Cannabix Technologies Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED JANUARY 31, 2019

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited financial statements and notes thereto for the period ended January 31, 2019 of Cannabix Technologies Inc. (the "Company"). Such financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

DATE

This MD&A is prepared as of March 15, 2019.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities including statements related to marijuana breathalyzer technology development and future mineral property interests, availability of financing and projected costs and expenses. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management's current expectations, estimates and assumptions about its marijuana breathalyzer technology development, mineral property interests, the global economic environment, the market for marijuana breathalysers and demand for commodities and our ability to manage our technology development, property interests and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) inability to develop an effective marijuana breathalyzer (3) delays in technology development (4) industry competition (5) the uncertainty of government regulation, no guarantee of patent acceptance by regulator authorities (6) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, (7) inability to finance (8) other factors beyond our control.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

DESCRIPTION OF BUSINESS

The Company was incorporated under the laws of the province of British Columbia on April 5, 2011. As of June 5, 2014 the Company's primary business is the development of marijuana breathalyzer technology. The Company also held ownership in one mineral exploration property located in Quebec, Canada. The Company completed an initial public offering to list on the TSX Venture Exchange on December 16, 2013 under the symbol "WPO". Effective June 26, 2014, the Company delisted from the TSXV and listed on the Canadian Securities Exchange ("CSE") under the symbol BLO. On August 12, 2014, the Company completed a name change from West Point Resources Inc. to Cannabix Technologies Inc. For further details, please see the Amended and Restated Final Prospectus of the Company dated September 26, 2013 which is available on SEDAR at www.sedar.com

MARIJUANA BREATHALYZER TECHNOLOGY DEVELOPMENT

University of Florida Research and Patent Licence Agreement

On August 6, 2015, the Company entered into research and patent option agreements with Yost Research Group at the University of Florida to develop a marijuana breath detection device based upon high-field ion mobility (FAIMS) and mass spectrometry (MS). On July 25, 2016 completed a definitive license and equity agreement with the University of Florida Research Foundation (UFRF) for US Patent 8,237,118, entitled “Partial Ovoidal FAIMS Electrode”, Patent filed on August 21, 2008, invented by Richard A. Yost, Todd A. Prox, Marilyn Prieto and Jennifer G. Bryant, in the area of breath analysis of controlled substances. The agreement provides Cannabix exclusive worldwide rights in the area of breath analysis of controlled substances. Pursuant to the terms of the licence agreement, the company has been granted the licence for a period of 10 years after the first commercial sale of a licensed product. As consideration for the patent licence, the company has issued UFRF 603,870 common shares of the company. In addition, the company will pay an annual licence maintenance fee and will make payments upon meeting certain development, regulatory and commercialization milestones. Upon commencement of commercial production, the company will pay a royalty on all net sales.

On March 6, 2018 the Company entered into a second license agreement with the UFRF for Patent Cooperation Treaty (“PCT”) application, “Device and Method for Detection of Cannabis and Other Controlled Substances Using FAIMS” (PCT/CA2017/000042). The agreement provides Cannabix exclusive worldwide rights in all breath diagnostic applications of controlled substances. Pursuant to the terms of the licence agreement, the Company has been granted the licence for a period of 10 years after the first commercial sale of a licensed product. The Company will pay an annual licence maintenance fee and will make payments upon meeting certain development, regulatory and commercialization milestones. Upon commencement of commercial production, the Company will pay a royalty on all net sales. There is no assurance that a final patent will be accepted and issued by regulatory authorities in relation to PCT/CA2017/000042.

Other Patent Applications

The Company has filed additional patent applications in relation to its technology development, all of which are in pending status: U.S. provisional application for Ignition Interlock System for Detection of Cannabis and other Controlled Substances Using FAIMS; U.S. provisional application for Ignition Interlock System for Detection of Cannabis. There is no assurance that final patents will be accepted and issued by regulatory authorities.

Agreement with Cannabix Breathalyzer Inc.

