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

as of June 15, 2020

For the year ended December 31, 2019

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, 2019 and is prepared by management using information available as of June 15, 2020. 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, 2019, 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's head office is located at Suite 605 – 815 Hornby Street, Vancouver, B.C. V6Z 2E6

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 73,859 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 1,023,651 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 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 2,564,103 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 has identified a target Company, as stated below, to fuel its growth and maximize shareholder value.

HIGHLIGHTS

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.

On May 15, 2019, the former Chief Information Officer and Chief Technology Officer voluntarily cancelled all of the common shares held in each of their names. A total number of 1,550,342 common shares were cancelled.

On June 5, 2019, the Company announced it entered into an Exclusivity Agreement with A&R Development Ltd. Please see Growth Strategy for more details.

On August 29, 2019, the Company announced the effective date of the share consolidation effective at the opening of trading hours on August 29, 2019.

On September 3, 2019, the Company announced it will no longer be proceeding with the potential transactions with A&R Development Ltd.

On September 3, 2019, the Company entered into debt settlement agreements with two non-arm's-length creditors of the company and two arm's-length creditors of the company to settle $257,617 of debt in consideration of the issuance of 2,862,411 common shares.

On October 22, 2019, the Company entered into debt settlement agreements with two arm's-length creditors of the company to settle $121,000 of debt in consideration of the issuance of 1,008,333 common shares.

On December 3, 2019, the Company entered into a letter of intent dated Nov. 18, 2019, with GEMX Exchange Ltd., related to the proposed acquisition of GEMX's business by SoftLab9. GEMX is a British Columbia-based mining and marketing company engaged in the mining of gemstones and fossils in Alberta, for production, cutting and resale of gemstones, jewelry and finished gemstone-bearing fossils. The terms of the LOI provide for Soft to acquire a 100-per-cent interest in GEMX's mineral claims and variety of gemstone and fossil inventory at various stages of production, and to absorb GEMX's development program and key personnel into its operations.

The proposed terms require Soft to raise between a minimum $1-million and up to maximum of $3-million prior to the closing, and issue to GEMX up to 22,955,655 Soft common shares at the closing at a deemed price of 40 cents per share for a total acquisition value of $9,142,262.00. A National Instrument 43-101 report conducted on one of the three mineral claims that are a part of the acquisition will be updated as part of the closing conditions.

On May 21, 2020, the announces that its letter of intent dated November 18, 2019 with GEMX Exchange Ltd. has been cancelled in accordance with its terms. Pursuant to the LOI, the Company and GEMX were to complete a business combination that would result in a Change of Business of the Company under the policies of the Canadian Securities Exchange.

On May 21, 2020, the Company entered into a letter of intent (LOI) to acquire CleanGo GreenGo Inc., a privately held Alberta company that is the developer of a long-lasting disinfectant technology that is ecofriendly and biodegradable. The proposed transaction, if completed, will constitute a change of business of the company, within the meaning of the policies of the Canadian Securities Exchange, and will be subject to CSE and shareholder approval. The final structure of the Transaction will be determined by the parties following the receipt of tax, corporate and securities law advice. The Transaction is an arm's length transaction and pursuant to the provisions of the LOI, the parties intend to sign a definitive agreement (the "Definitive Agreement") in respect of the Transaction on or before August 20, 2020, with an expected closing by the end of October 2020.

Under the terms of the LOI, all of the issued and outstanding common stock in the capital of CleanGo (the "CleanGo Shares") will be exchanged for common shares in the capital of the Company. On closing, existing holders of CleanGo Shares will be issued an aggregate 8,500,000 common shares and CleanGo will be a wholly owned subsidiary of the Company.

Contingent upon CleanGo achieving specified sales milestones over the 2020, 2021, and 2022 financial years, SOFT may issue up to an additional 6,000,000 common shares to the selling CleanGo shareholders.

Effective on the closing of the Transaction, two current members of the board of directors of CleanGo will join the board of directors of the Company.

Completion of the Transaction is subject to a number of conditions, including but not limited to the following key conditions:

- Completion of mutually satisfactory due diligence;
- Completion of the Private Placement (see herein);
- Execution of the Definitive Agreement;
- Receipt of all required regulatory, corporate, and third-party approvals, and the fulfillment of all applicable regulatory requirements and conditions necessary to complete the Transaction.

On May 21, 2020, the Company intends to complete a non-brokered private placement (the "Private Placement") of up to 6,000,000 units (the "Units") at a price of C$0.35 per Unit, for gross proceeds of $2,000,000, with an additional over allotment of up to 50%. Each Unit will be comprised of one common share and one-half common share purchase warrant. Each whole warrant will entitle the holder to acquire one additional common share in the capital of the Company at a price of $0.60 per share, for a period of two years from the date the Units are issued.

On May 21, 2020, the Company announces the resignation of Jay Ruckenstein as a director.

OVERALL PERFORMANCE

Since inception, the Company has an accumulated a deficit of $7,474,729 as at December 31, 2019. 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, 2019 ("**Fiscal 2019**"), and comparable period year ending December 31, 2018 ("**Fiscal 2018**").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 2019 $	**Fiscal 2018 $**	**Fiscal 2017 $**
Total revenue	-	44	--
Net loss for the fiscal period	(2,151,778)	(5,050,911)	(272,040)
Loss per share, basic and fully diluted	(0.37)	(1.23)	(2,720.40)
Total assets	172,746	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 $
March 31, 2018 ("**Q1 2018**")	--	101,444	0.03
June 30, 2018 ("**Q2 2018**")	11	(1,726,918)	(0.44)
September 30, 2018 ("**Q3 2018**")	33	(614,613)	(0.12)
December 31, 2018 ("**Q4 2018**")	--	(2,810,823)	(0.50)
March 31, 2019 ("**Q1 2019**")	--	(927,670)	(0.16)
June 30, 2019 ("**Q2 2019**")	--	(298,072)	(0.07)
September 30, 2019 ("**Q3 2019**")	--	(149,770)	(0.02)
December 31, 2019 ("**Q4, 2019**")		(776,266)	(0.09)

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

Three Months Ended December 31, 2019

The Company recorded a net loss for the three-months ended December 31, 2019 of $776,266 (2018: $. 2,813,005). The significant items that contributed to the net loss for the three-months ended December 31, 2019 were;

- Consulting and management fees - $227,849 (2018 – $381,622)
  - Includes fees paid to Chief Executive Officer, former Chief Financial Officer and the former President of the Company as well as other administrative and business development consultants providing support to operations.
- Research and development costs – $2,160 (2018 - $301,887)
  - The Company has curtailed its research and development activities.
- Transfer agent and filing fees - $11,760 (2018: $(110,013))
  - The Company incurred filing and transfer agent fees due to the issuance of shares and stock options.
- Shared based Compensation – $390,317 (2018 - $294,931)
  - The Company granted 580,000 stock options at an exercise price of $0.12 per option causing a shared based compensation expense of $390,317. The Company values its stock options using the Black-Scholes method.

Year Ended December 31, 2019

The Company recorded a net loss for the year ended December 31, 2019 of $2,151,778 (2018: $5,050,911). The significant items that contributed to the net loss for the year ended December 31, 2019 were;

- Advertising and promotion - $72,014 (2018 – $306,544)
    - The Company reduced its advertising and marketing budget as it re-evaluated the operations of the Company.
- Consulting and management fees - $647,518 (2018 – $562,862)
    - Includes fees paid to Chief Executive Officer, former Chief Financial Officer and the former President of the Company as well as other administrative and business development consultants providing support to operations.
- General and administrative fees - $139,142 (2018 - $452,838)
    - Includes office costs and administrative overhead as well as wages paid to the former Chief Technology Officer and employees working on business development initiatives. The significant reduction is expense was caused by the Company reducing its activities as it re-evaluated its operations.
- Professional fees - $21,793 (2018 - $263,386)
    - Includes audit and legal costs.
- Research and development costs – $64,667 (2018 - $663,340)
    - Includes fees paid to the former President and current Director, former 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. The expenses were significantly reduced as the Company re-evaluated its operations.
- Share-based compensation costs - $970,832 (2018 - $294,931)
    - The Company issued 1,595,385 (2018: 405,977) stock options at an exercise price of $0.71 per option, realizing a share-based compensation cost of $970,832 (2018: $294,931). The Company uses the Black-Scholes method of calculating the stock-based compensation costs.
- Other Loss - $171,886 (2018 - $2,412,883)
    - The Company realized an impairment of $10,555 (2018: $318,512) on its leasehold improvements, as the Company vacated its office premises; the Company incurred a loss on disposal of property and equipment of $75,459 (2018: $nil); and a loss on settlement of debt of $85,872 (2018: $nil). During the year ended December 31, 2018, the costs includes an impairment of goodwill related to the reclassification of mobile applications from intangible assets to available for sale assets. Furthermore, the available for sale assets were written down to their fair value. These were offset a forgiveness of debt of $275,180.

Sources and Uses of Cash

	YTD 2019 $	YTD 2018 $
Cash used in operating activities	(222,238)	(2,172,963)
Cash provided by investing activities	20,165	339,295
Cash provided by financing activities	150,147	1,892,742
Net (decrease) increase in cash	(51,926)	59,074

As at December 31, 2019 the Company has $7,148 in cash compared to $59,074 as at December 31, 2018.

The Company has a working capital deficit of $690,343 at December 31, 2019 compared to a working capital deficit of $117,547 as at December 31, 2018.

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.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

An analysis of material components of the Company's general and administrative expenses is disclosed in the notes to the audited consolidated financial statements for the year ended December 31, 2019 to which this MD&A relates.

OUTSTANDING SHARE CAPITAL

As of June 15, 2020, there were 8,251,565 Common Shares issued and outstanding and other securities convertible into Common Shares as summarized in the following table.

	Number Outstanding as of June 15, 2020	Number Outstanding as of December 31, 2019
Common Shares issued and outstanding (1)	8,251,565	8,251,565
Stock options	340,000	340,000

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, 2019, the Company incurred $125,000 (2018 - $100,000) in consulting and management fees to companies controlled by the Chief Executive Officer of the Company ("CEO"). As at December 31, 2019, the Company owed $47,250 (2018 - $5,250) to a company controlled by the CEO and $4,260 (2018 - $799) to the CEO which are included in accounts payable and accrued liabilities. As at December 31, 2019, the Company also owed $5,710 (2018 - $nil) to the CEO which is included in due to relate parties. The amounts owed are non-interest bearing, unsecured, and due on demand.

During the year ended December 31, 2019, the Company incurred $15,000 (2018 - $48,000) in consulting and management fees, $15,000 (2018 -$57,178) in research and development fees and $nil (2018- $14,875) in advertising and marketing fees to a company controlled by the former President of the Company. As at December 31, 2019, the Company owed $6,970 (2018 - $ nil) to the company controlled by the former President which is included in accounts payable and accrued liabilities. The amount owed is non-interest bearing, unsecured, and due on demand. During year ended December 31, 2018, the amount of $50,032 owed to this company was forgiven.

As at December 31, 2019, the Company owed $26,916 (2018 - $17,207) to the former President of the Company, of which $nil (2018 - $17,207) is included in accounts payable and accrued liabilities. The amounts owed are non-interest bearing, unsecured, and due on demand. During the year ended December 31, 2018, the amount of $79,349 owed to the former President of the Company was forgiven pursuant to a debt settlement agreement.

During the year ended December 31, 2019, the Company incurred $nil (2018 - $45,000) in research and development fees and $nil (2018 - $45,000) in general and administrative costs to the former Chief Technology Officer ("CTO") of the Company. During year ended December 31, 2018, the amount of $54,150 owed to the former CTO of the Company was forgiven pursuant to a debt settlement agreement.

During the year ended December 31, 2019, the Company incurred $30,000 (2018 - $nil) in consulting fees to a director of the Company.

During the year ended December 31, 2019, the Company incurred $nil ($2018 - $25,000) in research and development fees and $nil (2018 - $5,000) in advertising and promotion fees to the former Chief Information Officer ("CIO") of the Company. During the year ended December 31, 2018, the amount of $91,650 owed to the former CIO of the Company was forgiven.

During the year ended December 31, 2019, the Company incurred $74,000 (2018 - $40,000) in consulting and management fees to a company controlled by the former Chief Financial Officer ("CFO") of the Company. As at December 31, 2019, the Company owed $23,738 (2018 - $nil) to a company controlled by the former CFO which is included in accounts payable and accrued liabilities. The amount owed is non-interest bearing, unsecured, and due on demand.

During the year ended December 31, 2019, the Company incurred $196,407 (2017 - $98,991) of share-based compensation to officers and directors of the Company.

FINANCIAL INSTRUMENTS AND RISKS

The fair value of financial instruments, which includes cash, amounts receivable, accounts payable and accrued liabilities, loans payable, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

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

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 Risk

The Company is not exposed to any significant foreign exchange 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, 2019, the Company had cash of $7,148 and accounts payable and accrued liabilities of $863,089. All accounts payable and accrued liabilities are due within 90 days.

Interest Rate Risk

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

Additional risk factors

Coronavirus Pandemic

The current outbreak of COVID-19 and any future emergence and spread of similar pathogens could have an adverse impact on global economic conditions, which may adversely impact the Company's operations, and the operations of its suppliers, contractors and service providers, the ability to obtain financing and maintain necessary liquidity. The outbreak of COVID-19 and political upheavals in various countries have caused significant volatility. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time.

Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. Travel bans and other government restrictions may also adversely impact the Company's operations.

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 year ended December 31, 2019, 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.