BioHarvest Sciences Inc.

(Formerly Canna-V-Cell Sciences Inc.)

Management's Discussion and Analysis

For the three and six months ended June 30, 2020

INTRODUCTION

The following Management Discussion and Analysis (”MD&A”), prepared as of August 26, 2020 has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standard Board (IASB). All amounts (other than per share amounts) are stated in U.S dollars rounded to the nearest thousand, unless otherwise indicated.

The following information should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2020, and the related notes to those financial statements.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain information that may constitute “forward-looking information” and “forward-looking statements” (collectively, “forward-looking statements”) which are based upon the Company’s current internal expectations, estimates, projections, assumptions and beliefs. Such statements can be identified by the use of forward-looking terminology such as "expect," “likely”, "may," "will," "should," "intend," or "anticipate", “potential”, “proposed”, “estimate” and other similar words, 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 fact. The forward-looking statements included in this MD&A are made only as of the date of this MD&A. Forward-looking statements in this MD&A include, but are not limited to, statements with respect to: a) licensing risks; b) regulatory risks; c) change in laws, regulations and guidelines; d) market risks; e) expansion of facilities; f) history of net losses; and g) competition. Certain of the forward-looking statements and forward-looking information and other information contained herein concerning the bio-farming nutraceutical and cannabis industries, the general expectations of the Company concerning these industries and concerning the Company are based on estimates prepared by the Company using data from publicly available governmental sources, from market research and industry analysis and on assumptions based on data and knowledge of this industry, which the Company believes to be reasonable. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the cannabis industry involves risks and uncertainties that are subject to change based on various factors and the Company has not independently verified such third party information. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. The Company’s forward-looking statements are expressly qualified in their entirety by this cautionary statement. In particular, but without limiting the foregoing, disclosure in this MD&A under “Business Overview” as well as statements regarding the Company’s objectives, plans and goals, including future operating results and economic performance may make reference to or involve forward- looking statements. A number of factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking statements. See “Risk and Uncertainties” for further details. The purpose of forward- looking statements is to provide the reader with a description of management’s expectations, and such forward-looking statements may not be appropriate for any other purpose. You should not place undue reliance on forward- looking statements contained in this MD&A. The Company undertakes no obligation to update or revise any forward- looking statements.

NATURE OF BUSINESS AND OVERVIEW OF OPERATIONS

1. General

BioHarvest Sciences Inc. (formerly Canna-V-Cell Sciences Inc. ("CannaVCell") (the "Company" or "BioHarvest Sciences") was incorporated under the Business Corporations Act of British Columbia on April 19, 2013. On September 27, 2018, the Company completed a qualifying transaction (the "Transaction") with BioHarvest Ltd. ("BioHarvest"), a company incorporated in Israel, and BioHarvest's 100% wholly owned subsidiary, Dolarin Ltd. ("Dolarin"), a corporation incorporated in the Israel. 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"). he Company's shares trade on the Canadian Securities Exchange under the symbol "BHSC".

BioHarvest was incorporated in January 2007 and commenced its activity in July 2007. In July 2014, BioHarvest established a wholly owned subsidiary in the United States, BioHarvest Inc. (the "US subsidiary").

On February 26, 2018, BioHarvest established a wholly owned subsidiary in Israel, Dolarin Ltd. ("Dolarin").

On December 5, 2019, BioHarvest Sciences established a wholly owned subsidiary in Israel, BioFarming Ltd. ("BioFarming" or "Merger Sub").

Merger Transaction

On December 9, 2019, BioHarvest entered into a merger agreement with BioFarming (hereafter the "Merger Transaction"). Pursuant to the terms and subject to the closing conditions set forth in the Merger Agreement, the Merger Sub would merge into the Company in accordance with sections 314 through 327 of the Israeli Companies Law, and the separate corporate existence of the Merger Sub would cease. Following the Merger Transaction, BioHarvest would become a wholly owned subsidiary of BioHarvest Sciences, which would become the record and beneficial owner of all of the issued and outstanding shares of BioHarvest's share capital, and there shall be no outstanding shares, options, warrants or rights of any kind to subscribe for or purchase any shares of BioHarvest's share capital. According to the Merger Transaction, the closing of the merger was subject to the following closing conditions:

