Rapid Dose Therapeutics Corp.

Management's Discussion and Analysis

May 31, 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 quarter ended May 31, 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 of 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 16 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 acquired Consolidated Craft Brands ("CCB") on March 19, 2021 to provide the Company with a combination of cash, product brands and distribution through strategic partners for consumer goods products aligned with the Company's existing products. The Company also acquired a late stage, transferrable ACMPR cannabis license application and a fully approved Research and Development

Cannabis License. CCB was a majority owned First Nation's Corporation and after amalgamation is continuing the development of First Nation's branded products manufactured and distributed by the Company. The Company also acquired certain rights to IP developed by CCB that is consistent with the Company's "metered dosage" products. Thomas Bryson was retained by the Company as President in order to lead the development of the branded products and strategic partnerships programs.

For the quarter ended May 31 2021, the Company recognized revenue of $131,198, incurred an operating loss of $766,407 and as at May 31 2021, the Company had a working capital deficiency of $1,006,938. 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.

The termination of the Managed Strip Service Agreements with the Company's US customers has been completed with the return of the equipment to the Company for its planned use in non-cannabis applications. The deferred revenue arising from the payments to the Company by the US Licensees amounted to CDN$976,954 as at February 28 2021 and was recorded in the Company's consolidated statements of income or loss as Gain on termination of contracts, reduced to $883,204 by a provision for resettlement costs. As a result of the recognition of the revenue, the Company recorded Net Income for the quarter ended May 31, 2021 of $128,623 compared to a loss of $2,269,611 for the year ended February 28, 2021.

During the three month period ended May 31 2021, the Company financed it operations with $1,100,000 of cash obtained through the purchase of shares of 2544737 Ontario Limited operating as Consolidated Craft Brands ("CCB") a 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 $737,250 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.

Sales for the quarter ended May 31 2021 amounted to $131,198 (year ended February 28, 2021 $262,805) resulting from shipments of cannabis infused strips produced for Thrive Cannabis for sale through the Canadian provinces cannabis stores systems. The Company began producing strips for a second customer, Aphria Inc. upon receipt of a Purchase order for 1,118,000 strips for later sales as cannabis medical products. Sales of other products were awaiting product approvals in Canada, the United States and in the United Kingdom. These approvals remain in process at August 24, 2021 reflecting the impact of COVID on the regulatory processes.

The Company signed sales/distribution agreements in the quarter for Canada and the United Kingdom. These distribution channels provide the Company with access to markets for its products with the sales and marketing support required when introducing new products into the retail systems.

Expenses during the quarter, amounting to $851,278, included personnel costs of $393,409 representing 60% of the monthly carrying costs of the operations which included subsidies of $103,084 of IRAP project funding provided. The IRAP program to date has provided $300,000 of personnel cost recoveries. An additional $100,000 is being recovered during the fiscal quarter ending August 31, 2021. There were no other government funded programs in the quarter ended May 31 2021.

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 on August 24, 2021, 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.

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.

Other Collaborative Research

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.

Acquisition of 2544737 Ontario Limited operating as Consolidated Craft Brands ("CCB").
On March 19, 2021, the Company acquired, through a share exchange of 20 million Units, 100% of the common shares of CCB, an early-stage company in the consumer-packaged brands industry focused on developing, manufacturing, and distributing therapeutic wellness products. Immediately after the acquisition, CCB was amalgamated with a newly incorporated wholly owned subsidiary of the Company with the succeeding company carrying on business as CCB.

The acquisition brought to the Company synergistic products, valuable relationships, various business partnerships and experienced management along with a research and development license and a license application in process which would allow for production of products complimentary to the Company's offerings.

