COGNETIVITY NEUROSCIENCES LTD.

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

For the Year ended January 31, 2022

GENERAL

This Management's Discussion and Analysis ("MD&A") has been prepared by management as of June 3, 2022, and it presents an analysis of the consolidated financial position of Cognetivity Neurosciences Ltd. (the "Company") for the year ended January 31, 2022. The following information should be read in conjunction with the consolidated financial statements of the Corporation for the year ended January 31, 2022, including the notes contained therein. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

Unless otherwise indicated, references to $ or "dollars' are to Canadian dollars.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, regulatory compliance, sufficiency of working capital, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

BUSINESS OVERVIEW

Cognetivity Neurosciences Ltd. (the "Company") was incorporated on December 11, 2015 under the laws of British Columbia, Canada. Its head office is located at 2250 – 1055 West Hastings Street, Vancouver, BC, V6E 2E9, Canada and registered office is located at 1500-1055 W. Georgia St., Vancouver, BC, V6E 4N7, Canada. The Company is a technology company that has developed a cognitive testing platform, the Integrated Cognitive Assessment (ICA), for use in medical and commercial environments and other neurological conditions.

The Company's common shares commenced trading on the Canadian Securities Exchange (the "CSE") on March 19, 2018 under the stock symbol "CGN". The Company also commenced trading on the Frankfurt Stock Exchange in Germany under the stock symbol "IUB" and the OTCQB in USA under the stock symbol "CGNSF" on May 3, 2018 and September 4, 2018 respectively.

SIGNIFICANT EVENTS AND MILESTONES

On May 4th, 2021 the Company announced a partnership with the world-leading data and interoperability platform provider InterSystems. The partnership will facilitate the seamless integration of its cognitive assessment platform with electronic healthcare records (EHRs) and enable the efficient adoption of Cognetivity's technology in healthcare systems throughout the world.

On June 8th, 2021 the Company announced that it had filed a key new patent covering the use of an AI-based system to estimate levels of core biomarkers of neurodegeneration in the brain.

On September 14, 2021 the Company announced that it reached an agreement with Loveday & Co regarding the deployment of the Integrated Cognitive Assessment (ICA) in the specialist dementia and senior care provider's practice.

On October 5th, 2021 the Company today announced that it had finalized a commercial agreement with Birmingham and Solihull Mental Health NHS Foundation Trust (BSMHFT) to deploy its Integrated Cognitive Assessment (ICA) across both primary and secondary care.

On September 22, 2021 Company today announced that it had reached its first commercial agreement for the Integrated Cognitive Assessment (ICA) to be deployed in clinical care in the Middle East.

On September 1st, 2021 the Company announced that it had reached a commercial agreement with the healthcare firm KetamineOne Capital Ltd ("Ketamine One") for the Integrated Cognitive Assessment (ICA) to be deployed in Ketamine One's clinics across North America. Cognetivity and Ketamine One have also entered into a non-binding letter of intent (the "LOI") to collaborate on mental health assessments and plan on conducting clinical trials within the Ketamine One clinic network.

On October 20, 2021 the Company announced that it received notification from the US Food and Drug Administration (FDA) that its 510(k) submission for the CognICA Integrated Cognitive Assessment (ICA) has been reviewed and found to meet the requirements of regulations 21 CFR 882.1470; Class II Exempt Medical Device. The notification allows the company to market the medical device for commercial distribution in the US.

On October 12, 2021 the Company announced that it had won two national awards recognizing its AI-powered platform for the early detection of cognitive decline and impairment, enabling the early diagnosis of conditions such as dementia and in particular Alzheimer's disease.

On January 24, 2019, the Company announced that it has signed a commercial agreement with Dementias Platform UK (DPUK) to become its ninth industry partner. Cognetivity will join forces with DPUK's existing partnership which includes many highly notable researchers from both academia and industry combining groundbreaking approaches from some of the world's best research universities with the R&D skills and knowledge of world-leading pharmaceuticals companies in strategic partnership initiatives.

On February 18, 2020, the Company has reported that it is developing a novel smartphone app focused on the personalised tracking and management of cognitive performance. The product is being designed for use in non-clinical environments but will be powered by the same technology as the Integrated Cognitive Assessment (ICA), the company's flagship product and recently CE-marked medical device.

