Algernon Pharmaceuticals Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the six months ended February 28, 2021 and February 29, 2020

Dated April 29, 2021

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 six months ended February 28, 2021 (the "financial statements").

This MD&A is prepared as of April 29, 2021. 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. 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 drug re-purposing company that investigates safe, already approved drugs for new disease applications, moving them efficiently and safely into new human trials. The Company's lead compound is a drug called Ifenprodil which is being investigated in clinical trials for idiopathic pulmonary fibrosis ("IPF") and chronic cough as well as COVID-19.

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 established 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).

As at February 28, 2021, the Company has an accumulated deficit of $22,686,667 (August 31, 2020 - $17,463,488) and for the period then ended incurred a net loss of $5,819,820 (February 29, 2020 - $953,740). 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. The accompanying condensed interim 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. The accompanying condensed interim 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 non-alcoholic steatohepatitis ("NASH"), a type of liver disease, chronic kidney disease ("CKD"), inflammatory bowel disease ("IBD'), 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 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. Jan. 19, 2021 the Company announced that the external Data and Safety Monitoring Board completed its latest review of the Phase 2b part of the Company's Phase 2b/3 human study of NP-120 (Ifenprodil) for the treatment of COVID-19, and has provided approval for the Company to continue on with the Phase 3 part of the study.

2. Feb. 01, 2021 the Company announced that it has established a clinical research program for the treatment of stroke focused on AP-188 ("N,N-Dimethyltryptamine" or "DMT"), a known psychedelic compound that is part of the tryptamine family (other drugs in the tryptamine family include psilocybin and psilocin),

3. Feb. 08, 2021 the Company announced that it signed an agreement with Charles River Laboratories for preclinical studies of DMT for the Company's stroke clinical research program.

4. Feb. 19, 2021 the Company announced that it awarded the contract to manufacture the active pharmaceutical ingredient and finished product for its formulation of DMT, to Canadian-based Dalton Pharma Services ("Dalton").

5. March 01, 2021 the Company announced that it awarded the contract for its Phase 1 stroke program study of DMT, to the renowned contract research organization ("CRO"), Hammersmith Medicines Research Ltd ("HMR") located in London, UK.

6. March 17, 2021 the Company announced that it has filed a pre-IND (Investigational New Drug) meeting request with the U.S. FDA for its investigation of DMT, a known psychedelic compound that is part of the tryptamine family, for the treatment of stroke-related dysfunction.

7. March 31, 2021 the Company announced topline data from the Phase 2b part of its Phase 2b/3 COVID-19 trial of NP-120 (Ifenprodil).

8. April 06, 2021 the Company appointed Dr. Steven L. Wolf, a global expert in the field of Physical Therapy & Rehabilitation Medicine, as a consultant for its clinical research program for the treatment of stroke focused on DMT.

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 would 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 enrolled its first patient on August 5, 2020.

The Company announced on October 13, 2020 that it has reached 25% of its enrollment target for its Phase 2 IPF and chronic cough clinical study. The Company has undertaken a number of initiatives to help improve the enrollment velocity of the study which has been effected negatively by COVID-19.

The Company announced on March 6, 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.

The Company has announced its topline data from the Phase 2b part of its multinational Phase 2b/3 human study of NP-120 (Ifenprodil) for the treatment of COVID-19.

On April 23, 2021 the Company filed an end of Phase 2 meeting request (EOP2) with the U.S. FDA, based on the completion of the Phase 2b part of its Phase 2b/3 COVID-19 trial (the "Study") of NP-120 (Ifenprodil). The purpose of an EOP2 meeting is to facilitate interaction between the US FDA and sponsors who seek guidance related to clinical trial design, to determine the safety of proceeding to Phase 3, to evaluate the Phase 3 plan, including protocols and endpoints for adequacy, and to identify information necessary to support a marketing application.

On February 1st, 2021, the Company announced it had established a clinical research program for the treatment of stroke focused on AP-188 ("N,N-Dimethyltryptamine or DMT"), a known psychedelic compound that is part of the tryptamine family. Repurposing DMT from its psychedelic effects to a new potential treatment for stroke could have a positive impact on the millions of people that suffer the debilitating consequences of a stroke each year.

The Company's decision to investigate DMT and move it into human trials for stroke is based on multiple independent, positive preclinical studies demonstrating that DMT helps promote neurogenesis as well as structural and functional neural plasticity. These are key factors involved in the brain's ability to form and reorganize synaptic connections, which are needed for healing following a brain injury.

