Management's Discussion and Analysis

For the Three and Nine Months Ended November 30, 2022 and 2021

Dated: January 19, 2023

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About This Management's Discussion and Analysis

All references in this management's discussion and analysis, or MD&A, to "the Company," "Bioasis," "we," "us," or "our" refer to Bioasis Technologies Inc. and the subsidiaries through which it conducts its business, unless otherwise indicated or the context requires otherwise.

This MD&A should be read in conjunction with our unaudited condensed interim consolidated financial statements and accompanying notes for the three and nine months ended November 30, 2022 and 2021, which have been prepared by management in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB. Our IFRS accounting policies are set out in Note 2 of our annual audited consolidated financial statements for the years ended February 28, 2022 and 2021. All amounts are in Canadian dollars, unless otherwise indicated. References to "US$" are to United States dollars.

Readers should note that as of November 30, 2022 the Company has an accumulated deficit of $42,963,041and negative working capital of $3,220,076, and for the nine months ended November 30, 2022 had a net loss of $2,309,074 and cash flow used in operating activities of $1,255,885. Based on its current cash burn rate, and the proceeds from the Midatech Bridge Loan and Lind Bridge Loan described below, the Company anticipates that its existing cash balance is sufficient to fund operations through approximately February 2023. These factors indicate the existence of a material uncertainty that may raise significant doubt about the Company's ability to continue as a going concern. The ability of the Company to continue operations is dependent upon its ability to obtain additional financing through licensing of its technology or collaboration agreement with upfront and milestone payments, research grant funding, sale of common shares, warrants, loans or issuance of debt securities and other strategic alternatives, which could result in the significant dilution in the equity interest of existing shareholders. Further, the biotechnology industry is subject to rapid and substantial technological change that could reduce the marketability of the Company's technology.

As of December 31, 2022 the Company has a cash balance of $607,065. The Company has been reducing its research activities and deferring payments to its vendors in order to extend its cash.

The Company has entered into an Arrangement Agreement dated December 13, 2022 (the "Arrangement Agreement") with Midatech Pharma plc ("Midatech") pursuant to which Midatch will acquire all of the issued and outstanding common shares of the Company in exchange for ordinary shares of Midatech in the form of American Depositary Shares by way of a statutory plan of arrangement under the Business Corporations Act (British Columbia) (the "Arrangement").

The combination of Bioasis and Midatech will create a multi-asset rare and orphan disease company that will be renamed Biodexa Pharmaceuticals PLC ("Biodexa"). Bioasis and its shareholders are expected to benefit from Biodexa's capital markets profile in the United States as a NASDAQ-listed company, as well as increased trading liquidity and broadened appeal to global index and generalist investors relative to Bioasis' status as a TSXV-listed company. Biodexa is expected to benefit from the collective scientific, technical, and operational expertise of both Midatech and Bioasis as well as cost synergies as a result of the elimination of duplicative salaries, administrative and regulatory costs and other public company expenses.

Under the Arrangement Agreement, Midatech has agreed to advance a bridge loan in the amount of US$750,000 to the Company in three equal tranches of US$250,000 (on December 19, 2022, January 3, 2022 and February 6, 2023) (the "Midatech Bridge Loan").

Concurrently with the Arrangement Agreement, the Company and Lind Global Macro Fund, LP ("Lind") entered into an amendment to the convertible security funding agreement between the Company and Lind dated June 21, 2022 pursuant to which, among other things, Lind agreed to (i) waive the Company's repayment obligations until December 31, 2022, (ii) consent to the completion of the Arrangement and (iii) advance a $350,000 bridge loan to the Company (the "Lind Bridge Loan"), net of amounts payable to Lind in respect of its legal fees and expenses.

In connection with the Arrangement, Midatech entered into securities purchase agreement with an institutional investor for (i) a registered direct offering of ADSs for gross proceeds of approximately US$400,000 that was completed on December 16, 2022 and (ii) a private placement equity financing for gross proceeds of approximately US$9.6M that will be completed concurrently with the Arrangement (the "Midatech Financing").

For further details of the Arrangement Agreement and related matters, please refer to the Company's press release dated December 13, 2022 and its management information circular dated January 5, 2023, copies of which are available under the Company's SEDAR profile at www.sedar.com.

Cautionary Statement About Forward-Looking Statements

This MD&A contains forward-looking statements within the meaning of applicable securities laws. All statements contained herein that are not clearly historical in nature are forward-looking, and the words "anticipate," "believe," "expect," "estimate," "may," "will," "could," "leading," "intend," "contemplate," "shall" and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements in this MD&A include, but are not limited to, statements with respect to:

- our expected future loss and accumulated deficit levels;
- our projected financial position and estimated cash burn rate;
- our expectations about the timing of achieving milestones and the cost of our development programs;
- our requirements for, and the ability to obtain, future funding on favorable terms or at all;
- our projections for the development of the xB^3 ™ and EGF platforms and progress of each of our products and technologies, particularly with respect to the timely and successful completion of studies and trials and availability of results from such studies and trials;
- our ability to successfully integrate our acquisition of assets from the owners of Cresence AS
- our expectations about our products' safety and efficacy;
- our expectations regarding the progress, and the successful and timely completion, of the various stages of the regulatory approval process;
- our ability to secure strategic partnerships with larger pharmaceutical and biotechnology companies;

- our expectations regarding the acceptance of our products and technologies by the market;
- our ability to retain and access appropriate staff, management and expert advisers;
- our expectations with respect to existing and future corporate alliances and licensing transactions with third parties, and the receipt and timing of any payments to be made by us or to us in respect of such arrangements; and
- our strategy with respect to the protection of our intellectual property.

All forward-looking statements reflect our beliefs and assumptions based on information available at the time the assumption was made. These forward-looking statements are not based on historical facts but rather on management's expectations regarding future activities, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities.

By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, known and unknown, that contribute to the possibility that the predictions, forecasts, projections or other forward-looking statements will not occur. In evaluating forward-looking statements, readers should specifically consider various factors, including the risks outlined under the heading "Risk Factors" in this MD&A. Some of these risks and assumptions include, among others:

- substantial fluctuation of losses from quarter to quarter and year to year due to numerous external risk factors, and anticipation that we will continue to incur significant losses in the future;
- uncertainty as to our ability to raise additional funding to support operations;
- our ability to generate product revenue to maintain our operations without additional funding;
- the risks associated with the development of our product candidates which are at early stages of development;
- reliance on third parties to plan, conduct and monitor our preclinical studies and clinical trials;
- our product candidates may fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or may not otherwise produce positive results;
- risks related to filing Investigational New Drug, or IND, applications to commence clinical trials and to continue clinical trials, if approved;
- the risks of delays and inability to complete clinical trials due to difficulties enrolling patients;
- competition from other biotechnology and pharmaceutical companies;
- our reliance on the capabilities and experience of our key executives and scientists and the resulting loss of any of these individuals;
- our ability to adequately protect our intellectual property and trade secrets;
- our ability to source and maintain licenses from third-party owners;
- the risk of patent-related litigation; and
- risks arising from events outside our control, such as natural disasters, wars or health epidemics

All as more fully described under the heading "Risk Factors" in this MD&A.

Although the forward-looking statements contained in this MD&A are based upon what our management believes to be reasonable assumptions, we cannot assure readers that actual results will be consistent with these forward-looking statements.

Any forward-looking statements represent our estimates only as of the date of this MD&A and should not be relied upon as representing our estimates as of any subsequent date. We undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as may be required by securities legislation.

Overview

A Multi-Asset Rare and Orphan Disease Company

We are a biopharmaceutical company focused on research and development of technologies and products intended for the treatment of patients with nervous system, including central nervous system (CNS), diseases and disorders.

We are engaged in the development of our xB^3™ platform for the transport of therapeutic agents, in particular biological products, across the blood-brain barrier, or BBB. xB^3™ is a peptide-based technology which we believe has significant advantages over competing technologies for BBB drug delivery. We are focusing our efforts on the advancement of carefully selected, internal development programs for the treatment of specific CNS-related diseases, as well as potential strategic licensing of our xB^3 platform technology to pharmaceutical and biotechnology companies for the advancement of their neuroscience programs. In our internal development we have focused on both orphan drug indications, including brain cancers, and rare genetic neurodegenerative diseases, and neuroinflammatory conditions where proof-of-concept for approved medications exist and where there is potential for more rapid development and approval.

We are also focused on our Epidermal Growth Factor (EGF) platform for treating rare and orphan neurodegenerative and neuroinflammatory disorders. EGF is a protein that stimulates cell growth and differentiation, notably for myelin producing cells. Our proposed EGF treatment is anticipated to stimulate myelin regeneration and protect nerve cells in addition to inducing nerve cell growth and differentiation. There is currently no effective treatment that exists that addresses the loss of myelin as the underlying cause of morbidity in neuroinflammatory diseases.

We believe our programs have the potential to bring forward new medicines, positively impacting the lives of patients and returning value for shareholders. Key to our philosophy is a dedication to science as the driver of what we do, with our mission being to develop new and more effective medicines for patients suffering from CNS-related diseases and disorders. The Company is currently listed for trading on the TSX Venture Exchange under the symbol "BTI" and on the OTCQB market under the symbol "BIOAF."

Highlights

Acquisition of EGF Platform

On June 16, 2022, the Company entered into an asset purchase agreement with the founders of Cresence AS of Oslo, Norway (the "Sellers"). Under the terms of the agreement, the Company purchased all the right, title and interest in the intellectual property owned by the Sellers related to their epidermal growth factor (EGF) platform. The Company believes that such EGF assets could be key in treatment of Guillain-Barre Syndrome and Chronic Inflammatory Demyelinating Polyneuropathy, among other indications.

In exchange for this intellectual property, the Company issued 6.5 million common shares to the Sellers upon completion of the transaction on June 17, 2022, and has agreed to issue up to an additional 6.0 million common shares subject to the achievement of additional milestones as follows: 3.0 million shares are issuable upon the Company's initiation of a pivotal clinical trial in the U.S. for the first product and 3.0 million shares are issuable upon the U.S. FDA approval of any Bioasis application for the first product. Milestone payments of US$1.0 million each will be made upon attaining the second and third FDA approved indication in neurology for a product. A running royalty of 1% of net sales is payable for any product until the expiration of a specified royalty period.

The Sellers have agreed that they will not sell any of the common shares issued to them for a period of two years from the closing of the transaction. Thereafter, sales will be subject to certain volume limitations.

This transaction brings Phase 2 ready assets to Bioasis that are aligned with our focus on rare disease and orphan drug indications. EGF1-48 comes with a full IND package and clinical experience indicating that it is safe and well-tolerated in humans. The molecule has a unique dual mechanism of action, stimulating myelination and downregulating neuroinflammation, thus offering neuroprotective properties that support development in Guillain-Barre Syndrome, Chronic Inflammatory Degenerative Polyneuropathy and certain clinical manifestations related to onset and/or progression of multiple sclerosis, including optic neuritis and relapses of the disease. The transfer of these assets to Bioasis is expected to accelerate the development of EGF therapeutics for the treatment of certain rare neurodegenerative disorders. The Company believes that adding the EGF technology to the Bioasis platform will create new synergies allowing rapid development of innovative drugs in neurology. We expect these synergies will ultimately lead to tailored delivery of our molecules to the central nervous system and possibly broaden the therapeutic areas of their application within immunoinflammatory and degenerative diseases of the central nervous system.

The addition of this key intellectual property provides the Company a potentially Phase 2 clinical stage ready molecule that is synergistic with the Company's existing technology and therapeutic areas of interest. It is also providing the Company with a chance to complete rapid proof of concept clinical trials in multiple indications. Members of the Cresence team have entered into consultancy agreements with the Company and will be involved in preparations for the clinical trials of EGF.

Intellectual Property

The Company has continued to prosecute its deep patent portfolio covering the xB^3 platform technology and development candidates, including Bioasis' lead candidate relating to trastuzumab/xB^3 conjugates including xB^3-001, for the treatment of HER2+ breast cancer brain metastases. The Company is also committed to and continues to file new patent applications directed to its ongoing work and future project directions.

On June 2, 2022, Bioasis' Israeli Patent Application, Serial No. 246348, directed to the p97 fusion proteins was granted by the Israeli Intellectual Property Office.

On Feburary 22, 2022, Bioasis' Chinese Patent Application, Serial No. 202110930881.7, directed at combination therapies for delivery across the blood brain barrier, was published under publication No. CN114073775 A.

On January 28, 2022, Bioasis filed a Continuation-In-Part Application in the United States, claiming priority to U.S. Serial No. 16/981,627. This continuation-in-part is directed specifically to interleukin-1 related diseases.

On January 14, 2022, Bioasis' Chinese Patent Application, Serial No. 2015800226551, directed to p97-polynucleotide conjugates was granted by the Chinese Intellectual Property Office.

Commencing in August 2021, Bioasis began the process of filing U.S. and foreign patent applications directed to combination therapies for delivery across the blood brain barrier. These applications claim priority to U.S. Provisional Application Serial No. 63,065,492. These applications are pending in the U.S., Australia, Canada, China, Hong Kong, Japan, and the European Patent Office.

On August 16, 2021, Bioasis' Japanese application, Serial No. 2019-189551, directed at p97-IDS fusion protein, was granted by the Japanese Patent Office.

On July 6, 2021, Bioasis' Canadian Patent Application, Serial No. 2,906,003, directed to the fragments of p97 and the uses thereof was granted by the Canadian Intellectual Property Office.

On May 15, 2021, Bioasis' United States Application, Serial No. 16/449,359, directed to a conjugate comprising a p97 polypeptide, was allowed by the U.S. Patent and Trademark Office. On September 21, 2021, this patent was issued as U.S. Patent No. 11,124,781.

Commencing in May 2021, the Company began the process of filing U.S. Utility and PCT International applications claiming priority to U.S. Provisional Application Nos. 63/026,187 – directed to Lewy body dementia and 63/040,428 - directed to the treatment of Frontotemporal dementia. On March 23, 2021, Bioasis' Australian Application, Serial No. 2019202704, directed to treating a subject suffering from a condition requiring transport of a therapeutic agent across the blood brain barrier with a conjugate comprising a p97 polypeptide, was accepted for grant. On February 2, 2021, Bioasis' Canadian Application, Serial No. 2906003, directed to a conjugate comprising a p97 polypeptide, was accepted for grant.

On March 5, 2021, Bioasis' Japanese Application, Serial No. 2019-56849, directed to a conjugate comprising a p97 polypeptide, was allowed by the Japanese Patent Office.

