Canna-V-Cell Sciences Inc.

(formerly Midnight Star Ventures Corp.)

Management's Discussion and Analysis

For the Three and Nine months ended January 31, 2020

INTRODUCTION

The following Management Discussion and Analysis ("MD&A"), prepared as of March 31, 2020 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 Company's condensed consolidated interim financial statements for the three and nine months ended January 31, 2020 and its 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" 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 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, 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").

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 provision of 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 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 9, 2019, the Company entered into an agreement with BioHarvest and the Company's wholly owned Israeli subsidiary Biofarming Ltd, which incorporated on December 2, 2019 ("Agreement and Plan of Merger"). Under the terms of the Agreement and Plan of Merger, The Company will acquire 100% of BioHarvest by issuing 299,200,000 common shares at a deemed price of $0.15 per share to the shareholders of BioHarvest. (BioHarvest owns 48,337,496 common shares of the Company so the net new shares issued after subtracting the intercorporate holding is 250,862,504.) The Company will also issue 39,581,480 warrants (the "Creditor Warrants") to the convertible debt holders of BioHarvest who will convert their debt to shares immediately prior to closing. The Creditors Warrants which are exercisable until August 31, 2020 to purchase an additional common share at CAD$1.00 per share, replace warrants the creditors were entitled to receive in Bio Harvest. In addition, the Company will grant 11,910,000 stock options to BioHarvest's and The Company's Chief Technology Officer. The options will be exercisable to purchase shares of The Company at CAD$0.15 per share for a period of two years and will vest quarterly over that period. The acquisition price is based on a valuation report from Evans and Evans dated November 20, 2019 estimating the value of BioHarvest Ltd. to be between $33,700,000. (approximately CAD$44,484,000) and $34,600,000 (approximately CAD$45,670,000). The above transaction constitutes a fundamental change under the rules of the Canadian Securities Exchange.

In addition to the increase in value to the Company there are a number of significant advantages that arise out of the acquisition.

1) The Company will now own the platform bio reactor technology developed by Bio Harvest that is being used for the development of cannabis products rather than only licensing the technology from Bio Harvest.

2) The Company will no longer need to pay royalties and milestone payments to Bio Harvest.

3) The Company will obtain ownership of 14 patents and patents pending held by Bio Harvest including patents related to its VINIA TM made from red grape cells and similar products to be developed for other food products including pomegranate and olive.

4) The Company will have its own highly qualified and experienced staff developing its cannabis products as well as other food products.

5) The Company will own the Bioreactor facility which can be repurposed for cannabis products when not needed to supply VINIA TM. Bio Harvest currently has a one-year inventory of VINIA TM product.

6) The acquisition immediately adds significant sales revenue to the Company from the sale of Bio Harvest VINIA TM product.

The closing of the acquisition is subject to a number of conditions including required regulatory and shareholder approvals, and the Company completing a concurrent private placement financing of up to 35,200,000 common shares at $0.15 per share. (This amount is subject to adjustment depending on the cash position of BioHarvest at closing.)

The Company will pay commissions of up to 6% of the proceeds and issue warrants to purchase up to 6% of the number of shares sold in the private placement to brokers or finders where permitted by law. Zaki Rakib the Company's CEO and Chairman is Chief Executive Officer of BioHarvest, Vivien Rakib is a director and significant shareholder of BioHarvest and Yochi Hagay the Company's Chief Technology Officer, is Chief Technology Officer of BioHarvest. Accordingly, the transactions are not arm's length transactions and are subject to Multilateral Instrument 61-101 requirements.

The following steps have or will be taken to satisfy these requirements:

1) The Company has obtained an Independent Valuation. The Company has determined that Evans and Evans are qualified and independent.

2) The Company appointed a Special Committee of the Board consisting of David K. Ryan and Jake Fiddick, to supervise preparation of the valuation and to make recommendations to shareholders.

3) Approval of a majority of disinterested shareholders will be obtained at the shareholder meeting.

On March 30, 2020, the shareholders of the Company approved, among other matters, the following: (i) the fixing of the size of the Company's board of directors (the "Board") to five; (ii) the election of all incumbent directors to the Board; and (iii) the approval of the Agreement and Plan of Merger.

