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ZYUS LIFE SCIENCES CORPORATION

(FORMERLY PHOENIX CANADA OIL COMPANY LIMITED)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023

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TRADING SYMBOL: TSX-V: ZYUS

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") of the consolidated operating and financial performance of ZYUS Life Sciences Corporation as reported in its condensed consolidated interim financial statements (unaudited) for the three and nine-month periods ended September 30, 2024 with the corresponding period of 2023 (the "Financial Statements") has been prepared as of November 28, 2024. This discussion is the responsibility of Management and should be read in conjunction with the Company's Q3 2024 Financial Statements and notes thereto (unaudited) for the period ended September 30, 2024. All amounts referred to in this discussion are expressed in thousands of Canadian dollars, except where otherwise indicated. Per share amounts are expressed in Canadian dollars per share of ZYUS. The Board of Directors has approved the disclosure presented herein.

References to "ZYUS", the "Company", "we", "us", "our" or similar terms refer to ZYUS Life Sciences Corporation and its direct and indirect subsidiaries as at September 30, 2024.

This MD&A provides additional information on our business, current developments, financial condition, cash flows, and results of operations. It is organized as follows:

1. ***Part 1 – Business Overview.*** This section provides a general description of our business, which we believe is important in understanding the results of our operations, financial condition, and future trends.

2. ***Part 2 – Results of Operations.*** This section provides an analysis of operations for the three and nine-months ended September 30, 2024 and 2023.

3. ***Part 3 – Liquidity, Financial Resources, and Capital Structure.*** This section provides an analysis of our cash flow and outstanding debt and commitments, inclusive of the amount of financial capacity available to fund our ongoing operations and future commitments.

4. ***Part 4 – Statements of Financial Position.*** This section provides an analysis of our assets, liabilities, and shareholders' equity as at September 30, 2024 and December 31, 2023.

5. ***Part 5 – Material Accounting Policies and Estimates.*** This section identifies those accounting policies that are considered important to our results of operations and financial condition and require significant management estimates.

6. ***Part 6 – Additional Corporate Information.*** This section provides information on the Company's common share data and dilutive securities, business risks and uncertainties, Non-IFRS capital management measures and reconciliations, additional information and additional notes to the reader of this MD&A.

Readers should be aware that:

- This MD&A contains certain "forward-looking statements" and "forward-looking information" (collectively, "forward-looking information"). Please refer to the "Forward-Looking Statements and Information" included in the "Notes to Reader" section at the end of this MD&A.
- This MD&A has been prepared in accordance with the requirements of the securities laws in effect in Canada, which may differ materially from the requirements of United States securities laws applicable to US issuers.
- This MD&A refers to certain measures to assist in assessing financial performance. These "Non-GAAP Measures" such as Working Capital (Net Current Assets) should not be construed as alternatives to net income (loss) or other comparable measures determined in accordance with IFRS

as an indicator of performance or as a measure of liquidity and cash flow. Non-GAAP measures do not have standard meanings prescribed by IFRS and therefore are unlikely to be comparable to similar measures presented by other issuers. Definitions of each measure used are provided in the "Non-GAAP Measures" section included in the "Notes to Reader" section at the end of this MD&A.

- The technical and scientific information in this MD&A has been approved by qualified persons based on a variety of assumptions and estimates.

For a discussion of each of the above matters, readers are urged to review the "Notes to Reader" discussion within this MD&A.

PART 1 – BUSINESS OVERVIEW

Part 1 – Business Overview is presented and current as at the date of this MD&A.

Background

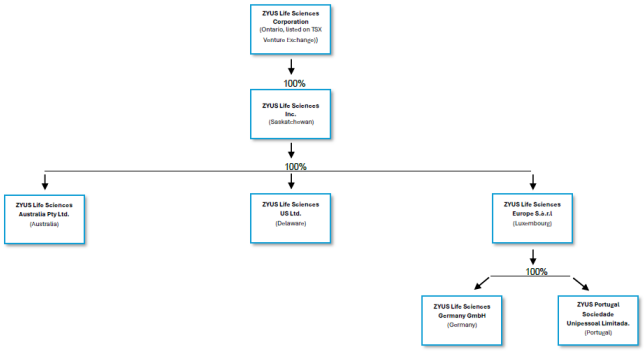
ZYUS Life Sciences Corporation (TSX-V: ZYUS) is a company domiciled in Canada that was incorporated under the *Business Corporations Act* (Ontario) (the "OBCA") on November 25, 1944. We are a life sciences company focused on the global development and commercialization of regulated cannabinoid-based drug candidates. In contrast to many of our cannabis sector competitors, our strategy is to focus exclusively on patients, rather than adult recreational users, by investing in scientific research, developing science-based, regulatory approved cannabinoid drug products and delivering consistently high quality, cGMP/EU GMP-compliant therapeutic products to the global medical market.

ZYUS Life Sciences Inc. ("ZYUS Inc.") is the Company's wholly owned subsidiary and was incorporated under the *Business Corporations Act* (Saskatchewan) on April 3, 2018. ZYUS Inc., is a licensed producer and distributor of medical cannabis under the *Cannabis Act* (Canada), receiving its first processing license from Health Canada in December 2019, first medical sales license in December 2020, first analytical license in February 2020 and its two research licenses in February 2020 (subsequently amended May 18, 2022) and February 2021 (subsequently amended April 7, 2022), respectively. The standard processing and sales licenses allowed ZYUS Inc. to commence direct sales to patients in Canada in the last quarter of 2020 and were renewed for an additional five-year term late in 2022.

The Company's head office is 407 Downey Road, Unit 204, Saskatoon, SK., Canada, S7N 4L8; its registered office is 3400-22 Adelaide Street W, Toronto, Ontario, Canada, M5H 4E3.

Intercorporate Relationships

As of the date of this MD&A, ZYUS currently has five wholly owned subsidiaries [(1)] as described in the table below:



(1) ZYUS formerly held a wholly owned Australian subsidiary, ZYUS S.H. Bio Manufacturing Pty Ltd., which had not engaged in any operations and was dissolved in January 2024.

Corporate Strategy and Goals

Our strategy is to take a science-based approach in the development of our products and focus exclusively on patients, rather than adult recreational users, by investing in scientific research, developing science-based, regulatory approved proprietary cannabinoid drug products and delivering consistently high quality, cGMP/EU GMP-compliant therapeutic products.

