Q1-2023
MANAGEMENT REPORT
FOR THE THREE-MONTH PERIOD ENDED OCTOBER 31, 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 October 31, 2022. It also provides an overview of the Company's performance by comparing its operating results on a consolidated basis for the three-month period ending October 31, 2022, with those of the three-month period ending October 31, 2021. It should be read in conjunction with the Company's consolidated and audited financial statements for the years ended July 31, 2022, and July 31, 2021. 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 December 22, 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.

Objectives 2023

The Company's main commercial business objectives for the current fiscal year ending July 31, 2023, subject to proper financing being secured in a timely manner, are, in no particular order, the following:

- Initiate a set of clinical trials with the Company's lead product, the Thykamine™ ("Thykamine"), an active lead drug candidate with excellent safety and efficacy profiles confirmed in several pre-clinical and clinical studies targeting inflammation, including:
  - (i) A phase 2 clinical trial in pediatric population suffering of mild-to-moderate atopic dermatitis, also know as eczema:
  - (ii) A phase 3 clinical study in adult population suffering of mild-to-moderate atopic dermatitis;
  - (iii) A phase 2 of proof of concept ("POC") clinical study in patients with hand-and-foot syndrome associated to chemotherapy;
  - (iv) A phase 2 POC clinical study in patients with radiodermatitis associated to radiotherapy.

- Finalization, in compliance with the current good manufacturing practice ("cGMP") of the FDA, of state-of-the-art quality assurance system using cell-based assay.

- Investigation of Thykamine's mechanisms of action within the skin.

- Continuing the current distribution of two (2) products though Altius Healthcare, namely the Pantoprazole Magnesium and Cléo-35 ® ("Cléo-35") and generating revenues from the sale of these products to help offset some of the research and development costs of the Company.

4. SUMMARY FOR THE QUARTER ENDING OCTOBER 31, 2021

A) RESEARCH AND DEVELOPMENT

i) Atopic dermatitis (AD)

The positive results of this study which 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.
Following the positive results in the adult population, the Company decided to carry out a clinical study on Atopic Dermatitis (AD) in the pediatric population. Following the drafting of the Phase 2 study protocol, in the pediatric population, drafted in fiscal year 2022, the Company continues to prepare for this study with the assistance of its service providers for the management of the clinical study and the manufacture of creams for the latter. Disruptions in the supply chain are delaying the manufacture of the creams needed for the study. The Company believes it will be able to initiate the clinical study in early 2023.

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) Thykamine™ mechanism of action

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 year 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 the properties of Thykamine ™ linked to the health of skin cells, was initiated in September 2021. A full report was provided early December 2022. Results demonstrated that Thykamine™ may act at all phases of wound healing. The Company is currently working with its patent agent to file a new patent.

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.

iii) Other pharmaceutical applications of Thykamine™

Hand and Foot Syndrome (HFS) associated to chemotherapy
Hand-foot syndrome (HFS), 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 (POC)) with a population of cancer patients. A draft protocol has been written and will be reviewed by oncologists in early 2023. A special cream formulation has been developed and is currently in stability testing.

Radiodermatitis associated to radiotherapy

Radiation dermatitis (radiation dermatitis, radiation induced skin reactions, or radiation injury) is one of the commonest side effects of ionizing radiation which is applied in radiotherapy of carcinoma of all localizations, most frequently of tumors of breast, head and neck region, lungs, and soft tissue sarcomas.
Despite its prevalence, a gold standard does not exist for its prevention and management. Many of the currently used interventions are often based upon anecdotal evidence, poorly powered studies, or physician preferences. Furthermore, trials evaluating topical agents have failed to demonstrate effectiveness in the prevention and management of radiation-induced skin injury.
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 may be effective for the prevention and treatment of Radiodermatitis. A first version of the research protocol has been written and will be reviewed by a radiation oncologist during the third quarter of 2023. The full protocol will be thoroughly reviewed and drafted taking into account the comments thus obtained.

