MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in Canadian Dollars)

This management discussion and analysis of financial position and results of operations ("MD&A") is prepared as at April 10, 2024 and should be read in conjunction with the audited financial statements and related notes thereto of Ocumetics Technology Corp. (the "Company", "Ocumetics" or "OTC") for the years ended December 31, 2023 and 2022, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB') and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted.

The Company's financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and dischar`ge its liabilities in the normal course of business. As at December 31, 2023, the Company has not generated any revenues from operations and for the year ended December 31, 2023 has incurred a net loss of $3,643,641 and negative cash flows from operations of $2,046,333, and has an accumulated deficit of $9,177,641. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability to raise equity or debt financing, and the attainment of profitable operations from the Company's future business. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

In this discussion, unless the context requires otherwise, references to "we" or "our" are references to Ocumetics.

Ocumetics (formerly Quantum Blockchain Technologies Ltd.) was incorporated on February 5, 2018 under the Business Corporations Act of Alberta. The Company's current focus is to develop an accommodating intraocular lens to eliminate the need for corrective lenses, especially for people over 45 years of age. The Company's registered office is located at 1250, 639-5th Avenue SW, Calgary, Alberta T2P 0M9. The Company changed its name from Quantum Blockchain Technologies Ltd. ("Quantum") to Ocumetics Technology Corp. on August 27, 2021 and is listed on the TSX Venture Exchange (the "Exchange") under the symbol "OTC", on the OTC QB Market under the symbol "OTCFF" and on the Frankfurt Stock Exchange under the symbol "2QBO".

Quantum completed an amalgamation transaction (the "Transaction") with Ocumetics pursuant to an amended and restated amalgamation agreement dated July 23, 2021 (the "Amalgamation Agreement"). The Transaction was completed by way of a share exchange between the shareholders of Quantum and Ocumetics. In exchange for 100% of the issued and outstanding shares of Ocumetics, the shareholders of Ocumetics received an aggregate of 80,918,496 common shares of Quantum. The Transaction was completed on August 27, 2021 and constituted a reverse take-over acquisition ("RTO"). Ocumetics has been identified for accounting purposes as the acquirer, and accordingly, Quantum is considered to be a continuation of Ocumetics, and the net assets of Quantum at the date of the RTO are deemed to have been acquired by Ocumetics. The comparative figures used in this MD&A are those of Ocumetics prior to the RTO.

After the RTO, the Company changed its fiscal year end from July 31 to December 31.

Forward Looking Statements

This MD&A contains certain statements, other than statements of historical fact that are forward-looking statements, which reflect the current view of the Company with respect to future events including corporate developments, financial performance and general economic conditions which may affect the Company.
All statements other than statements of historical fact contained in this listing statement, including

statements regarding our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans, objectives of management and expected market growth are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

The words "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "will," "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward- looking statements include, among other things, statements about:

- The Company's ability to obtain additional financing;
- The accuracy of estimates regarding expenses, future revenues and capital requirements;
- The success and timing of planned preclinical studies and clinical trials;
- The ability of the Company to obtain and maintain regulatory approval of OTC products and any product candidates that may be developed, and the labeling under any approval obtained;
- Regulatory developments in Canada, USA and other countries;
- The performance of third-party manufacturers;
- Plans to develop and commercialize the Company's product candidates;
- The Company's ability to obtain and maintain intellectual property protection for product candidates;
- The successful development of sales and marketing capabilities;
- The potential markets for the Company's product candidates and the Company's ability to serve those markets;
- The rate and degree of market acceptance of any future products; and
- The loss of key scientific or management personnel.

Ocumetics relies on certain key expectations and assumptions in making the forecasts, projections, predictions or estimations set out in forward-looking information. These factors and assumptions are based on information available at the time that the forward-looking information is provided. These include, but are not limited to, expectations and assumptions concerning:

- The availability of capital to fund planned expenditures;
- The availability of critical materials and supplies;
- Prevailing regulatory, tax and environmental laws and regulations; and
- The ability to secure necessary personnel, equipment and services.

Undue reliance should not be placed on forward-looking information because a number of risks and factors may cause actual results to differ materially from those set out in such forward-looking information. These include:

- Incorrect assessments of the value of acquisitions, licenses and development programs;
- Technical, manufacturing and processing problems;
- Actions by governmental authorities, including increases in taxes;
- The availability of capital on acceptable terms;
- Fluctuations in foreign exchange, currency, or interest rates and stock market volatility;
- Failure to realize the anticipated benefits from licenses or acquisitions;
- The other factors specifically identified as risk factors in this MD&A; and
- Potential labour unrest.

Readers are cautioned that the foregoing list of factors should not be construed as exhaustive. Further

information relating to risks is included in this MD&A under Risks Related to the Business. Except as may be required by applicable law or stock exchange regulation, Ocumetics undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. Accordingly, readers should not place undue reliance on forward-looking statements. If Ocumetics does update one or more forward-looking statements, no inference should be drawn that additional updates will be made with respect to those or other forward-looking statements.

Management and Board of Director Responsibilities

Management (specifically the Company's CEO and CFO) are responsible for the reliability and timeliness of information disclosed in this MD&A. In this regard, Management has implemented systems, controls and processes ("Systems") to ensure that all information required for this MD&A is collected and communicated on an accurate and timely basis. As a small company, the current Systems consist of first-hand involvement of the CEO and CFO in all material transactions of the Company. In Management's view, the Company's Systems are sufficient for the Company to report reliable and timely information.

The Company's Audit Committee is responsible for reviewing the Company's interim and annual MD&A prior to release. The Company's Board of Directors is responsible for approving the Company's annual and interim MD&A prior to release.

