

Canna-V-Cell Sciences Inc.
(formerly Midnight Star Ventures Corp.)
Management's Discussion and Analysis
For the year ended April 30, 2019
(U.S. dollars in thousands)

INTRODUCTION

The following Management Discussion and Analysis ("MD&A"), prepared as of August 28, 2019 has been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's comparatives amounts in this MD&A have been presented in accordance with IFRS. All amounts are stated in U.S dollars in thousands unless otherwise indicated.

The following information should be read in conjunction with the financial statements for the year ended April 30, 2019, and the related notes to those financial statements, all of which are available on the SEDAR website at www.sedar.com.

Statements in this report that are not historical facts are forward looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward looking statements.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "forward-looking statements". Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below and as detailed under **RISK AND UNCERTAINTIES** in this MD&A.

Risk factors that could affect the Company's future results include, but are not limited to, risks inherent in mineral exploration and development and mining activities in general, volatility and sensitivity to market prices for commodities, changes in government regulation and policies including environmental regulations and reclamation requirements, receipt of required permits and approvals from governmental authorities, competition from other companies, ability to attract and retain skilled employees and contractors, and changes in foreign currency exchange rates. Further information regarding these and other factors which may cause results to differ materially from those projected in forward-looking statements are included in the Company's filings with securities regulatory authorities. The Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws.

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NATURE OF BUSINESS AND OVERVIEW OF OPERATIONS

Canna-V-Cell Sciences Inc. (formerly Midnight Star Ventures Corp. ("Midnight Star")) (the "Company" or "CannaVCell", or collectively with its subsidiaries, the "Group") was incorporated under the Business Corporations Act of British Columbia on April 19, 2013.

CannaVCell is the exclusive cannabis worldwide licensee of the proprietary and patent protected BioHarvest technology. It is the first and only industrial large-scale plant cell growth technology capable of directly and constantly producing the active plant ingredients without the necessity to grow the plant itself. By adopting this technology and building adequate cells production capacity, Canna-V-Cell's objective is to become the leading supplier of cannabis for both the medicinal and recreational legal use.

In October 2018, CannaVcell has embarked on a 16 months program to prove the feasibility of applying its unique Biofarming technology to cannabis production. Biofarming cannabis represents a revolution in producing the cannabis active ingredients also known as cannabinoids without growing the plant itself.

On August 26, 2019, the Company announced it has reached a significant milestone of having cannabis trichomes at the suspension phase, which confirms that the progress made to-date towards the completion of the 16 months development program had exceeded expectations.

The Company we will be able to start diverting more resources towards the manufacturing phase

FINANCING

On August 13, 2019, the Company announced that it intends to complete a private placement of up to 6,666,667 units at a price CAD\$0.15 per unit for total proceeds of up to CAD\$1,000,000. Each unit will consist of one common share of the Company and one non-transferable share purchase warrant. Each warrant will be exercisable to purchase an additional common share at a price of CAD\$.30 per share for a period of four years from closing of the private placement.

The Company will pay commissions of 5% to registered investment dealers and brokers or to finders in jurisdictions where permitted by law.

RTO TRANSACTION

On September 27, 2018, the Company completed a qualifying transaction (the Transaction") with Bio Harvest Ltd. ("BioHarvest"), a company incorporated in Israel, and BioHarvest's 100% wholly owned subsidiary, Dolarin Ltd. ("Dolarin"), a corporation incorporated in the Israel ("Business Combination Agreement"). The Company issued 48,337,496 shares to BioHarvest in consideration for 100% of the issued share capital of Dolarin (1,000,000 shares). As a result of the Transaction, Dolarin became a wholly-owned subsidiary of the Company. Completion of the Transaction resulted in a Reverse Takeover and change of business for the Company (the "RTO").

Upon the completion of the Transaction, Midnight Star Ventures Corp. changed its name to Canna-V-Cell Sciences Inc. Subsequent to the Transaction, the Company's principal business is to develop and produce cannabis active ingredients based on biopharming technology.

The Company obtained final approval for the Transaction from the Exchange on October 2, 2018 and trades on the Canadian Securities Exchange under the symbol "CNVC".

