COGNETIVITY NEUROSCIENCES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Six Months ended July 31, 2023

GENERAL

This Management's Discussion and Analysis ("MD&A") has been prepared by management as of September 29, 2023, and it presents an analysis of the consolidated financial position of Cognetivity Neurosciences Ltd. (the "Company") for the six months ended July 31, 2023. The following information should be read in conjunction with the consolidated financial statements of the Corporation for the six months ended July 31, 2023, 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 June 13, 2023, the Company announced that it had entered into a strategic partnership with Clairvo Technologies, Inc. to revolutionize brain health and address dementia-related challenges in Japan. Leveraging the power of artificial intelligence ("AI"), this partnership seeks to enhance preventative care and promote healthy aging within the Japanese population. As part of the collaboration, