Rapid Dose Therapeutics Corp.

Management's Discussion and Analysis
November 30, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") provides discussion and analysis of the financial condition and results of operations of Rapid Dose Therapeutics Corp. (the "Company") for the 9 months ended November 30, 2019 and should be read in conjunction with the unaudited condensed interim consolidated financial statements and the accompanying notes which have been prepared in accordance with International Financial Reporting Standards.

The MD&A is the responsibility of management and is dated as of January 29, 2020.

All dollar amounts in the MD&A are stated in Canadian dollars unless otherwise indicated.

Additional information relating to the Company is available on SEDAR at www.sedar.com and the Company's website at www.rapid-dose.com.

Forward-Looking Statements

Certain statements in this MD&A may contain "forward-looking information," within the meaning of applicable securities laws, including the "safe harbour provisions" of the Securities Act (Ontario) with respect to the Company. Such statements include, but are not limited to, statements with respect to expectations, projections or other characterizations of future events or circumstances, and our objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook, including statements relating to our plans and objectives, or estimates or predictions of actions of customers, suppliers, competitors or regulatory authorities. These statements are subject to certain risks, assumptions and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. The words "believe", "plan", "intend", "estimate", "expect", "anticipate" and similar expressions, as well as future or conditional verbs such as "will", "should", "would" and "could" often identify forward-looking statements. We have based these forward-looking statements on our current views with respect to future events and financial performance. With respect to forward-looking statements contained in this MD&A, the Company has made assumptions and applied certain factors regarding, among other things: future product pricing; costs of inputs; its ability to market products successfully to its anticipated clients; reliance on key personnel; regulatory requirements; the application of federal and state environmental laws; and the impact of increasing competition. These forward-looking statements are also subject to the risks and uncertainties discussed in the "Risks Factors" section of the CSE Listing Statement as filed on SEDAR and elsewhere in this MD&A and other risks detailed from time to time in the publicly filed disclosure documents of the Company which are available at www.sedar.com and on the Company's website at www.rapid-dose.com. Forward-looking statements are not a guarantee of future performance and involve risks, uncertainties and assumptions which could cause actual results to differ materially from the conclusions, forecasts or projections anticipated in these forward-looking statements. Because of these risks, uncertainties and assumptions, the reader should not place undue reliance on these forward-looking statements. The Company's forward-looking statements are made only as of the date of this MD&A and, except as required by applicable law, the Company undertakes no obligation to update or revise these forward-looking statements to reflect new information, future events or circumstances.

See page 11 for Material assumptions and risk factors for forward-looking statements.

The Company

The Company is a public Canadian life-sciences corporation that provides innovative, proprietary, drug-delivery technologies designed to improve outcomes and quality of lives. The Company owns a proprietary oral fast-dissolving drug delivery system, QuickStrip™, which is capable of rapidly releasing into the blood stream a list of pharmaceuticals, emulsified oils and over-the-counter medicines without being degraded or modified by first pass metabolism in the liver. The Company also provides product innovation, production and consultation to the nutraceutical, cannabis healthcare and pharmaceutical manufacturing industries.

The Company is a reporting issuer in Ontario, Alberta and British Columbia and its common shares are listed for trading on the Canadian Securities Exchange ("CSE") under the trading symbol "DOSE".

Overall Performance

The Company is an early stage company and has just started to recognize revenue distribution agreements for nutraceutical products. For the 9 months ended November 30, 2019, the Company recognized revenue of $40,206 and incurred a loss of $6,993,820 and, as at November 30, 2019, the Company had a working capital deficit of $451,793.

The Company expects losses to continue in the near term. The continued operation of the Company is dependent upon the support of its creditors and the Company's ability to secure advances from related parties and debt and equity financings to meet its existing obligations and finance its operations. The Company is actively seeking to raise the necessary advances and debt and equity financings; however, there is no assurance that the Company will be successful in these efforts.

Managed Strip Services Agreements for cannabis products
The Company generates revenue from Managed Strip Services Agreements (each a "MSSA") where the Company grants licensees the right to use the Company's QuickStrip™ technology in return for a payment due on signing of the MSSA, a payment due on commissioning of equipment and ongoing payments based on production in their licensed territory.

