MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

as of May 2, 2019

For the year ended December 31, 2018

This management's discussion and analysis ("**MD&A**") of Softlab9 Software Solutions Inc. (formerly APPx Group Holdings Inc.) (the "**Company**" or "**SOFT**") is for the year ended December 31, 2018 and is performed by management using information available as of May 2, 2019. We have prepared this MD&A with reference to National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2018, and the related notes thereto ("**Annual Financial Statements**"). The Company's Annual Financial Statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All amounts are expressed in Canadian dollars unless otherwise indicated.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian securities laws that may not be based on historical fact, including, without limitation, statements containing the words "believe", "may", "plan", "will", "estimate", "continue", "anticipate", "intend", "expect" and similar expressions. Forward-looking statements are necessarily based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as the factors we believe are appropriate. Forward-looking statements in this MD&A include but are not limited to statements relating to:

- *our ability to obtain funding for our operations, including funding for research and commercial activities;*
- *the initiation, timing, cost, progress and success of our research and development programs;*
- *our business model and strategic plans;*
- *our ability to develop and commercialize mobile and/or blockchain applications candidates to market;*
- *our ability to recruit sufficient numbers of programmers and developers;*
- *our ability to achieve profitability;*
- *our ability to establish and maintain relationships with collaborators with acceptable development, regulatory and commercialization expertise and the benefits to be derived from such collaborative efforts;*
- *the implementation of our business model and strategic plans;*
- *our ability to protect our intellectual property and operate our business without infringing upon the intellectual property rights of others;*
- *our expectations regarding federal, provincial and foreign regulatory requirements;*
- *whether we will receive, and the timing and costs of obtaining, regulatory approvals in the United States, Canada, the European Union and other jurisdictions;*
- *the accuracy of our estimates of the size and characteristics of the markets that may be addressed by our development projects;*
- *the rate and degree of market acceptance of our future marketed applications, if any;*
- *the timing of, and our ability and our collaborators' ability, if any, to obtain and maintain regulatory approvals for our product candidates;*
- *our expectations regarding market risk, including interest rate changes and foreign currency fluctuations;*
- *our ability to engage and retain the employees required to grow our business;*
- *the compensation that is expected to be paid to employees and consultants of the Company;*
- *our future financial performance and projected expenditures;*
- *developments relating to our competitors and our industry, including the success of competing applications that are or become available; and*
- *estimates of our expenses, capital requirements and our needs for additional financing.*

Such statements reflect our current views with respect to future events and are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by SOFT, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including, but not limited to: (i) obtaining positive results from testing; (ii) obtaining enough customers to create market; (iii) general business and economic conditions; (iv) the availability of financing on reasonable terms; (v) the Company's ability to attract and retain skilled staff; (vi) market competition; (vii) the products and technology offered by the Company's competitors; and (viii) the Company's ability to protect proprietary rights

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined below under the heading "Financial Instruments and Risks". Should one or more of these risks or uncertainties, or a risk that is not currently known to us materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this MD&A and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

OVERVIEW

SOFT is a public company listed on the Canadian Securities Exchange as of November 1, 2018 under the stock symbol "SOFT" and on the Frankfurt Stock Exchange effective November 29, 2018 under the stock symbol "APO1". The Company is a technology incubator, specializing in launching, acquiring and vertically integrating technology companies. The Company incubates multiple mobile technologies internally while providing engineering, capital, executive management and strategic development services.

The Company was incorporated as CDN BVentures Ltd. on October 30, 2014 under the Business Corporations Act (British Columbia) as a wholly-owned subsidiary of a reporting issuer, Web Watcher Systems Ltd. ("Web Watcher"). On December 9, 2014, Web Watcher entered into an arrangement agreement (the "Arrangement Agreement") with the Company.

Under the terms of the Arrangement Agreement, Web Watcher was to complete a plan of arrangement which would divest Web Watcher of the asset consisting of a letter of intent, which would be divested to the Company for consideration of 960,167 common shares of the Company. Web Watcher received shareholder approval for the Arrangement Agreement at an annual general and special meeting of shareholders held on January 29, 2015 and received final approval to the Arrangement Agreement from the Supreme Court of British Columbia on February 5, 2015. The Arrangement Agreement was completed on October 24, 2017.

