



Q3-2022 MANAGEMENT REPORT FOR THE THREE-MONTH PERIOD ENDED APRIL 30, 2022

1. INTRODUCTION

This management report provides the reader with an overview of the activities and financial position of Groupe Devonian Inc. ("The Company") as of April 30, 2022. It also provides an overview of the Company's performance by comparing its operating results on a consolidated basis for the three-month and nine-month periods ending April 30, 2022, with those of the three-month and nine-month periods ending April 30, 2021. It should be read in conjunction with the Company's consolidated and audited financial statements for the years ended July 31, 2021, and July 31, 2020. The financial data contained in this Management's Discussion & Analysis report have been prepared by the Management, in accordance with the International Financial Reporting Standards (IFRS), based on the information available as of June 21, 2022. 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. On May 12, 2017, the Company was continued under the Canada Business Corporations Act. Acquired on February 1, 2018, Altius Healthcare Inc., a corporation governed by the Business Corporations Act (Ontario), is a wholly owned subsidiary of Devonian Health Group Inc.

The first family of active ingredients available to the Company is currently extracted from organic baby spinach. The flagship product of the Company, 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 facility in Montmagny, Devonian also has skin care products developed with the same approach as its pharmaceutical products. The first 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 Purgenesis™. Purgenesis™ have earned the designation of being the first product distributed by dermatologists to be recognized by the Skin Health Program™ of the Canadian Dermatology Association. Backed by objective medical specialists and led by an Expert Advisory Board, the CDA Program provides advice for the maintenance of healthy skin, hair, and nails.



This product is patented in Canada, Europe, Japan, and United States.

About Altius Healthcare

Based in Concord, Ontario, Altius Healthcare is a specialty pharmaceutical company focused on the acquisition and licensing of safe and innovative medicines and health products designed to help people of all age to lead a healthier life. Altius then leverages its expertise in the commercialization activities required to successfully launch and distribute these drugs in Canada.

Altius' current portfolio includes two pharmaceutical drugs: Pantoprazole magnesium and Cleo-35.

Pantoprazole Magnesium belongs to the family of medications called proton pump inhibitors (PPIs). Proton pump inhibitors are used to relieve symptoms of acid reflux or gastroesophageal reflux disease (GERD) also known as heartburn or acid regurgitation. They are also used to treat conditions requiring reduction of stomach acid, such as gastric (stomach) or duodenal (intestinal) ulcers, in combination with antibiotics in many instances.

Cleo-35® is a drug that contains a combination of two ingredients: cyproterone and ethinyl estradiol. Cyproterone belongs to a group of medicines called antiandrogens. Ethinyl estradiol belongs to a group of medicines called estrogens. Together, they are used to treat hormonal acne in women. This medicine works by regulating the hormones affecting the skin.

Devonian Health Group's business strategy is also to build a portfolio of complementary products that are compatible with its expertise and technology, which will help it achieve revenue and cash flow to enable it to realize its research projects and create value for its shareholders.

4. SUMMARY FOR THE QUARTER ENDING APRIL 30, 2022

A) FINANCING

During its third quarter of fiscal 2022, 1,311,553 subordinate voting shares were issued at a price of \$0.352, for total consideration of \$461,667. These shares were issued in settlement of the total amount of \$461,667 due to a consultant of the Company's wholly owned subsidiary, Altius Healthcare Inc., which was assumed by the Company.

On February 4, 2022, the Company issued 100,822 units, at a unit price of \$0.50 in exchange for the \$50,411 of interest it owed as of January 19, 2022, to the holder of debentures issued in July 2018. Each unit consists of one subordinate voting share and one warrant. Each warrant entitles its holder to subscribe to one subordinate voting share of the Company at a price of \$0.65 for a period of 48 months following their date of issue.

In March 2022, the Company issued 73,540 units, at a unit price of \$0.47 in exchange for the \$34,564 of interest it owed as of February 28, 2022, to holders of convertible debentures issued in August 2018. Each unit consists of one subordinate voting share and one warrant. Each warrant entitles its holder to subscribe to one subordinate voting share of the capital stock of the Company at a price of \$0.61 for a period of 48 months following their date of issue.

