Algernon Pharmaceuticals Inc.
(Formerly Breathtec Biomedical, Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended August 31, 2019 and 2018

Dated December 16, 2019

This Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Algernon Pharmaceuticals Inc., formerly Breathtec Biomedical, Inc. ("Algernon", "Breathtec" or the "Company"), its operations, financial performance, current and future business environment and opportunities and risks. This MD&A is intended to supplement and complement the audited consolidated financial statements and notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for the year ended August 31, 2019 (the "financial statements").

This MD&A is prepared as of December 16, 2019. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

FORWARD LOOKING INFORMATION

Certain statements in this MD&A that are not based on historical facts constitute forward-looking information. Forward-looking information is not a promise or guarantee of future performance but is only a prediction that relates to future events, conditions or circumstances or the Company's future results, performance, achievements or developments and is subject to substantial known and unknown risks, assumptions, uncertainties and other factors that could cause the Company's actual results, performance, achievements or developments in its business or industry to differ materially from those expressed, anticipated or implied by such forward-looking information. Forward-looking statements include statements regarding the outlook for the Company's future operations, plans and timing for the introduction or enhancement of its services and products, statements concerning strategies or developments, statements about future market conditions, supply conditions, end customer demand conditions, channel inventory and sell through, revenue, gross margin, operating expenses, profits, forecasts of future costs and expenditures, and other expectations, intentions and plans that are not historical fact. The forward-looking statements in this MD&A are based on certain factors and assumptions regarding expected growth, results of operations, performance and business prospects and opportunities. Specifically, management has assumed that the Company's performance will meet management's internal projections. While management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Readers are cautioned not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. Readers are also advised to consider such forward-looking statements in light of the risk factors and uncertainties that may affect the Company's actual results, performance, achievements or developments as described in Appendix 1.

The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable law. Further information concerning risks and uncertainties associated with these forward-looking statements and the Company's business may be found in the Company's other public filings which are available on the Canadian Securities Administrators' website at www.sedar.com and the Company's website at www.algernonpharmaceuticals.com.

CONFLICTS OF INTEREST

Certain directors and officers of the Company are, or may become, directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies.

OVERVIEW

Algernon Pharmaceuticals Inc. (formerly "Breathtec Biomedical, Inc.") (the "Company", "Algernon", or "Breathtec") was incorporated on April 10, 2015 under the British Columbia *Business Corporations Act.* The registered office of Algernon is located at Suite 1500 – 1500 West Georgia Street, Vancouver, British Columbia, V6E 4N7.

On October 17, 2018, the Company consolidated its common shares on the basis of 2 pre-consolidation shares for 1 post-consolidation share. All the figures as to the number of common shares, stock options, warrants, prices of issued shares, exercise prices of stock options and warrants, as well as loss per share, in the consolidated financial statements and MD&A are post-consolidation amounts and the prior year comparatives have been retroactively restated to present the post-consolidation amounts.

On October 19, 2018, the Company completed the acquisition of 100% of the issued and outstanding shares and dilutive securities of Nash Pharmaceuticals Inc. ("Nash Pharma"), in exchange for securities of the Company (the "Transaction"). Nash Pharma is a clinical stage pharmaceutical development company focused on developing repurposed therapeutic drugs in the areas of non-alcoholic steatohepatitis ("NASH"), a type of liver disease, chronic kidney disease ("CKD"), inflammatory bowel disease ("IBD") and idiopathic pulmonary fibrosis ("IPF"). Drug repurposing (also known as re-profiling, re-tasking or therapeutic switching) is the application of approved drugs and compounds to treat a different disease than what it originally developed for. Through its ongoing research programs, Nash Pharma is seeking to minimize investment and drug development risk by taking advantage of regulatory approved drugs and discovering alternative clinical uses by accelerating entry into phase II clinical trials (human).

To align the corporate identity with the Company's new main strategy to be a global leader in the treatment of liver disease, chronic kidney disease and inflammatory bowel disease, the Company changed its name to Algernon Pharmaceuticals Inc. on February 19, 2019, and its common shares began trading on the Canadian Securities Exchange ("CSE") on the same day under the new symbol "AGN".

At present, the Company has no current operating income. The Company will need to raise sufficient working capital to maintain operations. Without additional financing, the Company may not be able to fund its ongoing operations and complete development activities. Management anticipates that the Company will continue to raise adequate funding through equity or debt financings, although there is no assurance that the Company will be able to obtain adequate funding on favorable terms. These uncertainties may cast significant doubt on the Company's ability to continue as a going concern. These annual consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. These annual consolidated financial statements do not reflect adjustments, which could be material, to the carrying value of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

BUSINESS MODEL

The Company is engaged in advancing a number of repurposed genericized drugs into phase II clinical trials for the global disease areas of NASH, CKD, IBD and IPF. The compounds being advanced by the Company have all performed equal to or better than the positive controls used in the Company's widely accepted pre-clinical in vivo animal research studies.

Algernon's business strategy is to fast track a number of its lead compounds into phase II clinical trials as quickly and as inexpensively as possible by leveraging the currently existing regulatory approval in the country of origin where the drugs were originally approved. Conducting off label phase II trials in the drugs' currently approved market would save the company from conducting all of the preclinical toxicology work. This additional work would in comparison, add significant time and costs to the Company's development timeline and budget. The next step post positive phase II results would be to begin the USFDA approval process.

At present, the Company does not plan to develop a sales team to advance the marketing sales and distribution of any of its lead compounds if such compounds achieve regulatory approval in any given market. The Company's strategy is to look for moments of inflection where the potential exists to be able to consummate the best possible licensing or partnering deal or acquisition transaction.

Research and Development

Key Research Milestone Summary:

1. November 1, 2018 – Company announced positive pre-clinical results showing lead compound np-160 significantly reduces score and fibrosis in non-alcoholic fatty liver disease ("NAFLD").

2. November 5th, 2018 – Company announced that it amended its research agreement with the University of Florida's analytical chemistry department to finalize development of the field asymmetric ion mobility sensor ("FAIMS") working prototype device.

3. November 13, 2018 – Company announced positive pre-clinical results for its lead compound NP-178 in IBD.

4. November 19, 2018 – Company announced positive pre-clinical results for its lead compound NP-135 in CKD.

5. December 3, 2018 – Company announced positive pre-clinical results for its lead compound NP-178 in a new study for Crohn's disease.

6. January 14, 2019 – Company announced positive pre-clinical results from a second study for CKD as well as two additional lead targets.

7. January 21, 2019 – Company announced 84% reduction of fibrosis by additional lead compound in second pre-clinical study for NAFLD.

8. February 25, 2019 – Company expanded its research program to include IPF.

9. July 3, 2019 – Company announced positive results for NP-178 in its second IPF animal study.

10. July 29, 2019 - Company announced that NP-120, its lead compound in its IPF research program, is a drug called Ifenprodil, an orally delivered small molecule, which was originally developed by Sanofi to treat peripheral circulatory disorders.

11. July 31, 2019 – Company announced that its lead drugs for NASH and CKD are Bemethyl (NP-135) and Bromantane (NP-160).

12. Aug. 02, 2019 – Company announced that its lead drug for IBD is Emoxypine (NP-178), an orally delivered small molecule.

13. Nov. 25, 2019 – Company provided an update to the market on its planned phase II clinical trial and its additional plans for 2020.

The Company is currently in the planning stages to conduct its first phase II clinical trial.

Product Development

FAIMS Technology

The Company had a medical device division that was focused on innovation and advances in the field of specialized mass spectrometry. It was working to advance its field asymmetric ion mobility sensor ("FAIMS") for the medical device market. FAIMS is a new form of atmospheric pressure ion separation technology that exploits differences in ion mobility at very high electric fields to separate ions in the millisecond timescale thus allowing continuous sample introduction. Medical testing based on FAIMS technology, could allow for the miniaturization of breath testing devices enabling real-time, point of care ("POC") non-invasive and accurate clinical screening of human breath.

Research has shown that human breath contains biomarkers that may be differentially expressed in people who have a specific disease conditions compared to healthy individuals. Real time, accurate POC screening of human breath could provide the medical community with a new tool to help screen and possibly diagnose a wide range of human diseases.

On November 5, 2018, the Company announced that it amended its research agreement with the University of Florida's Analytical Chemistry Department, where Dr. Richard Yost, the Principal Investigator, would work to advance its current design prototype, the V3, or future iterations, through its final stages of prototype development. Dr. Yost is one of the world's foremost experts on FAIMS technology and has been a scientific advisor with the Company since 2016.

The Company terminated its research agreement with the University of Florida on November 13, 2019 due to slower than expected progress on the development of a working prototype device. As a result of limited capital for ongoing research and based on the potential of its lead drug development candidates, the Company has now suspended any further research on the breathalyzer device.

University of Florida Research Foundation

On June 18, 2016, the Company signed a license agreement with the University of Florida Research Foundation, a non-profit Florida corporation ("UFRF") with respect to an exclusive royalty-bearing license to certain UFRF patent rights and a non-exclusive royalty bearing license to certain UFRF know-how to enable commercial advancements in the field of infections detection (the "License – UFRF").

Pursuant to the terms of the license agreement, the License - UFRF is effective from June 18, 2016 to the later of the date that no patent right remains enforceable and ten years after the first commercial sale of a licensed product (with an option to extend for additional five-year terms).

In consideration for the License - UFRF, the Company issued to UFRF 468,162 common shares of the Company fair valued at $121,722. Starting in June 2017, an annual license maintenance fee of US$2,000 would be paid by the Company and every year thereafter until the first commercial sale. In addition, the Company will also make payments upon meeting certain development, regulatory and commercialization milestones. Upon commencement of commercial production, the Company will pay a royalty between 2% and 4% on all net sales.

The license will be impaired subsequent to the year ended August 31, 2019 as a result of the mutual release agreement between the Company and University of Florida subsequent to the year ended August 31, 2019.

Business Development

The Company has initiated a number of feasibility studies in order to determine the disease, drug compound and best geographical location to run its first phase II study. This decision will be based on a number of factors including availability of finished product and the suitability of the country where the drug is registered. Some of the compounds have been approved in multiple jurisdictions.

As part of its feasibility study process the Company has developed an investigational brochure for four of its lead compounds. These investigational brochures include a protocol synopsis of the planned study as well as the historical safety data for the compounds. The company has also prepared a formal request for proposal (RFP) for its planned IBD study and has received a number of formal quotes.

Based on positive results from its second IPF study, the Company has also initiated an RFP process for a possible IPF study.

The Company recently completed a financing with net proceeds of approximately $2.1M and is planning to conduct 1 Phase II clinical trial with the funds.

Medical and Scientific Advisory Board Update

Dr. Arun Sanyal

On March 21, 2019, the Company announced the appointment of Dr. Arun Sanyal, MD, a leading global expert and clinician in the area of chronic liver disease. Dr. Sanyal has developed, mediated and encouraged global liver research as a physician-scientist for 25 years. Currently, Dr. Sanyal is the Vlahcevic Chair of Medicine in the department of Internal Medicine at Virginia Commonwealth University (VCU) and Director of the KL2 program in the Center for Clinical and Translational Research at VCU.

Dr. Walter Reinisch

On April 4, 2019, the Company announced that Dr. Walter Reinisch, MD, a leading global scientific expert and clinician in the area of IBD has joined the Algernon Medical and Scientific Advisory Board. Dr. Reinisch is a founding member of the European Crohn's & Colitis Organization and was assigned as honorary member after having contributed in various positions. He was active in the Scientific and Public Affairs Committee of the United European Gastroenterology and headed the Austrian IBD Study Group. Dr. Reinisch is member of the International Organization for the Study of Inflammatory Bowel Disease.

Financing

On October 23, 2018, the Company closed a private placement whereby it issued 2,083,334 units at a purchase price of $0.24 per unit for gross proceeds of $500,000. Each unit consists of one common share and one share purchase warrant entitling the holder to acquire one common share at a price of $0.50 for a period of two years from the closing of the private placement. In addition, 5,266 share purchase warrants were issued as Finders' warrants. Each Finders' warrant entitles the holder to purchase one share at a price of $0.50 per share until October 23, 2020.

Subsequent to the year ended August 31, 2019, the Company filed on October 24, 2019, the amended and restated short form prospectus dated October 22, 2019 with the securities regulatory authorities in the provinces of British Columbia, Alberta, Saskatchewan and Ontario amending and restating the final short form prospectus dated September 30, 2019. The filing was in connection with a fully marketed public offering of units of the Company at the price of $0.085 per unit that was completed on November 1, 2019. At closing of the unit offering, the Company issued 24,401,300 units of the Company at a price of $0.085 per unit for gross proceeds of $2,074,110.

Each unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each share purchase warrant will entitle the holder to acquire one common share at the price of $0.12 per warrant until May 1, 2022. These share purchase warrants were issued and are governed by the warrant indenture entered into between the Company and AST Trust Company (Canada) dated November 1, 2019. They commenced trading on the CSE under the symbol "AGN.WT" on November 4, 2019.

In addition, a total of 1,801,080 of Agent Warrants or Compensation Options were issued to various agents for services in connection with the issue and sale of units of the Company. These Agent Warrants are separate from the share purchase warrants that were issued under the warrant indenture and are exercisable for units. Each Agent Warrant will entitle the holder to purchase one unit of the Company at a price of $0.085 per unit until May 1, 2022. Each unit will consist of one common share and one share purchase warrant. The warrants will be issued under and governed by the same warrant indenture entered into between the Company and AST Trust Company (Canada) dated November 1, 2019.

Acquisition of Nash Pharma

On October 5, 2018, the Company and Nash Pharma entered into a Share Exchange Agreement whereby the Company would acquire 100% of the issued and outstanding shares of Nash Pharma, including its dilutive securities, in exchange for securities of Algernon. Nash Pharma is a clinical stage pharmaceutical development company focused on drug repurposing in the areas of NASH, CKD, IBD and IPF. Through its ongoing research programs, Nash Pharma has developed data that supports the advancement of up to seven drug candidates into phase II trials.

Upon the closing of the Transaction on October 19, 2018, the Company acquired all of the issued and outstanding common shares of Nash Pharma, in consideration for the issuance of 15,800,000 common shares and 14,800,000 warrants ("Replacement Warrants") of the Company. Each Replacement Warrants had an exercise price and expiration date equal to the exercise price and expiration date of the Nash Pharma warrants that were cancelled. The fair value of the replacement warrants was determined using a Black-Scholes option pricing model.

For accounting purposes, the acquisition has been recorded as an asset acquisition as Nash Pharma does not meet the definition of a business, as defined in IFRS 3, Business Combinations.

Consideration paid:		
Fair value of 15,800,000 Breathtec common shares issued	$	3,476,000
Fair value of 14,800,000 replacement warrants issued		1,380,409
Transaction costs		19,180
Total consideration paid	**$**	**4,875,589**
Net identifiable assets acquired:		
Cash		100,600
Taxes recoverable and other receivables		44,706
Prepaids		496
Intangible asset		4,862,756
Accounts payable and accrued liabilities		(132,969)
Identifiable assets acquired	**$**	**4,875,589**

As a result of the acquisition, an amount of $4,862,756 was capitalized to intangible assets which represents the pending patents that were filed by Nash Pharma before its acquisition by the Company.

The Company used the Black-Scholes option pricing model to determine the fair value of the 14,800,000 replacement warrants issued with the following weighted average assumptions:

Risk-free interest rate	2.25%
Expected dividend yield	0.00%
Expected stock price volatility	94.02%
Expected life in years	1.16
Forfeiture rate	0.00%

RESULTS OF OPERATIONS

Years ended August 31, 2019 and 2018

For the year ended August 31, 2019, the Company recorded a net loss of $1,895,563 compared to a net loss of $937,594 for the year ended August 31, 2018. The increase in loss was mainly due to increases in research and development, professional fees, marketing expenses and shareholder communication expenses. The increase in net loss was partially offset by a decrease in share-based payments.

Research and development expenses increased to $605,734 in the year ended August 31, 2019 from $93,816 in the year ended August 31, 2018. The increase was mainly due to additional expenses incurred relating to the research and investigational studies carried on by Nash Pharma.

Professional fees, which included legal, accounting and consulting fees, incurred in the operation of the business were $731,335 (2018 - $347,758). The increase was primarily due to increases in accounting and legal fees associated with the Transaction, share capital related activities, additional costs relating to patent searches and patentability evaluations in connection with the work conducted by Nash Pharma and additional costs relating to the initial preparation of the preliminary short form prospectus including reviews of interim financial statements. The increase could also be attributed to additional consulting fees incurred by Nash Pharma.

Marketing expenses for the year ended August 31, 2019 were $234,033 (2018 - $nil). The increase was a result of new advertising and marketing communications campaigns carried out by the Company in concert with the Company's new main strategy to be a global leader in the treatment of liver disease, chronic kidney disease and inflammatory bowel disease.

Shareholder communication expenses for the year ended August 31, 2019 were $120,665 (2018 - $49,425). The increase was mainly a result of a new investor relations program carried out by the Company in a continuous effort to ensure timely disclosure of the Company's information to existing and potential shareholders to build an audience that will follow the growth of the Company.

The Company incurred $nil in share-based payments in the year ended August 31, 2019 (2018 - $235,097). The decrease was a result of no issuance of stock options granted by the Company in the year ended August 31, 2019. The share-based payments incurred in the year ended August 31, 2018 was related to the granting of 662,500 stock options on a post-consolidation basis on March 1, 2018.

Selected Annual Information

	Year ended August 31, 2019	Year ended August 31, 2018	Year ended August 31, 2017
Total revenue	$ nil	$ nil	$ nil
Loss before other items	(1,913,905)	(948,555)	(1,451,969)
Net loss	(1,895,563)	(937,594)	(1,890,605)
Net loss per common share, basic and diluted	(0.04)	(0.02)	(0.04)
Working capital	$ (86,601)	$ 1,237,660	$ 1,422,100
Total assets	5,338,103	1,422,899	1,636,558

Three months ended August 31, 2019 and 2018

In the fourth quarter ended August 31, 2019 ("Q4 2019"), the Company recorded a net loss of $425,066 compared to a net loss of $174,048 in the fourth quarter ended August 31, 2018 ("Q4 2018"). The increase in loss was mainly due to increases in research and development, professional fees, marketing expenses and shareholder communication expenses. The increase in net loss was partially offset by a decrease in share-based payments.

Research and development expenses for Q4 2019 were $106,362 (Q4 2018 - $17,915). The increase was mainly due to additional expenses incurred relating to the research and investigational studies carried on by Nash Pharma.

Professional fees for Q4 2019 were $194,609 (Q4 2018 - $115,613). The increase in Q4 2019 was mainly due to additional consulting fees incurred by Nash Pharma as well as the additional costs relating to the initial preparation of the preliminary short form prospectus.

Marketing expenses for Q4 2019 were $26,167 (Q4 2018 - $nil). The increase was a result of new marketing programs carried out by the Company.

Shareholder communication expenses for Q4 2019 were $42,044 (Q4 2018 - $8,498). The increase was mainly a result of a new investor relations program carried out by the Company in a continuous effort to ensure timely disclosure of the Company's information to existing and potential shareholders to build an audience that will follow the growth of the Company.

Share-based payments for Q4-2019 were $nil (Q4 2018 - $17,217). There was no granting of stock option in Q4-2019 by the Company

Summary of Quarterly Results

The following table sets out selected quarterly information of the Company derived from financial statements prepared by management, for those periods reported to date. The Company's condensed consolidated interim financial statements are prepared in accordance with IFRS applicable to interim financial statements and are expressed in Canadian dollars.

	2019	2019	2019	2018
Quarter Ended	**Aug 31**	**May 31**	**Feb. 28**	**Nov. 30[3]**
Total revenue	$ nil	$ nil	$ nil	$ nil
Loss before other items	425,690	532,760	446,993	508,462
Net loss	425,066	531,911	444,810	493,776
Net loss per share, basic and diluted	0.01	0.01	0.01	0.01

	2018	2018	2018	2017
Quarter Ended	**Aug 31[2]**	**May. 31[1]**	**Feb. 28**	**Nov. 30**
Total revenue	$ nil	$ nil	$ nil	$ nil
Loss before other items	176,749	414,684	160,863	196,259
Net loss	174,048	412,305	157,938	193,303
Net loss per share, basic and diluted	0.00	0.00	0.00	0.01

(1) The increased net loss for the quarter ended May 31, 2018 as compared to the net loss for the quarter ended February 28, 2018 was mainly due to additional share-based payment of $235,097 relating to the granting of 1,325,000 stock options on March 1, 2018.

(2) The Company had a net loss of $174,048 for the quarter ended August 31, 2018 as compared to the net loss of $412,305 for the quarter ended May 31, 2018. The decrease in net loss was mainly due to the share-based payment of $235,097 incurred in the third quarter ended May 31, 2018.

(3) The Company had a net loss of $493,776 for the quarter ended November 30, 2018 as compared to a net loss of $174,048 for the prior quarter. The increase in net loss was primarily due to additional research and development expenses relating to the research and investigational studies carried on by Nash Pharma; additional professional fees associated with consulting fees incurred by Nash Pharma, share capital related activities and additional costs relating to patent searches and patentability evaluations in connection with the work conducted by Nash Pharma.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements.

At August 31, 2019, the Company had a working capital(1) deficit of $86,801 compared to working capital at August 31, 2018 of $1,237,660. This included cash and cash equivalents of $207,812 (August 31, 2018 - $1,251,058) available to meet short-term business requirements and current liabilities of $365,464 (August 31, 2018 - $57,034). The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company has no long-term debt.

At present, the Company has no current operating income. Without additional financing, the Company may not be able to fund its ongoing operations and complete development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favourable terms. These uncertainties cast doubt on the Company's ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations.

Non-GAAP Financial Measure
The Company uses "working capital" to assess liquidity and general financial strength and is calculated as current assets less current liabilities(1). Working capital does not have any standardized meaning prescribed by IFRS and is referred to as a "Non-GAAP Financial Measure." It is unlikely for Non-GAAP Financial Measures to be comparable to similar measures presented by other companies.

(1) Working capital is calculated as current assets (August 31, 2019 - $278,863; August 31, 2018 - $1,294,694), less current liabilities (August 31, 2019 - $365,464; August 31, 2018 - $57,034).

Subsequent to August 31, 2019, the Company filed a final short form prospectus on October 1, 2019 with the securities regulatory authorities in the provinces of British Columbia, Alberta, Saskatchewan, and Ontario in connection with a fully marketed public offering of units of the Company to secure new sources of capital (see Financing above).

OUTSTANDING SHARE DATA

As at August 31, 2019 and the date of this report, the Company has:

	August 31, 2019	December 16, 2019
Issued and outstanding common shares	47,344,512	71,745,812
Warrants outstanding(1)	22,115,266	32,290,980
Stock options outstanding	1,387,500	1,387,500

(1) Subsequent to the year ended August 31, 2019:

- 16,026,666 warrants expired with a weighted average exercise price of $0.24 per warrant;
- 24,401,300 share purchase warrants were issued as part of a marketed short form prospectus unit offering. Each share purchase warrant will entitle the holder to acquire one common share at the price of $0.12 per warrant until May 1, 2022. In addition, these share purchase warrants commenced trading on the CSE under the symbol "AGN.WT" on November 4, 2019;
- a total of 1,801,080 of Agent Warrants or Compensation Options were issued. These Agent Warrants are unit purchase warrants which entitle the holder to acquire one unit of the Company at a price of $0.085 per unit until May 1, 2022. Each unit will consist of one common share and one share purchase warrant. The share purchase warrants will be issued under and governed by the same warrant indenture entered into between the Company and AST Trust Company (Canada) dated November 1, 2019.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

CONTRACTUAL COMMITMENTS

Breathtec US has an agreement (the "Agreement") with the University of Florida ("UF") whereby UF assists the Company with research and development that was extended annually. There was a no-cost extension for the period January 16, 2018 to October 14, 2018.

Following the no-cost extension that ended on October 14, 2018, the Company amended its research agreement (the "Amending Agreement") with UF, whereby UF has undertaken to advance the FAIMS V3 prototype, or future iterations, through its final stages of prototype development. The Amending Agreement was for the period October 15, 2018 to October 15, 2019 and requires the Company to make quarterly payments of US$41,469 for a total of US$165,877. For the twelve-month period ended August 31, 2019, the Company paid a total of US$41,469 ($55,158), recorded a total payable of US$82,934 for 2nd and 3rd quarterly payments and an accrual of $US20,743.63 for half of the 4th quarterly payment. Prior to the no-cost extension, for the period January 16, 2017 to January 15, 2018 the Company paid a total of US$55,608 or $71,820 at the Canadian dollar equivalent.

Subsequent to the year ended August 31, 2019, the Company terminated its research agreement with UF due to slower than expected progress on the development of a working prototype device. As a result of limited capital for ongoing research and based on the potential of its lead drug development candidates, the Company suspended any further research on the breathalyzer device.

On November 13, 2019, the Company and UF signed a mutual release agreement releasing each other from any and all claims arising under or by virtue of any contract or any modification or change thereof. It effectively absolved the Company from paying the quarterly payments that were recorded as payables and accruals at the year ended August 31, 2019.

RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management personnel are considered to be those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management includes senior officers and directors of the Company.

Compensation to key management personnel is as follows:

Years Ended August 31	2019	2018
Short-term benefits [(1)]	$ -	$ 128,818
Share-based payment	-	212,918
	$ -	$ 341,736

Related party transactions not included in compensation to key management personnel are as follows:

Years Ended August 31	2019	2018
Consulting fees – other [(2)]	$ 297,391	$ 115,300
Rent [(3)]	24,000	24,000
	$ 321,391	$ 139,300

(1) Short-term benefits paid to management personnel:
- $nil to former Chief Executive Officer (2018 - $30,656) who resigned from his position on September 19, 2017;
- $nil to Chief Technology Officer (2018 - $98,162) who resigned from his position on June 15, 2018.

(2) Fees paid to companies/companies related to management personnel:
- $108,000 (2018 - $54,000) to a company controlled by the Chief Executive Officer who took on the position on March 1, 2018;
- $48,000 (2018 - $48,000) to a company controlled by the Chief Financial Officer;
- $138,491 (2018 - $nil) to the Chief Science Officer who took on the position on October 19, 2018;
- $nil (2018 - $9,000) paid to company owned by a director relating to the use of work space and computer equipment;
- $2,900 (2018 - $4,300) for tax services paid to a partnership where a senior officer and director is a partner.

(3) Rent:
- $24,000 (2018 - $24,000) paid for corporate office space to a company where a senior officer and director is a principal.

Accounts payables and accrued liabilities include the following amounts due to related parties:

As at	August 31, 2019	August 31, 2018
Key management personnel – expense reimbursements	$ 183	$ 2,660
Key management personnel – management fees	-	3,655
	$ 183	$ 6,315

SEGMENTED DISCLOSURES

The Company has two operating segments; one being the development centre of health-related technology in the United States; the other being a Canadian clinical stage pharmaceutical development company focused on drug repurposing.

As at August 31, 2019, the Company's long-term assets are located as follows:

	Canada	United States	Total
Restricted cash equivalents	$ 57,500	$ -	$ 57,500
Incorporation costs	-	1,371	1,371
License agreement	-	48,689	48,689
Intangible asset	4,951,680	-	4,951,680
	$ 5,009,180	$ 50,060	$ 5,059,240

As at August 31, 2018, the Company's long-term assets were located as follows:

	Canada	United States	Total
Incorporation costs	$ -	$ 1,371	$ 1,371
License agreement	-	73,033	73,033
Furniture and equipment	-	53,801	53,801
	$ -	$ 128,205	$ 128,205

SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are disclosed in Note 3 of the Company's annual audited consolidated financial statements for the year ended August 31, 2019.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period.

Actual outcomes could differ from these estimates, and as such, the estimates and underlying assumptions are reviewed on an ongoing basis.

The acquisition of Nash Pharma requires management to make a judgement as to whether Nash Pharma constitutes a business combination or an asset acquisition under the definitions of IFRS 3. The assessment requires management to assess inputs, processes, and ability of Nash Pharma to produce outputs at the time of acquisition. Pursuant to the assessment, Nash Pharma was considered an asset acquisition and intangible assets were recognized.

The Company assesses at each reporting date if the intangible assets have indicators of impairment. In determining whether the intangible assets are impaired, the Company assesses certain criteria, including

observable decreases in value, significant changes with adverse effect on the entity, evidence of technological obsolescence and future plans.

Following initial recognition, the Company carries the value of the intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on the straight-line basis based upon management's estimate of the useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of the technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related amortization expense. As at August 31, 2019, the Company has not amortized the intangible assets as amortization begins when the intangible assets are available for use.

Apart from the above, there have been no material revisions to the nature and amount of changes in estimates of amounts reported in its audited consolidated financial statements for the year ended August 31, 2019.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments as at August 31, 2019 included cash, accounts receivable and accounts payable and accrued liabilities.

The Company classifies and measures its financial instruments as follows:

- cash and cash equivalent are classified as financial assets at FVTPL;
- accounts receivable is classified as loans and receivables;
- accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost

The carrying values of financial assets and liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The carrying amounts of financial assets and liabilities presented in the statement of financial position relate to the following measurement categories as defined in IFRS 9:

		Financial Assets		**Loans and Receivables**		**Financial Liabilities**
		Fair Value Through Profit		Measured at Amortized Cost		Measured at Amortized Cost
August 31, 2019						
Cash and cash equivalents	$	207,812	$	-	$	-
Accounts receivable		-		754		-
Accounts payable and accrued liabilities	$	-	$	-	$	(365,464)

		Financial Assets		Loans and Receivables		Financial Liabilities
		Fair Value Through Profit		Measured at Amortized Cost		Measured at Amortized Cost
August 31, 2018						
Cash and cash equivalents	$	1,251,058	$	-	$	-
Accounts receivable		-		5,668		-
Accounts payable and accrued liabilities	$	-	$	-	$	(57,034)

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents and accounts receivable. The Company's accounts receivable is mainly comprised of GST receivable and accrued interest receivable from GIC's held with bank. GST receivable is not a financial instrument as it does not arise from contractual obligations. The Company limits exposure to credit risk on bank deposits by holding demand deposits in high credit quality banking institutions in Canada.

Management believes that the credit risk with respect to receivables is remote.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risks. The Company is not exposed to significant market risk.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash is limited because of its short-term investment nature. The Company's financial asset exposed to interest rate risk consists of cash and cash equivalents and restricted cash equivalents.

b) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

c) Foreign currency risk

The Company is exposed to foreign currency risk to the extent expenditures incurred or funds received and balances maintained by the Company are denominated in currencies other than the CAD (primarily US$). As at August 31, 2019, the Company had monetary assets of US$47,113 or $62,637 (August 31, 2018 - US$31,492 or $41,113) at the CAD equivalent and monetary liabilities of US$125,398 or $166,717 (Augusts 31, 2018 - US$3,271 or $4,270) at the CAD equivalent.

For the year ended August 31, 2019, the Company's sensitivity analysis suggests that a change in the absolute rate of exchange in US$ by 10% will increase or decrease other comprehensive loss by approximately $10,408 (August 31,2018 - $3,684). The Company has not entered into any foreign currency contracts to mitigate this risk. Foreign currency risk is considered low relative to the overall financial operating plan.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the consolidated financial statements, are the responsibility of Management. In the preparation of this report, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the accompanying financial statements.

December 16, 2019

On behalf of Management and the Board of Directors,

"Michael Sadhra"

Chief Financial Officer and Director

APPENDIX 1

RISKS RELATED TO THE BUSINESS

Limited Operating History

The Company has no present prospect of generating revenue from the sale of products. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Negative Cash Flow for the Foreseeable Future

The Company has a no history of earnings or cashflow from operations. The Company does not expect to generate material revenue or achieve self-sustaining operations for several years, if at all. To the extent that the Company has negative cash flow in future periods, the Company may need to allocate a portion of its cash reserves to fund such negative cash flow.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Reliance on successful development of prototype breath test

The Company's ability to generate future revenue or achieve profitable operations is largely dependent on the ability to attract the experienced management and know-how to develop new devices and to partner with larger, more established companies in the industry to successfully commercialize products. Successfully developing a breath test into a marketable device may take several years and significant financial resources, and the Company may not achieve those objectives.

In order to commercialize any products, the Company will need to conduct clinical trials, which may not succeed, and to obtain regulatory approvals which it may fail to do. The Company does not know and is unable to predict what type and how many clinical trials the U.S. Food and Drug Administration (the "FDA") will require the Company to conduct before granting approval for it to market its products. The development programs may not lead to a commercial product, either because failure to demonstrate that product candidates are safe and effective in clinical trials and cannot obtain necessary approvals from the FDA and/or similar foreign regulatory agencies or because of inadequate financial or other resources to advance product candidates through the clinical trial process for successful commercialization.

Risks Related to Laboratory Developed Tests (LDTs) and Food and Drug Administration (FDA) Approval

In the United States, the FDA regulates medical devices, including diagnostic tests, under the Federal Food, Drug and Cosmetic Act. The FDA notification and approval process requires substantial time, effort and financial resources, and the Company cannot be certain that any approvals for its products will be granted on a timely basis, if at all. In 2014, the FDA issued draft guidance on the regulation of laboratory developed tests, or LDTs, such as those being developed by the Company and the period for public

comment recently ended. Because the FDA has not issued final rules on the regulation of LDTs, the Company is unable to determine what notification and approval process the FDA may require. Foreign jurisdictions have similar government regulatory bodies and requirements that the Company must meet prior to selling products in those jurisdictions.

The Company must be considered in light of the risks, expenses, shifts, changes and difficulties frequently encountered with companies whose businesses are regulated by various federal, state and local governments. The health care, wellness, workers' compensation and similar companies are subject to a variety of regulatory requirements and the regulatory environment is ever changing particularly with recent legislation, the full impact of which is not yet understood as regulations have not been issued. Failure to follow applicable regulatory requirements will have a materially negative impact on the business of the Company. Furthermore, future changes in legislation can not be predicted and could irreparably harm the business of the Company.

The Company will require equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of the Company shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. Even if additional financing is obtained, there is no guarantee that it could be completed on terms favourable to the Company.

Because of the early stage of the industry in which the Company will operate, the Company expects to face additional competition from new entrants. To become and remain competitive, the Company will require research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Limited Market for Securities

It is proposed that the Company's common shares will be listed on the CSE, however, there can be no assurance that such listing will be obtained and even if obtained, that an active and liquid market for the common shares will develop or be maintained and an investor may find it difficult to resell any securities of the Company.

Permits and Licenses

The operations of the Company may require licenses and permits from various governmental authorities. There can be no assurance that such licenses and permits will be granted.

Intellectual Property Rights

The Company could be adversely affected if it does not adequately protect its intellectual property rights. The Company regards its marks, rights, and trade secrets and other intellectual property rights as critical to its success. To protect its investments and the Company's rights in these various intellectual properties, it may rely on a combination of patents, trademark and copyright law, trade secret protection

and confidentiality agreements and other contractual arrangements with its employees, clients, strategic partners, acquisition targets and others to protect proprietary rights. There can be no assurance that the steps taken by the Company to protect proprietary rights will be adequate or that third parties will not infringe or misappropriate the Company's copyrights, trademarks and similar proprietary rights, or that the Company will be able to detect unauthorized use and take appropriate steps to enforce rights. In addition, although the Company believes that its proprietary rights do not infringe on the intellectual property rights of others, there can be no assurance that other parties will not assert infringement claims against the Company. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources.

The Company will rely on trade secrets to protect technology where it does not believe patent protection is appropriate or obtainable. Trade secrets are difficult to protect. While commercially reasonable efforts to protect trade secrets will be used, strategic partners, employees, consultants, contractors or scientific and other advisors may unintentionally or willfully disclose information to competitors.

If the Company is not able to defend patents or trade secrets, then it will not be able to exclude competitors from developing or marketing competing products, and the Company may not generate enough revenue from product sales to justify the cost of development of products and to achieve or maintain profitability.

Low Barriers to Entry and Competition

There is high potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

At present, management believes that the Company has certain direct competition from Menssana Research Inc. ("Menssana") and Owlstone Nanotech Inc. ("Owlstone"). Menssana is based in New Jersey and Owlstone is based in the United Kingdom. These companies have the financial ability to compete directly with the Company.

Competitive pressures created by any one of these companies, or by the Company's competitors collectively, could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company believes that the principal competitive factors in its market are the ability to protect IP and bring the first company to deliver hand held breath testing products to the market.

Difficulty to Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the industry. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's

ability to continue operating and the market price for the Company's common shares. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

Commercial success of the Company will depend in part on not infringing upon the patents and proprietary rights of other parties and enforcing its own patents and proprietary rights against others. The research and development programs will be in highly competitive fields in which numerous third parties have issued patents and pending patent applications with claims closely related to the subject matter of the Company's programs. The Company is not currently aware of any litigation or other proceedings or claims by third parties that its technologies or methods infringe on their intellectual property.

While it is the practice of the Company to undertake pre-filing searches and analyses of developing technologies, it cannot guarantee that it has identified every patent or patent application that may be relevant to the research, development, or commercialization of its products. Moreover, it cannot assure that third parties will not assert valid, erroneous, or frivolous patent infringement claims.

Uninsurable Risks

The business of the Company may not be insurable or the insurance may not be purchased due to high cost. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Company.

The market price of the Company's common shares may be subject to wide price fluctuations

The market price of the Company's common shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company and its subsidiaries, general economic conditions, legislative changes, and other events and factors outside of the Company's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Company's common shares.

Dividends

The Company has no earnings or dividend record, and does not anticipate paying any dividends on the common shares in the foreseeable future.

Regulatory Changes

The business of the Company is subject to rapid regulatory changes. Failure to keep up with such changes may adversely affect the business of the Company. Some of the changes are the FDA's implementation of the Universal Device Identifier in October 2015 and the tracking requirements for pharmaceuticals in the United States.

The Company's prospects must be considered in light of the risks, expenses, shifts, changes and difficulties frequently encountered with companies whose businesses are regulated by various federal, state and local governments. The health care, wellness, workers' compensation and similar companies are subject to a variety of regulatory requirements and the regulatory environment is ever changing particularly with recent legislation, the full impact of which is not yet understood as regulations have not been issued. Failure to follow regulatory requirements will have a detrimental impact on the business. Changes in legislation cannot be predicted and could irreparably harm the business***.***

Risks Associated with Brand Development

The Company believes that continuing to strengthen its brand is critical to achieving widespread acceptance of the Company, particularly in light of the competitive nature of the Company's market. Promoting and positioning its brand will depend largely on the success of the Company's marketing efforts and the ability of the Company to provide high quality services. In order to promote its brand, the Company will need to increase its marketing budget and otherwise increase its financial commitment to creating and maintaining brand loyalty among users. There can be no assurance that brand promotion activities will yield increased revenues or that any such revenues would offset the expenses incurred by the Company in building its brand. If the Company fails to promote and maintain its brand or incurs substantial expenses in an attempt to promote and maintain its brand or if the Company's existing or future strategic relationships fail to promote the Company's brand or increase brand awareness, the Company's business, results of operations and financial condition would be materially adversely affected.

Rapid Technological Change

The business of the Company is subject to rapid technological changes. Failure to keep up with such changes may adversely affect the business of the Company. The Company is subject to the risks of companies operating in the medical and healthcare business.

The market in which the Company competes is characterized by rapidly changing technology, evolving industry standards, frequent new service and product announcements, introductions and enhancements and changing customer demands. As a result, an investment in the stocks of the Company is highly speculative and is only suitable for investors who recognize the high risks involved and can afford a total loss of investment.

Risks Associated with Acquisitions

If appropriate opportunities present themselves, the Company intends to acquire businesses, technologies, services or products that the Company believes are strategic. The Company currently has no understandings, commitments or agreements with respect to any other material acquisition and no other material acquisition is currently being pursued. There can be no assurance that the Company will be able to identify, negotiate or finance future acquisitions successfully, or to integrate such acquisitions with its current business. The process of integrating an acquired business, technology, service or product into the Company may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of the Company's business. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and/or amortization expenses related to goodwill and other intangible assets, which could materially adversely affect the Company's business, results of operations and financial condition. Any such future acquisitions of other businesses, technologies, services or products might require the Company to obtain additional equity or debt financing, which might not be available on terms favourable to the Company, or at all, and such financing, if available, might be dilutive.

Risks Associated with International Operations

A component of the Company's strategy is to expand internationally. Expansion into the international markets will require management attention and resources. The Company has limited experience in localizing its service, and the Company believes that many of its competitors are also undertaking expansion into foreign markets. There can be no assurance that the Company will be successful in expanding into international markets. In addition to the uncertainty regarding the Company's ability to generate revenues from foreign operations and expand its international presence, there are certain risks inherent in doing business on an international basis, including, among others, regulatory requirements, legal uncertainty regarding liability, tariffs, and other trade barriers, difficulties in staffing and managing

foreign operations, longer payment cycles, different accounting practices, problems in collecting accounts receivable, political instability, seasonal reductions in business activity and potentially adverse tax consequences, any of which could adversely affect the success of the Company's international operations. To the extent the Company expands its international operations and has additional portions of its international revenues denominated in foreign currencies, the Company could become subject to increased risks relating to foreign currency exchange rate fluctuations. There can be no assurance that one or more of the factors discussed above will not have a material adverse effect on the Company's future international operations and, consequently, on the Company's business, results of operations and financial condition.

Protection and Enforcement of Intellectual Property Rights

The Company regards the protection of its copyrights, service marks, trademarks, trade dress and trade secrets as critical to its future success and relies on a combination of copyright, trademark, service mark and trade secret laws and contractual restrictions to establish and protect its proprietary rights in products and services. The Company has entered into confidentiality and invention assignment agreements with its employees and contractors, and nondisclosure agreements with parties with which it conducts business in order to limit access to and disclosure of its proprietary information. There can be no assurance that these contractual arrangements or the other steps taken by the Company to protect its intellectual property will prove sufficient to prevent misappropriation of the Company's technology or to deter independent third-party development of similar technologies.

To date, the Company has not been notified that its technologies infringe the proprietary rights of third parties, but there can be no assurance that third parties will not claim infringement by the Company with respect to past, current or future technologies. The Company expects that participants in its markets will be increasingly subject to infringement claims as the number of services and competitors in the Company's industry segment grows. Any such claim, whether meritorious or not, could be time-consuming, result in costly litigation, cause service upgrade delays or require the Company to enter into royalty or licensing agreements. Such royalty or licensing agreements might not be available on terms acceptable to the Company or at all. As a result, any such claim could have a material adverse effect upon the Company's business, results of operations and financial condition.

Economic Environment

The Company's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and consequently, impact the Company's future sales and profitability.

Global Economy Risk

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. Access to financing has been negatively impacted by the ongoing global economic risks. As such, the Company is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Company. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and the trading price of the Company's Shares on the stock exchange.

Going-Concern Risk

The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing an equity or debt financing or in achieving profitability.

Financial Risk Exposures

The Company may have financial risk exposure to varying degrees relating to the currency of each of the countries where it operates and has financial risk exposure towards digital currencies. The level of the financial risk exposure related to a currency and exchange rate fluctuations will depend on the Company's ability to hedge such risk or use another protection mechanism.

Reliance on Yost Research Group at the University of Florida

If the third parties which the Company relies on do not properly and successfully carry out their obligations to the Company, it may not be able to develop, obtain regulatory approval for, or commercialize its product candidates.

Attracting and keeping senior management and key scientific personnel

The success of the Company depends on the continued ability to attract, retain, and motivate highly qualified management, clinical, and scientific personnel and to develop and maintain important relationships with leading academic institutions, companies, and thought leaders.