the cultivation and research of Lophophora williamsii ("peyote cactus"). Additionally, in the long-term, the Company is engaged in the research and development of compounds derived from the peyote cactus.

Prior to completion of the Acquisition, the Company had not conducted any material business since incorporation other than pursuing its interests under the Share Exchange Agreement.

The Company was incorporated on October 14, 2020, pursuant to the BCBCA and prior to the completion of the Acquisition had not conducted any material business since incorporation other than pursuing its interests under the Share Exchange Agreement. The sole business of the Company from the date of its incorporation until executing the Share Exchange Agreement was to identify and evaluate opportunities for the acquisition of an interest in suitable businesses and once identified and evaluated, to negotiate an acquisition subject to applicable corporate and securities laws, so as to complete a transaction. Until the completion of the Acquisition, the Company did not have a business, business operations or any material assets other than cash.

Upon completion of the Acquisition, the business of Lophos Pharmaceuticals Corp. became the business of the Company.

Cultivation of Peyote Cactus for Direct Sale

The Company's current business line includes the cultivation of peyote cactus for direct sale. Under Canadian law, the possession, sale, and distribution of peyote cactus is legal through an exemption to the Controlled Drugs and Substances Act (CDSA).

Research and Development

In addition to the cultivation of peyote cactus for direct sale, cultivated peyote cactus will be used by the Company to conduct pre-clinical research and development in Canada either directly through a CSDL at its Napanee facility, or indirectly with one or more third-party partners. Accordingly, the Company's additional business line which is subject to CSDL licensing includes the development of intellectual property related to the chemical composition of peyote and the custom formulation of Mescaline and related compounds and the research and development of novel drug delivery systems for Mescaline and other related molecules.

Mescaline (the primary psychoactive compound found in peyote cactus) may only be manufactured or sold by entities possessing a Controlled Substances Dealer's License ("CSDL") as granted by Health Canada. This includes conducting pre-clinical research and development. To maintain and extend a CSDL, a licensee must comply with Health Canada regulations, including submitting regular reports, maintaining accurate records, and adhering to security requirements for the handling, storage, and transportation of controlled substances. Further, once obtained, a holder must renew its CSDL prior to its expiration date and ensure that its facility and personnel meet the requirements for the license renewal.

To that end, the Company acquired Richmond Pharma on December 21, 2021, by which it acquired a cultivation and research facility in Napanee, Ontario, and as of February 2, 2022, has submitted a CSDL application for the production of base substance materials, sale, transport, laboratory analysis, research and development, distribution under Health Canada's Special Access Program ("SAP"), and the import/export of Mescaline.

The Company understands that Health Canada has accepted its CSDL application, completed an onsite security inspection of the facility, and is currently in queue for the final decision on the application. Once the CSDL has been granted, Lophos Pharma will research and process the peyote cactus at the Napanee facility. The Company may then provide Mescaline to entities that are approved to receive controlled substances or to patients that have been granted an exemption under Section 56 of the Canada's Food and Drugs Act. Approved customers would include any entity that is legally qualified to receive and hold Mescaline, as determined by Health Canada and any local regulatory authorities in their country of residency.

Although it remains the Company's intention to pursue and obtain its CSDL there can be no assurance that Health Canada will accept its CSDL application in the short or medium term. During the application and review process, the Company determined that it was in its best interest to identify a third party and establish a contractual relationship with same to conduct CSDL restricted activities on behalf of the Company. On July 10, 2023, Lophos Pharma entered into the Sigma MSA with Sigma, pursuant to which Lophos Pharma retained the services of Sigma, a Health Canada licensed analytical testing and research and development institution, to conduct pre-clinical research and development for and on behalf of Lophos Pharma. Such services shall be provided by Sigma based on statements of work as may be required by Lophos Pharma.

The Company also entered into a collaboration agreement dated February 3, 2022, with PharmaTher Ltd. pursuant to which Lophos Pharma will have the exclusive worldwide rights to license their proprietary transdermal microneedle patch (Hydrogel) drug delivery system for Mescaline. The Company plans to perform the research and development necessary to consider further studies under this agreement and the possibility of incorporating a novel drug delivery system developed by PharmaTher Ltd.

A "novel drug delivery system" described above refers to a method or technology used to deliver medication to the body in a more effective and targeted manner than traditional drug delivery methods. These systems can enhance the pharmacokinetic and pharmacodynamic properties of drugs, improving their efficacy and safety. Examples of novel drug delivery systems include liposomes, nanoparticles, and implantable devices. These systems can improve drug solubility, absorption, bioavailability, and target specific tissues or cells, reducing side effects and increasing therapeutic outcomes. Any work relating to novel drug delivery systems as they relate to Mescaline will be conducted in association with appropriate third parties, such as PharmaTher Ltd.

CORPORATE HIGHLIGHTS

Financings

On May 5, 2023, the Company completed the first tranche of the private placement at which time the company issued an aggregate of 1,500,001 units at $0.15 for gross proceeds of $225,000. Each Unit consists of one (1) common share and one (1) common share purchase warrant. Each Warrant entitles the holder to acquire one Common Share at a price of $0.20 per Common Share for a period of 24 months following the issuance of such Warrant. In connection with the closing, the company paid cash finder fees of $22,500 and issued 75,000 non-transferable finder warrants entitling the holder to purchase one common share at a price of $0.20 for a period of two years from closing and 75,000 compensation common shares issued at a deemed value price of $0.15 per common share.