Business Overview

Ocumetics is a Canadian research and product development company that specializes in adaptive lens designs. Ocumetics is in the preclinical study stage of development of an intraocular lens. The Ocumetics lens is an expandable intraocular lens that fits within the natural lens compartment of the eye with the objective to eliminate the need for corrective lenses, especially for people over 45 years old of age. It is intended that it will re-establish the natural kinetics of the eye muscles to facilitate the eye's ability to shift focus effortlessly from distance to near and very near range.

The Company was incorporated on April 12, 2012 under the British Columbia Business Corporations Act and was continued to Alberta on August 3, 2021. The Company's registered office is located at 1250, 639-5th Avenue SW, Calgary, Alberta T2P 3M9.

Products, Trademarks and Patents

Products

The Ocumetics accommodating intraocular lens (the "Lens") is under development. When fully developed, it is intended to self-regulate to restore a natural geometric configuration to the lens capsule so that radial tension exerted by zonular ligaments can actuate curvature change. The Lens consists of proprietary self-adapting suspension systems that modulate curvature change.

Optical elements incorporated within the Lens typically possess negative or nominal partial pressure. At least one wall of these optical elements comprises a flexible optical interface that is fashioned to alter shape in a cohesive manner, generating high-resolution optical images throughout its entire range of motion. Similar to the diaphragm of a stethoscope, the optical interface is intended to respond immediately to minuscule changes of external force.

The Lens' suspension systems are comprised of cushions that are designed to conform to unique parameters of each recipient's eye. When ciliary muscles relax, during sleep or when the eye focuses upon distant objects, the optical interface is compressed into its high energy state by expansion of the suspension system. When zonular tension relaxes, the optical interface immediately converts to a lower energy state, focusing the eye upon near objects. Kinetic energy transfer occurs almost exclusively within the optical interface as the Lens' suspension systems characteristically respond slowly to changes of external force. The result is expected to be an immediate response to accommodation without lag.

The proprietary suspension systems are designed such that they can be configured to induce variable prismatic effect in conjunction with curvature change. As the Lens shifts focus from distance to near, base-in prism is expected to increase progressively. The intended resultant effect of this unique capability is unparalleled ease for near-point focus.

Normal cycles of ciliary muscle contraction and relaxation are expected to tone these interactions so that comfortable binocular vision may engage immediately with minimal effort in unison with the contralateral eye. Aggregation of fibrotic matter within the suspension system are expected to actually improve the kinesis. Thus, the Lens is designed to initially self-customize to fit within each lens capsule and then proceed to auto-adapt for improved performance over time.

Components of the Lens are comprised of durable, pre-approved materials that demonstrate stability. Supple membranes are polymerized together to produce a composite lens that compresses through a 3.0 mm incision, thereby minimizing surgically induced astigmatism. Prototypes have been dimensioned for a 12-diopter accommodation range in conjunction with 6-prism diopters of base-in prism. A replaceable anterior optical element is expected to provide easy access for lens updates.

Patents and Trademarks

As at July 31, 2020, the patents for the Lens technology were held by Ventura Holdings Ltd. ("Ventura"), which is wholly owned by Dr. Garth Webb. Ventura had, in turn, licensed the Lens technology to Ocumetics on an exclusive basis pursuant to the Amended and Restated License Agreement dated April 12, 2021 (the "License Agreement"). Ventura also held the registered wordmarks, "Bionic Lens" and "Ocumetics", which were licensed to Ocumetics under the License Agreement.

On January 28, 2021, the Company purchased all of the patents and related intellectual property, including the trademarks, from Ventura and terminated the License Agreement.

The World International Patent Office (WIPO) application for the Inflatable Lens/Lens Retainer was registered on August 13, 2007 with two supplemental submissions registered: one on November 5, 2007 and the final one on May 7, 2008. The patent was examined for Novelty, Inventive Step and Industrial Applicability. Patent claims 1-56 were accepted as valid in all categories.

The Inventive Step cited revolves around the process of inflating a lens retainer to apply pressure upon the posterior lens capsule of the eye to focus upon distant objects. This process is essential for bio-mimetic intraocular lens function and is the missing element of all contemporary accommodating lens designs. New patent applications disclosing improvements to this original concept have been registered internationally.

Future Plans and Outlook

Since completing a Reverse Takeover transaction and going public in 2021, Ocumetics has assembled a world-class research and product development team (the "R&D Team"). The R&D Team consists of the following:

Dr. Garth Webb	Founder and Chief Scientific Officer
Dr. Doyle Stulting	Chief Medical Officer
Biona SAPI de CV	Medical device prototype development partner
Clinical Research Consultants, Inc.	Regulatory and clinical consulting partner

The R&D Team was previously supported by Dr. Mark Lee, CEO. On June 12, 2023, Dr. Mark Lee resigned as President and CEO and Dean Burns joined the Company on a full-time basis as President and CEO.

Mr. Burns worked with Alcon Vision for 27 years, brings a wealth of intraocular lens development and commercialization experience to Ocumetics, and now leads the clinical trial and commercialization process for the Company.

In October 2021 the Company commenced the first phase of its preclinical trials related to the Lens technology. Since then, the R&D Team has substantially completed preclinical studies, including cadaver and animal studies, to test its optical technologies. The most recent and final biocompatibility preclinical study for the Lens was a 3-month *in vivo* animal study completed in December 2023.

A Proof-of-Concept (or First in Human) study is planned to commence in 2024. This study will involve 10-12 patients, will take place in the Dominican Republic and is expected to take 6-9 months to complete, although preliminary results of the study are expected to be available within 30 days of commencement.

Phase 1 of the Company's clinical trials will begin after the Proof-of-Concept study is completed and is currently projected to commence in late 2025. The Phase 1 through 3 clinical trials are planned to occur in approximately 16 different locations, including 9 sites in the United States, 4 sites in Europe, 1 site in the Dominican Republic, 1 site in Mexico, 1 site in Canada and possibly 1 site in Singapore. Approximately 300 patients will have the Ocumetics Lens inserted. These studies are expected to take approximately 36 months to complete.

