Algernon Pharmaceuticals Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the nine months ended May 31, 2020 and 2019

Dated July 29, 2020

This Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Algernon Pharmaceuticals Inc., ("Algernon" 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 condensed interim 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 nine months ended May 31, 2020 (the "financial statements").

This MD&A is prepared as of July 29, 2020. 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

This MD&A contains statements with "forward-looking information" ("forward-looking statements") within the meaning of applicable securities laws. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimated", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. In particular and without limitation, this MD&A contains forward-looking statements pertaining to the following:

- the Company's intentions with respect to its business and operations;
- the Company's expectations regarding its ability to raise capital and grow its business;
- the Company's expectations with regard to its marketing and promotional programs;
- the Company's growth strategy and opportunities;
- anticipated trends and challenges in the Company's business and the industry in which it operates.

Forward-looking information is based on reasonable assumptions, estimates, analysis and opinions of the Company's management in light of its experience and its perception of trends, expected developments, current conditions, as well as other factors that the Company's management believes to be relevant and reasonable in the circumstances at the date of this MD&A, but which may prove to be incorrect. The Company believes that the expectations and assumptions reflected in such forward-looking information are reasonable. Key assumptions upon which the Company's forward-looking information is based include:

- those related to general economic conditions;
- those related to conditions, including competitive conditions, in the market in which the Company operates;
- those related to the Company's use of marketing and promotional materials;
- the Company's ability to obtain requisite licences and necessary governmental approvals;
- the Company's ability to attract and retain key personnel; and
- the impact of the COVID-19 outbreak on the Company's operations.

Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Forward-looking statements are also subject to risks and uncertainties facing the Company's business, any of which could have a material impact on its outlook.

Some of the risks the Company faces and the uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements include:

- the COVID-19 outbreak and its effect on the Company's business;
- the Company's dependence on management, key personnel and consultants;
- the Company's dependence on laboratory developed tests and research skills;
- the Company may require additional financing, which may be dilutive to existing shareholders;
- price volatility of publicly traded securities, including the Company's Common Shares;
- the impact of environmental and safety laws and health regulations and its effect on the Company's business;
- there is no assurance the Company will maintain profitability;
- there is competition in the Company's industry; and
- the Company's directors may have conflicts of interest.

If any of these risks or uncertainties materialize, or assumptions underlying the forward-looking statements prove incorrect, actual results may vary material from those anticipated in those forward-looking statements. The assumptions referred to above and described in greater detail in Appendix 1 under "Risks Related to the Business" should be considered carefully by readers.

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. (the "Company" or "Algernon") 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.

Algernon 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") and chronic cough. 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. All the research and development work are carried out by the Company's 100% Canadian own subsidiary, Nash Pharmaceuticals Inc. ("Nash Pharma"). On January 6, 2020, Nash Pharma acquired a 100% owned Australian subsidiary, Algernon Research Pty Ltd. ("AGN Research"). 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 2 clinical trials (human).

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 Algernon business model is to investigate safe, already approved drugs for new disease applications, move them efficiently and safely into new human trials, develop new formulations and seeking new regulatory approvals in global markets. Algernon specifically investigates compounds that have never been approved in the U.S. or Europe to avoid off label prescription writing.

The Company has investigated a number of repurposed generic drugs in the global disease areas of NASH, CKD, IBD and IPF and chronic cough. 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 its lead compounds into phase 2 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 2 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 2 results would be to begin the U.S. Food and Drug Administration ("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. April 23, 2020 – The Company announced that it has received approval from the Ministry of Food and Drug Safety in South Korea, as well as ethics approval, for an investigator-led, Phase 2 COVID-19 clinical study of its re-purposed drug NP-120.

2. April 29, 2020 – The Company announced that it has received a No Objection Letter from Health Canada to proceed with a NP-120 (Ifenprodil) COVID-19 Phase 2b/3 multinational clinical trial.

3. May 06, 2020 – The Company announced that it has received ethics approval from the Royal Brisbane & Women's Hospital, Human Research Ethics Committee for the Company's planned Phase 2 IPF and chronic cough clinical study of its re-purposed drug NP-120 (Ifenprodil).

