Rapid Dose Therapeutics Corp.

Management's Discussion and Analysis

February 28, 2021

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 year ended February 28,2021 and should be read in conjunction with the audited 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 August 24, 2021. 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 24 for Material assumptions and risk factors for forward-looking statements.

The Company

The Company is a Canadian life-sciences corporation that presently has one business segment: the manufacturing and distribution of innovative, proprietary, drug-delivery technologies. The Company owns several proprietary metered dosage technologies including an oral fast-dissolving drug delivery system, QuickStrip™, which is capable of rapidly releasing into the blood stream a growing list of active ingredients including pharmaceuticals. 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

For the year ended February 29, 2021, the Company recognized revenue of $262,805, incurred a loss of $2,297,654 and as at February 29, 2021, the Company had a working capital deficiency of $3,942,756. The Company expects losses to continue in the near term as it completes the final stages of its preparations for global product launches in nutraceuticals, pharmaceuticals, cannabis and vaccines. 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. During the year, the Company financed it operations with debt of $1,100,000, of which $600,000 was repaid in March 2021, and also financed the Company with proceeds from a non-brokered private placement of $899,843. Subsequent to year end, the Company acquired the shares of 2544737 Ontario Inc., operating as Consolidated Craft Brands ("CCB") and through amalgamation created a wholly owned subsidiary Consolidated Craft Brands Inc. with cash on deposit of $1,864,000 available for funding the Company's consolidated operations. In July of 2021, the exercise of warrants issued as part of the acquisition of 2544737 Ontario Inc. raised an additional $711,750 through the issue of 1,898,000 common shares. The Company continues to actively work 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.

In spite of the dramatic negative effects of the global novel coronavirus pandemic on both the Canadian and global economy, RDT managed to continue generating growth for the full fiscal year, increasing gross annual revenues year over year by 159%, while reducing operating expenses by 68%. In response to the broad pullback in capital markets' support of emerging cannabis companies, the Company has been conserving its limited cash resources to focus on the launch of various new product line extensions occurring in the 2022 fiscal year into both the regulated cannabis market and through conventional CPG retailers.

The Company has focused on accessing distribution channel and marketing support for the cannabis product listings by entering into manufacturing and distribution agreements with Licensed Producers providing co-branding opportunities for the Company's oral thin film strips. Production and sales commenced in the 4th Quarter and continue into the current fiscal year on a continually increasing production basis. The products are now being sold through provincial cannabis distribution systems and into the Canadian medical cannabis market.

The global outbreak of the novel coronavirus, COVID-19, had an impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. Retail store closures effectively halted the spring 2020 rollout of nutraceutical products. The Company's operations were impacted in the USA by COVID-19 where our partner Licensees were unable to produce strips under their MSS Agreements due to the uncertainty of production staff availability and depressed markets for product launches.

The COVID-19 pandemic enabled management to reassess the existing business model. In Canada, the Company was able to quickly adjust its day-to-day operations to mitigate the reduced business activity. It obtained assistance through several government sponsored funding initiatives to bring back staff in June 2020 after the initial March 2020 layoff. With the return of staff, the Company focused on its process improvement program for strip production with resulting qualitative improvements to both its production process and products. The Company qualified for and received assistance from the federal government's IRAP program which was used to support the employees' time and labour costs required for the scale-up of commercial production enabling the Company to initiate its strips sales five months later.

The Company determined that the Licensees would not be able to meet the Company's updated process standards for production quality without significant testing time, equipment re-tooling and costs. COVID travel restrictions prevented on-site training and quality control testing by the Company's trainers. The Company, after discussions with it licensees, terminated the MSS Agreements on February 15 2021 without termination costs or penalties required by the parties and began moving the equipment to alternate facilities for re-deployment under more direct Company production control.

The Company focused its applied research on drug delivery and cannabis applications resulting in the filing of one non-provisional and one provisional patent by the Company and its research collaborators. The applications each have begun generating revenue in 2021 - a very short turnaround period from ideation to product sales.

In August 2020, the Company initiated collaborative research with its university partner, McMaster University into the development of an oral delivery system for COVID-19 vaccines. The Company has brought in other collaborative partners to the project supplying the materials required to develop and test mRNA and spike protein within the polymer strip matrix.