On October 26, 2017, SOFT entered into a share exchange agreement (the "**Exchange**") with Appature Technologies Inc. ("**ATI**").

Under the terms of the Exchange, The Company issued 13,307,462 common shares in exchange for the equivalent number of issued and outstanding shares of ATI, which represents 90.56% ownership of ATI. As a result of the Exchange, the shareholders of ATI own 93.3% of SOFT. SOFT's board of directors and senior management were reconstituted and consist of the directors and senior management of ATI. Given the majority ownership of the common shares of the Company and the majority representation on the Company's Board of Directors are held by the former shareholders of ATI, ATI has the power to govern the financial and operating policies so as to obtain benefits from the activities of the Company. The Exchange constitutes a reverse acquisition where ATI is considered the accounting acquirer of SOFT.

On March 2, 2018, the Company completed a share exchange agreement (the "**Transaction**") with RewardDrop Software Inc. ("RSI") was incorporated was incorporated under the Canada Business

Corporation Act as a private company on August 22, 2017. The Company's head office is located at 7355 Rte. Trans Canadienne, Suite 200, Saint-Laurent, QC, H4T 1T3. The Transaction constitutes a reverse acquisition where RSI is considered the accounting acquirer of SOFT. As a result of reverse acquisition accounting, the financial information contained herein represent a continuation of RSI's financial statements and the acquisition of the Company

Under the terms of the Transaction, the Company issued 33,333,333 common shares in exchange for 150 of issued and outstanding shares of RewardDrop Software Inc., which represents 100% ownership of RSI. As a result of the Transaction, the shareholders of RSI own 68.2% of SOFT.

GROWTH STRATEGY

The Company incubates multiple mobile technologies ("**app**") internally while providing engineering, capital, executive management and strategic development services. The following are some but not an exhaustive list of applications they own or are developing:

Catchcoin

The Company completed the Transaction with RewardDrop Software Inc. on March 2, 2018. RewardDrop has developed a smart phone application called CatchCoin. The vision is to become the leading and trusted retail and venue traffic-generation application. The proprietary platform will enable businesses to drive customers to their locations by offering real money as a reward for going to these brick and mortar locations.

The application allows brick and mortar retailers and other venue managers, to attract and track valuable foot traffic. CatchCoin takes advantage of offers based on the retail location's preferences, artificial intelligence decision making and meta data aggregation, or tracking information such as client habits, GPS position and previous client baskets. Location and event managers can set preferences and track their advertising investment in real time, essentially becoming their own marketing campaign manager.

The Company will monetize the application through fees charged to advertisers. Users would not be charged any fees but will be able to earn some income by visiting locations and receive additional money for purchasing from the location.

Dating, Health & Wellness and Mobile Game Applications

Sweetrlife is an app designed to bring users together in the context of dating and relationships. Users are presented with profiles of nearby users in a fun format that asks they show interest in facts about a person before they can see profile photos and details. This gamified model is not just for fun, but rather to bring intention and accountability to the online dating experience for those seeking deeper and/or longer lasting connections.

Users can communicate with one another in one of several ways, including text, photos, audio chat and video chat. Users cannot communicate with others until they both show interest in one another. If a user doesn't like being contacted by a particular user, they have the option to block said user. This also allows the Company better means to provide a safer experience for everyone.

Users with good intentions are empowered to show their intentions by "Going Exclusive" with one of their matches. Once both users agree to Go Exclusive, they will not be able to communicate with anyone other than their Exclusive match, nor will they be able to see any other user profiles.

Sweetrlife allows users to find whom they're looking for, no matter their preferences, including those who are looking for just friends.

Swiipe is an event discovery app that aggregates events from multiple online services (e.g. Facebook, Eventbrite) and uses geolocation to link users to nearby events. Similar to the swiping model made popular by Tinder, users can swipe events to show their interest (or lack thereof) in events and their event preferences are used to match them with other like-minded users.