On August 10, 2023, the Company completed the closing of a second tranche of the Concurrent Private pursuant to which it issued 4,170,005 Units, at a price per Unit of $0.15, for gross proceeds to the Company of $625,500.75. Each Unit issued under the closing of the second and final tranche of the Concurrent Private Placement is comprised of one Common Share and one Common Share purchase warrant entitling the holder thereof to acquire one additional Common Share, at an exercise price of $0.20, for a period of 24 months. The Company also issued 167,666 Broker Warrants to a registered dealer. Each Broker Warrant entitles the holder thereof to acquire one Common Share, at an exercise price of $0.20, for a period of 24 months. The Company also issued 503,000 Common Shares as compensation, at a deemed issue price of $0.15, to the same registered dealer.

Public listing and Controlled Substances Dealers License

In addition, on August 11, 2023, the Company received the conditional approval from the Canadian Securities Exchange (CSE) to list the Company's common shares on the CSE. The Company is working to satisfy the remaining conditions for the final listing on the CSE as soon as possible. In this regard, on August 14, 2023, the Company received a receipt from the British Columbia Securities Commission for its final prospectus dated August 11, 2023, thus becoming a reporting issuer in the Province of British Columbia. Finally, Lophos Pharmaceuticals Corp., the Company's wholly owned subsidiary, received its Controlled Substances Dealers License (CSDL) from Health Canada, effective as of August 23, 2023. The Controlled Substances Dealers License (CSDL) permits Lophos Pharmaceuticals to possess, produce, sell/provide, send, transport and deliver the controlled substances covered by the license, namely mescaline, psilocin and psilocybin.

On September 19, 2023, the Company shared a substantial milestone. Its wholly-owned subsidiary, Lophos Pharmaceuticals Corp., has initiated the early enrollment phase for acquiring peyote cactus (Lophophora williamsi) via its official website, www.lophos.com.

On October 10, 2023, the Company shared additional information on its wholly-owned subsidiary, Lophos Pharmaceuticals Corp., which has achieved a significant milestone by obtaining a Controlled Substance Dealer's License from Health Canada for their facility located in Napanee, Ontario.

On November 21, 2023, the Company shared additional information on its wholly-owned subsidiary, Lophos Pharmaceuticals Corp., which had achieved an important milestone by obtaining a significant amendment to its Controlled Substance Dealer's license by Health Canada for its facility located in Napanee, Ontario.

On January 23, 2024, the Company announced a significant stride in the natural health sector. Health Canada's recent recognition of Lophophora williamsii as a Natural Health Product ingredient marks a pivotal moment in the therapeutic use of psychoactive plants, reinforcing Lophos' position at the forefront of this innovative field.

On January 31, 2024, the Company provided insight into the accomplishments of its wholly owned subsidiary, Lophos Pharmaceuticals Corp. The subsidiary has achieved a noteworthy milestone in the cultivation and ethical distribution of psychoactive plants and announced the formalization of product release specifications for both fresh and dried peyote (Lophophora williamsii).

On April 12, 2024, the Company entered into a Securities Purchase Agreement ("Agreement") with ThreeD Capital Inc. ("ThreeD"), a public traded Canadian-based venture capital firm focused on opportunistic investments in companies in the junior resources and disruptive technologies sectors. On June 20, 2024, Lophos announced the completion of the Agreement. As a result of the completion of the Agreement, ThreeD has received 2,125,000 common shares of Lophos (the "Purchased Lophos Shares") and 2,125,000 common share purchase warrants of Lophos (the "Purchased Lophos Warrants", collectively the "Purchased Lophos Units") at a deemed price of $0.06 per Purchased Lophos Unit. Each Purchased Lophos Warrant entitles the holder thereof to purchase one common share of Lophos at a price of $0.10 per share until three years from the closing date. In consideration, ThreeD has issued an aggregate of 150,000 at a deemed price of $0.85 per common share. No commission or finders' fees were paid in connection with the Agreement. All securities issued and issuable in connection with the Agreement are subject to a statutory hold period expiring on October 21, 2024.

On April 17, 2024, the Company announced the successful receipt of building occupancy for its subsidiary, Lophos Pharmaceuticals Corp., in Napanee, Ontario.

On May 2, 2024, the Company announced the official commencement of its first research protocol under its wholly owned subsidiary, Lophos Pharmaceuticals Corp. The protocol, centered on the cultivation of Lophophora williamsii (Peyote), marks a significant milestone in Lophos' dedication to advancing sustainable indoor cultivation practices for this endangered species.

On May 6, 2024, the Company announced that its wholly-owned subsidiary, Lophos Pharmaceuticals Corp. ("Lophos Pharma"), entered into a letter of intent to acquire the cactus cultivation business of Magicactus.com. Under the terms of the letter of intent, Lophos Pharma intends to acquire all assets of the cactus cultivation business. As consideration for the acquisition of the assets, Lophos intends to pay to the vendor $150,000 in cash and issue 1,000,000 common shares, at a price $0.10 per share, subject to adjustment in certain circumstances. In addition, Lophos intends to enter into a 12-month consulting agreement with Mr. Jose Frank Valente, the founder of Magicactus.com, for $100,000. The acquisition is subject to the negotiation and execution of a definitive asset purchase agreement and the receipt of applicable corporate and regulatory approvals, including that of the CSE.

On July 26, 2024, the Company received a Notice of Sale Under Mortgage relating to the promissory note made between certain mortgage holders and the Company, affecting its property located at 100 Circuit Rider Drive, Napanee, Ontario. The Company is reviewing all available options to resolve this matter promptly and efficiently. The Company is actively seeking financial solutions, including but not limited to, bridge financing, asset sales, or strategic partnerships, to cover the outstanding amount and to ensure the continuity of its operations.