In November 2020, the Company signed an agreement with ESJ Enterprises, LLC. “Isolera” in the USA to license the Company’s Intellectual Property: a process for producing Ultrapure THC™ Distillate by converting low-cost CBD from Hemp into a high margin pharmaceutical grade THC. This technology produces a verifiable and highly repeatable ultrapure THC distillate of the highest quality available and creates the opportunity to develop cannabis pharmaceuticals using a high-quality low-cost THC output from hemp.

Acquisition of Consolidated Craft Brands
On March 19 2021, the Company completed the business combination of 2544737 Ontario Inc. forming a wholly owned subsidiary Consolidated Craft Brands Inc. with net assets of $3,058,000, including cash on hand of $1,864,000. In addition to the cash and assets, the Company acquired a Health Canada Research and Development License and a transferable ACMPR late stage standard processing application with Health Canada and the support of the Indigenous Navigator services, two provisional patent applications for metered dose dissolvable tablets. The Company also has access to the formulations for a suite of approved topical lotions and therapeutic creams that are currently sold nationally and will form part of the Company’s CCB product launches the 2022 fiscal year.

Capital Transactions

Private placement
(i) On December 16 2020, the Company raised $899,843 through a non-brokered private placement offering consisting of the issuance of 3,599,370 common share units at a price of $0.25 per common share. In connection with the private placement, the Company paid finders’ fees of $87,150 and issued 3,599,370 warrants with each warrant entitling the holder to purchase one common share for $0.40 per common share until December 16 2022.

(ii) 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.

Warrants
(i) In July 2021, one million eight hundred and ninety-eight thousand (1,898,000) warrants were exercised at a price of $0.375 for proceeds of $711,750. The Company issued 1,898,000 common shares in exchange in accordance with the original subscription agreements.

(ii) On March 29 2021, pursuant to an Advisory Agreement, the Company issued 200,000 Warrants having a two-year term and exercisable during that term at $0.21 each. On June 3, 2021, the Company issued a further 200,000 Warrants pursuant to the same agreement having a two-year term and exercisable during that term at $0.21 each;

(iii) On March 29 2021, the Company issued 200,000 Warrants pursuant to a Public Relations Services Agreement having a two-year term and exercisable during that term at $0.24 each;

(iv) In connection with the non-brokered private placement of 1,276,108 commons shares which closed on October 31 2019, the Company 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. These warrants were not exercised and have expired.

Share Options

(iii) On July 29 2021, pursuant to its Stock Option Plan, the Company granted incentive stock options to acquire 2,100,000 common shares at an exercise price of $0.65 per share. Each has a term of 5 years and vest equally every six months over the first two years of the term except for options granted to Investor Relations Consultants whereby the options vest one-half after one year with the other one-half vesting every six months of year two of the term;

(iv) On March 29 2021, pursuant to its Stock Option Plan, the Company granted incentive stock options to acquire 4,490,000 common shares at an exercise price of $0.24 per share. Each has a term of two years and vests equally every six months over the term;

(v) On July 29 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 29, 2024.

(vi) 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.

Credit facility

On August 24 2020, with the assistance of the Company's financial advisor, Leede Jones Gable Inc., the Company received a commitment for a loan of $3,000,000 which will be: (a) interest-bearing at the rate of 12% per annum on the initial advances of $1,500,000 and 10% per annum on the remaining $1,500,000 payable quarterly in arrears; (b) secured by a general security agreement over all of the Company's assets; (c) repayable by the Company at any time; and (d) due on August 24 2023. On August 11 2020, the Company received an advance of $500,000 and the remaining $2,500,000 of the loan facility is available in tranches of $500,000 within 15 days of notice provided by the Company to the lender. The funds are to be used to support the rapid expansion into new markets, the roll out of the Company's production, provide operating capital for its trade credit and to finance special projects in conjunction with the Company's strategic business growth strategies.

COVID-19

Results for the year ended February 29 2021 were directly affected by COVID-19. In March 2020, the Company curtailed its operations and issued temporary lay-off notices to almost all of the Company's employees. In June 2020, the Company completed the recall of its laid-off employees and hired additional personnel to begin the commercial production testing and process improvement projects.

The Company received financial assistance provided by the Canada Emergency Wage Subsidy ("CEWS") and the Canada Emergency Rent Subsidy ("CERS") assistance programs. The programs were conditional upon complying with certain qualification requirements which the Company met during the period May 1 2020 to December 15 2020. Subsequent to December 15 2020, the Company's sales attained a sales level which no longer qualified the Company for the subsidies. The subsidies, which were paid directly to the Company by the Government of Canada amounted to: CEWS $352,503 & CERS $54,550.