On September 29, 2020, the Company announced its first deployment of its CE-market ICA platform in a clinical setting, with its technology being used by specialist doctors in the UK National Health Service. North Staffordshire Combined Healthcare NHS Trust, one of only two specialist mental health Trusts in England to receive an overall 'Outstanding' rating from the Care Quality Commission (CQC) in 2019, deployed the ICA within its care pathway for patients with suspected dementia; the first use of the ICA in a specialist clinical setting.

On November 17, 2020, the company announced the first deployment of its CE-marked ICA in primary healthcare, being used by primary healthcare practitioners as an artificial intelligence based digital tool to aid monitoring for UK National Health Service (NHS) patients with pre-dementia symptoms. Monitoring of these Mild Cognitive Impairment (MCI) patients is important in early diagnosis and determining disease progression but has traditionally been problematic and time consuming using previously available methods. Cognetivity's ICA's speed, ease of use and objectivity allows effective detection and monitoring in this critical phase, helping to improve patient outcomes.

Currently, Cognetivity pursues its growth strategy by:

1. *Expanding its commercial operations in the USA (selling the Company's FDA registered clinical tool, CognICA), the Middle East and UK through hiring key experienced sales and support personnel in each region.*

2. *Targeted commercial and marketing campaigns to onboard key opinion leaders and reference clients in each of these regions*

3. *Continuously developing the ICA platform's technical capability to allow its distribution on other platforms, and its integration with a wide range of healthcare data providers, Electronic Health Record (EHR) system providers and 3rd party digital healthcare platforms.*

4. *Further developing the Company's technology infrastructure to deliver CognICA as a software as a service (SaaS) commercial model*

5. *Developing strategic partnerships with large health insurers, particularly in the USA, with the aim of including the ICA in mandated regular health checks and to be used for the early screening for brain health issues in affiliated clinics and health centers, leading to reduced costs of treatment for payers.*

6. *Developing strategic partnerships with large pharmaceutical companies, both for market access for a standalone digital tool and as an adjunct technology for pharmaceutical products.*

7. *Publishing trial results in internationally recognised peer reviewed journals and presenting results at international scientific and healthcare conferences.*

8. *Developing the ICA for home use, for the remote monitoring of patient's progress under treatment regimens and for general home healthcare check-ups.*

9. *Hiring and training customer support representatives as required to support the company's commercial growth, the delivery of high quality services and providing technical support for the Company's customers.*

10. *Applying for grants and government assistance as applicable to help to develop the ICA platform into commercial markets both in healthcare and consumer health monitoring, and to develop in-house capability in sales, development and support.*

OVERALL PERFORMANCE

The consolidated statements of financial position as of January 31, 2022 indicates a cash balance of $1,377,039 (January 31, 2021 – $1,359,851) and total current assets of $1,856,110 (January 31, 2021 – $1,751,205).

Current liabilities at January 31, 2021 total $5,555,208 (January 31, 2021 - $964,888). Shareholders' deficiency of $5,675,378 (January 31, 2021 – equity of $862,911) is comprised of common shares of $12,879,760 (January 31, 2021 - $9,873,571), equity portion of convertible debentures of $Nil (January 31, 2021 - $34,851), reserves of $5,393,046 (January

31, 2021 -$1,821,894), accumulated deficit of $23,964,858 (January 31, 2021 - $10,837,531), and accumulative other comprehensive gain of $16,674 (January 31, 2021 - loss of $29,874).

As at January 31, 2022, the working capital deficiency is $3,699,098 (January 31, 2021 - working capital of $786,317).

DISCUSSION OF OPERATIONS

The Company incurred $13,127,327 of net loss for the year ended January 31, 2022 (January 31, 2021 – $1,928,097) as the Company had not commenced generating revenue yet. The Company's operations are in their early stages and no comparative or trend discussion is relevant.

Comparison of Results of Operations

Current Quarter

During the quarter ended January 31, 2022, the Company reported a net loss of $5,189,519 (January 31, 2021 - $1,002,935), and a net comprehensive loss of $5,221,610 (January 31, 2021 - $1,034,075). The increased losses during the period were mainly due to the increase in consulting fees, marketing and advertising, research and development salaries and benefits expenses and share-based compensation.