The Company also issued 700,000 subordinate voting shares at a unit price of \$0.25 following the exercise of 700,000 warrants, for a gross amount of \$175,000.

B) RESEARCH AND DEVELOPMENT

i) Atopic dermatitis (AD)

The positive results of this study, which several were disclosed during the previous fiscal year, allow the Company to continue, possibly with a pharmaceutical partner, in phase 3 of clinical development in adult patients.

The final manuscript on the results of the clinical study of atopic dermatitis in adults has been submitted and accepted by a peer-reviewed scientific journal, for publication in the *Journal of Drugs in Dermatology*, which is expected to appear in the fall 2022, in a special issue dealing with atopic dermatitis.

The phase 2 study protocol, in the pediatric population, has been written and is being reviewed by an opinion leader in pediatric dermatology. The protocol must then be submitted to an ethics committee for approval, after which it must be submitted to Health Canada for final approval.

About Atopic Dermatitis (AD)

Atopic dermatitis (AD), also known as eczema, is a type of inflammation of the skin. This results in itching, redness, swelling and cracking that can lead to secondary infection. The condition usually begins during childhood with changing severity over the years. Although the cause of AD is unknown, it is thought to involve genetics, a weakened immune system, and may be triggered by environmental factors. AD is the most common skin disease, and its prevalence continues to increase worldwide. There is currently a pressing need for new, effective, and well tolerated therapeutic options for AD.

ii) Other pharmaceutical applications of Thykamine™

Hand and Foot Syndrome (HFS) associated to chemotherapy

Hand-foot syndrome (MPS), a well-documented adverse effect of many chemotherapeutic agents whose prevalent characteristic manifestations include erythema, dysesthesia, pain, cracking, and scaling.

Discussions have been initiated with a hospital dedicated to cancer research, for the design and implementation of a clinical trial (proof of concept) in a population of cancer patients. Such a study would be initiated during the second quarter of 2023.

Radiodermatitis associated to radiotherapy

Radio dermatitis (radiation dermatitis, radiation-induced skin reactions, or radiation injury) is one of the most common side effects of ionizing radiation applied in radiotherapy of carcinoma of all locations, most commonly tumors in the breast region, head and neck, lung, and soft tissue sarcomas.

Despite its prevalence, there is no gold standard for its prevention and management. Many of the interventions currently in use are often based on anecdotal evidence, underpowered studies, or physician preferences. Additionally, trials evaluating topical agents have failed to demonstrate efficacy in the prevention and management of radiation-induced skin damage.

The anti-inflammatory, antioxidant, and immunomodulatory properties of Thykamine™ have been demonstrated by a considerable number of in vitro and in vivo studies. The Company believes that through the multi-target approach offered by Thykamine™, it could be effective for the prevention and treatment of radio dermatitis. The Company plans to initiate a phase 2 study (proof of concept) in Q2-2023.

A first version of the research protocol has been written and will be reviewed by a radiation oncologist. The full protocol will be thoroughly reviewed and drafted considering the comments thus obtained.



Mechanism of action of Thykamine™

A study on the mechanism of action of Thykamine™, initiated in a specialized laboratory during the previous fiscal year, continued during the first quarter of fiscal 2022. After obtaining positive results in June 2021, regarding the antioxidant properties of Thykamine™, the study of the bioavailability of Thykamine™ at the cellular level and of the properties of Thykamine™ related to the health of skin cells, was initiated in September 2021. Results are expected during the next quarter and could be included in the Thykamine™ regulatory file. In addition, the Company is of the opinion that these could be the subject of a patent.

Method of analysis

The development of a new analytical method to validate the biological activity of Thykamine™ after extraction began during the third quarter. This method will allow product stability studies with overall storage conditions compliant with GMP (Good Manufacturing Practice) and ICH (International Conference on Harmonization). Such data is required by regulatory agencies when approving pharmaceutical products for marketing.