SELECTED ANNUAL INFORMATION

Lophos Pharmaceuticals Corp. (accounting parent)

	Year Ended March 31, 2024 $	Year Ended March 31, 2023 $	Period from September 13 (date of incorporation) to March 31, 2022 $
Total assets	3,900,184	3,979,755	4,564,081
Total liabilities	2,421,157	2,503,497	2,338,968
Working capital (deficiency)	(2,286,924)	64,495	755,631
Expenses	1,193,972	987,715	350,405
Net (loss)	1,276,682	(987,715)	(330,405)
Net (loss) per share, basic and diluted	(0.02)	(0.01)	(0.02)

RESULTS OF OPERATIONS

Year ended March 31, 2024

	Year Ended March 31, 2024	Year Ended March 31, 2024	Variance	Explanation
Salaries and benefits	3,358	123,931	(120,573)	The Company has suspended salaries to the chief executive officeer of the company to conserve cash.
Professional fees	354,197	353,135	1,062	During the year ended March 31, 2023, the Company was in the process of going public and incurred more professioanl fees.
Depreciation	28,216	40,114	(11,898)	The depreciaiton is calculated on a declining balance basis thus the depreciation for the current period is lower than last year with insignificant additions during the year.
Investor relations	14,749	14,012	737	Investor relation expenses are comparable year over year.
Shareholder information	29,040	1,273	27,767	The higher shareholder information expenses are due to the fact that the Company has become a public company since August 2023 and more such expenses were incurred this year than last year.
Office and general	96,691	116,648	(19,957)	The higher office and general expenses are higher this year than the last year due to higher insurance expense and repair and maintenance expenses.
Interest expense	196,271	170,991	25,280	The higher interest expense is mainly due to the interest incurred on the loan payable borrowed and repaid during the year ended March 31, 2024.
Stock-based compensation	471,450	167,611	303,839	The stock options were granted in January 31, 2023 and March 28, 2024 and the stock-based compensation is based on the vesting of the stock options.
Total expenses	**1,193,972**	**987,715**	**206,257**	
Unrealized gain on changes in fair value of biological assets	(24,490)	-	(24,490)	The Company started the cultivation of biological assets from the year ended March 31, 2024

Write-off of HST receivable	104,797	-	104,797	The Company wrote off certain HST receivables that are not refundable in the year ended March 31, 2024
Income tax expense	2,403	-	2,403	The income tax is related to one of the Company's subsidiaries for the year 2018 offset by reversal of SR&ED payback.
Net loss and comprehensive loss	**1,276,682**	**987,715**	**288,967**	

Three months ended March 31, 2024

	Three Months Ended March 31, 2024	**Three Months Ended March 31, 2023**	**Variance**	**Explanation**
Salaries and benefits	-	23,496	(23,496)	The Company has suspended salaries to the chief executive officeer of the company to conserve cash.
Professional fees	113,705	16,871	96,834	During the three months ended March 31, 2024, the Company was in the process of going public and incurred more professioanl fees.
Depreciation	7,016	6,603	413	The depreciaiton is calculated on a declining balance basis thus the depreciation for the current period is lower than the same period of last year with insignificant additions during the year ended March 31, 2024.
Investor relations	6,841	6,201	640	Investor relation expenses are comparable period over period.
Shareholder information	7,513	-	7,513	The higher shareholder information expenses are due to the fact that the Company has become a public company since August 2023 and more such expenses were incurred this period than the same period of last year.
Office and general	(27,553)	27,491	(55,044)	The lower office and general expenses for this period than the same period of last year is mainly due to reversal and adjustments of office and general expenses recorded in prior periods.
Interest expense	46,790	45,269	1,521	Interest expenses are comparable period over period.

Stock-based compensation	158,903	167,611	(8,708)	The stock options were granted in January 31, 2023 and March 28, 2024 and the stock-based compensation is based on the vesting of the stock options.
Total expenses	**313,215**	**293,542**	**19,673**	
Unrealized gain on changes in fair value of biological assets	(23,160)	-	(23,160)	The Company started the cultivation of biological assets from the year ended March 31, 2024.
Write-off of HST receivable	104,797	-	104,797	The Company wrote off certain HST receivables that are not refundable in the three months ended March 31, 2024
Income tax expense	2,403	-	2,403	The income tax is related to one of the Company's subsidiaries for the year 2018.
Net loss and comprehensive loss	**397,255**	**293,542**	**103,713**	

LIQUIDITY AND CAPITAL RESOURCES

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. As the Company does not presently generate revenue to cover its costs, managing liquidity risk is dependent upon the ability to secure additional financing. The recoverability of the carrying value of the assets and the Company's continued existence is dependent upon the achievement of profitable operations, or the ability of the Company to raise alternative financing, as necessary. While management and the Board have been successful in raising the necessary capital, it cannot provide assurance that it will be able to execute on its business strategy or be successful in future financing activities.

As at March 31, 2024, the Company had a cash balance of $4,416 and accounts receivable of $111,731 which represent the HST, inventory of $9,714 and prepaid expense of $8,372 to settle current liabilities of $2,421,157. This represents a working capital deficiency of $2,286,924 which is comprised of current assets less current liabilities. The Company has not yet realized profitable operations and has incurred losses to date resulting in a cumulative deficit of $2,320,125 as at March 31, 2024.

