ProMIS Neurosciences Inc.

Consolidated Financial Statements
December 31, 2021 and 2020
(expressed in Canadian dollars)

Independent auditor's report

To the Shareholders of ProMIS Neurosciences, Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of ProMIS Neurosciences, Inc. and its subsidiary (together, the Company) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2021 and 2020;
- the consolidated statements of operations and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter	How our audit addressed the key audit matter
Assessing the valuation of convertible debentures *Refer to Note 2 – Summary of Significant Accounting Policies and Note 10 – Convertible Debentures to the consolidated financial statements.* In March 2021, the Company completed a private placement of US$7 million (CA$8.7 million) convertible debentures (Debentures). The Company analyzed these Debentures for embedded derivatives and determined they contained conversion options and embedded derivatives, which were recorded separately at fair value upon inception of the Debentures and were revalued at the reporting date at fair value using a Monte Carlo simulation model calculated by a valuation specialist (management's expert). Prior to the maturity date on March 22, 2026, the Company may force conversion of the Debentures at the conversion price upon raising an aggregate of US$50 million in equity and/or debt. Expected time and probabilities of such financing are considered significant assumptions. Other data and assumptions used in the valuation include volatility, credit spread and risk-free interest rate. We considered this a key audit matter due to the significant judgment applied by management, including the use of management's expert, in determining the assumptions used in the fair value valuation of Debentures. This, in turn, led to a high degree of auditor judgment and effort in performing audit procedures to test management's assumptions used in the valuation of the Debentures. The audit effort involved the use of professionals with specialized skills and knowledge in the field of valuations.	Our approach to addressing the matter involved the following procedures, among others: ● Evaluated and discussed with management their valuation of the Debentures and the embedded conversion options; ● Evaluated the reasonableness of management's assumptions regarding the expected timing and probabilities of raising an aggregate of US$50 million prior to the maturity date of the Debentures; ● With the assistance of professionals with specialized skill and knowledge in the field of valuations, developed an independent point estimate of the Debentures based on management's assumptions related to raising funds and independently developed assumptions related to credit spread, volatility and risk-free interest rate; and ● Compared the independent point estimate to management's estimate to evaluate the reasonableness of management's estimate.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Neil Rostant.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario
March 16, 2022

ProMIS Neurosciences Inc.
Consolidated Statements of Financial Position

(expressed in Canadian dollars)	December 31, 2021 $	December 31, 2020 $
Assets		
Current assets		
Cash	21,443,964	1,028,968
Short-term investments	42,078	42,036
Accounts receivables (note 3)	61,621	39,587
Prepaid expenses and deposits (note 4)	871,516	130,046
Total current assets	22,419,179	1,240,637
Property and equipment (note 5)	5,912	99,610
Intangible assets (note 6)	34,948	41,620
Investment in joint venture (note 8)	-	3,000
Total assets	22,460,039	1,384,867
Liabilities		
Current liabilities		
Accounts payable	517,601	557,838
Accrued liabilities	658,222	58,917
Deferred compensation - management (note 7)	-	1,784,033
Total current liabilities	1,175,823	2,400,788
		-
Convertible debentures (note 10)	4,943,450	-
Derivative liability (note 10)	6,808,697	-
Warrant Liability (note 12)	2,055,602	-
Total liabilities	14,983,572	2,400,788
Shareholders' Equity (Deficiency)		
Common shares (note 11)	72,045,506	52,741,553
Other equity (note 12)	8,838,735	9,139,694
Contributed surplus	9,624,585	8,350,776
Accumulated deficit	(83,032,359)	(71,247,944)
Total shareholders' equity (deficiency)	7,476,467	(1,015,921)
Total liabilities and shareholders' equity (deficiency)	22,460,039	1,384,867

Commitments and contingencies (note 17)

On behalf of the Board:

(signed) *William Wyman*
Director

(signed) *Eugene Williams*
Director

The accompanying notes are an integral part of these consolidated financial statements.

ProMIS Neurosciences Inc.

Consolidated Statements of Operations and Comprehensive Loss

(expressed in Canadian dollars)

	Year ended December 31	
	2021 **$**	**2020** **$**
Revenues		
Services and sales	10,377	1,565
Interest earned	6,033	222
	16,410	1,787
Operating expenses		
Research and development (note 13)	6,310,299	3,183,149
General and administrative (note 13)	4,224,609	2,481,030
	10,534,908	5,664,179
Operating loss	10,518,498	5,662,392
Gain on sale of equipment	(75,198)	-
Change in fair value of warrant liability	(1,649,259)	-
Interest expense	529,166	-
Change in fair value of derivative liability	2,461,208	-
Net loss and comprehensive loss	(11,784,415)	(5,662,392)
Basic and diluted loss per common share	(0.03)	(0.02)
Weighted average number of common shares outstanding	347,147,045	285,599,827

The accompanying notes are an integral part of these consolidated financial statements.

ProMIS Neurosciences Inc.

Consolidated Statements of Changes in Equity

(expressed in Canadian dollars)

	Common shares		Other equity				
	Number	Amount $ (note 11)	Number	Amount $ (note 12)	Contributed surplus $	Accumulated deficit $	Total $
Balance – January 1, 2020	275,408,233	49,032,176	92,769,437	8,877,107	8,074,390	(65,585,552)	398,121
Issuance of special warrants – net of issuance costs	-	-	16,219,581	1,636,590	-	-	1,636,590
Issuance of finder warrants	-	-	557,200	38,567	-	-	38,567
Issuance of share options	-	-	550,000	-	-	-	-
Exercise of warrants	14,322,527	3,709,377	(14,322,527)	(1,512,132)	-	-	2,197,245
Expiry of share options	-	-	(102,000)	(19,132)	19,132	-	-
Expiry of warrants	-	-	(3,450,943)	(257,254)	257,254	-	-
Modification of warrants	-	-	-	114,090	-	-	114,090
Share-based compensation	-	-	-	261,858	-	-	261,858
Net and comprehensive loss	--	-	-	-	-	(5,662,392)	(5,662,392)
Balance – December 31, 2020	289,730,760	52,741,553	92,220,748	9,139,694	8,350,776	(71,247,944)	(1,015,921)
Conversion of specials warrants into common shares and warrants	16,219,581	809,667	-	(809,667)	-	-	-
Issuance of common shares, net of issuance costs	125,781,250	23,426,746	31,445,309	-	-	-	23,426,746
Issuance of compensation warrants	-	(1,215,323)	8,804,687	1,215,323	-	-	-
Allocation to warrant liability	-	(3,717,137)	-	-	-	-	(3,717,137)
Forfeiture of share options	-	-	(6,327,000)	(1,273,809)	1,273,809	-	-
Issuance of share options	-	-	11,837,500		-	-	
Share-based compensation	-	-	-	567,194	-	-	567,194
Net and comprehensive loss	-	-	-	-	-	(11,784,415)	(11,784,415)
Balance – December 31, 2021	431,731,591	72,045,506	137,981,244	8,838,735	9,624,585	(83,032,359)	7,476,467

The accompanying notes are an integral part of these consolidated financial statements.

ProMIS Neurosciences Inc.
Consolidated Statements of Cash Flows

(expressed in Canadian dollars)

	Years ended December 31	
	2021 $	2020 $
Cash provided by (used in)		
Operating activities		
Net loss and comprehensive loss for the period	(11,784,415)	(5,662,392)
Adjustments for non-cash items:		
Change in fair value of derivative liability (note 10)	2,461,208	-
Amortization of intangible assets	6,672	6,672
Depreciation of property and equipment	51,579	9,056
Gain on sale of property and equipment	(75,198)	-
Amortization of debt discount (note 10)	465,267	-
Foreign exchange loss	107,244	-
Share-based compensation (note 12)	567,194	261,858
Change in fair value of warrant liability (note 12)	(1,649,259)	-
Incremental value warrant modification (note 12)	-	114,090
Issuance of finder warrants	-	38,567
Changes in non-cash working capital (note 16)	(1,988,468)	877,445
Cash used in operating activities	(11,838,176)	(4,354,704)
Investing activities		
Purchase of short-term investments	(42,078)	(42,036)
Maturity of short-term investments	42,036	41,826
Purchase of property and equipment	(7,683)	(108,666)
Proceeds from sale of property and equipment	125,000	-
Return of investment (investment in) in joint venture	3,000	(3,000)
Cash provided by (used in) investing activities	120,275	(111,876)
Financing activities		
Proceeds from issuance of unsecured convertible debentures, net of issuance costs (note 10)	8,706,151	-
Proceeds from issuance of common share units (note 11)	25,522,525	-
Issuance costs associated with common share units (note11)	(2,095,779)	
Proceeds from the exercise of warrants (note 12)	-	2,197,245
Issuance of special warrants (notes 12)	-	1,636,590
Cash provided by financing activities	32,132,897	3,833,835
Increase (decrease) in cash and cash equivalents	20,414,996	(632,745)
Cash and cash equivalents – Beginning of period	1,028,968	1,661,713
Cash and cash equivalents – End of period	21,443,964	1,028,968

The accompanying notes are an integral part of these consolidated financial statements.

(expressed in Canadian dollars)

1 Organization, nature of operations and going concern

ProMIS Neurosciences, Inc. (the Company or ProMIS) is focused on the discovery and development of precision medicine solutions for early detection and effective treatment of neurodegenerative diseases, including Alzheimer's disease (AD), amyotrophic lateral sclerosis (ALS), and multiple system atrophy (MSA). The Company also plans to investigate additional synucleionapathies, including Parkinson's disease (PD), and dementia with Lewy bodies (DLB).

The Company is incorporated under the Canada Business Corporations Act and is located at 1920 Yonge Street, Toronto, Ontario. The Company is traded on the Toronto Stock Exchange (TSX) under the symbol PMN and on the OTCQB Venture Market under the symbol ARFXF.

The Company has a wholly owned U.S. subsidiary, ProMIS Neurosciences (US) Inc. (ProMIS USA), which was incorporated in January 2016 in the State of Delaware. ProMIS USA has had no activity and has no financial impact on the Company's condensed consolidated financial statements.

The success of the Company is dependent on obtaining regulatory approvals of its product candidates to market and achieving profitable operations. The continuation of research and development activities and the commercialization of its product candidates, if approved are dependent on the Company's ability to successfully complete these activities and to obtain adequate financing. It is not possible to predict either the outcome of future research and development or commercialization programs or the Company's ability to fund these programs.

The accompanying consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The going concern basis contemplates the realization of assets and the settlement of liabilities in the normal course of business as they come due for the foreseeable future. The Company had a loss of $11,784,415 for the year ended December 31, 2021, and an accumulated deficit of $83,032,359 as at December 31, 2021. Available funds are expected to fund the operations beyond 12 months. The Company may continue to incur net operating losses for at least the next several years as the Company advances the development of its product candidates. The Company is actively pursuing additional financing to further develop certain of the Company's scientific initiatives, but there is no assurance these initiatives will be successful, timely or sufficient.

COVID-19

Impacts resulting from the COVID-19 pandemic have resulted in a widespread health crisis that has already adversely affected the economies and financial markets of many countries around the world. The international response to the spread of COVID-19 has led to significant restrictions on travel; temporary business closures; quarantines; global stock market and financial market volatility; a general reduction in consumer activity; operating, supply chain and project development delays and disruptions; and declining trade and market sentiment; all of which have and could further affect the world economy.