In addition to event discovery, Swiipe allows for connecting with other users for dating or friends. As users swipe events, their preferences get more refined, which helps match them with other users who are more likely to share common interests.

The Company owns the rights to twenty-eight basic apps that provide an array of lifestyle and health functions (some free and some freemium) whose intent is to assist users in their daily life. The APPs provide users access to: Meditation, Ab Training, Weight Loss, Get to Sleep, Sleep Meditation, Meditation, Pure Binaural Beats, Relaxing Melodies, Nine Pack Workouts, Sleep Ambience, Soundscape Machine, 6-Pack Trainer, Ultimate Relaxation, Voice Translator, and Weight Loss.

Furthermore, the Company owns the rights to fourteen apps that provide an array of simple, mobile games. The apps include: Baby Kong Banana Kart Racing, Baby Panda Super Cart Racing, Balloons Popping Mania, Crazy Snowboard Racer, Ninja Jungle Swing – Jump-N-Fly, Ninja Snow Racer, Ninja Snow Racer Pro, Spermy's Journey, Swinging Tarzan Jungle Run Free, and Tiny Ninja Penguin Dash.

The Company initially intended to internally update and develop the apps. Instead, the Company has decided to begin negotiations with third parties who are interested in purchasing the apps and reinvest in internal research and development. These assets have been impaired as there is uncertainty with future cash flows.

Cryptocurrency Mining

Cryptocurrency mining is the process of confirming transactions to be added on a blockchain by solving complex computations using high performance computers known as “Rigs”. Mining is critical to the continuation and security of the cryptocurrency network. Miners are incentivized when they verify and solve a new block by being awarded newly generated coins. These new coins are considered pure or “virgin” coins and could demand a premium to institutional buyers. The Company may exchange coins earned for fiat currencies like US or CDN dollars in order to fund operations as it sees fit, or may hold the coins in inventory to benefit from price appreciation.

Typically, Rigs are unique to the specific currency involved; however, many are capable of mining more than one type. SOFT will utilize both Graphic Processing Units ("**GPU**") and Application Specific Integrated Circuit ("**ASIC**") Rigs for mining. ASICs are efficient and consume drastically less power than GPUs; however, they can only be used to mine a singular coin and often come with a higher price point than GPUs. GPUs are effective at solving complex calculations and capable of mining more than one coin.

The Company has acquired an aggregate of 300 Rigs, consisting of: (i) 100 Bitmain model L3++ model ASIC Rigs that are used for Mining Litecoin and were acquired through direct order from Bitmain (the "**LiteCoin Rigs**"); and (ii) 200 Bitmain Antminer S9 model that are used for Mining SHA256 (Bitcoin and Bitcoin Cash) and were also acquired directly from Bitmain (the “**BitCoin Rigs**”).

The Bitmain Antminer S9 model Rig is currently the most powerful Bitcoin miner on the market. It is based on the 16 nm process node and is built using TSMC’s 16nm FinFET technology. Each Bitmain Antminer S9 consumes a 0.098 J/GHs and employs 189 chips.

The Company is reviewing this business model in light of recent changes in Cryptocurrency market conditions and has impaired the cryptocurrency mining computer equipment assets.

HIGHLIGHTS

On October 26, 2017, the Company and ATI closed the share exchange agreement dated September 12, 2017. Pursuant to the share exchange agreement, the Company issued 13,307,462 of common shares of the Company in exchange for 13,307,462 common shares of ATI, resulting in a 90.56% acquisition of the outstanding common shares of ATI.

On February 27, 2018, the Company completed a non-brokered private placement of 5,007,333 special warrants in the capital of the Company at a price of $0.15 per Special Warrant for total proceeds of $751,100. The Special Warrants are exercisable by the holders thereof at any time after February 27, 2018 for no additional consideration and all unexercised Special Warrants will be deemed to be exercised without any further action on the part of the holder on the earlier of: (a) September 28, 2018, and (b) the third business day after a receipt is issued for a (final) prospectus by the securities regulatory authorities in each of the Provinces of Canada where the Special Warrants are sold qualifying the common shares to be issued upon the exercise or deemed exercise of the Special Warrants.