SELECTED QUARTERLY INFORMATION

A summary of selected information for each of the quarters presented below is as follows:

For the Period Ended	Net Loss		Total assets ($)
	Total ($)	Basic and diluted loss per share ($)	
March 31, 2024	397,255	0.01	3,900,184
December 31, 2023	180,750	0.00	4,136,770
September 30, 2023	304,675	0.00	4,474,767
June 30, 2023	394,002	0.01	4,161,781
March 31, 2023	293,542	0.00	3,979,755
December 31, 2022	224,344	0.00	4,141,225
September 30, 2022	193,117	0.00	4,290,977
June 30, 2022	276,712	0.01	4,427,529

RELATED PARTY TRANSACTIONS

(a) Related party balances and 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 below noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

	Year Ended March 31, 2024 $	Year Ended March 31, 2023 $
Marrelli Group (i)	62,200	46,837
Canalytica Inc. ("Canalytica") (ii)	96,000	93,502

(i) During the year ended March 31, 2024, the Company paid professional fees totaling $62,200 to Marrelli Support Services Inc. ("Marrelli Support"), and certain of its affiliates, all of which are controlled by Carmelo Marrelli (together known as the "Marrelli Group") for: (i) Remantra Sheopaul is an employee of Marrelli Support and acts as the Chief Financial Officer of the Company; (ii) bookkeeping and office support; (iii) corporate secretarial; (iv) transfer agent; and (v) regulatory filing services. As at March 31, 2024, the Marrelli Group was owed $11,647 (March 31, 2023 - $9,435) and these amounts were included in amounts payable and accrued liabilities.

(ii) Fees included in professional fees related to the consulting services provided by Canalytica. The Chief Executive Officer of the Company is a director of Canalytica. As at March 31, 2024, $53,040 (March 31, 2023 - $nil) was owed to Canalytica by the Company.

(iii) The Company owed certain shareholder $21,440 as at March 31, 2024 (March 31, 2023 - $21,440). The loans are unsecured, non-interest bearing and due on demand.

(iv) The Company issued a convertible debenture of $150,000 to Wolf Acquisition 1.0 Corp. ("Wolf Acquisition"), a company that shares a common director with Lophos. As at March 31, 2024, the Company had $20,115 (March 31, 2023 - $8,115) accrued interest on the convertible debenture owed to Wolf Acquisition which was included in the accounts payable and accrued liabilities.

(b) Remuneration of directors and key management

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. Remuneration of key management of the Company was as follows:

	Year Ended March 31, 2024 $	Year Ended March 31, 2023 $
Salaries and benefits and management consulting fees	164,916	123,931
Share based payment	330,020	103,667

(c) Major shareholders

To the knowledge of the directors and senior officers of the Company, as at March 31, 2024, no person or corporation beneficially owns or exercises control over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company. The holdings can change at any time at the discretion of the owners.

None of the Company's major shareholders have different voting rights compared to holders of the Company's common shares.

The Company is not aware of any arrangements the operation of which 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.

SHARE CAPITAL STRUCTURE

As at the date of this MD&A, the Company had 87,984,673 common shares, 8,651,005 warrants and broker warrants and 7,585,000 stock options.

CAPITAL MANAGEMENT

The Company objectives when manages its capital is 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 adjusts 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 March 31, 2024 totaled equity of $1,465,115.

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

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, 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, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

RISK FACTORS

An investment in the Common Shares involves a high degree of risk and should be considered highly speculative due to the nature of the Company's business and its present stage of development. An investment in the Company's securities is suitable only for those knowledgeable and sophisticated investors who are willing to risk loss of their entire investment. Prospective investors should consult with their professional advisors to assess an investment in the Company's securities. In evaluating the Company and its business, investors should carefully consider, in addition to the other information contained in this Prospectus, the following risk factors. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company's operations.

Risks Relating to the Company's Business

Limited Operating History

The Company has a limited operating history in its industry upon which its business and future prospects may be evaluated. The Company is subject to all of the business risks and uncertainties associated with a new business enterprise, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, lack of revenues and the risk that the Company will not achieve its operating goals. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of the Company's success must be considered in light of its early stage of operations.

Actual Financial Position and Results of Operations May Differ from Expectations of Management

The Company's actual financial position and results of operations may differ materially from management's expectations. The Company's revenue, net income and cash flow may differ materially from the Company's projected revenue, net income and cash flow. The process for estimating the Company's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations.

Psychedelics Regulatory Risk

The psychedelic therapy and psychopharmalogical industries are new and emerging industries with substantial existing regulations and uncertainty as to future regulations. There can be no guarantee related to the future legal status of psychedelic compounds in Canada, the United States or other jurisdictions. The jurisdictional treatment of the substances would have a significant impact on the ability of the Company to continue operating or expand its business. The Company's prospects and reputation may also be impacted by developments of these laws.

Violations of Laws and Regulations Could Result in Repercussions

In the United States, certain psychedelic drugs, including Mescaline, are classified as Schedule I drugs under the CSA and the Controlled Substances Import and Export Act (the "CSIEA") and as such, medical and recreational use currently is illegal under the United States federal laws. In Canada, under the CDSA, Mescaline is currently a Schedule I drug and as such, medical and recreational use currently is illegal under the Canadian federal laws. Certain other jurisdictions have similarly regulated certain psychedelic drugs. The Company's programs involving Schedule I drugs are conducted in strict compliance with the laws and regulations regarding the production, storage and use of Schedule I drugs. As such, all facilities engaged with such substances by or on behalf of the Company do so under current licenses, permits, approvals and exemptions issued by appropriate federal, provincial, state and local governmental agencies. While the Company is conducting research and development of Mescaline, the Company does not have any direct or indirect involvement with the illegal selling, production or distribution of any substances in the jurisdictions in which it operates and does not intend to have any such involvement. However, a violation of any Canadian or United States federal laws and regulations, such as the CDSA, the CSA or the CSIEA, or of similar legislation in the jurisdictions in which it operates, could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings initiated by either government entities in the jurisdictions in which the Company operates, or private citizens or

criminal charges. Any such violations or the loss of the necessary licenses, permits, approvals or exemptions for Schedule I drugs could have an adverse effect on the Company's operations.

