



Q4 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS - FOR THE YEARS ENDED JULY 31, 2017 AND 2016 AND THE QUARTER ENDED JULY 31, 2017.

1. INTRODUCTION

This Management's Discussion & Analysis provides the reader with an overview of the operations and financial position of Devonian Health Group Inc. ("the Company") on July, 31 2017. It also provides a review of our performance by comparing the Company's results of operations, for the twelve-month period ended July 31, 2017, with the twelve-month period ended July 31 2016. It should be read in conjunction with the audited financial statements of the Company for the years ended July 31, 2017 and July 31, 2016. The financial data contained in this Management's Discussion & Analysis have been prepared in accordance with International Financial Reporting Standards (IFRS) by Management, based on the information available as at November 24, 2017. All amounts presented in this document are expressed in Canadian dollars.

2. FORWARD LOOKING STATEMENTS

The information contained in this Management's Discussion & Analysis, as well as the analysis of the results of operations and the financial position may contain statements relating to future results of operations. Certain forward-looking statements made by Management, relative to the results of the research studies as well as the objectives and the expectations of the Company, can be influenced by various risks and uncertainties and therefore generate real results different from those anticipated. The assumptions that support forward-looking statements made by Management are made from data presently available.

3. COMPANY PROFILE

Devonian Health Group is a pharmaceutical company specializing in the development of botanical drugs. Incorporated on March 27, 2015, under the Québec Business Corporations Act, the Company, which is the result of a merger, acquired in April 2015, all the assets of Purgensis Technologies Inc., a company that developed and manufactured patented active complexes from natural sources. The first family of active ingredients available to the Company is currently extracted from organic baby spinach. The flagship product of the Company that is extracted, PUR0110, shows immunomodulatory, antioxidant and anti-inflammatory properties. It is the first product of a family of active ingredients, extracted using the Supra Molecular Complex Extraction and Stabilization Technology (SUPREX™). It is customary that when a drug is at an advanced stage of development, the code name be changed to a generic name associated with the chemical structure of the product. The PUR0110 will now bear the name of "Thykamine™".

In addition to benefiting from a pharmaceutical complex extraction center in Montmagny, Devonian also has skin care products developed with the same approach as its pharmaceutical products. The first derma-cosmeceutical product developed by Devonian, is an anti-aging treatment for women, consisting of day creams, night cream and eye contour. R-Spinasome®, Devonian's proprietary natural active ingredient, is an integral part of this product, ready for marketing under the brand name Purgensis™. Purgensis™ treatment now bears the seal of approval of the Skin Health Program™, awarded after a thorough review of the treatment by the Expert Advisory Council on Skin Health of the Canadian Association of Dermatology. This product is patent pending in several countries. Devonian intends to market its products under the PurGenesis™ brand or as a private label with sales and marketing partners.



The company's business strategy is also to build a portfolio of complementary products that align with its expertise, which will drive revenue and cash flow to realize its research projects and create value for its shareholders.

4. HIGHLIGHTS FOR 2017

The main objectives of our business plan for 2017 were to complete a public offering by way of a merger with Capital Orletto Inc. as announced in the amended prospectus dated April 21, 2017, to begin the Phase IIa clinical trial of our lead product, Thykamine™ in patients with mild-to-moderate atopic dermatitis (AD), find a distributor of our derma-cosmeceutical products in addition to developing new markets for outside of Canada and identify opportunities to acquire products that could benefit from our expertise by presenting characteristics similar to our areas of expertise.

The first objective aimed establishing a solid foundation for the future growth of the Company and at allowing the initiation of its clinical trial, while the other objectives targeted the development of the market of its derma-cosmeceutical products in order to realize a growth of its liquid assets, in a fast and effective manner.

On May 12, 2017, in connection with the achievement of its objectives and according to the Agreement dated May 15, 2015 and amended on April 7, 2016, the Company and Capital Orletto inc. merged according to a ratio of 5 % conversion for Orletto's shareholders and 95 % for Devonian's shareholders, calculated on a non-diluted basis, prior to any issuance of securities issuable upon the exercise of the Orletto's options, the Devonian warrants, the conversion of the debentures and the public offering. Following the amalgamation, the resulting issuer is named "Groupe Santé Devonian Inc. Devonian Health Group Inc."