On March 2, 2018, the Company completed a Share Exchange Agreement with RewardDrop Software Inc. (“RSI”). Pursuant to the agreement, the Company has issued aggregate of 33,333,333 common shares of the Company in exchange for all of the issued and outstanding securities of RSI.

On March 14, 2018, the Company raised gross proceeds of $1,930,000 in the Private Placement through the issuance of a total of 12,866,667 special warrants at a price of $0.15 per Special Warrant. Each Special Warrant is exercisable by the holder to receive one common share of the Company for no additional consideration, and all unexercised Special Warrants will be deemed to be exercised without any further action on the earlier of: (a) July 14, 2018, and (b) the third business day after a receipt is issued for a (final) prospectus by the securities regulatory authorities in each province where the Special Warrants were sold qualifying the common shares to be issued upon the exercise of the Special Warrants.

On July 5, 2018, the Company issued 5,007,333 shares pursuant to the exercise of 5,007,333 special warrants. No additional proceeds were received on the exercise.

On July 30, 2018, the Company issued 12,866,667 shares pursuant to the exercise of 12,866,667 special warrants. No additional proceeds were received on the exercise.

On November 1, 2018, the Company began trading on the Canadian Securities Exchange (“CSE”) under the symbol SOFT.

On November 9, 2018, the Company announced it has entered into a definitive share exchange agreement with the sole shareholder of Santos Torres Ltd. (“STL”). Pursuant to the acquisition, the Company issued 3,333,334 common shares in exchange for all of the outstanding share capital of (“STL”). STL, through its connections in Asia, will provide the Company with access to new markets to sell its products and services.

On November 11, 2018, the Company issued 5,277,733 stock options to directors, officers, employees and consultants. Each option has an exercise price of $0.30 per share and are exercisable for a period of two (2) years from the date of grant. The options vest monthly over a period of one (1) year.

On November 11, 2018, the Company issued 166,667 common shares to each of two advisors for their past and continuing services.

On November 12, 2018, the Company announced the appointment of Samir Bandali, Samuel Osei, and Chris Filatrault to the Advisory Board of SOFT.

On November 15, 2018, the Company announced it signed a Letter of Intent (“LOI”) to acquire Cimtel (Quebec) Inc. (“Cimtel”). Pursuant to the LOI, the proposed consideration would be $250,000 in cash in 12 equal installments from 3 months post-closing and $750,000 worth of the Company’s common shares at closing (priced at a volume weighted average price of the common shares of the Company for ten (10) trading day prior to closing) with one third of the shares ($250,000) escrowed for a period of 12 months from the closing date. The Company will not be moving forward with this LOI.

On November 15, 2018, the Company announced it signed a non-binding LOI with GateHub Ltd. for a 5-year full partnership agreement in which the Company will own the rights to Gatehub in Canada. The price will be determined by legal counsel upon completion of due diligence.

On November 29, 2018, the Company began trading on the Frankfurt Stock Exchange ("FSE") under the stock symbol APO1.

On January 2, 2019, the Company announced the appointment of two new members to its Advisory Board, Paul Platte and Benjamin Laurendeau.

On March 1, 2019 the Company announced it will be completing a share consolidation on the basis of 1 post-consolidation common share for every 1.5 pre-consolidation common shares. The Company also announced that it has changed its name to Softlab9 Software Solutions Inc. and its CSE symbol to "SOFT". The Company continues to be a Fintech incubator as well as a Software Development company and has moved away from the crypto and blockchain space.

On March 6, 2019, the Company announced the effective date of the share consolidation and name change effective at the opening of trading hours on March 6, 2019.

On March 12, 2019, the Company announced it has signed an agreement to develop an Information Technology Mobile App with cybersecurity expert, Terry Cutler.