The Company has MSSAs with the following companies:

Licensee	**Territories**
Aphria Inc.	Canada, Germany
Chemesis International Inc.	Puerto Rico; California and Michigan in the United States
Flower One Holdings Inc.	Nevada in the United States

The installation and commissioning of QuickStrip™ production equipment systems have been completed in Canada, Puerto Rico and Nevada in the United States.

For the 6 months ended August 31, 2019, the Company recognized signing fees and fees for the installation of equipment of $893,952 as revenue on the completion of its performance obligation to install equipment. The Company has reviewed its policy for the recognition of revenue and determined that amounts earned for signing fees and fees for the installation of equipment in accordance with the MSSA should be deferred and recognized as revenue over time, commencing when the Company completes all of its performance obligations under each MSSA. Accordingly, the Company reversed the revenue of $893,952 back to deferred revenue.

It was anticipated that upon commissioning of the equipment, the licensee would commence production which would result in monthly payments in excess of the minimum monthly payments. Some production has been completed; however, full-scale production has not commenced due to a variety of unexpected reasons out of control of the Company, including customer delays in obtaining regulatory product and facility approvals, time required to introduce the QuickStrip™ to the market and, in the case of Puerto Rico, dealing with the aftermath of a late 2019 hurricane that impacted their September training and production roll out. An earthquake in Puerto Rico in December 2019 further curtailed production due to power outages. Accordingly, the Company has recorded only nominal revenue for minimum monthly payments. The Company is currently having discussions with licensees with respect to the monthly minimum payments owing due to the lag in commencement of full-scale production which was not anticipated by the licensees at the time of signing of the MSSAs. The Company is working with its licensees to maximize the earliest possible time to market, reducing the need for the minimums intended for Company's cash flow management.

Distribution agreements for nutraceutical products
The Company also generates revenue from Distribution Agreements for QuickStrip™ nutraceutical products. For the 9 months ended November 30, 2019, the Company has recorded revenue of $40,206 for the sale of nutraceutical products The Company currently has distribution agreements with the following companies:

Distributor	**Territories**
TFB Associates Limited	Canada
Ukraine Pharma	Ukraine, Latvia, Russia, Belarus, Armenia, Azerbaijan, Bangladesh, Jordan, Kazakhstan, Kyrgyzstan, and Uzbekistan

Ukraine Pharma has signed a purchase order for US$4,000,000 of QuickStrip™ nutraceutical products. On January 26, 2020, Ukraine Pharma made a deposit payment of US$35,000 and the Company is currently waiting for Ukraine Pharma to obtain import regulatory approvals prior to the Company proceeding to complete the purchase order.

Micro-Processing Licence
On November 15, 2019, the Company was granted a micro-processing licence by Health Canada for its Burlington, Ontario facility in accordance with the Cannabis Act and Cannabis Regulations. The micro-processing licence will enable the Company to produce its QuickStrip™ infused with cannabis oil on site. The Company intends to use the licence to produce strips for the Canadian market under manufacturing agreements with Canadian licenced producers. The Company applied for its CRA excise tax licence in order to commence production at the time it receives its Health Canada licence; however, the CRA excise tax licence has not yet been received. The Company believes that it has complied with all requirements for the CRA excise tax licence.

The Company has entered into an agreement to produce QuickStrip™ for THRIVE Cannabis using their distillate to manufacture CBD and THC strips for the Canadian market. With the receipt of its micro-processing licence and the impending receipt of a CRA Excise Tax licence, the Company is positioned to initiate production of strips for THRIVE under the terms of this Agreement.

Corporate development
After continuing from British Columbia into Ontario on February 20, 2019, on March 1, 2019, the Company completed an amalgamation with its wholly-owned subsidiary Rapid Dose Therapeutics Inc.

Changes in key management personnel

Date	Change
April 10, 2019	Lino Fera resigned as Chief Financial Officer and Ian Fodie was appointed as his replacement
December 6, 2019	Mark Upsdell, Ken Fox and Don Sheldon were elected as directors
	Brian Howlett and Jason Lewis did not stand for re-election as directors
December 10, 2019	Ian Fodie resigned as Chief Financial Officer
December 11, 2019	Miles Nagamatsu was appointed as Interim Chief Financial Officer

Capital transactions
On March 11, 2019, the Company granted 4,526,000 stock options under the Company's stock option plan to certain directors, officers, employees and consultants, with each option entitling the holder to purchase one common share for $0.82 until March 11, 2024.