On May 15, 2017, Devonian announced, the closing of the amalgamation and the concomitant public offering for an aggregate gross proceeds of \$4,030,674. The Company proceeded with the issuance of 5,374,232 units of the Company at a price of \$0.75 per unit. Each unit consists of one subordinate voting share and one-half of one share purchase warrant. Each warrant entitles its holder to purchase one subordinate voting share at a price of \$1.10 per warrant share, until May 12, 2019. In consideration of the services rendered in connection with the public offering, the agent received a cash commission equal to 10% of the gross proceeds of the public offering. As additional compensation, the agent and members of its selling group have been granted an aggregate of 537,423 options, entitling its holder thereof to purchase 537,423 subordinate voting shares, at a price of \$0.75 per subordinate voting share, until May 12, 2019.

On May 19, 2017, the Subordinate Voting Shares issued in connection with the Merger and issued pursuant to the Offering commenced trading on the TSX Venture Exchange under the symbol "GSD".

On July 12, 2017, the Company closed a non-brokered private placement by issuing 173,500 units at a price of \$0.75 per unit for aggregate gross proceeds of \$130,125. Each unit consists of one subordinate voting share and one-half of one share purchase warrant. Each Warrant will entitle its holder to purchase one subordinate voting share, at a price of \$1.10, until July 12, 2019.

On June 22, 2017, the Company revealed the main details of its Phase IIa clinical trial for the Thykamine™, on patients affected by mild-to-moderated atopic dermatitis. The Company also announced that JSS Medical Research Inc. had been selected as the contractual clinical research organization (CRO) to oversee the phase IIa clinical trial.

On September 6, 2017, Devonian announced that Purgenesis™, the anti-aging treatment of Devonian Health Group, is now recognized by the Canadian Association of Dermatology by means of its Skin Health Program™. Finally, on September 28, 2017, the Company announced the signature of its first exclusive marketing and distribution agreement with Altius Healthcare Inc. ("Altius") to distribute his anti-aging patented treatment, Purgenesis™, in Canada. These two events having been realized after the closing of the exercise, refer to the Note 21 of the audited financial statements as well as to section "Subsequent events" below.



Other highlights

On June 21, 2017, Devonian announced that the U.S. Patent and Trademark Office has recently issued Patent #9,555,068, entitled "Oral compositions and route of administration for the delivery of a thylakoid extract". The patent covers the oral delivery of thylakoid extract for treating or preventing a disease or disorder involving the formation of reactive oxygen species and inflammation in individuals. The patent also covers the use of thylakoids as a food or a food supplement, as a pellet, as encapsulated granules or powder.

On the same day, Devonian announced that the U.S. Patent and Trademark Office has recently granted a trademark for R-Spinasome®, the active ingredient of its Purgenesis™ derma-cosmetic products.

5. SUMMARY OF OPERATING RESULTS

General Financial informations

	Year ended	
	July 31, 2017	July 31, 2016
	\$	\$
Expenses		
Research and development expenses	426,505	536,991
General administrative expenses	1,513,346	1,162,713
Financial expenses	575,083	588,873
Operating results	(2,514,934)	(2,288,577)
Business acquisition fees	(1,618,970)	-
Gain on settlement of a debt		45,531
Results before income taxes	(4,133,904)	(2,243,046)
Net loss	(4,375,715)	(1,823,046)
Loss per share	(0.126)	(0.073)
Total assets	11,558,386	10,074,520
Total non current liabilities	3,099,339	1,163,415

Net loss

For the year ended July 31, 2017, the net loss amounted to \$4,375,715 (\$0.126) per share compared to a net loss of \$1,823,046 (\$0.073) per share for the previous year. This decrease is essentially attributable to the business acquisition fees of \$1,618,970, regarding to the merger with Capital Oretto Inc. (a non-cash expense), the increase of the general administration expenses, partly compensated by the decrease of the research and development expenses incurred and the financial expenses.



Revenues

During the year ended July 31, 2017, as well as for previous year ended on that date, no income was recorded by the Company. The management of the Company is continuously looking at different business opportunities to broaden its potential projects. During the last year, the Company evaluated different strategies with potential partners to market its derma-cosmeceutical products and thereby generate sources of income in the near future. Despite the seriousness of the discussions, no firm contract has been concluded as of July 31, 2017.