A special cream formulation, for this application, has been developed and is currently in stability testing.

Stability assays

The development of a new analytical method to validate the stability and biological activity of Thykamine™ after extraction began during the third quarter of 2022. This method will allow stability studies of the product with conditions global storage practices compliant with GMP (good manufacturing practices) and ICH (International Conference on Harmonization). Such data is required by regulatory agencies when approving pharmaceutical products for marketing.

As this method must be based on a model using cultured cells, the Company selected from four cell strains, two strains having generated the most promising preliminary results. The next step will be undertaken by the end of 2022 and will aim to verify 3 batches of Thykamine™ on the two cell strains in order to select the one giving reproducible results. The selection process includes tests with 3 different lots of Thykamine™. This should be completed during the third quarter of 2023.
The cell strain thus selected will then be subjected to a validation process respecting good manufacturing practices (GMP). This new method will become the cornerstone of Thykamine™ quality control.

B) DERMA COSMECEUTICAL PRODUCTS

During fiscal year 2022, 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 has faced slow supply chains for some of its raw materials.
A new batch of cosmetic creams, whose production began during the quarter ended October 31, 2022, will be immediately available for, among others, our distributor in the Middle East as well as for the Canadian market.
The Company had initiated, during the last quarter of 2022, the development of 2 other products based on R-Spinasome®, namely a serum and a regenerating cream. These two products should be subjected to various cosmetic tests by the end of March 2023.

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).

C) FINANCING

On September 14, 2022, the Company issued 39,999 units following the conversion of debentures that had been issued on August 31, 2018, for a total consideration of $30,000. Each unit includes a subordinate voting share issued at a price of $0.75 and a warrant exercisable at a price of $0.95, for a period of 4 years following the date of their issuance.
As of October 7, 2022, the entire balance of $667,000 of convertible debentures had been repaid to holders.

On September 19, 2022, the Company issued 87,840 units to holders of debentures issued on August 31, 2018, at a unit price of $0.40. These units were issued in consideration for the interest owed to them as of August 31, 2022, for a total amount of $35,136. Each unit consists of one subordinate voting share and one warrant. Each warrant entitles its holder to subscribe for one subordinate voting share of the capital stock of the Company at a price of $0.52 for a period of 48 months following their date of issue.

The Company is subject to a dual listing on Canadian TSX venture and OTCQB venture stock exchange in USA. The Company has applied to graduate on OTCQX stock exchange. It is expected that, if accepted, the Company's securities will be traded on OTCQX by the end of the third quarter of 2023.

D) GOVERNANCE

On August 29, 2022, in order to face its new phase of development and further strengthen Devonian's management team, the Company proceeded to the appointment of Mr. Pierre Montanaro as President and Chief Executive Officer ("CEO "). Dr. André P. Boulet now assumes the role of Chief Scientific Officer ("CDS"). As for Ms. Sybil Dahan, she will assume the role of Chair of the Board of Directors.
The company also made changes to the executive and board of directors of Altius Healthcare, through the appointment of Mr. Pierre Montanaro as CEO and chairman of the board of directors of Altius ("CA"). The Altius Healthcare Board will also be made up of Messrs. Denis Poirier and Guy Dancosse.

E) COMMUNICATION

The Company participated in the "6th Annual Dermatology Drug Development Summit for Inflammatory Skin Diseases ("ADDDS")" held from November 1 to 3, 2022 in Boston, MA, United States.
During this summit, the Company presented the results of the phase 2 clinical trial of Thykamine™ in atopic dermatitis as well as other therapeutic applications targeting dermatological inflammations.

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" ("JDD").
This JDD article, entitled ''*Phase 2 Trial of Topical Thykamine™ in Adults with Mild to Moderate Atopic Dermatitis*'' was published in a special issue on atopic dermatitis during the month of October 2022.