The extent to which COVID-19 pandemic may impact the Company's business, preclinical research and development activities will depend on future developments which are highly uncertain and cannot be predicted with confidence, such as the duration of the outbreak, travel restrictions and social distancing in Canada, the United States and other countries, business closures or business disruptions and the effectiveness of actions taken

by governments around the globe to contain and treat the disease. International scientific conferences at which the Company has been invited to present have been postponed, cancelled or will be held online instead, which diminishes exposure and the opportunity to meet with collaborators and potential partners. These scientific conferences have started to be held in person with an option to attend online. Vendors performing work for the Company have remained open, although they have indicated that their timelines are now somewhat longer. The current global uncertainty and its effect on the local and global economies may also have an adverse effect on the Company's ability to secure additional financing to continue its research and development programs.

These consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities and expenses that might be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities other than in the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements. Any such adjustments could be material.

2 Summary of significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with IFRS. The consolidated financial statements were authorized for issue by the Board of Directors on March 16, 2022.

Significant accounting policies are noted below. These policies have been consistently applied to all years presented.

Consolidation

The Company has a wholly-owned U.S. subsidiary, ProMIS Neurosciences (US) Inc. (ProMIS USA), which was incorporated in January 2016 in the State of Delaware. ProMIS USA has had no activity and has no financial impact on the Company's consolidated financial statements.

Critical accounting estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments and estimates. It also requires management to exercise judgment in applying the Company's accounting policies. These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances having regard to prior experience and expectations about future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future year affected. Actual results may differ from those estimates.

Significant estimates related to the measurement of convertible debt and the associated derivative liability. The initial allocation of the value of the convertible debt between the debt instrument and the derivative liability was calculated using a Monte Carlo simulation model (Monte Carlo). The expected time and probabilities of raising financing are significant assumptions in the valuation of the debentures. Other assumptions used in the valuation include volatility, credit spread and risk free interest rate. At subsequent reporting periods, the derivative liability

(expressed in Canadian dollars)

is revalued and the change in fair value is recognized in other (income) expense on the consolidated statements of operations and comprehensive loss.

Significant estimates relate to the measurement of share-based compensation. The fair value of share-based compensation, comprising share options and common share warrants, is determined using the Black-Scholes option pricing model (Black-Scholes). The allocation of unit issue price to common shares and common share warrants is determined based on the relative fair values of the common shares and warrants. Significant estimates are required to determine expected volatility, weighted average life of options, risk-free interest rate and estimated forfeitures. The Company determines these assumptions mainly by reference to historical experience.

Judgment is required in determining whether deferred tax assets are recognized on the consolidated statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate future taxable income in future years in order to utilize any deferred tax asset which has been recognized. Estimates of future taxable income are based on forecasted cash flows. At December 31, 2021, no deferred tax assets have been recognized in the consolidated financial statements.

Basis of measurement

The consolidated financial statements are prepared under the historical cost convention except for certain financial instruments measured at fair value.

Cash and cash equivalents

Cash and cash equivalents include cash on deposit with a major financial institution.

Short-term investments

Short-term investments consist of guaranteed investment certificates with a maturity of greater than 90 days and up to one year at the time of purchase. Accordingly, all short-term investments are classified as current assets in the consolidated statement of financial position.

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amount of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. For the purpose of measuring recoverable amounts, assets that are not individually identifiable for impairment loss are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units or CGUs). The Company considers all of such assets as a single CGU. As at December 31, 2021, no impairment of long-lived assets was determined.

Property and equipment

(expressed in Canadian dollars)

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives on a straight-line basis as follows:

Laboratory and office equipment	2-5 years
Computer equipment	1-3 years

An asset's residual value, useful life and depreciation method are reviewed annually and adjusted prospectively, if appropriate, if there is an indication of a significant change since the last reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Intangible assets

Intangible assets are stated at cost less accumulated amortization and any accumulated impairment losses. An intangible asset's carrying amount is assessed for impairment whenever there is an indication that the asset may be impaired. Intangible assets are amortized on a straight-line basis over the lesser of the life of the patent and its estimated useful life, which is 15 years.

Research and development costs

Research and development costs are charged to operations as incurred unless they meet the criteria for deferral and amortization, which indicate that technical, market and financial feasibility has been established. No development costs have been deferred to date. Patent costs are expensed as incurred, as the benefits to be derived from these costs are uncertain.

Income taxes

The Company is a taxable entity under the Income Tax Act (Canada). Deferred income tax assets and liabilities are determined based on differences between the financial statement carrying amounts and the respective income tax bases of assets and liabilities, measured using substantively enacted income tax rates and laws that are expected to be in effect when the differences are expected to reverse. Deferred tax assets are recognized to the extent it is probable that taxable income will be available against which the deferred tax asset can be utilized. The Company has not recognized any deferred income tax assets.

Share-based payments

Employees, officers, directors and certain consultants receive remuneration in the form of share options, whereby services are rendered as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using the Black Scholes Model (Black-Scholes). Black-Scholes requires the input of a number of assumptions including the Company's share price, volatility, expected time until exercise and risk-free interest rates. Volatility is determined using historical volatility for the Company. The risk-free interest rate is based on the yield of Canadian government bonds with a remaining term equal to the expected life of the option.

(expressed in Canadian dollars)

The cost of equity-settled transactions is recognized in general and administrative expenses and research and development expenses, together with a corresponding increase in equity, over the year in which the performance and/or service conditions are fulfilled. The expense is recognized for equity-settled transactions at each reporting date until the vesting date and reflects actual forfeitures for options granted to employees, consultants and directors. Equity instruments that expire unexercised are reclassified to contributed surplus.

Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share is determined using the treasury stock method and is based on the weighted average number of common shares and dilutive common share equivalents during the year. All warrants and options were excluded from the calculation of diluted loss per common share, as their effect was anti-dilutive.

Foreign currency translation

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and the presentation currency of the consolidated financial statements. Transactions denominated in foreign currencies are translated into Canadian dollars at the average rates of exchange prevailing at the time of the respective transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the year-end exchange rate. Realized and unrealized foreign exchange gains and losses are recognized in general and administrative expenses.

Financial assets and financial liabilities

Financial assets and liabilities are initially recorded at fair value and their subsequent measurements are determined in accordance with their classification. The classification depends on the purpose for which the financial instruments were acquired or issued and their characteristics. Cash and cash equivalents and short-term investments included in current assets due to their short-term nature. Receivables, after initial recognition, are accounted for at amortized cost. Accounts payable and accrued liabilities, after initial recognition, are recorded at amortized cost.

The Company follows IFRS 9, Financial instruments (IFRS 9) to account for its financial liabilities.

Classification of financial liabilities

- Financial liabilities

  Financial liabilities are classified as measured at amortized cost or Fair Value through Profit & Loss (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading or designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the consolidated statement of loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognized in the consolidated statements of loss. Any gain or loss on derecognition is also recognized in the consolidated statements of loss.

- Derivatives

(expressed in Canadian dollars)

The Company issued convertible debentures whereby balances can be converted into equity. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met. Derivatives are initially measured at fair value. After the initial recognition, derivatives are measured at fair value and changes therein are recognized in profit or loss.

Recently issued IFRS standards and amendments

Amendments to IFRS that are effective for the first time in 2021 did not have an impact on the consolidated financial statements.

3 Accounts receivable

a) Accounts receivable comprise the following:

	At December 31,	
	2021	2020
	$	$
Sales tax credit receivable	55,734	38,622
Other receivables	5,887	965
Total	61,621	39,587

Other receivables within accounts receivable do not contain impaired amounts. The maximum exposure to credit risk at the reporting date is the carrying value of other receivables mentioned above and cash and short-term investments. The Company does not hold any collateral as security**.**

4 Prepaid expenses and deposits

The following is a summary of prepaid expenses and deposits:

	At December 31,	
	2021	2020
	$	$
Upfront research payments	702,246	39,167
Professional fees	88,483	21,340
Insurance	41,579	34,859
Licenses	25,000	-
Other	14,208	34,680
Total	871,516	130,046

5 Property and equipment

The following is a summary of property and equipment:

(expressed in Canadian dollars)

	Laboratory and office equipment $	Computer equipment $	Total $
Cost			
Balance, January 1, 2020	84,039	14,663	98,702
Addition	108,666	-	108,666
Balance, December 31, 2020	192,705	14,663	207,368
Addition	-	7,683	7,683
Sale of equipment	(108,666)	-	(108,666)
Balance, December 31, 2021	84,039	22,346	106,385
Accumulated depreciation			
Balance, January 1, 2020	84,039	14,663	98,702
Depreciation	9,056	-	9,056
Balance, December 31, 2020	93,095	14,663	107,758
Depreciation	49,808	1,771	51,579
Disposal	(58,864)		(58,864)
Balance, December 31, 2021	84,039	16,434	100,473
Carrying value, December 31, 2020	99,610	-	99,610
Carrying value, December 31, 2021	-	5,912	5,912

6 Intangible assets

The Company has intangible assets consisting of licenses and patents with finite lives. Certain licenses were acquired by the Company for a nominal amount and have no carrying value.

In March 2012, the Company acquired rights to a certain patented technology that it had licensed from the Company's chief scientific officer for $100,000. The Company is amortizing this asset over its expected useful life of 15 years.

Cost	$
Balance, January 1, 2020, December 31, 2020 and December 31, 2021	**100,000**
Accumulated amortization	
Balance, January 1, 2020	48,292
Amortization	6,672
Balance, December 31, 2020	**41,620**
Amortization	6,672
Balance, December 31, 2021	**34,948**

(expressed in Canadian dollars)

Carrying value, December 31, 2020	**41,620**
Carrying value, December 31, 2021	**34,948**

7 Deferred compensation – management

In 2020, Management of the Company deferred payment a portion of their compensation. This compensation was paid out in cash by December 31, 2021. At December 31, 2021 and December 31, 2020, the balance in deferred compensation was $nil and $1,784,033, respectively.

8 Joint business arrangement

In July 2020, the Company entered into two joint business arrangements with BC Neuroimmunology Lab Inc. (BCNI Collaborations):

Joint arrangement 1 (JV1) was formed to develop and offer highly accurate and objective tests for detection, diagnosis and monitoring of AD. JV1 will first offer existing blood-based assays for NfL and P-tau181. Further assays will be added subsequently, potentially incorporating the Company's proprietary peptide antigens and tests for additional neurodegenerative diseases. JV1 is accounted for as joint operations. The Company and BCNI jointly control JV1. Beginning in October 2020, each party will contribute up to $12,500 each month to cover operating costs up to the time that the JV1 becomes cash flow positive. The Company has contributed $25,389 for the year ending December 31, 2021. The Company and BCNI acquired laboratory equipment that they jointly control.

Joint arrangement 2 (JV2) will provide highly sensitive and specific serological assays for the detection and characterization of antibodies to the SARS-CoV-2 virus that is responsible for COVID-19. JV2 includes a jointly controlled venture (Immusafe Labs, Inc.) and jointly controlled operations. The Company acquired 50% of Immusafe Labs for $3,000. The Company is responsible to fund operating expenses, with prior notification of the planned expenditures, to bring the assay through regulatory approval.

9 Joint venture (JV)

In January 2021, Immusafe Labs became an independent operation. The Company will account for the JV using the equity method. The Company and BCNI each own 50% of the JV. The Company recorded its share of losses of the JV within the amount of the investment, which was $3,000 at the beginning of the year and has been since brought down to $nil. The Company does not further recognize its share in losses of the JV as it has no legal or constructive obligations on behalf of the JV. The Company recognizes funding of expenses made on behalf of the JV in the consolidated loss and comprehensive loss. For the year ended December 31, 2021, the Company has funded $98,577 of such expenses.