- Shareholder approval at meetings called for that purpose;
- Approval of the Israeli Securities Authority;
- The indebtedness of BioHarvest at closing not exceeding $500,000;
- Approval of the Canadian Securities Exchange;
- The Agreement of Convertible Debt holders of BioHarvest to accept warrants of BioHarvest Sciences to replace their warrants in BioHarvest
- Termination of BioHarvest's director, officer, employee or consultant options outstanding; and

- BioHarvest Sciences is required to complete a financing round of $4,000,000. This amount is subject to adjustment at the option of BioHarvest Sciences depending on the financial position of BioHarvest at closing

On March 31, 2020, all terms of the Merger Transaction were met. The following were the merger consideration:

- Issuance of 299,057,739 common shares of BioHarvest Sciences to the shareholders of BioHarvest at a deemed price of $0.11 per share (CAD$0.15).
- Issuance of 39,565,579 warrants to purchase an additional common share of BioHarvest Sciences at $0.70 per share (CAD $1.00). Each warrant is exercisable until August 31, 2020. These warrants replace the existing warrants held by the convertible debt holders in BioHarvest.

As part of the closing of the Merger Transaction, the holders of all of BioHarvest's convertible notes (as defined in note 4 in the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2020) signed a statement of conversion (the "Statement of Conversion") according to which each lender agreed that effective as of immediately prior to, and subject to the closing of the Merger Transaction, the loan amount would be converted into BioHarvest's shares. These shares would be replaced with approximately 1.7 shares of BioHarvest Sciences for each BioHarvest share held and each existing warrant to purchase an additional common share of BioHarvest would be converted to approximately 1.7 warrants to purchase an additional common share of BioHarvest Sciences at $0.76 per share (CAD $1.00).

As part of the closing of the Merger Transaction, all of BioHarvest's outstanding share based compensation options were cancelled (731,348 options).

The Merger Transaction does not constitute a business combination within the scope of IFRS 3 and accordingly is treated by the Company in the financial statements as a pooling of interest. According to this method, the Company prepared its financial statements in order to reflect as if the Merger was in effect as of the date the two entities were under common control.

Concurrent with closing the Merger Transaction, BioHarvest Sciences completed a private placement of 8,000,000 shares at a price of $0.11 per share (CAD $0.15) for gross proceeds of $890,000 (CAD $1,200,000).

In connection with the private placement, the Company issued 117,600 finders warrants (the "Finder Warrants") to purchase an additional common share of the Company. The Finders Warrants amount equals to 6% of the number of shares placed with persons introduced by the finders. The Finder Warrants are exercisable at $0.11 per share (CAD $0.15). Each warrant is exercisable until September 30, 2021.

As of June 30, 2020 BioHarvest Sciences held 100% of the issued share capital of BioHarvest.

2. Overview of the business

The Company is focused on driving its growth in the multi-billion dollar nutraceutical and cannabis markets via its Nutraceutical Super Fruits and Cannabis business verticals.

The Company's first Nutraceutical Super Fruits product, VINIA®, is made of red grape (Vitis vinifera) cells grown in the Company's proprietary bioreactors facility. VINIA® is in a form of a fine dry pink-purple powder containing a matrix of polyphenols (with a high concentration of Pieced Resveratrol) in their natural state (as can be found in red wine), that have additive and synergistic benefits. The technology is protected with 11 granted patents. One of the main active ingredients in VINIA® is Piceid-resveratrol, maintaining the quality and inherent benefits present in nature without any solvent extraction or genetic modification. VINIA® is soluble when integrated with various liquids or cosmetics.

The Company has conducted several clinical trials at independent institutions (following rigorous protocols) showing that VINIA® is the first ever natural vasodilator without sugar or calories (see below details). VINIA®'s major mechanism of action is the increase of NOs (Nitric Oxidase) and decrease of ET1, an endothelial secreted protein, resulting in the vasodilation of blood vessels and blood perfusion. The following functional claims supported by the clinical trials clearly state the benefits: Supports healthy arteries, supports blood circulation and supports blood pressure already within normal range. The Company has also made all the required notifications required by the FDA to support the use of these claims on packaging.