To execute on our vision, the principal elements of our strategy are:

- Implementation of a science-based approach to investigate the therapeutic potential of cannabinoids.
- Development of novel, proprietary drug candidates through execution of pre-clinical, non-clinical, and clinical research.
- Pursuit of intellectual property protection of drug candidates.
- Regulatory approval of our proprietary drug candidates by authorities such as the U.S. Food and Drug Administration ("FDA"), European Medicines Agency ("EMA"), and Health Canada and commercialization of these proprietary therapeutics as drug products approved for use in treatment of specific diseases and indications.
- Commercialization of our non-proprietary foundational products through Canadian and international exempt medical cannabis markets.
- Development of distribution networks to facilitate access to key international markets for our non-proprietary foundational products, thereby establishing market presence in advance of regulatory approval and commercialization of our proprietary drug candidates.
- Use of scientific evidence to educate the medical community and patients for the purpose of accelerating acceptance of cannabinoid-based therapeutics and expanding the addressable market for our non-proprietary foundational products and regulatory approved proprietary drug candidates.

We intend to implement these strategic elements by focusing on two core areas:

- Development, protection and regulatory approval of proprietary drug candidates from authorities such as the FDA, EMA and Health Canada; and
- Immediate commercialization of the Company's non-proprietary foundational products, such as cannabinoid oils, softgel capsules and topical creams, in Canada and those international markets where medical cannabis is legal.

ZYUS' first priority is to develop and seek FDA approval of its novel, proprietary drug candidates, with its lead research program targeting pain management. However, the ability to immediately commercialize exempt market therapeutics provides ZYUS with the unique opportunity to generate early revenues, develop a network of doctors prescribing cannabinoid-based products and utilize the Company's pharmaceutical grade manufacturing facility, thereby preparing for commercialization of ZYUS' drug candidates immediately following regulatory approval.

Since the inception of our wholly-owned subsidiary, ZYUS Life Sciences Inc., we have primarily been engaged in research activities to develop our proprietary drug candidates, intellectual property activities to protect our novel formulations and start-up activities in preparation to launch and grow our non-proprietary foundational product business operations nationally and internationally.

In order to manufacture our proprietary drug candidates for use in clinical trials and bring our drug candidates and non-proprietary foundational products to market, we have built a highly advanced, pharmaceutical grade production facility in Saskatoon, Saskatchewan which is cGMP and EU GMP compliant. This facility was utilized to manufacture our lead drug candidate for use in our first in human Phase 1 clinical trial respecting our lead drug candidate, Trichomylin® softgel capsules (the "Trichomylin® Phase 1 Trial") and will be used to manufacture the Trichomylin® softgel capsules required for all future clinical trials. We also use this facility to manufacture our non-proprietary foundational products for the exempt medical market.

Research and Scientific Overview

ZYUS has conducted extensive research on its proprietary drug candidates and used this research to develop its patent portfolio and support clinical trial activities. ZYUS' lead research program is focused on developing a highly purified cannabinoid formulation to treat chronic pain due to cancer, musculoskeletal injuries and arthritis.

We have conducted numerous non-clinical and pre-clinical studies on safety, toxicity and efficacy of ZYUS' drug candidates and investigated the influence major and minor cannabinoids have on modulating the physiological effect of cannabinoids, particularly single and combined cannabinoid treatments, in relevant animal models. Our pre- and non-clinical studies provide the foundation for clinical investigations of our drug candidates in humans.

ZYUS' lead/first drug product candidate in this program, Trichomylin® softgel capsules, is a fixed dose combination of cannabinoids formulated for treatment of chronic pain in adults. This formulation offers oral administration of highly purified cannabinoids in a controlled dosage that the company believes would be valuable for the treatment of patients who do not have an optimal response to stronger FDA approved medications, such as pregabalin, gabapentin, antidepressants (SSRIs/SNRIs) or opioids without experiencing the side effects of these drugs.

In parallel with the research conducted respecting Trichomylin® softgel capsules, ZYUS has also identified and commenced research on a second drug candidate. This drug candidate is a cannabinoid-based therapeutic composition for pain management which is comprised of a primary cannabinoid and an excipient and, optionally, one or more secondary cannabinoids in an amount of up to five percent by weight of the primary cannabinoid. The formulation is essentially free of tetrahydrocannabinol. Both pre-clinical and non-clinical studies have been conducted on this formulation and patent applications have been filed to protect intellectual property.

Select Strategic Relationships

The Company has established a clinical research advisory committee, the purpose of which is to provide ZYUS with strategic guidance on development and commercialization of ZYUS' drug candidates and bring additional medical, scientific, and clinical expertise to its experienced leadership team.

ZYUS has also developed strong relationships with highly respected international contract research organizations for the purposes of conducting research activities, giving ZYUS access to a broad range of laboratory support services and enabled the Company to complete research using three different animal species and gain a deeper understanding of the safety and toxicity profiles of the cannabinoids used in the Trichomylin® softgel capsule, thereby reducing the risk associated with entering Phase 1 clinical trials. To support its upcoming Phase 2 clinical trial, ZYUS selected Calian Group Ltd., a leading, full-service Canadian contract research organization with over 20 years of experience in clinical trial execution.

Intellectual Property and Patents

Fundamental to the success of ZYUS' business is its ability to secure, maintain and enforce patent and other proprietary protection for its core technologies, inventions, and know-how. In addition to holding four issued software patents in the U.S., ZYUS has leveraged its pre-clinical, non-clinical, and clinical research and developed an intellectual property portfolio containing multiple patent families related to fixed-dose cannabinoid-based formulations for the treatment of pain and a variety of other clinically unmet needs. ZYUS' intellectual property portfolio related to cannabinoid formulations and treatments currently contains seven issued patents, eleven nonprovisional patent applications that have been filed internationally, four continuation-in-part applications filed in the United States and one provisional patent application.

ZYUS has received patents respecting the formulation used in its lead drug candidate, Trichomylin® softgel capsules, in Canada, the United States, South Africa, Israel, Australia, Korea, and India, with additional patent applications pending in the United States, the European Union, and Hong Kong and a continuation in

part application pending in the United States. ZYUS has also advanced patent applications respecting its second drug candidate to National Entry phase in all of the previously noted jurisdictions, advanced patent applications respecting its third drug candidate to National Entry phase in Canada and the United States, received four U.S. patents respecting its proprietary software platform, has filed a U.S. divisional patent application respecting its software platform and advanced its patent application respecting cannabinoid and software applications supported opioid tapering to National Entry phase in Canada and Australia.

