Canna-V-Cell Sciences Inc.

(formerly Midnight Star Ventures Corp.)

Management's Discussion and Analysis

For the Three and Six months ended October 31, 2019

INTRODUCTION

The following Management Discussion and Analysis (”MD&A”), prepared as of December 30, 2019 has been prepared in accordance with International Financial Reporting Standards (“IFRS”). The Company’s comparative 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 condensed consolidated interim financial statements for the three and six months ended October 31, 2019 and the annual 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**.

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.

This MD&A contains certain information that may constitute forward-looking information and forward-looking statements within the meaning of applicable securities laws (collectively, “Forward-Looking Statements”), which are based upon the Company’s current internal expectations, estimates, projections, assumptions and beliefs. All information contained herein that is not clearly historical in nature may constitute Forward-Looking Statements. In some cases, Forward-Looking Statements can be identified by the use of forward looking terminology such as “expect”, “likely”, “may”, “will”, “should”, “intend”, “anticipate”, “potential”, “proposed”, “estimate” and other similar words, expressions and phrases, including negative and grammatical variations thereof, or statements that certain events or conditions “may” or “will” happen, or by discussions of strategy. Forward-Looking Statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of historical fact.

Certain of the Forward-Looking Statements contained herein concerning the cannabis industry are based on estimates prepared by us using data from publicly available governmental sources, market research, industry analysis and on assumptions based on data and knowledge of this industry, which we believe to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While we are not aware of any misstatement regarding any industry or government data or other information presented herein that is based on such data, the cannabis industry involves risks and uncertainties that are subject to change based on various factors.

NATURE OF BUSINESS, OVERVIEW OF OPERATIONS AND SIGNIFICANT DEVELOPMENTS

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.

The Company 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 is 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, the Company's objective is to become the leading supplier of cannabis for both the medicinal and recreational legal use markets.

In October 2018, the Company embarked on a 16 months program to prove the feasibility of applying its unique Biofarming technology to the production of cannabis. The Biofarming technology 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 produced? 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 now be able to start diverting more resources towards the manufacturing phase.

On September 26, 2019, the Company announced the first ever production of cannabis cells in suspension, with a cannabinoid profile identical to that of the source plant. This was achieved without the need to grow the cannabis plant itself.

This milestone represents the successful completion of the development program that commenced in October of 2018 which aimed to prove the feasibility of BioHarvest's previously proven technology for the production of Cannabinoids and other Cannabis derived compounds.

The program was successfully completed four months ahead of schedule. The goals for this development stage have been exceeded, as the Company went one step beyond production in liquid media (or suspension) at lab-scale, where it demonstrated fully grown trichomes, and stably produced Cannabis cells and cannabinoids in a small scale bioreactor.

BioHarvest expects to complete an initial scale-up process, and reach a commercial production capacity of 2 tonnes/year by year-end 2020. A significantly larger facility is expected to be completed by year-end 2021. The Bioharvest team has successfully developed industrial scale production processes for other (non-Cannabis) plant cells in the past, and has commercially produced and distributed such products.

Reverse Take Over, Licensing and Service Agreement

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"). BioHarvest is the ultimate parent of the Group.

On April 19, 2018, BioHarvest and Dolarin entered into a license agreement (the License Agreement), which has an effective date of the closing of the Transaction. 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 thousand in 16 equal monthly payments of $10 thousand 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.

Financing

On September 23, 2019 the Company has closed a private placement financing (the "Private Placement Financing") by issuing 6,666,667 units at a price of $0.15 per unit for gross proceeds of $753,580 CAD$1,000 (CAD$985 after payment of commissions and finder's fees). The securities issued under the Private Placement Financing will be subject to a hold period expiring four months and one day from the date of issuance pursuant to applicable Canadian securities laws. Each unit consists of one common share of the Company and one non-transferable share purchase warrant ("Private Placement Warrant"). Each Private Placement Warrants will be exercisable to purchase an additional common share at a price of $0.30 per share for a period of two years from closing of the Private Placement Financing.

Merger Agreement

On December 2, 2019, the Company established a wholly owned subsidiary in the Israel, Biofarming Ltd ("Acquisition Sub"). Acquisition Sub agreed to merge with BioHarvest with the merger consideration being the issuance of 299,200,000 common shares of the Company to the shareholders of BioHarvest.

BioHarvest's existing shareholding of 48,337,496 common shares of the Company will be returned to the Company's treasury.

The merger will be completed under the Israel Companies Law and is subject to a number of conditions including:

- Shareholder approval at meetings called for that purpose;
- Approval of the Israeli Securities Authority;
- The indebtedness of BioHarvest at closing not exceeding $500;
- Approval of the Canadian Securities Exchange;
- The agreement of convertible debt holders of BioHarvest to accept warrants of the Company to replace their warrants in BioHarvest; and
- Termination of BioHarvest's outstanding options to directors, officers, employees and consultant.