Selected Annual Financial Information

The financial information reported herein has been prepared in accordance with IFRS. The Company uses the Canadian dollar as its presentation currency. The following table represents selected financial information for the Company's year ended December 31, 2023 and 2022.

	Year Ended December 31, 2023 $	Year Ended December 31, 2022 $
Total revenue	**–**	–
Net loss for the period	**(3,643,641)**	(2,219,947)
Net loss per share, basic and diluted	**(0.03)**	(0.02)
Total assets	**1,036,433**	1,373,857
Total long-term liabilities	**321,640**	292,342
Cash paid dividends per share	**–**	–

Results of Operations

Year ended December 31, 2023 and 2022

Year ended	**December 31, 2023** $	December 31, 2022 $
Expenses		
Consulting fees	**1,618,683**	706,731
Research and development	**907,426**	555,700
Share-based compensation	**491,091**	485,940
Professional fees	**132,059**	114,480
Office and general	**121,687**	80,548
Amortization	**117,620**	102,206
Marketing	**173,556**	57,730
Listing costs	**-**	39,335
Patent fees	**43,853**	36,776
Accretion	**29,298**	26,629
Foreign exchange loss	**8,368**	13,872
Total expenses	**3,643,641**	2,219,947
Operating loss	**(3,643,641)**	(2,219,947)
Interest income	**-**	-
Net loss and comprehensive loss for the period	**3,643,641**	(2,219,947)

An explanation of significant variances follows:

Consulting fees for the year ended December 31, 2023 were $1,618,683, compared to $706,731 for the year ended December 31, 2022. The increase is due to higher rates incurred pursuant to consulting contracts with several executives including the Chief Executive Officer, Chief Scientific Officer, Chief Medical Officer and Chief Financial Officer and to the addition of a product marketing consultant. In addition, during the year ended December 31, 2023, the Company entered a settlement agreement with the previous CEO in the amount of $300,000 with respect to severance and a retention agreement with the CFO in the amount of $284,000 (see Transactions with Related Parties section below).

Research and development costs for the year ended December 31, 2023 were $907,426, compared to $555,700 for the year ended December 31, 2022. The increase is due to increased materials and supplies costs as preclinical trial work ramped up and to the engagement of a regulatory consulting organization to manage the preclinical and clinical trial process.

Share-based compensation costs for the year ended December 31, 2023 were $491,091, compared to $485,940 for the year ended December 31, 2022. This expense is consistent with the prior period.

Professional fees for the year ended December 31, 2023 were $132,059, compared to $114,480 for the year ended December 31, 2022. The increase is due to increased legal fees associated with the financings completed in Q1 and Q3 2023.

Office and general costs for the year ended December 31, 2023 were $121,687, compared to $80,548 for the year ended December 31, 2022. The increase is due to TSX Venture fees related to the financings completed

in Q1 and Q3 2023 and travel expenses for team members to attend a conference.

Amortization expense for the year ended December 31, 2023 was $117,620, compared to $102,206 for the year ended December 31, 2022. The increase is due to additions to tangible and intangible assets during the year ended December 31, 2023.

Marketing costs for the year ended December 31, 2023 were $173,556, compared to $57,730 for the year ended December 31, 2022. The increase is due to engaging a marketing firm to develop marketing materials and to initiating an advertising and investor awareness campaign during the year ended December 31, 2023.

Listing costs for the year ended December 31, 2023 were $Nil, compared to $39,335 for the year ended December 31, 2022. The decrease is due to one-time listing expenses incurred during the year ended December 31, 2022.

Patent fees for the year ended December 31, 2023 were $43,853, compared to $36,776 for the year ended December 31, 2022. The small increase is due to an increase in patent maintenance fees during the year ended December 31, 2023.

Accretion expense for the year ended December 31, 2023 was $29,298, compared to $26,629 for the year ended December 31, 2022. This expense is consistent with the prior period.

Quarterly operating results

Three months ended	**December 31, 2023**	**September 30, 2023**	**June 30, 2023**	**March 31, 2023**
Revenue	-	-	-	-
Net loss	(719,583)	(749,361)	(1,498,991	(675,706)
Total assets	1,036,433	1,304,380	950,102	1,514,124
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)

Three months ended	**December 31, 2022**	**September 30, 2022**	**June 30, 2022**	**March 31, 2022**
Revenue	-	-	-	-
Net loss	(542,832)	(510,753)	(648,069)	(518,293)
Total assets	1,373,857	1,786,755	1,972,047	1,551,308
Basic and diluted loss per share	-	-	(0.01)	-

Liquidity and Capital Resources

	Year Ended December 31, 2023 $	Year Ended December 31, 2022 $
Cash and cash equivalents	235,829	602,087
Other current assets (GST receivable and Prepaids)	75,172	70,892
Current liabilities	(623,689)	(244,110)
Net working capital	**(312,688)**	**428,869**
Cash used in operating activities	(2,046,333)	(1,618,556)
Cash used in investing activities	(142,174)	(66,824)
Cash provided by financing activities	1,822,249	444,351
Net increase (decrease) in cash	**(366,258)**	**(1,241,029)**

As at December 31, 2023, the Company had cash and cash equivalents of $235,829 and a working capital deficit of $312,688 as compared to a cash balance of $602,087 and a working capital surplus of $428,869 as at December 31, 2022.

For the year ended December 31, 2023, the Company had a decrease in net cash of $366,258 versus a decrease of $1,241,029 for year ended December 31, 2022. The difference in cash used is due to the completion of financings in Q1 and Q3 2023.

The Company's primary source of funding is by way of raising capital through the issuance of equity to third party investors. Ongoing financing efforts are required to provide funds for preclinical and clinical trial studies as well as operating costs.