Commencing in January 2021, Bioasis began the process of filing U.S. and foreign national stage patent applications for its International Patent Application No. PCT/US2019/042566 directed to the

treatment of lymphatic metastases. These applications are pending in the U.S., Canada, and the European Patent Office (with an option to extend to Hong Kong).

In November 2020, the Company began the process of filing the U.S. and foreign national stage patent applications of its PCT International Patent Application No. PCT/US2019/033012 directed to the treatment of Gaucher's disease. The filings were completed on January 26, 2021. During the period from September 1, 2020 through November 22, 2020, Bioasis filed U.S. and foreign national stage patent applications for its International Patent Application No. PCT/US2019/023338 directed to bifunctional blood brain therapies. These applications are pending in the U.S., Australia, Canada, China, the European Patent Office (with an option to extend to Hong Kong), Israel, Japan, Korea and Saudi Arabia. On December 23, 2020, the Company received a Notice of Allowance from the U.S. Patent and Trademark Office for its Application Serial No. 15/943,160 which covers methods of treating Hunter disease. On June 15, 2021, this patent was issued as U.S. Patent No. 11,034,943. On June 11, 2021, Bioasis filed a continuation application in this family.

On September 15, 2020, the U.S. Patent and Trademark Office issued US Patent No. 10,772,939 to the Company. This patent is a further continuation covering the Company's xB^3 platform technology. On July 21, 2020, U.S. Patent No. 10,716,862 was issued to the Company. This patent is also a continuation and relates to the p97 protein as an enzyme delivery system. On October 1, 2020, Bioasis' Israeli patent for the p97 fusion protein conjugates comprising iduronate-2-sulfatase, for treating conditions such as Hunter disease, was granted. Bioasis' Australian Patent No. 2015252906, relating to p97 conjugates for delivery of therapeutic agents such as polynucleotides targeting the human NOX gene for treating central nervous system disorders, was granted on September 3, 2020. Also, the Company's Australian Patent No. 2015210612, relating to p97 fusion proteins for delivering trastuzumab, was granted on July 23, 2020.

On June 18, 2020, Australian patent application No. 2015219339 was granted by the Australian patent office. This Australian patent relates to the iduronate-2-sulfatase, or IDS, polypeptide. On March 9, 2020, the Company received a notice that New Zealand patent application 711373 is in order for acceptance. This New Zealand application is directed to the p97 platform technology. Because of the COVID-19 pandemic, the New Zealand Patent Office issued a new order for acceptance. This commenced an extended public opposition period which expired without comment on November 9, 2020, upon which the patent formally granted.

On January 30, 2020, PCT patent application PCT/US2019/042568 published as WO 2020/023300. This patent application relates to methods and compositions for treating a condition of the lymphatic system that also presents a disease in the brain of the subject. On December 5, 2019, PCT patent application PCT/US2019/003012 published as WO 2019/231725. This patent application relates to methods and compositions for treating lysosomal storage diseases, and in particular, Gaucher's disease. On September 18, 2019, European Patent Grants 2970433, 3102608, and 3107562 were published relating to the Company's p97 platform technology, to the p97 fusion protein conjugates comprising the trastuzumab heavy chain sequence and to the iduronate-2-sulfatase, or IDS, polypeptide, respectively. The EP Grant 2970433 was validated in France, Germany, Italy, Spain, Sweden, Switzerland and the U.K. and patent registration in Hong Kong was completed prior to March 18, 2020. The EP Grant 3102608 was validated in France, Germany, Italy, Spain, Switzerland and the U.K. and patent registration in Hong Kong was completed prior to March 18, 2020. The EP Grant 3107562 was

validated in Denmark, France, Germany, Italy, the Netherlands, Spain, Sweden, Switzerland and the U.K. and patent registration in Hong Kong was completed prior to March 18, 2020. The nine-month public opposition period for EP patent grants 2970433, 3102608, and 3107562 expired without comment on June 18, 2020. On November 27, 2019, a European Divisional Patent 3321281 was granted, related to conjugates for treating degenerative or autoimmune disorders of the central nervous system. The EP grant was validated in France, Germany, Italy, Switzerland and the U.K. The nine-month public opposition period for EP patent grant 3321281 expired on August 27, 2020 without comment.

A U.S. patent (US 10,392,605) was issued on August 27, 2019 to the Company that is directed to iduronate-2-sulfatase, or IDS, polypeptide/xB^3 conjugates. In Japan, the Company's p97 platform patent grant published on September 13, 2019. The public opposition period passed on April 2, 2020 without any third-party oppositions being filed. On October 18, 2019 and October 25, 2019, the Company's Japanese patents issued relating to the P97 trastuzumab conjugates and to the IDS conjugates. The China National Intellectual Property Administration issued a patent directed to the Company's platform technology on September 27, 2019.

The U.S. application for the xB^3 trademark was allowed on May 28, 2019. The Company filed the most recent Request for an Extension of Time to file a Statement of Use on November 6, 2020, which the U.S. Patent and Trademark Office accepted on May 13, 2021. The current deadline for submission of a Statement of Use or Request for Extension of Time to file a Statement of Use is November 28, 2021. The U.S. application for the BIOASIS mark was matured to Registration No. 5956240 on January 7, 2020.

Other patents and patent applications in the Company's portfolio are related to innovations in the areas of combination therapies, fusion proteins with various antibodies, CNS-targeted conjugates, treatment of neuropathologies and pain, as well as other innovations. Generally, these patents, when granted, will have expiration dates from 2023 to 2041.

Research & Development

With the acquisition of the EGF assets from the owners of Cresence on June 17, 2022, we have engaged the inventors of the technology to be advisors to the Company. Professor Ferdinando Nicoletti is an immunologist and Professor Giuseppe Scalabrino is an expert in neuroinflammation and repair, and they will assist us with research and development. Professor Alois B. Lang is an immunologist and will assist us to oversee the manufacturing and product development. Professor Francois Curtin, formerly CEO of Cresence, will assist us in business development and design and oversight of the proposed clinical trials.

On July 20, 2021, the Company announced the appointment of Dr. Jeffrey Sprouse Ph.D. as Preclinical Program Manager. Dr. Sprouse brings over 20 years of drug discovery experience to his role at Bioasis. Trained as a neuropharmacologist, he has held leadership positions at top tier Pharma organizations, having served as the project lead for a variety of multi-disciplinary drug discovery programs at Pfizer and as the committee chair for early project development at Lundbeck.

On July 7, 2021, Bioasis announced the positive results from an efficacy study of the Company's xB^3-IL-1RA in a model of multiple sclerosis. The therapeutic efficacy of xB^3-IL-1RA in neuroinflammatory diseases, particularly the rodent experimental allergic encephalomyelitis (EAE) model of multiple sclerosis, was investigated. Peripheral treatment during the disease induction phase resulted in both

delayed onset and overall reduced clinical symptom scores in animals treated with xB^3-IL-1RA compared to control animals. This work further strengthens the utility of xB^3 peptide as a platform technology for delivery of large molecule biologics across the BBB. Furthermore, the study confirms the potential application of xB^3-IL-1RA to the treatment of neuroinflammatory diseases such as multiple sclerosis.

On June 2, 2021, the Company's xB^3 traversing the intact blood brain barrier work was published in *Frontiers in Neurosciences.* This work demonstrated localization of xB^3 in various types of brain cells and subcellular compartments, therefore providing fundamental evidence that establishes the xB^3 peptide as a brain delivery vector. The acceptance and publication of the Company's experimental data in peer-reviewed journals provides validated recognition of the Company's platform technology in the scientific community.

On March 29, 2021, Bioasis announced the publication of its work in the delivery of RNAi. Scientists from Bioasis and Dr. Wilfred A. Jefferies evaluated Bioasis' xB^3 ™ platform technology by investigating its application to siRNA brain delivery; this was followed by an efficacy study in an ischemic stroke model induced by transient middle cerebral artery occlusion. This research shows that the xB^3 ™ platform can act as a delivery vector to facilitate BBB translocation of siRNA, where the siRNA targeting NOX4, a gene thought to be responsible for oxidative stress in ischemic stroke, can elicit effective therapeutic knockdown of a gene in the CNS. The successful delivery was demonstrated by reduced stroke damage in the brain and improved neurological function. The research conducted by Eyford, et al., "A Nanomule Peptide Carrier Delivers siRNA Across the Intact Blood-Brain Barrier to Attenuate Ischemic Stroke," was published in *Frontiers in Molecular Biosciences*.

On April 1, 2021, the Company's xB^3 traversing the intact blood brain barrier work was accepted for publication in *Frontiers in Neurosciences*. On March 25, 2021, the Company's siRNA brain delivery work was published in *Frontiers in Molecular Biosciences.* This work provides fundamental evidence that establishes the xB^3 peptide as a brain delivery vector. The acceptance and publication of the Company's experimental data in peer-reviewed journals provides validated recognition of the Company's platform technology in the scientific community.

As part of the Company's effort to expand our portfolio in the CNS disease field, we have added three preclinical programs to our R&D efforts. These include targeting lysosomal storage related diseases, such as xB^3-007 for treatment of Gaucher's disease, GBA-1 associated Parkinson's and Lewy body dementia, as well as xB^3-progranulin for treatment of Frontotemporal dementia. In addition, the Company is also focusing efforts to expand our portfolio around xB^3-004 (xB^3-IL-1RA) to include targeting the treatment of neuroinflammation.

In May 2019, the Company prepared and submitted its pre-Investigational New Drug, or pre-IND, briefing document for its lead development candidate, xB^3-001, for the treatment of HER 2+ breast cancer and brain metastases to the U.S. Food and Drug Administration, or FDA. In June 2019, the FDA provided written responses to the questions posed by the Company. Included in the responses was a suggestion by the FDA that the Company seek to schedule an end of Phase 1 meeting with the FDA upon which time the Company may be able to discuss with the FDA clinical trial design that may lead to accelerated approval.

Subject to additional financing and potential partnering, anticipated key future milestones include completion of manufacturing and toxicology to support an IND filing, with the timing of IND filing dependent on additional funds to progress the xB^3-001 program.

Corporate Development and Strategic Partnering

On May 10, 2022, the Company entered into a research collaboration and license agreement with Neuramedy Co Ltd ("Neuramedy"), of Seoul, South Korea. Neuramedy is a biotech company researching and developing innovative solutions for neurodegenerative diseases. Under the terms of the agreement, Neuramedy has obtained worldwide rights to research, develop and commercialize an xB^{3TM} version of its antibody, Tomaralimab, directed at the Toll-like receptor 2. Tomaralimab is currently in development for the treatment of Parkinson's disease and Multiple System Atrophy. The Company received an upfront payment and may receive an additional US$72 million in milestone payments and a royalty on net sales.

On April 11, 2022, the Company entered into a research collaboration with Janssen Biotech, Inc., one of the Pharmaceutical Companies of Johnson & Johnson. Under the terms of the agreement, the Company received a non-refundable, upfront payment of US$100,000. In addition, the Company will receive milestone payments based on the achievement of the milestone events defined in the agreement. The agreement is effective until the earlier of (i) completion of the research, or (ii) January 31, 2023. Janssen will have the option to research, develop and commercialize novel products based on the Company's xB^3 technology. The agreement was facilitated by Johnson & Johnson Innovation.

On August 18, 2021, the Company announced the appointment of Shadow Lake Group, Inc. and its affiliate SLG Europe BV ("SLG") as business development advisors. SLG is also assisting the Company to evaluate strategic opportunities.

On July 15, 2021, the Company entered into a new Material Transfer Agreement (MTA) and associated research plan with a global pharmaceutical company for the evaluation of its technology in combination with another novel technology for CNS disorders.

On June 30, 2021, the Company announced the initiation of a research collaboration with Oxyrane UK Ltd. Oxyrane UK Ltd. is developing enhanced enzyme replacement therapies for lysosomal storage diseases using a proprietary, glycol-engineered yeast expression system for efficient targeting of enzyme to the lysosome. The research collaboration is focused on the development and evaluation of combining the xB^{3TM} technology and Oxyrane's OxyCAT platform to deliver an undisclosed enhanced enzyme replacement therapy into the brain with anticipated greater efficacy.

On March 31, 2021, the Company announced the formation of a research collaboration with Aposense Limited. Aposense Limited is a highly innovative Israeli bio-pharmaceutical company specializing in development of novel drugs, utilizing membrane electrical forces. The research collaboration will be focused on the non-invasive delivery of genetic therapies, specifically siRNA therapeutics for CNS disorders to address devastating unmet medical needs.

On June 29, 2020, the Company entered into a worldwide, non-exclusive research collaboration and licensing agreement for the xB^3 BBB technology in treatment of rare diseases with a focus on four undisclosed lysosomal storage disorders, or LSDs, with Chiesi Farmaceutici S.p.A., or Chiesi Group. Under the terms of the agreement, Bioasis received an upfront payment of US$3 million. Bioasis may

also be eligible to receive additional commercial license option payments and development, regulatory and commercial milestone payments of up to US$138 million, as well as royalty and assignment payments based on net sales of licensed products, pending market approval. Chiesi Group will be responsible for all costs associated with research, development and commercialization of the undisclosed LSD programs.

Events and Presentations

Bioasis attended and presented at Sachs 21st Annual Biotech in Europe Forum *Digital* Conference, October 7-8, 2021 where Dr. Rathjen participated as part of the NextGen Neuroscience: Tackling Neuroinflammation & Degeneration panel. Dr. Rathjen also gave a corporate presentation and undertook partnering meetings. In addition, Bioasis attended the BIO-Europe *Digital* from October 25-28, 2021, where Dr. Rathjen was joined by Bioasis' business development advisors, Shadow Lake Group, in partnering meetings. On August 18, 2021, the Company announced the appointment of Shadow Lake Group, Inc. and its affiliate SLG Europe BV ("SLG") as business development advisors.

Bioasis was represented by Dr. Deborah Rathjen at Biotech Showcase 2022 and BIO2022, at which the Company met with potential corporate partnering companies. Dr. Rathjen also presented at HC Wainwright BIOCONNECT Virtual in January 2022. Bioasis was represented at BIO-Europe 2022 by Shadow Lake Group (October 24-26 2022) meeting with potential partners for the xB^3 platform technology.