4. May 15, 2020 – The Company announced that it has submitted for ethics approval in Australia for its planned multinational Phase 2b/3 study of its re-purposed drug NP-120 (Ifenprodil) for COVID-19.

5. May 25, 2020 – The Company announced that it has submitted an Investigational New Drug (IND) application with the U.S. FDA for its planned multinational Phase 2b/3 study of its re-purposed drug NP-120 (Ifenprodil) as a potential therapeutic treatment for patients with COVID-19.

6. June 04, 2020 – The Company announced that it has received, on June 3, 2020, clearance from the U.S. FDA for its recently submitted Investigational New Drug (IND) application for its planned multinational Phase 2b/3 study of its re-purposed drug NP-120 (Ifenprodil) as a potential therapeutic treatment for patients with COVID-19.

7. June 25, 2020 – The Company announced that it has received ethics approval from a central institutional review board for U.S. study sites for its multinational Phase 2b/3 human study of NP-120 (Ifenprodil) for COVID-19.

8. July 07, 2020 – The Company announced that it has begun screening patients for suitability for enrolment in its Phase 2 IPF and chronic cough clinical study of its re-purposed drug NP-120 (Ifenprodil).

9. July 16, 2020 – The Company announced that it has completed its clinical trial agreement with Westchester Research Center at Westchester General Hospital in Miami, Florida, for its multinational Phase 2b/3 human study of NP-120 (Ifenprodil) for COVID-19.

University of Florida Research Foundation ("UFRF")

On January 7, 2020, the Company made a formal request to UFRF to terminate the license agreement. Pursuant to the terms of the license agreement, the License - UFRF was terminated on March 7, 2020.

Business Development

The Company concluded a number of feasibility studies in order to determine the disease, drug compound and best geographical location to run its first phase 2 study.

On December 10, 2019 the Company announced the selection of Ifenprodil for its lead phase 2 trial for IPF and chronic cough. On January 17, 2020 the Company appointed Novotech as the CRO for the Company's upcoming phase IPF and chronic cough study which will be conducted in Australia.

The Company began to work towards achieving both regulatory and ethics approval to run the IPF and chronic cough study, which has been received. The Company began screening patients on July 7, 2020. and the first patient is expected to be enrolled before the end of July 2020.

The Company announced on March 06, 2020 that it was going to explore Ifenprodil as a possible treatment for COVID-19 when it discovered an independent research study that showed the drug was active in an animal model for H5N1, the world's most lethal avian flu, with an approximately 60% mortality rate in humans. In the study, Ifenprodil reduced mortality by 40% and reduced acute lung injury and inflammation in the lung tissue.

Coupled with the Company's own animal data showing Ifenprodil's reduction of lung fibrosis in two separate studies, the Company is investigating Ifenprodil to determine if it can reduce the severity and duration of a COVID infection.

The Company is about to begin a multinational Phase 2b/3 human trial for COVID-19 entitled, "A Randomized Open Label Phase 2b/3 Study of the Safety and Efficacy of NP-120 (Ifenprodil) for the Treatment of Hospitalized Patients with Confirmed COVID-19 Disease." The study will be conducted in the U.S, Australia, Romania and the Philippines. Enrollment of the first patient is expected before the end of July 2020.

At this time based on available capital resources, the Company is currently only advancing Ifenprodil into human clinical trials.

The Company is planning the following milestones:

Calendar Year 2020

Q3

- Multinational COVID-19 Phase 2b/3 Trial First Patient Enrolled
- First Patient Enrolled in Phase 2 IPF/Cough Study
- NP-120 API Production Completed

Q4

- Multinational COVID-19 Phase 2b Trial Data
- NP-120 28 Day Tox Program Begins
- Publish Research Papers IBD & IPF/Cough

Calendar Year 2021

Q1

- Early Data from Cough Endpoint

Q2

- NP-120 28 Day Tox Program Completed
- Final data from IPF/cough study

Business Advisory Board Update

On April 13, 2020 the Company announced the appointment of U.S. Ambassador (Rtd) Howard Gutman, former United States Ambassador to Belgium, to the Company's newly created Business Advisory Board.