During the year ended December 31, 2023, the Company completed a private placement of 1,493,574 units ("Units") at a price of $0.45 per Unit for gross proceeds of $672,108, a private placement of 1,880,868 units ("Units") at a price of $0.30 per Unit for net proceeds of $564,091 and a private placement of 1,452,465 units ("Units") at a price of $0.30 per Unit for net proceeds of $435,740. Share purchase options were also exercised for proceeds of $88,125.

Additional funding is required for the Company to meet its existing monthly expenses, current liabilities and planned expenditures to complete its preclinical and its proposed long-term business plan, including clinical trials for the Ocumetics Lens.

Additional financings are planned throughout 2024 (see Subsequent Events below) to fully fund the upcoming Proof-of-Concept (First in Human) study and for commencement of the Phase 1 clinical trials. Significant financings are also planned over the next 3-5 years as the Company progresses with its clinical trials in multiple jurisdictions.

Although there is no certainty, management is of the opinion that additional funding for its projects and operations can be raised as needed. The Company is subject to a number of risks associated with the successful development of new products and the marketing and the conduct of its preclinical and clinical studies and their results. The Company will need to finance its research and development activities and its clinical studies. To achieve the objectives in its business plan, the Company plans to raise the necessary capital and to generate

revenues. It is anticipated that the products developed by the Company will require approval from the FDA and equivalent organizations in other countries before their sale can be authorized. If the Company is unsuccessful in obtaining adequate financing in the future, research activities will be postponed until market conditions improve.

Outstanding Share Capital

(a) Authorized:

At December 31, 2023, the Company had the following authorized capital:

- Unlimited number of voting common shares

(b) Issued:

During the year ended December 31, 2022, Ocumetics issued the following shares:

- 250,000 stock options were exercised at a price of $0.125 for proceeds of $31,250.
- 2,428,248 warrants were exercised at prices ranging from $0.092 to $0.20 for proceeds of $368,101.

During the year ended December 31, 2023, Ocumetics issued the following shares:

- On February 1, 2023, the Company completed a private placement of 1,493,574 units ("Units") at a price of $0.45 per Unit for gross proceeds of $672,108, of which $45,000 was received in the prior year. Each Unit consists of one common share in the share capital of the Company ("Common Share") and one-half of one common share purchase warrant. Each whole warrant ("Warrant") entitles the holder to purchase one additional Common Share at an exercise price of $0.90 for a period of two years from the date of issuance of the Warrant.
- 730,000 stock options were exercised at prices ranging from $0.10 to $0.125 for proceeds of $88,125.
- On May 25, 2023 the Company issued 882,353 common shares to a company controlled by the CEO of the Company in connection with the resignation of the CEO and an agreed payment of $300,000 payable in common shares of the Company at a deemed price of $0.34 per share.
- On May 25, 2023, the Company issued 835,294 common shares to a company controlled by the CFO of the Company in connection with a retention bonus, an agreement to waive future severance for which it may be entitled and an agreed payment of $284,000 payable in common shares of the Company, at a deemed price of $0.34 per share.
- On July 21, 2023, the Company completed the first tranche of a private placement of 1,880,868 units ("Units") at a price of $0.30 per Unit for net proceeds of $564,091. On August 14, 2023, the Company completed a second tranche of the private placement of a further 1,452,465 Units for net proceeds of $435,740. Each Unit consists of one common share in the share capital of the Company ("Common Share") and one-half of one common share purchase warrant. Each whole warrant ("Warrant") entitles the holder to purchase one additional Common Share at an exercise price of $0.60 for a period of two years from the date of issuance of the Warrant.

(c) Escrowed:

The Company is subject to the Exchange escrow requirements. In conjunction with completion of the RTO on August 27, 2021, the Company had the following securities escrowed and released:

Description	Officers and directors	Seed share restrictions	Quantum shares	Total shares escrowed
Escrowed August 27, 2021	56,250,000	17,400,000	2,500,000	76,150,000
Released August 27/31, 2021	(5,625,000)	(1,740,003)	(625,000)	(7,990,003)
Balance, December 31, 2021	50,625,000	15,659,997	1,875,000	68,159,997
Released Feb 27/28, 2022	(8,437,500)	(2,610,003)	(625,000)	(11,672,503)
Released Aug 27/31, 2022	(8,437,500)	(2,610,003)	(625,000)	(11,672,503)
Balance, December 31, 2022	33,750,000	10,439,991	625,000	44,814,991
Released Feb 27/28, 2023	(8,437,500)	(2,610,003)	(625,000)	(11,672,503)
Released Aug 27/31, 2023	(8,437,500)	(2,610,003)	-	(11,047,503)
Balance, December 31, 2023	**16,875,000**	**5,219,985**	**-**	**22,094,985**

The escrowed officer, director and seed shares are releasable from escrow as follows:

- 10% - upon receipt of Exchange Bulletin (released August 27, 2021 / August 31, 2021)
- 15% - February 27/February 28, 2022 (released)
- 15% - August 27/August 31, 2022 (released)
- 15% - February 27/February 28, 2023 (released)
- 15% - August 27/August 31, 2023 (released)
- 15% - February 27/February 29, 2024 (released)
- 15% - August 27/August 31, 2024

The escrowed Quantum shares are releasable from escrow as follows:

- 25% - upon receipt of Exchange Bulletin (released August 27, 2021)
- 25% - February 27, 2022 (released)
- 25% - August 27, 2022 (released)
- 25% - February 27, 2023 (released)

(d) Warrants:

A continuity schedule of share purchase warrants outstanding is as follows:

	Number	Weighted Average Exercise Price ($)
Balance, July 31, 2021	2,134,248	0.155
Issued as finders fee	294,000	0.125
Balance, December 31, 2021	2,428,248	0.152
Exercised	(2,428,248)	0.152
Balance, December 31, 2022	-	-
Issued	2,413,454	0.69
Balance, December 31, 2023	**2,413,454**	**0.69**

On February 1, 2023, 746,787 share purchase warrants were issued at an exercise price of $0.90 for a period of two years from the date of issuance of the Warrant.