On July 24, 2019, the Company granted 1,000,000 stock options under the Company's stock option plan to certain officers and employees, with each option entitling the holder to purchase one common share for $0.82 until July 24, 2024.

On October 9, 2019 and October 30, 2019, the Company completed tranches of a non-brokered private placement of 1,276,108 common shares at a price of $0.70 per common share for gross proceeds of $893,276. Of the common shares issued, 227,857 common shares were issued to two directors and officers of the Company. In connection with the private placement, the Company paid a finders' fee of $35,369 and issued 17,684 warrants with each warrant entitling the holder to purchase one common share for $1.00 per common share until October 9, 2021.

Research
On August 20, 2019, the Company announced the commencement of a clinical research trial with the GI Research Institute and the University of British Columbia. The objective of this study is to evaluate the effectiveness of providing daily doses of QuickStrip™ Vitamin B12 oral thin film strips to Inflammatory Bowel Disease patients who are vitamin B12 deficient.

On September 12, 2019, the Company announced that the results of a bioanalytical research study conducted by the University of Nevada, Las Vegas were published in the scientific journal, Frontiers in Pharmacology. The Company's QuickStrip™ technology is an oral dispersible thin film drug-delivery system that rapidly delivers active medicinal agents directly to the bloodstream via transfer through the sublingual or buccal mucosa (mouth), bypassing metabolism of the active agent in the gastrointestinal tract. A bioanalytical study was conducted to evaluate the QuickStrip™ oral thin film delivery, in mice, of caffeine for onset time, bioavailability, and effects on the central nervous system as measured by high performance liquid chromatography and electroencephalogram ("EEG"), compared to direct administration into the stomach via the gavage method. The study showed that QuickStrip™ delivery resulted in higher serum levels of the active agent measured between 1 minute and 30 minutes following administration, and greater bioavailability compared to gavage. EEG results demonstrated that QuickStrip™ delivery of caffeine is rapidly absorbed, permitting quick and effective access to the central nervous system.

On January 23, 2020, the Company announced a new research partnership program entitled "Rapid Delivery of Therapeutics via Dissolution of Polymeric Films" with McMaster University, located in Hamilton, Ontario, Canada. The project will focus on developing novel biopolymer compositions that can offer enhanced drug delivery performance when formulated in oral dissolvable thin films. This research program has been awarded a NSERC Collaborative Research and Development grant by the Natural Sciences and Engineering Research Council of Canada. The Company will receive funding of $540,000 over three years commencing January 1, 2020.

Insurance
Due to the number and size of claims against companies involved in the cannabis industry, a number of insurers providing directors and officers liability insurance have decided not to insure businesses operating in the Company's sector. On December 23, 2019, the Company's insurer gave notice that they will not renew the Company's policy due to the fact the insurer is exiting the sector generally. The Company's policy will now expire on February 21, 2020. The Company is working with its insurance broker to secure a new insurer; however, there is no assurance that the Company will be able to secure coverage at a reasonable price.

Lawsuit against the Company dismissed
On March 5, 2019, the Company announced that it was successful in obtaining a summary judgment against CTT Pharmaceutical Holdings, Inc. dismissing CTT's lawsuit against the Company. CTT's attempts to appeal have been unsuccessful

Risks and Uncertainties
There are numerous and varied risks, known and unknown, that may prevent the Company from achieving its goals. If any of these risks occur, the Company's business, financial condition or results of operation may be adversely affected.

Going concern
The Company is an early stage company and has just started to generate revenue. As at November 30, 2019, the Company had a working capital deficit of $854,941 and, for the 9 months ended November 30, 2019, the Company recorded a loss of $6,079,933. The working capital deficit and losses limit the Company's ability to fund operations. As a result, there is significant doubt about the Company's ability to continue as a going concern.

The continued operation of the Company is dependent upon the support of its creditors and the Company's ability to secure advances from related parties and debt and equity financings to meet its existing obligations and finance it operations. The Company is actively seeking to raise the necessary advances and debt and equity financings; however, there is no assurance that the Company will be successful in these efforts.

