Form 51-102F1

PHEROMONE SCIENCES CORP.

Management's Discussion and Analysis of Results of Operations and Financial condition For the Year Ending October 31, 2005.

Pheromone Sciences is a biotechnology and medical diagnostics device research and development Company focussed on commercializing leading edge, medical technologies. The Company's lead product, the PSC Fertility Monitor, was designed to provide women with a reliable, non-invasive predictive approach in identifying their fertility window when planning pregnancy. The product is approved for sale in the US, Europe and Canada and is now manufactured and sold under a licensing agreement with HealthWatchSystems Inc. of Tampa Florida.

The Company is also presently in negotiations to acquire patents, researchers and facilities necessary to pursue promising developments in the treatment of Type 1 (insulin-dependent) diabetes.

This discussion should be read in conjunction with the financial statements and related notes of the Company for the year ended October 31, 2005 (the "Financial Statements"). The information in this Management Discussion and Analysis ("MD&A") contains forward-looking statements. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. The information contained in this report is made as of February 21, 2006.

Performance Summary and Update

The Company's primary efforts this year was directed to finding new projects that fit its business expertise and financing abilities. On October 11, 2005 the Company announced it had entered into a Letter of Intent (LOI) to finance and acquire an interest in Sertonex, Inc. of London Ontario. Sertonex is a private, medical research corporation engaged in the development and commercialization of biological therapeutics focused on overcoming transplant rejection. The LOI also included the licensing to Pheromone of all Intellectual Property of Sertoli Technologies Inc., a private company based in Tucson Arizona, which holds 21 worldwide patents and 8 patent applications related to Sertoli cells. The Sertoli cells are the key components of the research being undertaken by Sertonex. To finance the research and development the Company intends to raise equity financing in the 12 months following regulatory approval of the transaction. Completion of the transaction is subject to a number of conditions, including but not limited to acceptance by the TSX Venture Exchange. There can be no assurance that the transaction will be completed as proposed or at all.

In fiscal 2004 the company sold its lead technology to HealthWatchSystems Inc., a private firm based in Florida. Further details of the transaction are contained in the October 31st, 2004 Year-End Financial Statement Foot Notes, Note Number 12. On March 14th, 2005, Pheromone Sciences announced that HealthWatchSystems, Inc. had launched the product, branded as OV-Watch™, in selected markets in the USA. This product looks to set a new benchmark in providing a reliable "predictive" approach to natural, cycle-based family planning through the measurement of perspiration ion changes on the surface of the skin. These changes in female perspiration allow for the prediction of ovation up to 4 days prior to the day of ovation without the need for inconvenient urine or blood testing. This advance notice can significantly improve a women's probability of success in conceiving a child.

The OV-Watch™ is competing in a marketplace with an estimated value of US $200 million in the USA alone. Pheromone Sciences Corp. will receive a stream of royalties based upon the worldwide sales generated by HealthWatchSystems. The product is in the early stages of its life cycle so its sales and consequently the Company's royalty revenue is still limited. The licensee is continuing to expand its marketing efforts but this is not expected to have an immediate impact on royalties over at least the next 2 quarters.

On March 28th, 2005, Pheromone Sciences announced that Mr. Dev Randhawa, MBA and CEO of Strathmore Minerals and a past director of Medicure Inc. assumed the position of President and CEO of the company. Mr. Randhawa also joined the Board of Pheromone Sciences. Mr. Christopher Neuman, former President and CEO of the company agreed to remain on the board of Pheromone Sciences to assure an orderly transition.

As a result of the expiry of the lease on the company premises in Toronto, and to reduce operating costs, the head office was moved to 1708 Dolphin Avenue, Suite 810, Kelowna, British Columbia.

Results of Operations

The Company continues to focus on research and development and as such has incurred losses since its inception. For the year the year ending October 31, 2005 the company recorded a loss of $433,564 or $0.02 per share versus a loss of $368,374 or $0.02 per share in the prior year.

Research and development expenses for the year were nil, since the Company has sold off the one product that it developed and no new research opportunity have yet to be realized. As noted above most of the Company's effort has been focused on identifying new opportunities.

General and administrative expenses for the year were $375,247 versus $402,612 in the prior year. These include administrative costs and fees relating to travel, legal, audit, strategic planning, and other costs not directly related to research and development, as well as the overhead costs for the office. The expenses were $191,660 for consulting fees and wages, $87,410 for legal and accounting, $72,915 for general administrative and office, and $23,262 for insurance.

Because Pheromone no longer sells its products directly to consumers, marketing expenses for the year were down to $32,826 and were related to introducing the Company to potential investors. In the prior year marketing expenses were $112,411 with most of that total related to direct-to-consumer selling.