The acquisition is being accounted for as a Business Combination and is, therefore, subject to IFRS 3 "Business Combinations". Details of the acquisition are as follows:

Fair Value of consideration transferred	**$**
Fair Value Common Shares	3,492,583
Fair Value of Warrants	1,295,198
	4,787,781
Recognized amounts of identifiable net assets	
Cash	1,864,363
Loan receivable	600,000
Accounts receivable	100,300
Note receivable	50,000
Accrued interest receivable	12,427
Government receivable	29,928
Inventory	15,271
Total current assets	2,672,289
Property and equipment	146,451
License application in process	250,000
Research and development license	25,000
Total non-current assets	421,451
Current liabilities	(35,631)
Identifiable net assets	**3,058,109**
Goodwill on acquisition	**1,729,672**
Consideration transferred	**4,787,781**

Each Unit consist of one Common Share and one share purchase Warrant. The Units are subject to an escrow arrangement whereby the Units shall be released in eight tranches over an eleven-month period from closing of the acquisition with the final 20% released at the end of the eleven-month period. The acquisition agreement allows for a reduction of all, or a portion of, the number of final release Units upon the occurrence of certain defined events as detailed in the Acquisition Agreement. Each Warrant entitles the holder to acquire, for a two-year period, one Common Share at $0.375 each.

Since the purchase price consideration was both variable (because of the reduction arrangement) and to be issued over time, certain calculations were made to determine the Fair Value of the purchase consideration at the date of closing ("Valuation Date"). This included (a) reduction in Units (b) Fair Value of the Company's shares to be released over the eight tranches and (c) Fair Value of Warrants to be released over the 8 tranches. The Fair Value of the total consideration was determined to be $4,787,781 consisting of the Fair Value of the Company shares and the Fair Value of the Warrants. In determining the Fair Value of the Company's shares, a discount was calculated to reflect the receipt of shares over time using the Black-Scholes Option Pricing Model ("BSM"). Under the BSM approach, the Fair Value of shares released from escrow is deemed to be equal to the share price less the cost of a put option for these same shares. The value of the put option represents the right to lock in the value of the RDT Shares at the Valuation Date. \
The Warrants are to be released in the same amounts as the shares. In determining the Fair Value of the Warrants, the same BSM inputs were applied as with the shares except for the risk-free rate (2 years to match the Warrant term) and the exercise price of $0.375.

Since the value of the Warrants cannot be locked in at the Valuation Date, the Fair Value of the shares was estimated at each future grant date (each date of the eight tranche dates) using the same values calculated in the share valuation, to determine the Fair Value of the Warrants. The fair Value determined at each tranche date was discounted to the Valuation Date using the discount rate applied throughout the valuation process.

Capital Transactions

Private placements

(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) 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.

(ii) 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;

Subsequent to the quarter end the Company completed the following:

(iii) 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;

(iv) 2,066,000 warrants were exercised in exchange for 2,066,000 common shares amounting to $758,250.

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 two years and vests equally every six months over 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;

(i) 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.

(v) 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

The Ministry of Labour, Ontario performed a surprise facility inspection of the Company's protocol policies, processes and compliance with Ministry regulations during a one day visit in May 2021. The Company was found to be in compliance in all respects. There have been no active COVID cases at the facility throughout the entire COVID-19 period. The Company continues to monitor staff and visitors and ensure compliance with all safety and government regulations and requirements for preventing or detecting COVID exposure.

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 the 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.

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.

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
The Company is its early stages of growth having moved from start up to commercialization phase during the fourth quarter of the year ended February 28, 2021. As at May 31, 2021, the Company had reduced its working capital deficiency to $1,006,940 (as at February 28, 2021 - $3,942,756) and for the 3 months ended May 31, 2021, the Company recorded income of $264,912 (compared to a loss for the year ended February

28, 2021 - $2,297,654). The loss from operations of $757,669 (year ended February 28, 2021 - $2,269,611) and working capital deficiencies 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.

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 industries in which the Company operates, the Company anticipates very little initial competition from large, well trenched industry competitors. As well, because of the early stage of the cannabis industry in which the Company will operate, 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 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.

Selected Financial Information

(For the three months ended May 31 2021, and May 31, 2020)

The following tables show selected financial information for the year ended and as at May 31 2021compared to the year ended and as at May 31 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)	unaudited	
	As at & for the quarter ended May 31, 2021	As at & for the quarter ended May 31, 2020
	$	$
Current assets	1,592	455
Non-current asset	5,033	3,711
Current liabilities	2,599	3,755
Non-current liabilities	598	890
Revenue	131	-
Net income (loss) for the period	128	(510)
Shareholder's equity (deficiency)	3,428	(479)

Results of Operations
The Company recorded an operating loss of $766,407 for the quarter ended May 31, 2021 compared to an operating loss of $495,249 for the quarter ended May 31 2020.