Financing

Lind Convertible Security Funding Agreement

On June 22, 2021 the Company entered into a convertible security funding agreement with Lind Global Macro Fund, LP, an entity managed by The Lind Partners, a New York-based institutional investment management firm (together, "Lind"). Under the terms of the Agreement, Bioasis may issue to Lind convertible securities in the principal amount of up to $10,000,000. On June 29, 2021, pursuant to the Agreement, Lind made an initial investment of $3,000,000, less a commitment fee of $90,000, in exchange for a convertible security (the "First Convertible Security") with a face value of $3,600,000 (the "Face Value"), representing a principal amount of $3,000,000 (the "Principal Amount") and a pre-paid interest amount of $600,000 (the "Pre-Paid Interest"). Commencing 180 days from closing, Bioasis began repaying the First Convertible Security in $125,000 installments. The Company has been granted a 90-day repayment holiday for the months of June, July and August, totaling $375,000. As described above, in connection with the Midatech transation, the Company has received an additional repayment holiday for the months of September, October, November and December 2022 totaling $500,000. Pre-Paid Interest will accrue monthly at $20,000 per month, and once accrued, Lind will have the option, once every 90 days, to convert accrued Pre-Paid Interest into common shares of the Company at 90% of the market closing price on the day immediately prior to the conversion.

Lind will be restricted from selling any of the Company's shares it receives in connection with the First Convertible Security for a period of four months and a day from the date of issuance of the First Convertible Security, and is prohibited from short selling the Company's shares during the term of the Agreement. After the initial four-month period, Lind will have the right to convert any portion of the Principal Amount into common shares of the Company at a price per share of $0.31 (the "Conversion

Price").

The Agreement also includes an option for the Company to receive additional investments from Lind of up to $7,000,000, in exchange for a convertible security with similar terms to the First Convertible Security, subject to mutual agreement and TSX Venture Exchange approval.

The Company has the option to buy back the outstanding convertible securities in cash at any time. If the Company exercises the buy back option, Lind will have the option to convert (i) up to 33.3% of the outstanding Principal Amount at the Conversion Price, and (ii) up to 100% of the then-accrued Pre-Paid Interest into common shares of the Company. The Company concluded that the conversion option was an embedded derivative that requires bifurcation as a derivative liability due to the contingency that the Company could be required to pay cash for the conversion.

As part of the First Convertible Security financing, the Company issued Lind 4,839,048 warrants exercisable for a term of 30 months at an exercise price of $0.41 per share. The Company will have the right to accelerate the expiry date of a certain number of warrants, subject to certain conditions, including that no event of default has occurred, as follows: (i) if the Company's shares trade above $1.27 for 30 consecutive days, the Company can accelerate the expiry date of 50% of the warrants; and (ii) if the Company's shares trade above $1.80 for 30 consecutive days and the First Convertible Security then outstanding (along with all outstanding accrued pre-paid interest) has been fully repaid or converted, then the Company can accelerate the expiry of all of Lind's remaining warrants. Any warrant exercise proceeds will be applied to the outstanding Principal Amount of the First Convertible Security. The exercise price is subject to adjustment if shares trade at a price of less than 95% of the market price, as a result, the warrants do not meet the criteria to be classified as equity and have been bifurcated and accounted for as a derivative liability.

As noted above, the Company and Lind have agreed to amend certain terms of the convertible security funding agreement in connection with the Arrangement.

On June 5, 2020, the Company's U.S. subsidiary, Bioasis Biosciences Corporation, received loan proceeds of US$89,500 from the U.S. Federal Payroll Protection Program, or PPP. The PPP loan is currently a two-year unsecured note, subject to final regulations, which bears interest at 1.0% per annum. Repayment of the PPP loan is deferred for the first ten months of the loan. Forgiveness of all or a portion of the PPP loan was contingent upon the Company using at least 60% of the proceeds to fund its payroll and benefit costs for the 24-week period immediately following the receipt of funds. In February 2021, the Company applied for full forgiveness of the PPP loan, which was granted on June 28, 2021.

As previously noted, the Company requires additional funding in order to pursue the planned development of its xB^3 drug delivery platform, including the xB^3-001 program, and fund its working capital requirements. The Company is currently focused on securing financing via additional strategic partnership transactions for its xB^3 drug delivery platform.

COVID-19

Since the World Health Organization declared COVID-19 a global pandemic, the Company has taken measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for its people (such as working from home and limiting travel). The impact of COVID-19 on the Company has

resulted in the delay of some planned research and development work. The Company will continue to follow various government policies and advice and, in parallel, the Company will continue its operations in the best and safest way possible without jeopardizing the health of its employees.

Strategy and Pipeline

Our goal is to become the leading rare and orphan disease company using blood-brain barrier drug delivery through our xB^3 and EGF platforms, enabling the treatment of patients with previously untreatable brain diseases by improving the delivery of existing medicines into the brain. To achieve this goal, we are pursuing the following strategic actions, subject to securing longer-term funding:

- Advance our CRES-101 program into clinical trial.
- Advance our xB^3-008 pipeline program for the treatment of Hunter Syndrome.
- Advance the development of our xB^3-001 program through partnering the program with another company also focused on oncology indications.
- Advance the development of our other pipeline programs.
- Forge Additional Strategic Partnerships for our xB^3 Platform Technology.

The EGF Platform Technology

Epidermal Growth Factor (EGF) induces the in vitro and in vivo proliferation of neural stem cells (NSC), their migration, and their differentiation towards the neuroglial cell line. EGF acts via the EGF receptor (EGFR). EGF has pleiotropic differentiative and proliferative effects on the main central and peripheral nervous system cell types, particularly oligodendrocytes, astrocytes and Schwann cells. EGF mediates the in vivo myelin trophic effect of cobalamin on the central and peripheral nervous system, and modulates the synthesis and levels of nervous system normal prions proteins (PrPCs), both of which are indispensable for myelin genesis and myelin maintenance and acts towards anti-inflammatory M2 polarization of macrophages[1]. This dual remyelination and anti-inflammatory potential is particularly interesting for the treatment of neurodegenerative disorders.

Cres101: Treatment of Guillain Barre Syndrome, Optic Neuritis Associated with Multiple Sclerosis and Chronic Inflammatory Demyelinating Polyneuropathy

Cres101 will be developed first in the following indications for which the available treatments are sub-optimal and associated with frequent absence of drug response: Guillain Barre Syndrome, which is an acute form of an inflammatory demyelinating neuropathy often observed after infections for which only intravenous immunoglobulins (IVIG) and plasma exchange are the available treatments[2]; Optic neuritis is an acute auto-immune demyelination of the retina often associated with multiple sclerosis for which the main treatment relies on corticosteroids[3]; Chronic Inflammatory Demyelinating Polyneuropathy (CIDP) is a chronic presentation of the Guillain Barre Syndrome with recurrent and progressive forms whose treatment is mainly based on IVIG, plasma exchange or corticosteroids[4]. Both Guillain Barre Syndrome and CIDP are orphan diseases.

[1] Scalabrino G. *Cell Mol Neurobiol.* 2022 May;42(4):891-916.
[2] Wijdiks and Klein. *Mayo Clin Proc.* 2017;92(3):467-479
[3] Galetta et al. *Mult Scler Relat Disord.* 2022 Jul 2;66:104020.
[4] Rajabally *Expert Rev Neurother* . 2022 Feb;22(2):89-99.

The xB^3 Platform Technology

Our xB^3 platform technology has been shown to outperform transferrin in both efficiency of transport and versatility with respect to the types and sizes of cargo that can be delivered to the CNS. The xB^3 peptides and their payloads cross the BBB by a receptor-mediated process that is independent of the transferrin receptor and has been shown to work via the low-density lipoprotein receptor-related protein 1, or LRP-1. LRP-1 binds a wide range of ligands and is well known for its ability to mediate endocytosis. It is also extensively expressed throughout the CNS in areas such as the cortex, hippocampus and cerebellum. At the cellular level, LRP-1 has been found to be expressed in high levels by neurons, microglia, astrocytes, endothelial cells and pericytes.

Clinically, LRP-1 has been associated with Alzheimer's disease through its role in importing cholesterol into neurons to maintain proper cell function and has been implicated in the clearance of amyloid beta, or Aβ, from the brain. Overexpression of LRP-1 has been reported in several types of brain tumors, including brain metastasis and glioblastoma. Given the distribution of LRP-1 on the BBB's endothelial cell surfaces, neuronal LRP-1 localization within the CNS, and the upregulation of LRP-1 in key target tissues in disease states, LRP-1 is likely involved in promoting dual targeting of both delivery across the BBB and target engagement of specific diseased areas such as tumors and metastases.

We believe our technology has potential benefits compared to competing technologies. Our technology has been shown to deliver antibodies, small molecules, enzymes and small interfering ribonucleic acid, or siRNA, to the CNS, driving the anticipated pharmacodynamic changes in vivo. In a published article in the *Journal of Cerebral Blood Flow and Metabolism*[5], MedImmune LLC independently validated our technology, demonstrating that an xB^3 peptide vector facilitated improved brain delivery and therapeutic efficacy properties of an antibody.

Utilizing 3D confocal fluorescence microscopic analysis, this study demonstrated brain parenchymal localization of a fluorescently-labelled antibody, or Ab, when chemically conjugated to either an xB^3 peptide vector or a full length melanotransferrin protein (also known as "MTf" and "p97"), which was designed to demonstrate the improvement of xB^3 peptide from MTf. Measurement of plasma kinetics demonstrated an xB^3 peptide vector-Ab fusion construct had very similar kinetics to an unmodified control Ab, whereas the fusion to the full-length MTf protein showed significantly reduced plasma exposure. Brain exposure for the xB^3 peptide vector-Ab fusions was significantly increased for the duration of the study with peak exposure of above 4% injected dose per gram brain, exceeding that of the fusions to the full-length MTf protein. In the neuropathic pain pharmacodynamic study, xB^3 peptide fusion enabled the BBB penetration of a drug and demonstrated the therapeutic efficacy of this xB^3 peptide-drug fusion complex after single systemic dosing.

Our xB^3 peptide brain therapeutic delivery platform exploits the BBB penetrating properties of the recombinant soluble human melanotransferrin protein, with peptide structures derived from transport-active portions of melanotransferrin. We have identified the key transport-active amino acids from the previous MTf platform and had developed proprietary peptide structures that can cross the BBB and deliver therapeutic payloads to the brain with improved efficiency. The xB^3 peptide vector-Ab constructs outperformed the full-length MTf constructs in both transport ability and efficacy.

[5] Thom G. et al. (2018) *J Cereb Blood Flow Metab*. ePub May 30, 2018.

We have further advanced our understanding of the leading xB^3 peptide and, in work with the National Research Council, or NRC, the primary national research and technology organization of the Government of Canada, assessed and confirmed the transport capabilities of xB^3 peptide vectors. Also, we completed preclinical animal model studies, including a mouse ischemic stroke model induced via Middle Cerebral Artery Occlusion.

The xB^3 platform exhibits compelling attributes with several advantages, including:

- Improvements in the pharmacokinetic parameters of the payload with xB^3 peptide vectors compared to the full length MTf vectors, such as faster time to maximum concentration and extended half-life of the payload construct. In short, therapeutic agents linked to xB^3 peptide vectors should have higher and more extended brain exposure than construct with the full-length MTf protein;
- An xB^3 peptide vector linked to payloads has demonstrated therapeutic efficacy in rodent disease models corresponding to the payload;
- An xB^3 peptide vector has been tested in various types of rodent models without any obvious signs of toxicity;
- Genetic fusion between an xB^3 peptide vector and therapeutic payload offers the advantages of versatility in design possibilities, homogeneity, stability and reproducibility from batch to batch; and
- The xB^3 peptide vector and its predecessor are small peptides that are more convenient to manufacture, easier to chemically manipulate and are less than 2% of the size of the full-length MTf protein, from which it was derived.

We have achieved significant success with the xB^3 peptide vector and its predecessor in in-house and collaborative studies with third party institutions and pharmaceutical companies such as the NRC, Medimmune LLC, Texas Tech University and others. Notably, by treating HER2+ human breast cancer brain metastasis mouse model with trastuzumab fused to our brain delivery vector, both tumor number and volume within the brain were significantly reduced as a result. In contrast, trastuzumab alone did not reach the CNS and did not have any significant impact on the tumor volume or numbers. We believe that xB^3 peptide vectors will continue to demonstrate their ability to transport a wider range of therapeutics across the BBB. We have also identified methods that may enable xB^3 peptide vectors to transport small molecules across the BBB.

xB^3-008 Program — Enzyme replacement therapy treatment of Hunter Syndrome with Systemic Administration of xB^3-Iduronate-2-sulfatase

In collaboration with University of Padova, Italy, a research group led by Dr. Maurizio Scarpa of the Brains for Brain Foundation, investigated the BBB crossing and therapeutic efficacy of xB^3-Iduronate-2-sulfatase (xB^3-I2S) in the knockout mouse model of Hunter Syndrome (mucopolysaccharidosis type II, MPS II).

Hunter Syndrome (MPS II) is a type of lysosomal storage disease caused by the deficit of the lysosomal enzyme Iduronate 2-Sulfatase (IDS or I2S). Due to the missing IDS enzyme, GAGs accumulate progressively in the lysosomes of a variety of cell types. This leads to cellular engorgement, organomegaly, tissue destruction, and organ system dysfunction. Many tissues and organs are affected; symptoms range from hydrocephalus, enlarged liver and spleen, thick non-stretchy skin to mental

impairment, which is seen in severe forms of the disease, often due to neurodegeneration or physical complications from the disease.

Data from the six weeks treatment study (systemic delivery) in MPS II mice show restoration of normal levels of GAGs was observed in the liver and urine of treated mice. Due to inefficient breakdown of GAGs in MPS II, as lysosomal GAGs accumulate, lysosome swell and occupy more and more of cytoplasm. Examination of the number and size of vacuoles in the cells showed that xB^3-I2S were able to significantly reduce cellular vacuoles in the total neural cells of brain thalamus in comparison to IDS treatment alone (Figure 1), signaling that xB^3 peptide is able to deliver the IDS enzyme into the brain efficaciously and cause a significant reduction of cell damage due to cellular GAGs accumulation, whereas the enzyme (Elaprase) alone is unable to cross the BBB to yield any effect in the brain, as demonstrated by equivalent level to untreated IDS-knockout control mice. Another hallmark of the disease is lysosomal GAG accumulations, where lysosomes swell and lead to increase in lysosome vesicles.