The Company announce that it has filed a pre-IND (Investigational New Drug) meeting request with the U.S. FDA for its investigation of DMT. This initiates formal communications with the U.S. FDA regarding development of the Company's newly announced stroke clinical research program.

In the meeting request application, the Company is asking for direction regarding the use of DMT as an adjunctive treatment with constraint-induced movement therapy (CIMT) for the treatment of upper-limb dysfunction in stroke patients. Another pre-IND meeting request for the use of DMT as a treatment for acute stroke will be filed once the Company completes additional preclinical work.

The Company plans to conduct a Phase 1 study for DMT in Q4 of 2021.

Calendar Year 2021

Q2 Preclinical Program Starts for DMT/Stroke Program
Synthesis of cGMP DMT Begins

Q4: Phase 1 DMT Clinical trial

Q4: Final data from IPF/cough study

Calendar Year 2022

Q1 Phase 2 Study DMT/Stroke Begins

Medical and Scientific Advisory Board Update

There are no changes to report.

Financing

On March 5, 2021, the Company closed a private placement offering of 11,260,040 units at the price of $0.25 per unit for gross proceeds of $2,815,010 (the "Offering").

Each unit is comprised of one common share and one share purchase warrant. Each warrant will entitle the holder to acquire one additional common share at a price of $0.40 per share until March 5, 2023.

In connection with the Offering, the Company paid cash commissions in the aggregate amount of $161,400, being 8% of the aggregate proceeds raised from the sale of units to purchasers introduced by eligible finders. In addition, the Company has issued 645,600 finders' warrants ("Finders' Warrants"), being 8% of the number of units sold under the Offering to purchasers introduced by such finders. Each Finders' Warrant entitles the holder to purchase one addition common share at a price of $0.40 per share until March 5, 2023.

The net proceeds of the Offering will be used to fund the Company's general corporate purposes.

Corporate

Dr. Mark Williams resigned from his role as Chief Science Officer as of March 1, 2021, in order to take on the role of President/CSO of a new company.

Dr. Christopher Bryan was appointed as Vice President, Research & Operations effective March 1, 2021.

Use of Proceeds of Prior Offerings

The Company received gross proceeds totalling $10,491,880 collectively from the November 2019 Offering, the February 2020 Offering, and the May 2020 Special Warrants Offering (collectively the "Prior Offerings"). After deducting Agent's Fees and expenses in connection with the Prior Offerings the Company received net proceeds from the Prior Offerings of $9,259,075. The following table sets out a comparison of how the Company intended to use the net proceeds from the Prior Offerings and its actual use of proceeds from the Prior Offerings as at February 28, 2021, 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 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	$ 1,739,290	($ 539,290)	Trial in progress
Additional Phase 2 Study Planning	$ 400,000	Nil	$ 400,000	Not commenced
Research and Development	$ 146,000	$ 291,418	($ 145,418)	In progress
First portion of the Phase 2b multinational COVID-19 Study	$ 4,000,000	$ 5,947,439	($ 1,947,439)	Trial in progress
Phase 2 COVID-19 South Korean Trial	$ 1,000,000	$ 928,471	$ 71,529	Suspended[2]
Synthesis of cGMP material of NP-120 (Ifenprodil)	$ 450,000	$ 460,778	$ 10,778	Work in progress
Sub Total	**$ 7,196,000**	**$ 9,367,396**	**($ 2,171,396)**	
Australian R&D incentive tax credit[1]		($ 2,709,275)		
Working Capital and general purposes	$ 2,063,075	$ 2,600,954		
TOTAL	$ 9,259,075	$ 9,259,075		

(1) The Australian research and development ("R&D") incentive tax credit allows qualifying companies to receive a cash refund of 43.5% of the eligible R&D expenditures connected to R&D activities undertaken at Australia. As at February 28, 2021, the Company was eligible for a total of $2,709,275 tax credits from the Australian tax authority. For the portion of qualified R&D expenditures incurred up to June 30, 2020, a total of AUD $607,910 or $551,815 at the CAD Equivalent of R&D incentive tax credit was received on November 4, 2020.

(2) The trial was suspended due to lack of patients.

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

RESULTS OF OPERATIONS

Six months ended February 28, 2021 and February 29, 2020

For the six months ended February 28, 2021, the Company recorded a net loss of $5,819,820 compared to a net loss of $953,740 for the six months ended February 29, 2020. Some of the major items comprising the net loss for the six months ended February 28, 2021 included research and development expenses, share-based payment, salaries and benefits, and marketing expenses.

