AEQUUS PHARMACEUTICALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the nine months ended September 30, 2024

As of November 8, 2024

This management discussion and analysis ("MD&A") of Aequus Pharmaceuticals Inc. (the "Company" or "Aequus") is for the nine months ended September 30, 2024 and is performed by management using information available as of November 8, 2024. We have prepared this MD&A with reference to National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators. This MD&A should be read in conjunction with the Company's condensed interim financial statements as at September 30, 2024 and for the nine months then ended, and the related notes thereto. The Company's condensed interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements as at December 31, 2023 and for the fiscal year then ended, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, and interpretations issued by the International Financial Reporting Interpretation Committee. All amounts are expressed in Canadian dollars unless otherwise indicated.

Certain statements and information in this MD&A contain forward-looking statements or forward-looking information under applicable Canadian securities legislation (collectively, "forward-looking statements") that may not be based on historical fact, including, without limitation, statements containing the words "believe", "may", "plan", "will", "estimate", "continue", "anticipate", "intend", "expect", "predict", "project", "potential", "continue", "ongoing", or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words and similar expressions.

Forward-looking statements are necessarily based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as the factors we believe are appropriate. Forward-looking statements in this MD&A include, but are not limited to, statements relating to:

- *our ability to obtain funding for our operations, including funding for research and commercial activities;*
- *expected product launch success of preservative-free bimatoprost 0.03% eye drops termed "ZIMED® PF" ("ZIMED");*
- *the expected benefits of Evolve™ ("Evolve") and ZIMED;*
- *sales of Evolve returning to Canada;*
- *our estimates of the size and characteristics of the potential markets for Evolve and other third-party products and our internal product candidates;*
- *our business model and strategic plans;*
- *our ability to achieve profitability;*
- *our ability to establish and maintain relationships with collaborators with acceptable development, regulatory and commercialization expertise, and the benefits to be derived from such collaborative efforts;*
- *whether we will be able to extend our current commercial relationships with third-party collaborators;*
- *our ability to expand commercial relationships with third-party collaborators to include additional products;*
- *whether our third-party collaborators will maintain their intellectual property rights in the technology we license;*
- *the manufacturing capacity of third-party manufacturers for our product candidates;*
- *the implementation of our business model and strategic plans;*

- *our ability to develop and commercialize product candidates;*
- *our commercialization, marketing and manufacturing capabilities and strategy;*
- *our ability to leverage internal capabilities and know-how;*
- *our ability to protect our intellectual property and operate our business without infringing upon the intellectual property rights of others;*
- *our expectations regarding federal, provincial and foreign regulatory requirements;*
- *whether we will receive, and the timing and costs of obtaining, a development and commercial partner for our product candidates;*
- *the therapeutic benefits, effectiveness and safety of our product candidates;*
- *the accuracy of our estimates of the size and characteristics of the markets that may be addressed by our products and product candidates;*
- *the rate and degree of market acceptance and clinical utility of our future products, if any;*
- *whether our e-commerce and digital technology platform will result in greater access to or benefit eyecare professionals;*
- *the timing of, and our ability and our collaborators' ability, if any, to obtain and maintain regulatory approvals for our product candidates;*
- *our expectations regarding market risk, including interest rate changes and foreign currency fluctuations;*
- *our ability to engage and retain the employees or consultants required to grow our business;*
- *the compensation that is expected to be paid to employees and consultants of the Company;*
- *our future financial performance, projected expenditures and ability to make investments;*
- *our expectations regarding the use of proceeds from the Company's investments, including investments in reVision Therapeutics, Inc. ("reVision") or REV-0100;*
- *developments relating to our competitors and our industry, including the success of competing therapies that are or become available;*
- *estimates of our expenses, future revenue, capital requirements and our needs for additional financing;*
- *our ability to advance product candidates into, and successfully complete, clinical trials; and*
- *our ability to recruit sufficient numbers of patients for our future clinical trials.*

Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. All forward-looking statements, including those not specifically identified herein, are made subject to cautionary language above and on subsequent pages. Readers are advised to refer to the cautionary language when reading any forward-looking statements.

Such forward-looking statements reflect our current views with respect to future events, are subject to risks and uncertainties, and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Aequus as of the date of such statements, are inherently subject to significant medical, scientific, business, economic, competitive, political and social uncertainties and contingencies.

In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including, but not limited to: (i) obtaining positive results of clinical trials; (ii) obtaining regulatory approvals; (iii) general business and economic conditions; (iv) the Company's ability to successfully out-license or sell its current products and develop new products; (v) the assumption that our current good relationships with our manufacturer and other third parties will be maintained; (vi) the availability of financing on reasonable terms; (vii) the Company's ability to attract and retain skilled staff; (viii) market competition; (ix) the products and technology offered by the Company's competitors; (x) the Company's ability to protect patents and proprietary rights; and (xi) the Company's ability to integrate acquired or licensed products into the Company's existing pipeline and sales infrastructure.