Limited operating history
Because the Company has a limited operating history and is in an emerging area of business, investors should consider and evaluate its operating prospects in light of the risks and uncertainties frequently encountered by early-stage companies in rapidly evolving markets. These risks may include:

- risks that it may not have sufficient capital to achieve its growth strategy;
- risks that it may not develop its product and service offerings in a manner that enables it to be profitable and meet its customers' requirements;
- risks that its growth strategy may not be successful;
- risks that fluctuations in its operating results will be significant relative to its revenues;
- risks relating to different regulatory regimes in different jurisdictions; and
- risks relating to evolving and uncertain regulatory regimes.

The Company's future growth will depend substantially on its ability to address these and other risks described in this section and in its other continuous disclosure materials available on SEDAR and on the Company's website. If it does not successfully address these risks, its business may be significantly adversely affected.

Managing growth
In order to manage growth and change in strategy effectively, the Company must: (a) maintain adequate systems to meet customer demand; (b) expand sales and marketing, distribution capabilities and administrative functions; (c) expand the skills and capabilities of its current management team; and (d) attract and retain qualified employees. The inability of the Company to deal with this growth may have a material adverse effect on its business, financial condition, results of operations and prospects.

Competition
Because of the mature and competitive nature of the nutraceutical and pharmaceutical industries in which the Company will operate, the Company anticipates competition from large established competitors. As well, because of the early stage of the cannabis industry in which the Company will operate, the Company expects to face additional competition from new entrants. To become and remain competitive, the Company will require research and development, marketing, sales and support. The Company may not have sufficient resources to maintain research and development, marketing, sales and support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Retention, acquisition and integration of skilled personnel
The loss of any member of the Company's management team could have a material adverse effect on its business and results of operations. In addition, the inability to hire new personnel and the increased costs of hiring new personnel could have a material adverse effect on the Company's business and operating results. At present and for the near future, the Company will depend upon a relatively small number of key employees to develop, market, sell and support its products. The expansion of marketing and sales of its products will require the Company to find, hire and retain additional capable employees who can understand, explain, market and sell its products. There is intense competition for capable personnel and the Company may not be successful in attracting, training, integrating, motivating or retaining new personnel, vendors,

or subcontractors for these required functions. New employees often require significant training and, in many cases, take significant time before they achieve full productivity. As a result, the Company may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them. In addition, as the Company moves into new jurisdictions, it will need to attract and recruit skilled employees in those areas.

Legal proceedings
From time to time, the Company may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom it does business and other proceedings arising in the ordinary course of business. The Company will evaluate its exposure to these legal and regulatory proceedings and, where appropriate, establish reserves for the estimated liabilities in accordance with International Financial Reporting Standards. Assessing and predicting the outcome of these matters involves substantial uncertainties. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on the Company's financial results.

Regulatory compliance risks
Achievement of the Company's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company may not be able to obtain or maintain the necessary licenses, permits, authorizations or accreditations, or may only be able to do so at great cost, to operate its business. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by local governmental authorities. The impact of the compliance regime, any delays in obtaining, or failure to obtain or keep the regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, results of operations and financial condition of the Company.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Reliance on securing and maintaining agreements with licensed partners
The Company must secure service agreements with licensees that have obtained the requisite licenses with the appropriate regulatory authorities in the targeted jurisdictions to grow, store and sell cannabis products (“Licensees”). The failure of a Licensee to comply with the requirements of their license or to maintain their license would have a material adverse impact on the business, financial condition and operating results of the Company. There can be no guarantee that the applicable licenses will be maintained by Licensees or granted to other prospective Licensees in the future.

Product liability
As a distributor of products designed to be consumed by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused damages, loss or injury. In addition, the sale of the Company's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning health risks, possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could: i) result in increased costs; ii) adversely affect the Company's reputation with its Licensed Partners and consumers generally; and iii) have a material adverse effect on the results of operations and financial condition of the Company. There can be no assurance that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain 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.

Intellectual property
The Company has certain proprietary intellectual property, including but not limited to brands, trademarks, trade names, patent applications and proprietary processes. The Company relies on this intellectual property, know-how and other proprietary information, and generally requires employees, consultants and suppliers to sign confidentiality agreements. However, any confidentiality agreement may be breached, and the Company may not have adequate remedies for such breaches. Third parties may independently develop substantially equivalent proprietary information without infringing upon any of the Company's proprietary technology. Third parties may otherwise gain access to the Company's proprietary information and adopt it in a competitive manner. Any loss of intellectual property protection may have a material adverse effect on the Company's business, results of operations or prospects.