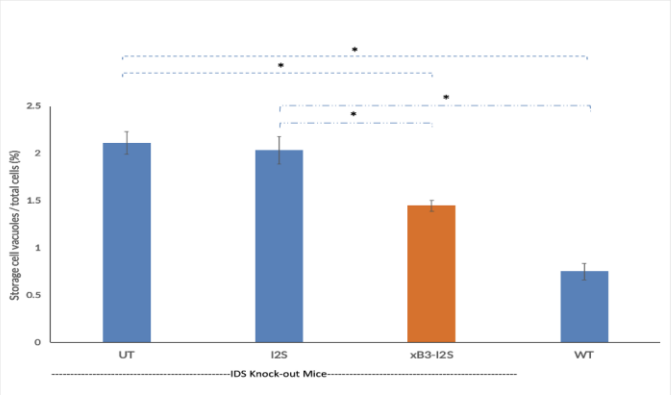


Figure 1. Cellular vacuoles contained in the total neural cells (%) of brain thalamus. Ids-ko mice were treated with xB^3-IDS, IDS (Elaprase) and 0.9% NaCl (untreated, UT) for 6 weeks at two injections/week (1 IV and 1 IP). Wild type mice (WT) were treated with 0.9% NaCl in identical manner. Data represent means ± SD ($p<0.001$, t-test analysis).

Similar to cellular vacuolation, lysosomal GAG accumulation as shown by Lamp-2 staining is a massively evident in untreated IDS knock-out mice. Treatments with xB^3-I2S fusion proteins have shown to cause a reduction in the number of Lamp-2 positive cells (i.e., lysosomes) toward normal level in comparison to untreated control (Figure 2). Furthermore, trend was observed indicating reduction of brain GAG (heparan sulfate) accumulation in animals treated with xB^3-I2S fusion (Figure 3).

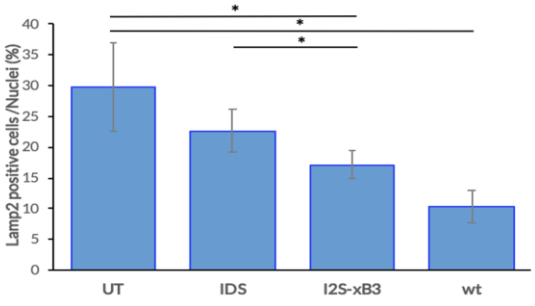


Figure 2. lysosomal vesicles in the total neural cells (%) of brain cortex. Lysosomal surface area was quantified by scanning areas stained for lysosomal associated membrane protein-2 (Lamp2) based on immunohistochemically evaluation of Lamp-2 in brain sections. IDS knockout mice were treated xB^3-IDS, IDS (Elaprase) and 0.9% NaCl (untreated, UT) for 6 weeks at two injections/week (1 IV and 1 IP). Data represent means ± SD ($p<0.01$, t-test analysis).

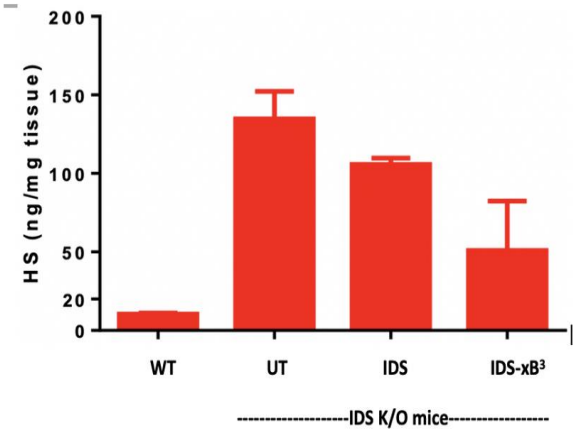


Figure 3. Brain heparan sulfate accumulation.

This preliminary data indicates that xB^3 is able to deliver an active IDS enzyme to the lysosomal compartments within the brain cells. The exogenously introduced IDS enzyme in turn is able to replace the missing/defective endogenous IDS enzyme in breaking down GAG within lysosomes. The

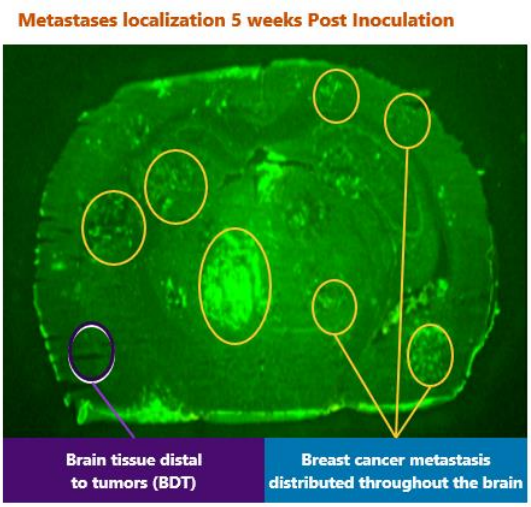
application of xB^3 peptide in delivering active enzymes into the CNS can be extended to other members of MPS family of diseases, as well as other lysosomal storage diseases.

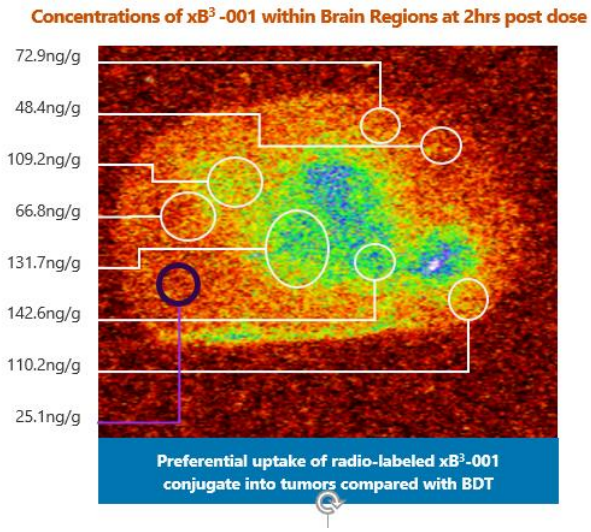
Oncology: xB^3-001 Program — Treatment of HER2+ Human Brain Metastasis with Systemic Administration of xB^3-Trastuzumab

In collaboration with Texas Tech University Health Sciences Center, a research group led by Dr. Paul Lockman investigated the brain and brain metastases uptake of a MTf-trastuzumab conjugate (BT2111) as compared to trastuzumab alone, as well as their ability to reduce the number and size of metastatic lesions in a preclinical model of brain metastases of human breast cancer.

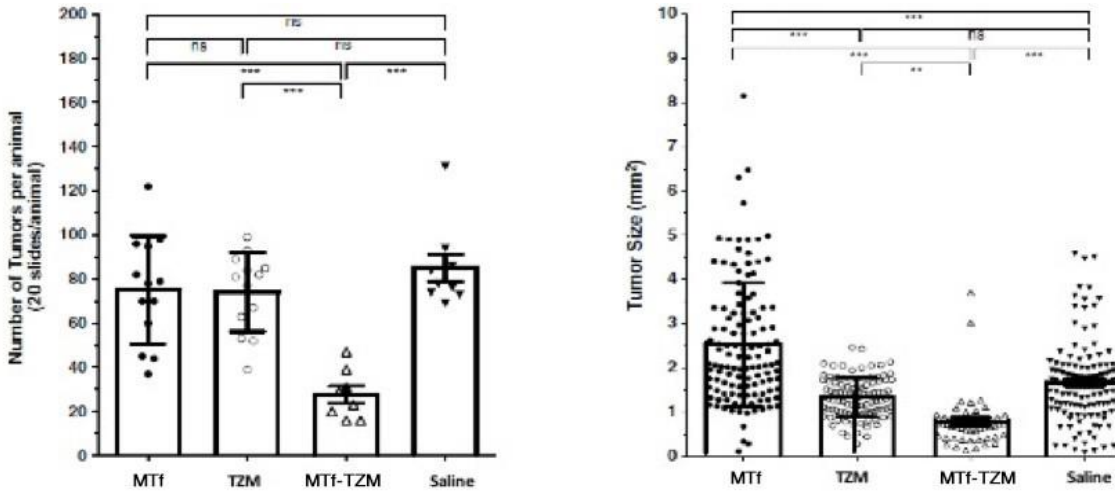
The model was set up by inoculation of brain targeting HER2 over-expressing human metastatic breast cancer cells in the cardiac ventricle (to ensure an intact BBB). Major findings from the study include:

- LRP1 receptor is expressed on the HER2+ human breast cancer brain metastases;
- Trastuzumab conjugated to MTf showed significantly higher tissue penetration with brain/blood concentration ratios that were 10 to 225 times higher than corresponding ratios for trastuzumab alone; and
- Conjugates showed preferential uptake into the brain metastases compared to normal brain tissue distal to the metastatic lesions.





- As illustrated in the diagrams below, treatment with the conjugate resulted in the reduction of the number of preclinical human HER2+ breast cancer metastases in the brain by 68%, and the metastasis size by 46%.



TZM: Trastuzumab (Herceptin®); n= 13 for MTf, TZM groups; n=8-9 for MTf-TZM, saline groups. One-way ANOVA **P<0.001, ***P

Treatment with trastuzumab alone had no effect on reducing the number of metastases and was associated with only minimal reduction in metastasis size.

xB³-007 Program - Treatment of Gaucher's Disease and Other GBA-1 Gene Mutation Associated Conditions Including Parkinson's Disease and Lewy Body Dementia

Gaucher's disease is the most common of the lysosomal storage diseases. It is caused by a hereditary deficiency of the enzyme glucocerebrosidase (also known as acid β-glucosidase), classically associated with mutation in the GBA-1 gene. When the enzyme is defective, it causes accumulation of the fatty substance glucocerebroside in organs such as the spleen, liver, kidneys, lungs, brain and bone marrow. Symptoms may include enlarged spleen and liver, liver malfunction, skeletal disorders and bone lesions that may be painful, severe neurologic complications, swelling of lymph nodes and (occasionally) adjacent joints, distended abdomen, a brownish tint to the skin, anemia, low blood platelets and yellow fatty deposits on the whites of the eye (sclera). Persons affected most seriously may also be more susceptible to infection. The disease is caused by a recessive gene on chromosome 1 and affects both males and females. Gaucher's disease has three common clinical subtypes, including non-neuropathic Type I and neuropathic Types II and III. Type I (non-neuropathic) occurs in approximately 1 in 50,000 live births. Type II (acute infantile neuropathic) typically begins within 6 months of birth and has an incidence rate of approximately 1 in 100,000 live births. Affected children usually die by age 2. Type III (Chronic neuropathic) can begin at any time in childhood or even in adulthood and occurs in approximately 1 in 100,000 live births. It is characterized by slow progression but milder neurologic symptoms when compared to the acute or Type II version.

GBA-1 gene mutations have been indicated as the most common genetic mutations associated with Parkinson's disease, or PD. Approximately 10% of PD patients carry GBA1 mutations, with suggested earlier onset and more severe disease symptoms.

Lewy body dementia, or LBD is a progressive multi-system disease typically involving an array of symptoms associated with cognition, movement, behavior and sleep. It is a general term used to describe two types of dementia, namely dementia with Lewy bodies, or DLB, and Parkinson's disease dementia, or PDD. It has been indicated as the second most common neurodegenerative dementia behind Alzheimer's disease, and accounts for about 15 to 30% of all neurodegenerative dementias. LBD

is characterized by abnormal protein deposits and accumulation of alpha-synuclein in the brain, correlated with a decrease in the enzyme glucocerebrosidase.

Our xB^3-007 program aims to deliver exogenous glucocerebrosidase to mitigate the impact of glucocerebrosidase enzyme deficiency associated with GBA-1 gene mutation.

xB^3-004 Pipeline Program for the treatment of conditions mediated by the cytokine interleukin 1, or IL-1, including neuropathic pain and pain associated with auto-inflammatory conditions, Fabry disease and brain inflammation in Multiple Sclerosis

In previously published work, recombinant fusion protein of xB^3 peptide with interleukin-1 receptor antagonist, or IL-1RA, was independently validated to demonstrate efficient delivery of therapeutic concentrations of IL-1RA to the CNS, eliciting analgesia in a neuropathic pain animal model after a single dose treatment. Systemic administration of IL-1RA itself did not elicit analgesia. IL-1 is intimately involved in the acute neuroinflammatory processes; thus, the Company is investigating the application of xB^3-IL-1RA on neuroinflammation in preclinical rodent models of experimental autoimmune encephalomyelitis, or EAE, and Multiple Sclerosis, or MS. On July 7, 2021, the Company announced positive results from an efficacy study of the Company's xB^3-IL-1RA in a rodent model of EAE. Peripheral treatment during the disease induction phase resulted in both delayed onset and overall reduced clinical symptom scores in animals treated with xB^3-IL-1RA compared to control animals ($p<0.16$). IL-1 is an important mediator of inflammation and tissue damage in multiple organs, and IL-1RA is a specific receptor antagonist of IL-1. IL-1 is recognized to play an important role in EAE, which serves as an animal model of MS. MS is a chronic inflammatory disease of the brain and spinal cord that results in a variety of neurological signs and symptoms. We aim to broaden the application of xB^3-004 in CNS to include neuropathic pain and diseases associated with neuroinflammation.

xB^3-009 (Progranulin): Targeting Frontotemporal Dementia, or FTD, the lysosomal storage disorder neuronal ceroid lipofuscinosis and amyotrophic lateral sclerosis (ALS) or Lou Gehrig's disease, through the delivery of xB^3-Progranulin

Frontotemporal dementia is a general term used to describe uncommon brain disorders that mainly affect the frontal and temporal lobes of the brain due to the loss of nerve cells. FTD is considered the second most common form of dementia affecting people under the age of 65, with an estimated prevalence ranging between 3-26%. One of the major attributors to the disease is autosomal dominant mutations in the progranulin gene, or GRN. Progranulin is a highly conserved, secreted lysosomal glycoprotein and is expressed in multiple cell types throughout the body, with predominant expression found in mature neuron and microglia in the brain. Haploinsufficiency of progranulin resulting from GRN gene mutations is one of the most common causes of FTD, while loss of both alleles leads to the development of neuronal ceroid lipofuscinosis, or NCL. To date, there are over 70 different pathogenic GRN mutations reported which result in haploinsufficiency or functionally null alleles. Low progranulin expression has been indicated as a risk factor for AD, PD and ALS.

The xB^3-progranulin program aims to investigate the effect of exogenous progranulin on diseases associated with low progranulin expression.