Covid-19 delayed the efforts of the Company to generate revenues by adversely affecting the initiatives of the Company and its customers to manufacture and launch QuickStrip™ products to the market. A nutraceutical product launch which had commenced in Canada in February 2020 ended in March 2020 as the store retailers closed for business. The nutraceutical product strategy was revamped during 2020 through testing on-line sales channels, determining the type of nutraceutical products best suited to on-line marketing and the extent of costs and logistic requirements of on-line distribution partners. The experiences of 2020 have resulted in executed agreements in fiscal year 2022 as an integral part of the nutraceutical sales and marketing strategy. (See Distributor Agreements, page 8).

The Company introduced COVID protocols and processes to ensure continuing operations throughout the pandemic. The Company has not experienced direct staff exposures in its facility and was praised by the Ministry of Labour during a standard process surprise inspection in May 2021 for adherence to government

mandated rules, regulations and recommendations impacting the safety of employees and the containment of COVID 19 in Ontario, Canada. The Company continues to monitor the situation closely and is prepared to respond quickly and appropriately to the rapidly changing nature of this pandemic.

Collaborative Research

In May 2021, the Company, McMaster University and the National Research Council (NRC) entered into a three-way material transfer agreement which provided the research team at McMaster University with the Covid-19 spike protein in sufficient quantities to enable animal testing of the QuickStrip™ infused with the spike protein for the purpose of determining the capabilities of developing antibodies from this vaccine delivery method alternative. See COVD-19 research & development project, page 7.

On December 10 2020, the Company filed a provisional patent application with USPTO for a "Therapeutic Infused Beverage Straw" in conjunction with its commercial partner WG Group. This filing is a result from the collaborative development project wherein the Company developed a cannabis infusing beverage straw. The technology can be used to infuse a variety of different active ingredients within the straw, for dissolution with the drinking of the beverage.

On July 21 2020, the Company announced the commencement of COVID-19 vaccine research in conjunction with McMaster University and the team lead by Drs. Alex Adronov, James Mahony and Mark Larché. The federally funded project tests the use of QuickStrip™ for administering vaccines orally as a convenient and safe alternative to injection with needles, the currently accepted delivery format for most vaccines.

On June 19 2020, the Company filed a non-provisional patent with the USPTO for an "Apparatus for and method of converting CBD and/or CBD derivatives to at least one other type of cannabinoid and/or cannabinoid derivative such as THC". In conjunction with McMaster University and the team lead by Dr. James McNulty, RDT has discovered a new and efficient way to create THC from CBD. This selective method can generate delta 8 or delta 9 THC. The project's research has continued on subsequent to the non-provisional patent filing with continuing input from the Company's science research team.

On February 4 2020, the Company secured government funding of $400,000 from The National Research Council of Canada Industrial Research Assistance to support a project focused on commercial development and scale-up manufacturing of cannabis infused QuickStrip™ oral dissolvable film strips. The funding will help the Company to augment product development as well as enhance its manufacturing competency while creating new jobs and training skilled technical employees.

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.

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.

COVD-19 research & development project
The challenges of dealing with delivery of COVID-19 vaccines throughout the world has reaffirmed the importance of the need for an alternative delivery of the vaccines, the focus of the collaborative oral delivery system for COVID-19 vaccines research with its university partner, McMaster University. The Company has allocated financial resources, test equipment, research staff and business development expertise and relationships to accelerate the research, testing and to address the opportunities for commercialization. The Company executed significantly important agreements with the University and with material supply partners to ensure the research process utilized only the most relevant test materials for analyzing immune responses.

In May 2021, the Company, McMaster University and the National Research Council (NRC) entered into a three-way material transfer agreement which provided the research team at McMaster University with the Covid-19 spike protein in sufficient quantities to enable animal testing of the QuickStrip™ infused with the spike protein for the purpose of determining the capabilities of developing antibodies from this vaccine delivery method. The COVID pandemic has provided a unique opportunity for the Company to exploit their flagship QuickStrip™ technology as an efficient and effective vaccine delivery method for a variety of viruses including COVID, SARS, Ebola, Yellow Fever and Malaria. The use of the QuickStrip™ simplifies the logistics challenges of delivering vaccines to the world's most remote communities by eliminating the cost and access to freezer storage and eliminating the requirement to allocate health care professionals for administering needles. The Company is confident that suitable partners in the pharmaceutical industry will be anxious to test infusing their own vaccine formulations into the QuickStrip™ format.