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As a condition of the Transaction a financing was completed by the Company to ensure the Company held the requisite net cash amount of US\$2,000,000 prior to closing of the transaction. The Company undertook a financing of up to CAD\$3,300,000 by issuing up to 22,000,000 Units at a subscription price of CAD\$0.15 per Unit. Each Unit was comprised of one common share and one common share purchase warrant of the Company. Each warrant is exercisable into one common share of the Resulting Issuer at an exercise price of CAD\$0.23 for a period of 24 months following the closing of the Transaction. Agents were retained for the Financing. The Agents received a cash commission of 5% of the gross proceeds and broker's warrants equivalent to 5% of the number of Units issued. Each broker's warrant is exercisable into one common share of the Company at CAD\$0.23 for a period of 24 months following closing.

As compensation for brokering the transaction, the Company paid CAD\$115,573 and issued common shares equivalent to 3% of the number of shares issued to BioHarvest, to an unrelated 3rd party.

The Transaction also required the Company to adopt a Stock Option plan whereby Employee Stock Option Plan ("ESOP") shares shall constitute 10% of the issued and outstanding share capital of the Company. Such stock options shall be granted immediately upon closing and vest over a 2-year period on a quarterly basis to employees of Dolarin.

Licensing and Service Agreement

On April 19, 2018, BioHarvest and Dolarin entered into a license agreement, which has an effective date of the closing of the Transaction ("License Agreement"). Pursuant to the license agreement Dolarin acquired certain worldwide, non-transferable, royalty bearing license in perpetuity from BioHarvest for the use of BioHarvest's biotechnology for the production and sale of cannabis products for the medical and recreational markets (the "License").

Dolarin acquired the licenses for the following consideration:

- a) The issuance of 900,000 common shares of Dolarin to BioHarvest.
- b) The payment of \$160 thousands in 16 equal monthly payments of \$10 thousands commencing on the effective date.
- c) The payment to BioHarvest of a milestone payment comprising \$840 thousands upon the commencement of construction of the first manufacturing facility for relevant licensed product.

On April 19, 2018, BioHarvest and Dolarin also entered into a services agreement with an effective date of the closing of the Transaction ("Service Agreement"). Pursuant to the Service Agreement, Dolarin contracted BioHarvest to perform certain limited research, development and commercialization of BioHarvest's technology in the field of cannabis including the equipment, materials, facilities and personnel.

The initial period of the agreement shall be for 16 months, from closing of the transaction at a budgeted cost of US\$1,538,000. Further expenditures may be required if the objectives of the research are not met during the initial period.

Under the terms of the Transaction, the board of directors of the Company will consist of six persons with half the Board members to be nominated by Bioharvest. The following persons have been nominated by Bioharvest:

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Dr. Zaki Rakib, Ph.D., serves as the Co-Founder and Executive Chairman of Bioharvest. He has extensive experience within the software, telecommunications hardware, semiconductors, cellular operations and bioscience categories, where he has spearheaded the development of multiple cutting-edge innovations. Leveraging his foundation in technical sciences, Dr. Rakib was one of the first leaders in the telecommunications industry. He co-founded Terayon Communication Systems, invented the first cable modem, and S-CDMA technology. Dr. Rakib holds Bachelor of Science, Master of Science, and Ph.D. degrees in Engineering from Ben Gurion University in Israel.

Mrs. Vivien Rakib holds a B.Sc. in Math and computer science. She had extensive experience in Software development for fortune 100 companies primarily in Silicon Valley California including Sun Microsystems and Phillips semiconductors. Mrs. Rakib is an investor in high-tech and in biotech. Most noteworthy are Shaker (where she also served as a board member) who was acquired by Play-Studios and Bioharvest where she is currently the largest shareholder and a board member. Mrs. Rakib also serves on the board of 2 NGO's.