Should one or more of these risks or uncertainties, or a risk that is not currently known to us, materialize or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein.

These forward-looking statements are made as of the date of this MD&A and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined below under the heading "Risks", as well as under the heading "Risk Factors" in the Company's 2023 Annual Information Form ("2023 AIF") filed on SEDAR (www.sedar.com) Mayl 1, 2023.

// OVERVIEW

Aequus is a specialty pharmaceutical company, with a focus on commercializing value-added products in specialty therapeutic areas in the Canadian market. The Company is entering a transitional period as it re-evaluates the best strategy to find value in its assets and operations.

The Company has incurred losses and negative operating cash flows since its inception. As of September 30, 2024, the Company has accumulated a deficit of $34,810,765 (December 31, 2023 - $32,684,248). The Company will require further financing to meet its financial obligations and sustain its operations in the normal course of business. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to meet its long-term business strategy depends on its ability to obtain additional equity debt or equity financing and to generate operational cash flow from product sales and commercial services revenue. The Company may not be able to raise additional financing on terms agreeable to the Company, or at all.

// HIGHLIGHTS

- The Company's near-term strategy includes the following key components:
  - The Company is working to materially reduce costs in the short term to allow more time to re-evaluate its current business plan.
  - As part of its ongoing efforts to manage costs and maintain contractual obligations, the Company has drastically reduced the number of people on the sales team while ensuring that staffing levels meet the minimum contractual requirements and maintaining core business functions.
- The Company recognized $362,288 (September 30, 2023 - $204,019) in product sales for the nine months ended September 30, 2024. This is a total revenue increase of $158,269, or 78%, over the same period last year, which was expected as a result of the increase in ZIMED sales. The Company is working to review our existing partnerships into both existing and new specialty therapeutic areas.
- During nine months ended September 30, 2024 and subsequent, the Company entered into new unsecured demand loan agreements with the chairman and chief executive officer ("CEO") of the Company, providing additional loan proceeds of $1,627,294. The loans bear interest at an annual rate of 6%, to be calculated and accrued monthly, and are repayable on demand.
- Evolve branded eyedrops remain unavailable for sale in Canada. Health Canada initiated the pause in sales, which was required due to the manufacturer, Medicom Healthcare Ltd. ("Medicom"), changing their Medical Device Single Audit Program ("MDSAP") provider. Sales and management resources have been reallocated to ZIMED and business development opportunities.
- In August 2024, the Company deregistered its common shares from trading on the OTCQB Venture Market. The Company's last day of trading on the OTCQB Venture Market was August 30, 2024.
- Grant Larsen departed from the role of Chief Commercial Officer on September 06, 2024.
- Ann Fehr resigned as Chief Finance Officer effective November 8, 2024. Fehr & Associates staff members will continue to support the back office function of the Company to support transition.

// KEY STRATEGIC COLLABORATIONS

MEDICOM HEALTHCARE LTD. //

In 2019, Aequus signed an exclusive distribution agreement with Medicom, a United Kingdom-based pharmaceutical company with a focus on preservative-free therapies in ophthalmology. Under the distribution agreement, Aequus will receive commercial rights within Canada to novel portions of Medicom's portfolio of ophthalmology products, including ZIMED.

The agreement allows the Company an opportunity to co-commercialize a portfolio of products with Medicom and pursue non-competing products that bring synergistic value to the organization and partnerships.

ADVANCED OPHTHALMIC INNOVATIONS //

In May 2024, Aequus signed an exclusive distribution agreement with Advanced Ophthalmic Innovations ("AOI"). AOI is a research and development company based in Singapore and focuses on creating and manufacturing innovative ophthalmic implants. AOI is committed to bringing long-term vision-protecting solutions to glaucoma patients worldwide. Under the agreement, Aequus will receive the rights to distribute the PAUL® glaucoma drainage device in Canada.

// PRODUCT INFORMATION

ZIMED® PF, A PRESERVATIVE-FREE BIMATOPROST PRESCRIPTION DRUG //

ZIMED became available for wholesale distribution in Canada on August 24, 2023. As part of the sales launch, the Company launched a user-friendly education website for patients and professionals. With a focus on elevated interocular pressure and glaucoma, this website features ZIMED, the first preservative-free multi-dose bimatoprost available in Canada. Retail distribution to pharmacies across Canada began in August 2023, with full national distribution, wholesale and retail pharmacies, completed in Q1 2024. Marketing awareness programs, digital, trade and professional in-clinic sales efforts will coincide with product availability in key wholesale and retail pharmacies nationally. In Q1 2024, the commercial team built upon the launch activities, executed strategic marketing initiatives and rolled out education campaigns targeting key health care providers nationally.

