Form 51-102FI

PHEROMONE SCIENCES CORP.

Management's Discussion and Analysis of Results of Operations and Financial condition For the Quarter Ending January 31, 2006.

The following discussion and analysis should be read in conjunction with the first quarter unaudited financial statements and related notes dated January 31, 2006. This discussion and analysis provides an update to the Management's Discussion and Analysis ("MD&A") and financial statements contained in the audited, October 31, 2005 year end report and financial statements. The information in this 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 March 21, 2006.

Performance Summary and Update

The Company's efforts for the quarter were entirely centred around completion of due diligence and negotiations related to the Letter of Intent October 11, 2005. As detailed below in the Subsequent Events section, the agreements associated with the letter of intent (LOI) have now been signed.

In July 2004 the Company's previous lead technology was exclusively licensed to HealthWatchSystems Inc., a private firm based in Florida. The product was branded as OV-Watch™, and is sold on the internet and in selected markets in the USA. Further details of the transaction are contained in the October 31st, 2004 Year-End Financial Statement Foot Notes, Note Number 12.

Results of Operations

The Company continues to focus on research and development and as such has incurred losses since its inception. For the quarter the year ending January 31, 2006 the company recorded a loss of $98,326 or $0.01 per share versus a loss of $80,737 or $0.01 per share in the prior year.

Research and development expenses for the quarter were nil, since the Company has out-licensed the one product that it developed and no new research projects have yet begun.

General and administrative expenses for the quarter were $100,300 versus $81,824 in the prior year. These include administrative costs and fees relating to wages, consulting fees, travel, legal, accounting, and overhead expenses for the office.

Marketing expenses for the quarter were $10,956 and were related to introducing the Company to potential investors. In the prior year marketing expenses were $9,464 with most of that total related to direct-to-consumer selling.

Summary of Quarterly Results

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
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)
2006	Net Income (loss)	(98,315)			
	Net Income (loss) per share	(0.01)			

Outstanding Share Data

As at March 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 January 31, 2006, the Company had cash and short-term investments of $320,280, compared to $190,843 at the end of the January 2005. Short-term investments consist of money market funds and guaranteed investment certificates. Cash used for operations in the quarter was $45,986 compared to $94,101 for the quarter ended January 31, 2005. As at January 31, 2006, the Company had no long-term obligations. 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 the quarter, the Company accrued a total of $27,000 in consulting fees for a director and an officer of the Company, and that amount is included in accounts payable. 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.

Subsequent Events

Subsequent to January 31, 2006, the Company:

a) Issued 674,230 units pursuant to the conversion of debentures with a principal balance of $87,650. Each unit consists of one common share and one warrant to acquire one additional common share at $0.13 expiring February 3, 2006.

b) Issued 2,114,846 common shares for proceeds of $274,930 pursuant to the exercise of warrants.

c) On March 20, 2006 the Company announced it had entered into a joint venture agreement to finance the development of a new project with Sertonex Inc., a private, biotech research company based in London Ontario, and Sertoli Technologies Inc. (STI) of Tucson Arizona, the holder of patents critical to the commercialization of Sertonex's research. The transaction has not yet been approved by the TSX Venture Exchange.

The agreement will allow Pheromone to begin research aimed at establishing a USFDA approved, treatment for Type 1 diabetes using a transplanted device containing pig islet and Sertoli cells. The islet cells, which are nearly identical to those found in humans, produce insulin and regulate sugar levels, while the Sertoli cells protect the islet cells from the body's immune system, eliminating the need for harmful anti-rejection drugs.

The research will be led by Sertonex's Dr. David White, a noted immunologist who trained at the University of Cambridge in England, where he later became a Post Doctoral Research Fellow in the Department of Surgery and a Fellow of the Royal College of Pathologists. While at Cambridge Dr. White was instrumental in the development of cyclosporin A, a widely used anti rejection drug. Later he started a company called Imutran where he held the post of Director of Research and was on the Novartis Global Research Board. Imutran was sold to Novartis and Dr. White accepted a post at the Robarts Research Institute in London Ontario where he is the Professor of Xenotransplantation.

Under the terms of the agreement Pheromone has the exclusive right to acquire, in stages, 100% of the project by providing funding of up to $3,500,000 in three stages. As each stage of the project is financed, Pheromone has the right to acquire one third of the project by issuing 2,315,000 shares.

Subsequent Events (cont'd…)

As part of the agreement, STI will exclusively license to Pheromone all patents, and patent applications for the therapeutic use of Sertoli cell technology. In exchange, Pheromone will issue to Sertoli 6,527,500 common shares upon completion of the first project financing with a value not less than $1 million and nine months after closing pay Sertoli a licensing fee of $1,142,312 in cash or shares.

To fund the first stage of the project, Pheromone anticipates an initial equity financing of $2 million through a non-brokered private placement of units at $0.40. Each unit will consist of one common share and one half share purchase warrant exercisable at $0.60 for two years. A finders fee of 7% will be paid and the Company will reserve the right to force the exercise of the warrants if the stock trades at a 10 day moving average above $1.00 per share. The placement is subject to the final approval of Company and the TSX Venture Exchange.

Additional Information

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