Medical Cannabis and Exempt Market Overview

While development and commercialization of regulatory approved drugs is ZYUS' priority, the ability to immediately commercialize our non-proprietary foundational products through the exempt medical market provides ZYUS with the unique opportunity generate early stage cash flow to support its research activities, utilize the Company's pharmaceutical grade manufacturing facility, build a network of doctors who prescribe cannabinoid-based products, and develop international market presence and brand recognition in advance of regulatory approval and commercialization of ZYUS' drug candidates.

Corporate Developments

Receipt of No Objection Letter from Health Canada for Proof-of-Concept Trial

On July 30, 2024, the Company announced that its wholly owned subsidiary, ZYUS Life Sciences Inc., has received a No Objection Letter ("NOL") from Health Canada for a proof-of-concept ("POC") trial respecting its lead drug candidate, Trichomylin® softgel capsules. The NOL signifies Health Canada's agreement that the safety information collected thus far regarding Trichomylin® softgel capsules supports progressing into a patient population. The POC trial aims to, among other things, assess the preliminary efficacy and feasibility of Trichomylin® softgel capsules in patients with advanced cancer and moderate to severe cancer-related pain and derisk ZYUS' previously announced Phase 2 clinical trial.

Closing of Private Placement

On August 26, 2024, the Company announced the closing of a non-brokered private placement (the "Private Placement") of 3,510,345 units (each a "Unit") at a price of $0.95 per Unit for aggregate gross proceeds of $3.3 million. Each Unit consists of one common share of the Company (a "Common Share") and one Common Share purchase warrant (a "Warrant"), whereby each Warrant entitles the holder to acquire one Common Share at a price of $1.30 for a period of twenty-four months from the date of issuance.

Insiders of the Company, who are independent directors, purchased 842,103 Units pursuant to the Private Placement for gross proceeds of $0.8 million (the "Insider Participation"). The Insider Participation constitutes a "related party transaction" as defined under Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Corporation has relied on exemptions from the formal valuation and minority shareholder approval requirements provided under section 5.5(b) and 5.7(1)(b) of MI 61-101 because the Corporation is not listed on a stock exchange specified in section 5.5(b) of MI 61-101 and neither the fair market value of securities being issued to insiders nor the consideration being paid by insiders exceed $2,500,000. The Company did not file a material change report at least 21 days prior to the closing of the Private Placement as participation of the insiders had not been confirmed at that time.

No finders fees were paid in connection with the Private Placement. Proceeds of the Private Placement will be used for general corporate and working capital purposes, with $2.5 million of the gross proceeds being used to repay debt owing to the Company's President and CEO, Brent Zettl and 102042227 Saskatchewan Ltd., an entity owned and controlled by Mr. Zettl.

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Recent Highlights

Unsecured Loans

On October 1, 2024, ZYUS entered into a $1.0 million unsecured loan (the "Loan") with an independent director of the Company (the "Lender"). The Loan bears interest at an annual rate of 12 percent, is is payable on maturity, is pre-payable by the Company at any time without penalty or premium and matures on the earlier of (i) April 1, 2025, and (ii) the date the Company completes a treasury offering of its common shares and or securities convertible into common shares resulting in gross proceeds to the Company of not less than $10,000,000, or such lesser amount as the Company and the Lender may agree to in writing.

On November 5, 2024, ZYUS entered into an additional $2.0 million unsecured loan with the Lender. The Loan bears interest at an annual rate of 12%, is payable on maturity, is pre-payable by the Company at any time without penalty or premium and matures on the earlier of (i) May 5, 2025, and (ii) the date the Company completes a treasury offering of its common shares and or securities convertible into common shares resulting in gross proceeds to the Company of not less than $10,000,000, or such lesser amount as the Company and the Lender may agree to in writing.

The Company has granted the Lender the right to participate in such treasury offering if undertaken, but the Lender has no obligation to do so and participation is subject to approval of the TSX Venture Exchange.

PART 2 - RESULTS OF OPERATIONS

The following tables outline select data relating to the Company's Results of operations for the three and nine-month periods ended September 30, 2024 and 2023.

Three months ended September 30,		**2024**		2023
Financial Data				
Sales	**$**	**123**	$	99
Cost of sales	**$**	**50**	$	46
General and administrative	**$**	**2,006**	$	2,837
Research and development	**$**	**808**	$	222
Depreciation and amortization	**$**	**721**	$	760
Share-based compensation	**$**	**99**	$	1
Medical education, branding and marketing	**$**	**61**	$	86
Finance costs	**$**	**328**	$	301
Derivative loss (gain)	**$**	**-**	$	-
Loss before income tax	**$**	**(3,935)**	$	(4,214)
Net loss	**$**	**(3,918)**	$	(4,193)

Nine months ended September 30,		**2024**		2023
Financial Data				
Sales	**$**	**355**	$	254
Cost of sales	**$**	**150**	$	100
General and administrative	**$**	**7,024**	$	8,421
Research and development	**$**	**1,678**	$	840
Depreciation and amortization	**$**	**2,169**	$	2,291
Share-based compensation	**$**	**324**	$	31
Medical education, branding and marketing	**$**	**198**	$	223
Listing expense	**$**	**-**	$	1,958
Finance costs	**$**	**797**	$	3,565
Derivative loss (gain)	**$**	**-**	$	1,115
Loss before income tax	**$**	**(12,119)**	$	(18,164)
Net loss	**$**	**(12,068)**	$	(18,106)

Sales

The Company's revenue is derived from exempt market sales in Canada. For the three months ended September 30, 2024, exempt market sales of $0.1 million were comparable period over period. Year to date, exempt market sales were $0.4 million (YTD Q3 2023 - $0.3 million), reflecting increases in patients and sales volume.

Cost of Sales

For the three and nine-months ended September 30, 2024 cost of sales of $0.05 million and $0.15 million were comparable period over period (Q3 2023 - $0.04 million; YTD Q3 2023 - $0.1 million), reflecting a slight increase in sales volume.

Operating Expenses

Our operating expenses consist of five primary categories: general and administrative; research and development; depreciation and amortization: share-based compensation; and medical education, branding and marketing. We anticipate our operating expenses will increase in the future as we advance our business into international commercial production and sales, and continue to progress our research and development efforts, including initiating preclinical and clinical trials. Other categories, depending on the underlying circumstances of the year, may include provision for inventory impairment, asset impairment and or provision for intangible impairment. We also expect to see an increase of expenses related to marketing, branding and our patient outreach and education programs, as well as expenses associated with maintaining effective internal controls and regulatory compliance.