The Company's regulatory risk is decreased if:

1. It elects not to build its own manufacturing laboratory, and instead works through competent licensed third parties. These parties complete manufacturing operations under their own CSDL and as such can indemnify the Company from any legal risk arising from the physical ownership of these products rather than the beneficial access to them.

2. The Company establishes multiple partnerships with organizations with competency in the manufacture, research, sale, and distribution of controlled substances.

3. The Company never takes physical possession of any controlled substances.

The Issuer has received legal advice regarding limitations set out in the CSA in the United States and the CDSA in Canada and continues to monitor legislative developments.

Lack of Supporting Clinical Data

The clinical effectiveness and safety of any of the Company's developmental products is not yet supported by clinical data and the medical community has not yet developed a large body of peer reviewed literature that supports the safety and efficacy of the Company's products. If future studies call into question the safety or efficacy of the Company's products, the Company's business, financial condition, and results of operations could be adversely affected.

Research and Development Risk

A principal component of the Company's business strategy is to expand its product offering. As such, the Company's organic growth and long-term success is dependent in part on its ability to successfully develop new and current products and it will likely incur significant research and development expenditures to do so. The Company cannot be certain that any investment in research and development will yield technically feasible or commercially viable products. Furthermore, its ability to discover and develop products will depend on its ability to:

- retain key scientists as employees or partners;
- identify high quality therapeutic targets and unmet medical needs;
- identify potential drug candidates and medical devices;
- develop products internally and assist its partners with development;
- successfully complete laboratory testing and clinical trials on humans;
- obtain and maintain necessary intellectual property rights to the Company's products;
- obtain and maintain necessary U.S. and other regulatory approvals for its products;
- collaborate with third parties to assist in the development of its products; and
- enter into arrangements with third parties to co-develop, license, and commercialize its products.

The Company may not be successful in discovering and developing drug and medical device products. Failure to introduce and advance new and current products could materially and adversely affect the Company's operations and financial condition.

Clinical Development Risks

The Company must demonstrate the safety and efficacy of its products through, among other things, extensive clinical testing. The Company's drug research and development programs are at an early stage of development. Numerous unforeseen events during, or as a result of, the testing process could delay or prevent commercialization of any products the Company develops, including the following:

- the results of early clinical studies may be inconclusive, may demonstrate potentially unsafe drug characteristics, or may not be indicative of results that will be obtained in later human clinical trials;
- the safety and efficacy results attained in the early clinical studies may not be indicative of results that are obtained in later clinical trials; and
- after reviewing early clinical study results, the Company or its partners or collaborators may abandon projects that were previously thought to be promising.

Clinical studies are very expensive, can run into unexpected difficulties and the outcomes are uncertain. Clinical studies of the Company's products may not be completed on schedule or on budget. The Company's failure to complete any of its clinical studies on schedule or on budget, or its failure to adequately demonstrate the safety and efficacy of any of the products it develops, could delay or prevent regulatory approval of such products, which could adversely affect the Company's business, financial condition, and results of operations.

Regulatory Approval, Licenses and Permits

The Company may be required to obtain and maintain certain permits, licenses, and approvals in the jurisdictions where its products or technologies are being researched, developed, or commercialized. There can be no assurance that the Company will be able to obtain or maintain any necessary licenses, permits, or approvals. Any material delay or inability to receive these items is likely to delay and/or inhibit the Company's ability to conduct its business, and would have an adverse effect on its business, financial condition, and results of operations.

In particular, the Company will require approval from Health Canada, the FDA and equivalent organizations in other countries before any of its products can be marketed. There is no assurance that such approvals will be forthcoming. Furthermore, the exact nature of the studies these regulatory agencies will require is not known and can be changed at any time by the regulatory agencies, increasing the financing risk and potentially increasing the time to market the Company faces, which could adversely affect the Company's business, financial condition or results of operations.

Inability to Identify, Discover or License Product Candidates

The success of the Company's business depends on its ability to develop psychedelic-derived pharmaceuticals and license such pharmaceuticals. The Company's research programs may fail to yield product candidates and the Company may fail to license identified product candidates for a number of reasons, including but not limited to the following:

- the Company's research process may be unsuccessful in identifying new uses for the psychedelic-derived drugs evaluated and product candidates suitable for repurposing;
- the Company may not be able or willing to assemble sufficient resources to identify or discover additional product candidates;
- the Company may not succeed in partnering with third parties to advance identified product candidates to the experimental research stage of drug repurposing;
- the Company's identified product candidates may not succeed in pre-clinical or clinical testing;

- pharmaceutical companies may develop alternatives that render the Company's identified product candidates obsolete or less attractive;
- the market for an identified product candidate may change during the Company's program so that such a product candidate may not be attractive to pharmaceutical companies;
- an identified product candidate may not be capable of being produced in commercial quantities at an acceptable cost, or at all; and
- an identified product candidate may not be accepted as safe and effective by patients, the medical community or third-party payors.

If any of these events occurs, the Company may be forced to abandon its efforts to identify, discover or license product candidates, which would have a material adverse effect on its business and could potentially cause the Company to cease operations. Research programs to identify new product candidates require substantial technical, financial and human resources. The Company may focus its efforts and resources on potential programs or product candidates that ultimately prove to be unsuccessful.