On June 5, 2014, the Company and Cannabix Breathalyzer Inc (a private company) entered into a definitive licensing agreement for marijuana breath detection technology. The definitive licensing agreement (“Definitive Agreement”) provides the Company (the “Licensee”) exclusive right, title, and interest in United States Patent Application Serial No. 61/981,650 No. 1 ("Licensed Patent") from Cannabix Breathalyzer Inc. (the licensor). The territory covered in the agreement is the United States and its territories and possessions, and all other countries that are deemed to constitute the North American Continent (the “Territory”). In consideration for the Licensed Patent, the Company issued 7,500,000 common shares to current shareholders of Cannabix Breathalyzer Inc. and issued 7,500,000 warrants exercisable at $0.075 (fully exercised by the expiry date on June 26, 2015) to Cannabix Breathalyzer Inc. Additional milestone share payments are required by the Definitive Agreement.

Additional milestone payments

The Definitive Agreement outlines share payments upon reaching the following milestones: The issuance of 7,500,000 of common shares of the Company within 14 business days of prototype delivery to the Company and this prototype was received and shares were issued on April 9, 2015. Furthermore, upon the future receipt of the final patent, the company will issue 5,000,000 common shares of the Company. US non-provisional patent application no. 14/689,434 was filed April 17, 2015 claiming priority from the prior provisional application and naming the same inventors Attariwala and Malhi. An Information Disclosure Statement was filed May 14, 2015, and the application was recorded in the US Patent Office as complete on July 20, 2015. The application was published on October 29, 2015. Assignment of the application from the inventors to Cannabix Breathalyzer was recorded in the US Patent Office on June 4, 2015. Assignment of the application from Cannabix Breathalyzer Inc. to Cannabix Technologies Inc. was recorded in the US Patent Office on August 23, 2016. Corresponding Canadian patent application No. 2887841 was filed April 16, 2015, also claiming priority from the prior provisional application. The Company has received office actions and comments from Canadian and US Patent and Trademark Offices since initial filing. As it is entitled to do with all patent applications, the Company is currently preparing to file a response to overcome objections raised in March 2019 to the current claims of the application. The Company filed a Request for Continued Examination of its application with the US Patent Office on June 20, 2018 to distinguish the Company's technology from prior art patents, and filed a further response on 18 October 2018. There is no assurance that a final patent will be accepted and issued by regulatory authorities.

Royalty on Licensed Patent

The Licensee shall pay Licensor a royalty of three percent (3%) of Licensee's selling price for each Licensed Product manufactured, used, or sold by Licensee in the Territory or imported by Licensee into the Territory.

OVERALL PERFORMANCE

The Company was incorporated on April 5, 2011. As an early stage technology development company, the Company has not generated revenues to date from the development its marijuana breathalyzer technology and anticipates that it will continue to require equity financing to fund operations until such time a commercial product is developed and generates revenues on a profitable basis. The Company is focussed on technology development and management anticipates that expenses will increase during the foreseeable future as the Company carries out prototype development of its marijuana breathalyzer and eventually initiates third party research and testing studies on such a product. The Company has incurred costs in connection with the technology development business. Net loss for the period ended January 31, 2019 was $524,406 compared to $33,651 for the period January 31, 2018.

RESULTS OF OPERATIONS

Three-month period ended January 31, 2019

During the three-month period ended January 31, 2019, the Company incurred expenses of $524,406 compared to $336,651 for the period ended January 31, 2018. Expenses were comprised of primarily Research and development costs were $333,471 compared to $193,312 for the period ended January 31, 2018, which was higher during the period ended January 31, 2019 as expenses related to the technology development increased. Advertising and promotion expenses were $28,928 compared to $3,500 in 2018, which was lower in 2018 due to the timing of advertising campaigns, consulting fees were $109,299 during the period ended January 31, 2019 compared to $98,500 for the period ended January 31, 2018, a slight change due to management fee increases. Insurance expense was $20,300 for the period ended January 31, 20219 compared to $13,450 for the period ended January 31, 2018, the higher amount was due to the increase in insurance premiums. Professional fees (legal & Accounting) for the period ending January 31, 2019, were $7,482, compared to a similar amount of $7,604 for the period ended January 31, 2018, transfer agent and filing fees of $3,998 compared to $14,322 for the period ended January 31, 2018, a significantly higher amount in 2018 due to additional shareholder communication expenses and transfer agent costs, travel related expenses of $6,101 compared to $3,917 in 2018, which was higher due to additional travel by management and consultants. Office and administration expenses were $2,691 for the period ended January 31, 2019, which was a comparable amount of $2,046 for the period ended January 31, 2018. Rent expense was $6,784 for the period ended January 31, 2019 compared to $nil for the period ended January 31, 2018, the increase was due to the Company having additional office space in Vancouver and Florida. The Company recorded depreciation of $5,352 for the quarter ended January 31, 2019 compared to $nil for the quarter ended January 31, 2018. Net loss for the three-month period ended January 31, 2019 was $524,406, compared to a net loss of $336,651 for the three-month period ended January 31, 2018.