In July 2019, Aequus completed the formal agreement with Medicom for the promotion of preservative-free bimatoprost 0.03% ophthalmic product, ZIMED, in Canada. Under the terms of this exclusive licensing agreement, Medicom will supply the product while Aequus will be responsible for marketing, distribution and sales in Canada upon approval of the product by Health Canada. Aequus received a NDS (new drug submission) approval from Health Canada in December 2022.

Prostaglandins are the first-line approach among intraocular pressure-lowering agents, and bimatoprost is the highest selling prostaglandin on the market. ZIMED is positioned as the most efficacious molecule in a non-preserved format, with minimal packaging. ZIMED is the first preservative-free prostaglandin in a convenient multi-dose bottle available in Canada.

PAUL® GLAUCOMA IMPLANT //

Already available in over 40 countries around the world, PAUL® is a glaucoma drainage device designed to regulate intraocular pressure in the patient's eyes and prevent further progression of the disease. PAUL® has introduced many innovative design features and unified these into one device and offers an innovative solution for patients with moderate to severe glaucoma. PAUL® is not yet approved by Health Canada.

// OVERALL PERFORMANCE

The Company has restructured its commercial infrastructure to focus on the growth of ZIMED as it enters a transitional period while exploring the best strategy to find value in its assets and operations.

The Company has historically funded its operations with proceeds from revenue, as well as from equity financing, debt and through the exercise of warrants. Aequus relies upon additional funding through equity or debt financing and

partnership collaborations to finance its product development, commercial product portfolio and corporate growth. However, if Aequus' product development and commercial activities do not show positive progress or commercial contracts are not renewed, or capital market conditions in relation to the life sciences sector are unfavorable, its ability to obtain additional funding will be adversely affected.

// DISCUSSION OF OPERATIONS

Aequus recorded a net loss of $1,959,851 for the nine months ended September 30, 2024, which is 12.85% less than the loss of $2,248,852 for the nine months ended September 30, 2023. The decrease in net loss was mainly due to an increase of $77,168 in gross income plus recovery of $43,061 of Evolve inventory, and 7% reduction in general costs.

ZIMED was launched on August 24, 2023. The bulk of wholesale and large retail distribution was executed in September and early October. During the nine months ended September 30, 2024, the Company recognized $362,288 of ZIMED product sales compared to $13,359 for the nine months ended September 30, 2023. The initial uptake of ZIMED is in line with the Company's expectations. During this launch period, ZIMED was not covered by most payors. However, by the end of Q2 2024 the majority of private insurers have covered ZIMED on their formularies.

The Company realized a 100% decrease in Evolve product sales during the nine months ended September 30, 2024, relative to the comparable period last year. The Company paused the sale of Evolve products in July 2023 due to Medicom's interruption in meeting the MDSAP requirements by Health Canada.

// SELECTED FINANCIAL INFORMATION

The following table provides an overview of the financial results in the three and nine months ended September 30, 2024, as compared to those in three and nine months ended September 30, 2023.

	Three Months Ended September 30			Nine Months Ended September 30		
	2024	2023	Change	2024	2023	Change
	$	$	$	$	$	$
Revenue						
Product sales	148,320	13,359	134,961	362,288	204,019	158,269
Cost of goods sold	72,879	10,458	62,421	177,032	95,931	81,101
	75,441	2,901	72,540	185,256	108,088	77,168
Operating expenditures:						
Research and development	-	74,095	(74,095)	-	301,280	(301,280)
Sales and marketing	446,583	458,101	(11,518)	1,427,460	1,181,996	245,464
General and administration	244,814	278,412	(33,598)	759,364	877,238	(117,874)
	(691,397)	(810,608)	119,211	(2,186,824)	(2,360,514)	173,690
Loss before other income (loss)	(615,956)	(807,707)	191,751	(2,001,568)	(2,252,426)	250,858
Other income (loss)	1,225	4,054	(2,829)	41,717	3,575	38,142
Net loss	(614,731)	(803,653)	188,922	(1,959,851)	(2,248,851)	289,000

REVENUES //

Aequus experienced an increase in product sale revenue related to ZIMED sales compared to Evolve sales in the comparable period. Evolve sales were paused in summer 2023; ZIMED was launched at the end of August and its revenue for the nine months ended September 30, 2024 was $362,288. Aequus is considering how best to reduce the risks associated with short-term contracts which may include diversifying revenue to new licensed products, focusing resources on sales-related activities, adding additional partners with new product licenses with immediate revenue potential or alternate channel opportunities.

RESEARCH AND DEVELOPMENT EXPENSES //

The Company incurred product development expenses of $nil during the three and nine months ended September 30, 2024 compared to $74,095 and $301,280 respectively during the same period in 2023. There were no product development related costs in the nine months ended September 30, 2024. Last year there were expenses related to the Health Canada approval process of ZIMED.