Patents

The Company has over 150 U.S. and foreign patents/applications in its portfolio related to its technologies for delivering therapeutic agents across the BBB, including the xB^3 peptide vectors,

pharmaceutical compositions and methods of use. The Company has filed patent applications in major market countries throughout the world, including the U.S., Canada, Europe, Japan, China, Hong Kong, Australia and other countries. The Company is also committed to and continues to file new patent applications directed to its ongoing work and future project directions. Some of these pending patent applications are not yet publicly accessible as published patent application documents.

Bioasis' patent portfolio relating to xB^3 peptide vectors includes granted U.S. patents (U.S. 9,364,567, U.S. 9,993,530, and U.S. 10,716,862), which have expiration dates ranging from January 2023 to March 2034, subject to possible patent term extensions, along with corresponding pending applications in various countries. The granting of these patents supports the Company's intellectual property objectives to protect its innovations. In the U.S., as compensation at least in part for the lost patent term incurred as a result of the time required for drug development and approval, the innovator may, depending on a number of factors, extend the expiration date of one patent up to a maximum term of five years, provided that the extension cannot cause the patent to be in effect for more than 14 years from the date of drug approval. Other countries, for example, Europe, Japan, Australia, Israel and Korea also provide for extension of patent terms according to their national laws.

The Company acquired from Cresence in June 2022 a European patent (EP19167967.9) on the use of EGF for the treatment of inflammatory neurogenerative disorders. The patent covers the prevention and treatment of different conditions, such as multiple sclerosis and its different presentations, notably the progressive forms of multiple sclerosis and peripheral neuropathies, including Guillain Barre Syndrome and CIDP.

Internal Development Programs and Commercial Business Strategies

We have carefully selected our development programs for the treatment of specific neurological diseases where there is significant unmet clinical need and where delivery of effective medications into the brain has the potential to be transformative. To facilitate rapid development and potential approval, we are focused on Orphan and rare genetic diseases, utilizing approved medications that have demonstrated proof of confidence.

This approach allows us to (i) retain control of intellectual property developed in the programs and to design each program according to its own strict scientific and clinical criteria and (ii) utilize various funding options, including seeking partnerships for our programs or selling them outright.

Our Licensing Model

We are focused on the development of technologies and products intended for the treatment of patients with nervous system diseases and disorders. To that end, we are pursuing in-house programs in the areas of oncology and neurodegenerative diseases, that are either Orphan Diseases or rare genetic diseases that confer potential for rapid development and, if effective, approval.

An additional company objective is to ensure the broad adoption of the xB^3 drug delivery platform, outside those areas that the company seeks to develop itself, through appropriate licensing and partnership agreements.

In addition to our current collaborations, we believe that there may be additional opportunities to license our xB^3 platform technology to carefully selected pharmaceutical and biotechnology companies and academic institutions for the advancement of their neuroscience programs.

Public reporting of details relating to early-stage evaluative or other non-material licensing and collaboration agreements can cause difficulties for our partners and for us. Our partners have varying policies with respect to the confidentiality of their research and development programs. We believe that our partners' interests should be protected and that we should not create unsubstantiated high expectations amongst our shareholders and investing public. For these reasons, we will generally not publicly reveal or discuss potential or signed evaluation agreements, studies related to these agreements or other non-material aspects of its licensing business plans and activities unless and until these agreements, if any, produce material scientific or commercial results.

We believe that our licensing business model has the potential to generate considerable value for shareholders as licensed programs progress through development milestones. We will report material milestones as appropriate.

Outlook

With the acquisition of the EGF platform intellectual property, including Cres101, Bioasis is now a clinical stage company with three Phase 2 ready programs with a focus on rare genetic and orphan diseases of the nervous system, with an initial focus on: Chronic Inflammatory Degenerative Polyneuropathy, Guillain-Barre Syndrome and Multiple Sclerosis related Optic Neuritis. Cres101 has a unique dual mechanism of action, stimulating myelination and downregulating neuroinflammation, thus offering neuroprotective properties that support development. This transaction follows a number of recent partnering deals, with a growing list of pharmaceutical and biotechnology collaborations already established for our xB^3 technology.

If the Arrangement is completed, Bioasis will become a wholly-owned subsidiary of Midatech and its operations will be continued as part of the overall operations of the combined company.

Summary of Quarterly Results

The following are the results for the Company's past eight quarterly reporting periods:

Fiscal Year	FY 2023				FY 2022			FY 2021
Quarterly Results	Q3 $	Q2 $	Q1 $	Q4 $	Q3 $	Q2 $	Q1 $	Q4 $
Total Revenue	148,936	120,440	-	-	37,725	-	-	-
Total Expenses	847,796	1,020,101	629,650	845,837	813,998	1,185,754	788,917	936,517
Gain on sale of royalty rights	-	-	-	-	-	-	-	-
Interest (expense) income	(212,023)	(230,294)	(246,590)	(256,079)	(243,451)	(154,688)	10	30
Forgiveness of PPP loan	-	-	-	-	-	111,397	-	-
Change in estimated fair value of derivative warrants	(57,354)	50,093	656,344	533,210	(241,482)	762,934	257,790	62,545
Foreign Exchange and Other Gain/(Loss)	(17,433)	(10,329)	(13,317)	1,943	(11,183)	(20,827)	(9,410)	(72,966)
Loss on settlement	-	-	-	-	-	(93,349)	-	(144,000)
Loss on sale of capital assets	-	-	-	-	-	-	(126)	-
Net Comprehensive Loss / (Gain)	1,000,210	1,106,587	231,474	563,654	1,278,320	596,670	522,536	1,042,037
Basic Earnings (Loss) Per Share	$ (0.01)	$ (0.01)	$ (0.00)	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.01)	$ 0.01

Results of Operations

Below are the results of operations for the three and nine months ended November 30, 2022 (Q3 2023 and YTD 2023) as compared to the three and nine months ended November 30, 2021 (Q3 2022 and YTD 2022).

Expenses are classified by function.

Revenue

The following table identifies the composition and changes in Revenue for Q3 2023 as compared to Q3 2022 and YTD 2023 as compared to YTD 2022:

Other Items	Q3 2023 $	Q3 2022 $	Increase (Decrease) $	YTD 2023 $	YTD 2022 $	Increase (Decrease) $
Research revenue	148,936	37,725	111,211	269,376	37,725	231,651
Gross profit (loss)	148,936	37,725	111,211	269,376	37,725	231,651

Q3 2023 Compared to Q3 2022 (Both QTD and YTD)

Research revenue increased from Q3 2022 to Q3 2023 and YTD 2022 to YTD 2023. The increase in research revenue of $111,211 from Q3 2022 to Q3 2023 and $231,651 YTD 2022 to YTD 2023 is due to deferred revenue being recognized in Q3 2023 and YTD 2023 in relation to the research collaborations with Neuramedy Co Ltd. and Janssen Biotech, Inc., whereas no revenue was recognized for these collaborations in FY 2022.

General and Administration Expense

The following table identifies the composition and changes in General and Administrative, or G&A, expense for Q3 2023 as compared to Q3 2022 and YTD 2023 as compared to YTD 2022:

General and Administrative Expense	Q3 2023 $	Q3 2022 $	Increase (Decrease) $	YTD 2023 $	YTD 2022 $	Increase (Decrease) $
Office, insurance, amortization	71,111	59,588	11,523	177,387	187,539	(10,152)
Salaries and consulting	272,300	255,591	16,709	812,927	824,819	(11,892)
Share-based compensation	1,999	21,559	(19,560)	233,229	395,251	(162,022)
Legal, other professional and regulatory	184,849	58,188	126,661	299,683	119,685	179,998
Investor relations, marketing and travel	96,684	117,299	(20,615)	326,623	356,370	(29,747)
Total General and Administrative Expense	626,943	512,225	114,718	1,849,849	1,883,664	(33,815)

Q2 2023 Compared to Q2 2022

G&A expense for Q3 2023 is $626,943, which represents an $114,718 increase from the Q3 2022 expense of $512,225, due to increases in legal, other professional and regulatory, office, insurance and amortization, and salaries and consulting expenses, partially offset by decreases in share-based compensation and investor relations, marketing and travel.

The increase in legal, other professional and regulatory is due to increased legal fees related to the Arrangement Agreement and related matters, the acquisition of the Cresence IP, as well as the Janssen Biotech, Inc., and Neuramedy collaborations that were not present in Q3 2022. The increase in office,

insurance and amortization is due to an increase in insurance expense in Q3 2023 as compared to Q3 2022 due to timing of the payment. The increase in salaries and consulting is primarily due to increased consulting fees related to the hiring of investment bank services in Q4 2022, that was not present in Q3 2022 in addition to a pay increase for the employee. The decrease in investor relations, marketing and travel is due to a decrease in investor relations activity in Q3 2023 as compared to Q3 2022. The decrease in share-based compensation is due to a decrease in general and administrative vested shares in Q3 2023 as compared to Q3 2022.

YTD 2023 Compared to YTD 2022

G&A expense for YTD 2023 is $1,849,849, which represents an $33,815 decrease in expense over YTD 2022 of $1,883,664. The decrease is principally due to decreases in share-based compensation, salaries and consulting fees, office, insurance and amortization, and investor relations, marketing and travel, partially offset by an increase in legal, other professional and regulatory fees.

The YTD decrease in share-based compensation is primarily due to more general and administrative shares vested in YTD 2022 as compared to YTD 2023. The decrease in salaries and consulting fees is primarily due to a large decrease in accounting fees and decreased consulting fees related to a reduction in consultant activity in YTD 2023 as compared to YTD 2022, partially offset by increased consulting fees related to the hiring of investment bank services in Q4 2022. The decrease in office, insurance, and amortization is due to decreased rent expense due to a change in office spaces from YTD 2022 to YTD 2023. The decrease in investor relations, marketing and travel is primarily due to a decrease in investor relations activity in YTD 2023 as compared to YTD 2022, partially offset by an increase in travel due to reduced COVID restrictions. The increase in legal, other professional and regulatory expenses is due to increased legal fees related to the related to the Arrangement Agreement and related matters, the acquisition of the Cresence IP, as well as the Janssen Biotech, Inc., and Neuramedy collaborations.

Research and Development Expense

The following table identifies the composition and changes in Research and Development, or R&D, expense for Q3 2023 as compared to Q3 2022 and YTD 2023 as compared to YTD 2022:

Research and Development Expense	Q3 2023 $	Q3 2022 $	Increase (Decrease) $	YTD 2023 $	YTD 2022 $	Increase (Decrease) $
Office, rent, amortization	57,223	20,732	36,491	118,222	58,423	59,799
Patent maintenance, legal & filing fees	57,599	98,210	(40,611)	191,830	261,460	(69,630)
Preclinical	37,336	112,787	(75,451)	138,175	397,676	(259,501)
Salaries, consulting fees and benefits	66,871	66,498	373	174,167	151,830	22,337
Share-based compensation	1,824	3,546	(1,722)	25,304	35,616	(10,312)
Total Research and Development Expense	220,853	301,773	(80,920)	647,698	905,005	(257,307)

Q3 2023 compared to Q3 2022

R&D expense for Q3 2023 was $220,853, which represents a decrease of $80,920 over Q3 2022 expenses of $301,773, principally due to decreases in preclinical expenses, patent maintenance, legal and filing fees, and share-based compensation, partially offset by an increase in office, rent and amortization.

The decrease in preclinical research expenses was due to greater spending on multiple of the Company's

preclinical programs in Q3 2022, as compared to Q3 2023, preclinical spending focused on select Company programs. The decrease in patent maintenance, legal and filing fees is primarily due to a decrease in patent-related legal fees in Q3 2023 as compared to Q3 2022. The decrease in share-based compensation is primarily due to a decrease in options vesting in the current quarter as compared to Q3 2022. The increase in office, rent and amortization in Q3 2023 is due to an increase in amortization expense related to the acquisition of Cresence IP, and an increase in office R&D expense for the storage of testing samples.

YTD 2023 Compared to YTD 2022

R&D expense for YTD 2023 was $647,698, which represents an $257,307 decrease over YTD 2022 expense of $905,005. The decrease is principally due to decreases in preclinical expenses, patent maintenance, legal and filing fees, and share-based compensation, partially offset by increases in office, rent and amortization, and salaries, consulting fees and benefits.

The decrease in preclinical expenses was principally due to the advancement of the Company's pre-clinical programs in the prior year being more significant than in the current year. The decrease in patent maintenance, legal & filing fees is primarily due to a decrease in patent-related legal fees in YTD 2023 as compared to YTD 2022. The decrease in share-based compensation is due to more research & development shares vesting in YTD 2022 as compared to YTD 2023. The increase in office, rent and amortization is due to an increase in amortization expense related to the acquisition of Cresence IP in YTD 2023, and an increase in office R&D expense for the storage of testing samples. The increase in salaries, consulting fees and benefits is primarily due to an increase in consulting fees related to the addition of the Cresence consultants, which were not present in YTD 2022.

Other Income (Expense) Items

Q3 2023 as compared to Q3 2022 and YTD 2023 as compared to YTD 2022

Other Income (Expense) Items	Q3 2023 $	Q3 2022 $	Increase (Decrease) $	YTD 2023 $	YTD 2022 $	Increase (Decrease) $
Loss on sale of capital assets	-	-	-	-	(126)	126
Interest (expense) income	(212,023)	(243,451)	31,428	(688,906)	(398,129)	(290,777)
Foreign exchange gain / (loss)	(17,433)	(11,183)	(6,250)	(41,080)	(41,420)	340
Change in estimated fair value of derivatives	(57,354)	(241,482)	184,128	649,083	779,242	(130,159)
Settlement	-	-	-	-	(93,349)	93,349
Forgiveness on paycheck protection program loan	-	-	-	-	111,397	(111,397)
Total Other Income (Expense) Items	(286,810)	(496,116)	209,306	(80,903)	357,615	(438,518)

The change in Other Income (Expense) in Q3 2023 as compared to Q3 2022, and YTD 2023 as compared to YTD 2022, is primarily due to the change in fair value of warrant liabilities as a result of a decrease in the fair value of the Company's shares and an increase in the risk free interest rate from Q3 2022 to Q3 2023 and YTD 2022 to YTD 2023, an increase in interest expense YTD due to the Company's convertible debentures, and a decrease in income due to the company's PPP loan being forgiven in Q2 2022 as compared to no loan forgiveness in YTD 2023, partially offset by an decrease in settlement fees paid YTD 2022 as compared to no settlement payment in YTD 2023, and a slight decrease in foreign exchange loss.