No Assurance of Profits or Revenues

There is no assurance as to whether the Company will be profitable, earn revenues, or pay dividends. The Company has incurred and anticipates that it will continue to incur substantial expenses relating to the development and initial operations of its business. The payment and amount of any future dividends will depend upon, among other things, the Company's results of operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

The Company as a Going Concern

The continued operation of the Company as a going concern is dependent upon the Company's ability to generate positive cash flows and/or obtain additional financing sufficient to fund continuing activities and acquisitions. While the Company continues to review its operations in order to identify strategies and tactics to increase revenue streams and financing opportunities, there is no assurance that the Company will be successful in such efforts; if the Company is not successful, it may be required to significantly reduce or limit operations, or no longer operate as a going concern. It is also possible that operating expenses could increase in order to grow the business. If the Company does not significantly increase its revenue to meet these increased operating expenses and/or obtain financing until its revenue meets these operating expenses, its business, financial condition and operating results could be materially adversely affected. The Company cannot be sure when or if it will ever achieve profitability and, if it does, it may not be able to sustain or increase that profitability.

Intellectual Property and Licenses

The Company's success is dependent on the Company's intangible properties and technologies, and will depend in part on its ability to protect and maintain its intellectual property rights. No assurance can be given that the intellectual property of the Company will not be challenged, invalidated, infringed or circumvented. Moreover, the Company could potentially incur substantial legal costs in defending legal actions which allege intellectual property infringement or by instituting intellectual property infringement suits against others. The Company's commercial success also depends on the Company not infringing proprietary rights of others. There can be no assurance that the Company will be able to maintain such licenses that it may require to conduct its business or that such licences have been obtained at a reasonable cost. Furthermore, there can be no assurance that the Company will be able to remain in compliance with any such licenses. Consequently, there may be a risk that such licenses may be withdrawn with no compensation or penalties to the Company.

Product Liability

The risk of product liability is inherent in the research, development, marketing and use of pharmaceutical products. Product candidates and products that the Company may license or sell in the future may cause, or may appear to have caused, injury or dangerous drug reactions, and expose the Company to product liability claims. These claims might be made by patients who use the product, healthcare providers, pharmaceutical companies, corporate collaborators or others selling such products. Regardless of the merits or eventual outcome, product liability claims or other claims related to the Company's product candidates may result in:

decreased demand for the Company's services or willingness to partner with the Company due to negative public perception;

- injury to the Company's reputation;
- initiation of investigations by regulators;
- costs to defend or settle related litigation;
- a diversion of management's time and resources;
- substantial monetary awards to patients;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenues from product sales; and
- the inability to license or sell any of the Company's identified product candidates.

The insurance coverage of any insurance obtained by the Company may not be sufficient to reimburse the Company for any expenses or losses it may suffer. Insurance coverage is becoming increasingly expensive, and, in the future, the Company, or any of its collaborators, may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts or at all to protect against losses due to liability. Even if the Company's agreements with any future collaborators entitle it to indemnification against product liability losses, such indemnification may not be available or adequate should any claim arise. If a successful product liability claim or series of claims is brought against the Company for uninsured liabilities or in excess of insured liabilities, its assets may not be sufficient to cover such claims and its business operations could be impaired.

Should any of the events described above occur, this could have a material adverse effect on the Company's business, financial condition and results of operations.

Unproven Market for Products and Technologies

The Company believes that the anticipated market for its potential products and technologies will continue to exist and expand. These assumptions may prove to be incorrect for a variety of reasons, including competition from other products and technologies and the degree of commercial viability of the potential product candidates identified by the Company. Even when product candidates are successfully identified, the Company's ability to generate significant revenue depends on the acceptance of such identified product candidates by the Company's potential partners and pharmaceutical companies. The Company cannot be sure that its products and technologies or any identified product candidates will achieve the expected market acceptance and demand. Any factors preventing or limiting the market acceptance of the Company's products and technologies or any identified product candidates for licensing could have a material adverse effect on the Company's business, results of operations, and financial condition.

Because the psychedelics industry is in a nascent stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in the Company and, few, if any, established companies whose business model the Company can follow or upon whose success the Company can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest

in the Company. There can be no assurance that the Company's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results.

Publicity or Consumer Perception

The Company believes psychedelic pharmaceuticals industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of psychedelic compounds. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to Mescaline and psychedelic pharmaceutical markets or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's services. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company and the demand for the Company's services. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of Mescaline or other psychedelic compounds in general, or other negative effects or events related to medications and other psychedelic compounds, could have such a material adverse effect.

Enforcement of Intellectual Property in Other Jurisdictions

The laws of foreign countries may not protect intellectual property rights to the same extent as the laws of Canada. Many companies have encountered significant problems in protecting and defending intellectual property rights in certain foreign jurisdictions. This risk is exacerbated for the Company because it expects that identified product candidates may be licensed or used in a number of foreign countries.

The legal systems of some countries, particularly developing countries, do not favor the enforcement of intellectual property protection. This could make it difficult to stop the infringement or other misappropriation of the Company's intellectual property rights.

Proceedings to enforce intellectual property rights in foreign jurisdictions could result in substantial costs and divert the Company's efforts and attention from other aspects of its business. Accordingly, efforts to protect intellectual property rights in such countries may be inadequate. In addition, changes in the law and legal decisions by courts in Canada, the US, and foreign countries may affect the Company's ability to obtain adequate protection for its technology and the enforcement of its intellectual property.

Need for Additional Financing

The Company has no history of significant earnings and, due to the nature of its business, there can be no assurance that the Company will be profitable. There is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company will require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

Any additional equity financing may be dilutive to shareholders, and debt financing, if available, may involve restrictive covenants. If additional funds are raised through the issuance of equity securities, the percentage ownership of the shareholders of the Company will be reduced, shareholders may experience additional dilution in net book value per share, or such equity securities may have rights, preferences or privileges senior to those of the holders of the Common Shares. If adequate funds are not available on acceptable terms, the Company may be unable to develop or enhance its products and services, take advantage of future opportunities or respond to competitive pressures, any

of which could have a material adverse effect on its business, financial condition and operating results, or the Company may be forced to cease operations.