During the quarter ended January 31, 2022, the Company recorded operating expenses of $5,158,578 (January 31, 2021 - $1,010,123). The largest factors contributing to the operating expenses were consulting fees, marketing and advertising, salaries and benefits expenses and share-based compensation. Consulting fees of $2,673,556 (January 31, 2021 - $136,130) were mainly for consultants providing clinical testing for the cognitive testing platform, the integrated Cognitive Assessment (ICA). Marketing and advertising expenses of $422,935 (January 31, 2021 - $197,240) were related to promote its Artificial Intelligence-driven platform for detection of cognitive performance in Alzheimer's and pre-Alzheimer's patients. Salaries and benefits of $750,079 (January 31, 2021 - $332,880) were related to the increase in employees and the salaries paid to employees. Share-based payment of $1,000,929 (January 31, 2021 - $43,875) were related to the Company grant more stock options and RSU during the current period.

Year-to-date

During the year ended January 31, 2022, the Company reported a net loss of $13,127,327 (January 31, 2021 - $1,928,097) and a net comprehensive loss of $13,080,779 (January 31, 2021 - $1,945,163). The increased losses were mainly due to the increase in consulting fees, marketing and advertising, professional fees, research and development expenses, salaries and benefits and share-based compensation.

During the year ended January 31, 2022, the Company recorded operating expenses of $13,089,325 (January 31, 2021 - $2,514,413). The largest factors contributing to the operating expenses were consulting fees, marketing and advertising, professional fees, research and development expenses, salaries and benefits and share-based payment. Consulting fees of $3,286,438 (January 31, 2021 - $547,092) were mainly from fees paid to consultants for providing clinical testing for the cognitive testing platform, the integrated Cognitive Assessment (ICA) and corporate advisory and bonus paid to key management personnel. Marketing and advertising expenses of $945,807 (January 31, 2021 - $230,798), were related to its Artificial Intelligence-driven plat form for detection of cognitive impairment in patients. Professional fees of $288,467 (January 31, 2021 - $126,913) were related to legal and audit service provided. Research and development expenses of $491,228 (January 31, 2021 - $70,996). The increase in research and development expenses was due to the Company receiving less tax credits for research and development during the current period compared to January 31, 2021. Salaries and benefits expenses of $4,019,164 (January 31, 2021 - $1,115,622) were related to the increase in employees and the salaries and bonus paid to employees. Share-based compensation of $3,678,650 (January 31, 2021 - $75,536) was due to the company grant more stock options and RSUs to the directors, officers and consultants during the year.

SELECTED ANNUAL INFORMATION

The following table sets out selected financial information derived from the Company's audited consolidated financial statements for the three most recently completed financial years. These financial data are prepared in accordance with IFRS.

	For the years ended		
	January 31, 2022	January 31, 2021	January 31, 2020
	$	$	$
OPERATIONS			
Revenue	-	-	-
Net Loss	13,127,327	1,928,097	2,645,114
Other comprehensive loss	13,080,779	1,945,163	2,630,999
Basic and diluted loss per share	0.18	0.03	0.06
BALANCE SHEET			
Working capital (deficiency)	(3,699,098)	786,317	(300,081)
Total assets	2,004,830	1,827,799	748,065
Total non-current liabilities	2,125,000	-	-
Cash dividends declared	-	-	-

During the year ended January 31, 2022, the Company incurred a net loss of $13,127,327 which mainly consisted of consulting fees, marketing and advertising, professional fees, research and development, salaries and benefits and share-based compensation.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited quarterly financial information of the Company. This information is derived from unaudited quarterly consolidated financial statements prepared by management. These financial data are prepared in accordance with IFRS.

	Qtr 4	Qtr 3	Qtr 2	Qtr 1
	31-Jan-22	31-Oct-21	31-Jul-21	30-Apr-21
	$	$	$	$
Revenue	Nil	Nil	Nil	Nil
Net Loss	5,189,519	6,036,396	1,024,795	876,617
Basic and diluted loss per share	0.07	0.08	0.01	0.01
Total assets	2,004,830	1,110,118	1,175,978	1,934,058
Working Capital (deficiency)	(3,699,098)	(2,438,532)	(265,136)	625,047

	Qtr 4	Qtr 3	Qtr 2	Qtr 1
	31-Jan-21	31-Oct-20	31-Jul-20	30-Apr-20
	$	$	$	$
Revenue	Nil	Nil	Nil	Nil
Net Loss	1,002,935	95,944	659,445	169,773
Basic and diluted loss per share	0.02	0.02	0.02	0.02
Total assets	1,827,799	479,396	331,427	1,060,552
Working Capital (deficiency)	786,317	(604,864)	132,071	826,100

Three Months Ended January 31, 2022

During the quarter ended January 31, 2022, the Company reported a net loss of $5,189,519 (January 31, 2021 - $1,002,935) which derived from mainly consulting fees, marketing and advertising fees, professional fees, research and development, salaries and benefits expenses and share-based compensation.