Research and development expenses for the six months ended February 28, 2021 were $3,966,580 (February 29, 2020 - $232,226) after partially offset by the Australia R&D incentive cash tax credit of $1,779,974 (February 29, 2020 - $nil) and the contribution of $58,952 (February 29, 2020 - $nil) from the NRC – Industrial Research Assistance Program for its COVID-19 Therapeutic Development project. The increase was mainly due to increased activities in connection with the Company's various research studies and clinical trial programs that have been supported by the Company's CRO partner in Australia and run through the Company's foreign subsidiary in Australia. Activities included Phase 2 IPF and chronic cough clinical study of its re-purposed drug NP-120 (Ifenprodil) as well as multinational Phase 2b/3 study of NP-120 as a potential therapeutic treatment for patients with COVID-19. Eligible research and development expenditures incurred by the Company in Australia are refundable at 43.5%.

Share-based payment for the six months ended February 28, 2021 was $668,444 (February 29, 2020 - $296,891). The increase for the six-month period ended February 28, 2021 was mainly attributed to share-based payment recognized, under the graded vesting method, for the unvested restricted share units ("RSUs") that were granted to certain directors, officers and consultants of the Company on July 23, 2020. A total of 4,350,000 RSUs were granted with 1,435,500 vested immediately on the grant date. Another 1,435,500 RSUs vested on January 22, 2021. The remaining 1,479,000 RSUs will vest on July 22, 2021.

Salaries and benefits for the six months ended February 28, 2021 were $343,547 (February 29, 2020 - $nil) which included salaries paid to officers, independent directors and one employee. For the six months ended February 29, 2020, officers were renumerated on a consulting basis and directors fees were $nil.

Marketing expenses for the six months ended February 28, 2021 were $378,768 (February 29, 2020 - $190,902). The increase was a result of additional marketing communications campaigns carried out by the Company to reach out to more potential investors and capital markets.

Shareholder communications expenses, which included newswire subscription fees, communication advisory fees, transfer agent and filing expenses, were $124,240 for the six months ended February 28, 2021 (February 29, 2020 - $44,464). The increase could be attributed to additional costs related to the use of global news distribution options with language conversions for some the news releases as well as additional costs related to filing fees in connection with the base shelf prospectus.

Three months ended February 28, 2021 and February 29, 2020

In the second quarter ended February 28, 2021 ("Q2 2021"), the Company recorded a net loss of $2,385,372 compared to a net loss of $787,403 in the second quarter ended February 29, 2020 ("Q2 2020"). Some of the major items comprising the net loss for the period ended February 28, 2021 included research and development expenses, salaries and benefits, and marketing expenses.

Research and development expenses for Q2 2021 were $1,461,349 (Q2 2020 - $213,854) after partially offset by the Australia R&D incentive cash tax credit of $455,784 (Q2 2020 - $nil) and the contribution of $13,792 (Q2 2020 - $nil) from the NRC – Industrial Research Assistance Program for its COVID-19 Therapeutic Development project. The increase was mainly due to increased activities in connection with the Company's various research studies and clinical trial programs that have been supported by the Company's CRO partner in Australia and run through the Company's foreign subsidiary in Australia. Activities included Phase 2 IPF and chronic cough clinical study of its re-purposed drug NP-120 (Ifenprodil) as well as multinational Phase 2b/3 study of NP-120 as a potential therapeutic treatment for patients with COVID-19. Eligible research and development expenditures incurred by the Company in Australia are refundable at 43.5%.

Salaries and benefits for Q2 2021 were $171,655 (Q2 2020 - $nil) which included salaries paid to officers, independent directors and one employee. In Q2 2020, officers were renumerated on a consulting basis.

Marketing expenses for Q2 2021 were $223,325 (Q2 2020 - $123,128). The increase was a result of the Company's increased 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.

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.