Initially at closing, the capacity of the Board is four members and the above two persons will be appointed with a third member to be appointed at the next general meeting of the Company after the board capacity is increased to six members. In addition, the Company has appointed Liron Carmel as a director of the Company. Mr. Carmel is a businessman based in Israel with experience in management of technology companies. He is currently the Chairman of Smart Energy Solutions Inc. and is a former Chairman of Emerald Medical Applications Corp. The existing directors, Mr. Shane Epp and Mr. Bernie Hoing resigned to make room for the appointments. David Ryan continues as a director of the Company. In January 2019, the Company appointed Mr. Jake Fiddick to the Company's board of directors. As of the date of this report, the Company has six directors.

Fish Property

Following the RTO and the resulting change in the main business activity of the Company, as of April 30, 2019, the Company ceased to make payments in terms of the agreements in place in respect of the Fish project and as such, the property has reverted to the owner.

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SELECTED ANNUAL INFORMATION

	Years ended April 30,	
	2019	2018
Operating expenses		
Research and development	1,100	\$ -
Listing expenses	2,732	-
General and administrative	523	5
Total operating expenses	4,355	5
Loss from operations	(4,355)	5
Finance expense	(780)	-
Net loss and comprehensive loss	(5,135)	\$ 5

The Company incurred a comprehensive loss of \$5,135 thousands, for the year ended April 30, 2019. The primary reasons for this loss is as follows:

1. We incurred expenses of \$1,100 thousands for the year ended April 30, 2019 as compared to nil for the year ended April 30, 2018, in respect of research and development expenses.
2. We incurred expenses of \$2,732 thousands for the year ended April 30, 2019 as compared to nil for the year ended April 30, 2018, in respect of the licensing and services agreements that we signed with BioHarvest.
3. We incurred expenses of \$523 thousands for the year ended April 30, 2019 as compared to 5 for the year ended April 30, 2018, in respect of general and administrative expenses.

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Summary of Quarterly Results

The following is a summary of the Company's quarterly results for the period from February 26, 2018 through to April 30, 2019.

	QUARTER ENDED				
	April 30 2019	January 31 2019	October 31, 2018	July 31, 2018	April 30 2018
Total revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss before income taxes	\$ (1,439)	\$ (1,177)	\$ (2,519)	\$ -	\$ (5)
Net loss for the period	\$ (1,439)	\$ (1,177)	\$ (2,519)	\$ -	\$ (5)
Basic loss per share	\$ (0.01)	\$ (0.01)	\$ (0.07)	\$ -	\$ 0.00

Costs incurred prior to October 31, 2018 relate to the period prior to the Transaction. Costs incurred in the quarter ended October 31, 2018 comprised primarily of expenses relating the Transaction and our license and services agreement with BioHarvest. During the following quarters (January 31, 2019 and April 30, 2019) the costs relate primarily to advancing the license and services agreement with BioHarvest.

LIQUIDITY AND CAPITAL RESOURCES

The Financial Statements have been prepared on a going concern basis whereby the Company is assumed to be able to realize its assets and discharge its liabilities in the normal course of operations. The Financial Statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern assumption was not appropriate for the Financial Statements, then adjustments of a material nature would be necessary in the carrying value of assets such as petroleum and natural gas licenses, liabilities, the reported expenses, and the balance sheet classifications used. Management continues to pursue financing opportunities for the Company to ensure that it will have sufficient cash to carry out its planned program beyond the next year.

At April 30, 2019 the Company held cash of \$532 thousands, (April 30, 2018 - Nil), prepaid expensed \$336 thousands (April 30, 2018 - Nil). The Company had current liabilities of \$868 thousands (April 30, 2018 - \$4 thousands). At April 30, 2019, the Company's working capital was \$841 thousands (April 30, 2018 – negative \$4 thousands).

During the year ended April 30, 2019, the Company's overall position of cash and cash equivalents increased by \$532 thousands. This increase in cash can be attributed to the following:

The Company's net cash used in operating activities during the year ended April 30, 2019 was \$1,688 thousands as compared to net cash used of \$1 thousands for the year ended April 30, 2018. The amount is primarily due to the commencement of operations following the completion of the Transaction.

Cash acquired on the reverse takeover was \$2,227 thousands, which included the private placement mentioned above. The gross amount raised in the private placement was \$3,018

Cash generated from other financing activities for the year ended April 30, 2019 was nil as compared to net cash provided of \$1 thousands for the year ended April 30, 2018.

Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the issuance of shares or the exercise of options, warrants and loans to fund ongoing operations and investment. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

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OFF BALANCE SHEET ARRANGEMENTS

The Company has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations or arrangements with respect to any obligations under a variable interest equity arrangement.

TRANSACTIONS WITH RELATED PARTIES

The Company's key management personnel have the authority and responsibility for overseeing, planning, directing and controlling the activities of the Company. Key management personnel include members of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer. Compensation earned by key management for year ended April 30, 2019 was as follows:

Related party transactions:

For the year ended April,	For the year ended April 30,	
	2019	2018
Compensation of key management personnel of the Company:		
Management fees for the CEO	40	-
Share base payment	193	-
Other related party transactions:		
Research and development	846	
Share base payment	236	
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	As of	As of
Balances with related parties:	April 30,	April 30,
	2019	2019
Prepayments	325	-
Related parties	(590)	-

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NEWLY ADOPTED ACCOUNTING STANDARDS

A. New IFRSs adopted in the period:

IFRS 16, Leases ("IFRS 16") was issued by the IASB in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. An entity applies IFRS 16 for annual periods beginning on or after January 1, 2019. Earlier application is permitted if IFRS 15 Revenue from Contracts with Customers has also been applied. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. The Company expects the adoption of this standard to have no material impact on the financial statements.

COMMON SHARE DATA

As at the date of this MD&A, the Company had the following securities issued and outstanding:

Common Shares	96,577,013
Share options issued and outstanding	10,405,105
Warrants issued and outstanding	20,890,148
Common shares outstanding on a fully diluted basis	127,872,266

INVESTOR RELATIONS CONTRACTS

There are no investor relations contacts outstanding

CONTRACTUAL OBLIGATIONS

The Company has no contractual obligations that have not been disclosed

RISKS AND UNCERTAINTIES

Limited Operating History

The Company is in the early stages of its business activities. As a result, it is difficult to evaluate the Company's prospects, and its future success is more uncertain than if it had a longer or more proven history of operations.

History of Losses

The Company has incurred net losses every period since inception and as of April 30, 2019, had an accumulated deficit of \$5,140 thousands.

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No History of Dividends

Since incorporation, the Company has not paid any cash or other dividends on its common stock and does not expect to pay such dividends in the foreseeable future, as all available funds will be invested primarily to finance its mineral exploration programs. The Company will need to achieve profitability prior to any dividends being declared.

Dilution

The Company does not generate any revenues from operating and does not have sufficient financial resources to undertake by itself all of its planned activities. The Company has limited financial resources and has financed its operations primarily through the sale of securities such as common shares. The Company will need to continue its reliance on the sale of such securities for future financing, resulting in dilution to the Company's existing shareholders.

Capital and Liquidity Risk

The amount of financial resources available to invest for the enhancement of shareholder value is dependent upon the size of the treasury, profitable operations, and a willingness to utilize debt and issue equity.

Due to the size of the Company, financial resources are limited and if the Company exceeds growth expectations or finds investment opportunities it may require debt or equity financing. There is no assurance that the Company will be able to obtain additional financial resources that may be required to successfully finance transactions or compete in its markets on favourable commercial terms.

Acquisition and Expansion Risk

The Company intends to expand its operations through organic growth and depending on certain conditions, by identifying a proposed qualifying transaction. There can be no assurance that the Company will be able to identify, acquire or profitably manage additional properties or businesses.

Dependence on Key Personnel

Loss of certain members of the executive team or key operational leaders of the company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations until their replacement is found. Recruiting personnel is time consuming and expensive and the competition for professionals is intense.

The Company may be unable to retain its key employees or attract, assimilate, retain or train other necessary qualified employees, which may restrict its growth potential.

MD&A PREPARATION

This MD&A is intended to assist the reader's understanding of Canna-V-Cell Sciences Inc. (formerly Midnight Star Ventures Corp) and its' operations, business, strategies, performance and future outlook from the perspective of management. The documents mentioned above, as well as news releases and other important information may be viewed through the SEDAR website at www.SEDAR.com.