Summary of Quarterly Results

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2003	Net Income (loss)	$ (280,294)	(247,319)	(85,456)	(96,787)
	Net Income (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)
2004	Net Income (loss)	(180,113)	(164,542)	(96,942)	73,223
	Net Income (loss) per share	(0.01)	(0.01)	(0.01)	0.01
2005	Net Income (loss)	(80,737)	(158,248)	(77,423)	(117,156)
	Net Income (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)

Summary of Year End Data

	2005	2004	2003
Revenue	$ (5,284)	$ (88,008)	$ (140,801)
Net Income (loss)	(433,564)	(368,374)	(709,856)
Net Income (loss) per share	(0.02)	(0.02)	(0.04)
Total Assets	491,662	336,984	401,234

Outstanding Share Data

As at February 21, 2006, the Company has 31,075,223 common shares issued and outstanding. The Company also has 865,000 stock options outstanding to purchase common shares at prices ranging from $0.08 to $0.45 per share. There are no outstanding warrants.

Liquidity and Capital Resources

As at October 31, 2005, the Company had cash and short-term investments of $374,338, compared to $278,194 at the end of the October 2004. Short-term investments consist of money market funds and guaranteed investment certificates. For the year ending October 31, 2005, cash used for operations was $239,101 compared to $648,092 for the previous year. As at October 31, 2005, the Company had no long-term obligations.

In May, 2005, the Company issued 4,340,000 common shares for proceeds of $434,000 pursuant to a private placement financing. In connection with the placement the Company paid finder's fees of $13,230. Subsequent to the year-end, all remaining convertible debentures were converted into common shares. The funds are to be used for working capital and to assist in identifying potential acquisition targets.

At this time the Company has few operating expenses and sufficient capital to continue its efforts to find new business opportunities. Funds for the proposed transaction will be raised through equity financing.

Transactions with Related Parties

During fiscal 2005, the Company paid or accrued $160,000 in consulting fees to a director, an officer and a former director of the Company. Included in accounts payable is $63,000 owing to a director and an officer of the Company. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties. Amounts due to related parties are non-interest bearing, unsecured and have no specific repayment terms.

Fourth Quarter

Other than the LOI with Sertonex, Inc., there were no significant events or items. The Company did not have any extraordinary items, year-end adjustments or dispositions.

Changes in Accounting Policies including Initial Adoption

Effective November 1, 2002, the Company adopted CICA Handbook Section 3870 "Stock-Based Compensation and Other Stock-Based Payments", which recommended the fair value-based methodology for measuring compensation costs. The section also allowed, and the Company adopted, the use of the intrinsic value-based method, which requires pro-forma disclosure of earnings and earnings per share as if the fair value method had been adopted. Any consideration paid by the option holders to purchase shares is credited to capital stock.

Changes in Accounting Policies including Initial Adoption (cont'd….)

The CICA Accounting Standards Board has amended CICA Handbook Section 3870 – Stock-based Compensation and Other Stock-based Payments – to require entities to account for employee stock options using the fair value based method, beginning November 1, 2004. Under the fair value based method, compensation cost is measured at fair value at the date of grant and is expensed over the award's vesting period. In accordance with one of the transitional options permitted under amended Section 3870, the Company has retroactively applied the fair value based method to all employee stock options granted on or after November 1, 2002, and has not restated prior years.

Transaction costs related to potential business acquisitions are deferred and applied towards the cost of the acquisition when completed. Such costs are expensed if the potential acquisition is no longer considered viable by management.

Proposed Transaction

On October 11, 2005 the Company announced it had entered into a Letter of Intent to finance and acquire an interest in Sertonex, Inc. of London Ontario. Sertonex is a private, medical research corporation engaged in the development and commercialization of biological therapeutics focused on overcoming transplant rejection. Under the terms of the proposed financing and joint venture agreement, Pheromone paid $100,000 to Sertonex, of which $25,000 is non-refundable, and grants Pheromone the exclusive right to acquire, in stages, the outstanding securities of Sertonex. Upon closing, Pheromone will issue 2,315,000 common shares in exchange for one third of the issued shares of Sertonex and provide initial project financing of $1.5 million.

As part of the proposed joint venture agreement, Pheromone proposes to sign a sublicense agreement with Sertoli Technologies Inc., (STI) a private company based in Tucson Arizona, granting Pheromone exclusive world wide rights to all STI's patents and intellectual property. In exchange, STI will receive certain future royalty payments, the issuance of 6,527,500 Pheromone common shares and a cash payment nine months after closing of $1,142,312. STI holds 21 worldwide patents and 8 patent applications related to Sertoli cells. The Sertoli cells are the key components of the research being undertaken by Sertonex.

To finance the research and development the Company intends to raise equity financing in the 12 months following regulatory approval of the transaction. Completion of the transaction is subject to a number of conditions, including but not limited to acceptance by the TSX Venture Exchange. There can be no assurance that the transaction will be completed as proposed or at all.

Additional information

Additional information relating to the Company is available on SEDAR at www.sedar.com.