	2021	2020	2020	2020
Quarter Ended	**Feb. 28[1]**	**Nov. 30**	**Aug. 31[2]**	**May 31 29[3]**
Total revenue	$ nil	$ nil	$ nil	$ nil
Loss before other items	2,388,068	3,440,755	3,201,304	4,604,805
Net loss	2,385,372	3,434,448	2,987,670	4,594,055
Net loss per share, basic and diluted	0.02	0.02	0.02	0.04

	2020	2019	2019	2019
Quarter Ended	**Feb. 29[4]**	**Nov. 30[5]**	**Aug. 31**	**May 31**
Total revenue	$ nil	$ nil	$ nil	$ nil
Loss before other items	793,777	257,217	425,690	532,760
Net loss	790,145	166,337	425,066	531,911
Net loss per share, basic and diluted	0.01	0.01	0.01	0.01

(1) The Company had a net loss of $2,385,372 for the quarter ended February 28, 2021 as compared to a net loss of $3,434,448 for the prior quarter ended November 30, 2020. The decrease in net loss was primarily due to a decrease in research and development expenses.

(2) The Company had a net loss of $2,987,670 for the quarter ended August 31, 2020 as compared to a net loss of $4,594,055 for the prior quarter ended May 31, 2020. The decrease in net loss was primarily due to a decrease in share-based payment and marketing expenses.

(3) The Company had a net loss of $4,594,055 for the quarter ended May 31, 2020 as compared to a net loss of $790,145 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.

(4) The Company had a net of loss of $790,145 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 $296,891 as 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.

(5) 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.

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 February 28, 2021, the Company had a working capital of $4,091,378 compared to working capital at August 31, 2020 of $7,131,172. This included cash and cash equivalents of $3,044,263 (August 31, 2020 - $6,121,424) available to meet short-term business requirements and current liabilities of $1,576,511 (August 31, 2020 - $607,053).

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. 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 may cast doubt on the Company's ability to continue as a going concern.

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 (February 28, 2021 - $5,667,889; August 31, 2020 - $7,738,225), less current liabilities (February 28, 2021 - $1,576,511; August 31, 2020 - $607,053).

OUTSTANDING SHARE DATA

As at February 28, 2021 and the date of this report, the Company has:

As at	February 28, 2021	April 29, 2021
Issued and outstanding common shares[(1)]	155,712,729	166,986,769
Warrants outstanding[(2)]	27,761,370	39,667,010
Agent Warrant Units outstanding	1,543,342	1,543,342
Stock options outstanding	10,175,000	10,175,000
Restricted Share Units	1,479,000	1,479,000

Subsequent to the period ended February 28, 2021:

(1) Common shares:

- A total of 11,260,040 common shares were issued in connection with a private placement offering of units at a price of $0.25 per unit for gross proceeds of $2,815,010;
- 14,000 common shares were issued for 14,000 warrants that were exercised with an exercise price of $0.12 per warrant prior to the period end.

(2) Warrants:

- In connection with the private placement offering of units, a total of 11,260,040 warrants with an exercise price of $0.40 per warrant were issued. Each warrant will entitle the holder to acquire one additional common share at a price of $0.40 per share until March 5, 2023;
- In addition, a total of 645,600 Finders Warrants were issued. Each Finders' Warrant entitles the holder to purchase one additional common share a price of $0.40 per share until March 5, 2023.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

CONTRACTUAL COMMITMENTS

N/A

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:

Six months ended	February 28, 2021	February 29, 2020
Short-term benefits [(1)]	$ 276,000	$ -
Consulting fees – other [(2)]	9,150	175,998
Share-based payments [(3)]	567,179	166,334
Rent [(4)]	18,000	14,000
	$ 870,329	$ 356,322

(1) Salaries paid to officers and directors fees to independent directors:
- $110,000 (February 29, 2020 - $nil) to Chief Executive Officer;
- $60,000 (February 29, 2020 - $nil) to Chief Financial Officer;
- $100,000 (February 29, 2020 - $nil) to Chief Science Officer;
- $3,000 (February 29, 2020 - $nil) to an independent director;
- $3,000 (February 29, 2020 - $nil) to an independent director.

(2) Fees paid to consultants/companies related to management personnel:
- $nil (February 29, 2020 - $69,000) to a company controlled by the Chief Executive Officer;
- $nil (February 29, 2020 - $24,000) to a company controlled by the Chief Financial Officer;
- $nil (February 29, 2020 - $79,998) to the Chief Science Officer;
- $9,150 (February 29, 2020 -$3,000) for tax services paid to a partnership where a senior officer and director is a partner.

(3) Share-based payments were non-cash items that consisted of the fair value of RSUs that were granted but unvested.

(4) Rent:
- $18,000 (February 29, 2020 - $14,000) paid for corporate office space to a company where a senior officer and director is a principal.