Nine-month period ended January 31, 2019

During the nine-month period ended January 31, 2019, the Company incurred expenses of $3,111,662 compared to $994,004 for the nine-month period ended January 31, 2018. Expenses were comprised of primarily share-based compensation of $1,876,940, which was the fair value of 1,575,000 stock options issued during the period. There were no stock options issued during the same period in 2018. Research and development costs for the nine months in 2019 were $752,517 compared to $616,763 for the period ended January 31, 2018, which were all related to the technology development, but higher in 2019 due to additional consultants, materials, and testing. Advertising and promotion expenses were $47,032 compared to $22,133 in 2018, consulting fees of $294,299 during the nine-month period ended January 31, 2019 compared to $263,500 for the nine-month period ended January 31, 2018, a slight increase due to management fee increases. Professional fees (legal & Accounting) for the nine-month period ending January 31, 2019, were $28,516, compared to $24,956 for the nine-month period ended January 31, 2018, transfer agent and filing fees were $34,822 compared to $40,599 for the period ended January 31, 2018, a slightly higher amount in 2018 due to additional shareholder communication expenses and transfer agent costs, and travel related expenses of $27,530 compared to $7,987 in 2018, which was higher due to additional travel by management and consultants. Insurance costs were $20,300 in 2019 compared to $13,450 for the same period in 2018, the higher amount due to increased premiums. The Company had additional office space and therefore rent expense was $6,784 for the nine-month period ended January 31, 2019 compared to $nil for the same period in 2018. Office and miscellaneous expenses were $7,942 in 2019 compared to $4,616 in 2018. The Company recorded depreciation of $14,980for the nine-month period ended January 31, 2019 compared to $nil for the period ended January 31, 2018. Interest income from GICs for the nine-month period ended January 31, 2019 was $35,144 compared to $3,288 for the same period in 2018. Net loss for the nine-month period ended January 31, 2019 was $3,076,518, compared to a net loss of $990,716 for the nine-month period ended January 31, 2018.

The Company has a licence agreement with the University of Florida to develop a marijuana breath detection device based upon high-field ion mobility (FAIMS) and mass spectrometry. In addition, the Company licensed patent application 14/689,434 for a cannabis drug detection device (patent-pending).

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	Quarter Ended January 31, 2019 $	**Quarter Ended October 31, 2018 $**	**Quarter Ended July 31, 2018 $**	**Quarter Ended April 30, 2018 $**	**Quarter Ended January 31, 2018 $**	**Quarter Ended October 31, 2017 $**	**Quarter Ended July 31, 2017 $**	**Quarter Ended April 30, 2017 $**
	01/31/2019	10/31/2018	07/31/2018	04/30/2018	01/31/2018	10/31/2017	07/31/2017	04/30/2017
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net loss	(524,406)	(2,242,534)	(309,578)	(477,322)	(336,651)	(357,394)	(296,670)	(1,210,131)
Loss per share, basic and diluted	(0.01)	(0.02)	Nil	(0.01)	Nil	Nil	Nil	(0.02)

On a quarter-by-quarter basis the loss can fluctuate significantly due to research & development costs and the timing of stock option grants.