In order to increase its visibility with the financial community, the Company entered into a service agreement with Renmark Financial Communications Inc. to manage its investor relations activities.
Moreover, the Company participated in two virtual tours, without transaction, of Renmark Financial Communications Inc. in New York and Boston. The topics discussed were related to the last corporate presentation addressed to investors followed by a live question-and-answer session.

5. SUMMARY OF OPERATING RESULTS FOR THE QUARTER ENDED OCTOBER 31, 2022

NET LOSS

For the quarter ended October 31, 2022, net loss attributable to shareholders amounted to $1,196,456 ($0.009 per share) compared to a net loss of $848,227 ($0.009 per share) for the same corresponding period of the previous year. This increase in net loss compared to the corresponding period of the previous fiscal year is mainly attributable to an increase in administrative expenses and research and development expenses, partially offset by a reduction in financial expenses and cost of sales.

REVENUES

During the first quarter of fiscal 2023, revenues of $410,353 were recorded, from the distribution of Cléo-35 and Pantoprazole Magnesium through its subsidiary Altius Healthcare. These revenues are similar to those recorded for the same corresponding period of the previous fiscal year, for the distribution of these two products which totaled $440,423.
The Company's management is continually exploring various business opportunities to maximize its revenue and profitability, with the intention of securing further distribution rights. A new contract for the distribution of another product is under negotiation while certain clauses must be specified.

RESEARCH AND DEVELOPMENT

During the three-month period ended October 31, 2022, research and development expenses amounted to $339,070, compared to $143,002 for the same quarter last year. These costs are mainly attributable to costs related to the clinical study on Atopic Dermatitis in the pediatric population, patent maintenance costs, the payroll of employees assigned to this sector as well as the amortization of tangible assets from the Montmagny extraction center. The increase in research and development expenses is mainly explained by the expenses incurred for the next Phase II clinical study on Atopic Dermatitis and is also related to the extraction activities in order to prepare the material for the clinical study.

COST OF SALES

The cost of goods sold, which amounted to $263,618 for the first quarter of fiscal 2023, is composed of the costs of acquisition, distribution, royalties, and direct charges attributable to the products sold by our subsidiary Altius Healthcare, as well as amortization of intangible assets of $37,809. For the same quarter of the previous fiscal year, these costs totaled $448,045 and were also attributable to the same products sold by Altius and an amortization expense of $189,673. This decrease in the cost of sales is directly related to the decrease in the amortization expense of a distribution contract.

OPERATING EXPENSES

General administrative expenses

The allocation of positions related to overhead is as follows:

	Three-month period ended October 31 , 2022		Three-month period ended October 31, 2021
	$		$
Salaries	180,492		106,641
Stock based compensation	216,050		36,402
Professionnel Fees	176,916		129,527
Property taxes	29,144		28,127
Others	304,715		199,667
	907,317		500,364

For the quarter ended October 31, 2022, administrative general expenses amounted to $907,317 compared to $500,364 for the quarter ended October 31, 2021. This increase over the corresponding period of the previous fiscal year is mainly due to higher payroll expenses, professional fees, stock-based compensation expenses and other expenses.

The increase in salaries and benefits compared to those recorded during the corresponding quarter of the previous fiscal year is mainly attributable to the appointment of Mr. Pierre Montanaro as President and Chief Executive Officer as well as salary adjustments made during the second quarter of 2022.

The stock-based compensation expense of $216,050 (a non-cash expense) stems from an amount recognized following the granting of 300,000 stock options to employees as well as 675 000 stock options to a consultant and members of the board of directors. For the quarter ended October 31, 2021, this charge, which amounted to $36,402, was mainly related to options granted to a member of management.

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.

The other costs, which total $304,715, are attributable to operating costs for Altius Healthcare and the Montmagny site, travel costs, management and consulting fees, board fees and miscellaneous supplies as well as costs related to securities of the Company's stock exchange. This increase compared to the corresponding period of the previous fiscal year is mainly related to costs incurred for the Board of Directors ‘fees.