However, on September 28, 2017, the Company announced the signature of its first exclusive marketing and distribution agreement with Altius Healthcare Inc. ("Altius") to distribute his Purgenesis™ patented anti-aging treatment in Canada. This event having been realized after the end of the financial year, refer to the Note 21 of the audited financial statements as well as to the section "Subsequent events" below.

A US-based company has initiated a due-diligence on Devonian's derma-cosmeceutical products with interest for the US territory.

Research and development expenses

The breakdown of research and development expenses is as follows:

	Year ended July 31, 2017	Year ended July 31, 2016
	\$	\$
Patents	160,411	139,381
Salaries and employee benefits	132,261	186,297
Dermatitis Atopic, Phase II	55,663	
Quality assurance process & offsite extraction activities	18,169	166,213
New products development	5,637	10,315
Consultant Fees	16,800	-
Statistical analyses	12,562	27,685
Applications study of Thykamine™	25,002	7,100
	<u>426,505</u>	<u>536,991</u>

During the year ended July 31, 2017, research and development expenses amounted to \$426,505 compared to \$536,991 for the previous year. These expenses are essentially attributable to the expenses for the maintenance of the patents, the payroll of the employees allocated to this sector, the offsite extraction activities, to the Atopic Dermatitis clinical study and also for statistical analyses and consultant fees while for the previous year they were attributable to the maintenance of the patents, the payroll of the employees allocated to this sector, the expenses related to the validation procedures and offsite extraction activities and for statistical analyses.



Operating expenses

General administrative expenses

The breakdown of General administrative expenses is as follows:

	Year ended July 31, 2017	Year ended July 31, 2016
	\$	\$
Salaries and employee benefits	403,601	369,393
Stock based compensation	194,627	
Professional fees	281,452	180,962
Depreciation	276,546	275,892
Property taxes	107,617	82,995
Others	249,503	253,471
	<u>1,513,346</u>	<u>1,162,713</u>

For the year ended July 31, 2017, general administrative expenses amounted to \$1,513,346 compared to \$1,162,713 for the year ended July 31, 2016. This increase over the year ended July 31, 2016, is mainly due to the increase in professional fees related to the preparation and revision of the prospectus, to the increase in payroll since some employees were hired during the previous fiscal year as well as property taxes, due to late adjustments made by the municipality during the quarter ended January 31, 2016, but related to the acquisition of the PurGenesis' assets in 2015. In addition, for the 2017 fiscal year, a charge of \$194,627 (non-cash expense) was recorded as stock-based compensation related to the Company's new stock option plan, while in 2016, this plan was non-existent.

Financial expenses

Financial expenses amounted to \$575,083 for the year ended July 31, 2017. These expenses are mainly attributable to the debt incurred with Investissement Québec for the purchase of the Company's assets in April 2015 as well as the interest and amortization of the discount for a total amount of \$153,791 related to the convertible debentures issued during the last two fiscal years.

6. FOURTH QUARTER

Net loss

For the quarter ended July 31, 2017, net loss amounted to \$2,770,858 (\$0.050) per share. For the same period ended July 31, 2016, the Company realized a net loss of \$391,771 (\$0.016 per share). This decrease in net income is mainly attributable to the acquisition costs of a business of \$1,618,970 related to the merger with Capital Oretto Inc. (a non-cash charge) and an increase in general expenses, partly offset by lower research and development costs and financial expenses. The Company, which currently has no sales, incurs expenses in operating costs, including financial and administrative costs as well as research and development costs necessary for the development of its products and for the preparation of its clinical trials.

Revenues

During the quarter ended July 31, 2017, no revenues were recorded by the Company. For the same corresponding period in 2016, no revenues were recorded. However, negotiations have begun with a Canadian pharmaceutical company for the distribution of Devonian's derma-cosmeceutical products in Canada.

A US company has initiated a diligent review of Devonian's derma-cosmeceutical products with an interest in distribution in the United States.