General and Administrative Expense

General and administrative expenses consist primarily of salaries and benefits, insurance, business development, professional service fees, consulting fees, rent expenses related to our offices and other costs. We expect our general and administrative expenses to continue to increase in the future as we expand our operating activities and prepare for commercial sales of our oils and derivative products internationally, increase our headcount and support our operations as a public company, including increased expenses related to legal, accounting, regulatory and tax-related services associated with maintaining compliance with listed company requirements, directors and officers liability insurance premiums and investor relations activities.

General and administrative expenses were $2.0 million for the three months ended September 30, 2024 (Q3 2023 - $2.8 million). Year to date, General and administrative expenses were $7.0 million (YTD Q3 2023 - $8.4 million). Period over period and year over year, the decrease noted is largely attributable to decreased compensation costs, professional fees and insurance expense.

Research and Development

Our research and development activities are both upstream and downstream in nature. Our upstream research is focused on the discovery and development of proprietary cannabis strains to establish a portfolio of exempt market therapeutics and drug candidates. We also seek to participate in collaborative research and development programs and efforts with academia and other strategic partners. Our downstream research and development costs relate to preclinical and clinical trial activities. We are focused on both the discovery and development of exempt market therapeutics and drug candidates. We have initiated preclinical studies and are planning to initiate additional preclinical and clinical trials to support this effort.

Research and development costs are expensed as incurred and consist primarily of:

- salaries, benefits and other related costs for personnel engaged in research and development functions;
- expenses incurred in connection with the preparation and execution of our preclinical and clinical trials of our drug candidates, including under agreements with third parties, such as consultants and

contractors;
- laboratory costs, including lab equipment and consumables;
- leased facility costs, equipment depreciation and other expenses; and
- intellectual property costs incurred in connection with the application and maintenance of patents and other intellectual property.

The majority of our research and development costs are expected to consist of external costs, which we track on a program-by-program basis.

Research and development expense includes clinical trial expenses, salary and benefits, laboratory facility expenses and other expenses. For the three months ended September 30, 2024, Research and development expense was $0.8 million (Q3 2023 - $0.2 million). Year to date, Research and development expense was $1.7 million (YTD Q3 2023 - $0.8 million). Period over period and year over year, the increase in this expense is attributable to increased activity relating to the Company's Phase 2 clinical trial.

We anticipate a significant increase in research and development expenditures related to our upstream preclinical and clinical programs in the future as activities relating to the Company's Phase 2 clinical trial ramp up.

Depreciation and Amortization

Depreciation and amortization expenses relate to the allocation of our property, plant and equipment and intangible assets over their respective useful lives.

For the three and nine-months ended September 30, 2024, Depreciation and amortization expense of $0.7 million and $2.2 million was comparable period over period and year over year. Period over period and year over year, this balance is variable due to changes in the Company's asset base subject to depreciation and amortization as well as fewer capital purchases in 2024.

Share-based Compensation

The Company has established an omnibus equity compensation plan (the "Omnibus Plan") under which common share purchase options may be granted to directors, officers and key employees. The Omnibus Plan is a "rolling" plan whereby the maximum number of Common Shares that may be reserved for issue pursuant to the Omnibus Plan cannot exceed 10 percent of the Company's issued Common Shares at the time of the award grant. Vesting terms of options granted under the Company's Omnibus Plan vary on a grant-by-grant basis at the discretion of the Company's Board of Directors.

For the three and nine-months ended September 30, 2024, Share-based compensation expense was $0.1 million and $0.3 million (YTD Q3 2023 - $0.03 million). Period over period and year over year, the variance noted is attributable to the timing of stock option grants and the scheduling of the corresponding expense according to the vesting terms of the respective option agreements; stock options granted in 2023 were issued during the fourth quarter of 2023.

Medical education, branding and marketing

Medical education, branding and marketing expenses consist of external consulting fees related to brand development and internal expenses related to the build out of our marketing, patient outreach and education team. We expect an increase in the future in branding and marketing expenses as we further establish our corporate and product branding and marketing and sales engagement activities, including building out our medical outreach and service teams.

For the three and nine-months ended September 30, 2024, Medical education, branding and marketing expenses were relatively unchanged versus the comparative periods of the prior year.

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Listing Expense

The Arrangement Agreement pursuant to the RTO completed in the second quarter of 2023 constituted a reverse business acquisition and has been accounted for as a share-based payment transaction in accordance with IFRS 2, Share-based Payment, as Phoenix did not meet the definition of a business, as defined in IFRS 3, Business Combinations, with ZYUS Life Sciences Inc. as the accounting acquiror (legal subsidiary).

The fair value of the consideration provided by ZYUS Life Sciences Inc. was determined as follows:

- In accordance with IFRS 2, an assessment of the more reliable measure of fair value (between Phoenix and ZYUS Life Sciences Inc.) was completed. Due to the nominal number of trades of Phoenix shares during the period of January 1, 2023 to June 9, 2023, it was determined that the Subscription Receipt Private Placement price of $1.60 per share was considered to be the more reliable measure of fair value.
- The fair value of the consideration paid to Phoenix shareholders (the "Deemed Consideration"), and to settle a pre-existing contractual arrangement (see below) was determined to be $10.4 million and is recognized in the share capital balance of the condensed consolidated statement of financial position. From this amount, settlement of Pheonix Units subscribed of $1.8 million was deducted from the consideration paid for net consideration of $8.6 million. As the transaction was determined to be in the scope of IFRS 2, the difference of $2.0 million between the net assets of Phoenix and the fair value of the consideration paid to Phoenix shareholders has been recorded as a Listing expense, as presented on the condensed consolidated interim statements of loss and comprehensive loss of ZYUS during the nine months ended September 30, 2023.

Lising Expense

Number of pre-exchange shares to acquire Phoenix [(1)]		**6,507,711**
Deemed equity issuance	$	10,412
Settlement of Phoenix Unit [(2)]		(1,767)
	$	8,645
Consideration		
Cash and cash equivalents	$	4,931
Short-term investments		1,810
Other receivables		37
Accounts payable		(91)
Net Assets Acquired	$	6,687
September 30, 2023 Listing expense [(1)]	$	1,958

(1) Listing expense has been calculated from the perspective of ZYUS Life Sciences Inc., in accordance with IFRS 2. Number of pre-exchange shares to acquire ZYUS Life Sciences Inc. represent ZYUS Life Sciences Inc. shares priced at $1.60 per share.