An analysis of the quarterly results over the last eight quarters shows significant changes in financial performance during the quarters ended October 31, 2018 and April 30, 2017 and net loss for the Company during these quarters due to the Company incurring costs related to share-based payments during the quarters ended October 31, 2018 and April 30, 2017. During the quarter ended April 30, 2017, the Company incurred an adjustment to share-based payments of $1,351,098. During the quarter ended October 31, 2018, the Company incurred share-based payment expenses of $1,876,940. Research and development costs began increasing during the quarter ended January 31, 2017 and have since been similar over the last nine quarters. Research and development costs have increased due to additional consulting, independent contractors, and testing, all related the technology development. Management anticipates expenditures to increase slightly or remain similar to the last eight quarters, with exception of the share-based compensation expenses. Research and development costs and consulting fees will increase, and investor communications fees may increase slightly. Share-based payments are expected to decrease over the next few quarters if additional stock options are not issued. Other expenditures should remain relatively stable going forward as management does not anticipate additional costs related to the Company's activities. General and administrative expenses incurred during last eight quarters have remained relatively stable may increase slightly. Advertising and promotion and research and development related to the marijuana breathalyzer may increase slightly over the next few quarters.

LIQUIDITY

The Company has not begun commercial sales of any of its technology holdings and nor has production occurred form activities on its resource properties and accordingly, the Company does not generate cash from operations. The Company finances technology development by raising capital from equity markets. The Company may encounter difficulty sourcing future financing in light of the recent economic downturn.

The Company had cash of $10,658,488, at January 31, 2019 and $8,589,511 at January 31, 2018, and the Company had working capital of $10,557,095 at January 31, 2019 and working capital of $8,819,511 at January 31, 2018. The Company had $8,517,250 in short-term investments at January 31, 2019 and $2,517,250 at January 31, 2018.

During the nine-month period ending January 31, 2019, the Company issued 2,082,050 common shares for proceeds of $939,810 pursuant to the exercise of share purchase warrants.

During the nine-month period ending January 31, 2019, the Company issued 343,270 common shares for proceeds of $82,644 pursuant to the exercise of share purchase options.

During the year ended April 30, 2018, the Company issued 7,910,401 common shares for proceeds of $3,820,174 pursuant to the exercise of share purchase warrants. The fair value of the share purchase warrants exercised of $244,224 was reallocated from contributed surplus to share capital.

During the year ended April 30, 2018, the Company issued 1,380,000 common shares for proceeds of $274,536 pursuant to the exercise of stock options. The fair value of the stock options exercised of $92,036 was reallocated from contributed surplus to share capital.

On December 7, 2017, the Company issued 4,850,000 units at $1.15 per unit for gross proceeds of $5,577,500. Each unit was comprised of one common share and one common share purchase warrant exercisable at $1.60 per common share for a period of three years from the date of closing. The Company paid fees of $389,130 and issued 240,000 share purchase warrants with a fair value of $204,186 to the finders.

During the year ended April 30, 2017, the Company issued 8,235,711 common shares for proceeds of $2,037,853 pursuant to the exercise of share purchase warrants. The fair value of the share purchase warrants exercised of $12,236 was reallocated from contributed surplus to share capital.

During the year ended April 30, 2017, the Company issued 380,000 common shares for proceeds of $81,750 pursuant to the exercise of stock options. The fair value of the stock options exercised of $60,611 was reallocated from contributed surplus to share capital.

If additional funds are required, the Company plans to raise additional capital primarily through the private placement of its equity securities. Under such circumstances, there is no assurance that the Company will be able to obtain further funds required for the Company's continued working capital requirements. Due to the recovery from the global financial crisis, the Company may find it increasingly difficult to raise the funds required to continue the Company's operations. Share prices have undergone significant decreases and any issuance of the Company's equity securities in the near future may result in substantial dilution to the Company's existing shareholders.