In December 2021, The BCNI Collaborations were terminated. The JV-2 redeemed the shares purchased by the Company for an aggregated redemption price of $3,000. A payment to the Company of $128,000, which included the share redemption payment, and for the portion of the equipment purchased and related expenses incurred by the Company in relation to JV1, was received by the Company on December 21, 2021.

(expressed in Canadian dollars)

10 Convertible debentures

In March 2021, the Company completed a US$7 million ($8.7 million CDN) private placement of unsecured convertible debentures (Debentures). The Company incurred $60,825 of issuance costs in connection with the private placement of which $30,999 allocated to the debentures and amortized over the life of the debenture. The Debentures are convertible in common shares at the option of the holder at a conversion price of US$0.10 and accrue interest at 1% per annum, which is payable annually. At the Company's election, accrued interest may be paid in cash or common shares (such number of shares determined by dividing the interest due by the 5-day volume-weighted average trading price (VWAP) of the common shares. Interest expense of $529,166 was recognized in the year ended December 31, 2021.

The Debentures mature on March 22, 2026. Prior to the maturity date, the Company may force conversion of the Debentures at the conversion price upon raising an aggregate of US$50 million in equity and/or debt. Expected timing and probabilities of raising such financing are considered significant assumptions. On the maturity date, the Company may redeem the outstanding principal amount of the Debentures in either cash or common shares (at the then 5-day VWAP less a 10% discount) or a combination thereof.

The conversion feature has been recognized as a derivative liability carried at FVTPL. The derivative liability has been valued at $4,291,384 at issuance date using a scenario-based valuation method using a Monte Carlo simulation model (Monte Carlo model), volatility of 101.43% and a risk-free interest rate of 0.15% and credit spread calculated by a valuation specialist. The derivative liability at December 31, 2021 has been valued at $6,808,697 using a scenario-based valuation method using a Monte Carlo model, volatility of 95.95% and a risk-free interest rate of 1.15%. The amount of liability as at December 31, 2021 has been allocated to the principal component of the Debenture which is being recognized at amortized cost and carried using the effective interest rate, resulting in a total liability at December 31, 2021 of $11,752,147.

	December 31, 2021 $
Opening balance of derivative liability	4,291,384
Change in fair value of the derivative liability	2,461,208
Foreign exchange loss	56,105
	6,808,697

11 Share capital

The Company has authorized an unlimited number of both common and preferred shares and has issued 431,731,591 common shares and no preferred shares as at December 31, 2021. The common shares have no par value.

New subscriptions for the years ended December 31, 2021 and 2020 are as follows:

a) In August 2021, the Company announced the closing of a public offering of 125,781,250 units at a price of US$0.16 per unit for gross proceeds of US$20,125,000 (CDN$25,522,525 and $23,426,746 net of

(expressed in Canadian dollars)

$2,095,779 issuance costs). Each unit consisted of one common share and one-quarter common share warrant. Each warrant entitles the holder thereof to purchase one share at an exercise price of US$0.21 per share at any time for five years.

Related to the financing, the Company compensated certain intermediaries US$1,408,750 and issued 8,804,687 compensation warrants. Each warrant entitles the holder thereof to purchase one common share at an exercise price of US$0.16 per share at any time for five years. The compensation warrants have been issued as a consideration for services of the intermediaries. They are accounted for as equity-settled instruments in accordance with IFRS 2, Share-based payment. Fair value of the compensation warrants of $1,215,323 was recorded in other equity.

The allocation of the US$0.16 per unit issue price to the common shares and the common share warrants was determined based on the relative fair values of the warrants and the residual was charged to equity. The fair value of the warrants was determined using the Black-Scholes option pricing model (Black Scholes). The common shares issued were allocated a price of US$0.137 per share and the common share warrants were allocated a price of US$0.023. Assumptions used to determine the value of the one-quarter common share warrant were: an average risk-free interest rate of 0.87%; dividend yield of nil; weighted average expected volatility of 96%; and expected life of 60 months.

The common share warrants are accounted for as a warrant liability since the exercise price is in USD while the Company's functional currency is CDN. The initial balance was calculated using the parameters above resulting in a balance of $3,717,137. As of December 31, 2021, the fair value of the warrants was calculated using the Monte Carlo model with the following parameters: weighted volatility of 68.94%, risk free interest rate of 1.348% and spot price of $0.1139. The balance at December 31, 2021 was $2,055,602. The issuance costs allocated to the warrants based on the relative fair values of the warrants, amounted to $565,105 and were charge to general and administrative expense in the consolidated statement of operations and comprehensive loss.

Opening balance of warrant liability	$3,717,137
Change in fair value of the warrant liability	(1,649,259)
Foreign exchange gain	(12,276)
	$2,055,602

12 Warrants and options

The Company has issued warrants and options for the purchase of common shares as follows:

a) As at December 31, 2021, all outstanding common share warrants related to various unit offerings (note 11) are as follows:

Exercise price $	Number of warrants	Expiry date
CAD0.300	4,869,543	August 2022

(expressed in Canadian dollars)

CAD0.285	1,265,010	August 2022
CAD0.480	6,004,394	April 2023
CAD0.480	8,379,500	January 2024
CAD0.350	4,100,000	June 2024
CAD0.350	9,049,066	November 2024
CAD0.350	2,949,998	December 2024
CAD0.200	16,776,781	November 2025
USD0.210	31,445,309	August 2026
USD0.160	8,804,687	August 2026
	93,644,288	

b) In November 2020, the Company closed on a special warrant financing. The Company issued 16,219,581 special warrants, resulting in proceeds of $1,946,350 ($1,636,590 net of issuance costs). Each special warrant is exercisable, without payment of any additional consideration by the holder, into one common share and one common share purchase warrant (Warrant). Each Warrant entitles the holder to acquire one common share at an exercise price at $0.20 per warrant share until November 2025.

Each special warrant will automatically convert at the earlier of the date that is (i) the third business day after a receipt for a final prospectus qualifying the distribution of the shares and warrants issuable upon the conversion of the special warrants and (ii) four months free interest rate of 0.78%; dividend yield of nil%; weighted average expected volatility of 67.6%; and expected life of 60 months.

c) The Company maintains the 2007 Stock Option Plan (2007 Option Plan) for directors, officers, employees and consultants. In June 2015, the 2007 Option Plan was amended from a fixed option plan to a rolling share option plan pursuant to which the Company is authorized to grant options of up to 20% of its issued and outstanding common shares. Share options granted vest at various rates and have a term not exceeding ten years. The following table reflects the activity of the share options for years ended December 31:

	2021		**2020**	
	Number of share options	**Weighted average exercise price $**	**Number of share options**	**Weighted average exercise price $**
Outstanding – January 1	38,771,748	0.13	38,323,748	0.13
Granted (i)	11,837,500	0.20	550,000	0.19
Expiry	(77,000)	0.30	(102,000)	0.28
Forfeited	(6,250,000)	0.24	-	-
Outstanding – December 31	44,282,248	0.14	38,771,748	0.13
Exercisable – December 31	38,534,334	0.13	37,490,499	0.13

(expressed in Canadian dollars)

i. During the years ended December 31, 2021 and 2020, the Company granted 11,837,500 and 550,000 share options with a grant date fair value of $1,225,433 and $78,347, respectively.

During the years ended December 31, 2021 and 2020 there were no options exercised.

During the years ended December 31, 2021 and 2020, the Company recorded share-based compensation of $567,194 and $261,858, respectively.

The weighted average grant date fair value of the share options granted for the years ended December 31, 2021 and 2020 is, $0.10 and $0.14, respectively. The fair value of the share options granted was estimated using Black-Scholes with the following assumptions:

	2021	2020
Weighted average risk-free interest rate	0.95%	0.90%
Weighted average dividend yield	-	-
Weighted average expected volatility	92%	105%
Weighted average expected life of options	4.5	5.5

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of weekly share prices over the prior four years.

d) The Company has a deferred share unit (DSU) plan for senior officers. Under the DSU plan, rights to the Company's common shares may be awarded on a deferred payment basis to a maximum of 1,000,000 common shares. Each DSU can be redeemed for one common share by the unitholder only on cessation of employment with the Company. The Company has 63,708 DSU's outstanding as at December 31, 2021.

(expressed in Canadian dollars)

13 Expenses by nature

Components of operating expenses for the years ended December 31:

	2021 $	2020 $
Salaries, fees and benefits	1,524,281	2,449,598
Share-based compensation	567,194	414,514
Research programs expense	4,293,649	976,700
Patent expense	557,957	344,864
Consulting	1,826,424	466,523
Legal expense	246,671	87,558
Share issuance costs	717,806	-
Investor and public relations	598,500	931,058
Depreciations and amortization of property and equipment and intangible assets	58,251	15,728
Foreign exchange gain and bank fees	144,175	(22,364)
	10,534,908	5,664,179

14 Income taxes

a) The following deferred tax assets have not been recognized for consolidated financial statement purposes at December 31:

	2021 $	2020 $
Deferred income tax assets		
Non-capital losses carried forward	14,797,000	12,133,000
Research and development expenditures	4,349,000	4,349,000
Investment tax credits	2,798,000	2,798,000
Tax value of technology rights and property and equipment in excess of accounting basis	364,000	395,000
Unrealized foreign exchange loss on convertible debt	15,000	-
Share issue costs	699,000	186,000
Total unrecognized deferred income tax assets	23,022,000	19,861,000

b) At December 31, 2021, the Company has available research and development expenditure credits for income tax purposes of approximately $16,412,000, which may be carried forward without expiration to reduce future taxable income.

c) At December 31, 2021, the Company has non-capital income tax loss carry-forwards of approximately $55,837,000 available to reduce future income for income tax purposes. The income tax loss carry-forwards have expiry dates between the years 2026 and 2042.

(expressed in Canadian dollars)

d) At December 31, 2021, the Company has approximately $3,673,000 of non-refundable investment tax credits available to offset future income taxes. The non-refundable investment tax credits have expiry dates between 2025 and 2035.

e) A reconciliation of the combined federal and provincial statutory income tax rate applied to the net loss for the year to the income tax recovery at December 31 is as follows:

	2021 $	2020 $
Statutory income tax rate	26.5%	26.5%
Income tax recovery based on statutory rate	(3,123,000)	(1,501,000)
Permanent differences	504,000	70,000
Share issue costs recorded, net of equity	(564,000)	(82,000)
Change in unrecognized deferred tax assets balance	3,183,000	1,513,000
	-	-

15 Related party transactions

The Company evaluates related parties and any transactions that have occurred between these parties.

a) Compensation for key management personnel, mainly paid through consulting agreements, during the years ended December 31 is as follows:

	2021 $	2020 $
Salaries, fees and short-term benefits	1,015,245	1,532,222
Share-based compensation	546,889	151,712
	$1,562,134	1,683,934

The amounts disclosed in the table above are the amounts recognized as an expense during the reporting period related to key management personnel. Key management personnel are the Company's directors, executive chairman, chief executive officer, chief scientific officer, chief operating officer and the chief financial officer.

b) During the years ended December 31, 2021 and 2020, the Company paid $410,126 and $311,510 respectively, for consulting services to a firm specializing in finance and strategic support for life science companies. The chief financial officer of the Company is the founding managing director of the consulting firm.

c) In April 2016, the Company entered into a three-year sponsored research agreement (SRA) with the UBC and the Vancouver Coastal Health Authority in the amount of $787,500 with Dr. Neil Cashman,

(expressed in Canadian dollars)

the Company's chief scientific officer, as principal investigator. In March 2018, the SRA was amended, and funding was increased to $892,500 over three years. In July 2018, the total funding commitment to UBC increased to $1,130,000 over the period of the agreement. In February 2019, the SRA was amended, and funding was increased to $2,130,000 for an additional two-year period. In September 2019, the SRA was amended, and funding was increased to $2,630,000 for an additional one-year period. In November 2021, the SRA was amended for an additional grant of $800,000 effective January 1, 2022, for the 2022 calendar year for total funding of $3,430,000. During the years ended December 31, 2021 and 2020, the Company incurred costs of $500,000 and $475,643, respectively, related to this contract.

d) During the years ended December 31, 2021 and 2020, the Company paid $525,694 and $896,875, respectively, to a management services company owned by its chief executive officer and executive chairman for services rendered. The Company also reimbursed at cost the rental of an office, which is used by the Company. During the years ended December 31, 2021 and 2020, the Company recorded $1,315 and $36,480, respectively, in general and administrative expenses in relation to this lease.