The Company is continuing to develop its commercialization opportunities during the testing phases to ensure that, with successful outcomes, the Company is prepared to execute a go to market plan that covers the shortest possible timelines within the constraints of the regulatory processes for applying and approving a vaccine delivery alternative.

Social Responsibility
The Company fosters an environment of social responsibility in every aspect of the business which promotes tolerance, acceptance and care of People, Products and the Planet. The Company remains committed to discovering ways to mitigate excess packaging (within the regulations), reduce overall waste, and find environmental solutions that align with its mission to make an impactful difference in the lives of its customers. As the Company's plan for the introduction of new Cannabis 2.0 regulated products and non-regulated Hemp topical lotions continue to evolve, research into the various packaging methods have been successful in developing novel formats that encourage environmental responsibility. The Company also continues to reinforce the concept of a remote, flexible workplace, which allows each team member to function from their remote locations and limit face to face meetings to respond to the pandemic safety measures as well as commit to reducing our carbon footprint in as many ways as possible.

In July 2021, RDT consummated an ongoing consulting relationship with A.B. Strategic Ventures (ABSV) in the form of an Individual Contractor Agreement for consulting services. ABSV is an Indigenous consulting firm focused on activating economic development opportunities for its First Nation clientele. ABSV has completed work for over 50 First Nations as project lead and has Joint Ventures with various First Nations business communities. ABSV was a lead party in the RDT-CCB amalgamation, responsible for providing consulting services to the First Nation investors of CCB and ensuring RDT enjoys all the benefits of Indigenous Ownership and access to funding initiatives including access to Health Canada Indigenous Navigator Services.

Distributor agreements
The Company has entered several supply and sales agreements during the first quarter (March – May 2021) of its Fiscal Year 2022. These agreements provide opportunities to sell the Company's existing nutraceutical products in Canada and the United Kingdom and cannabis products throughout the Canadian provinces. In addition, the agreements provide the subsidiary, CCB, with distributors for existing and developing product portfolio.

Distributor	Date of agreement	Term	Territory
ANCAR Canada Limited	May 2, 2021	2 years	Canada and United States

ANCAR is developing a convenience stores retail channel for nutraceutical products.

Oakland Health	May 26, 2021	3 years	United Kingdom

Oakland Health is developing a retail chain presence in the UK offering a suite of the Company's products. Oakland Health initiated the application for approval of the Company's CBD from hemp product with the FSA under the Novel Foods Act. The application was submitted in March 2020 and is still in the approval process.

In March 2021 the Company filed for approval of its CBD strip from hemp products with the UK Food Standards Agency (FSA), meeting the deadline for submission for a validated Novel Food application (NFA). Brands that are not compliant with the Novel Foods Regime will be removed form shelves according to the FSA. The Novel Foods process is costly and time consuming. From the date an application is submitted, it can take two years before final approval is granted.

MapleX	March 19 2021	12 months	Canada and USA

MapleX has become the Company's partner for Amazon and Walmart on-line sales. MapleX assists in all facets of the production, purchase and sales process for the Company's MapleX branded castile soap body wash product line.

Cannmart Inc.	June 1 2021	12 months	Canada

The Company entered into an exclusive agreement with Cannmart providing Cannmart the right to sell the Company's cannabis products into the provincial cannabis distribution systems. The approval process involves submissions in progress for product/packaging approvals at both the Health Canada and the provincial regulatory organization levels.

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 cannabis infused QuickStrip™ products for the Canadian market under manufacturing agreements with Canadian licensed producers.

On February 21, 2020, the Company received an excise tax licence granted by the Canada Revenue Agency. The excise tax licence will allow the Company to accept delivery of cannabis oil from its customers for the production of QuickStrip™ which will be delivered back to the customers.
Health Canada audit for cannabis sales licence

In July 2021 the Company was audited by Cannabis Directorate of Health Canada for the purpose of obtaining a full cannabis sales licence. The follow-on Inspection Report issued August 13th 2021 contained no major or critical observations. The application sales licence approval is expected within thirty days. The sales licence enables the Company to sell directly to the Canadian provincial distributors for the recreational cannabis market where the product is not otherwise distributed by Cannmart.

Managed Strip Services Agreements for cannabis products, international markets

The Company anticipated it would generate ongoing 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 had received payments under the licenses prior to production start of amounting to USD$795,000 which was recognized as deferred revenue for amortizing over the life of the contract.