Ambassador (Rtd) Gutman acted, during his distinguished career over the past three decades, as a leading American and international lawyer, and served in a number of high-profile appointments for the government

of the United States, including Ambassador to Belgium, and Special Assistant to the Director of the FBI for Counter-Intelligence and Counter-Terrorism. During his legal career he served as a United States Supreme Court and federal appellate court law clerk prior to entering private practice in Washington, DC., where in addition to legal practice, he served as advisor to candidates for President, Governor and the U.S. Senate.

Financing

- On November 11, 2019, the Company closed a public offering of 24,401,300 units of the Company at a price of $0.085 per unit for gross proceeds of $2,074,110 (the "November 2019 Offering").

  Each unit consists of one common share and one common share purchase warrant. Each share purchase warrant entitles 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 Canadian Securities Exchange ("CSE") under the symbol "AGN.WT" on November 4, 2019.

  In addition, a total of 1,801,080 of Agent Warrant Units (also referred as Compensation Options) were issued to various agents for services in connection with the public offering of units of the Company. These Agent Warrant Units are separate from the share purchase warrants that were issued under the warrant indenture and are exercisable for units. Each Agent Warrant Unit entitles the holder to purchase one unit of the Company at a price of $0.085 per unit until May 1, 2022. Each unit consists of one common share and one share purchase warrant entitling the holder to acquire an additional common share at the price of $0.12 per warrant share. The share purchase warrants are tradeable on the CSE and are governed by the same warrant indenture entered into between the Company and AST Trust Company (Canada) dated November 1, 2019.

- On February 20, 2020, due to strong demand, the Company closed a private placement for 18,304,939 units at the price of $0.085 per unit for gross proceeds of $1,555,920 (the February 2020 Offering").

  Each unit is comprised of one common share and one common share purchase warrant. Each share purchase warrant entitles the holder to acquire one common share at the price of $0.12 per warrant until August 20, 2022. The share purchase warrants in connection with this private placement are not tradeable on the CSE.

  In addition, a total of 969,571 of Agent Warrant Units were issued. Each Agent Warrant Unit entitles the holder to purchase one unit of the Company at a price of $0.085 per unit until August 20, 2022. Each unit consists of one common share and one share purchase warrant entitling the holder to acquire an additional common share at a price of $0.12. The share purchase warrants in connection with this private placement are not tradeable on the CSE.

- On May 13, 2020, the Company closed a private placement for 19,605,285 special warrants ("Special Warrants") of the Company at a price of $0.35 per Special Warrant for gross proceeds of $6,861,850.

  Each Special Warrant is exercisable, for no additional consideration at the option of the holder, into one unit of the Company. Each unit will consist of one common share and one common share purchase warrant. Each warrant will entitle the holder to acquire one common share at the price of $0.55 for a period of 24 months after the closing date until May 13, 2022. The share purchase warrants in connection with this private placement will not be tradeable on the CSE. All unexercised Special Warrants will be automatically exercised on the Qualification Date that is the earlier of:
  - (i) four months and a day following the closing date on May 13, 2020;
  - (ii) 3 business days following the date on which receipt is issued by the BC Securities Commission for a final short form prospectus qualifying the distribution of the units underlying the Special Warrants.

In addition, a total of 1,505,293 of Agent Warrant Units (also referred as Compensation Options) were issued. Each Agent Warrant Unit entitles the holder to purchase one unit of the Company at a price of $0.35 per unit until May 13, 2022. Each unit consists of one common share and one common share purchase warrant entitling the holder to acquire an additional common share at the price of $0.55. These share purchase warrants are not tradeable on the CSE.

Subsequent to the period ended May 31, 2020, on June 12, 2020, the Company received a receipt for the Company's final short form prospectus dated June 11, 2020, to qualify the securities underlying the 19,605,285 Special Warrants that were issued by the Company on May 13, 2020.

In accordance with the terms of a special warrant indenture dated May 13, 2020, on June 17, 2020, each Special Warrant was automatically converted into one common share of the Company and one common share purchase warrant. Each warrant is exercisable for one common share of the Company on or before May 13, 2022 at an exercise price of $0.55 per common share.