16 Supplementary cash flow information

The components of the change in non-cash working capital for the years ended December 31 are as follows:

	2021 $	2020 $
Other receivables	(22,033)	34,634
Prepaid expenses and deposits	(741,470)	117,540
Accounts payable	(40,237)	92,816
Deferred compensation - management	(1,784,033)	788,615
Accrued liabilities	599,305	(156,160)
	(1,988,468)	877,445

17 Commitments and contingencies

The Company enters into research, development and licence agreements with various parties in the ordinary course of business, where the Company receives research services and rights to proprietary technologies. The agreements require compensation to be paid by the Company, typically, by a combination of the following:

- fees comprising amounts due initially on entering into the agreements and additional amounts due either on specified timelines or defined services to be provided;
- milestone payments that are dependent on products developed under the agreements proceeding toward specified plans of clinical trials and commercial development; and
- royalty payments calculated as a percentage of net sales, commencing on commercial sale of any product candidates developed from the technologies.

(expressed in Canadian dollars)

Milestone and royalty related amounts that may come due under various agreements are dependent on, among other factors, preclinical safety and efficacy, clinical trials, regulatory approvals and, ultimately, the successful development and commercial launch of a new drug, the outcomes and timings of which are uncertain. Amounts due per the various agreements for milestone payments will accrue once the occurrence of a milestone is likely. Amounts due as royalty payments will accrue as commercial revenues from the product are earned. Through December 31, 2021, no events have occurred that require accrual of any milestone or royalty related amounts.

a) In February 2009, the Company entered into an agreement with UBC to further the development and commercialization of certain technology developed, in part, by Dr. Cashman. Under the agreement, the Company is committed to make milestone payments of up to $1,400,000 per product, based on the successful outcomes of predefined clinical and regulatory outcomes, and royalty payments based on revenue earned from the licensed technology. An annual licence fee of $25,000 is payable over the term of the contract. This agreement remains effective unless terminated under provisions of the agreement. No accrual for any milestone or royalty payments has been required to be made.

b) In April 2006 and through additional amendments through November 2013, the Company entered into an agreement with the University Health Network, Toronto, to license certain technology and related intellectual property. Under the agreement, the Company is committed to make milestone payments of up to $635,000, based on the successful outcomes of clinical and regulatory outcomes, and royalty payments based on revenue earned from the licensed technology. No accrual for any milestone or royalty payments has been required to be made.

c) The Company indemnifies its directors and officers against any and all claims and losses reasonably incurred in the performance of their service to the Company. The Company maintains liability insurance for its directors and officers.

d) The Company is committed to the following payments under the terms of a rental agreement for the Company's premises for the year ending December 31, 2021:

2022	$8,765

During the years ended December 31, 2021 and 2020, the Company made lease payments in the amount of $26,448 and $25,679, respectively.

18 Financial instruments

Fair value

IFRS 7, Financial Instruments: Disclosures, requires the disclosure of the fair value of each class of financial instrument in accordance with a hierarchy that reflects the significance of the inputs used in making the measurements. Financial instruments of the Company consist of cash and cash equivalents, investments, accounts receivable, and accounts payable and accrued liabilities. At December 31, 2020, there was no significant difference between the carrying values of these amounts and their estimated fair values, due to their short-term nature. As at December 31, 2021, the Company's financial instruments also include warrants and derivatives measured at fair value.

(expressed in Canadian dollars)

The Company classifies its financial instruments that are recognized on the consolidated statements of financial position at fair value in a hierarchy that is based on the significance of the inputs used in making the measurements. The levels of the hierarchy are:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices), or indirectly (that is, derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company did not have any financial instruments that are recognized at fair value at December 31, 2021 and 2020.

a) Financial risk management

In the normal course of business, the Company is exposed to a number of financial risks that can affect its operating performance. These risks are: credit risk, liquidity risk and market risk. The Company's overall risk management program and prudent business practices seek to minimize any potential adverse effects on the Company's financial performance.

The Company manages its cash and cash equivalents and short-term investments in accordance with an investment policy that establishes guidelines for investment eligibility, credit quality, liquidity and foreign currency exposure.

b) Credit risk

Financial instruments that potentially subject the Company to credit risk consist primarily of cash and cash equivalents, short-term investments, and accounts receivable. The Company manages its exposure to credit loss by placing its cash with major financial institutions and when it has excess funds, investing in high-quality government and corporate issuers with low credit risk. Cash and cash equivalents held by the Company are not subject to any external restrictions.

c) Liquidity risk

The Company's exposure to liquidity risk is dependent on purchasing obligations and raising funds to meet commitments and sustain operations. The Company is a development stage company and is reliant on external fundraising to support its operations. It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Company's directors review and approve the Company's operating budget, as well as any material transaction.

(expressed in Canadian dollars)

d) Market risk

The Company is exposed to foreign exchange risk on its US dollar denominated cash and cash equivalents and US dollar denominated liabilities. At December 31, 2021, the Company held $16,925,740 of US dollar (USD) cash and cash equivalents and prepaid expenses and $11,433,792 of USD payable, accrued expenses, convertible debt and warrant liability. A 10% change in the USD exchange rate on the December 31, 2021 balances would impact net loss by $702,530.

19 Management of capital

The Company's objective when managing capital is to ensure there are sufficient funds available to carry out its research, development and commercialization programs. The programs have been funded primarily through the issuance of equity securities. The Company also sources non-dilutive funding by accessing grants, government assistance and tax incentives, and through partnerships with corporations and research institutions. The Company uses budgets and purchasing controls to ensure effective cost management practices are followed.

The Company is not exposed to any externally imposed capital requirements.

20 Segmented information

The Company operates in Canada within a single operating segment. Substantially all of the Company's assets are located in Canada.

21 Subsequent event

In January 2022, the UBC SRA was amended, and funding was increased to $5,030,000 for an additional two years. This amendment, along with the November 2021 amendment extends the project for an additional three years, effective January 1, 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL CONDITION OF PROMIS NEUROSCIENCES INC.

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

The following information, prepared as of March 16, 2022, should be read in conjunction with ProMIS Neurosciences, Inc.'s (ProMIS or the Company) audited consolidated financial statements for the years ended December 31, 2021 and 2020 and related notes, which are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), in Canadian dollars and the Annual Information Form dated March 16, 2022.

Forward looking Statements

This Management's Discussion and Analysis (MD&A) contains forward-looking statements about the Company's business, financial condition, research and development and potential future products, including without limitation, the costs of research and development programs, the potential listing of the Company's shares on a stock exchange in the United States, and timing in achieving research and development and commercialization milestones. Forward-looking statements can be identified, by the use of forward-looking terms such as "anticipate", "believe", "expect", "plan", "will," "can", "may," "could" or "should" or comparable terms.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including, without limitation, the need for extensive additional research and development, which is costly and time-consuming and may not produce anticipated or useful results; scientific research and development risks; intellectual property risks; partnership/strategic alliance risks; the actions of competitors; the need for regulatory approvals of proposed products, such as by the U.S. Food and Drug Administration (FDA), which is not assured; whether the Company can meet the qualitative and quantitative requirements related to listing on a stock exchange in the United States, which such listing is not assured; product liability and insurance risks; the need for future human clinical testing, the occurrence and success of which is not assured; changes in business strategy or development plans; expectations regarding the Company's available cash resources; expectations regarding revenue generation; and the need for additional capital, which may not be obtained or on favorable terms; and the Company may not produce any products or, if it does, that such products may not be commercially successful.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, that could cause actual results and experience to differ materially from the anticipated results or other expectations, predictions, forecasts or projections expressed in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements and should review the "Risks and Uncertainties" below.

The Company operates in a highly competitive environment that involves significant risks and uncertainties, some of which are outside the Company's control. It is subject to risks associated with the biotechnology industry, including risks inherent in research and development, commencement, completion and results of preclinical and clinical studies, the controlled use of hazardous materials, uncertainties related to product approval and decisions of regulatory agencies with respect to the Company's therapeutic product candidates and companion diagnostics, the lack of product revenue and the Company's history of losses, enforcement and protection of the Company's intellectual property, the

requirement and the ability to raise additional capital, potential competitors, the ability to attract and maintain relationships with collaborative partners, dependence on key personnel, government regulations, and the ability to successfully market the Company's diagnostic and therapeutic product candidates. Readers should review the more detailed discussion of such risk and uncertainties set out in "Risk Factors" in the Company's Short Form Base Shelf Prospectus dated June 30, 2021 (the Prospectus), Annual Information Form dated March 16, 2022 (the AIF), and "Risks and Uncertainties" below.

Risks and Uncertainties

COVID-19

Impacts resulting from the COVID-19 pandemic have resulted in a widespread health crisis that has already adversely affected the economies and financial markets of many countries around the world. The international response to the spread of COVID-19 has led to significant restrictions on travel; temporary business closures; quarantines; global stock market and financial market volatility; a general reduction in consumer activity; operating, supply chain and project development delays and disruptions; and declining trade and market sentiment; all of which have and could further affect the world economy.

The extent to which the COVID-19 pandemic may impact the Company's business, preclinical research and development activities will depend on future developments which are highly uncertain and cannot be predicted with confidence, such as the duration of the outbreak, travel restrictions and social distancing in Canada, the United States and other countries, business closures or business disruptions and the effectiveness of actions taken by governments around the globe to contain and treat the disease. International scientific conferences at which the Company has been invited to present have been postponed, cancelled or will be held online instead, which diminishes exposure and the opportunity to meet with collaborators and potential partners. These scientific conferences have started to be held in person with an option to attend online. Vendors performing work for the Company have remained open, although they have indicated that their timelines are now somewhat longer. The current global uncertainty and its effect on the local and global economies may also have an adverse effect on the Company's ability to secure additional financing to continue its research and development programs relationship (see risks described under the heading "*Risk Factors*" in the Company's AIF and its Prospectus).

The Company

ProMIS is applying its patented technology platform to build a portfolio of antibody therapies, therapeutic vaccines, and diagnostics in neurodegenerative diseases, including Alzheimer's disease (AD), multiple system atrophy (MSA), and amyotrophic lateral sclerosis (ALS). The Company also plans to investigate additional synucleinopathies, including Parkinson's disease (PD) and dementia with Lewy bodies (DLB). These diseases share a common biologic cause – misfolded versions of proteins, that otherwise perform a normal function, become toxic and kill neurons, resulting in disease. ProMIS' technology platform is an example of the advances in drug discovery enabled by computational power, *in silico* discovery, and/or artificial intelligence. We believe this platform provides an advantage in selectively targeting the toxic misfolded proteins with therapeutics.