The fair value of the 746,787 share purchase warrants granted on February 1, 2023 was $90,389. The Company calculated the fair value of the 746,787 share purchase warrants using the Black-Scholes pricing model using the following assumptions:

	Year Ended

	December 31, 2023
Share-price	$0.40
Risk-free interest rate	3.76%
Expected volatility	94%
Dividend yield	0%
Expected life of each warrant granted	2 years
Estimated forfeiture rate	0%
Fair value per warrant	$0.12

On July 21, 2023, 940,434 share purchase warrants were issued at an exercise price of $0.60 for a period of two years from the date of issuance of the Warrant.

The fair value of the 940,434 share purchase warrants granted on July 21, 2023 was $96,302. The Company calculated the fair value of the 940,434 share purchase warrants using the Black-Scholes pricing model using the following assumptions:

	Year Ended December 31, 2023
Share-price	$0.31
Risk-free interest rate	4.58%
Expected volatility	90%
Dividend yield	0%
Expected life of each warrant granted	2 years
Estimated forfeiture rate	0%
Fair value per warrant	$0.10

On August 14, 2023, 726,233 share purchase warrants were issued at an exercise price of $0.60 for a period of two years from the date of issuance of the Warrant.

The fair value of the 726,233 share purchase warrants granted on August 14, 2023 was $74,128. The Company calculated the fair value of the 726,233 share purchase warrants using the Black-Scholes pricing model using the following assumptions:

	Year Ended December 31, 2023
Share-price	$0.31
Risk-free interest rate	4.72%
Expected volatility	90%
Dividend yield	0%
Expected life of each warrant granted	2 years
Estimated forfeiture rate	0%
Fair value per warrant	$0.10

As of December 31, 2023, the Company had 2,413,454 share purchase warrants outstanding.

(e) Options:

The Company has adopted an incentive stock option plan in accordance with the policies of the Exchange (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares. The Stock Option Plan provides that options shall be exercisable for the duration set out in the individual option agreements, which in no event shall exceed ten (10) years from the date such options are granted. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of the Exchange.

A continuity schedule of share purchase options outstanding is as follows:

Description	Number of Options	Weighted Average Exercise Price $
Balance, December 31, 2021	9,537,117	0.152
Exercised	(250,000)	0.125
Balance, December 31, 2022	9,287,117	0.152
Granted	2,141,317	0.325
Exercised	(730,000)	0.121
Modification	(541,317)	0.600
Balance, December 31, 2023	**10,157,117**	**0.167**
Exercisable, December 31, 2023	**8,418,195**	**0.144**

As at December 31, 2023, the Company had the following outstanding share purchase options:

Number of Options Outstanding	Number of Options Exercisable	Weighted Average Exercise Price ($)	Expiry date
541,317	541,317	0.34	April 24, 2025
8,015,800	7,636,878	0.125	August 27, 2026
1,600,000	240,000	0.32	June 12, 2028
10,157,117	**8,178,195**	**0.167**	

On April 24, 2023 the Company cancelled 541,317 partially vested incentive stock options that were issued to a director of the Company in November 2021 at a price of $0.60 per common share, and reissued 541,317 fully vested incentive stock options to the director with an exercise price of $0.34 per common share for a period of two years. The incremental fair value of the replacement options were not beneficial to the director and therefore no share-based compensation expense was recorded for the reissued shares.

On April 24, 2023 the Company also accelerated the vesting of 7,413,167 of its outstanding incentive stock options, such that these incentive stock options vested immediately.

On June 12, 2023, the Company issued 1,600,000 incentive stock options to a director of the company pursuant to the terms of the stock option plan of the Company. Each option entitles the holder thereof to purchase one common share in the capital of the Company, at an exercise price per common share of $0.32 for a period of five years. The stock options will vest over a period of three years, with 15% of the options vesting 6 months after the date of issuance, another 15% vesting after 12 months, another 15% after 18 months, another 15% after 24 months, another 15% after 30 months and the remaining 20% after 36 months.

The Company estimated the fair value of the 1,600,000 incentive stock options granted on June 12, 2023 using the Black-Scholes pricing model using the following assumptions:

	Year Ended December 31, 2023
Share-price	$0.32
Risk-free interest rate	3.64%
Expected volatility	123%
Dividend yield	0%
Expected life of each option granted	5 years
Estimated forfeiture rate	0%
Fair value per option	$0.27

The Company recognized $491,091 of stock-based compensation expense during the year ended December 31, 2023 (year ended December 31, 2022 - $485,940).

At December 31, 2023, the weighted average remaining contractual life of the outstanding options is 2.87 years (December 31, 2022 – 3.63 years).

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management compensation

The Company has identified its directors and certain senior officers of the Company, who have the authority and responsibility for planning, directing and controlling the activities of the Company, as key management personnel. All related party transactions were incurred in the normal course of operations and initially recorded at fair value.

For the year ended	**December 31, 2023**	December 31, 2022
	$	$
Consulting fees, Chief Executive Officer (1)	**202,596**	84,000
Consulting fees, Chief Scientific Officer	**108,000**	84,000
Consulting fees, Chief Financial Officer (2)	**146,650**	102,850
Consulting fees, Chief Medical Officer	**324,401**	196,952
Consulting fees, Directors	**90,000**	84,000
Severance/retention payments, CEO and CFO (3)	**584,000**	-
Share-based compensation	**491,091**	485,940
	1,946,738	1,037,742

(1) On June 12, 2023, Dr. Mark Lee resigned as President and CEO and Dean Burns was appointed President and CEO.
(2) For the year ended December 31, 2023, accounting services fees in the amount of $85,400 were paid to a company controlled by the Chief Financial Officer (year ended December 31, 2022 - $34,235).
(3) On April 21, 2023, the Company entered a settlement agreement with the CEO in the amount of $300,000 with respect to severance (see Share Capital section above). In addition, the Company entered a retention agreement with the CFO in the amount of $284,000 (see Share Capital section above).