Use of Proceeds of Previous Offerings

On November 11, 2019, the Company closed the November 2019 Offering (as described above in Financing) and on February 20, 2020, the Company closed the February 2020 Offering (as described above in Financing) (collectively, the "Prior Offerings"). The following table sets out a comparison of how the Company used the proceeds from the Prior Offerings at May 31, 2020, an explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones**.**

Intended Use of Proceeds of Prior Offerings		**Actual Use of Proceeds from Prior Offerings**	**Variance – (Over)/Under Expenditure**	**Explanation of Variance and Impact on business objectives**
Phase 2 Clinical Trial				
NP-178 IBD Trial/or NP-120 IPF Trial	$1,200.000	$600,000	($600,000)	Trial in progress
Additional Phase 2 Study Planning	$400,000	Nil	($400,000)	Not commenced
Research and Development	$146,000	$50,000	($94,000)	In progress

Additional proceeds in the aggregate of $2.1 million from the Prior Offerings were allocated to working capital. Given the occurrence of the COVID-19 pandemic and potential of using NP-120 in the treatment of COVID-19, the Company has reallocated a portion of the proceeds allocated to working capital to costs associated with its COVID-19 studies.

Use of Proceeds

The Company has received gross proceeds of $6,861,850 from the sale of the Special Warrants on May 13, 2020 (as described above in Financing). The net proceeds to the Company from the Offering were approximately $6,034,998 after deducting the Agent's Fee and expenses in connection with the Offering and the estimated expenses of the Company in connection with the qualification for distribution of the Units. The Company intends to use the net proceeds from the Offering as set out in the table below:

First portion of the Phase 2b multinational COVID-19 Study	$4,000,000
Phase 2 COVID-19 South Korea budget	$1,000,000
Synthesis of cGMP material of NP-120 (Ifenprodil)	$450,000
Working Capital and General and Administrative Expenses	$584,998
Total	$6,034,998

Although the Company intends to use the proceeds from the Offering as set forth above, the actual allocation of the net proceeds may vary depending on future developments or unforeseen events.

RESULTS OF OPERATIONS

Nine months ended May 31, 2020 and 2019

For the nine months ended May 31, 2020, the Company recorded a net loss of $5,550,537 compared to a net loss of $1,470,497 for the nine months ended May 31, 2019. Some of the major items comprising the net loss for the nine months ended May 31, 2019 included share-based payment, research and development expenses, shareholder communications and marketing expenses. These increases were partially offset by other income and a gain on debt forgiveness.

Share-based payment for the nine months ended May 31, 2020 was $2,303,881 (nine months ended May 31, 2019 - $nil). The increase in share-based payment in 2020 was due to a total of 8,925,000 stock options granted to directors, officers and consultants of the Company with a weighted average exercise price of $0.20 whereas the weighted average fair value of share price was $0.29. There was no issuance of stock options granted by the Company over the same period in the prior year.

Research and development expenses for the nine months ended May 31, 2020 were $1,801,427 (nine months ended May 31, 2019 - $499,372). The increase was mainly due to increased activities in connection with the Company's multinational Phase 2b/3 study of its-re-purposed drug NP-120 (Ifenprodil) as a potential therapeutic treatment for patients with COVID-19. The Company is also supporting an investigator led Phase 2 human trial for Ifenprodil and COVID-19 in South Korea. The company has also been advancing its planned Ifenprodil IPF and chronic cough Phase 2 human trial.

Shareholder communications expenses, which included newswire subscription fees, communication advisory fees, transfer agent and filing expenses, were $150,920 for the nine months ended May 31, 2020 (nine months ended May 31, 2019 - $78,621). The increase could be attributed to costs related to additional news releases as a result of increased business development activities as well as costs related to additional transfer agent and filing fees in connection with the public offering and private placement of units / special warrants of the Company.

Marketing expenses for the nine months ended May 31, 2020 were $850,118 (nine months ended May 31, 2019 - $207,866). The increase was a result of the Company's new marketing communications campaigns and investor communications initiatives to improve visibility into the Company's current and planned operations and to reach out to more potential investors and capital markets.