As of the date of this MD&A, ProMIS has focused on three key development programs, which have not generated revenue related to the operations of the Company. The following is an update on each such project and expenditures incurred during the period.

ProMIS lead program PMN310: Potential Next Generation Therapy for AD

PMN310, an antibody therapy selective for toxic oligomers in AD, is our lead product candidate. In the fourth quarter of 2021, the Company made significant progress on the program elements discussed in the prospectus supplement dated August 2021.

Producer cell line development is advancing. The genetic sequence of PMN310 has been transfected into Chinese hamster ovary (CHO) cells, the standard production cells for antibody manufacturing. We are updating cell line development to an IgG1 isotype, an antibody with "effector" function.

We have contractually secured manufacturing slots for material to be used in Good Laboratory Practice (GLP) toxicology studies and for current Good Manufacturing Practice (cGMP) material for use in the initial clinical trials of PMN310, if allowed to proceed. In addition, we have contractually secured slots for GLP toxicology studies of various durations in nonhuman primates to support our single ascending dose/multiple ascending dose (SAD/MAD) trials. We have initiated pilot toxicology and pharmacokinetics (PK) studies to provide important information to support our GLP toxicology studies. We expect those PK studies to be completed in the second quarter of 2022. We also have secured slots for pilot and GLP tissue cross reactivity (TCR) studies, which are required for an investigational new drug (IND) application, in addition to GLP toxicology. The pilot TCR study was initiated fourth quarter of 2021 and have an expected completion in second quarter 2022. Development of assays to measure drug levels in both nonhuman primate and human studies have been initiated and are expected to complete development in second quarter of 2022. Vendors have been contracted to perform these assays for our GLP studies.

In addition, we have initiated formulation development with two vendors, with the goal of developing a high concentration formulation that can support subcutaneous dosing as a future step to improve overall convenience and patient compliance. We have achieved stable concentrations of over 80mg/ml and will explore concentrations up to or above 150mg/ml. In a typical subcutaneous injection of 2 ml, a high concentration formulation could deliver a dose of 300mg, or two injections could deliver 600 mg. For an average 70kg weight individual, those injections equate to a dose of ~4mg/kg – 8mg/kg. We expect completion of formulation work in the first half of 2022.

Cash expenditures for PMN310 in the six months ended December 31, 2021 were approximately $3.8 million. The largest component of this was a $2.7 million up-front and additional payments to our manufacturing vendor to secure manufacturing slots necessary for the filing of an IND and dosing of patients in our initial clinical trials. In addition, $834,000 of other external expenses and $326,000 was incurred for consulting fees of the program team, not including allocations of senior management time.

ALS Portfolio, including TAR-DNA binding protein 43 (TDP-43)

The top priority for our scientific validation efforts, largely centered in Dr. Neil Cashman's laboratory at the University of British Columbia (UBC), is currently the Company's ALS portfolio. This portfolio includes antibodies targeting mis-folded forms of TDP-43, RACK1, and superoxide dismustase 1 (SOD1). TDP-43 is the focus of the PMN267 program. We are conducting both *in vitro* assays (assessing the impact of drug on patient-derived motor neuron cell lines) and *in vivo* assays (mouse model) and expect initial data in the first half of 2022. In addition, we are exploring different therapeutic modalities in our ALS portfolio. We have disclosed data from our proof of concept work exploring "intrabody" versions of TDP-43 antibodies, a research proxy for a vectorized antibody in a gene therapy vector. We believe this therapeutic approach could enhance therapeutic benefit inside the motor neurons where mis-folded TDP-43 aggregates are a root cause of disease pathology, leading to toxic mis-folding of other proteins including RACK1 and SOD1. ProMIS' capability to create highly selective antibodies is most

critical in this application, since physiologically important TDP-43 is active inside the neuron and should be avoided by the intrabodies in order to reduce the possibility of harmful side effects. Based on the characterization of selected antibodies/intrabodies to date, we have declared PMN267 as our lead product candidate for the treatment of ALS. In addition, with world expert RNA scientist, Dr. Michelle Hastings, ProMIS is exploring antisense oligonucleotide (ASO) therapeutic approaches, and with Dr. Justin Yerbury, is exploring protein degradation (PROTACS) approaches in ALS.

While targeting individual misfolded proteins is expected to provide a benefit, we believe an optimal disease modifying therapeutic approach to ALS may require addressing multiple mis-folded protein targets (TDP-43, RACK1, and SOD1), with different modalities (antibody, gene therapy vectorized antibody, ASO, PROTAC). We are exploring the scientific interaction between therapies addressing these various targets, and our goal is to identify and develop a portfolio of complementary therapies that alone and/or together may play a significant role in effectively treating disease.

In the six months ending December 31, 2021, our total expenditures for the ALS portfolio were $299,000, not including allocations of senior management time.

Other key projects

In the six months ended December 31, 2021 we made significant progress on other key projects, in addition to our top priorities PMN310 and PMN267. We have engaged with a leading global expert in alpha synuclein to collaborate on further *in vitro* and *in vivo* validation of our alpha synuclein potential therapies, both as extracellular antibodies and as intrabodies. Based on the characterization of selected antibodies to date, we have declared PMN442 as our lead alpha synuclein product candidate. Data from *in vivo* testing in mouse disease models are expected in the second half of 2022.

In our amyloid vaccine program, based on successful pilot work, University of Saskatchewan vaccine and infectious disease organization (VIDO) is conducting mouse studies in collaboration with ProMIS for the development of an optimized vaccine against Alzheimer's disease, conjugating our peptide antigens to a carrier protein in formulation with an adjuvant. David Wishart, our Chief Physics Officer and his team are pursuing multiple novel targets including DISC1 involved in the pathogenesis of schizophrenia.

Additions to Board of Directors

On May 19, 2021, the Company appointed Neil Warma, to the Company's Board of Directors. Mr. Warma has been a healthcare entrepreneur for more than 25 years having managed and advised numerous biotechnology and pharmaceutical companies.

On September 1, 2021, the Company appointed Josh Mandel-Brehm to the Company's Board of Directors. Josh Mandel-Brehm has held various key business development and operations leadership roles at leading biotech companies.

On September 23, 2021, the Company appointed Maggie Shafmaster, PhD, JD, to the Company's Board of Directors. Dr. Shafmaster has nearly 30 years of experience providing intellectual property expertise to biotechnology and pharmaceutical industries.

Recent Corporate Highlights

In January 2021, we announced an outline of our strategic priorities and action plan for 2021.The priorities for 2021 fall into three key areas: near term focus on rare neurodegenerative diseases, especially

ALS; Use of our proprietary platform to support portfolio expansion; advancement of our PMN310 antibody lead program for Alzheimer's disease.

In March 2021, the Company completed a US$7.0 million (CDN$8.7 million) private placement of unsecured convertible debentures (Debentures). The Debentures are convertible into common shares at the option of the holder at a conversion price of US$0.10 per share and accrue interest at 1% per annum, calculated and payable in arrears, commencing on March 22, 2022 and every anniversary thereafter, until maturity. At the Company's election, accrued interest may be paid in cash or common shares by dividing the interest payable by the 5-day volume weighted average trading price (VWAP).

The Debentures mature on March 22, 2026. Prior to the maturity date, the Company may force conversion of the Debentures at the conversion price upon raising US$50.0 million in equity and/or debt cumulatively. On the maturity date, the Company may redeem the outstanding principal amount of the Debentures in either cash or common shares at the then VWAP less a 10% discount or a combination thereof at its election. Amounts redeemed in common shares on the maturity date will be subject to Toronto Stock Exchange (TSX) approval.

On May 12, 2021, Rudolph Tanzi, Ph.D., was appointed as the Chair of the Company's Scientific Advisory Board. Dr. Tanzi is the Joseph P. and Rose F. Kennedy Professor of Neurology at Harvard University and Vice-Chair of Neurology, Director of the Genetics and Aging Research Unit, and Co-Director of the Henry and Allison McCance Center for Brain Health at Massachusetts General Hospital.

On May 21, 2021, the Company re-initiated the path to an IND application for PMN310 in AD with the start of producer cell line development. This key first step in the manufacturing of antibody therapeutics is being conducted by Selexis, SA, using its proprietary SURE*technology* Platform™.

On May 25, 2021, the Company announced initiation of commercialization of its COVID-19 serology assay and appointed Owen Dempsey to lead the commercialization program.

On May 27, 2021, Dr. David Wishart, Distinguished University Professor in the Departments of Biological Sciences and Computing Science at the University of Alberta, was appointed as Chief Physics Officer at ProMIS.

On June 3, 2021, the Company announced that it had filed a preliminary Prospectus with the securities regulators in each of the provinces and territories of Canada, except Quebec. The Prospectus, when made final, will allow the Company to make offerings of common shares, warrants, units, debt securities, subscription receipts, convertible securities or any combination thereof for up to an aggregate total of US$50 million during the 25-month period that the Prospectus is effective.

On July 2, 2021, the Company announced the voting results of its annual meeting of shareholders held on June 30, 2021, in Vancouver, British Columbia, Canada. All resolutions described in the Management Proxy Circular and placed before the meeting were approved by the shareholders.

On July 8, 2021, the Company announced that it had filed and obtained a receipt for the Prospectus with the securities regulators in each of the provinces and territories of Canada, except Quebec.

On August 25, 2021, the Company announced the closing of a public offering for gross proceeds of US$20,125,000 (CDN$25,522,525).

On October 7, 2021, ProMIS announced that it would hold a special general meeting of shareholders (the "Special Meeting") on December 1, 2021. The Company set October 18, 2021, as the record date for the

Special Meeting. The purpose of the Special Meeting was to ask shareholders to grant the Board of Directors (the "Board") the authority, exercisable in the Board's discretion, to consolidate (or reverse split) the Company's issued and outstanding common shares in furtherance of a potential listing of the Company's shares on a stock exchange in the United States, subject to meeting applicable quantitative and qualitative listing standards of such stock exchange. There can be no assurance that the Company will complete a listing on a stock exchange in the United States.

On October 22, 2021, the Company announced the expansion of its senior management team to lead development programs with special focus on PMN310 for AD. The following changes were announced:

Eugene Williams, formerly Executive Chairman, accepted the role of Chairman and Chief Executive Officer (CEO), with immediate effect.

Dr. Elliot Goldstein stepped down from his role as CEO and President and continues to support ProMIS as special consultant to the CEO.

Gavin Malenfant joined the ProMIS senior management team as Chief Operating Officer. Mr. Malenfant brings over 30 years of biopharmaceutical experience to the ProMIS team, with special focus on providing expert management and oversight of drug development programs. The top priority in the near term will be to support the timely development of the PMN310 program to completion of IND enabling activities, anticipated in the second half of 2022. Mr. Malenfant will be working with the CEO and leadership of the PMN310 project team, whose key members include:

- Michael Grundman, MD, MPH, Senior Medical Adviser. Prior to joining the pharmaceutical industry, Dr. Grundman was Associate Director of the Alzheimer's Disease Cooperative Study at the University of California, San Diego (UCSD) and is currently an Adjunct Professor of Neurosciences at UCSD. Dr. Grundman previously served on the FDA Peripheral and Central Nervous System Advisory Committee.

