

Form 51-102FI

PHEROMONE SCIENCES CORP.

**Management's Discussion and Analysis of Results of Operations and Financial condition
For the Quarter Ending April 30, 2006.**

The following discussion and analysis should be read in conjunction with the first quarter unaudited financial statements and related notes dated April 30, 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

The information contained in this report is made as of June 21, 2006.

Performance Summary and Update

The Company's efforts for the quarter were largely centred around completion of due diligence and negotiations related to the Letter of Intent announced October 11, 2005. On March 20, 2006 the Company signed a joint venture and financing agreement with Sertonex Inc. (Sertonex) of London Ontario and Sertoli Technologies Inc. (STI) of Tucson Arizona. The purpose of the joint venture is to develop a commercially viable treatment for Type 1 human diabetes using transplanted devices containing pig cells.

Under the terms of the agreement, Pheromone has the exclusive right to acquire 100% of the project by providing funding of up to \$3,500,000 in three stages. The first financing of \$1,000,000 is due within 90 days of Exchange approval, the second financing of \$1,000,000 within 6 months and the third financing of \$1,500,000 must occur within 12 months of Exchange approval. As each stage of the project is financed, Pheromone will acquire one third of the project by issuing 2,315,000 shares to the two shareholders of Sertonex, Dr. David White and Mr. Justin Leushner. Mr. Leushner will join the board of directors of the Company and Dr. White will be engaged as the principal researcher on the project.

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 STI 6,527,500 common shares upon completion of the first project financing of not less than \$1 million and nine months after closing pay STI a licensing fee of \$1,142,312. STI is controlled by Research Corporation Technologies, Inc., a not for profit organization setup to facilitate the commercialization of bio medical research. Mr. Charles R. Allard of Edmonton, Alberta will join the board of directors on behalf of STI

On March 20, 2006 the Company also announced its intention to undertake a non-brokered private placement financing for \$2 million. On April 3, 2006 the Company announced it had increased the financing to \$3 million.

On May 25, 2006 the Company announced it had received TSX approval for the joint venture and would exercise its option under the agreement to acquire shares in Sertonex Inc. On the same day the Company announced it had completed the private placement financing for gross proceeds of \$3,229,100.

During the quarter the Company issued 674,230 units pursuant to the conversion of debentures with a principal balance of \$87,650. Each unit consisted of one common share and one warrant to acquire one additional common share at \$0.13 expiring February 3, 2006. Also in this quarter, all the Company's outstanding warrants were exercised, resulting in the issue of 2,535,231 common shares for proceeds of \$329,580.

Results of Operations

The Company continues to focus on research and development and as such has incurred losses since its inception. For the quarter ending April 30, 2006 the company recorded a loss of \$1,127,233 or \$0.04 per share versus a loss of \$158,248 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 its new research projects have not yet begun.

General and administrative expenses for the quarter were \$1,131,192, with \$1,013,192 of that being stock based compensation and \$118,544 being administrative costs and fees relating to wages, consulting fees, travel, legal, accounting, and overhead expenses for the office. General and administrative expenses for the same quarter in the previous year was \$159,248, with none of it being stock based compensation.

Marketing expenses for the quarter were \$6,649 and were related to introducing the Company to potential investors. In the prior year marketing expenses for the quarter were \$15,436 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)	(1,127,233)		
	Net Income (loss) per share	(0.01)	(0.04)		

Outstanding Share Data

As at June 21, 2006, the Company has 39,147,983 common shares issued and outstanding. The Company also has a total of 2,660,000 outstanding stock options comprised of 2,470,000 options priced at \$0.40 a share, 40,000 at \$0.16 per share, and 150,000 at \$0.13 per share. There are 4,036,375 outstanding warrants exercisable at \$0.60 per share until May 16, 2008. All warrants are subject to a hold period until September 16, 2006.

Liquidity and Capital Resources

As at April 30, 2006, the Company had cash and short-term investments of \$425,340, compared to \$117,323 as at April 30, 2005. Short-term investments consist of money market funds and guaranteed investment certificates. Cash used for operations in the quarter was \$267,729 compared to \$81,020 for the quarter ended April 30, 2005. As at April 30, 2006, the Company had no long-term obligations.

Transactions with Related Parties

During the quarter, the Company accrued a total of \$25,500 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 April 30, 2006, the Company:

- a) Issued 8,072,750 units at \$0.40 per unit for gross proceeds of \$3,229,100 pursuant to a non brokered private placement. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share at \$0.60 until May 16, 2008. The Company has the right to force the exercise of the warrants if the stock trades at a 10-day moving average above \$1.00 per share. In connection with the placement, the company paid finder's fees of \$119,385.

Subsequent Events (cont'd...)

- b) Incorporated a wholly owned US subsidiary in the state of Nevada On June 14, 2006, called Sertocell Biotechnology (US) Inc., to remove cross-border issues related to pursuing USFDA approvals, US patents, and future joint venture arrangements with US based pharmaceutical companies.

Additional Information

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