In addition to the transactions above:

1) The Company incurred legal fees in the amount of $111,134 for the year ended December 31, 2023 (2022 - $53,320) with a legal firm, one of whose partners is the spouse of the CFO of the Company; and
2) The Company incurred marketings services fees in the amount of $63,040 for the year ended December 31, 2023 (2022 - $Nil) with a marketing firm owned 50% by a director of the Company.

Summary of related party balances:

All related party transactions were measured at the amount of consideration established and agreed to by the related parties except for the promissory note. Other than the promissory note, all amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

	December 31, 2023	December 31, 2022
	$	$
Due to Ventura	**436,194**	369,096
Due to Chief Financial Officer *	**35,726**	11,033
Due to Director *	**10,500**	-
Due to Chief Executive Officer *	**50,585**	-
Due to Chief Medical Officer *	**54,533**	-
	587,538	380,129

* Included in accounts payable and accrued liabilities.

As at December 31, 2023, in addition to the balance stated above, $19,825 (December 31, 2022 - $3,135) is payable to a legal firm, one of whose partners is the spouse of the Chief Financial Officer of the Company and $17,325 (2022 - $Nil) is due to a company owned 50% by a director of the Company. These amounts are included in accounts payable and accrued liabilities.

As at December 31, 2023, $321,640 of the amount due to Ventura has been presented as non-current (December 31, 2022 - $292,342) as management does not expect that Commercialization will take place within

12 months after the reporting period. The loan is secured by the related intellectual property. The amount due represents the $500,000 promissory note, discounted at 9.59%, being a market rate of interest of similar debt on the date of issuance, which resulted in a capital contribution of $256,715 on the date of issuance. During the year ended December 31, 2023, accretion was recorded on the loan for $29,298 (year ended December 31, 2022 - $26,629).

New Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended December 31, 2023, and have not been early adopted in preparing the Company's financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's financial statements.

Significant Accounting Policies

(a) Significant accounting estimates and judgments

The preparation of the Company's financial statements in conformity with IFRS requires the Company's management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

Estimates, judgments, and underlying assumptions are reviewed on an ongoing basis and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Estimates

Critical estimates exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Share-based payment transactions

The Company uses the Black-Scholes Option Pricing Model to determine the fair value of stock options and standalone share purchase warrants issued. This model requires the input of subjective assumptions including expected share price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings (loss) and equity reserves.

Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Useful lives of intangible assets

Following initial recognition, the Company carries the value of intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on a straight-line basis based upon management's estimate of the useful life and residual value. The

estimates are reviewed at least annually and are updated if expectations change as a result of technical obsolescence or legal and other limits to use.

Market interest rate

The Company makes estimates relating to the selection of an appropriate market rate of interest to discount non-interest or low interest rate loans.

Judgments

The key areas of judgment that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Going concern

The assessment of the Company's ability to continue as a going concern involves management judgement about the Company's resources and future prospects. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions.

Impairment of intangible assets

The application of the Company's accounting policy for intangible assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information

Taxes

The Company recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available to utilize the Company's deductible temporary differences which are based on management's judgment on the degree of future taxable profits. To the extent that future taxable profits differ significantly from the estimates impacts the amount of the deferred tax assets management judges is probable.

(b) Cash

Cash and cash equivalents are comprised of cash in banks and all short-term investments that are highly liquid in nature, cashable, and have an original maturity date of three months or less.

(c) Intangible assets

Intangible assets including intellectual property are measured at cost less accumulated amortization and accumulated impairment losses. Initial costs and subsequent costs that increase the expected future economic benefits incurred under the license agreement and intellectual property are capitalized and amortized from the date of capitalization on a straight-line basis over their estimated useful lives determined based on the expiry of the key patents underlying the intellectual property. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. If, after expenditures are capitalized, events or changes in circumstances indicate that the carrying amount may not be recoverable, the amount capitalized is written off in profit or loss in the period the new information becomes available.

Patents comprises patents which are in the application process and are pending the grant and registration of the patent. Amortization commences upon successful completion of the patent

application, being the patent grant date.

As at December 31, 2023, the estimated remaining useful life of the intangible assets was approximately 4.6 years.

Upon retirement or disposal, the cost of the asset disposed of and the related accumulated amortization are removed from the accounts and any gain or loss is reflected in profit or loss.

(d) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of loss and comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

(e) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument. At initial recognition, the Company measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.

Financial assets

The Company will classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss, based on its business model for managing the financial asset and the financial asset's contractual cash flow characteristics. The three categories are defined as follows:

Amortized cost - a financial asset is measured at amortized cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's amounts receivable and goods and services taxes receivable are measured at amortized cost.

Fair value through other comprehensive income ("FVTOCI") - financial assets are classified and *measured* at FVTOCI if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The Company does not have any financial assets classified as FVTOCI.

Fair value through profit or loss ("FVTPL") - any financial assets that are not held in one of the two business models mentioned are measured at FVTPL. The Company's cash are classified as FVTPL.

When, and only when, the Company changes its business model for managing financial assets it must reclassify all affected financial assets.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For the periods presented, the Company did not record any expected credit loss.

Financial liabilities

The Company's financial liabilities include accounts payable and accrued liabilities and due to related parties. The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

FVTPL – This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statements of loss and comprehensive loss. The Company does not have any financial liabilities measured at FVTPL.

Amortized cost – Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The Company's accounts payable and accrued liabilities and due to related parties are classified at amortized cost.

After initial recognition, an entity cannot reclassify any financial liability.

(f) Foreign currency translation

The functional and reporting currency is the Canadian dollar. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Revenue and expenses are translated at average rates for the periods. Foreign exchange gains and losses are included in the statements of loss and comprehensive loss.

(g) Taxes

Current tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of loss and comprehensive loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(h) Share-based payments

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in stock options reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in stock options reserve is credited to share capital, adjusted for any consideration paid.