OVERALL PERFORMANCE

Since inception, the Company has accumulated a deficit of $5,322,951 as at December 31, 2018. SOFT expects its operating losses to continue into the next fiscal year as it continues to develop its portfolio of technologies.

The Company has funded its operations with proceeds from equity financings and expects to seek additional funding through equity financings to finance its growth initiatives. However, if SOFT application development and ability to commercialize applications does not show progress, or if capital market conditions in general or with respect to the sector or development stage companies such as SOFT are unfavorable, its ability to obtain additional funding will be adversely affected.

SELECTED ANNUAL INFORMATION

The following table sets forth selected financial information for the fiscal year ended December 31, 2018 ("**Fiscal 2018**"), and comparable period from August 22, 2017 (date of incorporation) to December 31, 2017 ("**Fiscal 2017**").The selected financial information set out below has been derived from the Annual Audited Consolidated Financial Statements and accompanying notes, prepared in accordance with IFRS. The selected financial information set out below may not be indicative of the Company's future performance.

	Fiscal 2018	**Fiscal 2017**
	$	**$**
Total revenue	44	--
Net loss for the fiscal period	(5,050,911)	(272,040)
Loss per share, basic and fully diluted	(0.09)	(2,720.40)
Total assets	455,088	15,000
Total non-current financial liabilities	--	--

QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected unaudited consolidated financial data for each of the last eight fiscal quarters, prepared in accordance with IFRS:

Quarter ended	Revenue $	Net Income (Loss) $	Loss per share $
September 30, 2017 (“**Q3 2017**”)	--	(12,352)	(123.52)
December 31, 2017 (“**Q4 2017**”)	--	(259,688)	(2,596.88)
March 31, 2018 (“**Q1 2018**”)	--	101,444	0.00
June 30, 2018 (“**Q2 2018**”)	11	(1,726,919)	(0.03)
September 30, 2018 (“**Q3 2018**”)	33	(614,613)	(0.01)
December 31, 2018 (“**Q4 2018**”)	--	(2,810,823)	(0.05)

The Company has been in operations since August 22, 2017. Subsequent to closing the Transaction and financings in Q1 2018, the Company has invested in research and development projects and administrative support for these projects. Furthermore, the Company has been working on its listing application which has driven professional fee spend through Q1 and Q2 2018. The Company incurred an impairment on goodwill during Q2 2018 and Q4 2018 on share exchange agreements it entered into. Q2 to Q4 2018 spend consisted of mainly research and development related spend. Finally, general and administrative spend has increased as the Company is proceeding with business development spend.

DISCUSSION OF OPERATIONS

The Company recorded a net loss of $2,810,823 ($0.05 per Common Share) in the three months ended December 31, 2018 (“**Q4 2018**”) and $5,050,911 ($0.09 per Common Share) in Fiscal 2018. The Company does not have meaningful comparatives in the prior year as RewardDrop was incorporated on August 22, 2017 and the Company wasn’t funded.

The following provides an overview of the financial results in Q4 2018:

- Advertising and promotion - $171,752
    - Includes costs associated with advertising and marketing fees related to CatchCoin and Fin Tech related projects.
- Consulting and management fees - $381,622
    - Includes fees paid to Chief Executive Officer, Chief Financial Officer and the President of the Company as well as other administrative and business development consultants providing support to operations.
- General and administrative fees - $191,509 (Q4 2017 - $6,656)
    - Includes office costs and administrative overhead as well as wages paid to the Chief Technology Officer and employees working on business development initiatives.
- Professional fees - $184,803 (Q4 2017 - $4,010)
    - Includes audit and legal costs incurred to date as the Company worked toward public listing on the Canadian Securities Exchange and general corporate securities support
- Research and development costs - $301,887 (Q4 2017 - $246,969)

  - Includes fees paid to the President and Director, Chief Technology Officer as well as some mobile application development subcontractors and employees. Expenses relate to internal research and development projects such as Catchcoin and Fin Tech related projects.

- Other Loss - $1,391,330

  - Includes an impairment of goodwill and impairment of dating mobile applications from intangible assets. Furthermore, the cryptocurrency computer equipment assets have been written down to nil due to uncertainty of future cash flows.

The following provides an overview of the financial results in Fiscal 2018:

- Advertising and promotion - $306,544

  - Includes costs associated with advertising and marketing fees related to CatchCoin, Fin Tech related projects and fees paid to the former Chief Information Officer. The Company has an internal marketing department for corporate and brand awareness.

- Consulting and management fees - $562,862

  - Includes fees paid to newly appointed Chief Executive Officer, Chief Financial Officer and the President of the Company as well as other administrative and business development consultants providing support to operations.

- General and administrative fees - $452,839 (Fiscal 2017 - $6,656)

  - Includes office costs and administrative overhead as well as wages paid to the Chief Technology Officer and employees working on business development initiatives.

- Professional fees - $263,386 (Fiscal 2017 - $4,010)

  - Includes audit and legal costs incurred to date as the Company worked toward public listing on the Canadian Securities Exchange and general corporate securities support

- Research and development costs - $663,340 (Fiscal 2017- $259,501)

  - Includes fees paid to the President and Director, Chief Technology Officer and former Chief Information Officer as well as mobile application development subcontractors and employees. Expenses relate to internal research and development projects such as Catchcoin and Fin Tech related projects.

- Other Loss - $2,412,883

  - Includes an impairment of goodwill and impairment of dating mobile applications from intangible assets. Furthermore, the cryptocurrency computer equipment assets have been written down to nil due to uncertainty of future cash flows.

Sources and Uses of Cash

	YTD 2018 $	YTD 2017 $
Cash used in operating activities	(2,172,963)	—
Cash provided by investing activities	339,295	—
Cash provided by financing activities	1,892,742	—
Net (decrease) increase in cash	59,074	—

As at December 31, 2018 the Company has $59,074 in cash compared to $Nil as at December 31, 2017.

The Company has working capital deficit of $117,547 at December 31, 2018 compared to a working capital deficit of $271,890 as at December 31, 2017.

The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. Management believes that the Company will require additional working capital to meet its primary business objectives over the next 12 months.

Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on fiscal management and funding through future equity issuances and through short term borrowing in order to fund ongoing operations and to meet its obligations. 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.

OUTSTANDING SHARE CAPITAL

As of May 2, 2019, there were 73,985,109 Common Shares issued and outstanding and other securities convertible into Common Shares as summarized in the following table.

	Number Outstanding as of May 2, 2019	Number Outstanding as of December 31, 2018
Common Shares issued and outstanding (3)(4)	73,985,109	73,535,109
Options (4)	13,716,668	5,277,733
Warrants (3)	—	133,000

(1) On January 24, 2019, the Company granted 3,333,333 stock options to officers, employees, and consultants with an exercise price of $0.09 per common share expiring on January 24, 2020

(2) On March 7, 2019, the Company granted 4,000,000 stock options to consultants with an exercise price of $0.06 per common share expiring on March 7, 2020

(3) On March 14, 2019, the Company issued 250,000 common shares pursuant to an investor relations agreement.

(4) On March 14, 2019, the Company issued 200,000 common shares for proceeds of $12,000 pursuant to the exercise of stock options

(5) On March 17, 2019, the Company granted 5,700,000 stock options to consultants with an exercise price of $0.08 per common share expiring on March 17, 2020.

(6) Subsequent to December 31, 2018, 4,394,398 stock options were cancelled.

(7) Subsequent to year end, 133,000 warrants expired unexercised.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on its results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources that is material to investors.

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2018, the Company incurred $100,000 (2017 - $nil) in consulting and management fees to a company controlled by the Chief Executive Officer of the Company ("CEO"). As at December 31, 2018, the Company owed $5,250 (2017 - $nil) to a company controlled by the CEO and $799 (2017 - $nil) to the CEO which is included in accounts payable and accrued liabilities.

During the year ended December 31, 2018, the Company incurred $48,000 in consulting and management fees, $57,178 in research and development fees and $14,875 in advertising and promotion to a company controlled by the President. As at December 31, 2018 the Company owed $nil (2017 - $50,032) to the company controlled by the President included in accounts payable and accrued liabilities. The amounts owed are unsecured, non-interest bearing, and due on demand. During year ended December 31, 2018, the total amount of $50,032 owed to this company was forgiven.

As at December 31, 2018, the Company owed $17,207 (2017 - $79,349) to the President of the Company, of which $17,207 (2017 - $54,600) is included in accounts payable and accrued liabilities. The amounts owed are unsecured, non-interest bearing, and due on demand. During the year ended December 31, 2018, the total amount of $79,349 owed to the President of the Company was forgiven pursuant to a debt settlement agreement.

During the year ended December 31, 2018, the Company incurred $45,000 in research and development fees and $45,000 in general and administrative costs to the former Chief Technology Officer ("CTO") of the Company. As at December 31, 2018, the Company owed $Nil (2017 - $54,150) to the CTO of the Company, of which $Nil (2017 - $54,600) is included in accounts payable and accrued liabilities. The amounts owed are unsecured, non-interest bearing, and due on demand. During year ended December 31, 2018, the total amount of $54,150 owed to the CTO of the Company was forgiven pursuant to a debt settlement agreement.

During the year ended December 31, 2018, the Company incurred $25,000 ($2017 - $54,600) in research and development fees and $5,000 in advertising and promotion fees (2017 - $Nil) former Chief Information Officer ("CIO") of the Company. As at December 31, 2018, the Company owed $Nil (2017 - $91,650) to the CIO of the Company, of which $nil (2017 - $54,600) is included in accounts payable and accrued liabilities. The amounts owed are unsecured, non-interest bearing, and due on demand. During the year ended December 31, 2018, the amount of $91,650 owed to the CIO of the Company was forgiven.

During the year ended December 31, 2018, the Company incurred $40,000 in consulting and management fees to a company controlled by the Chief Financial Officer of the Company.

The Company incurred $294,931 of share-based compensation to officers and directors.

CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

New Accounting Standards

The Company has adopted the following new standards, along with any consequential amendments, prior to or effective January 1, 2018. These changes were made in accordance with the applicable transitional provisions and did not impact the Company's consolidated financial statements.

IFRS 9, "Financial Instruments: Classification and Measurement" is effective for annual periods beginning on or after January 1, 2018. The Company adopted IFRS 9 retrospectively, without restatement of prior year financial statements. IFRS 9 replaces the provisions of IAS 39, Financial Instruments: Recognition and

Measurement ("IAS 39") that relate to the recognition, classification, and measurements of financial assets and financial liabilities, derecognition of financial instruments, and impairment of financial assets. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The approach in IFRS 9 is based on how the Company manages its financial instruments and the contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9. The application of IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities, and there was also no impact to the carrying value of any of the Company's financial assets or liabilities on the date of transition.

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

Accounting Standards Issued But Not Yet Effective

IFRS 16 *Leases* – This standard 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. This standard is effective January 1, 2019 and the Company will use the modified retrospective method of recognition. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. The Company will recognize lease obligations related to its lease commitments for its office lease. It will be measured at present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at January 1, 2019. The associated right of use asset will be measured at the lease obligation amount, less prepaid lease payments, resulting in no adjustment to the opening balance of retained earnings.

FINANCIAL INSTRUMENTS AND RISKS

The Company's financial instruments are exposed to the following risks:

FINANCIAL INSTRUMENTS AND RISKS

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, December 31, 2018 $
Cash	59,074	–	–	59,074

The fair value of other financial instruments, which included accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's exposure to credit risk is the carrying value of cash and amounts receivable. The Company reduces its credit risk by holding its cash at a major Canadian financial institution. Amounts receivable consist of GST receivable and QST Receivable from the Government of Canada and Revenue Quebec. The carrying amount of financial assets represents the maximum credit exposure.

Foreign Exchange Rate and Interest rate risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. To secure the additional capital necessary to pursue these plans, the Company may have to raise additional funds through equity or debt financing.

As at December 31, 2018, the Company had cash of $59,074 and accounts payable and accrued liabilities of $471,621. All accounts payable and accrued liabilities are due within 90 days.

Price Risk

The Company is not exposed to any significant price risk.

[d] Additional risk factors

Liquidity of common shares

There is no guarantee that there will be a resale market for the common shares. The common shares are not listed on a public stock exchange and therefore, are not as readily available to liquidate in the event a shareholder would like to sell as a common share for a public company listed on a stock exchange.

Positive Return in an Investment in the Common Shares of the Company is Not Guaranteed

There is no guarantee that an investment in the Company will earn any positive return in the short term or long term. A purchase of the shares involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the Common Shares is appropriate only for purchasers who have the capacity to absorb a loss of some or all of their investment.

Dilution

The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares and Class A preferred shares. The Company's shareholders do not have pre-emptive rights in connection with any future issuances of securities by the Company. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of stock options under the Company's stock option plan and upon the exercise of outstanding warrants.

Negative Cash Flow from Operations

During YTD 2018, the Company had negative cash flows from operating activities. To the extent that the Company has negative cash flow in any future period, the net proceeds from future financings may be used to fund such negative cash flow from operating activities.

Dependence on Key Personnel

The Company strongly depends on the business and technical expertise of its management and it is unlikely that this dependence will decrease in the near term. Loss of the Company's key personnel could slow the

Company's ability to innovate, although the effect on ongoing operations would be manageable as experienced key operations personnel could be put in place. As the Company's operations expand, additional general management resources will be required.

If the Company expands its operations, the ability of the Company to recruit, train, integrate and manage a large number of new employees is uncertain and failure to do so would have a negative impact on the Company's business plans.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") in dealing with conflicts of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and in the best interest of the Company.

Intellectual Property

Our success depends on our ability to protect our proprietary rights and operate without infringing the proprietary rights of others; we may incur significant expenses or be prevented from developing and/or commercializing products as a result of an intellectual property infringement claim.

Our success will depend in part on our ability and that of our corporate collaborators to obtain and enforce patents and maintain trade secrets, both in the United States and in other countries.

The patent positions of biotechnology and biopharmaceutical companies, including us, is highly uncertain and involves complex legal and technical questions for which legal principles are not firmly established. The degree of future protection for our proprietary rights, therefore, is highly uncertain. In this regard there can be no assurance that patents will issue from any of the pending patent applications. In addition, there may be issued patents and pending applications owned by others directed to technologies relevant to our or our corporate collaborators' research, development and commercialization efforts. There can be no assurance that our or our corporate collaborators' technology can be developed and commercialized without a license to such patents or that such patent applications will not be granted priority over patent applications filed by us or one of our corporate collaborators.

Our commercial success depends significantly on our ability to operate without infringing the patents and proprietary rights of third parties, and there can be no assurance that our and our corporate collaborators' technologies and products do not or will not infringe the patents or proprietary rights of others.

There can be no assurance that third parties will not independently develop similar or alternative technologies to ours duplicate any of our technologies or the technologies of our corporate collaborators or our licensors, or design around the patented technologies developed by us, our corporate collaborators or our licensors. The occurrence of any of these events would have a material adverse effect on our business, financial condition and results of operations.

Litigation may also be necessary to enforce patents issued or licensed to us or our corporate collaborators or to determine the scope and validity of a third party's proprietary rights. We could incur substantial costs if litigation is required to defend ourselves in patent suits brought by third parties, if we participate in patent suits brought against or initiated by our corporate collaborators or if we initiate such suits, and there can be no assurance that funds or resources would be available in the event of any such litigation. An adverse outcome in litigation or an interference to determine priority or other proceeding in a court or patent office could subject us to significant liabilities, require disputed rights to be licensed from other parties or require us or our corporate collaborators to cease using certain technology or products, any of which may have a material adverse effect on our business, financial condition and results of operations.

The reader is encouraged to review the Company's statutory filings on www.sedar.com.