Net and Comprehensive Loss

As a result of operations noted above, Net Loss and Comprehensive Loss is as follows:

Net and Comprehensive Income (Loss)	Q3 2023 $	Q3 2022 $	Increase (Decrease) $	YTD 2023 $	YTD 2022 $	Increase (Decrease) $
Net Comprehensive Gain / (Loss)	(1,000,210)	(1,278,320)	278,110	(2,338,271)	(2,397,526)	59,254
Net Earnings (Loss) per share (basic and fully diluted)	(0.01)	(0.02)	0.01	(0.03)	(0.03)	(0.00)

Liquidity and Capital Resources

Financial Condition

As of November 30, 2022, the Company had negative working capital of $3,220,076, a decrease of $(2,337,339) from negative working capital of $882,737 as of February 28, 2022. Working capital at November 30, 2022 is primarily comprised of cash and cash equivalents of $156,515, less accounts payable and accrued expenses of $1,858,613 and current portion of convertible debentures of $1,500,000. The decrease in working capital is principally due to a decrease in cash due to minimal net income generated in YTD 2023, the increase in payables in YTD 2023, and deferred revenue in YTD 2023 which was not present in YTD 2022.

The Company's objective is to maintain a sufficient capital base to fund at least twelve months of operations and to undertake further preclinical studies on its EGF assets and the xB^3 platform. The Company currently has less than twelve months of cash on hand, and has historically operated at a loss with negative working capital, and at November 30, 2022 has an accumulated deficit of $42,963,041.

As described above on December 13, 2022 the Company entered into an Arrangement Agreement with Midatech.

Based on its current cash burn rate, and the proceeds from the Midatech Bridge Loan and Lind Bridge Loan described above, the Company anticipates that its existing cash balance is sufficient to fund operations through February 2023. After completion of the Arrangement and completion of the Midatech Financing, the combined company is expected to have sufficient cash to fund operations for over 12 months from completion of the merger.

If the Arrangement is not completed, the Company will need to raise additional working capital through the sale of common shares, the issuance of debt or by entering into license or collaboration agreements to fund its operations and preclinical studies and to repay the Midatech Bridge Loan and the Lind Bridge Loan, both of which would be payable on June 30, 2023. In addition, if the Arrangement Agreement is terminated in certain circumstances, including as a result of not obtaining the requisite approvals from Company shareholders, the Company may be required to reimburse Midatech for its expenses associated with the Arrangement up to $225,000. As disclosed in the financial statements, these factors indicate the existence of a material uncertainty that may raise significant doubt about the Company's ability to continue as a going concern.

Additionally, if the Company is successful in its preclinical program, then the Company may attract pharmaceutical or biotechnology partners to support funding for clinical trials. The Company has no earnings to date and has funded its operations and research and development principally through sale

of common shares. If the Company is unsuccessful in raising additional funds through future sales of common shares and new sources of financing, such as milestone payments or joint venture arrangements, cannot be secured, then the Company will be forced to curtail its activities to a level for which resources are available.

Cash Flow

YTD 2023 Compared to YTD 2022

Net cash used in operating activities in YTD 2023 was $(1,933,134) as compared to $2,954,868 of net cash used in YTD 2022, which represents a decrease in cash used of $1,698,983. The decrease is principally due to an increase in deferred revenue and accounts payable in Q3 2023 compared to Q3 2022, as well as an increase in amortization of debt issuance and discount costs and the change in estimated fair value of derivative warrant liabilities.

No cash was used or provided by investing activities in YTD 2023 or YTD 2022.

Net cash used in financing activities in YTD 2023 was $(375,000), as compared to net cash provided by financing activities in YTD 2022 of $2,814,573, which represents an increase in cash used of $3,189,573. The increase in cash used is due to the proceeds from issuance of convertible debentures in YTD 2022, which was not present in YTD 2023, and the payments on the convertible debentures in YTD 2023, which was not present in YTD 2022.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Outstanding Share Data

The authorized share capital consists of an unlimited number of common shares without par value.

Outstanding Share Data	Number of Common Shares	Exercise Price per Common Share
Issued and Outstanding Common Shares at January 19, 2023	79,414,015	
Issued and Outstanding Incentive Stock Options	8,924,690	$0.13 - $0.50
Warrants	22,251,648	$0.20 - $0.69
Fully Diluted Shares as of January 19, 2023	110,590,353	

Related Party Transactions

Related Party Transactions with Key Management Personnel

	Transaction values for the nine months ended November 30,		Balances outstanding as at November 30,	
	2022	2021	2022	2021
a) Flagship Partners, LLC (a company for which the former Chief Financial Officer ("CFO") is an equity partner), for compensation and benefits for services provided as acting CFO, pursuant to a consulting contract.	-	-	-	23,281
b) Board of Directors fees	156,276	149,640	472,247	242,644
c) Founders Bridge Advisors, LLC, a company owned by the former CFO, for compensation and benefits for services provided as acting CFO, pursuant to a consulting contract.	-	32,699	-	-

d) Current Chief Executive Officer ("CEO") of the Company, for services provided as Executive Chair and CEO, pursuant to a consulting contract.	170,927	153,277	31,987	18,655
e) Forest View Consulting, a company owned by the current CFO, for compensation for services provided as acting CFO, pursuant to a consulting contract.	93,035	69,583	21,984	11,257
f) Cresence Principals Consulting, for compensation for services provided as IP consultants, pursuant to a consulting contract.	57,301	-	59,435	-

These transactions were in the normal course of operations and have been recorded at their exchange amounts, which is the consideration agreed upon between the related parties.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with International Reporting Standards, or IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Significant estimates include the estimated useful life of long-lived assets, the recoverability of amounts recorded for long-lived assets, valuation allowance on future income taxes and estimates used in calculating stock-based compensation. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

The following policies have been deemed by management as those most critical to understanding the Company's financial statements:

Revenue Recognition

License Revenue

License fees representing non-refundable payments received at the time of signature of license agreements are recognized as revenue upon transfer of the license when the Company has no significant future performance obligations and collectability of the fees is reasonably assured. These licenses provide a right to use the Company's intellectual property. Upfront payments received at the beginning of licensing agreements when the Company has significant future performance obligations are deferred and recognized as revenue on a systematic basis over the period during which the related services are rendered and all obligations are performed. These licenses provide a right to access the Company's intellectual property. Where the Company has future performance obligations that are distinct, revenue from upfront payments is allocated to such performance obligations and recognized as they are satisfied.

Milestone payments associated with licenses, which are generally based on developmental or regulatory events, are forms of variable consideration and are only included in the transaction price when it is highly probable that a significant reversal will not occur when the uncertainty associated with the milestone is subsequently resolved. Therefore, milestone payments that do not meet the highly probable criteria are recognized as revenue when the milestones are achieved, collectability is assured, and when the Company has no significant future performance obligations in connection with the milestones.

Sales-based royalty payments received in exchange for a license of intellectual property are recognized at the later of the subsequent sale or satisfaction of the related performance obligation.

Research Revenue

The Company recognizes collaborative research revenues as services are rendered when the amount of revenue can be measured reliably, it is probable the economic benefits associated with the transaction will flow to the Company, the stage of completion of the transaction and the costs incurred to complete the transaction can be measured reliably. Revenue from non-refundable contract fees where the Company has continuing involvement through research collaborations, is recognized ratably over the related research period. Payments received in advance of rendering research services are recorded as deferred revenue.

Intangible Assets

The Company's intangible assets are comprised of purchased technology, patents and licenses.

Intangible assets acquired as part of a group of other assets are initially recognized and measured at cost less accumulated amortization and accumulated impairment losses. The cost of a group of intangible assets acquired in a business combination that meet the specified criteria for recognition apart from goodwill, is allocated to the individual assets acquired based on their relative fair values.

Intangible assets with finite useful lives are amortized over their estimated useful lives ranging from 10 to 20 years from the date they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Factors considered in estimating the useful life of intangible assets include the expected use of the asset by the Company, legal, regulatory and contractual provisions that may limit the useful life, and the effect of competition. Costs incurred to establish and maintain patents for intellectual property are expensed in the period incurred.

The Company reviews the carrying costs of long-lived assets for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In accordance with IFRS impairment exists when the carrying value of an asset exceeds it recoverable amount, which is the higher of its fair value less costs to sell or its value in use. The fair value less costs to sell calculation is based on available data from observable market prices, less incremental costs. The value in use calculation is based on the discounted cash flow model. These calculations require the use of estimates and forecasts of future cash flows. Qualitative factors, including market size and market growth trends, as well as other factors are considered when making assumptions with regard to future cash flows and the appropriate discount rate. A change in any of the significant assumptions of estimates used in evaluating the underlying assets could result in a material change to the results of operations.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment has been recognized. Write-downs as a result of impairment are recognized in research expense in the statement of comprehensive loss.

Derivative Financial Instruments

Warrants issued pursuant to equity offerings that are potentially exercisable in cash or on a cashless basis resulting in a variable number of shares being issued are considered derivative liabilities and therefore measured at fair value, with changes in fair value recognized in the statement of operations and comprehensive loss. The derivative liabilities will ultimately be converted into the Company's equity (common shares) when the warrants are exercised or will be extinguished on the expiry of the outstanding warrants. Immediately prior to exercise, the intrinsic value is transferred to share capital (the intrinsic value is the share price at the date the warrant is exercised less the exercise price of the warrant). Any remaining fair value is recorded through the statements of operations and comprehensive loss as part of the change in estimated fair value of derivatives.

The Company has a conversion option embedded in the convertible debentures which requires bifurcation from the host contract and is accounted for as a free-standing derivative financial instrument. The conversion feature is recognized in the consolidated statements of financial position at fair value with changes in fair value recognized in the consolidated statements of operations and comprehensive loss.

The Company uses the Black-Scholes pricing model to estimate fair value at each exercise and period end date. The key assumptions used in the model are the expected future volatility in the price of the Company's shares, the Company share price, risk free rate, and the remaining expected life of the warrants.

Share-Based Compensation

The Company accounts for share-based compensation expense using the fair value-based method. The fair value of stock-based payments to non-employees that vest over a service period, are periodically re-measured until counterparty performance is completed, and any change therein is recognized over the service period. The cost of stock-based payments that are fully-vested and non-forfeitable at the grant date are measured and recognized at that date. The Company uses the Black-Scholes option-pricing model to determine fair value of options granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Risk Factors

The following information sets forth material risks and uncertainties that may affect our business, including our future financing and operating results and could cause our actual results to differ materially from those contained in forward-looking statements we have made in this MD&A. The risks and uncertainties below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we believe to be immaterial may also adversely affect our business. Further, if we fail to meet the expectations of the public market in any given period, the market price of our common shares could decline. We operate in a highly competitive environment that involves significant risks and uncertainties, some of which are outside of our control.

For a discussion of additional risks and uncertainties relating to the Arrangement, please refer to the Company's management information circular dated January 5, 2023, a copy of which is available under the Company's SEDAR profile at www.sedar.com

Risks Related to Our Financial Position and Need for Additional Capital

We expect to incur future losses and we may never become profitable.

We have incurred a net loss of $2,390,074 for the nine months ended November 30, 2022. We incurred net losses of $3.0, $4.0 and $3.5 million for the years ended February 28, 2022, February 29, 2020 and February 28, 2019, respectively, and generated net income of $698,410 for the year ended February 28, 2021 and expect to incur an operating loss for the year ending February 28, 2023. We have an accumulated deficit since inception through November 30, 2022 of $42,963,041 million. We believe that operating losses will continue as we are planning to incur significant costs associated with the clinical development of the xB^3 platform. Our net losses have had and will continue to have an adverse effect on, among other things, our shareholders' equity, total assets and working capital. We expect that losses will fluctuate from quarter to quarter and year to year, and that such fluctuations may be substantial. We cannot predict when we will become profitable, if at all.

We will require additional capital to finance our operations, which may not be available to us on acceptable terms, or at all. As a result, we may not complete the development and prepare for commercialization of our product candidates or develop new product candidates.

As a research and development company, our operations have and will continue to consume substantial amounts of cash. We expect to spend substantial funds to continue the research, development and testing of our product candidates to prepare them for eventual commercialization subject to approval by the U.S. Food and Drug Administration, or FDA, in the U.S. and similar approvals in other jurisdictions. We will also require significant additional funds if we expand the scope of our current clinical plans or if we were to acquire any new assets and advance their development. Therefore, for the foreseeable future, we will have to fund all of our operations and development expenditures from cash on hand, equity or debt financings, through collaborations with other biotechnology or pharmaceutical companies or through financings from other sources. Additional financing will be required to meet our long-term liquidity needs. If we do not succeed in raising additional funds on acceptable terms, we might not be able to complete planned preclinical studies and clinical trials or pursue and obtain approval of any product candidates from the FDA and other regulatory authorities. It is possible that future financing will not be available or, if available, may not be on favorable terms. The availability of financing will be affected by the achievement of our corporate goals, the results of scientific and clinical research, the ability to obtain regulatory approvals, the state of the capital markets generally and with particular reference to drug development companies, the status of strategic alliance agreements and other relevant commercial considerations. If adequate funding is not available, we may be required to delay, reduce or eliminate one or more of our product development programs, or obtain funds through corporate partners or others who may require us to relinquish significant rights to product candidates or obtain funds on less favorable terms than we would otherwise accept. To the extent that external sources of capital become limited or unavailable or available on onerous terms, our intangible assets and our ability to continue our clinical development plans may become impaired, and our assets, liabilities, business, financial condition and results of operations may be materially or adversely affected.

We currently have no product revenue and will not be able to maintain our operations and research and development without additional funding.

To date, we have generated no product revenue and cannot predict when and if we will generate

product revenue. Our ability to generate product revenue and ultimately become profitable depends upon our ability, alone or with partners, to successfully develop our product candidates, obtain regulatory approval, and commercialize products, including any of our current product candidates, or other product candidates that we may develop, in-license or acquire in the future. We do not anticipate generating revenue from the sale of products for the foreseeable future. We expect our research and development expenses to increase in connection with our ongoing activities, particularly as we advance our product candidates through clinical trials.

We are exposed to the financial risk related to the fluctuation of foreign exchange rates and the degrees of volatility of those rates.

We may be adversely affected by foreign currency fluctuations. To date, we have been primarily funded through issuances of equity, proceeds from the exercise of warrants and stock options and from interest income on funds available for investment, which are all denominated both in Canadian and U.S. dollars. Also, a significant portion of our expenditures are in U.S. dollars, and we are therefore subject to foreign currency fluctuations which may, from time to time, impact our financial position and results of operations.