Research and development expenses

The breakdown of Research and development expenses is as follows:

	3 months ended July 31, 2017	3months ended July 31, 2016
	\$	\$
Patents	54,250	13,919
Salaries and employee benefits	25,577	53,429
Quality assurance process & offsite extraction activities	4,504	1,526
Dermatitis Atopic, Phase II	55,663	
New products development	5,637	-
Statistical analyses	10,776	-
Applications study of Thykamine™		5,750
	156,407	74,624

During the quarter ended July 31, 2017, research and development costs are set to \$156,407. These expenses are mainly attributable to fees related to patents, the payroll of employees assigned to this sector, the costs incurred in the clinical study on atopic dermatitis and the costs of offsite extraction activities. Research and development expenses of \$74,624 were incurred for the same comparative period in 2016. The increase over the corresponding quarter of 2016 is mainly due to higher patent maintenance fees as well as expenses related to clinical study initiated in June 2017, partially offset by a decrease in the payroll, following the departure of an employee assigned to this sector.

Operating expenses

General administration expenses

The breakdown of General administrative expenses is as follows:

	3 months ended July 31, 2017	3 months ended July 31, 2016
	\$	\$
Salaries and employee benefits	99,361	100,319
Stock based compensation	194,627	
Professional fees	77,862	8,491
Depreciation	69,747	69,593
property taxes	27,370	27,018
Others	97,908	46,499
	566,875	251,920

For the quarter ended July 31, 2017, employees' salaries and benefits in the amount of \$99,361 are mainly related to the members of the management. For the same period ended July 31, 2016, salaries and benefits expenses of \$100,319 were also attributable to the members of the management.

For the three-month period ended July 31, 2017, a stock-based compensation expense of \$194,627 (a non-cash charge) was recorded following the granting of 1,160,000 options to members of the Board of Directors, to consultants and employees, in



accordance with the stock option plan approved by the Board of Directors on October 25, 2016 and at the shareholders' meeting on November 25, 2016. For the same corresponding period of 2016, no stock-based compensation expense was recognized as the plan was not yet in place.

For the quarter ended July 31, 2017, professional fees of \$77,862 are mainly related to expenses incurred in connection with the merger with Orletto and the Company's initial public offering. For the corresponding period in 2016, professional fees of \$8,491 were mainly related to corporate work.

For the quarter ended July 31, 2017, amortization expenses of \$69,747 is mainly related to all tangible assets acquired in April 2015. For the corresponding period of fiscal 2016, amortization expenses of \$69,593 was also due to all tangible assets acquired in April 2015.

For the three-month period ended July 31, 2017, the property taxes of \$27,370 are related to the Montmagny site while they were \$27,018 for the same period in 2016.

For the three-month period ended July 31, 2017, other expenses of \$97,908 are mainly attributable to the Montmagny site's operating expenses, travel expenses, office expenses and expenses related to the Company's IPO. This increase, compared to the same quarter last year, is mainly due to the Company's IPOs, which amounted to \$37,785.

Financial expenses

During the three-month period ended July 31, 2017, financial expenses of \$98,494 are mainly related to long-term debt and convertible debentures. For the corresponding period of 2016, financial expenses of \$154,267 were mainly related to long-term debt. The decrease from the same period in 2016 is due to lower financial expenses related to the debentures that were converted on May 12, 2017 into Company securities.

7. SELECTED QUATERLY FINANCIAL INFORMATION

	Quarter ended								
	July 31 2017	April 30 2017	January 31 2017	October 31 2016	July 31 2016	April 30 2016	January 31 2016	October 31 2015	July 31 2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	-	-	-	-	-	-	-	-	-
Net income (loss)	(2,770,858)	(604,808)	(598,663)	(401,386)	(391,771)	(445,582)	(521,317)	(464,375)	1,922,555
Basic income (loss) per share	(0.050)	(0.021)	(0.022)	(0.014)	(0.016)	(0.018)	(0.021)	(0.018)	0.089
Diluted income (loss) per share	(0.050)	(0.021)	(0.022)	(0.014)	(0.016)	(0.018)	(0.021)	(0.018)	0.086



8. FINANCIAL SITUATION

Liquidity and capital resources

As at July 31, 2017, the Company had cash totaling \$2,204,883 compared to \$528,396 as at July 31, 2016. For the year ended July 31, 2017, the net cash increase of \$1,676,487 is mainly attributable to \$4,122,926 generated by financing activities partially offset by expenses incurred to finance general operations and investing activities. The Company believes that it will be able to adequately finance its operations and meet its cash requirements over the next 12 months.