VINIA® has gone through the necessary regulatory approval processes both in the US and in Israel. It has approval to be classified as a food item as well as a dietary supplement in these respective markets. The Company is also currently in the process of applying for regulatory approvals for the EU, Australia, Japan and Canada. The recommended dose of VINIA® varies by application. For example, for support of healthy vascular functioning, it is recommended to use 400mg per day, whilst to support blood pressure within a normal range, only 200mg per day is required.

The Company has invested over $35 million, primarily in R&D activities to support the business. This investment has enabled the Company to develop a disruptive technology platform which mirrors nature and allows it to efficiently produce plant cells that are identical to those that were originally sourced from the parent plant, ensuring optimal bio-availability and efficacy of the secondary metabolites and is herein referred to as BioFarming. In addition, our BioFarming technology is the only non GMO platform that can produce plant cells with significantly higher concentration of the active ingredients, as compared to those that are produced by nature. Bio-Farming technology provides us with a) consistent product production, b) a year round production cycle and c) products that are devoid of sugar, calories and contaminants such as pesticides, heavy metals and residues).

In terms of manufacturing capacity, the Company currently has a two tons/year production facility (with an available inventory of 900 kg). The Company has signed a binding Memorandum of Understanding with Sugart Israel which will provide it with an additional capacity of 20 Tons per year in order to meet expected demand from the market and drive significant cost reduction through economies of scale. The Company has a well developed innovation pipeline in its Nutraceutical

Superfruits business vertical. Over the next three years, the Company plans to introduce two new products (based on olives, pomegranates), using its BioFarming technology

Over the next 12 months, the Company will focus on deploying a B2B and B2C strategy on its VINIA® product which will enable it to create a healthy balance between driving top line revenue growth and driving healthy margins. The Company will be scaling its already successful B2C proof of concept conducted in Israel in 2018 with increased media spend and building of new e-commerce capabilities for the Israeli market, to commence in Q3 2020. The Company's plan is to expand into the US market in Q1, 2021. From a B2B perspective, the Company has started to drive its customer pipeline in both the USA and Israel as it commences dialogue with major brand owners to include VINIA® as a value added functional ingredient in their existing products, both those already on the markets as well as their innovation pipeline. This process has a lead time to conversion of approximately 6-18 months depending on the size of the customer and the nature of the product they are selling.

The Company continues to make progress on the application of its BioFarming technology for cannabis. During the 2nd quarter the R & D team continued to work on scaling the technology for commercial purposes, following achieving the significant milestones of growing cannabis cells in suspension which was completed in October 2019. In addition, the Company finalized the full buildout of its dedicated cannabis lab, received all the required licenses and approvals from the Israeli Ministry of Health and filed patents. As discussed in the section below dealing with the impact of COVID-19 on the Company's operations, the Company expects that its delivery timetable for development of its cannabis vertical will be negatively impacted by the COVID-19 epidemic. The Company is currently assessing the extent of any expected delays.

Significant Developments

To better understand the Company's financial results, it is important to gain an appreciation of the significant events, transactions and activities that occurred during or have affected the period under review up to and including the date of this MD&A.

- On March 31, 2020 the Company completed a private placement financing by issuing 8,000,000 common shares at a price of $0.11 (CAD $0.15) per share for gross proceeds of $890,000 (CAD $1,200,000). In connection with the private placement, the Company issued 117,600 finders warrants (the "Finder Warrants") to purchase an additional common share of the Company.
- On May 7, 2020 the Company completed a private placement financing by issuing 3,150,000 common shares at a price of $0.11 (CAD $0.15) per share for gross proceeds of $350,000 (CAD $472, 500).
- On August 6, 2020 the Company completed a Private Placement of 4,349,195 shares at a price of $0.11 per share (CAD $0.15) for gross proceeds of $413,000 (CAD $652,000).

COVID-19

Since January 2020, the Coronavirus outbreak has dramatically expanded into a worldwide pandemic creating macro-economic uncertainty and disruption in the business and financial markets.

