

Pheromone Sciences Corp.

July 31, 2002

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) in Canada.

Overview

Pheromone Sciences is a biotechnology and medical diagnostics device research and development Company that focuses on commercializing technologies in the field of fertility and sexuality. The Company's lead product, the PSC Fertility Monitor, is designed to provide women with a reliable, non-invasive predictive approach in identifying their fertility window when planning pregnancy. Delivered by a medical device, which is housed in a modern styled wristwatch-like device with an LCD readout, the product has completed its clinical trials and has filed the 510k for FDA approval. Work is also being carried out to research the applicability of this technology to new areas of commercial interest. During the quarter ending July 31, 2002, Pheromone Sciences remained in a research and development phase and has not yet generated revenues.

Results of Operations

The Company is in its research and development phase and, as such, has incurred losses since its inception. For the quarter ending July 31, 2002, the Company recorded a loss of \$324,834 or \$0.02 per common share vs a loss of \$502,599 or \$0.03 per common share for the quarter ended July 31, 2001.

Research and development expenses, including costs associated with pre-clinical and clinical research, product development, and regulatory affairs, were \$89,005 for the quarter versus \$289,231 for the prior comparable period. The prior year is much higher as the US clinical trials to support the FDA 510(k) filing were in process in that quarter whereas in the comparable time period this year the trials are over.

General and administrative expenses for the quarter were \$147,976 versus \$188,126 in the prior comparable period. These include administrative salaries and fees relating to legal, audit, strategic planning, and other costs not directly related to research and development as well as the overhead costs for the office.

Marketing expenses for the quarter were \$87,171 versus \$45,904 in the prior comparable period. These are the costs associated with introducing the Company to potential investors and marketing partners.

Liquidity and Capital Resources

As at July 31, 2002, the Company had cash and short-term investments of \$195,156 compared to \$1,581,264 at the end of the October 2001. Short-term investments consist of Money Market funds. Cash used for operations in the quarter was \$298,732 compared to \$1,711,922 for the year ended October 31, 2001. As at July 31, 2002, the Company had no long-term obligations.

Directors and Officers as of time of signing

William A. Cochrane, Chairman of the Board

Christopher Neuman, President & CEO

Eldon Smith, Director

Benoit La Salle, Director

William Milligan, Director

Andrew E. Saxton, Director

Tazdin Esmail, Director

Douglas Marett, Chief Science Officer

Larry Cooper, Chief Financial Officer