Unfavourable publicity or consumer perception
The success of the Company's products may be significantly influenced by the public's perception of marijuana's medicinal applications. Medical marijuana is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to medical marijuana will be favourable. The medical marijuana industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for medical marijuana is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of medical marijuana may have a material adverse effect on our operational results, consumer base and financial results.

Consumer acceptance
There can be no assurance that the Company will develop any product that will be met with widespread consumer acceptance. Both new and established products fail to generate consumer interest on a regular basis. There is no assurance that the Company's products will be successfully adopted by consumers at one time or will still be in demand in the future. If the Company cannot develop and sell products in commercial quantities, the Company's current strategy will fail.

Insurance coverage
The Company's production is, in general, subject to different risks and hazards, including adverse weather conditions, fires, other natural phenomena, industrial accidents, labour disputes, changes in the legal and regulatory framework applicable to the Company and environmental contingencies. Although management of the Company believes that the events and amounts of liability covered by its insurance policies will be reasonable, taking into account the risks relevant to its business, and the fact that agreements with users contain limitations of liability, there can be no assurance that such coverage will be available or sufficient to cover claims to which the Company may become subject. If insurance coverage is unavailable or insufficient to cover any such claims, the Company's financial resources, results of operations and prospects could be adversely affected.

Product recalls
Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall, remedial action and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if the Company is subject to recall, the image of the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by regulatory agencies, requiring further management attention, potential loss of applicable licenses and potential legal fees and other expenses.

Limited avenues to market and promote products
To be successful, the Company's business must be successfully marketed. The market for the Company's products and services has and is expected to grow significantly and may require substantial sales and marketing capability. The Company will be dependent on independent parties to market its products and services. There can be no assurance that the Company can continue to market or can enter into satisfactory arrangements with third parties to continue to market its products and services in a manner that would assure its growth and acceptance in the marketplace.

Global economy

Financial markets are influenced by the economic and market conditions in other countries, including the United States and other global markets. Although economic conditions in these countries may differ significantly from economic conditions in Canada, investor reactions to developments in these other countries may substantially affect the capital flows into and the market value of securities of issuers with operations in the United States and Canada.

Access to capital

In executing its business plan, the Company makes, and will continue to make, substantial investments and other expenditures related to acquisitions, research and development and marketing initiatives. Since its formation, the Company has financed these expenditures through equity offerings. The Company will have further capital requirements and other expenditures as it proceeds to expand its business and/or take advantage of opportunities for acquisitions or other business opportunities that may be presented to it. The Company may incur major unanticipated liabilities or expenses. The Company can provide no assurance that it will be able to obtain financing to meet its growth needs.

Foreign sales and currency risks

The Company's functional currency is denominated in Canadian dollars. The Company currently expects future sales will be denominated in Canadian and U.S. dollars and may, in the future, have sales denominated in the currencies of additional countries. In addition, the Company incurs the majority of its operating expenses in Canadian dollars. In the future, the proportion of the Company's sales that are international are expected to increase. Such sales may be subject to unexpected regulatory requirements and other barriers. Any fluctuation in the exchange rates of foreign currencies may negatively impact the Company's business, financial condition and results of operations. The Company has not previously engaged in foreign currency hedging. If the Company decides to hedge its foreign currency exposure, it may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide the Company from foreign currency fluctuations and can themselves result in losses.

Tax risks

The Company will operate and will be subject to income tax and other forms of taxation (which are not based upon income) in multiple tax jurisdictions. Taxation laws and rates which determine taxation expenses may vary significantly in different jurisdictions, and legislation governing taxation laws and rates is also subject to change. Therefore, the Company's earnings may be impacted by changes in the proportion of earnings taxed in different jurisdictions, changes in taxation rates, changes in estimates of liabilities and changes in the amount of other forms of taxation. The Company may have exposure to greater than anticipated tax liabilities or expenses. The Company will be subject to income taxes and non-income taxes in a variety of jurisdictions and its tax structure is subject to review by both domestic and foreign taxation authorities and the determination of the Company's provision for income taxes and other tax liabilities will require significant judgment.