SALES AND MARKETING EXPENSES //

S&M expenses were $446,583 the three months ended September 30, 2024 compared to $458,101 for the three months ended September 30, 2023, a decrease of $11,518. The changes in S&M expenses were primarily impacted by the following items:

- Advertising and promotion costs were $17,199 higher during the three months ended September 30, 2024, as compared to the three months ended September 30, 2023, because marketing initiatives of promoting ZIMED or Evolve were limited in the prior year relative to the current year.
- Management, wages and related increased by $8,374 during the three months ended September 30, 2024, as compared to the same period in 2023. This increase was primarily from a general increase in salaries of full-time employees dedicated to selling activities plus costs related to reducing the number of full-time employees.
- Travel and accommodation decreased by $10,339 for the three months ended September 30, 2024, as compared to the same period in 2023, primarily due to a decrease in ophthalmology conference attendance.
- Consulting fees decreased by $27,051 during the three months ended September 30, 2024, as compared to the three months ended September 30, 2023, due to less expenses specifically related to ZIMED launch and market access activities.

S&M expenses were $1,427,460 for the nine months ended September 30, 2024 compared to $1,181,997 for the nine months ended September 30, 2023, an increase of $245,464. The changes in S&M expenses were primarily impacted by the following items:

- Advertising and promotion costs were $90,177 higher during the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, mainly due to marketing initiatives of promoting ZIMED.
- Management, wages and related increased by $128,010 during the nine months ended September 30, 2024, as compared to the same period in 2023. This increase was primarily from a general increase in salaries plus the cost related to reducing the number of full-time employees.
- Travel and accommodation increased by $5,366 for the nine months ended September 30, 2024, as compared to the same period in 2023, due to an increase in travel by outside sales team.
- Consulting fees increased by $27,297 during the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, due to new product maintenance related expenses specifically related to ZIMED.

The following table summarizes the Company's S&M expenses for the three and nine months ended September 30, 2024 compared to the three and nine months ended September 30, 2023:

	Three Months Ended September 30			Nine Months Ended September 30		
	2024	2023	Change	2024	2023	Change
	$	$	$	$	$	$
Advertising and promotion	61,877	44,678	17,199	221,648	131,471	90,177
Consulting	44,669	71,720	(27,051)	136,934	109,637	27,297
Depreciation and amortization	-	1,665	(1,665)	-	4,996	(4,996)
Management, wages, and related	302,361	293,987	8,374	941,467	813,457	128,010
Share-based payments	2,732	2,752	(20)	11,756	12,285	(529)
Meal	18,725	16,741	1,984	47,959	47,820	139
Travel and accommodation	16,219	26,558	(10,339)	67,696	62,330	5,366
	446,583	458,101	(11,518)	1,427,460	1,181,996	245,464

GENERAL AND ADMINISTRATION AND INTEREST EXPENSES //

General and administration and interest (or "G&A") expenses were $244,814 in Q3 2024 compared to $278,412 in Q3 2023, a decrease of $33,598. The changes in G&A expenses were mainly driven by general cost-cutting measures offset for higher loan-related expenses:

- Interest expenses increased by $32,230 during the three months ended September 30, 2024, as compared to the same period in 2023, primarily due to a higher balance of demand loans and an increase in the interest rate of the loans entered during the nine months ended September 30, 2024.
- Legal and professional fees decreased by $20,919 due to a decrease in legal work required related to regulatory matters.
- Office and general decreased by $11,087 mainly driven by continuing general cost-cutting measures in Q3 2024.

G&A expenses were $759,364 for the nine months ended September 30, 2024 compared to $877,238 for the nine months ended September 30, 2023, a decrease of $117,874. The changes in G&A expenses were mainly driven by general cost-cutting measures offset for higher loan-related expenses:

- Interest expenses increased by $83,835 during the nine months ended September 30, 2024, as compared to the same period in 2023, primarily due to a higher balance of demand loans and an increase in the interest rate of the loans entered during the nine months ended September 30, 2024.
- Legal and professional fees decreased by $109,888 due to a decrease in legal work required related to business development and lower auditor related costs in comparison with the nine months ended September 30,2023.
- Office and general decreased by $46,089 during the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, mainly driven by general cost-cutting measures.
- Regulatory and transfer agent fees reduced by $14,248 mainly due to the Company been delisted from the OTCQB Venture Market.

The following table summarizes the Company's G&A expenses for the three and nine months ended September 30, 2024, as compared to the three and nine months ended September 30, 2023.