For the nine months ended May 31, 2020, the Company recorded other income of $162,608 (nine months ended May 31, 2019 - $nil). The increase was a result of the Australia research and development ("R&D") cash tax credit providing incentives for companies to invest in R&D activities in Australia. Eligible expenditures incurred by the Company in connection with the clinical trial programs being supported by the Company's CRO partner in Australia and run through the Company's foreign subsidiary in Australia are refundable at 43.5%.

For the nine months ended May 31, 2020, the Company recognized a gain on debt forgiveness of $137,833 (nine months ended May 31, 2019 - $6,651). The gain was mainly related to quarterly payments in connection with the research and development agreement that the Company is no longer required to pay to the University of Florida as a result of the mutual termination of the research and development agreement on November 13, 2019.

Three months ended May 31, 2020 and 2019

In the third quarter ended May 31, 2020 ("Q3 2020"), the Company recorded a net loss of $4,594,055 compared to a net loss of $531,911 in the third quarter ended May 31, 2019 ("Q3 2019"). The increase in net loss was mainly due to increases in share-based payment, research and development expenses, marketing expenses, professional fees and shareholder communications expenses.

Share-based payment for Q3 2020 was $2,006,990 (Q3 2019 - $nil). The increase in share-based payment in Q3 2020 was due to a total of 4,550,000 stock options granted to directors, officers and consultants of the Company with a weighted average exercise price of $0.29 whereas the weighted average fair value of share price was $0.50. There was no issuance of stock options granted by the Company in Q3-2019.

Research and development expenses for Q3 2020 were $1,569,201 (Q3 2019 - $141,233). The increase was mainly due to costs related to the clinical research programs for IPF/chronic cough, COVID-19, as well as costs related to the synthesis of NP-120 (Ifenprodil).

Marketing expenses for Q3 2020 were $659,216 (Q3 2019 - $91,835). The increase was mainly due to costs related to additional marketing and social media campaigns.

Professional fees, which included legal, accounting and consulting fees, incurred in the operation of the business, were $364,200 for Q3 2020 (Q3 2019 - $193,377). The increase was primarily due to increases in consulting fees for advisory services relating to capital raising initiatives, communication strategy in reaching retail investors and market intelligence as well as the Company's planned IPF and chronic cough phase 2 trial.

Shareholder communications expenses for Q3-2020 were $106,456 (Q3 2019 - $40,284). The increase could be attributed to costs related to additional news releases in connection with the increased business development activities as well as costs related to additional transfer agent and filing fees in connection with the private placement of special warrants of 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.

	2020	2019	2019	2019
Quarter Ended	**May 31[4]**	**Feb. 29[3]**	**Nov. 30[2]**	**Aug. 31**
Total revenue	$ nil	$ nil	$ nil	$ nil
Loss before other items	4,767,413	793,777	257,217	425,690
Net loss	4,594,055	787,403	166,337	425,066
Net loss per share, basic and diluted	0.04	0.01	0.01	0.01

	2019	2018	2018	2018
Quarter Ended	**May 31**	**Feb. 28**	**Nov. 30[1]**	**Aug. 31**
Total revenue	$ nil	$ nil	$ nil	$ nil
Loss before other items	532,760	446,993	508,462	176,749
Net loss	531,911	444,810	493,776	174,078
Net loss per share, basic and diluted	0.01	0.01	0.01	0.00

(1) 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 ended August 31, 2018. 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.

(2) The Company had a net loss of $166,337 for the quarter ended November 30, 2019 as compared to a net loss of $425,066 for the prior quarter ended August 31, 2019. The decrease in net loss was mainly due to decrease in research and development expenses incurred by Nash Pharma and decrease in professional fees as costs associated with a fully marketed public offering of units of the Company were capitalized as share issuance costs. The decrease in net loss could also be attributed to a gain on debt forgiveness related to the quarterly payments in connection with the research and development agreement that the Company was no longer required to pay to the University of Florida as a result of the mutual termination of the research and development agreement on November 13, 2019.