Given the uncertainty around the extent and timing of the future spread or mitigation of COVID-19 and around the imposition or relaxation of protective measures, the Company has been working aggressively to minimize where possible the reasonable estimated impact to its future results of operations, cash flows or financial condition. Infections may become more widespread and the limitation on the ability to work, travel and timely sell and distribute products, as well as any closures or supply disruptions, may be extended for longer periods of time and to other locations, all of which could have a negative impact on the Company's business, financial condition and operating results.

The primary impact of the COVID-19 worldwide pandemic is on our R&D delivery schedule for our scaling up of our cannabis vertical. Given the extensive lab work required and physical presence of the scientists and engineers in the labs, we experienced some difficulties in making the required progress due to the strict confinement regulations imposed by the Government of Israel in Q2. We are currently assessing options to mitigate any delays amidst an environment where the Government of Israel may force a further lockdown of businesses to curb the current escalating infection rates. We expect to have a better understanding of the potential delays to our timeline by end Q3, 2020, assuming we have a more normalized understanding of the nature of future restrictions which will be imposed on employees in the workplace, that could hinder the work required in the labs.

While the local Israeli market B2C business also experienced a decline of sales of VINIA®, it is expected however, that this will rebound in Q3, with the re-launch of our VINIA® website, building of enhanced customer conversion strategies, improved customer value proposition and increased spending levels on social media. The Company expects to leverage multiple learnings from these activities for its planned Q1, 2020 launch of VINIA® in the USA.
Management continues to be fully engaged in assessing the impact of COVID-19 and adjusting its operations accordingly to minimize the impact on business performance.

SELECTED ANNUAL INFORMATION

	Note		Three-month period ended June 30, 2020	Three-month period ended June 30, 2019	Six-month period ended June 30, 2020	Six-month period ended June 30, 2019
			Unaudited		Unaudited	
Revenues		$	**39,000**	$ 63,000	$ **81,000**	$ 129,000
Cost of revenues			**27,000**	41,000	**58,000**	94,000
Gross revenue			**12,000**	22,000	**23,000**	35,000
Operating expenses						
Research and development			**282,000**	390,000	**542,000**	674,000
Selling and marketing			**57,000**	22,000	**95,000**	63,000
General and administrative			**529,000**	(336,000)	**991,000**	56,000
Total operating expenses			**(868,000)**	(76,000)	**(1,628,000)**	(793,000)
Loss from operations			**(856,000)**	(54,000)	**(1,605,000)**	(758,000)
Listing expenses	1		**132,000**	-	**566,000**	-
Finance expenses (income)			**382,000**	692,000	**(529,000)**	1,439,000
Net loss before tax			**(1,370,000)**	(746,000)	**(1,642,000)**	(2,197,000)
Tax expenses			**-**	-	**-**	-
Net loss and comprehensive loss		**$**	**(1,370,000)**	$ 746,000)	$ **(1,642,000)**	$ (2,197,000)
Basic and Diluted loss per share			(0.00)	(0.00)	(0.00)	(0.00)
Weighted Average Number of Shares Outstanding			363,833,154	48,239,517	209,369,669	48,239,517

	Six-month period ended June 30, 2020	Six-month period ended June 30, 2019
	Unaudited	
Total Assets	$ **3,179,000**	$ 1,433,000
Total non-current liabilities	$ **2,608,000**	$ 23,465,000

Three-month period ended June 30, 2020 compared to the three-month period ended June 30, 2019:

The Company operates in two segments: SuperFruits and the development of Cannabis. The Cannabis segment is still in the research and development stage.

Our revenues, all of which relate to the SuperFruits segment, were $39,000 for the three-month period ended June 30, 2020, as compared to $63,000 during the same period in the prior year. The decrease in 2020 is due the impact of the COVID-19 worldwide pandemic.

Our cost of revenues were $27,000 for the three-month period ended June 30,2020, as compared to $41,000 during the same period in the prior year. The decrease is due to a decrease in revenues during the period.

Our research and development expenses, relate solely to our Cannabis segment, were $282,000 for the three-month period ended June 30, 2020, as compared to $390,000 during the same period in the prior year. The decrease in 2020 is due the strict confinement regulations imposed by the government of Israel, as a result of the COVID-19 worldwide pandemic.