(i) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or

options are shown in equity as a deduction, net of tax, from the proceeds.

(j) Loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share is the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

(k) Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- its intention to complete and its ability and intention to use or sell the asset
- how the asset will generate future economic benefits
- the availability of resources to complete the asset
- the ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit and is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Capital Management

The capital structure of the Company consists of all components of shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to provide an adequate return to shareholders, to meet external capital requirements on the Company's debt and credit facilities and preserve financial flexibility in order to benefit from potential opportunities that may arise.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the period ended December 31, 2023.

Risks Related to the Business

An investment in the Company is speculative and involves a high degree of risk. Accordingly, prospective investors should carefully consider the specific risk factors set out below, in addition to the other information contained in this MD&A, before making any decision to invest in the Company. The Directors consider the

following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the Company's business. If any of the following risks actually occur, the Company's business, financial condition, capital resources, results or future operations could be materially adversely affected. In such a case, the price of the common shares could decline, and investors may lose all or part of their investment.

Single Product

While the Company has several products in its development pipeline, including the industrial application of the Ocumetics Lens technology, currently the Company's sole technology that has commenced preclinical trials is the Ocumetics Lens. Therefore, the Company's current commercialization, financial and future stock value are based on the success of this single product. If the Ocumetics Lens is not commercially successful, there is a risk that the Company will be unable to meet its estimates and deliver value to shareholders.

Applicability of Technology

The Company's technology, even if it is successfully commercialized, will not be suitable for treatment of every vision problem. In particular, it cannot resolve, alone, vision problems such as cloudy corneas, eyes that have already had the natural lens removed (such as in cataract surgery), severe macular degeneration, severe genetic retinal diseases, torn or damaged optic nerves, or brain damage affecting any part of the visual system.

Competition

While the Company believes that the Ocumetics Lens offers greater promise than competing technology, the Company is aware that its competitors are constantly striving to improve their products. There is a risk that one or more of the Company's competitors could introduce a product that is more effective than, or comes to market earlier than, the Ocumetics Lens and therefore disrupts the Company's projections as to marketability and product demand. The business of the Company is subject to rapid technological changes. Failure to keep up with such changes may adversely affect the business of the Company. The Company is subject to the risks of companies operating in the medical and healthcare business. The market in which the Company competes is characterized by rapidly changing technology, evolving industry standards, frequent new service and product announcements, introductions and enhancements and changing customer demands.

Intellectual Property Risks

The Company could be adversely affected if it does not adequately protect its intellectual property rights. The Company regards its marks, rights, and trade secrets and other intellectual property rights as critical to its success. To protect its investments and the Company's rights in these various intellectual properties, it may rely on a combination of patents, trademark and copyright law, trade secret protection and confidentiality agreements and other contractual arrangements with its employees, clients, strategic partners, acquisition targets and others to protect proprietary rights. There can be no assurance that the steps taken by the Company to protect proprietary rights will be adequate or that third parties will not infringe or misappropriate the Company's copyrights, trademarks and similar proprietary rights, or that the Company will be able to detect unauthorized use and take appropriate steps to enforce rights. In addition, although the Company believes that its proprietary rights do not infringe on the intellectual property rights of others, there can be no assurance that other parties will not assert infringement claims against the Company. Such claims, even if

not meritorious, could result in the expenditure of significant financial and managerial resources.

Commercial success of the Company will depend in part on not infringing upon the patents and proprietary rights of other parties and enforcing its own patents and proprietary rights against others. The research and development programs will be in highly competitive fields in which numerous third parties have issued patents and pending patent applications with claims closely related to the subject matter of the Company's programs. The Company is not currently aware of any litigation or other proceedings or claims by third parties that its technologies or methods infringe on their intellectual property.

While it is the practice of the Company to undertake pre-filing searches and analyses of developing technologies, it cannot guarantee that it has identified every patent or patent application that may be relevant to the research, development, or commercialization of its products. Moreover, it cannot assure that third parties will not assert valid, erroneous, or frivolous patent infringement claims.

The Company will rely on trade secrets to protect technology where it does not believe patent protection is appropriate or obtainable. Trade secrets are difficult to protect. While commercially reasonable efforts to protect trade secrets will be used, strategic partners, employees, consultants, contractors or scientific and other advisors may unintentionally or willfully disclose information to competitors.

If the Company is not able to defend patents or trade secrets, then it will not be able to exclude competitors from developing or marketing competing products, and the Company may not generate enough revenue from product sales to justify the cost of development of products and to achieve or maintain profitability.

Clinical Trials and Regulatory Approval

The Company's ability to commercialize its technology is dependent upon the completion of successful clinical trials and the subsequent receipt of regulatory approvals in each jurisdiction in which it wishes to sell the technology.

Ocumetics has not completed any clinical trials and has not applied for, nor received, any regulatory approvals to date. The first step of human studies, the Proof-of-Concept study, is planned to begin in 2024. This study will involve 10-12 patients, will take place in the Dominican Republic and is expected to take 6-9 months to complete.

Phase 1 of clinical trials will begin after the Proof-of-Concept study is completed and is currently projected to commence in late 2025. The Phase 1 through Phase 3 clinical trials are planned to occur in 16+ different locations, including 9 sites in the United States, 4 sites in Europe, 1 site in the Dominican Republic, 1 site in Mexico, 1 site in Canada and possibly 1 site in Singapore. Approximately 300 patients will have the Ocumetics Lens inserted. These studies are expected to take approximately 36 months to complete.