The Company had MSSAs with the following companies:

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

The MSSA with Aphria Inc. ("Aphria") signed on November 1 2018, was amended to end Aphria's exclusivity in Canada and global exclusive preferred vendor status which will allow the Company to reach more Canadian medical and recreational users than available through a single customer strategy and enter new markets with other licensed producers. Aphria returned the QuickStrip™ production equipment systems and the Company began producing QuickStrip™ products for Tilray/Aphria (see page 10, *Manufacturing agreements*) in the Company's Burlington Ontario facility.

The installation and commissioning of QuickStrip™ production equipment was completed in Puerto Rico and Nevada in the fall of 2019. 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. Product testing and initial sample production had been completed; however, full-scale production did not commence 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, a hurricane and earthquake in late 2019.

Each company was unable to commence planned production of product in early 2020 as the companies were dramatically curtailed by COVID-19 in their licensed territories. Las Vegas, in particular experienced a virtual shut down of its tourist industry in 2020, the market targeted for strip production.

Chemesis was unable to follow through on its MSS expansion plans in California and Michigan. Its Puerto Rico operations were also shut down and unable to re-start its MSS production plans due to its need to re-market and focus on its existing products.

In February 2021, the Company and its Licensee's agreed to mutually terminate the MSS Agreements. The Companies agreed that no financial compensation was required to be paid to or by each of the parties. The Company's equipment in Las Vegas was returned to the Company's Canadian facility in March 2021 and put into production. The Company's equipment in Puerto Rico is being returned to the mainland as production ready equipment.

With the termination of these Agreements, the Company has effectively transitioned from this model at no cost to regain full control of the manufacturing processes. The termination of these agreements are aligned with the business strategy developed over the prior two years which required the build out of the cannabis production facility, the successful application for a micro-processing licence and the development of the commercial scale strip production process for cannabis products. The Company is now positioned to do its own production and product selling rather than outsource production and sales to Licensees under the MSSA service fee model. The complexity of the production process and need for quality control with high quantity production can only be obtained using best practices technical equipment, skills and processes. The Health Canada audit findings released to the Company in August 2021 provide evidentiary support that the Company undertook the correct strategy alignment for producing and selling cannabis products.

The deferred revenue arising from the payments to the Company by the Licensees amounts to $1,394,525 as at February 28 2021 and will be recognized in the fiscal year ending February 28, 2022 in the Company's consolidated statements of income or loss as Gain on Settlement of Terminated Contracts.

Manufacturing Agreements
The Company has begun manufacturing private label QuickStrip™ products for the Canadian market at its facilities located in Burlington, Ontario.
The Company has manufacturing agreements with the following companies:

Licensed Producer	Date of agreement	Term	Products	Territory
Thrive Cannabis	August 8, 2019	5 years	CBD and THC products for medical and recreational markets	Canada
Aphria Inc.	June 3, 2020	5 years	CBD, and THC products for medical and recreational markets	Canada

Thrive
The Company produces CBD and THC QuickStrip™ products for Thrive which have been introduced by Thrive throughout Canada into the recreational cannabis market commencing in January 2021 QuickStrip produced products are sold by Thrive under the “Being” brand.

Tilray (Aphria)
The Company has a long relationship with Aphria and have been collaboratively working with their product development team on creating a range of flavoured products powered by QuickStrip™. Production of Aphria strips began in May 2021 on receipt of an initial Purchase Order for delivery of 1,118,000 strips. Subsequent to the delivery of the Purchase Order, Aphria merged with Tilray operating under Tilray. All agreements with Aphria continued under the merged entity.

Changes in key management personnel

Date	Change
March 19, 2021	Thomas Bryson was appointed President of Rapid dose Therapeutics Corp.
August 13, 2020	Peter Thilo Hasler was appointed as a director.
May 29, 2020	Ken Fox resigned as a director.
February 28, 2020	Doug Hyland was named interim Chief Financial Officer (“CFO”) to hold the position until such time as a replacement CFO was appointed.
February 20, 2020	Donald Sheldon resigned as a director and Miles Nagamatsu resigned as Chief Financial Officer.

Management Cease Trade Order June 2021
A management cease trade order was granted on June 29 2021 (the “**MCTO**”) by its principal regulator, the Ontario Securities Commission, in accordance with the alternative information guidelines under National Policy 12-203 - *Management Cease Trade Orders* ("**NP 12-203**"), following the Company’s announcement on June 18 2021 that it would be unable to file its annual audited financial statements, annual management's discussion and analysis and related certifications for the year ended February 28 2021, (collectively, the "**Annual Financial Documents**") on June 28 2021, as required under applicable securities laws.