Total assets as at July 31, 2017 were \$11,558,386 compared to \$10,074,520 as at July 31, 2016. The increase is mainly due to the cash increase of \$1,676,487. On July 31, 2017, total liabilities were \$3,370,062 compared to \$5,947,106 as at July 31, 2016, a decrease of \$2,577,044. This decrease is mainly due to the reduction of the payables by \$282,589, the long-term debt decrease of \$1,131,040 as well as the conversion of debentures in titles of the Company, which reduced the debt for an amount of \$1,091,259 and finally the deferred income tax decrease of \$72,156.

Financing activities

The increase in cash generated by financing activities for the year ended July 31, 2017, is attributable to proceeds of \$138,500 for the issuance of new debentures, \$1,638,571 for the issuance of 5,461,897 shares following the exercise of warrants, \$4,030,670 for the Corporation's public issue of 5,374,232 units at a price of \$0.75 per unit, less the \$403,067 commission and finally \$130,125 following the issuance of 173,500 units in a non-brokered private placement. To date, the Company has financed its operations through private placements of common shares and warrants as well as the issuance of convertible debentures.

The Company's profitability is based on factors such as its ability to market, sell and distribute its derma-cosmeceutical products, the success of various clinical studies as well as the various approvals of regulatory bodies as well as the ability to obtain the necessary funding. The Company's ability to continue as a going concern depends on its ability to realize other types of financing and its ability to generate profitable sales.

9. OUTSTANDING SHARE DATA

On November 24, 2017, the number of issued and outstanding shares was 58,784,787 while the number of outstanding options granted under the stock option plan was 1,320,000. The Company also had 4,217,782 common shares warrants entitling the holders to subscribe for one Subordinate Voting Share of the Company at a price of \$1.10 per share. Finally, there were 537,423 broker warrants issued and outstanding (Refer to note 13 to our financial statements).

10. RELATED PARTY TRANSACTIONS

The principal officers of the Company are the President, and the directors. During the three-month period and the year ended July 31, 2017, the Company paid them total compensation of \$143,000 and \$263,000, respectively.

During the three-month period and the year ended July 31, 2017, the Company paid \$8,000 and \$32,000, respectively, to the President's spouse who was acting as the Controller under the direction of the Chief Financial Officer until May 30, 2017. As part of its stock option plan, the Company has also granted 140,000 options as compensation based on shares.

These transactions were carried out under terms equivalent to those that prevail in arm's length transactions.



11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Use and impact of financial instruments

The main financial instruments used by the Company come from its operating activities, namely its accounts payable and the recovery of taxes paid on its purchases. Its financing activities carried out during the fiscal year ended July 31, 2017 resulted in the issuance of convertible debentures and securities of the Company whereas during the fiscal year ended July 31, 2016, they gave rise to the issuance of convertible debentures and common shares.

Exchange rate risk

During the year ended July 31, 2017, the Company completed a few foreign currency transactions with a minimum value. Management will evaluate options to deal with future changes in the Canadian dollar against the US dollar, should the value of foreign currency transactions be significant. Financial charges as well as general administrative expenses could be influenced by these financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the risk of interest rate fluctuations on its loan with Investissement Québec, which bears interest at a variable rate. Based on the net exposures presented above as at July 31, 2017, and assuming all other variables remain constant, a 1% increase or decrease in the interest rate would result in an increase or decrease of approximately \$32,597 of the net loss of the Company for the full year.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations related to financial liabilities. On 31 July 2017 the Company had current liabilities of \$270,723. The Company's operating and capital expenditure budgets as well as major operations outside the normal scope of its operations are reviewed and approved by the Board of Directors. The Company monitors its liquidity, which makes it possible to seek additional liquidity in a timely manner.