(2) During the period ended September 30, 2022, ZYUS Life Sciences Inc. and Phoenix entered into a pre-existing contractual relationship whereby Phoenix subscribed for 17 units of ZYUS Life Sciences Inc.'s Unit Offering ("PCO Units"), with each unit consisting of one secured convertible promissory note in the principal amount of $0.1 million and 40,000 pre-exchange common share purchase warrants. Upon closing of the Arrangement Agreement, these convertible promissory notes pursuant to the Unit Offering(recorded as a Promissory Note receivable by Phoenix and Loan and borrowing by ZYUS Life Sciences Inc.) and accrued interest thereon (recorded as a receivable by Phoenix and an accrued payable by ZYUS Life Sciences Inc.) were settled upon consolidation of Phoenix and ZYUS Life Sciences Inc. In addition, the associated derivative liability attributable to the Phoenix convertible promissory note to the Unit Offering has been derecognized. On settlement, a gain of $0.1 million relating to the pre-existing contractual relationship was recorded. As a result, Phoenix's convertible promissory note receivable and interest receivable have been

(in thousands of Canadian dollars, except as otherwise noted) Page 10

eliminated; in addition, ZYUS Life Sciences Inc.'s Promissory Note payable and accrued interest payable has been eliminated.

Investment and Other Income

For the three months ended September 30, 2024, Investment and other income was relatively unchanged period of period. Year to date, Investment and other income was $0.2 (YTD Q3 2023 - $0.5 million). Year to date, this variance is largely attributable to a decrease in short-term investments in the current year and due to a gain recorded in the Q1 2023 in respect of receipt of insurance proceeds relating to raw material inventory that was damaged in 2022.

Finance Costs

Finance costs consist of bank charges, interest expense and accretion in relation to the Company's debt financings. For the three months ended September 30, 2024, Finance costs were $0.3 million (Q3 2023 - $0.3 million). Year to date, Finance costs were $0.8 million (YTD Q3 2023 - $3.6 million). Period over period and year over year, this variance is largely attributable to the timing of interest expense in relation to the Company's debt financings and completion of the RTO during 2023 (in which convertible debt and accrued interest was converted into common shares of the Company); as such, interest associated with debt is lower in 2024.

Derivative Loss

For the three months ended September 30, 2024 and 2023, derivative loss of $nil was unchanged period over period. Year to date, Derivative loss was $nil (YTD Q3 2023 - $1.1 million loss). On June 9, 2023, all of the Company's convertible debentures and convertible promissory notes and accrued interest thereon, were converted to common shares of ZYUS. This conversion resulted in the reclassification of the Derivative liability to Share capital during the second quarter of 2023.

Deferred Income Tax Recovery

For the three and nine-months ended September 30, 2024, Deferred tax recovery was relatively unchanged versus the comparative periods of the prior year.

Net Loss

For the three months ended September 30, 2024, Net loss of $3.9 million ($0.05 per share) was $0.3 million lower than Net loss of $4.2 million ($0.06 per share) for the corresponding period of 2023. Year to date, net loss of $12.1 million ($0.17 per share) was $6.0 million lower than the net loss of $18.1 million ($0.35 per share) for the first nine months of 2023. Period over period and year over year, this variance is largely attributable to interest and debt accretion costs associated with convertible debt that was outstanding in the first quarter of 2023. Upon completion of the RTO in the second quarter of 2023, the Company's convertible debt was converted into common shares of the Company (resulting in lower interest and debt accretion costs in subsequent periods).

Selected Quarterly Financial Data

	Sept 30 2024	Jun 30 2024	Mar 31 2024	Dec 31 2023	Sep 30 2023	Jun 30 2023	Mar 31 2023	Dec 31 2022
Revenue	**123**	118	114	97	99	77	78	75
Cost of sales	**50**	50	50	45	46	27	27	28
Net loss [(1)(2)]	**(3,918)**	(4,812)	(3,338)	(24,485)	(4,193)	(9,232)	(4,836)	(6,866)
Net loss per share (basic and diluted) [(1)(2)]	**(0.05)**	(0.07)	(0.05)	(0.38)	(0.06)	(0.20)	(0.13)	(0.18)

(1) Loss per share for each quarter has been calculated based on the weighted average number of shares outstanding for the quarter. As such, quarterly amounts may not add to the annual total.

(2) All amounts presented for number of outstanding common shares and have been adjusted retrospectively for all periods presented to give effect to the Share Exchange pursuant to the RTO Transaction.

Trends

- Exempt market sales have increased slightly due to increased patients and higher unit sales.
- Increase in Q4 2023 Net loss attributable to: Higher General and Administrative costs in respect of certain provisions and an impairment of certain intangible assets.
- Increase in Q2 2023 Net loss attributable to: Listing expense and transaction costs associated with completion of the RTO; and increased Derivative loss.
- Decrease in Q1 2024 and Q3 2023 Net loss attributable to: lower Finance costs and lower Depreciation and amortization.

PART 3 - LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Future Operations and Liquidity

The Company is an early development-stage company with limited operating history and negative historical cash flow from operating activities. Furthermore, the Company has significant purchase commitments where there is material uncertainty with respect to the negotiations with the licensed producer of the supply agreement that may result in an increase in the liability recorded by the Company as at September 30, 2024. As at September 30, 2024, the Company had incurred an accumulated deficit of $152.3 million and net current liabilities (current assets less current liabilities) were in a $10.8 million deficit. The Company had $0.3 million of Cash as at September 30, 2024 (December 31, 2023: $5.9 million of Cash and Short-term investments) and intends to raise additional capital during 2024 to fund planned research and operating activities and to repay loans and borrowings.

As a part of its plan to fund its continued operations and development activities, in addition to planned revenues from its product sales, the Company closed a non-brokered Private Placement of 3,510,345 Units at a price of $0.95 per Unit for aggregate gross proceeds of $3.3 million. Each Unit consists of one common share of the Company (a "Common Share") and one Common Share purchase warrant (a "Warrant"), whereby each Warrant entitles the holder to acquire one Common Share at a price of $1.30 for a period of twenty-four months from the date of issuance. No finders' fees were paid in connection with the Private Placement. Proceeds of the Private Placement were used for general corporate and working capital purposes, with $2.5 million of the gross proceeds being used to repay debt owing to the Company's President and CEO, Brent Zettl and 102042227 Saskatchewan Ltd., an entity owned and controlled by Mr. Zettl. In addition to the Unit offering, on October 1, 2024 and November 5, 2024, the Company completed separate unsecured debt financings with an independent Director for gross proceeds of $1.0 million and $2.0 million, respectively.