Clinical trials for potential candidates will be expensive, difficult to design and implement, time-consuming, and their outcomes are uncertain. The timing and completion of clinical trials may be subject to significant delays relating to various causes, including but not limited to: inability to manufacture or obtain sufficient quantities of materials for use in clinical trials; delays arising from collaborative partnerships; delays in obtaining regulatory approvals to commence a study, or government intervention to suspend or terminate a study; delays, suspensions or termination of clinical trials by the applicable institutional review board or independent ethics board responsible for overseeing the study to protect research subjects; delays in identifying and reaching agreement on acceptable terms with prospective clinical trial sites; slow rates of patient recruitment and enrollment; uncertain dosing issues; inability or unwillingness of medical investigators to follow clinical

protocols; variability in the number and types of subjects available for each study and resulting difficulties in identifying and enrolling subjects who meet trial eligibility criteria; scheduling conflicts; difficulty in maintaining contact with subjects after treatment, resulting in incomplete data; unforeseen safety issues or side effects; lack of efficacy during clinical trials; reliance on clinical research organizations to conduct clinical trials, which may not conduct such trials with good laboratory practices; or other regulatory delays.

While the Company believes that its clinical trials will be successful, there is no assurance that that will be the case. There can also be no assurance, regardless of the success of clinical trials, that regulatory approval will be forthcoming in any jurisdiction in which the Company applies for such approval.

Management and Key Personnel

The success of the Company depends on the continued ability to attract, retain, and motivate highly qualified management, clinical, and scientific personnel and to develop and maintain important relationships with leading academic institutions, companies, and thought leaders. Dean Burns, the Company's President and Chief Executive Officer, and Dr. Garth Webb, the Company's Chief Scientific Officer and inventor of the Ocumetics Lens and related technology, exercise significant control over the day-to-day affairs of the Company. The Company depends on Mr. Burns and Dr. Webb to engage with third parties and contractors to operate the business. If either Mr. Burns or Dr. Webb were to leave the Company or were otherwise unable to perform their respective duties, the Company's business could fail, and shareholders could lose their investment. Ocumetics does not hold key man insurance for either Mr. Burns or Dr. Webb and does not intend to obtain such insurance in the near term.

Inability to Maintain Regulatory Standards

The Company has no track record that indicates its ability to meet and maintain stringent regulatory standards if so required. Failure to maintain a high level of regulatory approval could lead to failure of the Company's business.

Difficulty to Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the industry. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Inability to Meet Demand

If the Ocumetics Lens achieves or exceeds the levels of success the Company has projected, there is a risk that the Company will be unable to meet that demand in a timely fashion. The Company's ability to do so depends upon the development of a strong production platform. If the Company does not do so, it could affect its market reputation and return to investors.

Insurance Risks

The business of the Company may not be insurable or insurance may not be purchased due to high costs. Should uninsured liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Company.

Availability of Critical Materials, Supplies and other Resources

The current challenging economic climate relating to the effect of COVID-19 may lead to challenges in accessing

critical materials, supplies and human resources. The inability to access critical materials, supplies and human resources at competitive prices could lead to failure of the Company's business.

Liquidity and Financial Resources

Speculative Nature of Investment Risk

An investment in the common shares of the Company carries a high degree of risk and should be considered as a speculative investment by purchasers. The Company has limited cash reserves, a limited operating history, has not paid dividends, and is unlikely to pay dividends in the immediate or near future. The Company is in the development stage. Operations are not yet sufficiently established such that the Company can mitigate the risks associated with planned activities.

Limited Operating History

The Company has no present prospect of generating revenue from the sale of products. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Negative Cash Flow for the Foreseeable Future

The Company has no history of earnings or cash flow from operations. The Company does not expect to generate material revenue or achieve self-sustaining operations for several years, if at all. To the extent that the Company has negative cash flow in future periods, the Company may need to allocate a portion of its cash reserves to fund such negative cash flow.

Insufficient Capital to Accomplish Business Objectives

The Company will require significant capital to accomplish its business objectives in the next several years. The Company currently has insufficient capital to accomplish its business objectives and there can be no assurances that sufficient capital will become available to complete the Company's business objectives on schedule or at all.

Access to Further Funding

The Company will need to continue to rely upon capital raising activities, such as private placements, debt and equity financings to fund its future operations, and the ability of the Company to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business and continue with, or expand upon its development programs is contingent upon securing additional financing. The Company's ability to access the debt and equity markets when required will depend upon factors beyond its control, such as economic and political conditions that may affect the capital markets generally. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future. Should Management be unable to raise sufficient capital to fund its operations and growth there would be a material adverse effect on the Company's business, financial condition, results of operations, and its ability to continue as a going concern. The Company's financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets, liabilities and reported expenses should the Company be unable to continue as a going concern. These adjustments could be material.

Market Price

The market price of the Company's common shares may be subject to wide price fluctuations in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in the business prospects for the Company, general economic conditions, legislative changes, and other events and factors outside of the Company's control.

Dilution

The financial risk of the Company's future activities will be borne to a significant degree by purchasers of the common shares. If the Company issues common shares from its treasury for financing purposes, control of the Company may change and purchasers may suffer additional dilution.

General Market and Economic Risks

Economic Environment

The Company's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and consequently, impact the Company's future sales and profitability.

Global Economy Risk

The ongoing economic problems and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. Access to financing has been negatively impacted by the ongoing global economic risks. As such, the Company is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Company. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations.

Currency Risk

The Company may have financial risk exposure to varying degrees relating to the currency of each of the countries where it operates and has financial risk exposure towards digital currencies. The level of the financial risk exposure related to a currency and exchange rate fluctuations will depend on the Company's ability to hedge such risk or use another protection mechanism.

Subsequent Events

On January 15, 2024, the Company completed a private placement of 1,301,875 units ("Units") at a price of $0.32 per Unit for gross proceeds of $416,600. Each Unit consists of one common share in the share capital of the Company ("Common Share") and one-half of one common share purchase warrant. Each whole warrant ("Warrant") entitles the holder to purchase one additional Common Share at an exercise price of $0.64 for a period of two years from the date of issuance of the Warrant. The Company received $160,000 prior to December 31, 2023 for this private placement.