	Three Months Ended September 30			Nine Months Ended September 30		
	2024	2023	Change	2024	2023	Change
	$	$	$	$	$	$
Consulting	625	18,678	(18,053)	9,474	31,664	(22,190)
Depreciation of right-of-use lease	33,082	33,082	-	99,246	99,246	-
Interest	68,012	35,782	32,230	181,374	97,539	83,835
Legal and professional fees	26,892	47,811	(20,919)	73,361	183,249	(109,888)
Management, wages, and related	69,625	75,281	(5,656)	232,727	227,254	5,473
Office and general	27,013	38,100	(11,087)	88,818	134,907	(46,089)
Regulatory and transfer agent fees	8,080	15,510	(7,430)	35,390	49,638	(14,248)
Share-based payments	5,290	8,259	(2,969)	21,572	29,794	(8,222)
Travel and accommodation	6,195	5,909	286	17,402	23,947	(6,545)
	244,814	278,412	(33,598)	759,364	877,238	(117,874)

// QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected unaudited financial data (consolidated for all quarters, except Q3 2024, Q2 2024 and Q1 2024) for each of the last eight fiscal quarters:

	Quarters Ended			
	Q3 2024 September 30 $	Q2 2024 June 30 $	Q1 2024 March 31 $	Q4 2023 December 31 $
Revenue				
Product sales	148,320	161,413	52,555	50,877
Cost of goods sold	72,879	86,562	17,591	15,303
	75,441	74,851	34,964	35,574
Research and development expenditures	-	-	-	-
Sales and marketing expenditures	(446,583)	(538,159)	(442,719)	(446,795)
General and administration and interest expenditures	(244,814)	(259,428)	(255,122)	(301,821)
Other income (loss)	1,225	39,703	789	(2,829)
Net loss for the period	(614,731)	(683,033)	(662,088)	(715,871)
Basic and diluted loss per common share	(0.01)	(0.01)	(0.01)	(0.01)

	Quarters Ended			
	Q3 2023 September 30 $	Q2 2023 June 30 $	Q1 2023 March 31 $	Q4 2022 December 31 $
Revenue				
Promotional[(1)]		-	-	310,096
Product sales	13,359	98,409	92,251	72,979
		98,409	92,251	383,075
Cost of goods sold	10,458	46,482	38,991	56,499
	2,901	51,927	53,260	326,576
Research and development recovery (expenditures)	(74,095)	(25,824)	(201,361)	91,379
Sales and marketing expenditures	(458,101)	(372,844)	(351,051)	(567,737)
General and administration and interest expenditures	(278,412)	(353,584)	(245,242)	(306,786)
Other income (loss)	4,054	(550)	71	(564,009)
Net loss for the period	(803,653)	(700,875)	(744,323)	(1,020,577)
Basic and diluted loss per common share	(0.01)	(0.01)	(0.01)	(0.01)

[(1)] Service revenue during each quarter is recognized based on actual third-party sales of products for the reporting period based on data provided by the third-party.

Variations in the Company's net losses and expenses with notable trends for the eight quarters above are as follows:

// LIQUIDITY AND CAPITAL RESOURCES

Cash used in operating activities is comprised of net loss, add-back of non-cash expenses and net change in non-cash working capital items. Cash used in operating activities increased to $1,576,503 in the nine months ended September 30, 2024 from $1,391,873 in the nine months ended September 30, 2023. This increase is primarily driven by the decrease in net loss for the period ended September 30, 2024 offset by a decrease in amounts receivable and an increase in accounts payable.

	Nine Months Ended September 30, 2024 $	Nine Months Ended September 30, 2023 $	Change $
Cash used in operating activities	(1,576,503)	(1,391,873)	(184,630)
Cash provided by financing activities	1,431,714	1,254,080	177,634
Net (decrease) in cash	(144,789)	(137,793)	(6,996)

The cash increase in financing activities is related to new demand loans entered into with the chairman and CEO of the Company. There was no new investing activity during the nine months ended September 30, 2024 and 2023.

Historically, the Company has used net proceeds from issuances of debt and common shares to provide sufficient funds to meet its near-term asset development plans and other contractual obligations when due. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and its success with its strategic collaborations. Any quoted market for the Company's shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating new revenues, cash flows or earnings.

As of September 30, 2024, the Company had a working capital deficiency of $6,280,470 compared to $4,360,868 as of December 31, 2023. The Company's working capital needs fluctuated due to changes in commercial agreements and multiple projects, which place variable demands on resources and timing of expenditures. Potential future sources of capital include receiving cash proceeds from future revenue, the exercise of options, public offerings and private placements; however, the Company cannot predict the timing or amount of additional options and warrants that may be redeemed, if any.

The Company entered into a series of demand loan agreements with the chairman and CEO of the Company for unsecured demand loans. These loans bear interest at an annual rate to be calculated and accrued monthly, and they are repayable on demand.