Our selling and marketing expenses were $57,000 for the three-month period ended June 30, 2020, as compared to $22,000 during the same period in the prior year. This increase was driven by the hiring of an investor relations consultancy to support the new listing of BioHarvest Sciences. on the Canadian Securities Exchange.

Our listing expenses were $132,000 for the three-month period ended June 30,2020 as compared to $Nil during the same period in the prior year. The listing expenses are due to the Merger Transaction that closed on March 31, 2020.

Our general and administrative expenses increased to $529,000 for the three-month period ended June 30, 2020 as compared to $336,000 general and administrative income during the same period in the prior year. The increase is mainly due to re-assessment of the Company's liability for Agricultural Research Organization according to which the Company recorded an income during the three-months period ended June 30, 2019. The increase was also due to an increase in salaries due to the hiring of a new CEO in the quarter. In addition, the Company had to pay finder fees for the money raised as part of recent private placements. Our general and administrative expenses are incurred to support both our business segments.

Our net finance expense was $382,000 for the three-month period ended June 30, 2020 as compared to $692,000 during the same period in the prior year. The main change is due to the fair value adjustments of derivative liability (warrants) and of the convertible loan recorded in the three-month period ended June 30, 2019. The decrease is also due to the conversion of the convertible loans as part of the Merger Transaction. Due to the conversion of the convertible loans on March

31, 2020 the Company has not recorded interest expenses related to the convertible loans. Our finance expenses are incurred to support both our business segments.

Six-month period ended June 30, 2020 compared to the six-month period ended June 30, 2019:

Our revenues, all of which relate to the SuperFruits segment, were $81,000 for the six-month period ended June 30, 2020, as compared to $129,000 during the same period in the prior year. The decrease in 2020 is due the impact of the COVID-19 worldwide pandemic.

Our cost of revenues were $58,000 for the six-month period ended June 30, 2020, as compared to $94,000 during the same period in the prior year. The decrease is due to a decrease in revenues during the period.

Our research and development expenses, relate solely to our Cannabis segment, were $542,000 for the six-month period ended June 30, 2020, as compared to $674,000 during the same period in the prior year. The decrease in 2020 is due the strict confinement regulations imposed by the government of Israel, as a result of the COVID-19 worldwide pandemic.

Our selling and marketing expenses relate to SuperFruits and were $95,000 for the six-month period ended June 30, 2020, as compared to $63,000 during the same period in the prior year. This increase was driven by the hiring of an investor relations consultancy to support the new listing of BioHarvest Sciences on the Canadian Securities Exchange.

Our listing expenses were $566,000 for the six-month period ended June 30, 2020 as compared to $Nil during the same period in the prior year. The listing expenses are due to the Merger Transaction that closed on March 31, 2020.

Our general and administrative expenses increased to $991,000 for the six-month period ended June 30, 2020 as compared to $56,000 during the same period in the prior year. The increase is mainly due to re-assessment of the Company's liability for Agricultural Research Organization according to which the Company recorded an income during the six-months period ended June 30, 2019. The increase was also due to an increase in professional and legal fees as well as an increase in salaries due to the hiring of a new CEO. In addition, the Company had to pay finder fees for the money raised as part of recent private placements. Our general and administrative expenses are incurred to support both our business segments.

Our net finance income was $529,000 for the six-month period ended June 30, 2020 as compared to $1,439,000 finance expenses during the same period in the prior year. The main change is due to the fair value adjustments of derivative liability (warrants) and of the convertible loan recorded in the six-month period ended June 30, 2019. The decrease is also due to the conversion of the convertible loans as part of the Merger Transaction. Due to the conversion of the convertible loans on March 31, 2020 the Company has not recorded interest expenses related to the convertible loans. Our finance expenses are incurred to support both our business segments.

Financial instruments and risk management

The Company is exposed to a variety of financial risks, which results from its financing, operating and investing activities. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Company's financial performance and position. The Company's financial instruments are its cash, trade and other receivables, trade payables and other liabilities. The main purpose of these financial instruments is to raise finance for the Company's operation. The Company actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties and principals. The risks arising from the Company's financial instruments are mainly currency risk and liquidity risk. The Company has no interest rate risk as the balances exposure to interest is minimal. The risk management policies employed by the Company to manage these risks discussed below.