As at February 28, 2021 and August 31, 2020 there are no amounts payable to related parties.

SEGMENTED DISCLOSURES

The Company is a Canadian clinical stage pharmaceutical development company that 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 II 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 February 28, 2021, the Company's long-term assets are located as follows:

	Canada	Australia	Total
Restricted cash equivalents	$ 57,500	$ -	$ 57,500
Deposits – Long-term	22,487	-	22,487
Intangible asset	5,059,667	-	5,059,667
	$ 5,139,654	$ -	$ 5,139,654

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

	Canada	Australia	Total
Restricted cash equivalents	$ 57,500	$ -	$ 57,500
Intangible asset	5,028,243	-	5,028,243
	$ 5,085,743	$ -	$ 5,085,743

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, 2020.

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 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 February 28, 2021, 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, 2020.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments as at February 28, 2021 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 fair value through profit or loss;
- accounts receivable is classified as loans and receivables; and
- 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
February 28, 2021						
Cash and cash equivalents	$	3,044,263	$	-	$	-
Accounts receivable		-		6,666		-
Accounts payable and accrued liabilities	$	-	$	-	$	(1,576,511)

		Financial Assets		**Loans and Receivables**		**Financial Liabilities**
		Fair Value Through Profit		Measured at Amortized Cost		Measured at Amortized Cost
August 31, 2020						
Cash and cash equivalents	$	6,121,424	$	-	$	-
Accounts receivable		-		37,408		-
Accounts payable and accrued liabilities	$	-	$	-	$	(607,053)

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 interest rate risk and other price 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. The Company's cash equivalents hold interest rates ranging from 0.15% to 1.8%.

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 February 28, 2021, the Company had monetary assets of US$14,316 or $18,160 (August 31, 2020 - US$21,499 or $28,040) at the CAD equivalent and monetary liabilities of US$50,584 or $64,165 (August 31, 2020 - US$84,285 or $109,924) 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 $4,601 (August 31, 2020 - $8,188).

As at February 28, 2021, the Company had monetary assets of AUD$2,670,628 or $2,621,221 (August 31, 2030 - AUD$1,187,241 or $1,142,720) at the CAD equivalent and monetary liabilities of AUD$294,538 or $289,089 (August 31, 2020 - AUD$262,018l or $252,192) at the CAD equivalent. The Company's sensitivity analysis suggests that a change in the absolute rate of exchange in AUD$ by 10% will increase or decrease other comprehensive loss by approximately $233,213 (August 31, 2020 - $89,053).

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

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness.

The duration and impact of the COVID-19 outbreak is unknown as how it would impact the Company's operations. However, as a result of the outbreak of COVID-19 and the company's focus on developing repurposed therapeutic drugs, the Company announced on March 6, 2020 that it was going to explore NP-120 (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.

While there has been an impressive advancement in the area of vaccine development and deployment, there still remains an urgent need to identify a therapeutic for the treatment of the most seriously affected COVID-19 patients.

The Company has now completed its initial review of the full data set from the Phase 2b part of its Phase 2b/3 human study of NP-120 (Ifenprodil) for the treatment of COVID-19. It has announced that it will be seeking guidance form the US FDA on moving forward with a potential Phase 3 study.

It is currently not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

SUBSEQUENT EVENTS

Subsequent to the period ended February 28, 2021:

- 14,000 common shares were issued for 14,000 warrants that were exercised with an exercise price of $0.12 per warrant prior to the period end, which was included in shares to be issued as at February 28, 2021.

- The Company completed on March 5, 2021 a private placement offering of units and issued an aggregate of 11,260,040 units at price of $0.25 per unit for gross proceeds of $2,815,010.

  Each unit is comprised of one common share and one share purchase warrant. Each warrant will entitle the holder to acquire one additional common share at a price of $0.40 per share until March 5, 2023.

  In connection with the unit offering, the Company has paid cash commissions in the aggregate amount of $161,400, being 8% of the aggregate proceeds raised from the sale of units to purchasers introduced by eligible finders. In addition, the Company has issued 645,600 Finders' Warrants, being 8% of the number of units sold under the offering to purchasers introduced by such finders. Each Finders' Warrant entitles the holder to purchase one additional common share at a price of $0.40 per share until March 5, 2023.

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.

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.

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.

April 29, 2021

On behalf of Management and the Board of Directors,

"Michael Sadhra"

Chief Financial Officer and Director