Date	Amount $	Interest rate
April 29, 2022	2,000,000	2.5%
April 3, 2023	500,000	2.5%
July 6, 2023	400,000	2.5%
August 28, 2023	200,000	2.5%
September 28, 2023	270,000	2.5%
October 18, 2023	1,000,000	5%
January 23, 2024	285,410	6%
March 13, 2024	350,000	6%
May 9, 2024	250,000	6%
June 6, 2024	300,000	6%
July 26, 2024	141,884	6%
August 28,2024	30,000	6%
September 11, 2024	100,000	6%
September 26, 2024	100,000	6%
October 24, 2024	70,000	6%
Total	**5,997,294**	

// COMMITMENTS AND CONTINGENCIES

On December 1, 2018, the Company entered into a lease agreement for its Vancouver head office premises for five years, expiring on November 30, 2023. Pursuant to this lease, the Company was obligated to pay basic rent of $12,573 and operating costs, including electricity and related taxes at approximately $7,570, on a monthly basis. The base annual rent was $150,880 for the year ended December 31, 2022, and increased to $154,560 per year in 2023.

On September 14, 2022, the Company extended the term of the lease for a further five years commencing on December 1, 2023 and expiring on November 30, 2028. The base annual rent will increase to $167,440 for the year ended December 31, 2024, and $171,120, $174,800, $178,480 and $182,160 in each of the subsequent years.

The Company has entered into sublease arrangements of the space providing monthly average rental inflow of approximately $9,107 to offset rent expense. Lease agreements have been accounted for in accordance with IFRS 16 *Leases*.

// OUTSTANDING SHARE CAPITAL

As of the date of this MD&A, there were no Class A preferred shares without par value in the capital of the Company. The issued and outstanding common shares and other securities convertible into common shares are summarized in the following table:

	Number Outstanding as of November 08, 2024	Number Outstanding as of September 30, 2024
Common shares issued and outstanding	132,634,431	132,634,431
Options	9,649,337	9,649,337
	142,283,768	142,283,768

Of the 9,649,337 options outstanding at the date of this report, 6,630,587 are vested and have a weighted average exercise price of $0.09 per option. The remaining 3,018,750 options are not vested and have a weighted average exercise price of $0.04 per option.

// OFF-BALANCE SHEET ARRANGEMENTS

The Company has no undisclosed off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on its results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources that is material to investors.

// RELATED PARTY DISCLOSURE

Transactions with Related Parties

i. Effective December 1, 2016, the Company entered into a consulting agreement with Northview Ventures Inc. ("NVI") and Doug Janzen, the CEO of the Company. As of December 31, 2022, NVI ceased charging the monthly management fee.

ii. The Company entered into a consulting service agreement with Fehr & Associates and Ann Fehr, the chief financial officer ("CFO") of the Company. Pursuant to this consulting agreement, Mrs. Fehr is compensated at a rate of $1,000 per month plus $120 per hour. During the nine months ended September 30, 2024, Fehr & Associates charged total management, wages and related fees of $77,675 (September 30, 2023 - $78,090) for CFO and outsourced accounting services. Share-based payments of $4,311 (September 30, 2023 - $5,324) were granted to Fehr & Associates and Ann Fehr during the nine months ended September 30, 2024. As of September 30, 2024, the Company has included in its accounts payable and accrued liabilities $58,805 (December 31, 2023 - $52,169) due to Fehr & Associates.

iii. Grant Larsen, the former chief commercial officer, was compensated at a monthly rate of $20,833. During the nine months ended September 30, 2024, Mr. Larsen received $190,386 (September 30, 2023 - $187,500) in salaries recognized as management, wages, severance and related expenses. Share-based payments of $7,092 (September 30, 2023 - $16,701) were granted during the nine months ended September 30, 2024.

iv. During the nine months ended September 30, 2024 a share-based payment of $6,159 (September 30, 2023 - $5,632) was granted to the Company's directors.

The amounts owing to the related parties, as described above, are unsecured, non-interest-bearing and without specific terms of repayment.

Key Management Compensation

Related parties include members of the board of directors and officers of the Company, and enterprises controlled by these individuals. The following fees and expenses were incurred:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	$	$	$	$
Management	85,675	94,174	268,061	265,590
Share-based payments	4,131	6,928	17,562	27,658
Total	89,806	101,102	285,623	293,248

Other – Related Party Loans

As detailed above, the Company entered into a series of demand loan agreements with the chairman and CEO of the Company for unsecured demand loans. These loans bear interest at an annual rate to be calculated and accrued monthly, and they are repayable on demand.

The demand loan balance was $5,927,294 at September 30, 2024 (December 31, 2023 - $4,370,000).

During the nine months ended September 30, 2024, interest expense of $137,338 (September 30, 2023 - $47,080) was recorded relating to the demand loans and $207,945 (December 31, 2023 - $70,607) is outstanding and recognized in accounts payable.