SELECTED ANNUAL INFORMATION (US Dollars in Thousands)

		For the three months ended January 31		For the nine months ended January 31	
		2020	2019	2020	2019
		(Unaudited)		(Unaudited)	
Operating expenses					
Research and development	$	**467**	812	**1,451**	753
General and administrative		**199**	382	**674**	428
Listing expenses		**-**	50	**-**	2,782
Total operating expenses		**666**	1,244	**2,125**	3,963
Loss from operations		**(666)**	(1,244)	**(2,125)**	(3,963)
Finance income (expense)		**6**	(347)	**811**	(2,090)
Net loss and comprehensive loss	$	**(660)**	(1,591)	**(1,314)**	(6,053)
Basic loss per share		**(0.01)**	(0.02)	**(0.01)**	(0.14)

The Company incurred a comprehensive loss of $660 thousand, for the three months ended January 31, 2020 as compared to $1,591 thousand for the three months ended January 31, 2019. The primary reasons for this loss is as follows:

- We recorded research and development expenses of $467 thousand for the three months ended January 31, 2020 as compared to $812 thousand for the three months ended January 31, 2019. The primary reason for the decrease is due the Company reaching the end of the development program within the BioHarvest Licensing and Service Agreement .We recorded Listing expenses of nil for the three months ended January 31, 2020 as compared to $50 thousand for the three months ended January 31, 2019, the Listing expenses were in respect of the licensing and services agreements that we signed with BioHarvest in the prior period.
- We incurred general and administrative expenses of $199 thousand for the three months ended January 31, 2020 as compared to $382 thousand for the three months ended January 31, 2019. The primary reason for the decrease is due to a decrease in the stock based compensation charge recorded.
- We recorded finance income of $6 thousand for the three months ended January 31, 2020 as compared to finance expenses of $347 thousand for the three months ended January 31, 2019. The primary reasons for the Company reflecting finance income in 2020 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 2019 is the result of the increase in the fair value of the warranty liability.

The Company incurred a comprehensive loss of $1,314 thousand, for the nine months ended January 31, 2020 as compared to $6,053 thousand for the nine months ended January 31, 2019. The primary reasons for this loss is as follows:

- We recorded research and development expenses of $1,451 thousand for the nine months ended January 31, 2020 as compared to $753 thousand for the nine months ended January 31, 2019. The primary reason for the decrease is due the Company reaching the end of the development program within the Licensing and Service Agreement.
- We recorded Listing expenses nil for the nine months ended January 31, 2020 as compared to $2,782 thousand for the nine months ended January 31, 2019, the Listing expenses were in respect of the licensing and services agreements that we signed with BioHarvest in the prior period.
- We incurred general and administrative expenses of $674 thousand for the nine months ended January 31, 2020 as compared to $428 thousand for the nine months ended January 31, 2019. The primary reasons for the increase is due increase in professional and consulting fees, office and general expenses.
- We recorded finance income of $811 thousand for the nine months ended January 31, 2020 as compared to finance expenses of $2,090 thousand for the nine months ended January 31, 2019. The primary reasons for the Company reflecting finance income in 2020 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 2019 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 January 31, 2020 (US dollars in thousands, except per share data).

QUARTER ENDED

		January 31, 2020		October 31, 2019		July 31, 2019		April 30 2019
Total revenue	$	-	$	-	$	-	$	-
Net loss before income taxes	$	(660)	$	(544)	$	(110)	$	(1,439)
Net loss for the period	$	(660)	$	(544)	$	(110)	$	(1,439)
Basic loss per share	$	(0.01)	$	0.00	$	(0.01)	$	(0.01)

		January 2020		October 31, 2018		July 31, 2018	April 30 2018
Total revenue		-		$	$	-	-
Net loss before income taxes	$	(1,177)	$	(4,462)	$	-	(5)
Net loss for the period	$	(1,177)	$	(4,462)	$	-	(5)
Basic loss per share	$	(0.01)	$	(0.00)	$	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 January 31, 2020 the Company had cash of $64 thousand, (April 30, 2019 - $532 thousand), amounts receivable and prepaid expenses of $113 thousand (April 30, 2019 - $336 thousand). At that date the Company had current liabilities of $471 thousand (April 30, 2019 - $27 thousand). At January 31, 2020, the Company's negative working capital was $294 thousands (April 30, 2019 –$841 thousand).

During the nine months ended January 31, 2020, the Company's overall position of cash and cash equivalents decreased by $468 thousand. This decrease in cash can be attributed to the following:

The Company's net cash used in operating activities during the nine months ended January 31, 2020 was $1,210 thousand as compared to net cash used of $20 thousand for the nine months ended January 31, 2019. The increase in 2020 is primarily due to the commencement of operations following the completion of the Transaction.

Cash generated from investing activities for the nine months ended January 31, 2020 was $742 thousand received from the completion of a private placement as compared to cash generated of $2,227 thousand for the nine months ended January 31, 2019. The amount in 2020 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.

(In US Dollars)

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 January 31, 2020 was as follows:

	For the three months ended January 31		**For the nine months ended January 31**	
	2020	**2019**	**2020**	**2019**
Compensation of key management personnel of the Company:				
Management fees for the CEO	25	33	65	33
Management fees for the CFO	3	3	7	4
Share base payment to CEO	23	95	99	130
Other related party transactions:				
Research and development (Service Agreement)	462	717	1,352	718

Balances with related parties:	**January 31, 2020**	**April 30, 2019**
Prepayments	-	325
Accounts payable	(384)	-
Royalties Commitment	(567)	(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 January 31, 2020, had an accumulated deficit of $6,454 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.