- Ernest Bush, PhD, Head of Pharmacology/Toxicology. Dr. Bush has 35 years of experience working in the field of biomedical R&D, driving development of innovative therapies for treatment of human diseases. He has served as a consultant in non-clinical development providing advice and insight into IND enabling programs, pre-clinical data-set analysis for due diligence and evaluation and audits of GLP bioanalytical and toxicology facilities and studies.

- Dennis Chen, PhD, Head of Manufacturing. Dennis has over 25 years of prior pharmaceutical experience in working with companies from virtual to global and all phases of development. Dennis provides Regulatory Affairs, Chemistry, CMC and Biopharmaceutical Development support to ProMIS with expertise in peptides, proteins and oligonucleotides.

On December 2, 2021, the shareholders of the Company passed the share consolidation resolution at its special general meeting of shareholders.

Financial highlights as of and for the year ended December 31, 2021, include:

- In March 2021, the Company completed a US$7.0 million (CDN$8.7 million) private placement of unsecured convertible debentures (Debentures).

- In August 2021, the Company raised gross proceeds of $25,522,525 ($23,426,746 net of share issuance costs).

- At December 31, 2021, the Company had funds available for operating activities (cash, cash equivalents and short-term investments) of $21,486,042, as compared to $1,071,004 at December 30, 2020. Our cash is sufficient to finance the Company's operations through the end of 2023.

Comparison of the Years Ended December 31, 2021 and 2020

The following table summarizes our results of operations for the years ended December 31, 2021 and 2020:

	Years Ended December 31,		
	2021	**2020**	**Change**
Revenues	$ 16,410	$ 1,787	$ 14,623
Operating expenses			
Research and development	6,310,299	3,183,149	3,127,150
General and administrative	4,224,609	2,481,030	1,743,579
Total operating expenses	10,534,908	5,664,179	4,870,729
Loss from operations	10,518,498	5,662,392	4,856,106
Other expense	1,265,917	-	1,265,917
Net loss	$11,784,415	$ 5,662,392	$ 6,122,023

Revenues

The increase in revenues in the year ending represent royalties received on the Company's assays.

Research and Development

Research and development expenses consist of the following:

	Years Ended December 31,		
	2021	**2020**	**Change**
Direct research and development expenses by program:	$ 4,293,649	$ 976,700	$ 3,316,949
Indirect research and development expenses:			
Personnel related (including stock-based compensation)	812,278	1,672,145	(859,867)
Consulting expense	588,164	173,712	414,452
Patent expense	557,957	344,864	213,093
Other operating costs	58,251	15,728	42,523
Total research and development expenses	$ 6,310,299	$ 3,183,149	$ 3,127,150

The increase in research and development expense for the year ended December 31, 2021 compared to the year ended December 31, 2020 reflects increased costs associated with external contract research organizations for internal programs of $3,316,949 as the Company ramps up key internal programs and contract research organization costs, increased patent expense of $213,093 due to increased maintenance and filing fees, increased consulting expense of $414,452 and increase in amortization of property and

equipment and intangible asset of $42,523 offset by decreased contract salaries and associated costs of $705,852 due to reduction in compensation to management and attrition of contracted staff and decreased share-based compensation of $154,015 due to forfeiture of unvested/vested share options due to termination of consulting arrangement.

General and Administrative

General and administrative expenses consist of the following:

	Years Ended December 31,		
	2021	**2020**	**Change**
		(in thousands)	
Personnel related (including stock-based compensation)	$ 1,279,197	$ 1,191,967	$ 87,230
Professional and consulting fees	2,801,237	1,311,427	1,489,810
Facility-related and other	144,175	(22,364)	166,539
Total general and administrative expenses	$ 4,224,609	$ 2,481,030	$ 1,743,579

The increase for the year ended December 31, 2021, compared to the same period in 2020, is primarily attributable to an increase in legal expenses of $159,113, increased other professional and consulting fees of $486,398, additional one-time fees of $459,051 related to a potential listing on a stock exchange in the Unites States (subject to meeting applicable quantitative and qualitative listing standards of such stock exchange), increased share-based compensation of $306,695 related to the grant of share options, expensing of share issuance costs associated with the issuance of warrants in the August 2021 financing and base shelf costs of $717,806 and foreign exchange of expense of $166,539 on U.S denominated assets and liabilities offset by a reduction in contracted corporate salaries and associated facility costs of $219,465 due to reduction in compensation to management and attrition of contracted staff and a decreased investor relations of $332,558 due to a reduction of investor relation activities and consultants. Note that there can be no assurance that the company will complete a listing on a stock exchange in the United States.

Other Expense

The increase in other expense is primarily the valuation of the derivative liability associated with the convertible debenture financing and associated interest expense of $2,990,374 offset by the decrease in fair value of the warrant liability of $1,649,259 and the gain on the sale of lab equipment of $75,198.

Liquidity and Capital Resources

The Company is a development stage company as it has had minimal recurring revenues to date and does not expect to have significant revenues until a product candidate obtains applicable regulatory approval or it establishes collaborations that provide funding, such as licensing fees, milestone payments, royalties, research funding or otherwise. Operations have been financed through the sale of equity securities, convertible unsecured debentures and the conversion of common share purchase warrants and stock options. The Company's objectives, when managing capital, are to ensure there are sufficient funds available to carry out its research, development and eventual commercialization programs. When the Company has excess funds, it manages its liquidity risk by investing in highly liquid corporate and government bonds with staggered maturities to provide regular cash flow for current operations. The Company does not hold any asset-backed commercial paper and its cash and cash equivalents are not

subject to any external restrictions. The Company also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors reviews and approves operating and capital budgets, as well as any material transactions not in the ordinary course of business. The majority of accounts payable and accrued liabilities have maturities of less than three months. The Company is dependent on its ability to generate revenues from its products or secure additional financing in order to continue its research and development activities and meet its ongoing obligations.

In March 2021, the Company completed a US$7.0 million (CDN$8.7 million) private placement of Debentures (the March 22 Financing). The Company incurred $60,825 of issuance costs in connection with the private placement of which $30,999 allocated to the debentures and amortized over the life of the debenture. The Debentures are convertible into common shares at the option of the holder at a conversion price of US$0.10 per share and accrue interest at 1% per annum, calculated and payable in arrears, commencing on March 22, 2022, and every anniversary thereafter, until maturity date. At the Company's election, accrued interest may be paid in cash or common shares by dividing the interest payable by the 5-day volume-weighted average trading price (VWAP).

The Debentures mature on March 22, 2026. Prior to the maturity date, the Company may force conversion of the Debentures at the conversion price upon raising US$50.0 million in equity and/or debt cumulatively. On the maturity date, the Company may redeem the outstanding principal amount of the Debentures in either cash or common shares at the then VWAP less a 10% discount or a combination thereof at its election. Amounts redeemed in common shares on the maturity date will be subject to TSX approval.

The conversion feature has been recognized as a derivative liability carried at Fair Value through Profit & Loss (FVTPL). The derivative liability has been valued at $4,291,384 at issuance date using a scenario-based valuation method using a Monte Carlo simulation model (Monte Carlo model), volatility of 101.43% and a risk-free interest rate of 0.15%. The derivative liability at December 31, 2021 has been valued at $6,808,697 using a scenario-based valuation method using a Monte Carlo model, volatility of 95.95% and a risk-free interest rate of 1.15%. The amount of liability as at December 31, 2021 has been allocated to the principal component of the Debenture which is being recognized at amortized cost and carried using the effective interest rate, resulting in a total liability at December 31, 2021 of $11,752,147.

In August 2021, the Company announced the closing of a public offering of 125,781,250 units at a price of US$0.16 per unit for gross proceeds of US$20,125,000 (CDN$25,522,525, $23,426,746 net of issuance costs). Each unit consisted of one common share and one-quarter share purchase warrant. Each warrant entitles the holder thereof to purchase one share at an exercise price of US$0.21 per share at any time for five years.

Related to the financing, the Company compensated certain intermediaries US$1,408,750 and issued 8,804,687 compensation warrants. Each warrant entitles the holder thereof to purchase one common share at an exercise price of US$0.16 per share at any time for five years. The compensation warrants have been issued as a consideration for services of the intermediaries and are accounted for as equity-settled instruments in accordance with IFRS 2, Share-based payment. Fair value of the compensation warrants of $1,215,323 was recorded in other equity.

The allocation of the $0.16 per unit issue price to the common shares and the common share warrants was determined based on the fair values of the warrants and the residual to equity. The fair value of the warrants was determined using the Black-Scholes option pricing model (Black Scholes). The common shares issued were allocated a price of US$0.137 per share and the common share warrants were allocated a price of US$0.023. Assumptions used to determine the value of the common share warrant were: an

average risk-free interest rate of 0.87%; dividend yield of nil%; weighted average expected volatility of 96%; and expected life of 60 months.

The common share warrants are accounted for as a warrant liability since the exercise price is in USD while the Company's functional currency is CDN. The initial balance was calculated using the parameters above resulting in a balance of $3,717,137. As of December 31, 2021, the fair value of the warrants was calculated using the Monte Carlo model with the following parameters: weighted volatility of 68.94%, risk free interest rate of 1.348% and spot price of $0.1139. The balance at December 31, 2021 was $2,055,602. The issuance costs allocated to the warrants based on the relative fair values of the warrants, amounted to $565,105 and were charge to general and administrative expense in the consolidated statement of operations and comprehensive loss.

The Company incurred a loss of $11,784,415 for the year ended December 31, 2021, and had an accumulated deficit of $83,032,359 at December 31, 2021. Management estimates that the cash on hand could fund its operating plan beyond twelve months. The Company is pursuing financing to further develop certain of the Company's scientific initiatives, but there is no assurance that these initiatives will be successful, timely or sufficient. Consequently, the Company's ability to continue as a going concern beyond that point is dependent on its ability to generate revenues from its products or secure additional financing in order to continue its research and development activities.

The Company's net cash used in operations was $11,838,176 for the year ended December 31, 2021, as compared with $4,354,704 for the year ended December 31, 2020. The increase in the cash used in operations is primarily a result of making up front cash payments to critical vendors for the PMN310 program, in order to secure manufacturing slots and ensure rapid timelines. The company has working capital of $21,243,356 for the year ended December 31, 2021, as compared with negative working capital of $1,160,151 for the year ended December 31, 2020. Management is actively monitoring cash forecast and managing performance against its forecasts. Management will remain cautious in its capital management approach and continue to look for new sources of financing in the next 12 months, to fund its working capital to advance the Company's operations.

The Company's working capital requirements may fluctuate in future periods depending on numerous factors, including: the results of research and development activities; progress or lack of progress in its diagnostic or therapeutic research and development programs; preclinical studies or clinical testing; the ability to establish corporate collaborations and licensing agreements; the Company's ability to access research and development funding and/or equity financing; changes in the focus, direction, or costs of research and development programs; the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims; competitive and technological advances; the potential need to develop, acquire or license new technologies and products; new regulatory requirements implemented by applicable regulatory authorities; the timing and outcome of the regulatory review process; or commercialization activities, if any.

Financial Instruments

Financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, accounts payable, accrued liabilities, and warrants and derivatives measured at fair value. Cash and cash equivalents are used to fund research activities and administrative expenses. The Company has an investment policy that establishes guidelines for investment eligibility, credit quality, liquidity and foreign currency exposure.

The Company manages its exposure to credit loss and liquidity risk by placing its cash with major financial institutions. Cash and cash equivalents are not subject to any external restrictions.

As at December 31, 2021, cash and cash equivalents consisted of cash on deposit.