CAPITAL RESOURCES

The Company continues to utilize its cash resources to fund its administrative requirements and product development. As the Company does not currently generate revenue, cash balances will continue to decline as funds are utilized to conduct its operations, unless replenished by capital fundraising. In order to fund the Company's ongoing operational needs, the Company will need funding through equity or debt financing. The Company's operations to date have been financed by the issuance of its common shares. The Company continues to seek capital through various means including the issuance of equity and debt. While the Company has been successful in raising funds in the past, there is no assurance that it will continue to do so in the future or that it will be available on a timely basis or on terms acceptable to the Company.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. If the Company is unable to obtain sufficient funding, the ability of the Company to meet its obligations as they come due and, accordingly, the ability of the Company to continue as a going concern will be in significant doubt.

Operating Activities

The Company used net cash of $462,642 in operating activities during the quarter ended January 31, 2019 compared to $583,276 during the quarter ended January 31, 2018.

Financing Activities

The Company received net cash of $295,000 from financing activities during the quarter ended January 31, 2019 compared to $6,424,587 during the quarter ended January 31, 2018.

Investing Activities

The Company used cash of $13,407 in investing activities during the quarter ended January 31, 2019 compared to $nil during the quarter ended January 31, 2018.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

(a) As at January 31, 2019, the Company owed $41,000 (2018 - $10,081) to officers and directors of the Company which was included in accounts payable and accrued liabilities.

(b) During the period ended January 31, 2019, the Company incurred consulting fees of $35,500 (2018 - $30,500) to the Chief Executive Officer of the Company.

(c) During the period ended January 31, 2019, the Company incurred consulting fees of $31,000 (2018 - $26,000) to the Chief Financial Officer of the Company.

(d) During the period ended January 31, 2019, the Company incurred consulting fees of $42,000 (2018 - $42,000) to a company controlled by the President of the Company.

(e) During the period ended January 31, 2019, the Company incurred research and development costs of $31,000 (2018 - $26,000) to a director of the Company.

(f) During the nine-month period ended January 31, 2019, the Company granted 1,350,000 stock options with a fair value of $1,689,534 (2018 – Nil) to key management personnel.

PROPOSED TRANSACTIONS

There are no proposed transactions that have not been disclosed herein.

SUBSEQUENT EVENTS

Subsequent to the period ended January 31, 2019, 164,285 stock options were exercised.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended January 31, 2019, and have not been applied in preparing these financial statements.

New standards:
IFRS 9, "Financial Instruments"

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities, and due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

During the periods ended January 31, 2019 and 2018, the Company incurred the following expenses:

	Quarter Ended January 31, 2019	**Quarter Ended January 31, 2018**
Research & Development	$333,471	$193,312
General and administrative costs	$190,935	$143,339

An analysis of material components of the Company's general and administrative expenses is disclosed in the unaudited financial statements for the period ended January 31, 2019 to which this MD&A relates.

DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

The Company's common shares are listed on the Canadian Securities Exchange. The Company's authorized share capital consists of an unlimited number of common shares without par value. As at January 31, 2019 the Company had 102,992,374 common shares issued and outstanding.

Share Purchase Warrants

As at January 31, 2019, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price $	Expiry date
3,681,500	1.60	December 7, 2020
3,681,500		

Stock Options

During the nine-month period ended January 31, 2019, the Company granted 1,575,000 incentive stock options exercisable at $2.20 cents per share for five years to officers, directors and two years for consultants. The Company had 8,307,730 stock options outstanding as at January 31, 2019 which had the following characteristics:

Number of Options	Exercise Price	Expiry Date
706,000	$0.10	April 3, 2019
1,320,000	$0.125	October 22, 2019
2,406,730	$0.35	May 12, 2021
2,300,000	$0.85	January 24, 2022
1,350,000	$2.20	October 9, 2023
225,000	$2.20	October 9, 2020

RISK FACTORS

Much of the information included in this report includes or is based upon estimates, projections or other forward-looking statements. Such forward-looking statements include any projections or estimates made by the Company and its management in connection with the Company's business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect the Company's current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Except as required by law, the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. The Company cautions readers of this report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements. In evaluating the Company, its business and any investment in its business, readers should carefully consider the following factors:

Risks Related to the Company's Business

Because of the unique difficulties and uncertainties inherent in ***early stage technology development****, the Company faces a high risk of business failure.*

Risks and Uncertainties

An investment in the Company involves significant risks and must be considered speculative due to the nature of the Company's business. Investors should carefully consider the risks and uncertainties described below. This list of risks and uncertainties below is not exhaustive. Furthermore, additional risks and uncertainties not presently known to the Company or that the Company believes to be immaterial may also adversely affect Cannabix Technologies' business.