Repatriation of profits

As a company holding the stock of operating subsidiaries in other jurisdictions, it is anticipated that a significant amount of the Company's funds will be generated by the Company's operating subsidiaries. The Company's subsidiaries are subject to requirements of various regulatory bodies, both domestically and internationally. Accordingly, if the Company's operating subsidiaries are unable, due to regulatory restrictions or otherwise, to pay dividends and make other payments to the Company when needed, the Company may be unable to satisfy the Company's obligations when they arise.

Discussion of Operations

Results of operations

	3 months ended November 30, 2019 $	3 months ended November 30, 2018 $	9 months ended November 30, 2019 $	9 months ended November 30, 2018 $
Revenue				
Installation of equipment	(893,952)	-	-	-
Nutraceuticals	3,479	2,206	40,206	2,206
Total revenue	(890,473)	2,206	40,206	2,206
Cost of goods sold	1,115	59	10,297	59
Gross margin	(891,588)	2,147	29,909	2,147
Operating expenses				
General and administrative	736,590	678,898	2,709,853	1,232,129
Legal and professional	30,693	129,683	202,302	182,450
Sales and marketing	108,155	59,457	514,643	109,068
Research and development	192,874	70,633	287,368	196,544
Stock-based compensation	446,395	–	2,648,169	–
Depreciation	319,381	69,394	299,413	90,720
Interest	66,053	–	66,053	–
	1,900,141	1,008,065	6,727,801	1,810,911
Loss from operations	(2,791,729)	(1,005,918)	(6,697,892)	(1,808,764)
Non-operating expenses				
Realized loss on short-term investments	–	–	(1,451)	–
Unrealized loss on short-term investments	(296,016)	–	(553,730)	–
Foreign exchange gain (loss)	80,341	–	141,772	–
Gain on sale of equipment	–	–	85,808	–
Interest income	–	–	17,159	–
Other income	(11,047)	–	14,514	–
Net loss before other comprehensive loss	(3,018,451)	(1,005,918)	(6,993,820)	(1,808,764)

9 months ended November 30

The Company is an early stage company and has just started to generate revenue. During the 9 months ended November 30, 2019, the Company incurred a net loss of $6,993,820 compared to a net loss of $1,808,764 for the comparative period in the previous year. The increase in the loss reflects the following factors:

1. Significant increases in general and administrative, sales and marketing, research and development expenses as a result of establishing its operations in new facilities and increasing development of the Company's intellectual property.
2. Increase in stock-based compensation reflects the fair value of stock options granted to directors, officers and consultants in the current year compared to no stock options granted in the comparative period of the previous year.
3. Increase in depreciation and interest as a result of the adoption of IFRS 16, *Leases*.
4. The Company accepted certain payments under an MSSA in common shares of a licensee. The fair value of those common shares declined, resulting in an unrealized loss of $553,730.

3 months ended November 30

During the 3 months ended November 30, 2019, the Company incurred a net loss of $3,018,451 compared to a net loss of $1,005,918 for the comparative period in the previous year. The increase in the loss reflects the following factors:

1. In the 6 months ended August 31, 2019, the Company recognized signing fees and fees for the installation of equipment of $893,952 as revenue on the completion of its performance obligation to install equipment. The Company has reviewed its policy for the recognition of revenue and IFRS 15, *Revenue from Contracts with Customers* and determined that amounts earned for signing fees and fees for the installation of equipment in accordance with the MSSA should be deferred and recognized as revenue over time, commencing as the Company completes all of its performance obligations under each MSSA. Accordingly, the Company reversed the revenue of $893,952 back to deferred revenue.
2. Significant increases in general and administrative, sales and marketing, research and development expenses as a result of increased staffing, new premises establishing its operations in new facilities and increasing development of the Company's intellectual property.

3. Increase in stock-based compensation reflects the fair value of stock options granted to directors, officers and consultants in the current year compared to no stock options granted in the comparative period of the previous year.
4. Increase in depreciation and interest as a result of the adoption of IFRS 16, *Leases*.
5. The Company accepted certain payments under an MSSA in common shares of a licensees. The fair value of those shares declined, resulting in an unrealized loss of $296,016.