During the year ended December 31, 2017, the Company entered into two separate sublease agreements with NVI and Fehr & Associates for recovery of rent expenses. During the nine months ended September 30, 2024, the Company received $7,854 and $81,849 (September 30, 2023 - $6,648 and $56,769), respectively. On September 30, 2024, Northview Ventures Ltd. owed $2,608 (December 31, 2023 - $nil) in office lease expenditures.

// FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

The Company's financial instruments at September 30, 2024 include cash, short-term investments, amounts receivable, accounts payable, accrued liabilities, demand loans from related party and lease liability. The fair values of cash, short-term investments, amounts receivable, accounts payable, accrued liabilities and demand loans from related party approximate their carrying values due to their short-term nature.

IFRS 13 *Fair Value Measurement* establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs used in making fair value measurements as follows:

Level 1 - quoted prices in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liabilities, either directly (i.e., as prices) or indirectly (i.e., from derived prices); and

Level 3 - inputs for the asset or liability that are not based upon observable market data.

The fair value of cash is based on Level 1 inputs.

// SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND POLICIES

In applying the Company's accounting policies, management makes several judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. Actual results may differ from the judgments, estimates and assumptions made by management and will seldom equal the estimated results.

CRITICAL JUDGMENTS AND ESTIMATION UNCERTAINTY //

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the condensed interim financial statements:

- Research costs are recognized as an expense when incurred, but development costs may be capitalized as intangible assets if certain conditions are met, as described in IAS 38 *Intangible Assets*. Management has determined that development costs do not meet the conditions for capitalization under IAS 38, and all research and development costs have been expensed.

- Management is required to determine whether the going concern assumption is appropriate for the Company at the end of each reporting period. Considerations taken into account include available information about the future, including the availability of financing and revenue projection, as well as the current working capital balance and future commitments of the Company.
- The Company applies judgment in determining whether the contract contains an identified asset, whether they have the right to control the asset and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create an economic incentive to exercise renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.
- Management assessed the lease modification in accordance with IFRS 16 and determined that it met the criteria, as it involved a substantive change in scope and commensurate adjustment in lease payments. Consequently, the lease liability and right-of-use ("ROU") asset were recalculated based on the revised terms. This judgment significantly impacts the financial statements by affecting the recognition and measurement of the lease liability, ROU asset and related expenses.

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the financial year:

- The fair value of share-based payments is determined using the Black-Scholes option pricing model. Such option pricing models require the input of subjective assumptions, including the expected price volatility, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant date.
- The Company estimates a market interest rate in determining the fair value of the liability component of its convertible debt and the fair value of the ROU assets and lease liabilities. The determination of the market interest rate is subjective and could materially affect these fair value estimates.
- The Company regularly reviews inventory to determine whether the inventory cost exceeds its net realizable value. The determination of the net realizable value requires management to make estimates and use judgment in considering shelf life of a product, estimates of future demand and new product introductions.
- Management uses judgment in estimating provisions for sale allowance, such as cash discounts, return, rebates and chargebacks. The product revenue recognized quarter over quarter is net of these estimated allowances. Such estimates require the need to make estimates about matters that are inherently uncertain. These estimates take into consideration historical experience, current contractual and statutory requirements, specific known market events and trends, such as competitive pricing and new product introductions, estimated inventory levels and the shelf life of products. If actual future results vary, these estimates need to be adjusted, with an effect on sales and earnings in the period of the adjustment.

// RISKS

Current and prospective shareholders should specifically consider various factors and risks as outlined below as well as under the heading "Risk Factors" in the Company's 2023 AIF. Should one or more of these risks or uncertainties, including the risks listed below, or a risk that is not currently known to us materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein.

Volatility of Market Price

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies has experienced substantial volatility in the past. This volatility may affect the ability of holders of common shares to sell their securities at an advantageous price. Market price fluctuations in the common shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the common shares.

Financial markets historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating

performance, underlying asset values or prospects of such companies. Accordingly, the market price of the common shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the common shares may be materially adversely affected.

Positive Return in an Investment in the Common Shares of the Company is Not Guaranteed

There is no guarantee that an investment in the Company will earn any positive return in the short-term or long-term. A purchase of the shares involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the common shares is appropriate only for purchasers who have the capacity to absorb a loss of some or all of their investment.

Dilution

The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of common shares and Class A preferred shares. The Company's shareholders do not have pre-emptive rights in connection with any future issuances of securities by the Company. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional common shares will be issued by the Company on the exercise of stock options under the Company's stock option plan and upon the exercise of outstanding warrants.

Negative Cash Flow from Operations

The Company had negative cash flows from operating activities during the prior fiscal years. To the extent that the Company has negative cash flow in any future period, the net proceeds from future financing may be used to fund such negative cash flow from operating activities.

Dependence on Key Personnel

The Company strongly depends on the business and technical expertise of its management, and it is unlikely that this dependence will decrease in the near term. Loss of the Company's key personnel could slow the Company's ability to innovate, although the effect on ongoing operations would be manageable as experienced key operations personnel could be put in place. As the Company's operations expand, additional general management resources will be required.

If the Company expands its operations, the ability of the Company to recruit, train, integrate and manage a large number of new employees is uncertain and failure to do so would have a negative impact on the Company's business plans.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the *Business Corporations Act* (British Columbia) (the "BCBCA") in dealing with conflicts of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interest of the Company.

Intellectual Property

Our success depends on our ability to protect our proprietary rights and operate without infringing the proprietary rights of others; we may incur significant expenses or be prevented from developing and/or commercializing products as a result of an intellectual property infringement claim.

The patent positions of biotechnology and biopharmaceutical companies, including us, is highly uncertain and involves complex legal and technical questions for which legal principles are not firmly established. The degree of future protection for our proprietary rights, therefore, is highly uncertain. In this regard there can be no assurance that patents will issue from any of the pending patent applications. In addition, there may be issued patents and pending

applications owned by others directed to technologies relevant to our or our corporate collaborators' research, development and commercialization efforts. There can be no assurance that our or our corporate collaborators' technology can be developed and commercialized without a license to such patents or that such patent applications will not be granted priority over patent applications filed by us or one of our corporate collaborators.

Our commercial success depends significantly on our ability to operate without infringing the patents and proprietary rights of third parties, and there can be no assurance that our and our corporate collaborators' technologies and products do not or will not infringe the patents or proprietary rights of others.

There can be no assurance that third parties will not independently develop similar or alternative technologies to ours, duplicate any of our technologies or the technologies of our corporate collaborators or our licensors, or design around the patented technologies developed by us, our corporate collaborators or our licensors. The occurrence of any of these events would have a material adverse effect on our business, financial condition and results of operations.

Litigation may also be necessary to enforce patents issued or licensed to us or our corporate collaborators or to determine the scope and validity of a third-party's proprietary rights. We could incur substantial costs if litigation is required to defend ourselves in patent suits brought by third parties, if we participate in patent suits brought against or initiated by our corporate collaborators or if we initiate such suits, and there can be no assurance that funds or resources would be available in the event of any such litigation. An adverse outcome in litigation or an interference to determine priority or other proceeding in a court or patent office could subject us to significant liabilities, require disputed rights to be licensed from other parties, or require us or our corporate collaborators to cease using certain technology or products, any of which may have a material adverse effect on our business, financial condition and results of operations.

Reliance on Third-party Sales Data

For certain products, we rely on sales data provided by third parties in order to determine revenue recognition. If such third parties provide incorrect sales data, subsequently provide revised or corrected data, or dispute previously provided data, then we may be required to recognize a prospective adjustment to revenue, whether positive or negative. As a result, our revenue may be subject to greater volatility than the underlying product sales and we are subject to the risk that such third parties have inadequate internal controls to provide accurate data, any of which may negatively impact our revenue in future periods. If we believe there is an error in any such data provided by a third-party, we may dispute the data or related calculations, which may result in us incurring costs to resolve such dispute or may adversely impact our relationship with that third-party.

The Company's activities may be impacted by the spread of COVID-19 or other virus outbreaks

The COVID-19 pandemic or any future emergence and spread of similar pathogens could have an adverse impact on global economic conditions, including monetary policy and inflation, which may adversely impact the Company's operations and the operations of the Company's suppliers, contractors and service providers, and may negatively impact future fiscal periods in the event of prolonged disruptions associated with the pandemic. A sustained slowdown in global growth or demand, or a significant slowdown, could have an adverse effect on metal prices and the demand for metals, supply chain disruptions and increased government regulations, all of which may negatively impact the Company's business and financial condition.

In addition, any future emergence and spread of COVID-19 or similar pathogens could have a material adverse impact on global economic conditions, which may adversely impact the market price of the Company's common shares, the Company's operations or its ability to raise equity financing for the purposes of mineral exploration and development.

Indemnification Provisions

The Company may enter into commercial agreements with third parties that include indemnification provisions that are customary in the industry. These guarantees generally require the Company to compensate the other party for certain damages and costs incurred as a result of third-party claims or damages arising from these transactions. In some cases, the maximum potential amount of future payments that could be required under these indemnification provisions is unlimited. These indemnification provisions may survive termination of the underlying agreement. The nature of the indemnification obligations prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay.

// ADDITIONAL INFORMATION

Additional information about the Company, including the condensed interim financial statements of the Company is available on SEDAR+ at *www.sedarplus.ca.*