LIQUIDITY AND CAPITAL RESOURCES

At January 31, 2022, the Company had a cash balance of $1,377,039 (January 31, 2021 - $1,359,851). The Company has working capital deficiency of $3,699,098 as at January 31, 2021 compared to $786,317 as at January 31, 2021.

Net cash used in operating activities for the year ended January 31, 2022 was $3,214,534 compared to $1,958,741 for the year ended January 31, 2021. Increase was mainly due to increase operation expenses during the year ended January 31, 2022.

Net cash used by investing activities for the year ended January 31, 2022 was $100,011 compared $50,081 for the year ended January 31, 2021. Increase in net cash used was due to increased acquisitions of equipment, patents, and trademarks during the year.

Net cash provided by financing activities for the year ended January 31, 2022 was $3,332,291 compared to $2,790,758 for the year ended January 31, 2021. Increase was mainly due to receiving a loan facility from UK Government Innovate UK program of $1,274,725. In addition, the Company received a total of $784,030 from warrants and options exercises.

At January 31, 2022, the Company had accounts payable and accrued liabilities of $1,753,793.

A summary of the Company's contractual obligations at January 31, 2022 is detailed in the table below.

Contractual Obligations	Payments Due by Year				
	Total	Less than 1 Year	1 – 3 Years	4 – 5 Years	After 5 Years
Accounts payable and accrued liabilities	$ 1,753,793	$ 1,753,793	N/A	N/A	N/A
Due to related parties	$ 4,485,787	$ 2,360,787	$ 2,125,000	N/A	N/A
Loan facility	$ 1,294,608	$ 1,294,608	N/A	N/A	N/A
Share to be issued	$ 146,020	$ 146,020	N/A	N/A	N/A
Total	$ 7,680,208	$ 5,555,208	$ 2,125,000	N/A	N/A

LICENSE AGREEMENT

There are no license agreements.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this management discussion and analysis, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

TRANSACTIONS BETWEEN RELATED PARTIES

(a) During the years ended January 31, 2022 and 2021, the Company incurred the following expenses to related parties:

		2022		**2021**
Consulting fees – CEO and a director	$	833,933	$	206,665
Salaries and wages – CMO and a director		661,337		61,999
Salaries and wages – CSO		634,569		61,999
Consulting fees – CCO and a director		70,795		61,999
Consulting fees – COO, CFO and a director		661,198		61,999
Stock based compensation		3,136,935		-
Bonus-CEO, CMO, CSO, COO and CFO (1)		2,125,000		-
	$	8,123,767	$	454,661

(1) During the year ended January 31, 2022, the Company entered Long Term Incentive Plan ("Plan") with the key management personnel. The board of the Company, in its sole discretion, may from time to time grant awards base on the performance criteria. The awards including:

- a cash bonus;
- if the participant exercises the option upon vesting of the grant, shares of the Company.

Each award will be subject to the terms and conditions of the Plan and such other terms and conditions as the Board may prescribe including, without limitation, eligibility conditions based on performance milestones, anniversary dates or the occurrence of certain events.

During the year ended January 31, 2022, the Company grant $2,125,000 cash bonus ("First Performance Bonus") to the key management personnel. The key management personnel signed a deferral letter with the Company and agreed to defer the payment of the First Performance Bonus to the date not earlier than April 30, 2023, which may be paid at any time in cash or common shares at the election of the Company.

(b) As at January 31, 2022 and 2021, the Company has the following balance owing to (due from) related parties:

	January 31, 2022	January 31, 2021
	$	$
CEO and a director (i)	1,288,204	(2,648)
CMO and a director (ii)	1,007,042	-
CSO (ii)	1,005,211	(12,291)
CCO and a director	38,281	5,260
COO, CFO and a director (ii)	1,147,049	8,671
	4,485,787	1,008

(i) As at January 31, 2022, $625,000 bonus payable has been reclassify to long term liability.
(ii) As at January 31, 2022, $500,000 bonus payable has been reclassify to long term liability.

Due to/from related parties are unsecured, non-interest bearing, and due on demand with no specific terms of repayment except those included in (i) and (ii) above.