Conflicts of Interest

The Company may be subject to various potential conflicts of interest because some of its officers and directors may be engaged in a range of business activities. In addition, the Company's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

In addition, the Company may become involved in other transactions which conflict with the interests of its directors and officers who may from time to time deal with persons, firms, institutions or companies with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, if such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

Negative Operating Cash Flow

The Company's business has incurred losses since its inception. Although the Company expects to become profitable, there is no guarantee that will happen, and the Company may never become profitable. The Company currently has a negative operating cash flow and may continue to have a negative operating cash flow for the foreseeable future. To date, the Company has not generated any revenues and a large portion of the Company's expenses are fixed, including expenses related to facilities, equipment, contractual commitments and personnel. As a result, the Company expects its net losses from operations to improve. The Company's ability to generate additional revenues and potential to become profitable will depend largely on its ability to manufacture and market its products and services. There can be no assurance that any such events will occur or that the Company will ever become profitable. Even if the Company does achieve profitability, the Company cannot predict the level of such profitability. If the Company sustains losses over an extended period of time, the Company may be unable to continue its business.

Reputational Damage in Certain Circumstances

Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views regarding the Company and its activities, whether true or not. Although the Company believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the Company does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

Internal Controls over Financial Reporting

One or more material weaknesses in the Company's internal controls over financial reporting could occur or be identified in the future. In addition, because of inherent limitations, the Company's internal controls over financial reporting may not prevent or detect misstatements, and any projections of any evaluation of effectiveness of internal controls to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the Company's policies or procedures may deteriorate. If the Company fails to maintain the adequacy of its internal controls, including any failure or difficulty in implementing required new or improved controls, its business and results of operations could be harmed, the Company may not be able to provide reasonable assurance as to its financial results or meet its reporting obligations and there could be a material adverse effect on the price of its securities.

Difficulties with Forecasts

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

Retention and Acquisition of Management and Skilled Personnel

The success of the Company is currently largely dependent on the performance of its directors and officers. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its directors, officers or other qualified personnel required to operate its business. In addition, an inability to hire, or the increased costs of new personnel, including members of executive management, could have a material adverse effect on the Company's business and operating results. At present and for the near future, the Company will depend upon a relatively small number of employees to develop, market, sell and support its products. The expansion of marketing and sales of its products will require the Company to find, hire and retain additional capable employees who can understand, explain, market and sell its products. There is intense competition for capable personnel in all of these areas and the Company may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and, in many cases, take significant time before they achieve full productivity. As a result, the Company may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them.

Key Person Insurance

The Company does not maintain key person insurance on any of its directors or officers, and as result the Company would bear the full loss and expense of hiring and replacing any director or officer in the event the loss of any such persons by their resignation, retirement, incapacity, or death, as well as any loss of business opportunity or other costs suffered by the Company from such loss of any director or officer.

Public Health Crises

The Company may be adversely affected by public health crises and other events outside its control. Public health crises, such as epidemics and pandemics, acts of terrorism, war or other conflicts and other events outside of the Company's control, may adversely impact the activities of the Company as well as operating results. In addition to the direct impact that such events could have on the Company's facilities and workforce, these types of events could

negatively impact capital expenditures and overall economic activity in impacted regions or, depending on the severity of the event, globally, which could impact the demand for and prices of commodities, interest rates, credit ratings, credit risk and inflation.

Since December 31, 2019, governments worldwide have been enacting emergency measures to combat the spread of COVID-19, which was declared a pandemic by the World Health Organization in March 2020. These measures, which include the implementation of travel bans, self-imposed quarantine periods, and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. While the roll out of several vaccines is ongoing in many countries, and other promising vaccines are in development, COVID 19-variants continue to cause concern, and an end to the COVID-19 pandemic is believed to be some way off. Until the pandemic ends, it remains possible the COVID-19 virus could have a material adverse effect on our business, financial condition, and results of operation. The Company continues to operate its business at this time and to date has not been materially adversely impacted by the outbreak. However, a prolonged continuance of this public health crisis, an increase in its breadth or in its overall severity, could adversely affect the Company's workforce and ability to operate generally as well as cause significant investment decisions to be delayed or postponed. A prolonged continuance of this public health crisis could also have a material adverse effect on overall economic growth and impact the stability of the financial markets and availability of credit, as well as risks to employee health and safety, a slowdown or temporary suspension of operations impacted by an outbreak, increased labour and fuel costs, regulatory changes, political or economic instabilities or civil unrest. Any of these developments could have a material adverse effect on the Company's business, financial position, liquidity and results of operations.

Legal Proceedings

From time to time, the Company may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom the Company does business and other proceedings arising in the ordinary course of business. The Company will evaluate its exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on the Company's financial results.

Regulatory Compliance Risks

Achievement of the Company's business objectives is subject to compliance with regulatory requirements enacted by governmental authorities. The Company may incur costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. In addition, changes in regulations or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

In both domestic and foreign markets, the development, formulation, manufacturing, packaging, labeling, handling, distribution, import, export, licensing, sale and storage of pharmaceuticals and medical devices are affected by a body of laws, governmental regulations, administrative determinations, including those by the FDA, court decisions and similar constraints. Such laws, regulations and other constraints can exist at the federal, provincial or local levels in Canada and at all levels of government in foreign jurisdictions. There can be no assurance that the Company and the Company's partners are in compliance with all of these laws, regulations and other constraints. The Company and its partners may be required to incur significant costs to comply with such laws and regulations in the future, and such laws and regulations may have an adverse effect on the business. The failure of the Company or its partners to comply

with current or future regulatory requirements could lead to the imposition of significant penalties or claims and may have a material adverse effect on the business. In addition, the adoption of new laws, regulations or other constraints or changes in the interpretations of such requirements might result in significant compliance costs or lead the Company and its partners to discontinue product development and could have an adverse effect on the business.