COVID-19

Our business and/or the businesses of our partners may be adversely impacted by the current COVID-19 pandemic. The COVID-19 pandemic may affect our ability to conclude strategic partnering transactions, conduct research and development activities, specifically with clinical research organizations in China, and raise adequate working capital to fund operations.

Risks Related to Our Business and Our Industry

Our prospects depend on the success of our product candidates which are at early stages of development, and we may not generate revenue for several years, if at all, from these products.

Given the early stage of our product development, we can make no assurance that our research and development programs will result in regulatory approval or commercially viable products. To achieve profitable operations, we, alone or with others, must successfully develop, gain regulatory approval, and market our future products. We currently have no products that have been approved by the FDA, Health Canada, or HC, or any similar regulatory authority. To obtain regulatory approvals for our product candidates being developed and to achieve commercial success, clinical trials must demonstrate that the product candidates are safe for human use and that they demonstrate efficacy. We have not yet initiated Phase I trials for any of our product candidates.

Many product candidates never reach the stage of clinical testing and even those that do have only a small chance of successfully completing clinical development and gaining regulatory approval. Product candidates may fail for a number of reasons, including, but not limited to, being unsafe for human use or due to the failure to provide therapeutic benefits equal to or better than the standard of treatment at the time of testing. Unsatisfactory results obtained from a particular study relating to a research and development program may cause us or our collaborators to abandon commitments to that program. Positive results of early preclinical research may not be indicative of the results that will be obtained in later stages of preclinical or clinical research. Similarly, positive results from early-stage clinical trials may not be indicative of favorable outcomes in later-stage clinical trials. We can make no assurance

that any future studies, if undertaken, will yield favorable results.

Our current pipeline consists of early-stage programs in HER2+ brain metastases, other brain cancers, lysosomal storage disorders and CNS inflammation and neurodegeneration. The early stage of our product development makes it particularly uncertain whether any of our product development efforts will prove to be successful and meet applicable regulatory requirements, and whether any of our product candidates will receive the requisite regulatory approvals, be capable of being manufactured at a reasonable cost or be successfully marketed.

We rely and will continue to rely on third parties to conduct and monitor our preclinical studies and clinical trials, and their failure to perform as required could cause substantial harm to our business.

We rely and will continue to rely on third parties to conduct a significant portion of our preclinical and clinical development activities. Preclinical activities include in vivo studies in relevant disease models, pharmacology and toxicology studies, and assay development. Clinical development activities include trial design, regulatory submissions, clinical patient recruitment, clinical trial monitoring, clinical data management and analysis, safety monitoring and project management. If there is any dispute or disruption in our relationship with third parties, or if they are unable to provide quality services in a timely manner and at a feasible cost, our active development programs will face delays. Further, if any of these third parties fails to perform as we expect or if their work fails to meet regulatory requirements, our testing could be delayed, canceled or rendered ineffective.

We rely on contract manufacturers over whom we have limited control. If we are subject to quality, cost or delivery issues with the preclinical and clinical grade materials supplied by contract manufacturers, our business operations could suffer significant harm.

We rely on contract manufacturing organizations, or CMOs, to manufacture our product candidates for GLP preclinical studies and clinical trials. We produce small quantities of our product candidates at bench scale in our laboratory facilities for use in non-GLP preclinical studies. We rely on CMOs for manufacturing, filling and packaging, (and potentially storing and shipping of drug product) in compliance with current Good Manufacturing Practice, or cGMP, regulations applicable to our products. The FDA ensures the quality of drug products by carefully monitoring drug manufacturers' compliance with cGMP regulations. The cGMP regulations for drugs contain minimum requirements for the methods, facilities and controls used in manufacturing, processing and packing of a drug product.

Any manufacturing failures or delays or compliance issues could cause delays in the conduct of preclinical studies and clinical trials. There can be no assurances that CMOs will be able to meet our timetable and requirements. Further, CMOs must operate in compliance with cGMP and failure to do so could result in, among other things, the disruption of product supplies. Our dependence upon third parties for the manufacture of our products may adversely affect our profit margins and our ability to develop and deliver products on a timely and competitive basis.

If clinical trials of our product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we would incur additional costs or delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates.

Before obtaining marketing approval from regulatory authorities for the sale of our product candidates,

we must conduct preclinical studies in animals and extensive clinical trials in humans to demonstrate the safety and efficacy of the product candidates. Clinical testing is expensive and difficult to design and implement, can take many years to complete and has uncertain outcomes. The outcome of preclinical studies and early clinical trials may not predict the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in advanced clinical trials due to lack of efficacy or unacceptable safety profiles, notwithstanding promising results in earlier trials. We do not know whether the clinical trials we may conduct will demonstrate adequate efficacy and safety to result in regulatory approval to market any of our product candidates in any jurisdiction. A product candidate may fail for safety or efficacy reasons at any stage of the testing process. A major risk we face is the possibility that none of our product candidates under development will successfully gain market approval from the FDA or other regulatory authorities.

If we experience delays in clinical testing, this will result in a delay in the commercialization of our product candidates, and our business may be substantially harmed.

We cannot predict whether any clinical trials will begin as planned, will need to be restructured, or will be completed on schedule, or at all. Our product development costs will increase if we experience delays in clinical testing. Significant clinical trial delays could shorten any periods during which there is the exclusive right to commercialize our product candidates or allow our competitors to bring products to market before us, which would impair our ability to successfully partner for commercialization of our product candidates and may harm our financial condition, results of operations and prospects. The commencement and completion of clinical trials for our products may be delayed for a number of reasons, including delays related, but not limited, to:

- failure by regulatory authorities to grant permission to proceed or placing the clinical trial on hold;
- patients failing to enroll or remain in our trials at the rate we expect;
- suspension or termination of clinical trials by regulators for many reasons, including concerns about patient safety or failure of our CMOs to comply with cGMP requirements;
- any changes to our manufacturing process that may be necessary or desired;
- delays or failure to obtain clinical supply from CMOs of our products necessary to conduct clinical trials;
- product candidates demonstrating a lack of safety or efficacy during clinical trials;
- patients choosing an alternative treatment for the indications for which we are developing any of our product candidates or participating in competing clinical trials;
- patients failing to complete clinical trials due to dissatisfaction with the treatment, side effects or other reasons;
- reports of clinical testing on similar technologies and products raising safety and/or efficacy concerns;
- competing clinical trials and scheduling conflicts with participating clinicians;
- clinical investigators not performing our clinical trials on their anticipated schedule, dropping out of

a trial, or employing methods not consistent with the clinical trial protocol, regulatory requirements or other third parties not performing data collection and analysis in a timely or accurate manner;

- failure of our contract research organizations, or CROs, to satisfy their contractual duties or meet expected deadlines;
- inspections of clinical trial sites by regulatory authorities or Institutional Review Boards, or IRBs, or ethics committees finding regulatory violations that require us to undertake corrective action, resulting in suspension or termination of one or more sites or the imposition of a clinical hold on the entire study;
- one or more IRBs or ethics committees rejecting, suspending or terminating the study at an investigational site, precluding enrollment of additional subjects, or withdrawing its approval of the trial; or
- failure to reach agreement on acceptable terms with prospective clinical trial sites.

Our product development costs will increase if we experience delays in testing or approval or if we need to perform more or larger clinical trials than planned. Additionally, changes in regulatory requirements and policies may occur, and we may need to amend study protocols to reflect these changes. Amendments will require us to resubmit our study protocols to regulatory authorities or IRBs or ethics committees for re-examination, which may impact the cost, timing or successful completion of that trial. Delays or increased product development costs may have a material adverse effect on our business, financial condition and prospects.

We may not be able to file INDs to commence additional clinical trials on the timelines we expect, and even if we are able to, the FDA may not permit us to proceed in a timely manner, or at all.

Prior to commencing clinical trials in the United States for any of our product candidates, we may be required to have an allowed IND for each product candidate and to file additional INDs prior to initiating any additional clinical trials. We believe that the data from previous preclinical studies will support the filing of additional INDs to enable us to undertake additional clinical studies as we have planned. However, submission of an IND may not result in the FDA allowing further clinical trials to begin and, once begun, issues may arise that will require us to suspend or terminate such clinical trials. Additionally, even if relevant regulatory authorities agree with the design and implementation of the clinical trials set forth in an IND, these regulatory authorities may change their requirements in the future. Failure to submit or have effective INDs and commence clinical programs will significantly limit our opportunity to advance our pipeline.

If we have difficulty enrolling patients in clinical trials, the completion of the trials may be delayed or canceled.

As our product candidates advance from preclinical testing to clinical testing, and then through progressively larger and more complex clinical trials, we will need to enroll an increasing number of patients that meet our eligibility criteria. There is significant competition for recruiting patients in clinical trials, and we may be unable to enroll the patients we need to complete clinical trials on a timely basis or at all. The factors that affect our ability to enroll patients include, but are not limited to, the following:

- size and nature of the patient population;
- eligibility, inclusion and exclusion criteria for the trial;

- complexity of study protocol design;
- competition with other companies for clinical sites or patients;
- the perceived risks and benefits of the product candidate under study;
- the patient referral practices of physicians; and
- the number, availability, location and accessibility of clinical trial sites.

Regulatory approval processes are lengthy, expensive and inherently unpredictable. Our inability to obtain regulatory approval for our product candidates would substantially harm our business.

Our development and commercialization activities and product candidates are significantly regulated by a number of governmental entities, including the FDA, HC and comparable authorities in other countries. Regulatory approvals are required prior to each clinical trial and we may fail to obtain the necessary approvals to commence or continue clinical testing. We must comply with regulations concerning the manufacture, testing, safety, effectiveness, labeling, documentation, advertising, and sale of products and product candidates and ultimately must obtain regulatory approval before we can commercialize a product candidate. The time required to obtain approval by such regulatory authorities is unpredictable but typically takes many years following the commencement of preclinical studies and clinical trials. Any analysis of data from clinical activities we perform is subject to confirmation and interpretation by regulatory authorities, which could delay, limit or prevent regulatory approval. Even if we believe results from our clinical trials are favorable to support the marketing of our product candidates, the FDA or other regulatory authorities may disagree. In addition, approval policies, regulations, or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions. We have not obtained regulatory approval for any product candidate and it is possible that none of our existing product candidates or any future product candidates will ever obtain regulatory approval.

We could fail to receive regulatory approval for our product candidates for many reasons, including, but not limited to:

- disagreement with the design or implementation of our clinical trials;
- failure to demonstrate that a product candidate is safe and effective for its proposed indication;
- failure of clinical trials to meet the level of statistical significance required for approval;
- failure to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
- disagreement with our interpretation of data from preclinical studies or clinical trials;
- the insufficiency of data collected from clinical trials of our product candidates to support the submission and filing of a biologic license application, or BLA, or other submission to obtain regulatory approval;
- deficiencies in the manufacturing processes or the failure of facilities of CMOs with whom we contract for clinical and commercial supplies to pass a pre-approval inspection; or
- changes in the approval policies or regulations that render our preclinical and clinical data insufficient for approval.

A regulatory authority may require more information, including additional preclinical or clinical data to support approval, which may delay or prevent approval and our commercialization plans, or we may decide to abandon the development program. If we were to obtain approval, regulatory authorities may approve any of our product candidates for fewer or more limited indications than we request, may grant approval contingent on the performance of costly post-marketing clinical trials, or may approve a product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate. Moreover, depending on any safety issues associated with our product candidates that garner approval, the FDA may impose a risk evaluation and mitigation strategy, thereby imposing certain restrictions on the sale and marketability of such products.

We may not achieve our publicly announced milestones according to schedule, or at all.

From time to time, we may announce the timing of certain events we expect to occur, such as the anticipated timing of results from our clinical trials. These statements are forward-looking and are based on the best estimates of management at the time relating to the occurrence of such events. However, the actual timing of such events may differ from what has been publicly disclosed. The timing of events such as initiation or completion of a clinical trial, filing of an application to obtain regulatory approval, or announcement of additional clinical trials for a product candidate may ultimately vary from what is publicly disclosed. These variations in timing may occur as a result of different events, including the nature of the results obtained during a clinical trial or during a research phase, problems with a CMO or a CRO or any other event having the effect of delaying the publicly announced timeline. We undertake no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. Any variation in the timing of previously announced milestones could have a material adverse effect on our business plan, financial condition or operating results and the trading price of common shares.

We face competition from other biotechnology and pharmaceutical companies and our financial condition and operations will suffer if we fail to effectively compete.

The biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. Our competitors include large, well-established pharmaceutical companies, biotechnology companies, and academic and research institutions developing therapeutics for the same indications we are targeting and competitors with existing marketed therapies. Many other companies are developing or commercializing therapies to treat the same diseases or indications for which our product candidates may be useful.

Many of our competitors have substantially greater financial, technical and human resources than we do and have significantly greater experience than we in conducting preclinical testing and human clinical trials of product candidates, scaling up manufacturing operations and obtaining regulatory approvals of products. Accordingly, our competitors may succeed in obtaining regulatory approval for products more rapidly than we do. Our ability to compete successfully will largely depend on:

- the efficacy and safety profile of our product candidates relative to marketed products and other product candidates in development;
- our ability to develop and maintain a competitive position in the product categories and technologies on which we focus;

- the time it takes for our product candidates to complete clinical development and receive marketing approval;
- our ability to obtain required regulatory approvals;
- our ability to establish, maintain and protect intellectual property rights related to our product candidates; and
- acceptance of any of our product candidates that receive regulatory approval by physicians and other healthcare providers and payers.

Competitors have developed and may develop technologies that could be the basis for products that challenge our candidates' differentiated nature and potential for best-in-class product development programs. Some of those products may have an entirely different approach or means of accomplishing the desired therapeutic effect than our product candidates and may be more effective or less costly than our product candidates. The success of our competitors and their products and technologies relative to our technological capabilities and competitiveness could have a material adverse effect on the future preclinical studies and clinical trials of our product candidates, including our ability to obtain the necessary regulatory approvals for the conduct of such clinical trials.

If we are not able to compete effectively against our current and future competitors, our business will not grow, and our financial condition and operations will substantially suffer.

We heavily rely on the capabilities and experience of our key executives and scientists and the loss of any of them could affect our ability to develop our products.