The following Table provides a more detailed break-down of the Company's financial results for the year ended May 31,2021, compared to the year ended May 31, 2020:

(audited) (expressed in thousands of Canadian dollars)	**For the quarter ended May 31, 2021**	**For the quarter ended May 31, 2020**
	$	**$**
Revenue	131	-
Cost of sales	46	-
Gross Profit	85	-
Operating Expenses		
Personnel	393	58
Stock-based compensation	41	-
General and administrative	111	63
Depreciation	152	178
Professional fees	80	63
Sales and marketing	12	1
Research and development	27	89
Travel	-	3
Interest	33	24
Total operating expenses	851	468
(Loss) before other income (expenses)	(766)	(468)
Other Income (Loss) and (expenses):		
Foreign exchange gain	11	(7)
Gain on sale of equipment		
Interest income		
Gain on termination of contracts	883	-
Net Income (Loss) for the period	128	495

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

	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 $	Q1 2022 $ (note 7)
Revenue	914	(890)	61	-	4	126	133	131
Net Income (Loss)	(903)	(3,018)	(971)	(495)	(442)	(512)	(849)	128
Per share loss	(0.01)	(0.04)	(0.01)	(0.0075)	(0.01)	(0.01)	(0.01)	.002

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.
7. Gain on termination of US contracts of $833,204 offset operating loss of $766,407)

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.

The Company is its early stages of growth having moved from start up to commercialization phase during the fourth quarter of the year ended February 28, 2021. As at May 31, 2021, the Company had reduced its working capital deficiency to $1,006,940 (as at February 28, 2021 - $3,942,756) and for the 3 months ended May 31, 2021, the Company recorded income of $128,623 (compared to a loss for the year ended February 28, 2021 - $2,297,654). The loss from operations of $766,407 (year ended February 28, 2021 - $2,269,611) and working capital deficiencies limit the Company's ability to fund its operations.

Working capital breakdown:	**$**
Cash and cash equivalents	547,890
Trade receivables	240,794
Government grants and HST receivable	187,666
Inventory	375,959
Prepaid expenses	239,936
Total current assets	1,592,245
Less:	
Accounts payable and accrued liabilities	1,281,206
Due to a related party	109,000
Loans payable	500,000
Deferred revenue	417,571
Current portion of lease liability	291,406
Total current liabilities	2,599,183
Working capital deficiency	**1,006,938**

Less: Non-cash deferred revenue	417,571

Actual working capital deficiency	589,367

For the year ended February 28 2021, the Company had an average monthly cash burn rate of approximately $170,000. During the quarter ending May 31, 2021 and for the year ending February 28 2022, the Company estimates that its monthly average cash burn rate will be $275,000.

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.

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.

On March 19 2021 Thomas Bryson was appointed President of Rapid Dose Therapeutics Corp.

Compensation of key management personnel

The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out as follows:

Officers	Salaries $	Stock-Based $	Total $
Mark Upsdell	37,500	4,792	42,292
Jason Lewis	37,500	4,792	42,292
Thomas Bryson	37,500	4,792	42,292
Douglas Hyland	37,500	4,792	42,292
	150,000	19,168	169,168

During the period the Company issued 2,000,000 stock options to officers of the Company under the terms of the Company's Stock Option Plan, all of which vest over two years.

Due to a related party
Due to a related party of $109,000 (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 $34,000 due on December 30 2021. 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.

Capital stock

	Number of common shares	Common Shares	Warrants
		$	$
Balance, February 28, 2021	**80,666,805**	**18,604,067**	**306,316**
Fair value of common share units issued for 2544737 Ontario Limited	20,000,000	3,492,583	1,295,198
Balance, May 31, 2021	**100,666,805**	**22,096,650**	**1,601,514**