Risks Relating to the Common Shares

No Established Market, Market Price of Common Shares and Volatility

The Common Shares do not currently trade on any exchange or stock market. Securities of companies with a small market capitalization have experienced substantial volatility in the past, often based on factors unrelated to the companies' financial performance or prospects. These factors include macroeconomic developments in North America and globally, as well as market perceptions of the attractiveness of particular industries. Factors unrelated to the Company's performance that may affect the price of the Common Shares include the following: the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow the Company; lessening in trading volume and general market interest in the Common Shares may affect an investor's ability to trade significant numbers of Common Shares; the size of the Company's public float may limit the ability of some institutions to invest in Common Shares; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Common Shares, once listed on the Exchange, to be delisted, further reducing market liquidity. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources. The fact that no market currently exists for the Common Shares may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices and the liquidity of the Common Shares.

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price of the Common Shares will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. If an active public market for the Common Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline below the initial purchase price.

Dividends

The Company intends to retain earnings, if any, to finance the growth and development of the Company's business and does not intend to pay cash dividends on the Common Shares in the foreseeable future. The payment of future cash dividends, if any, will be reviewed periodically by the Board and will depend upon, among other things, conditions then existing including earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and conditions and other factors.

Additional Regulatory Burden from Listing

Prior to the Listing, the Company has not been subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of the Exchange or any other stock exchange. The Company is working with its legal, accounting and financial advisors to identify those areas in which changes should be made to its financial management control systems to manage its obligations as a public company. These areas include corporate governance, corporate controls, disclosure controls and procedures and financial reporting and accounting systems. The Company has made, and will continue to make, changes in these and other areas, including its internal controls over financial reporting. However, the Company cannot assure purchasers of Common Shares that these and other measures that it might take will be sufficient to allow it to satisfy its obligations as a public company

on a timely basis. In addition, compliance with reporting and other requirements applicable to public companies will create additional costs for the Company and will require the time and attention of management. The Company cannot predict the amount of the additional costs that it might incur, the timing of such costs or the impact that management's attention to these matters will have on its business.

Dilution

Future sales or issuances of equity securities could decrease the value of the Common Shares, dilute shareholders' voting power and reduce future potential earnings per Common Share. The Company intends to sell additional equity securities in subsequent offerings (including through the sale of securities convertible into Common Shares) and may issue additional equity securities to finance its operations, development, exploration, acquisitions or other projects. The Company cannot predict the size of future sales and issuances of equity securities or the effect, if any, that future sales and issuances of equity securities will have on the market price of the Common Shares. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in the Company's earnings per Common Share.

Sales of Substantial Amounts of the Common Shares

Sales of substantial amounts of the Common Shares, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Common Shares. A decline in the market prices of the Common Shares could impair the Company's ability to raise additional capital through the sale of securities should it desire to do so.

Securities or Industry Analysts

The trading market for the Common Shares will depend in part on the research and reports that securities or industry analysts publish about the Company or its business. The Company does not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence covering the Company, the trading price for the Common Shares may be negatively impacted. If the Company obtains securities or industry analyst coverage and if one or more of the analysts who cover the Company downgrade the Common Shares or publish inaccurate or unfavorable research about its business, the trading price of the Common Shares may decline. If one or more of these analysts cease coverage of the Company or fail to publish reports on us regularly, demand for the Common Shares could decrease, which could cause the trading price and volume of the Common Shares to decline.

Future Sales of Common Shares by Principal Shareholders, Officers and Directors

Subject to compliance with applicable securities laws and the terms of any arrangements described under "Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer", the officers, directors, principal shareholders and their affiliates may sell some or all of the Common Shares held by such party in the future. No prediction can be made as to the effect, if any, such future sales of Common Shares will have on the market price of the Common Shares prevailing from time to time. However, the future sale of a substantial number of Common Shares by the Company's officers, directors, and any principal shareholders and their affiliates, or the perception that such sales could occur, could materially adversely affect prevailing market prices for the Common Shares.

Accordingly, if the Company's principal shareholders sell substantial amounts of securities in the public market, the market price of such securities could fall. Additional Common Shares issuable upon the exercise of stock options or the conversion of Common Shares may also be available for sale in the public market after the date of the listing of the Common Shares, which may also cause the market price of the Common Shares to fall.

Tax Issues

Income tax consequences in relation to the Common Shares will vary according to circumstances of each investor.

Prospective investors should seek independent advice from their own tax and legal advisers prior to investing in Common Shares of the Company.

Discretion as to the Use of Available Funds

The Company's management will have broad discretion in how it uses the funds available to it. Management may use the available funds in ways that purchasers may not consider desirable. The results and the effectiveness of the application of the funds are uncertain. If the funds are not applied effectively, the results of the Company's operations may suffer. Management currently intends to allocate the available funds as described under "Use of Available Funds", however, management may elect to allocate the funds differently from that described under "Use of Available Funds" if it believes it would be in the Company's best interest to do so. Shareholders may not agree with the manner in which management chooses to allocate and spend the available funds.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUTH SIGNIFICANT REVENUE

Expenses

	Year Ended March 31, 2024 $	Year Ended March 31, 2023 $
Salaries and benefits	3,358	123,931
Professional fees	354,197	353,135
Depreciation	28,216	40,114
Investor relations	14,749	14,012
Shareholder information	29,040	1,273
Office and general	96,691	116,648
Interest expense	196,271	170,991
Stock-based compensation	471,450	167,611
Total	**1,193,972**	**987,715**