(c) On September 26, 2021, the Company entered a promissory note (Loan) with the CEO and Director of the Company. The Company loan to him for a total amount of $218,617 with maturity to March 26, 2022 at an interest rate of 3.75% per annum, calculated and compounded monthly in arrears, and payable at the expiry of the term. The Loan will be secured by way of a hypothecation of 1,457,449 common shares of the Company, registered in the name of Sina Habibi's spouse, with authority and direction hereby to sell such number of shares to satisfy repayment of the Loan plus the interest rate in the event of default by him (see Note 5).

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Adoption of new accounting standards

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform (Phase 2)

In August 2020, the IASB issued Interest Rate Benchmark Reform (Phase 2), which amends IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and measurement, IFRS 7 Financial Instruments: Disclosures and IFRS 16 Leases. The Phase 2 amendments address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. These amendments complement those issued in 2019 and focus on issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments are effective for annual periods beginning on or after January 1, 2021, with earlier application permitted. The Company has concluded that no significant impact will result from the application of the Phase 2 amendments.

FINANCIAL INSTRUMENTS

Fair value of financial instruments

Financial instruments of the Company carried on the Consolidated Statements of Financial Position are all carried at amortized cost except the shares to be issued which the fair value measurement is categorized into Level 1. There are no significant differences between the carrying value of these financial instruments carried at amortized cost and their estimated fair values as of January 31, 2022 and 2021 due to the short term nature of the instruments.

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is mainly on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company aims to ensure that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. The Company believes that the capital sources will be sufficient to cover the expected short and long-term cash requirements by obtaining financing through the issuance of debt or common shares.

Contractual maturities of financial liabilities as at January 31, 2022 are presented below:

Contractual Obligations	Payments Due by Year			
	Total	Less than 1 Year	1 – 3 Years	After 3 Years
Accounts payable and accrued liabilities	$ 1,753,793	$ 1,753,793	-	-
Due to related parties	$ 4,485,787	$ 2,360,787	$ 2,125,000	-
Loan facility	$ 1,294,608	$ 1,294,608	-	-
Share to be issued	$ 146,020	$ 146,020	-	-
Total	**$ 7,680,208**	**$ 5,555,208**	**$ 2,125,000**	**-**

Interest rate risk

The Company's loan facility is at fixed interest rate and therefore is not exposed to significant interest rate risk.

Foreign exchange risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company does not have significant exposure to foreign exchange risk because it has minimum foreign currency assets and liabilities.

CAPITAL MANAGEMENT

The Company considers its cash and share capital as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash. In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company is not subject to any externally imposed capital restructure. There was no change in the Company's approach to capital management during the year ended January 31, 2022.

DISCLOSURE OF OUTSTANDING SHARE DATA

The Company's issued and outstanding share capital as at the date of this report is as follows:
(1) Authorized: Unlimited common shares and unlimited Class B Share without par value.
(2) As at the date of this MD&A, the Company has 84,781,090 common shares, 5,965,300 stock options, 8,306,712 warrants, and 4,382,000 restricted share units issued and outstanding.

ADDITIONAL DISCLOSURE FOR JUNIOR ISSUERS

The Company has expensed the following material cost components:

	For the years ended January 31, 2022	For the years ended January 31, 2021
Consulting fees	$ 3,286,438	$ 547,092
Marketing and advertising	945,807	230,798
Professional fees	288,467	126,913
Research and development	491,228	70,996
Salaries and benefits	4,019,164	1,115,622
Share-based payment	3,678,650	75,536

Consulting fees were related to the Company engaged consultants for providing clinical testing for the cognitive testing platform, the integrated Cognitive Assessment (ICA) and bonus for key management personnel.

Marketing and advertising expenses were related to the advertising companies engaged for creating and optimizing the advertisement.

Research and Development were related to expenses incurred on research and developing for the cognitive testing platform. The Company received research and development credits from the tax authority in the UK, which were recorded as a reduction of the related research and development expenses.

Professional fees were mainly related to legal and audit services.

Salaries and benefits were related to the increase in number of employees and their salaries.

Share-based payment is a non-cash expense. During the year ended January 31, 2022, the Company granted 1,630,000 stock options and 4,300,000 RSU to the directors, officers and consultants which incurred share-based payments of $3,678,650 (January 31, 2021 – $75,536).

SUBSEQUENT EVENTS

- On February 11, 2022, further to completed the first tranche non-brokered private placement on January 28, 2022, the Company completed the second tranche of non-brokered private placement of 1,999,626 units at a price of $0.55 per Unit for gross proceeds of $1,099,794. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase an additional share at a price of $0.85 until February 11, 2025.