(3) The Company had a net of loss of $787,403 for the quarter ended February 29, 2020 as compared to a net loss of $166,337 for the prior quarter ended November 30, 2019. The increase in net loss was primarily due to the share-based payment of $296,891as a result of an option grant as well as additional research and development expenses of $196,027 incurred by Novotech, a contract research organization chose to conduct the Company's first phase 2 clinical trial. The increase in net loss was also attributable to a gain on debt forgiveness recognized in the prior quarter in connection with the research and development agreement that the Company was no longer required to pay to the University of Florida as a result of the mutual termination of the research and development agreement on November 13, 2019.

(4) The Company had a net loss of $4,594,055 for the quarter ended May 31, 2020 as compared to a net loss of $787,403 for the prior quarter ended February 29, 2020. The increase in net loss was mainly due to additional share-based payment of $1,710,099 as a result of an option grant; additional research and development expenses of $1,355,347 incurred by Nash Pharma and its Australian subsidiary; additional marketing expenses of $536,088 as well as additional professional fees of $242,918 associated with consulting fees incurred by Nash Pharma and business advisory activities.

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 May 31, 2020, the Company had a working capital[(1)] of $8,263,270 compared to working capital deficit at August 31, 2019 of $86,601. This included cash and cash equivalents of $8,389,922 (August 31, 2019 - $207,812) available to meet short-term business requirements and current liabilities of $1,109,919 (August 31, 2019 - $365,464). 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 (May 31, 2020 - $9,373,189; August 31, 2019 - $278,863), less current liabilities (May 31, 2020 - $1,109,919; August 31, 2019 - $365,464).

OUTSTANDING SHARE DATA

As at May 31, 2020 and the date of this report, the Company has:

As at	May 31, 2020	July 29, 2020
Issued and outstanding common shares	110,057,080	135,566,455
Warrants outstanding	32,108,682	46,650,257
Special Warrants	19,605,285	-
Agent Warrant Units outstanding	2,628,358	2,233,168
Stock options outstanding	10,187,500	10,137,500

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

CONTRACTUAL COMMITMENTS

On November 13, 2019, the Company and the University of Florida ("UF") mutually terminated the research and development agreement with no additional cost on either party. It effectively absolved the Company from paying the quarterly payments that were recorded as payables and accruals at the year ended August 31, 2019. As a result, the Company recognized a debt forgiveness of $137,833 for the nine months ended May 31, 2020.

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.

Related party transactions to key management personnel are as follows:

Nine months ended May 31	2020	2019
Consulting fees – other [(1)]	$ 265,995	$ 218,392
Share-based payment	1,911,883	-
Rent [(2)]	23,000	18,000
	$ 2,220,878	$ 236,392

(1) Fees paid to companies/companies related to management personnel:
- $106,998 (May 31, 2019 - $81,000) to a company controlled by the Chief Executive Officer who also took on the position as Director effective May 13, 2020:
- $36,000 (May 31, 2019 - $36,000) to a company controlled by the Chief Financial Officer;
- $119,997 (May 31, 2019 - $98,492) to the Chief Science Officer;
- $nil (May 31, 2019 - $2,900) for tax services paid to a partnership where a senior officer and director is a partner.

(2) Rent:
- $23,000 (May 31, 2019 - $18,000) 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	May 31, 2020	August 31, 2019
Key management personnel – expense reimbursements	$ -	$ 183

SEGMENTED DISCLOSURES

The Company is a Canadian clinical stage pharmaceutical development company. As a result of the Company's dissolution of its 100% owned US subsidiary on February 7, 2020 and the establishment of AGN Research in Australia on January 6, 2020, the Company operates in two reportable operating segments being the development of repurposed therapeutic drugs in Canada and the facilitation of the Company's lead drug candidates into off-label phase 2 clinical trials (humans) in Australia. All of the Company's expenditures are incurred in both Canada and Australia. Geographical information of the Company's long-term assets are as follows:

As at May 31, 2020, the Company's long-term assets are located as follows:

	Canada	United States	Total
Restricted cash equivalents	$ 57,500	$ -	$ 57,500
Intangible asset	5,025,739	-	5,025,739
	$ 5,083,239	$ =	$ 5,083,239

As at August 31, 2019, the Company's long-term assets were 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

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.