Critical accounting estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments and/or estimates. It also requires management to exercise judgment in applying accounting policies. These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances having regard to prior experience and expectations about future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future year affected. Actual results may differ from those estimates.

Significant estimates relate to the measurement of share-based compensation. The fair value of share-based compensation, comprising stock options and common share purchase warrants, is determined using Black-Scholes. The allocation of unit issue price to common shares and common share warrants is determined based on the relative fair values of the common shares and warrants. Significant estimates are required to determine expected volatility, weighted average life of options, risk free interest rate and estimated forfeitures. The Company determines these assumptions mainly by reference to historical experience.

Significant estimates related to the measurement of convertible debt and the associated derivative liability. The initial allocation of the value of the convertible debt between the debt instrument and the derivative liability was calculated using a Monte Carlo simulation model (Monte Carlo). The expected time and probabilities of raising financing are significant assumptions in the valuation of the debentures. Other assumptions used in the valuation include volatility, credit spread and risk free interest rate. At subsequent reporting periods, the derivative liability is revalued and the change in fair value is recognized in other (income) expense on the consolidated statements of operations and comprehensive loss.

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate future taxable income in future years in order to utilize any deferred tax asset which has been recognized. Estimates of future taxable income are based on forecasted cash flows. At the current statement of financial position date, no deferred tax assets have been recognized in these consolidated financial statements.

Outstanding Share Data

The authorized capital of the Company consists of an unlimited number of common shares and an unlimited number of preferred shares. No preferred shares have been issued to date. As of the date of this report, the Company had 431,731,591 common shares outstanding.

The change in the number of issued and outstanding common shares of the Company from January 1, 2021, to the date of this report is presented below:

	Number of Shares
Outstanding January 1, 2021	**289,730,760**
Issued, pursuant to conversion of special warrants	16,219,581
Issued, pursuant to public offering, August 2021	125,781,250

Outstanding, December 31, 2021 and March 16, 2022	**431,731,591**

Warrants

The following table reflects the activity of the warrants for the year ended December 31 2021, and to the date of the Management's Discussion and Analysis:

	Number of Warrants
Outstanding, January 1, 2021	**37,174,711**
Issued, pursuant to conversion of special warrants	16,219,581
Issued pursuant to public offering, August 2021	31,445,309
Issued compensation warrants in conjunction with public offering	8,804,687
Outstanding, December 31, 2021 and March 16, 2022	**93,644,288**

Special Warrants

In November 2020, the Company closed on a special warrant financing. The Company issued 16,219,581 special warrant certificates and received gross proceeds of $1,946,350 ($1,636,590 net of issuance costs). Each special warrant will automatically be exercised into one common share and one warrant on the earlier of the date that is (i) the third business day after a receipt for a final prospectus qualifying the distribution of the shares and warrants issuable upon the conversion of the special warrants and (ii) four months and one day after the issue date of the special warrants.

In March 2021, the special warrants automatically converted into 16,219,581 common shares and 16,219,581 warrants.

The exercise prices and expiry dates of the outstanding warrants as at the date of this management report are as follows:

Exercise Price	Number of warrants	Expiry date
$0.300	4,869,543	August 2022
$0.285	1,265,010	August 2022
$0.480	6,004,394	April 2023
$0.480	8,379,500	January 2024
$0.350	4,100,000	June 2024
$0.350	9,049,066	November 2024
$0.350	2,949,998	December 2024
$0.200	16,776,781	November 2025
US$0.210	31,445,309	August 2026
US$0.160	8,804,687	August 2026
	93,644,288	

Stock Options

The Company maintains the 2007 Stock Option Plan (2007 Option Plan) for directors, officers, employees and consultants. In June 2015, the plan was changed from a fixed option plan to a rolling share option plan pursuant to which the Company is authorized to grant options of up to 20% of its issued

and outstanding common shares. Share options granted vest at various rates and have a term not exceeding 10 years.

The following table reflects the activity under the plan for the year ended December 31, 2021 and to the date of Management's Discussion and Analysis:

	Number of share options	Weighted average exercise price
Outstanding, January 1, 2021	**38,771,748**	**$0.13**
Granted	1,500,000	0.17
Expiry of options	(697,917)	0.28
Outstanding, March 31, 2021	**39,573,831**	**$0.13**
Granted	3,237,500	0.27
Expiry of options	(114,583)	0.16
Outstanding, June 30, 2021	**42,696,748**	**$0.14**
Granted	4,100,000	0.19
Expiry of options	(5,437,500)	0.23
Outstanding, September 30 and November 11, 2021	**41,359,248**	**$0.14**
Granted	3,000,000	0.15
Expiry of options	(77,000)	0.30
Outstanding as of December 31, 2021	**44,282,248**	**$0.14**
Granted	7,250,000	0.14
Expiry of options	(712,000)	0.11
Outstanding as of March 16, 2022	**50,820,248**	**$0.14**

Deferred Share Unit (DSU) Plan

As at December 31, 2021, and the date of this MD&A, there were 63,708 DSUs outstanding. No new DSUs were issued, and none were redeemed during the year ended December 31, 2021, or through the date of this report.

Shareholder Rights plan

In January 2016, the Company announced that it had adopted a shareholder rights plan (the Rights Plan). The Rights Plan is intended to ensure that, to the extent possible, the Corporation's Board and shareholders have adequate time to consider and evaluate any unsolicited takeover bid and to identify, solicit, develop and negotiate any value enhancing alternatives that would be considered appropriate. This will encourage fair treatment of the Corporation's shareholders in connection with any unsolicited takeover bid. The Rights Plan was not adopted in response to, or in anticipation of, any acquisition or take-over offer and is not intended to prevent a take-over of the Corporation, to secure continuance of current management or the directors in office or to deter fair offers for the common shares of the Corporation.

The Board authorized the issuance of one right in respect of each common share of the Corporation outstanding on January 22, 2016, and each share issued thereafter. The rights will become exercisable if a person, together with their affiliates, associates and joint actors, acquires or announces an intention to

acquire beneficial ownership of common shares which, when aggregated with its holdings, total 20% or more of the outstanding common shares of the Corporation (determined in the manner set out in the Rights Plan). Following the acquisition of 20% or more of the outstanding common shares, each right held by a person other than the acquiring person and its affiliates, associates and joint actors would, upon exercise, entitle the holder to purchase that number of common shares at a substantial discount to the market price of the common shares at that time.

The Rights Plan permits the acquisition of control of the Corporation through a "permitted bid", a "competing permitted bid" or a negotiated transaction. A permitted bid is one that, among other things, is made to all holders of common shares, is open for a minimum of 120 days and is subject to an irrevocable minimum tender condition of at least 50% of the common shares held by independent shareholders. The Board has the discretion to defer the time at which the rights become exercisable and to waive the application of the Rights Plan.

The Rights Plan was ratified by the Company's shareholders on June 30, 2016. It will continue in effect until the third annual meeting of shareholders thereafter.

The Company's shareholders, on June 27, 2019, ratified, confirmed and approved the continuation of the Rights Plan for a further three years until the close of the meeting of the shareholders of the Corporation in 2022.

Quarterly Selected Financial Information

The following table sets out selected financial information for the Company for the last eight quarters.

	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Revenue	11,309	5,101	$0	$0	$209	$0	$1,565	$13
Net loss	(2,925,676)	(961,976)	(297,346)	(7,599,417)	(686,222)	(1,564,033)	(1,650,218)	(1,761,919)
Net loss per common share	$0.00	($0.00)	$0.00	($0.03)	$0.00	($0.01)	($0.01)	($0.01)

Contractual Arrangements and Commitments

a) The Company enters into research, development and licence agreements with various parties in the ordinary course of business where the Company receives research services and rights to proprietary technologies. The agreements require compensation to be paid by the Company, typically, by a combination of the following methods:

i) fees comprising amounts due initially on entering into the agreements and additional amounts due either on specified timelines or defined services to be provided;

ii) milestone payments that are dependent on products developed under the agreements proceeding toward specified plans of clinical trials and commercial development; and

iii) royalty payments calculated as a percentage of net sales, commencing on commercial sale of any product candidates developed from the technologies.

Milestone and royalty-related amounts that may become due under various agreements are dependent on, among other factors, preclinical safety and efficacy, clinical trials, regulatory

approvals and, ultimately, the successful development and commercial launch of a new drug, the outcomes and timings of which are uncertain. Amounts due per the various agreements for milestone payments will accrue once the occurrence of a milestone is likely. Amounts due as royalty payments will accrue as commercial revenues from the product are earned. During the year ended December 31, 2021, no events have occurred that may require accrual of any milestone or royalty related amounts.

b) In February 2009, the Company entered into an agreement with the UBC to further the development of, and to commercialize certain technology developed in part by the Company's Chief Scientific Officer, Dr. Neil Cashman. Under the agreement, the Company is committed to make milestone payments up to $1,400,000 per product developed using this technology based on the successful outcomes of predefined clinical and regulatory outcomes, and royalty payments based on revenue earned from the licensed technology. An annual license fee of $25,000 per calendar year is payable for the term of the contract beginning in 2012. This agreement remains effective unless terminated under terms of the agreement.

c) In April 2006 and through additional amendments up to November 2013, the Company entered into an agreement with the University Health Network, Toronto, to license certain technology and related intellectual property. Under the agreement the Company is committed to make milestone payments of up to $635,000 based on the successful outcomes of predefined clinical and regulatory outcomes using this technology and royalty payments based on revenue earned from the licensed technology.

d) In August 2020, the Company entered into an agreement with BC Neuroimmunology Lab Inc. (BCNI) on a 50/50 basis to develop diagnostics assays as a joint operation. The Company has agreed fund the equally the operating costs associated not to exceed $25,000 per month with the Company's share being $12,500 until the joint operation is sustainably cashflow positive. This agreement was terminated in December 2021.

e) The Company indemnifies its directors against any and all claims and losses reasonably incurred in the performance of their service to the Company. The Company maintains liability insurance for its directors and officers.

Related Party Transactions

a) Compensation for key management and Board personnel, mainly paid through consulting agreements, during the years ended December 31, were as follows:

	2021	2020
Salaries, fees and short-term benefits	$1,015,245	$1,532,222
Share-based compensation	546,889	151,712
	$1,562,134	$1,683,934

The amounts disclosed in the table above are the amounts recognized as an expense during the reporting period related to key management personnel. Key management personnel are the

Company's directors (Richard Gregory, Patrick Kirwin, Josh Mandel-Brehm, Madge Shafmaster, Neil Warma and William Wyman), executive chairman and chief executive officer (Eugene Williams), former chief executive officer (Elliot Goldstein), chief scientific officer (Neil Cashman), chief financial officer (Daniel Geffken) and chief operating officer (Gavin Malenfant).

b) During the years ended December 31, 2021, and 2020, the Company paid $410,126 and $311,510, respectively, for consulting services to a firm specializing in finance and strategic support for life science companies. The chief financial officer of the Company, Daniel Geffken, is the founding managing director of the consulting firm.

c) During the year ended December 31, 2016, the Company entered into a three-year, collaborative research agreement with the UBC and the Vancouver Coastal Health Authority in the amount of $787,500 with Dr. Cashman as principal investigator. In March 2018, the CRA was amended and increased the funding to $892,500 over three years. In July 2018, the total funding commitment to UBC increased to $1,130,000 over the period of the agreement. In February 2019, the SRA was amended, and funding was increased to $2,130,000 for an additional two-year period. In September 2019, the SRA was amended, and funding was increased to $2,630,000 for an additional one-year period. In January 2022 the SRA was amended and funding was increased to $800,000 per year for the next three years for a total contract funding of $5,030,000. During the year ended December 31, 2021, the Company has recorded costs of $500,000 ($475,643 in 2020) related to this contract in research and development expenses.

d) During the years ended December 31, 2021, and 2020, the Company paid $525,694 and $896,875, respectively, to a management services company operated by its chief executive officer, Elliot Goldstein, and executive chairman, Eugene Williams, for services rendered. The Company also reimbursed, at cost, the rental of an office the management services company leases in Cambridge, MA, that is used by the Company. During the years ended December 31, 2021, and 2020, the Company recorded $1,315 and $36,480, respectively, in general and administrative expenses in relation to this lease.