- On February 24, 2022, further to completed the first and second tranche non-brokered private placement, the Company completed the third tranche of non-brokered private placement of 2,812,790 units at a price of $0.55 per Unit for gross proceeds of $1,547,035. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase an additional share at a price of $0.85 until February 24, 2025.

- On March 1, 2022, the Company issued 106,656 common shares to a consultant for services provided to the Company for an amount of $56,528.

- On March 1, 2022, the Company granted 50,000 RSUs to a consultant of the Company, in which 50,000 RSUs can be converted into common shares immediately and will expire on September 30, 2025.

- On March 1, 2022, the Company granted 497,300 common share purchase options to an employee. The options are exercisable at $0.53 per share and expire in five years. 50% of the options will vest on the first anniversary and 50% vested on the second anniversary.

- On April 19, 2022, the Company issued 111,000 common shares to a consultant for services provided to the Company for an amount of $36,075.

- On April 19, 2022, the Company issued an aggregate of 48,462 common shares in the capital of the Company at a deemed price of $0.325 per share to settle a debt.

- On April 19, 2022, as a result of the conversion of RSU, the Company issued 300,000 common shares.

- On April 19, 2022, the Company granted 20,000 common share purchase options to an employee. The options are exercisable at $0.325 per share and expire in five years. 50% of the options will vest on the first anniversary and 50% vested on the second anniversary.

RISK FACTORS

Market Risk for Securities
We are a reporting issuer company whose common shares are not listed for trading on a stock exchange. There can be no assurance that an active trading market for our common shares will be established and sustained. Upon a listing, the market price for our common shares could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of our securities. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Uninsured or Uninsurable Risk
We may become subject to liability for risks against which we cannot insure or against which we may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for our usual business activities. Payment of liabilities for which we do not carry insurance may have a material adverse effect on our financial position and operations.

Conflicts of Interest Risk
Certain of our directors and officers are also directors and operators in other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from our interests. In accordance with the BCBCA, directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to our best interests. However, in conflict of interest situations, our directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to us.

Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to us.

Key Personnel Risk
Our success will depend on our directors and officers to develop our business and manage our operations, and on our ability to attract and retain key quality assurance, scientific, sales, public relations and marketing staff or consultants once operations begin. The loss of any key person or the inability to find and retain new key persons could have a material

adverse effect on our business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that we will be able to attract or retain key personnel in the future, which may adversely impact our operations.

No Established Market for Shares Risk

There is currently no established trading market through which common shares in our authorized capital may be sold. Even if a trading market develops, there can be no assurance that such market will continue in the future. You may lose your entire investment.

Going-Concern Risk

The consolidated financial statements of the Company have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. Our 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 we will be successful in completing equity or debt financing or in achieving profitability. The consolidated financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should we be unable to continue as a going concern.

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. We will be dependent upon the capital markets to raise additional financing in the future, while we establish a client base for our product. Access to financing has been negatively impacted by the ongoing global economic downturn. As such, we are subject to liquidity risks in meeting our 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 our ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to us and our management. If uncertain market conditions persist, our ability to raise capital could be jeopardized, which could have an adverse impact on our operations and the trading price of our Common Shares on the Exchange.

Share Price Volatility Risk

It is anticipated that our common shares will be listed for trading on the Exchange. As such, external factors outside of our control such as announcements of quarterly variations in operating results, revenues and costs, and sentiments toward the medical marijuana sector stocks may have a significant impact on the market price of our common shares. Global stock markets, including the Exchange, have from time to time experienced extreme price and volume fluctuations that have often been unrelated to the operations of particular companies. There can be no assurance that an active or liquid market will develop or be sustained for the common shares.

Novel Corona Virus Known as "Covid-19"

The Company may be impacted by business interruptions resulting from pandemics and public health emergencies, including those related to COVID-19. An outbreak of infectious disease, a pandemic, or a similar public health threat, such as the recent outbreak of COVID-19, or a fear of any of the foregoing, could adversely impact the Company by causing operating and project development delays and disruptions, labor shortages, travel disruption (including as a result of government regulation and prevention measures). It is unknown whether and how the Company may be affected if such a pandemic persists for an extended period of time, including as a result of the waiver of regulatory requirements or the implementation of emergency regulations to which the Company is subject. The Company may incur expenses or delays relating to such events outside of its control, which the Company cannot estimate the length and severity of these developments or quantify the impact this pandemic may have on the financial results and condition of the Company in future periods.