About Thykamine™

Thykamine™, the first pharmaceutical product issued from the Devonian SUPREX™ platform, is a highly innovative product to use in the prevention and treatment of health problems related to inflammation and oxidative stress, including ulcerative colitis, atopic dermatitis, psoriasis, rheumatoid arthritis, and other autoimmune diseases. The anti-inflammatory, anti-oxidative and immunomodulatory properties of Thykamine™ have been demonstrated in a considerable number of in vitro and in vivo studies as well as in a phase IIa clinical study on patients with mild to moderate distal ulcerative colitis. Thykamine™ is currently being developed for ulcerative colitis and atopic dermatitis. Thykamine™ and the SUPREX™ platform are protected by several patents in North America, Europe, and Asia.

C) DERMA COSMECEUTICAL PRODUCTS

An agreement with a private Canadian company has been signed to carry out an assessment of business opportunities and a strategic study to facilitate the distribution of Purgenesis™ products in North America. This study will be carried out for the anti-aging treatment for women, consisting of day, night and eye contour creams, as well as for 2 other products, namely a serum and a regenerating balm, for which development began during of the second trimester. The report of this study was completed in May 2022.

During this third quarter, the Company made a significant supply of raw materials for future production of its Purgenesis™ brand derma cosmeceutical products. Like most players in this industry, Devonian faces slow supply chains for some of its raw materials.

About Purgenesis™ anti-aging Treatment

R-Spinasome®, an active complex of thylakoids extracted from organic green leaves, is the basis of the first anti-aging cosmeceutical treatment marketed under the Purgenesis™ product line. The structure of this complex is essential for its antioxidant action, which allows it to capture and dissipate the harmful energy generated by reactive oxygen derivatives (ROS), thus restoring the complex to a state ready to be subjected to new activation cycles. This regenerative capacity invests the R-Spinasome® complex with long-lasting antioxidant activity that is still unmatched. In a clinical study of 72 subjects, Purgenesis™ anti-aging treatment has been shown to provide anti-wrinkle, firmness and hydration results far superior to leading anti-aging creams. Made of a day cream, night cream and eye cream, the anti-aging



treatment is recognized by the Skin Health Program™ of the Canadian Dermatology Association. Purgenesis™ anti-aging treatment is protected by patents in Japan, Canada, United States and Europe (#JP5952261; #CDN 2,699,6795; #US 13 / 261,472; #EUR 11 768 299.7).

D) DIGITIZATION AND AUTOMATION

During the quarter ended April 30, 2022, the Company began a process of digitizing the collection of data collected during its extraction activities, for each of the workstations, in order to facilitate the accessibility of the results of the analyzes and increase the efficiency of data processing. This digitization process will be tested, in parallel, during the next extraction activities, and must subsequently be subject to regulatory verifications.

5. SUMMARY OF OPERATING RESULTS FOR THE QUARTER ENDED APRIL 30, 2022

NET LOSS

For the quarter ended April 30, 2022, net loss attributable to shareholders amounted to \$695,210 (\$0.006 per share) compared to a net loss of \$806,871 (\$0.01 per share) for the same period corresponding to the previous year.

As for the nine-month period, ended April 30, 2022, the net loss totaled \$2,667,125 (\$0.02 per share) compared to \$2,457,953 (\$0.028) per share for the same period. corresponding to the previous year.

This decrease in net loss for the third quarter of 2022 compared to the same quarter of the previous year is mainly attributable to an increase in distribution revenues, partially offset by an increase in administrative and research and development expenses. For the nine-month period, ended on the same date, the increase in the net loss compared to the previous year is mainly explained by an increase in administrative expenses which was not offset by the increase in distribution revenues

REVENUES

During the three-month period, ending April 30, 2022, total revenues of \$729,139 were recorded, mainly from the distribution of Cléo-35 and Pantoprazole Magnesium through its subsidiary Altius Healthcare. These revenues also come from royalties on the gross sales of products marketed by SkinScipac, according to the partnership with the American company SkinScipac Inc. (SkinScipac), announced in 2020.