Risks Related to the Company's Business

The Company has a history of operating losses and may never achieve profitability in the future. The Company is an early stage technology development company; accordingly, it has not yet generated any revenues.

The Company expects to be involved in research and development to create several prototype marijuana breathalyzers and then performing extensive trial testing and conducting research studies with such devices prior to determining their commercial viability. This process may take several years and require significant financial resources without income. The Company expects these expenses to result in continuing operating losses for the foreseeable future.

The Company's ability to generate future revenue or achieve profitable operations is largely dependent on its ability to attract the experienced management and know-how to develop a trial tested device and to (perhaps) partner with larger, more established companies in the industry to successfully commercialize a marijuana breathalyzer. Successfully developing a marijuana breathalyzer into marketable device may take several years and significant financial resources and the Company cannot assure that it can achieve these objectives.

The Company will primarily be in a developing industry and will be subject to all associated regulatory risks.

As a result, the Company's business must be evaluated in light of the problems, delays, uncertainties and complications encountered in connection with establishing a marijuana breathalyzer and related business.

There is a possibility that the Company's marijuana breathalyzer, currently under development, will be found to be ineffective, that it will be unable to receive necessary regulatory approvals in order to commercialize a device, or that it will obtain regulatory approvals that are too narrow to be commercially viable.

Any failure to successfully develop and obtain regulatory approval for products would have a material adverse effect on the Company's business, financial condition and results of operations.

Trial testing for potential marijuana breathalyzer will be expensive and time consuming, and their outcome uncertain.

Before the Company can obtain regulatory approval for the commercial sale of any marijuana breathalyzer, it will be required to complete extensive trial testing to demonstrate safety and efficacy. Depending on the exact nature of trial testing, such trials can be expensive and are difficult to design and implement. The testing process is also time-consuming and can often be subject to unexpected delays.

The timing and completion of trial testing may be subject to significant delays relating to various causes, including: inability to manufacture or obtain sufficient quantities of materials and or test subjects for use in trial testing; delays arising from collaborative partnerships; delays or failures in the technology during the testing period; delays in obtaining regulatory approvals to commence a study, or government intervention to suspend or terminate a study; delays, suspensions or termination of trial testing due to the applicable institutional review board or independent ethics board responsible for overseeing the study to protect research subjects; delays in identifying and reaching agreement on acceptable terms with prospective trial testing sites and subjects; variability in the number and types of subjects available for each study and resulting difficulties in identifying and enrolling subjects who meet trial eligibility criteria; scheduling conflicts; difficulty in maintaining contact with subjects after testing, resulting in incomplete data; unforeseen safety issues or side effects; lack of efficacy during trial testing; reliance on research organizations to conduct trial testing, which may not conduct such trials with good laboratory practices; or other regulatory delays.

Protection of proprietary technology can be unpredictable and costly.

The Company's success will depend in part upon its ability to obtain a patent for its patent pending technology and being able to maintain the existing patent it has licenced from UFRF as well as successfully file future patents. Obtaining such patent protection can be costly and the outcome of any application for such can be unpredictable. In addition, any breach of confidentiality by a third party by premature disclosure may preclude the obtainment of appropriate patent protection, thereby affecting the development and commercial value of the Company's technology and products.

Competition

The planned business to be carried out by the Company will be highly competitive and involve a high degree of risk. There are several direct and indirect competitors to the Company. In its efforts to achieve its objectives, the Company will compete with other companies that may have greater resources, faster execution to market, and potentially superior technology.

Uninsured or Uninsurable Risk

The Company may become subject to risks against which it cannot insure or against which it may elect not to insure. Settling related liabilities would reduce funds available for core business activities. Settlement of uninsured liabilities could have a material adverse effect on our financial position.