Despite the additional financing received, the Company will require additional financing in the future to fund planned research and operating activities. The ability of the Company to continue as a going concern depends on the Company maintaining its licenses with Health Canada, the continued support of its lenders, its ability to achieve profitable operations and its ability to raise additional financing to fund current and future operating and investing activities. There is no assurance that the Company will be able to accomplish any of the foregoing objectives or at an acceptable cost. As a result of these factors, a material uncertainty exists that may cast significant doubt as to the Company's ability to continue as a going concern.

The Company's objective is to have sufficient liquidity to meet its liabilities when due. In addition to its sales, the Company has relied on financings to fund its activities. The Company monitors its cash balances and cash flows generated from operations and financing activities to meet its requirements. The Company controls liquidity risk by management of working capital, cash flows and the issuance of share capital.

The Company monitors its liquidity on a continuous basis to ensure there is sufficient capital to meet business requirements and to provide adequate returns to shareholders and benefits to other stakeholders. The Company manages the capital structure and adjusts it considering changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may,

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where necessary, control the amount of working capital, pursue financing and manage the timing of its capital and research and development expenditures. In addition, the Company may utilize a combination of short-term and long-term debt and or equity to finance its operations, research and development.

Schedule of Capital Structure of the Company		**September 30, 2024**		December 31, 2023
Debt	**$**	**5,155**	$	6,786
Shareholders' equity		**14,887**		23,114
	$	**20,042**	$	29,900
Debt to equity		**0.35**		0.29

The Company's primary liquidity and capital requirements are for research and development, capital expenditures, inventory, working capital and general corporate purposes. At September 30, 2024, Cash was $0.3 million (December 31, 2023 – Cash of $4.0 million and Short-term investments of $1.9 million). At September 30, 2024, net current assets (current assets less current liabilities, "Working Capital") was a $10.8 million deficit (December 31, 2023 – Working Capital deficit of $3.9 million). As such, the Company will require additional financing in the future to fund planned research and operating activities and to repay loans and borrowings. The Company's ability to fund operating expenses, including research and development, will depend on its future operating performance and its ability to raise capital which will be affected by general economic conditions, financial, regulatory and other factors, including factors beyond the Company's control.

(1) Working Capital is a non-IFRS measure with no standard definition under IFRS. See description and reconciliation of non-IFRS measures in the Capital Management Measures and Reconciliations section of this MD&A.

Management continually assesses liquidity in terms of the ability to generate sufficient cash flow to fund the business. Net cash flow is affected by the following items: (i) operating activities, including the level of trade receivables, accounts payable and accrued liabilities; (ii) investing activities, including the purchase of property plant and equipment; and (iii) financing activities, including debt financing and the issuance of common shares.

The following table provides information about the Company's cash flows during the nine months ended September 30, 2024 and 2023.

Nine months ended September 30,		**2024**		2023
Cash flows (used in) provided by:				
Operations	**$**	**(4,576)**	$	(15,196)
Investing activities		**(45)**		4,832
Financing activities		**989**		17,472
Net increase (decrease) in cash	**$**	**(3,632)**	$	7,108
Cash, beginning of year	**$**	**3,978**	$	212
Cash and cash equivalents, end of period	**$**	**346**	$	7,320

Operating Activities

Operating cash flow, equity financings and debt financings have been the Company's primary source of liquidity. During the nine months ended September 30, 2024, the Company's cash outflows from operations were $4.6 million (YTD Q3 2023 - $15.2 million). From time to time, the Company enhances its liquidity through a combination of equity issuances and debt financing. The principal use of net cash used in

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operations is to fund the Company's research and development activities; operating expenditures at its production facilities; and general and administrative costs.

Investing Activities

Net cash used in investing activities during the nine months ended September 30, 2024 was $0.05 million (YTD Q3 2023 - $4.8 million provided by investing activities), consisting of additions to property, plant and equipment.

Financing Activities

Net cash of $1.0 million was provided by the Company's financing activities during the nine months ended September 30, 2024. Activities included proceeds received from a private placement and revolving debt facility. These were offset by partial repayment of a term loan, shareholder loan and the revolving debt facility; in addition, cash lease payments also offset proceeds received by the Company. During the nine months ended September 30, 2023, $17.5 million was provided by the Company's financing activities. Proceeds of $2.8 million from the issuance of loans and borrowings and of $18.4 million from the issuance of ZYUS Life Sciences Inc. common shares (which were subsequently converted into shares of ZYUS Life Sciences Corporation pursuant to the Exchange Ratio in the RTO) were offset by $3.6 million of debt repayment.

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Financial and Other Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The Company has various financial instruments comprised of cash, receivables, short-term investments, accounts payable and accrued liabilities, and short- and long-term debt. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The carrying value of cash, accounts receivable and accounts payable and accrued liabilities approximate their fair value due to the short-term nature of those instruments. In addition, the Company's Loans and borrowings approximate their carrying value as there has been no material change in the Company's credit risk since the issuance of these instruments. Short-term and long-term investments are based on quoted market prices (Level 1).

Financial instruments measured at fair value are as follows:

		Fair value measurement using		
September 30, 2024	Carrying Amount	Level 1	Level 2	Level 3
Recurring measurements:				
Short-term investments	**$nil**	**$nil**	**-**	**-**

		Fair value measurement using		
December 31, 2023	Carrying Amount	Level 1	Level 2	Level 3
Recurring measurements:				
Short-term investments	$1,874	$1,874	-	-

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There were no transfers between Levels 1, 2 and 3 inputs during the nine-month period ended September 30, 2024.

Liquidity Risk

The Company's exposure to liquidity risk is dependent on the collection of accounts receivable and the raising of funds to meet commitments and sustain operations. The Company controls liquidity risk by management of working capital, cash flows, incurring debt and or the issuance of share capital. At September 30, 2024, the Company had Cash of $0.3 million (December 31, 2023 – Cash and Short-term Investments of $5.9 million).

Contractual Obligations

During the year ended December 31, 2020, the Company entered into a five-year supply agreement for dried cannabis raw material. Under the terms of the supply agreement, which is subject to certain conditions and annual negotiation of price, a licensed producer will deliver minimum volumes of dried bulk cannabis. Over the remaining term of the agreement, the Company conditionally has purchase commitments of up to 23,000 kgs.