For the same corresponding quarter of the previous fiscal year, revenues from Altius for the distribution of these two products amounted instead to \$255,109.

For the first three quarters of fiscal 2022, revenues totaled \$1,693,066 compared to \$1,139,995 for the same period of the previous fiscal year.

This marked increase in revenues is mainly attributable to sales of Pantoprazole Magnesium as well as the sustained growth in sales of Cléo-35. In March 2022, Altius Healthcare was able to take advantage of a unique opportunity with a major wholesaler who had run out of stock for a competing product. An advantageous pricing policy negotiated with the Pantoprazole supplier also explains part of this increase.

Management is still in discussions with a major company, with the intention of obtaining further distribution rights.

RESEARCH AND DEVELOPMENT

During the three-month period ended April 30, 2022, research and development expenses amounted to \$248,019, compared to \$118,054 for the same quarter last year. This increase is mainly attributable to the multiple extraction activities carried out during this period, as well as to the preparation of the research protocol for the next clinical study on pediatric atopic dermatitis.

In addition, costs have been incurred for the development of a new analytical method to validate the biological activity of Thykamine after extraction. This method will allow product stability studies with overall storage conditions



compliant with GMP (Good Manufacturing Practice) and ICH (International Conference on Harmonization). Such data is required by regulatory agencies when approving pharmaceutical products for marketing.

COST OF SALES

The cost of goods sold which amounted to \$448,305 for the third quarter fiscal 2022, is composed of acquisition, distribution, royalties, and direct expenses attributable to products sold by our subsidiary Altius Healthcare, as well as an amortization charge for intangible assets of \$181,695. For the same quarter of the previous fiscal year, these costs totaled \$360,675 and were also attributable to the same products sold by Altius and an amortization expense of \$189,948.

For the nine-month period, ended April 30, 2022, cost of sales totaled \$1,405,275 compared to \$1,301,813 for the same corresponding period of the previous fiscal year and had the same components, with depreciation charges intangible assets of \$541,637 and \$568,034, respectively.

This increase in the cost of sales is directly related to the increase in sales.

OPERATING EXPENSES

General administrative expenses

The allocation of positions related to overhead is as follows:

	Three-month period ended		Nine-month period ended	
	April 30, 2022	April 30, 2021	April 30, 2022	April 30, 2021
	\$	\$	\$	\$
Salaries	145,896	72,678	414,524	206,327
Stock based compensation	-	12,403	532,687	76,918
Professional Fees	39,246	29,469	287,681	177,359
Property taxes	27,214	27,235	83,807	80,729
Others	287,294	216,487	728,304	642,768
	499,650	358,272	2,047,003	1,184,101

For the quarter ended April 30, 2022, general administrative expenses amounted to \$499,650 compared to \$358,272 for the same period of the previous fiscal year. For the nine-month period ended April 30, 2022, general administrative expenses totaled \$2,047,003 compared to \$1,184,101 for the same corresponding period of fiscal 2021.

This increase compared to the corresponding periods of the previous fiscal year is mainly due to the increase in expenses relating to stock-based compensation, salary expenses and professional fees.

The increase in wages and social charges compared to those recorded during the corresponding periods of the previous fiscal year is mainly attributable to the subsidy under the government's Canada Emergency Wage Subsidy program for which the Company had benefited during the previous year, as well as salary adjustments made in November 2021.

The stock-based compensation expense of \$532,687, for the first three quarters of 2022 (a non-cash expense) is mainly composed of a charge recorded following the granting of 150,000 options to a director and consultant, in September 2021, as well as the granting, in November 2021, of 525,000 options and 820,000 options respectively to employees and members of management and directors of the Corporation. Finally, this expense also includes an amount recognized following the granting of 725,000 stock options granted to consultants in January 2022.