SELECTED ANNUAL INFORMATION (US Dollars in Thousands)

		For the three months ended October 31		For the six months ended October 31	
		2019	**2018**	**2019**	**2018**
		(Unaudited)		(Unaudited)	
Operating expenses					
Research and development	$	**471**	36	**984**	36
Listing expenses		**-**	2,732	**-**	2,732
General and administrative		**327**	46	**472**	46
Total operating expenses		**798**	2,814	**1,456**	2,814
Loss from operations		**(798)**	(2,814)	**(1,456)**	(2,814)
Finance income (expense)		**254**	(1,648)	**802**	(1,648)
Net loss and comprehensive loss	$	**(544)**	(4,462)	**(654)**	(4,462)
Basic loss per share		**(0.01)**	(0.00)	**(0.01)**	(0.00)
Weighted Average Number of Shares Outstanding		**99,391,828**	36,803,211	**97,984,420**	36,803,211

The Company incurred a comprehensive loss of $544 thousand, for the three months ended October 31, 2019 as compared to $4,462 thousand for the three months ended October 31, 2018. The primary reasons for this loss is as follows:

- We recorded expenses of $471 thousand for the three months ended October 31, 2019 as compared to $36 thousand for the three months ended October 31, 2018, in respect of research and development expenses. The primary reason for the increase is due advancement in the development program within the Licensing and Service Agreement.
- We recorded nil for the three months ended October 31, 2019 as compared to $2,732 thousand for the three months ended October 31, 2018, in respect of Listing expenses, in respect of the licensing and services agreements that we signed with BioHarvest.
- We incurred expenses of $327 thousand for the three months ended October 31, 2019 as compared to $46 thousand for the three months ended October 31, 2018, in respect of general and administrative expenses. The primary reasons for the increase is due increase in professional and consulting fees, office and general expenses and stock based compensation.
- We recorded finance income of $254 thousand for the three months ended October 31, 2019 as compared to finance expenses of $1,648 thousand for the three months ended October 31, 2018. The primary reasons for the Company reflecting finance income in 2019 is the result of a decrease in the fair value of the warranty liability as compared to the prior period. The primary reasons for the Company reflecting a finance expense in 2018 is the result of the increase in the fair value of the warranty liability.

The Company incurred a comprehensive loss of $654 thousand, for the six months ended October 31, 2019 as compared to $4,462 thousand for the six months ended October 31, 2018. The primary reasons for this loss is as follows:

- We recorded expenses of $984 thousand for the six months ended October 31, 2019 as compared to $36 thousand for the six months ended October 31, 2018, in respect of research and development expenses. The primary reason for the increase is due advancement in the development program within the Licensing and Service Agreement.
- We recorded nil for the six months ended October 31, 2019 as compared to $2,732 thousand for the six months ended October 31, 2018, in respect of Listing expenses, in respect of the licensing and services agreements that we signed with BioHarvest.
- We incurred expenses of $472 thousand for the six months ended October 31, 2019 as compared to $46 thousand for the six months ended October 31, 2018, in respect of general and administrative expenses. The primary reasons for the increase is due increase in professional and consulting fees, office and general expenses and stock based compensation.
- We recorded finance income of $802 thousand for the six months ended October 31, 2019 as compared to finance expenses of $1,648 thousand for the six months ended October 31, 2018. The primary reasons for the Company reflecting finance income in 2019 is the result of a decrease in the fair value of the warranty liability as compared to the prior period. The primary reasons for the Company reflecting a finance expense in 2018 is the result of the increase in the fair value of the warranty liability.

Summary of Quarterly Results

The following is a summary of the Company's quarterly results for the period from February 26, 2018 (inception) through to October 31, 2019 (US dollars in thousands, except per share data).

QUARTER ENDED

	October 31, 2019	July 31, 2019	April 30 2019	January 31 2020
Total revenue	$ -	$ -	$ -	$ -
Net loss before income taxes	$ (544)	$ (110)	$ (1,439)	$ (1,177)
Net loss for the period	$ (544)	$ (110)	$ (1,439)	$ (1,177)
Basic loss per share	$ (0.01)	$ 0.00	$ (0.01)	$ (0.01)

	October 31, 2018	July 31, 2018	April 30 2018
Total revenue	$	$	$ -
Net loss before income taxes	$ (4,462)	$ -	$ (5)
Net loss for the period	$ (4,462)	$ -	$ (5)
Basic loss per share	$ (0.00)	$ -	$ 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, 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 certain assets, liabilities, the reported expenses, and the balance sheet classifications used.

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. 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.

FINANCIAL POSITION

At October 31, 2019 the Company had cash of $252 thousand, (April 30, 2019 - $532 thousand), amounts receivable and prepaid expenses of $122 thousand (April 30, 2019 - $336 thousand). At that date the Company had current liabilities of $34 thousand (April 30, 2019 - $27 thousand). At October 31, 2019, the Company's working capital was $340 thousands (April 30, 2019 –$841 thousand).

During the six months ended October 31, 2019, the Company's overall position of cash and cash equivalents decreased by $280 thousand. This decrease in cash can be attributed to the following:

The Company's net cash used in operating activities during the six months ended October 31, 2019 was $1,022 thousand as compared to net cash used of $20 thousand for the six months ended October 31, 2018. The amount is primarily due to the commencement of operations following the completion of the Transaction.

Cash generated from investing activities for the six months ended October 31, 2019 was $742 thousand received from the completion of a private placement as compared to cash generated of $2,227 thousand for the six months ended October 31, 2018. The amount in 2018 relates to the net cash that was acquired in the RTO, which included a private placement.

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 period ended October 31, 2019 was as follows:

(In US Dollars)

	For the three months ended October 31		For the six months ended October 31	
	2019	**2018**	**2019**	**2018**
	(Unaudited)		(Unaudited)	
Compensation of key management personnel of the Company:				
Management fees for the CEO	25	-	35	-
Management fees for the CFO	4	1	6	1
Share base payment to CEO (Note 6)	67	35	94	35
Other related party transactions:				
Research and development (Note 1A)	471	-	890	-

Balances with related parties:	**31-Oct-19**	**30-Apr-19**
Prepayments	30	325
Royalties Commitment	(765)	(590)

COMMON SHARE DATA

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

Common Shares	103,243,680
Share options issued and outstanding	10,405,105
Warrants issued and outstanding	27,566,815
Common shares outstanding on a fully diluted basis	**141,215,600**

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 October 31, 2019, had an accumulated deficit of $5,794 thousand.

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.