1. **Foreign currency risk:**

   Foreign exchange risk arises when the Company enters into transactions denominated in a currency other than its functional currency. The Company is exposed to currency risk to the extent that there is a mismatch between the currency in which it denominated and the respective functional currency of the company.
   The currencies in which some transactions are primarily denominated are CAD, US dollars and NIS.
   The company's policy is not to enter into any economic hedging transactions to neutralize the effects of foreign currency fluctuations.

2. **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 June 30, 2020 the Company held cash of $1,986,000 (June 30, 2019 $205,000). The Company had current liabilities of $2,352,000 (June 30, 2019 - $22,794,000 including convertible loans of $20,968,000). At June 30, 2020, the Company's working capital was $172,000 (June 30, 2019– deficit of $22,318,000).

During the six-month period ended June 30, 2020, the Company's overall position of cash and cash equivalents increased by $1,077,000. This increase in cash can be attributed to the following:

- The Company's net cash used in operating activities during the six-month period ended June 30, 2020 was $766,000 as compared to net cash used of $1,080,000 for the six-months period ended June 30, 2019. The amount is primarily a result of the losses incurred in the operations of the Company.
- Cash used in investing activities for the six-month period ended June 30, 2020 was $7,000 as compared to cash used of $27,000 for the six-month period ended June 30, 2019. The amount used in 2020 and 2019 relates primarily to the purchase of property, plant and equipment.
- Cash generated from financing activities during the six-month period ended June 30, 2020 was $1,850,000 as compared to $114,000 used in financing activities for the six-month period ended June 30, 2019. The amount in 2020 is primarily from convertible loans received and proceeds from the private placement.

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.

Off Balance Sheet Agreements

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 the three and six-month period ended June 30, 2020 was as follows:

1. **Related party transactions:**

	Six months ended June 30, 2020 $	Three months ended June 30, 2020 $	Six months ended June 30, 2019 $	Three months ended June 30, 2019 $
Compensation of key management personnel of the Company:				
CEO Management fees	177,000	83,000	100,000	52,000
CFO Management fees	5,000	3,000	6,000	3,000
Share base payment to CEO	100,000	83,000	117,000	48,000
Other related party transactions:				
Share base payments	81,000	88,000	164,000	80,000
Investment in Convertibles loans	-	-	75,000	38,000

2. **Balance with related parties:**

Six months ended June 30	**2020 $**	**2019 $**
Convertible loans	-	14,258,000
Loan from related party	-	15,000
CEO	50,000	-

Critical Accounting Estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

1. Share based compensation

   The Company has a share based compensation plan for its employees. The estimated fair value of share options is determined using the binomial model and Black Scholes model. Inputs to the model are subject to various estimates related to volatility, interest rates, dividend yields and expected life of the stock options issued. Fair value inputs are subject to market factors, as well as internal estimates.

2. Derivative liability – Warrants

   The Company uses the Black-Scholes option-pricing model to estimate fair value at each reporting date. The key assumptions used in the model are the expected future volatility in the price of the Company's shares and the expected life of the warrants. Significant estimates used in the preparation of the Company's Financial Statements include, but are not limited to impairment of exploration license costs capitalized in accordance with IFRS, stock based compensation and future income taxes.

3. Liability to Agricultural Research Organization

   The Company measures the Liability to Agricultural Research Organization, each period, based on discounted cash flows derived from Company's future anticipated revenues. The discount rate reflects the market rate.

Common Share Data

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

Type of Security	Number Outstanding
Common shares	417,800,614
Stock options	46,962,592
Warrants	69,840,054

As reported in Significant Developments above, on August 6, 2020, the Company closed a private placement, as a result of which 166,766 warrants will be issued after the date of this MD&A.

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

1. 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.

2. History of Losses

The Company has incurred net losses every period since inception and as of June 30, 2020, had an accumulated deficit of $44,936,000.

3. 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 the Company's operations. The Company will need to achieve profitability prior to any dividends being declared.

4. Dilution

The Company does not generate significant revenues from operations 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.

5. 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.

MD&A Preparation

This MD&A is intended to assist the reader's understanding of the Company and its operations, business, strategies, performance and future outlook from the perspective of management.