Summary of Quarterly Results

	Q4 2018 $	Q1 2019 $	Q2 2019 $	Q3 2019 $	Q4 2019 $ (note 1)	Q1 2020 $ (note 2)	Q2 2020 $ (note 3)	Q3 2020 $ (note 3)
Revenue	–	–	–	–	–	16,187	914,492	(890,473)
Loss								
- Total	1,501,862	298,519	504,327	1,005,918	9,602,280	3,098,052	1,093,074	2,815,381
- Per share	0.03	0.01	0.01	0.02	0.12	0.04	0.01	0.04

Notes
1. Q4 2019 included listing expense of $8,206,424 related to the reverse takeover transaction between the Company and Acme Resources Ltd.
2. Q1 2020 included stock-based compensation of $1,739,984.
3. In Q2 2020, the Company recognized signing fees and fees for the installation of equipment of $893,952 as revenue on the completion of its performance obligation to install equipment. The Company has reviewed its policy for the recognition of revenue and IFRS 15, *Revenue from Contracts with Customers* and determined that amounts earned for signing fees and fees for the installation of equipment in accordance with the MSSA should be deferred and recognized as revenue over time, commencing as the Company completes all of its performance obligations under each MSSA. Accordingly, in Q3 2020, the Company reversed the revenue of $893,952 back to deferred revenue. Q2 2020 also included stock-based compensation of $441,790.

Liquidity and Capital Resources
As the Company is an early stage company and has just started to generate revenue, the Company has financed its operations with equity financings.

At November 30, 2019, the Company had a working capital deficit of $451,793 and for the 9 months ended November 30, 2019, the Company incurred a loss of $6,993,820. Working capital included cash of $22,641, short-term investments of $54,623 and amounts receivable of $366,943 and accounts payable and accrued liabilities of $1,003,900.

For the 9 months ended November 30, 2019, the Company had an average monthly cash burn rate of approximately $415,000. Effective December 1, 2019, the Chief Executive Officer and Senior Vice President deferred the payment of their respective salaries and the Company took steps to further reduce the monthly cash burn rate by reducing the level of expenditures, For the period commencing December 1, 2019, the Company estimates that its monthly cash burn rate is less than $300,000 per month.

Management believes that the Company does not have sufficient liquidity and capital resources as at November 30, 2019 and as at January 29, 2020 to meet its existing obligations, to fund its working capital requirements and to execute its business plan. At this point, the Company is dependent upon the support of its creditors and the Company's ability to secure advances from related parties and to complete debt and equity financings. The Company is actively working to secure advances from related parties and to complete debt and equity financings, however, there is no assurance that the Company will be successful in these efforts.

Management is of the opinion that sufficient working capital will be obtained from advances from related parties and equity financings to meet the Company's liabilities and commitments as they become due.

Transactions with Related Parties

	9 months ended November 30, 2019		
	Salary $	**Stock-based compensation** $	**Total** $
Mark Upsdell, for his services as Chief Executive Officer	211,923	493,000	704,923
Jason Lewis for his services as Senior Vice President, Business Development	169,538	468,350	637,888
Lino Fera for his services as Chief Financial Officer until the date of his resignation on April 10, 2019	41,231	–	41,231
Ian Fodie for his services as Chief Financial Officer from the date of his appointment on April 10, 2019 until his resignation on December 10, 2019	143,423	298,800	442,223
Brian Howlett for his services as a director	–	98,600	–
Ken Fox for his services as a director	–	98,600	–
	566,115	1,457,350	2,023,465

Changes in accounting policies including initial adoption

On March 1, 2019, the Company adopted *IFRS 16, Leases* ("IFRS 16"). According to IFRS 16, a contract is or contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. With exceptions for certain short-term leases and leases of low-value assets, IFRS 16 requires a lessee to recognize lease contracts as a right-of-use asset representing its right to use an identified asset for a period of time and a lease liability representing its obligation to make lease payments.

The Company has applied IFRS 16 using the modified retrospective approach, with the cumulative effect of initially applying the standard as an adjustment to retained earnings and no restatement of comparative information which continues to be reported under *IAS 17, Leases*. The Company is a party to one lease for office premises.

The right-of-use asset is initially measured at cost, which comprises the amount of the initial measurement of the lease liability and any lease payments made at or before the commencement date. Right-of-use assets are subsequently depreciated from the commencement date of the lease to the earlier of the end of the lease term or the end of the useful life of the asset. The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

The lease liability is initially recognized as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset. The lease liability is subsequently measured by reducing the carrying amount to reflect lease payments made and to reflect any reassessments or modifications.