Risks and Uncertainties

Prospects for companies in the biotechnology industry generally may be regarded as uncertain given the nature of the industry and, accordingly, investments in biotechnology companies should be regarded as speculative. Biotechnology research and development involves a significant degree of risk. An investor should carefully consider the risks and uncertainties described below, as well as other information contained in this Management's Discussion and Analysis. The risks and uncertainties described below is not an exhaustive list. Additional risks and uncertainties not presently known to the Company or that the Company believes to be immaterial may also adversely affect the Company's business. If any one or more of the following risks occur, the Company's business, financial condition and results of operations could be seriously harmed. Further, if the Company fails to meet the expectations of the public market in any given period, the market price of the Company's common shares could decline.

Early Stage Development and Scientific Uncertainty. All of the Company's potential products are at an early stage of development. Significant additional investment in research and development, product validation, technology transfer to manufacturing, production scale-up, manufacturing, clinical testing, and regulatory submissions of such product candidates is required prior to commercialization. There can be no assurance that any such products will actually be developed. A commitment of substantial time and resources is required to conduct research and clinical trials if the Company is to complete the development of any potential product. It is not known whether any of these product or process candidates will meet applicable health regulatory standards and obtain required regulatory approvals, or whether such products can be produced in commercial quantities at reasonable costs and be successfully marketed, or if the Company's investment in any such products will be recovered through sales or royalties.

Lack of Product Revenues and History of Losses. To date, the Company has not recorded any revenues from the sale of biopharmaceutical products. As at December 31, 2021, the Company had an accumulated deficit of $83,032,359. The Company expects to incur additional losses during the periods of research and development, clinical testing, and application for regulatory approval of its product candidates. The Company expects to incur losses unless and until such time as payments from corporate collaborations, product sales and/or royalty payments generate sufficient revenues to fund its continuing operations.

Additional Financing Requirements and Access to Capital. The Company will require substantial additional funds for further research and development, planned clinical testing, regulatory approvals, establishment of manufacturing capabilities and, if necessary, the marketing and sale of its products. The Company may attempt to raise additional funds for these purposes through public or private equity or debt financing, collaborations with other biopharmaceutical companies and/or from other sources. There can be no assurance that additional funding or partnerships will be available on terms acceptable to the Company and which would foster successful commercialization of the Company's products.

Patents and Proprietary Technology. The Company's success will depend in part on its ability to obtain, maintain, and enforce patent rights, maintain trade secret protection and operate without infringing the proprietary rights of third parties. There can be no assurance that pending patent applications will be allowed, that the Company will develop additional proprietary products that are patentable, that issued patents will provide the Company with any competitive advantage or will not be challenged by any third parties, or that patents of others will not have an adverse effect on the ability of the Company to do business. Furthermore, there can be no assurance that others will not independently develop similar products, duplicate any of the Company's products, or design around the products patented by the Company. In addition, the Company may be required to obtain licenses under patents or other proprietary rights of third parties. No assurance can be given that any licenses required under such patents or proprietary rights will be available on terms acceptable to the Company. If the Company does not obtain such licenses it could encounter delays in introducing one or more of its products to the market, while it attempts to design around such patents, or could find that the development, manufacturing or sale of products requiring such licenses could be foreclosed. In addition, the Company could incur substantial costs in defending itself in suits brought against it on such patents or in suits where it attempts to enforce its own patents against other parties.

Until such time, if ever, that patent applications are filed, the ability of the Company to maintain the confidentiality of its technology may be crucial to its ultimate possible commercial success. While the Company has adopted procedures designed to protect the confidentiality of its technology, no assurance can be given that such arrangements will be effective, that third parties will not gain access to the Company's trade secrets or disclose the technology, or that the Company can meaningfully protect its rights to its trade secrets.

Dependence on Collaborative Partners, Licensors and Others. The Company's activities will require it to enter into various arrangements with corporate and academic collaborators, licensors, licensees and others for the research, development, clinical testing, manufacturing, marketing and commercialization of its products. The Company intends to attract corporate partners and enter into additional research collaborations. There can be no assurance, however, that the Company will be able to establish such additional collaborations on favorable terms, if at all, or that its current or future collaborations will be successful. Failure to attract commercial partners for its products may result in the Company incurring substantial clinical testing, manufacturing and commercialization costs prior to realizing any revenue from product sales or result in delays or program discontinuance if funds are not available in sufficient quantities.

Should any collaborative partner fail to develop, manufacture, or commercialize successfully any product to which it has rights, or any partner's product to which the Company will have rights, the Company's business may be adversely affected. Failure of a collaborative partner to continue to participate in any particular program could delay or halt the development or commercialization of products generated from such a program. In addition, there can be no assurance that the collaborative partners will not pursue other technologies or develop alternative products either alone or in collaboration with others, including the Company's competitors, as a means for developing treatments for the diseases targeted by the Company's programs.

Furthermore, the Company will hold licenses for certain technologies and there can be no assurance that these licenses will not be terminated, or that they will be renewed on conditions acceptable to the Company. The Company intends to negotiate additional licenses in respect of technologies developed by other companies and academic institutions. Terms of license agreements to be negotiated may include, inter alia, a requirement to make milestone payments, which may be substantial. The Company will also be obligated to make royalty payments on the sales, if any, of products resulting from licensed technology and, in some instances, may be responsible for the costs of filing and prosecuting patent applications.

Government Regulations. Biotechnology and pharmaceutical companies operate in a high-risk regulatory environment. The manufacture and sale of animal and human diagnostic and therapeutic products is governed by numerous statutes and regulations in the United States, Canada and other countries where the Company intends to market its product candidates, if approved. Such regulation includes inspection of manufacturing facilities, controlled research and testing procedures, review and approval of manufacturing, preclinical and clinical data prior to marketing approval, as well as regulation of marketing activities, notably advertising and labelling, if approval is obtained.

The process of completing clinical testing and obtaining required approvals is likely to take many years and require the expenditure of substantial resources. Furthermore, there can be no assurance that the regulators will not require modification to any submissions which may result in delays or failure to obtain regulatory approvals. Any delay or failure to obtain regulatory approvals could adversely affect the ability of the Company to utilize its technology, thereby adversely affecting operations. Further, there can be no assurance that the Company's diagnostic product candidates will achieve levels of sensitivity and specificity sufficient for regulatory approval or market acceptance, or that its therapeutic product candidates prove to be safe and effective in clinical trials or receive the requisite regulatory approval. There is no assurance that the Company will be able to timely and profitably produce its product candidates, if approved, while complying with all the applicable regulatory requirements. Foreign markets, other than the United States and Canada, impose similar restrictions.

Hazardous Materials and Environmental Matters. Certain of the Company's research and development processes will involve the controlled use of hazardous materials. The Company is subject to federal, provincial and local laws and regulations governing the use, manufacture, storage, handling and disposal of such materials and certain waste products. Although management of the Company believes that its procedures for handling and disposing of such materials comply with the standards prescribed, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, the Company could be held liable for damages and such liability could exceed the resources of the Company. The Company is not specifically insured with respect to this liability. Although management of the Company believes that they currently comply in all material respects with applicable environmental laws and regulations, the Company may be required to incur significant costs to comply with environmental laws and regulations in the future. Furthermore, there can be no assurance that the operations, business or assets of the Company will not be materially adversely affected by current or future environmental laws or regulations.

Rapid Technological Change. The biotechnology and pharmaceutical industries are characterized by rapid and substantial technological change. There can be no assurance that developments by others will not render the Company's product candidates, if approved or technologies non-competitive, or that the Company will keep pace with technological developments. Competitors have developed or are developing technologies that could be the basis for competitive products. Some of these products have an entirely different approach or means of accomplishing the desired diagnostic or therapeutic effect as compared with product candidates to be developed by the Company and could be more effective and less costly than the product candidates to be developed by the Company. In addition, alternative forms of medical treatment may be competitive with the Company's product candidates, if approved.

Competition. Technological competition from pharmaceutical companies, biopharmaceutical companies and universities is intense and is expected to increase. Potential competitors of the Company have or may develop product development capabilities or financial, scientific, marketing and human resources exceeding those of the Company. Competitors may develop products before the Company develops its own product candidates, obtain regulatory approval for such product candidates more rapidly than the Company, or develop products which are more effective than those which the Company intends to develop. Research and development by others may render the Company's technology or product candidates obsolete or non-competitive or produce treatments or cures superior to any therapy developed or to be developed by the Company, or otherwise preferred to any therapy developed by the Company.

Reliance on Key Personnel. The Company is dependent on certain members of its management and scientific staff, the loss of services of one or more of whom could adversely affect the Company. In addition, the Company's ability to manage growth effectively will require it to continue to implement and improve its management systems and to recruit and train new employees. There can be no assurance that the Company will be able to successfully attract and retain skilled and experienced personnel.

Status of Healthcare Reimbursement. the Company's ability to successfully market certain diagnostic or therapeutic product candidates may depend in part on the extent to which reimbursement for the cost of such product candidates, if approved and related treatments will be available from government health administration authorities, private health insurers and other organizations. Significant uncertainty exists as to whether newly approved healthcare products will qualify for reimbursement. Furthermore, challenges to the price of medical products and services are becoming more frequent. There can be no assurance that adequate third-party coverage will be available to establish price levels, which would allow the Company to realize an acceptable return on its investment in product development.

Potential Product Liability. Pharmaceutical products involve an inherent risk of product liability claims and associated adverse publicity. Product liability insurance is costly, availability is limited and may not be available on terms which would be acceptable to the Company, if at all. An inability to maintain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products. A product liability claim brought against the Company, or withdrawal of a product from the market, could have a material adverse effect upon the Company and its financial condition.

Volatility of Share Price, Absence of Dividends and Fluctuation of Operating Results. Market prices for the securities of biotechnology companies, including the Company, have historically been highly volatile. Factors such as fluctuation of the Company’s operating results, announcements of technological innovations, patents or new commercial products by the Company or competitors, results of clinical testing, regulatory actions, or public concern over the safety of biopharmaceutical products and other factors could have a significant effect on the share price or trading volumes for the common shares. The Company's common shares have been subject to significant price and volume fluctuations and may continue to be subject to significant price and volume fluctuations in the future. The Company has not paid dividends to date and does not expect to pay dividends in the foreseeable future.

Disclosure Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2021. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as at December 31, 2021 to provide reasonable assurance that material information relating to the Company would be made known to them by others within the Company.

Internal Control over Financial Reporting

As at December 31, 2021, the Chief Executive Officer and Chief Financial Officer evaluated the design of the Company's internal control over financial reporting. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of internal control over financial reporting was effective as at December 31, 2021 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. No material weaknesses in internal controls over financial reporting were identified. There were no changes in the Company's internal control over financial reporting that occurred during the most recent interim period that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Additional Information

Additional information relating to the Company, including its Annual Information Form, can also be found on SEDAR at www.sedar.com.