FINANCIAL EXPENSES

Financial expenses amounted to $96,804 for the quarter ended October 31, 2022, compared to $197,239 for the same corresponding period of fiscal 2022. This decrease in financial expenses is mainly attributable to interest expenses and amortization of the discount on the debentures, which had been recorded during the three months ended October 31, 2021. These non-cash charges were reduced during the first quarter of 2023, due to the repayment of the debentures at the end of fiscal 2022 and in the current quarter.

6. QUARTERLY INFORMATION

	Three-month period ended								
	October 31, 2022	July 31, 2022	April 30, 2022	January 31 2022	October 31, 2021	July 31, 2021	April 30, 2021	January 31 2021	October 31, 2020
	$	$	$	$	$	$	$	$	$
Revenues	410,353	612,122	255,109	523,504	440,423	334,695	255,109	342,967	541,919
Net (loss) income	(1,196,456)	(781,177)	(695,210)	(1,123,688)	(848,227)	(888,727)	(806,871)	(846,031)	(805,051)
Net (loss) income per share	(0.009)	(0.006)	(0.006)	(0.009)	(0.009)	(0.009)	(0.009)	(0.010)	(0.010)
Diluted (loss) income per share	(0.009)	(0.006)	(0.006)	(0.009)	(0.009)	(0.009)	(0.009)	(0.010)	(0.010)

7. FINANCIAL SITUATION

Liquidities and capital resources

As at October 31, 2022, the Company had cash and cash equivalents totaling $6,261,484 compared to $2,805,191 in cash and $5,000,000 in guaranteed investment certificates as at July 31, 2022. The Company estimates that it will be able to adequately finance its activities and meet its cash requirements for the period up to the end of fiscal year.

Total assets as at October 31, 2022 amount to $19,938,791 compared to $21,586,071 as at July 31, 2022. The decrease in assets is mainly attributable to the decrease in liquidities as well as the reduction in tangible and intangibles as a result of amortization expense for the period.

Total liabilities as at October 31, 2022 amounted to $4,561,258 compared to $5,313,542 as at July 31, 2022, a decrease, mainly due to the repayment of the second tranche of debentures issued on August 31, 2018 as well as a decrease operating debts.

Financing activities

Cash generated from financing activities for the quarter ended October 31, 2022, is mainly attributable to proceeds from the sale of guaranteed investment certificates.

To date, the Company has financed 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 cosmetics and pharmaceutical products, the success of the various clinical studies, the various approvals of the 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.

8. OUTSTANDING SHARE DATA

As at December 22, 2022, the number of issued and outstanding shares was 134,687,309 while the number of outstanding options granted under the Stock Option Plan was 9,050,000. The Company also had 39,377,329 warrants entitling the holders to subscribe for one subordinate voting share of the Company at a price ranging from $ 0.15 to $ 0.95.

9. RELATED PARTY OPERATIONS

The principal officers of the Company are the President, the President of the subsidiary, the interim financial director and the directors. During the three-month period, ended October 31, 2022, the Company paid them a total compensation of $516,575, including $220,538 in salaries and benefits, $50,000 in management expenses, $114,917 in consulting and board fees and finally $131,120 in 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.

Exchange rate risk

During the three-month period ended October 31, 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, which bears interest at a variable rate. Based on the net exposures presented above as at October 31, 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 $8,822 of the net loss of the Company for the three-month period, ended October 31, 2022.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in honoring commitments related to financial liabilities. As at October 31, 2022, the Company had current debts of $ 968,938. The operating and capital expenditure budgets of the Company as well as major operations outside the normal framework of its activities are reviewed 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. SUBSEQUENT EVENTS

Between the period of December 8 to 20, 2022, the Company issued 3,420,835 subordinate voting shares, at a unit price of $0.15, for a total consideration of $513,125, following the exercise of 3,420,835 warrants that had been issued on December 29, 2020.

12. 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, 2022, 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.

13. CONTINUITY OF OPERATIONS

The Company is engaged on a process of developing botanical drugs and will have to obtain the necessary financing to continue its activities until the marketing phase of its products.
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.