Key Sensitivities

Earnings from the Company's consolidated operations are sensitive to fluctuations in both commodity and currency prices. Currency risk arises as a result of the Company's investment in its foreign subsidiaries. Management believes this risk is reduced by the fact that these subsidiaries operate in an economically stable foreign countries and results of these operations, with the exception of ZYUS Life Sciences Australia Pty Ltd (which has historically had large Research and development expenditures) are not material. The Company's exposure to foreign currency changes is considered to be not material.

PART 4 - STATEMENTS OF FINANCIAL POSITION

Highlights

Select Statement of Financial Position Data				
		September 30, 2024		December 31, 2023
Total assets	**$**	**33,979**	$	41,627
Current liabilities	**$**	**14,298**	$	13,244
Non-current liabilities	**$**	**4,794**	$	5,269

Assets

ZYUS's asset base primarily consists of Cash, Inventories, Prepaid expenses and other assets, Property, plant and equipment, Right-of-use lease assets, Intangible assets and goodwill. Total assets decreased by $7.6 million during 2024, primarily attributable to decreases of $3.6 million of Cash, $1.9 million of Short-term investments, $0.2 million of Accounts receivable, $0.1 million of Prepaid expenses and other assets and $1.8 million of Property, Plant and equipment (attributable to depreciation offset by asset additions). These were offset by an increase of $0.2 million to Intangible assets (reflecting the foreign exchange impact of US based intangibles).

Liabilities

Current liabilities were $14.3 million at September 30, 2024 (December 31, 2023 - $13.2 million). This variance is largely attributable to an increase of $2.5 million of Accounts payable and accrued liabilities attributable to the timing of receipt and payment of trade payables offset by a decrease of $1.4 million to

loans and borrowings attributable to repayment on the Company's Revolver, Shareholder loan and Term loan facilities. Non-current liabilities of $4.8 million at September 30, 2024 (December 31, 2023 - $5.3 million) decreased $0.5 million due to repayment of certain loans and borrowings and reduction of lease obligations.

Shareholders' Equity

Shareholders' equity decreased by $8.2 million to $14.9 million at September 30, 2024, from $23.1 million at December 31, 2023. This variance is mainly attributable to a Net loss of $3.9 million (increasing the Deficit to $152.3 million) offset by an increase in Share capital attributable to the private placement completed during the third quarter and due to slight increases in Contributed surplus and Accumulated other comprehensive income.

PART 5 – MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Certain of the Company's accounting policies require that Management make decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. ZYUS's material accounting policies are contained in Note 4 to the Financial Statements.

Changes in Accounting Policies

For information on new standards and interpretations adopted during the year, refer to Note 5 of the Financial Statements.

New Standards and Interpretations Not Yet Adopted

For information on new standards and interpretations adopted during the year, refer to Note 5 of the Financial Statements.

Estimates and Judgements

For information on accounting estimates, assumptions and judgements, refer to Note 6 of the Financial Statements.

PART 6 – ADDITIONAL CORPORATE INFORMATION

Common Share Data

The authorized share capital of the Company consists of common shares. The rights, privileges, restrictions and conditions attached to each series of shares are determined by the Board of Directors at the time of creation of such series. The common shares of the Company are entitled to vote at all meetings of the shareholders and, upon dissolution or any other distribution of assets, to receive such assets of the Company as are distributable to the holders of the common shares.

During the third quarter of 2024, pursuant to a unit offering, the Company closed a non-brokered private placement (the "Private Placement") of 3,510,345 units (each a "Unit") at a price of $0.95 per Unit for aggregate gross proceeds of $3.3 million. Each Unit consists of one common share of the Company (a "Common Share") and one Common Share purchase warrant (a "Warrant"), whereby each Warrant entitles the holder to acquire one Common Share at a price of $1.30 for a period of twenty-four months from the date of issuance. At September 30, 2024, the Company had 74,357,741 common shares issued and outstanding (December 31, 2023 - 70,847,396 common shares issued and outstanding).

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Stock Options and Warrants

For further discussion of the Company's share-based payments, please refer to the Company's September 30, 2024 condensed consolidated interim financial statements and notes thereto (unaudited), available at www.sedarplus.ca.

At September 30, 2024, there were 3.9 million common share stock options outstanding with exercise prices ranging from $1.08 to $8.09 per common share (December 31, 2023 [(1)] - 3.8 million common share stock options outstanding with exercise prices ranging from $1.42 to $8.09 per common share).

At September 30, 2024, there were 5.4 million common share purchase warrants outstanding with exercise prices ranging from $1.30 to $3.55. These warrants have expiry dates ranging from October 1, 2024 to August 26, 2026 (December 31, 2023 [(1)] – 3.9 million common share purchase warrants outstanding with expiry dates ranging from February 23, 2024 to September 29, 2025).

[(1)] All amounts presented for the number of outstanding historical common shares stock options and warrants have been adjusted retrospectively for all periods presented to give effect to the Exchange Ratio pursuant to the RTO.

Business Risks and Uncertainties

ZYUS is exposed to business risks and uncertainties relating to the Medical Cannabis Industry and the Company's:

- Operations;
- Development of its drug candidates (and related regulatory approval);
- Intellectual property;
- Dependence on third parties; and
- Common shares.

Business risks and uncertainties related to the factors noted above are described in detail in the Company's December 31, 2023 Annual Management Discussion and Analysis, available on www.sedarplus.ca, and remain substantially unchanged.

Capital Management Measures

Capital management measures are defined as financial measures disclosed by an issuer that are intended to enable an individual to evaluate the entity's objectives, policies and processes for managing the entity's capital, are not a component of a line item or a line item on the primary financial statements, and which are disclosed in the notes to the financial statements. As of September 30, 2024, the Company's capital management measures include Working Capital (net current assets (liabilities)). Working capital is a capital management measure of the Company's ability to service its short-term financial obligations with short-term assets. Management believes this measure provides useful information about the Company's current short-term liquidity.

Calculation of Working Capital (Net Current Assets)		
	September 30, 2024	December 31, 2023
Current assets		
Cash	**$ 346**	$ 3,978
Short-term investments	**-**	1,874
Accounts receivable	**405**	627
Inventory	**1,957**	2,042
Prepaid expenses and other assets	**772**	867

Non-current assets				
Accounts payable and accrued liabilities		**(9,144)**		(6,691)
Loans and borrowings		**(4,727)**		(6,149)
Lease obligations		**(427)**		(404)
Working Capital Deficit	**$**	**(10,818)**	$	(3,856)

Additional Information

Additional information related to the Company is available on the Canadian Securities Administrators' filing system website at: www.sedarplus.ca. Certain documents are also available on the Company's website at: www.zyus.com.