For the corresponding periods of the previous fiscal year, this charge, which amounted to \$12,403 and \$76,918 respectively, was related to options granted in December 2020 and between 2018 and 2019.

The increase in professional fees compared to the previous fiscal year is mainly due to the costs related to the preparation of the annual financial statements and those related to the various development projects and corporate affairs of the Company. In addition, for the first half of 2022, fees related to Devonian's OTCQB listing have been incurred.

Other expenses total \$287,294 for the quarter ended April 30, 2022, and \$728,304 for the nine-month period ended on the same date. These costs are attributable to operating costs, management fees and promotional costs for products distributed by Altius, as well as various operating costs for the Montmagny site, travel costs, office supplies and those related to the Company's stock market securities. These costs are relatively similar to those recorded during the same corresponding periods of the previous financial year.

FINANCIAL EXPENSES

Financial expenses amounted to \$228,375 and \$397,031 respectively, for the quarter and the nine-month period, ended April 30, 2022, compared to \$224,979 and \$633,489 for the same corresponding periods of the fiscal year. Among these financial expenses recorded until April 30, 2022, \$223,433 is attributable to the interest paid on the long-term debt. Financial expenses also include non-cash charges totaling \$462,149 related to the amortization of the discount on debentures and interest charges payable in units of the Corporation. In addition, an unrealized gain of \$287,077 on the change in the fair value of the derivative embedded in the convertible debentures issued in July 2018 and August 2018 was recognized during the 1st half of fiscal 2022, thus significantly reducing financial expenses compared to the previous year.

These non-cash charges instead totaled \$357,045 for the corresponding nine-month period of the previous year, whereas it was instead an unrealized loss of \$48,770 that had been recorded for the change in the fair value of the derivative incorporated into the convertible debentures, mainly explaining the decrease in financial expenses incurred for the current period.

6. QUARTERLY INFORMATION

	Quater ended								
	April 30, 2022	January 31, 2022	October 31, 2021	July 31, 2021	April 30, 2021	January 31, 2021	October 31, 2020	July 31, 2020	April 30, 2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	729,139	523,504	440,423	334,695	255,109	342,967	541,919	324,115	379,362
Net (loss)	(695,210)	(1,123,688)	(848,227)	(888,727)	(806,871)	(846,031)	(805,051)	(1,244,979)	(990,893)
Net (loss) per share	(0.006)	(0.009)	(0.009)	(0.009)	(0.009)	(0.010)	(0.010)	(0.014)	(0.013)
Diluted (loss) per share	(0.006)	(0.009)	(0.009)	(0.009)	(0.009)	(0.010)	(0.010)	(0.014)	(0.013)

7. FINANCIAL SITUATION

Liquidities and capital resources

As of April 30, 2022, the Company had cash available, totaling \$9,488,337 compared to \$344,795 as of July 31, 2021. For the nine-month period ended April 30, 2022, the net increase in cash of \$9,143,542 \$ is mainly attributable to financing activities totaling \$10,934,446 which were only partially offset by funds used for operating activities totaling



\$1,720,567 and investing activities totaling \$70,337. The Company estimates that it will be able to adequately fund its operations and meet its cash requirements over the next 12 months.

Total assets as at April 30, 2022 amounted to \$23,420,437 compared to \$14,607,745 as at July 31, 2021. The increase is mainly due to the increase in cash, generated through private placements.

Total liabilities as at April 30, 2022 amounted to \$6,366,732 compared to \$7,084,260 as at July 31, 2021, a decrease, mainly due to the reduction in operating debts, which occurred following the settlement of an amount due to a consultant of Altius Healthcare Inc., totaling \$461,667 which was borne by the Company, through the issuance of 1,311,553 subordinate voting shares at a unit price of \$0.352. Among these liabilities, a total of \$1,662,441 of debentures will be converted into Company units during the months of July and August 2022. Accrued amounts of \$71,282, payable in Company units and related to interest payable on the convertible debentures are also part of the total liabilities.