Management expects that the completion of the Annual Filings will automatically initiate a review process by the Ontario Securities Commission without any application by the Company and it is expected that the MCTO will be revoked provided the Company has filed all of its interim financial statements and corresponding management’s discussion & analysis together with officers’ certificates that have subsequently become due.

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 (“D&O”) have decided not to insure businesses operating in the Company’s sector. On December 23 2019, the Company’s insurer gave notice that they would not renew the Company’s D&O policy due to the fact the insurer is exiting the sector generally and

the Company's policy expired 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 D&O coverage at a reasonable price.

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
These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company is in its early stages of growth and has just started to generate revenue. As at February 28 2021, the Company had a working capital deficiency of $3,942,756 (as at February 29 2020 - working capital deficiency of $3,064,808) and for the year ended February 28 2021, the Company recorded a loss of $2,297,654 (2020 - $7,964,616). The working capital deficiency and losses limit the Company's ability to fund its operations.

The continued operation of the Company is dependent upon the Company's ability to secure equity financing to meet its existing obligations and finance its operations. The Company is actively seeking to raise the necessary equity financing, however, there can be no assurance that additional equity financing will be available.

The outbreak of the novel strain of coronavirus, specifically identified as COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was deemed inappropriate. Such adjustments could be material.

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
Due to the nature of the Company's proprietary delivery system and the multiple barriers of entry, the Company has very few competitors in the nutraceutical and pharmaceutical sectors in which the Company operates. The Company anticipates very little initial competition from large, well trenched industry competitors. The Company expects to have very limited competition from new entrants. To become and remain competitive, the Company will continue its research and development, marketing, sales and support. The Company does not currently have sufficient resources to finance all of the research and development, marketing and sales support efforts which may be required to gain significant market penetration in each of its vertical markets. The inability to remain competitive as the product lines mature could materially 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. The company requires all customers, partners and organizations that receive any materials from the Company to sign a Material Transfer Agreement acknowledging the Intellectual property confidentiality, Company ownership and authorized usage 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 number 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.

Selected Financial Information
(For the year ended February 28, 2021, and February 29, 2020)
The following tables show selected financial information for the year ended and as at February 28, 2021, compared to the year ended and as at February 29, 2020. The selected financial information set out below may not be indicative of the Company's future performance. The information contained in each table should be read in conjunction with the Company's Consolidated Financial Statements and related notes.

Summary Information (expressed in thousands of Canadian dollars)	(audited) As at & for the year ended February 28, 2021	 As at & for the year ended February 29, 2020
	$	$
Current assets	798	413
Non-current asset	3,034	3,876
Current liabilities	4,740	3,478
Non-current liabilities	674	959
Revenue	263	101
Net loss for the period	2,298	7,965
Shareholder's deficiency	(1,582)	(148)

Results of Operations
The Company recorded a net loss of $2,297,654 for the year ended February 28 2021 compared to a net loss of $7,964,616 for the year ended February 29 2020.

The following Table provides a more detailed break-down of the Company's financial results for the year ended February 28, 2021, compared to the year ended February 29 2020.

(audited) (expressed in thousands of Canadian dollars)	**For the year ended, February 28, 2021**	**For the year ended, February 29, 2020**
	$	**$**
Revenue	263	101
Cost of sales	55	64
Gross Profit	**208**	**37**
Operating Expenses		
Personnel	783	2,483
Stock-based compensation	-	2,636
General and administrative	210	710
Depreciation	676	484
Professional fees	312	327
Sales and marketing	163	456
Research and development	85	273
Travel	36	174
Inventory provision	70	-
Interest	143	108
Total operating expenses	**2,478**	**7,651**
Loss before other income (expenses)	**(2,270)**	**(7,614)**

Other Income (Loss) and (expenses):		
Realized loss on short-term investments		(570)
Foreign exchange gain	28	25
Gain on sale of equipment		86
Interest income		17
Other income		91
Net Loss before other comprehensive loss	**(2,298)**	**(7,965)**
Currency translation adjustment	51	(4)
Net comprehensive loss	**(2,349)**	**(7,969)**

Years ended February 28, 2021 & February 29,2020

The decrease in the loss primarily reflects the foregoing decrease in expenses:

1. There were no stock options granted during the current fiscal year to directors, officers and consultants. Stock options amounting to $2,635,827 were granted in the comparative year.
2. Staff and personnel expenses were reduced initially by a decision of the executive team to provide their services for nominal compensation during the year.
3. Staff payroll was further reduced during the March 20, 2020 to July 4, 2020 staff layoff period by a total of $90,000.
4. Payroll expenses were offset by the CEWS payroll relief program. The Company received cash proceeds of $352,503 from the Federal Government program during the period April 15, 2020 to December 15, 2020.
5. The implementation of the Federal Government IRAP program in January 2020 was curtailed in March 2020 initially due to the cessation of production testing occurring at the time of the initial COVID outbreak. Subsequently, the Company did not claim for a recovery of costs incurred under the program in the months when the Company was eligible for relief under the CEWS program. The IRAP program does not allow for a claim for employees receiving claims under other government paid programs and as a result claims under the IRAP program did not occur until the Company was no longer eligible for claims under the CEWS program in December 2020. During the period from December 2020 to year end the Company claimed costs under the IRAP program. The total claim received during the Company's fiscal year ended February 28, 2021 was $200,000 as part of the overall reduction of personnel expense during the year.
6. Facility rent and occupancy paid during the year amounted to $288,740, after application of a government sponsored landlord COVID rent relief program which provided cash relief of $66,010 during the three-month period April 2020 to June 2020. Rent was further subsidized by the Federal Government's CERS program during the period September to December 2020 which provided rent relief of $54,550 resulting in net rent and occupancy cash cost of $234,190.
7. Marketing costs incurred in the prior year were intended to support the sales programs being initiated in the current year. With the onset of COVID at the beginning of this year, all discretionary marketing programs were halted resulting in the reduction of marketing and sales expenses.
8. The Company's research and development programs were amended in 2020 to recognize the constraints imposed by COVID. The McMaster University research program was put on hold during 2020 as access to the university campus and its testing facilities was limited. Other third-party programs were postponed because of the limited access to both personnel and test facilities. The Company's prior year CBD Conversion Research program expenditures resulted in a patent filing in 2020 with a successful commercial test program completed during December 2002 through February 2021. The Company announced a license program for the application with the Licensee initiating production in 2021. The Company entered into an agreement with McMaster University in 2020 which enabled the university to commence testing of QuickStrip as a vaccine delivery device. The initial project costs for the Company's role in the program have been included in this fiscal year.

9. Summary of Quarterly Results (expressed in thousands of Canadian dollars)

	Q1 2020 $ (note 1)	Q2 2020 $ (notes 2,3)	Q3 2020 $ (note 4)	Q4 2020 $	Q1 2021 $ (note 5)	Q2 2021 $ (note 5)	Q3 2021 $ (note 6)	Q4 2021 $
Revenue	16	914	(890)	61	-	4	126	133
Net Loss	(3,073)	(903)	(3,018)	(971)	(495)	(442)	(512)	(849)
Per share loss	0.04	0.01	0.04	0.01	0.0075	0.01	0.01	0.01

Notes

1. Q1 2020 included stock-based compensation of $1,759,984.
2. Q2 2020 also included stock-based compensation of $441,790.
3. In Q2 2020, the Company recognized signing fees and fees for the installation of equipment of $893,953 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.
4. Accordingly, in Q3 2020, the Company reversed the revenue of $893,953 back to deferred revenue.
5. The COVID 19 pandemic resulted in the shutdown of operations on March 20 2021 and a gradual return to full staff complement midway through Q2 of fiscal year 2022.
6. The required Health Canada approvals were obtained by the Company and its customer enabling the production and sale of cannabis infused strips commencing in mid-October 2020.

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 and debt financing.

For the year ended February 28 2021, the Company recorded a loss of $2,297,654 (2020 - $7,964,616). The working capital deficiency and losses limit the Company's ability to fund its operations. As at February 28 2021, the Company had an actual working capital deficiency of $2,547,231, as set out in Table below.

Working capital breakdown:	**$**
Cash and cash equivalents	70,262
Trade receivables	84,907
Government grants and HST receivable	170,186
Inventory	333,397
Prepaid expenses	138,783
Total current assets	797,535
Less:	
Accounts payable and accrued liabilities	1,831,111
Due to a related party	129,000
Loans payable	1,100,000
Deferred revenue	1,394,525
Current portion of lease liability	285,655
Total current liabilities	4,740,291
Working capital deficiency	**(3,942,756)**

Less: Non-cash deferred revenue	1,394,525
Actual working capital deficiency	**(2,547,231)**

For the year ended February 28 2021, the Company had an average monthly cash burn rate of approximately $170,000. For the year ended February 28 2022, the Company estimates that its monthly average cash burn rate will be $275,000.