Conflicts of Interest

The Company's directors and officers may currently be involved, or become involved, in other business ventures that compete with our platform and services. Business opportunities for the Company may create circumstances in which outside interests of our directors and officers conflict with the interests of the Company. Directors and officers are required to act in good faith and in a manner that benefits the Company.

It is possible, however, that our directors and officers may owe similar consideration to another organization(s). It is possible that these and other conflicts of interest are resolved in a way that has a material adverse impact on the Company.

Dependence on Key Personnel

The Company depends on support from existing directors and officers and its ability to attract, and retain, new directors, officers and other personnel with appropriate skill sets. Inability to retain key team members or find new professionals to serve in important roles could have a material adverse effect on the Company's business. There can be no assurance that we will be able to attract or retain the quality of personnel required in the future.

Patent & IP

The Company through its Licence Agreement with Cannabix Breathalyzer Inc. holds certain rights to patent pending technology but cannot guarantee their final patent approval or commercial viability. The Company through its Licence Agreement with UFRF holds certain rights to patented and unpatented technology. The Company cannot guarantee its ability financially maintain such patents, and or their future commercial viability or use. The Company cannot guarantee final patent approval or commercial viability

Financial Liquidity

The Company has not yet generated meaningful revenue and will likely operate at a loss as it develops its first device. We may require additional financing in order to execute our business plan. Our ability to secure required financing will depend in part upon on investor perception of our ability to create a successful business. Capital market conditions and other factors beyond our control may also play important roles in our ability to raise capital. The Company can offer no assurance that it will be able to successfully obtain additional financing, or that future financing occurs on terms satisfactory to our management and/or shareholders. If funds are unavailable in the future, or unavailable in the amounts that we feel the business requires, or unavailable on acceptable terms, we may be required to cease operating or modify our business plans in a manner that undermines our ability to achieve our business objectives.

Financial Statements Prepared on Going Concern Basis

The Company's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the successful completion of financing and the creation of operations deemed successful according to the standards of our industry. The Company cannot guarantee that it will be successful in obtaining financing in the future or in achieving business objective set forth internally or externally. Our consolidated financial statements may not contain the adjustments relating to carrying values and classification of assets and/or liabilities that would be necessary should the Company be unable to continue as a going concern.

Costs of Maintaining a Public Listing

As a result of obtaining a public listing, the Company will incur greater legal, accounting and other expenses related to regulatory compliance than it would have had it remained a private entity. The Company may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

Share Price Volatility and Speculative Nature of Share Ownership

The Company is listed for trading on the CSE, resulting in many legacy shareholders being able to freely trade their shares. Factors both internal and external to the Company may significantly influence the price at which our shares trade, and the volatility of our share price. Quarterly operating results and material developments reported by the Company can, and likely will, influence the price of our shares.

Sentiment toward technology stocks, as well as toward the stock market in general, is among the many external factors that may have a significant impact on the price of the Company's shares. The Company is a relatively young company that is not generating revenue and does not possess significant cash reserves. As such, it should be considered a speculative investment. There is no guarantee that a liquid market will be developed or maintained for the Company's shares.

Risks Relating to the Company's Common Stock

A decline in the price of the Company's common stock could affect its ability to raise further working capital and adversely impact its ability to continue operations.

A prolonged decline in the price of the Company's common stock could result in a reduction in the liquidity of its common stock and a reduction in its ability to raise capital. Because a significant portion of the Company's operations have been and will be financed through the sale of equity securities, a decline in the price of its common stock could be especially detrimental to the Company's liquidity and its operations. Such reductions may force the Company to reallocate funds from other planned uses and may have a significant negative effect on the Company's business plan and operations, including its ability to develop new products and continue its current operations. If the Company's stock price declines, it can offer no assurance that the Company will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Company is unable to raise sufficient capital in the future, the Company may not be able to have the resources to continue its normal operations.

ADDITIONAL INFORMATION

Additional information about the Company is available on SEDAR at http://www.sedar.com.

BOARD APPROVAL

The board of directors of the Company has approved this MD&A.