Financing activities

Net cash provided by financing activities for the nine-month period ended April 30, 2022, is mainly attributable to the net proceeds of \$10,763,182 for the issuance of new shares and warrants through private placements occurred during the months of September 2021 and November 2021 as well as the exercise of 700,000 warrants exercised for a gross amount of \$175,000.

Until now, the Company finances its activities through private placements of common shares and subscription rights as well as the issuance of convertible debentures and operating income generated by its subsidiary.

The Company's profitability is based on factors such as its ability to market, sell and distribute its cosmeceutical and pharmaceutical products, the success of the various clinical studies and the various approvals from regulatory bodies, as well as the ability to obtain the necessary financing. for the continuation of his projects. The Company's ability to continue operations on a going concern basis depends on its ability to secure other types of financing and its ability to generate profitable sales.

8. OUTSTANDING SHARE DATA

As of June 21, 2022, the number of issued and outstanding shares reached 131,138,634 while the number of outstanding options granted under the issued and exercisable stock option plan was 8,785,000, exercisable at a price ranging from \$0.12 to \$1.20. The Company also had 43,763,447 warrants, allowing holders to subscribe for one subordinate voting share of the Company at a price ranging from \$0.15 per share to \$0.64.

9. RELATED PARTY OPERATIONS

The principal officers of the Company are the President, the President of the subsidiary, the interim Chief Financial Officer, and the directors. During the nine-month period, ended April 30, 2022, the Company paid them total compensation of \$810,699, including \$381,639 in salaries and benefits, \$150,000 in management expenses and \$279,060 under the form of stock-based compensation.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Use and impact of financial instruments

The main financial instruments used by the Company arise from its operating activities, namely through its accounts payable, the recovery of taxes paid on its purchases, refundable tax credits on research and development expenses,



and through its sales. Its financing activities carried out during the nine-months period ended April 30, 2022, mainly resulted in the issuance of Company securities.

Exchange rate risk

During the nine-month period ended April 30, 2022, 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 debt with the Private Lender Group, which bears interest at a variable rate. Based on the net exposures presented above as at April 30, 2022 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 \$26,250 of the net loss of the Company for the nine-month period, ended April 30, 2022.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in honoring commitments associated with financial liabilities. As of April 30, 2022, the Company had current debts of \$1,115,953. Of these current debts, \$71,282 is attributable to interest payable in Company units. The operating and The Company's investment expenditures as well as major transactions outside the normal scope of its activities are examined and approved by the Board of Directors.

Risk of economic dependence (Altius)

The revenues of Altius Healthcare (Altius) currently come from the sale of Cléo-35 and Pantoprazole Magnesium. Altius obtains its supplies from third parties and cannot be sure of the manufacture and delivery of these drugs, despite reports of forecasts provided to them.

A break in the supply of Pantoprazole Magnesium would have a negative impact on the company's revenues. In order to reduce the associated economic risk, Altius' strategy is to acquire rights to market other pharmaceutical products.

Risks related to research and development operations

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 several 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.

11. CRITICAL ACCOUNTING POLICIES AND ESTIMATE

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 consolidated and audited financial statements for the year ended July 31, 2021, 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.

Continuity of operations

The Company has incurred losses since its inception and expects that this situation will continue in the foreseeable future. The Company's liquidities are limited considering its ongoing projects. Consequently, the Company's ability to continue as a going concern depends on its ability to obtain, in a timely matter, further financing to complete research and development projects and market products, achieve profitable operations while generating positive cash flows. No assurance can be given in that matter. Further financing will continue to be required since it is impossible to estimate when the Company will achieve profitability. Management continues to negotiate further financing and different agreements that could create positive cash flows. The success of these negotiations is contingent on many factors outside the Company's control and there is substantial uncertainty about the Company's ability to successfully complete such financings and agreements that may cast significant doubt on the Company's ability to continue as a going concern. However, the Company believes that the private funding obtained during November 2021 will allow it to pursue its promising research projects.