At March 1, 2019, the impact of adopting IFRS 16 on the Company's statement of financial position was as follows:

	$
Assets	
Non-current	
Right-of-use asset	1,466,516
Liabilities	
Current	
Current portion of lease liability	243,548
Non-current	
Lease liability	1,222,967
	1,466,516

Financial Instruments and Other Instruments
A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Cash, amounts receivable and accounts payable and accrued liabilities
The fair values of cash, amounts receivable and accounts payable and accrued liabilities at November 30, 2019 approximated their respective carrying values due to their short term to maturity.

Short-term investments
The fair value of short-term investments is estimated based on observable inputs.

Classification of fair value of financial instruments
The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:
Level 1: quoted prices in active markets for identical assets and liabilities;
Level 2: inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
Level 3: inputs for the asset or liability that are not based on observable market data.

Short-term investments are classified as Level 1 financial assets.

Financial risk management
The Company's activities expose it to a variety of financial risks that arise as a result of its activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout the Company’s financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk
Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company’s customers are subject to an internal credit review, together with ongoing monitoring of the amount and age of balances in order to minimize the risk of non-payment. The carrying amount of accounts receivable reflects the maximum credit exposure and management’s assessment of the credit risk.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company’s approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due. The continued operation of the Company is dependent upon the Company’s ability to secure equity financing to meet its existing obligations and finance operations. Accounts payable and accrued liabilities are subject to normal trade terms.

Market risk
Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates and interest rates will affect the Company’s income or the value of its financial instruments.

Equity price risk
Equity price risk arises from the Company’s marketable securities. The Company’s approach to managing equity price risk is to optimize the return from its marketable securities within acceptable parameters for equity price risk. The Company estimates that if the fair value of its marketable securities as at November 30, 2019 had changed by 10%, with all other variables held constant, the income would have increased or decreased by $5,462.

Currency risk
Currency risk arises from financial instruments and sales and purchases that are denominated in a currency other than the Canadian dollar, the Company's functional currency. The Company operates in Canada and the United States and the Company incurs the majority of its operating expenses in Canadian dollars. In the future, the proportion of international sales is expected to increase. Any fluctuation in the exchange rates of foreign currencies may negatively impact the Company's business, financial condition and results of operations. The Company manages risk to foreign currency exposure by monitoring financial assets and liabilities denominated in US dollars and exchange rates on an ongoing basis. The Company has not engaged in foreign currency hedging.

Interest rate risk
The Company's exposure to interest rate risk is limited due to the short-term nature of its financial instruments.

Material assumptions and risk factors for forward-looking statements
The following table outlines certain forward-looking statements contained in this MD&A and provides material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Page	Forward-looking statement	Assumption	Risk factor
9	Liquidity and Capital Resources "Management is of the opinion that sufficient working capital will be obtained from advances from related parties and equity financings to meet the Company's liabilities and commitments as they become due."	Advances from related parties and equity financings will be obtained and such advances and financings will be in sufficient amounts to meet the Company's liabilities and commitments as they come due.	The Company is unable to obtain future financing to meet its liabilities and commitments as they become due.

Other Information

Additional disclosure for venture companies without significant revenue
The following table sets forth a breakdown of material components of the general and administrative costs of the Company:

General and administrative expenses

	9 months ended November 30,	
	2019	**2018**
	$	**$**
Salaries, consulting fees and benefits	2,204,869	935,307
Premises	55,670	48,884
Travel	201,783	44,446
Other	247,531	203,492
	2,709,853	1,232,129

Shares outstanding as at January 29, 2020
Authorized:
An unlimited number of common shares without par value.

Outstanding:
77,067,435 common shares.

Stock options
Authorized:
7,706,743 stock options, representing 10% of the issued and outstanding common shares.

Outstanding:

Exercise price	Expiry date	Number of stock options issued	Number of stock options exercisable
$0.82	March 11, 2024	4,186,000	4,186,000
$0.82	July 29, 2024	500,000	333,333
		4,686,000	4,519,333

Warrants
Outstanding:

Exercise price	Expiry date	Number of warrants
$1.00	October 9, 2021	17,684