The loss of Deborah Rathjen. B.Sc. (Hons), Ph.D., MAICD, FTSE, our president and chief executive officer, and other key members of our staff, including Mei Mei Tian, Ph.D., our vice president of external research, could harm us. We also depend on our scientific and clinical collaborators and advisors, all of whom have outside commitments that may limit their availability to us. We enter into agreements with our scientific and clinical collaborators and advisors, key opinion leaders and academic partners in the ordinary course of our business. We will also enter into agreements with physicians and institutions who will recruit patients into our clinical trials on our behalf in the ordinary course of our business. Notwithstanding these arrangements, we face significant competition for these types of personnel from other companies, research and academic institutions, government entities and other organizations. We cannot predict our success in hiring or retaining the personnel we require for continued growth. The loss of the services of any of our executive officers or other key personnel could potentially harm our business, operating results or financial condition.

Our employees or consultants may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could have a material adverse effect on our business.

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include failures to comply with FDA regulations, provide accurate information to the FDA, comply with manufacturing standards we have established, comply with federal and state healthcare fraud and abuse laws and regulations, report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing, and other abusive

practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a substantial impact on our business and results of operations, including the imposition of substantial fines or other sanctions.

We may expand our business by entering into collaborations or by in-licensing product candidates, each of which could disrupt our business and harm our financial condition.

We may in the future seek to expand our pipeline and capabilities entering into collaborations, or in-licensing one or more product candidates. Collaborations and in-licenses involve numerous risks, including, but not limited to:

- substantial cash expenditures;
- technology development risks;
- potentially dilutive issuances of equity securities;
- incurrence of debt and contingent liabilities, some of which may be difficult or impossible to identify at the time of acquisition;
- difficulties in assimilating the operations of the acquired companies;
- potential disputes regarding contingent consideration; and
- diverting our management's attention away from other business concerns.

We cannot provide assurance that any collaboration or in-license will result in short-term or long-term benefits to us. We may incorrectly judge the value or worth of a business or in-licensed product candidate. In addition, our future success would depend in part on our ability to manage the potential rapid growth associated with some of these collaborations and in-licenses. We cannot provide assurance that we would be able to successfully manage a collaboration or integrate in-licensed product candidates. Furthermore, the development or expansion of our business may require a substantial capital investment by us.

Negative results from clinical trials or studies of others and adverse safety events involving the targets of our products may have an adverse impact on our future commercialization potential.

From time to time, studies or clinical trials on various aspects of biopharmaceutical products are conducted by academic researchers, competitors or others. The results of these studies or trials, when published, may have a significant effect on the market for the biopharmaceutical product that is the subject of the study. The publication of negative results of studies or clinical trials or adverse safety events related to our product candidates, or the therapeutic areas in which our product candidates compete, could adversely affect our share price and our ability to finance future development of our product candidates, and our business and financial results could be materially and adversely affected.

Risks Related to Intellectual Property

If we are unable to adequately protect and enforce our intellectual property, our competitors may take

advantage of our development efforts or acquired technology and compromise our prospects of marketing and selling our key products.

We own a number of patents and patent applications that have been filed in Canada, the United States, European countries and other countries primarily covering our technology, developmental products and their use. We have also developed brand names and trademarks for our products. We consider the overall protection of our patents, trademarks, licenses and other intellectual property rights to be of material value and act to protect these rights from infringement.

In the pharmaceutical industry, a substantial portion of an innovative product's commercial value is usually realized during the period in which the product has market exclusivity. A product's market exclusivity is generally determined by two forms of intellectual property: patent rights held by the innovator company and any regulatory forms of exclusivity to which the innovative drug is entitled.

Patents are a key determinant of market exclusivity for most pharmaceuticals. Patents provide the innovator with the right to exclude others from practicing an invention related to the medicine. Patents may cover, among other things, the active ingredient(s), various uses of a drug product, discovery tools, pharmaceutical formulations, drug delivery mechanisms and processes for (or intermediates useful in) the manufacture of products. Protection for individual products extends for varying periods in accordance with the expiration dates of patents in the various countries. The protection afforded, which may also vary from country to country, depends upon the type of patent, its scope of coverage and the availability of meaningful legal remedies in the country.

Market exclusivity can also be influenced by regulatory intellectual property rights. Many developed countries provide certain non-patent incentives for the development of medicines. For example, in the U.S., the EU, Japan, and certain other countries, regulatory intellectual property rights are offered to: (i) provide a time period of data protection during which a generic company is not allowed to rely on the innovator's data in seeking approval; (ii) restore patent term lost during drug development and approval; and (iii) provide incentives for research on medicines for rare diseases, or orphan drugs, and on medicines useful in treating pediatric patients. These incentives can extend the market exclusivity period on a product beyond the patent term.

The patent positions of pharmaceutical companies can be highly uncertain and involve complex legal, scientific and factual questions. Patents issued to us or our licensors may be challenged, invalidated or circumvented. To the extent our intellectual property, including licensed intellectual property, offers inadequate protection, or is found to be invalid or unenforceable, we are exposed to a greater risk of direct competition. If our intellectual property does not provide adequate protection against our competitors' products, our competitive position could be adversely affected, as could our business, financial condition and results of operations. Both the patent application process and the process of managing patent disputes can be time consuming and expensive, and the laws of some foreign countries may not protect our intellectual property rights to the same extent as do the laws of Canada and the United States.

We will be able to protect our intellectual property from unauthorized use by third parties only to the extent that our proprietary technologies, key products, and any future products are covered by valid and enforceable intellectual property rights including patents or are effectively maintained as trade secrets, and provided we have the funds to enforce our rights, if necessary.

We may require third-party licenses to effectively develop and manufacture our key products and are currently unable to predict the availability or cost of such licenses.

The ability to compete effectively and to achieve partnerships will depend on our ability to develop and maintain proprietary aspects of our technology and to operate without infringing on the proprietary rights of others. To the extent that valid third-party patent rights cover our products or services, we or our strategic collaborators may be required to seek licenses from the holders of these patents in order to manufacture, use or sell these products and services, and payments under them would reduce our profits from these products and services. We are currently unable to predict the extent to which we may wish or be required to acquire rights under such patents, the availability and cost of acquiring such rights, and whether a license to such patents will be available on acceptable terms or at all. There may be patents in the U.S. or in foreign countries or patents issued in the future that are unavailable to license on acceptable terms. Our inability to obtain such licenses may hinder or eliminate our ability to manufacture and market our products. Any of these events could have a material adverse effect on our profitability and financial condition.

Changes in patent law and its interpretation could diminish the value of patents in general, thereby impairing our ability to protect our product candidates.

As is the case with other biotechnology and pharmaceutical companies, our success is heavily dependent on intellectual property rights, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involves technological and legal complexity, and obtaining and enforcing biopharmaceutical patents is costly, time-consuming and the outcomes are uncertain. We could become subject to new government laws and regulations, which could negatively affect our business, our operating results and the financial condition of our company, such as, for example, (i) changes in patent laws or regulations in Canada, U.S. or in other countries; (ii) changes in data exclusivity laws or regulations in Canada, U.S. or in other countries; (iii) or changes in the interpretation of laws and regulations by the courts. Any of these events could have a material adverse effect on our profitability and financial condition.

Litigation regarding patents, patent applications, and other proprietary rights may be expensive, time consuming and cause delays in the development and manufacturing of our key products.

Our success will depend in part on our ability to operate without infringing the proprietary rights of third parties. Other parties may have, or obtain in the future, patents and allege that the use of our technologies infringes their patents. Resolving an intellectual property infringement claim can be costly and time consuming and may require us to enter into license agreements, which may not be available on commercially reasonable terms. A successful claim of patent or other intellectual property infringement could subject us to significant damages or an injunction preventing the development, manufacture, sale, or use of the affected products.

In addition, third parties may challenge the validity of our patents or infringe upon our existing or future patents. Proceedings involving our patents or patent applications or those of others could result in adverse decisions regarding:

- Our ability to provide exclusivity for our products and technology;
- Our ability to recover damages for infringement of our patents by others; and

- the enforceability, validity, or scope of protection offered by our patents.

If we are unable to avoid infringing the patent rights of others, we may be required to seek a license, defend an infringement action, or challenge the validity of the patents in court. Regardless of the outcome, patent litigation is costly and time consuming. In some cases, we may not have sufficient resources to bring these actions to a successful conclusion. In addition, if we do not obtain a license, develop or obtain non-infringing technology, fail to defend an infringement action successfully or have infringed patents declared invalid, we may:

- incur substantial monetary damages;
- encounter significant delays in bringing our key products to market; and/or
- be precluded from participating in the manufacture, use or sale of our key products or methods of treatment requiring licenses.

Even if we are successful in these proceedings, we may incur substantial costs and divert management time and attention in pursuing these proceedings, which could have a material adverse effect on us.

Our reliance on third parties requires us to share our trade secrets, which increases the possibility that a competitor will discover them.

Because we rely on third parties to develop our products, we must share trade secrets with them. We seek to protect our proprietary technology in part by entering into confidentiality agreements and, if applicable, material transfer agreements, collaborative research agreements, consulting agreements or other similar agreements with our collaborators, advisors, employees and consultants prior to beginning research or disclosing proprietary information. These agreements typically restrict the ability of our collaborators, advisors, employees and consultants to publish data potentially relating to our trade secrets. Our academic collaborators typically have rights to publish data, provided that we are notified in advance and may delay publication for a specified time in order to secure our intellectual property rights arising from the collaboration. In other cases, publication rights are controlled exclusively by us, although in some cases we may share these rights with other parties. We also conduct joint research and development programs which may require us to share trade secrets under the terms of research and development collaboration or similar agreements. Despite our efforts to protect our trade secrets, our competitors may discover our trade secrets, either through breach of these agreements, independent development or publication of information including our trade secrets in cases where we do not have proprietary or otherwise protected rights at the time of publication. A competitor's discovery of our trade secrets may impair our competitive position and could have a material adverse effect on our business and financial condition.

Our operations could be adversely affected by events outside of our control, such as natural disasters, wars or health epidemics

We may be impacted by business interruptions resulting from pandemics and public health emergencies, including those related to COVID-19 coronavirus, geopolitical actions, war and terrorism or natural disasters including earthquakes, typhoons, floods and fires. An outbreak of infectious disease, a pandemic or a similar public health threat, such as the recent outbreak of the novel coronavirus known as COVID-19, or a fear of any of the foregoing, could adversely impact us by causing operating, manufacturing supply chain, clinical trial and project development delays and disruptions, labour

shortages, travel and shipping disruption and shutdowns (including as a result of government regulation and prevention measures). It is unknown whether and how we may be affected if such an epidemic persists for an extended period of time. We may incur expenses or delays relating to such events outside of our control, which could have a material adverse impact on our business, operating results and financial condition.

Risks Related to Our Common Shares

Our common share price has been volatile in recent years and may continue to be volatile.

The market prices for securities of early-stage biopharmaceutical companies, including ours, have historically been volatile. In the nine months ended November 30, 2022, our common shares traded on the TSXV at a high of $0.27 per share and a low of $0.13 per share. In the twelve months ended February 28, 2022, our common shares traded on the TSXV at a high of $0.44 and a low of $0.23 per share. A number of factors could influence the volatility in the trading price of our common shares, including changes in the economy or in the financial markets, industry related developments, the results of product development and commercialization, changes in government regulations and developments concerning proprietary rights, litigation and cash flow. Our quarterly losses may vary because of the timing of costs for manufacturing, preclinical studies and clinical trials. Also, the reporting of adverse safety events involving our products and public rumors about such events could cause our share price to decline or experience periods of volatility. Each of these factors could lead to increased volatility in the market price of our common shares. In addition, changes in the market prices of the securities of our competitors may also lead to fluctuations in the trading price of our common shares.

We have never paid dividends and do not expect to do so in the foreseeable future.

We have not declared or paid any cash dividends on our common or preferred shares to date. The payment of dividends in the future will be dependent on our earnings and financial condition in addition to such other factors as our board of directors considers appropriate. Unless and until we pay dividends, shareholders may not receive a return on their shares. There is no present intention by our board of directors to pay dividends on our shares.

Future sales or issuances of equity securities and the conversion of outstanding securities to common shares could decrease the value of the common shares, dilute investors' voting power, and reduce our earnings per share.

We may sell additional equity securities in future offerings, including through the sale of securities convertible into equity securities, to finance operations, acquisitions or projects, and issue additional common shares if outstanding warrants or stock options are exercised, or preferred shares are converted to common shares, which may result in dilution. See the information in the section of this MD&A entitled "Outstanding Share Data" for details of our outstanding securities convertible into common shares.

Our board of directors has the authority to authorize certain offers and sales of additional securities without the vote of, or prior notice to, shareholders. Based on the need for additional capital to fund expected expenditures and growth, it is likely that we will issue additional securities to provide such capital. Such additional issuances may involve the issuance of a significant number of common shares at prices less than the current market price for our common shares.

Sales of substantial amounts of our securities, or the availability of such securities for sale, as well as the issuance of substantial amounts of our common shares upon conversion of outstanding convertible equity securities, could adversely affect the prevailing market prices for our securities and dilute investors' earnings per share. A decline in the market prices of our securities could impair our ability to raise additional capital through the sale of securities should we desire to do so.

If there are substantial sales of our common shares, the market price of our common shares could decline.

Sales of substantial numbers of our common shares could cause a decline in the market price of our common shares. Any sales by existing shareholders or holders who exercise their warrants or stock options may have an adverse effect on our ability to raise capital and may adversely affect the market price of our common shares.

Any failure to maintain an effective system of internal controls may result in material misstatements of our consolidated financial statements or cause us to fail to meet our reporting obligations or fail to prevent fraud; and in that case, our shareholders could lose confidence in our financial reporting, which would harm our business and could negatively impact the price of our common shares.

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. If we fail to maintain an effective system of internal controls, we might not be able to report our financial results accurately or prevent fraud; and in that case, our shareholders could lose confidence in our financial reporting, which would harm our business and could negatively impact the price of our common shares. While we believe that we have sufficient personnel and review procedures to allow us to maintain an effective system of internal controls, we cannot provide assurance that we will not experience potential material weaknesses in our internal control. Even if we conclude that our internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS as issued by the IASB, because of its inherent limitations, internal control over financial reporting may not prevent or detect fraud or misstatements. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our results of operations or cause us to fail to meet our future reporting obligations.

If we fail to timely achieve and maintain the adequacy of our internal control over financial reporting, we may not be able to produce reliable financial reports or help prevent fraud. Our failure to achieve and maintain effective internal control over financial reporting could prevent us from complying with our reporting obligations on a timely basis, which could result in the loss of investor confidence in the reliability of our consolidated financial statements, harm our business and negatively impact the trading price of our common shares.

Additional Information

Additional information regarding the Company can be found on SEDAR at www.sedar.com.