The company adopted IFRS 16 – Leases effective September 1, 2019. This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease. The Company has reviewed the impact of IFRS 16 and concluded that the adoption of this standard did not have a material effect on the Company's consolidated financial statements.

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.

In preparing these condensed interim consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that were applied to the audited consolidated financial statements for the Company for years ended August 31, 2019 and 2018.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments as at May 31, 2020 included cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities.

The Company classifies its financial instruments into the following categories:

- 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

Financial instruments are measured at fair value by level using a fair value hierarchy that reflects the relative reliability of the inputs used in making the measurements.

- Level 1 – fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair values are based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or
- Level 3 – fair values are based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The Company classified its financial instruments at Level 1 and as follows:

	Financial Assets	**Loans and Receivables**	**Financial Liabilities**
	Fair Value Through Profit	Measured at Amortized Cost	Measured at Amortized Cost
May 31, 2020			
Cash and cash equivalents	$ 8,389,922	$ -	$ -
Accounts receivable	-	17,025	-
Accounts payable and accrued liabilities	$ -	$ -	$ (1,109,919)

	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	$ -	$ -	$ (364,464)

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, accrued interest receivable from GIC's held with bank, and accrued Australia R&D tax credit receivable. GST receivable and Australia R&D tax credit receivable are not financial instruments as they do 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 minimal.

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. All of the Company's financial obligations are due within one year.

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

Foreign currency risk is related to fluctuations in foreign exchange rates. The Company has certain expenditures that are denominated in US dollars ("US$"), Australian dollars ("AUD$") and other operating expenses that are mainly in Canadian dollars ("CAD$"). The Company funds cash calls to its foreign subsidiary in Australia in AUD$. The Company's exposure to foreign currency risk arises primarily on fluctuations in the exchange rate of the CAD$ relative to the US$ and the AUD$.

As at May 31, 2020, the Company had monetary assets of US$64,123 or $88,406 (August 31, 2019 - US$47,113 or $62,637) at the CAD equivalent and monetary liabilities of US$181,692 or $250,499 (August 31, 2019 - US$125,398 or $166,717) at the CAD equivalent. The Company's sensitivity analysis suggests that a change in the absolute rate of exchange in US$ by 10% will increase or decrease other comprehensive loss by approximately $25,050 (August 31, 2019 - $10,408).

As at May 31, 2020, the Company had monetary assets of AUD$503,531 or $461,436 (August 31, 2019 - AUD$nil or $nil) at the CAD equivalent and monetary liabilities of AUD$341,512 or $312,962 (August 31, 2019 - AUD$nil or $nil) at the CAD equivalent. The Company's sensitivity analysis suggests that a change in the absolute rate of exchange in AUD$ by 10% will increase or decrease other comprehensive loss by approximately $14,847 (August 31, 2019 - $nil).

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.

COVID-19 Pandemic Risk

Subsequent to the period ended May 31, 2020, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, government response actions, business closures and business disruptions, can all have an impact on the Company's operations and access to capital. As of date, the COVID-19 pandemic has not had a direct effect on the business and affairs of the Company as the Company has no current operating income. However, there can be no assurance that the Company will not be further impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets which may reduce share prices and financial liquidity and thereby severely limit the financing capital available in the pharmaceutical sector.

SUBSEQUENT EVENTS

- A total of 5,458,900 of share purchase warrants with an exercise price of $0.12 per warrant were exercised for gross proceeds of $655,068.

- A total of 395,190 Agents Warrants (also referred as Compensation Options) with an exercise price of $0.085 per unit were exercised for gross proceeds of $33,591.

- A total of 50,000 stock options with an exercise price of $0.10 were exercised for gross proceeds of $5,000.

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.

July 29, 2020

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 repurposed drugs for new disease applications

The Company's ability to generate future revenue or achieve profitable operations is largely dependent on the ability to attract the experienced management and scientific know-how to develop new repurposed drugs and to partner with larger, more established companies in the industry to successfully commercialize products. Successfully developing a new repurposed drug into a marketable product 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 drug 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.

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.