Risks and uncertainties

The Company's operations involve risks and uncertainties specific to its business that could have an impact on its business, financial condition and results of operations. Conducting clinical trials requires the recruitment of patients, and difficulties in recruiting patients could delay the completion of our clinical trials or result in non-completion. In addition, because our human resources are too limited to conduct preclinical studies and clinical trials, we will need to rely on a service provider to conduct our studies and trials and to perform certain data collection and analysis processes. Preclinical or non-clinical studies must be conducted in accordance with good laboratory practice and must conform to the international governance standards of the International Council for Harmonization (ICH). If for any reason, including as a result of failure to comply with the rules and regulations governing the conduct of preclinical studies and clinical trials, or if he neglects to fulfill his contractual obligations in accordance with the terms of the agreements concluded with us, such as failing to conduct tests, compile data or produce reports as a result of testing, we may be subject to delays that may be significant in our commitments.

Risks related to our shares

The price of our shares has been volatile, and an investment in our common shares could suffer a decline in value. Since our listing on the TSX Venture Exchange (TSXV), our valuation and the price of our shares have fluctuated and have had no material relationship to our financial results, asset values, book values, current or historical, or many other criteria based on conventional measures of the value of common shares. Our share price will continue to vary based on a number of factors,



including the risk factors described herein and other circumstances beyond our control. The value of an investment in our common shares or our common share purchase warrants, or both, may fall significantly or vary significantly.

12. SUBSEQUENT EVENTS

On August 21, 2017, an executive employment agreement between the President and the company was approved by the board of directors.

The Company has committed to Investissement Québec, upon any subsequent financing by equity, to repay the loan of an amount equal to 5% of the gross proceeds of the financing if the amount raised is less than \$2,000,000 and to 10% of the gross proceeds of the financing if the amount raised is greater than \$2,000,000. Consequently, following the private placement closed on July 12, 2017, without the brokerage, the Company reimbursed Investissement Québec on August 21, 2017, an amount of \$6,506, corresponding to 5% of the total gross proceeds of \$130,125.

On August 25, 2017, Investissement Québec withdrew the Company's capital requirements at the end of each of its fiscal years:

- A ratio debt/equity of 2 maximum;
- A minimum ratio of working capital of 1.3;

On August 25, 2017, 40,000 stock options were exercised for a gross proceed of \$10,800.

On September 6, 2017, Devonian announced that Purgenesis™, the anti-aging treatment of Devonian Health Group, is now recognized by the Canadian Association of Dermatology by means of its Skin Health Program™.

On September 28, 2017, the Company announced that it has signed its first exclusive marketing and distribution agreement with Altius Healthcare Inc. to distribute its proprietary Purgenesis™ anti-aging treatment in Canada. The exclusive distribution agreement includes upfront payment for each treatment as well as up to 25% royalties based on sales. Altius expects to launch the product in Q4 2017. The product, which was recently recognized by the Canadian Dermatology Association through its Skin Health Program™, will be made exclusively available through certified Canadian dermatologists.

On November 16, 2017, the Company announced the filing of new patent application for Thykamine™. The patent application covers the use of Thykamine™ for the prevention and/or treatment of cardiovascular diseases.

13. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that may affect the amounts reported as assets, liabilities and income and expenses. These amounts reflect management's best estimate based on overall economic conditions and decisions based on the Company's most probable course of action. Any changes to these assumptions and estimates could have an impact on actual results. The audited financial statements for the year ended July 31, 2017 should be referenced for further details regarding significant accounting policies and estimates for the purpose of evaluating and understanding the financial statements of the Company. During the period ended July 31, 2017, no change in accounting policy that could have an impact on the financial statements has occurred.



Going concern

The Company has incurred losses since its inception and expects that this situation will continue in the foreseeable future. In addition, the Company has not developed any product capable of generating the volume of sales necessary to enable it to continue its activities without the intervention of external financing. The liquid assets of the Company are limited considering current projects. As a result, the Corporation's ability to continue as a going business is contingent upon its ability to obtain additional funding in a timely manner in order to successfully carry out its research and development projects and commercialize its products, to continue operations profitable and generate positive cash flows from operations. There can be no assurance in this regard.

Additional funds will continue to be required indefinitely as it is impossible to estimate when the Company will achieve profitability. Management is pursuing negotiations to obtain additional financing or to enter into various agreements to generate positive cash flow. The success of these negotiations is based on a number of factors beyond the control of the Company and its ability to successfully complete such financings is tinged with uncertainty.