As at February 28 2020, management believed that the Company did not have sufficient liquidity and capital resources to meet its existing obligations, to fund its working capital requirements and to execute its business plan. Accordingly, the Company was 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.

On August 24 2020, the Company received a commitment for a credit facility of $3,000,000 (see page 2, *Capital transactions*). The amount of the credit facility is intended to backstop the Company's monthly cash burn rate for the following on twelve months. A draw of the facility of $500,000 was received in August 2020. On December 16 2020, the Company raised $899,843 in a non-brokered private placement through the issuance of 3,599,370 common share units.

During the period November 1 2020 to February 28, 2021 the Company received $600,000 in advances secured by promissory notes with the proceeds used to finance operations. The $600,000 was repaid with cash on deposit with CCB's bankers subsequent to the acquisition of CCB on March 19 2021.

The above transactions provided the Company with sufficient cash resources to manage its operations and satisfy its obligations during the 2021 fiscal year. In addition to the cash available to the Company through its acquisition of the shares of CCB in March 2021, management is of the opinion that additional working capital will be obtained from advances from related parties, exercise of equity instruments (Warrants and Options) that are "in the money", and equity financings, to meet the Company's liabilities and commitments as they become due.

Transactions with Related Parties

	Year ended February 28, 2021		
	Salary	**Stock-based compensation**	**Total**
	$	**$**	**$**
Mark Upsdell, for his services as Chief Executive Officer	100,440	-	100,440
Jason Lewis for his services as Senior Vice President, Business Development	90,331	-	90,331
Doug Hyland, Interim CFO, for his services rendered	130,681	-	130,681
	321,452	-	321,452

Due to a related party

Due to a related party of $129,000 (2020 - $129,000) represents advances from an officer and director. The advances are unsecured and non-interest bearing with $75,000 due on December 9 2021, and $54,000 due on December 30 2021. Subsequent to year end, on April 1 2021, the Company repaid $20,000 of the advances and issued new notes with a maturity date of April 1 2022, for the remaining advances.

Change in accounting standards

IAS 37 Onerous contracts – cost of fulfilling a contract

On May 14 2020, the IASB issued amendments to IAS 37 to specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. This amendment is effective on January 1 2022. The Company intends to adopt this amendment in its consolidated financial statement for the annual period beginning January 1 2022. The extent of the impact of the adoption of this amendment has not yet been determined.

All other IFRSs and amendments issued but not yet effective have been assessed by the Company and are not expected to have a material impact on the consolidated financial statements.

Changes in accounting policies

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.

Effective 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 and cash equivalents, accounts receivable and accounts payable and accrued liabilities
The fair values of cash, accounts receivable and accounts payable and accrued liabilities at February 28 2021, 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 number 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 these 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.

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.

Forward-looking statement	Assumption	Risk factor
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 expenses of the Company:

General and administrative expenses

	Year ended February 28 2021 $	Year ended February 29 2020 $
Premises, excl rent incl rent relief	(90,727)	52,311
IT & communications	63,596	168,971
Office	121,325	350,798
Public company costs	80,975	72,069
Insurance	34,397	66,220
	209,566	710,369

Shares outstanding as at February 28, 2021
Authorized: An unlimited number of common shares without par value.
Outstanding: 80,666,805 common shares.

Share options
Authorized:
3,441,000 share options, representing 10% of the issued and outstanding common shares.
Outstanding:

	Expiry date	**Number of stock options issued and exercisable**
$0.82	March 11, 2024	3,441,000

Subsequent to year end the Company issued the following share options:

Further, on March 29, 2021, pursuant to its Stock Option Plan, the Company granted share options to acquire 4,490,000 common shares at an exercise price of $0.24 per share. Each has a term of two years and vests equally every six months over the term.

On July 29, 2021, pursuant to its Stock Option Plan, the Company granted share options to acquire 2,100,000 common shares at an exercise price of $0.65 per share. Each has a term of 5 years and vest equally every six months over the first two years of the term except for share options granted to Investor Relations Consultants whereby the options vest one-half after one year with the other one-half vesting every six months of year two of the term.