Notes To Reader

Caution Regarding Forward-Looking Statements and Information

This MD&A of our financial condition and results of operations should be read in conjunction with our annual audited consolidated financial statements and the notes thereto and our unaudited condensed consolidated interim financial statements and the notes thereto (unaudited). This discussion contains forward-looking statements that reflect risks and uncertainties, such as our plans, objectives, expectations, intentions, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this MD&A, which you should carefully read. Financial information contained herein is expressed in thousands of Canadian dollars, except share and per share amounts, or as otherwise stated. Our annual audited consolidated financial statements and unaudited condensed consolidated interim financial statements were prepared in accordance with IFRS.

All statements, other than statements of historical fact, contained or incorporated by reference in this MD&A constitute "forward-looking information" and "forward-looking statements" within the meaning of applicable securities legislation (referred to herein as "forward-looking statements"). Such forward-looking statements and information include, but are not limited to, statements or information with respect to: the Company's future business and strategies; requirements for additional capital and future financing; research and development plans; future capital expenditures and other expenses for specific operations; intellectual property protection; industry demand; ability to obtain employees, consultants or advisors with specialized skills and knowledge; incurrence of costs; competitive conditions; general economic conditions; future market conditions; the timing and amount of estimated future production; costs and timing of facility construction projects; licensing and permitting timelines; general operations including those relating to sales and distributions, production facilities, research and development and clinical trials, currency exchange rate fluctuations; government regulation of cannabis and biopharmaceutical operations; environmental risks; title disputes or claims and limitations on insurance coverage; the continuation of the Company as a going concern; payment of dividends; the Company's expectations regarding net losses and revenue generation; the Company's expectations regarding ongoing disputes or legal proceedings. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "predicts", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes", or the negative connotation thereof or variations of such words and phrases or state that certain actions, events or results, "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative connotation thereof. Forward-looking statements are based on estimates and assumptions made by the Company in light of management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate and reasonable in the circumstances.

Many factors could cause the Company's actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements. The purpose of the forward-looking statements is to provide readers with a description of management's expectations regarding, among other things, the Company's financial performance and

research and development plans and may not be appropriate for other purposes. Readers should not place undue reliance on forward-looking statements.

Furthermore, unless otherwise stated, the forward-looking statements are made as of the date of this MD&A, and the Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. New factors emerge from time to time, and it is not possible for the Company to predict which factors may arise. In addition, the Company cannot assess the impact of each factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

With respect to forward-looking statements, assumptions have been made regarding, among other aspects:

- the Company's future research and development plans and plans with respect to clinical trials proceeding substantially as currently envisioned;
- patents and intellectual property, including, but not limited to, the Company's (a) ability to procure, defend, and/or enforce its intellectual property relating to the Company's drugs, drug formulations, drug candidates, and associated uses, methods, and/or processes, and (b) freedom to operate;
- future expenditures to be incurred by the Company;
- research and development and operating costs;
- general business and current global economic conditions;
- the impact of competition on the Company;
- the assumed price of the Company's products;
- the Company will receive required permits and access to markets;
- the Company can access financing, appropriate equipment and sufficient labour;
- the domestic and international political, legal and business environment will continue to support the medical cannabis industry; and
- the Company being able to obtain financing and funding as needed on acceptable terms.

Because the factors discussed in this MD&A could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by the Company, readers should not place undue reliance on any such forward-looking statements. These statements are subject to risks and uncertainties, known and unknown, which could cause actual results and developments to differ materially from those expressed or implied in such statements. Such risks and uncertainties relate, among other factors, include:

- the Company's business segments are heavily regulated in Canada and internationally;
- the regulatory regime is evolving and uncertainty exists regarding the impact of the regime on the Company;
- the inability to successfully complete clinical trials, fast track clinical trials or obtain regulatory approval of products;
- contractual rights, foreign exchange restrictions, currency fluctuations and tax increases;
- the potential inability to obtain or retain licenses required to grow, store, sell and conduct research using cannabis;
- potential involvement in legal, regulatory or agency proceedings, investigations, and audits;
- compliance with evolving environmental, health and safety laws;
- potential government policy changes or shifts in public opinion;

- the cannabis industry and market is subject to general business risks, and those associated with regulated consumer products;
- competitive conditions, consumer tastes, patient requirements and spending patterns remain relatively unknown;
- there are no assurances that the medical cannabis industry and market will continue to exist or grow as anticipated;
- future clinical research into effective medical cannabis therapies could raise concerns regarding, and perceptions relating to, medical cannabis;
- the inability to retain and attract employees and key personnel;
- potential for delays in obtaining regulatory approvals;
- potential increases in material and labour costs;
- the Company has incurred losses since inception and may continue to incur losses in the future;
- the potential to experience difficulty developing new products, protecting intellectual property and remaining competitive;
- the completion and commercial viability of new products in the research and development stage;
- reliance on third-party manufacturers, contract research organizations and distributors;
- there can be no assurances of profit generation or immediate results;
- the inability to manage growth and effectively expand the Company's business to other jurisdictions;
- shareholder dilution pursuant to additional financings;
- compliance with laws relating to privacy, data protection, and consumer protection;
- potential for information systems security threats;
- the Company is reliant on key suppliers and skilled labour;
- inability to effectively implement quality control systems;
- there is a potential for conflicts of interest to arise among the Company's key stakeholders;
- exposure to product recalls, liability claims, regulatory action and litigation based on products;
- the Company may be unable to protect intellectual property and receive regulatory approval of its products in relevant markets;
- the market price for the Company's shares may be volatile and subject to wide fluctuations;
- the Company's management having substantial discretion concerning the use of proceeds from future financings;
- the regulated nature of the business discouraging a takeover, reducing the market price of the Company's shares;
- the Company's ability to meet the listing standards of the TSXV, the significant financial reporting obligations of being a public company requiring significant Company resources and management attention;
- outside factors may harm the Company's reputation;
- securities analysts may publish negative coverage; and
- the Company's ability to obtain additional capital in the future to conduct operations, research and development activities and develop its products.

The Company's actual results could differ materially from those discussed in this MD&A. For a more detailed discussion of certain of these risk factors, see "*Business Risks and Uncertainties"* in our annual MD&A. The list of "*Business Risks and Uncertainties*" set out in our annual MD&A is not exhaustive of the factors that may affect any of our forward-looking information.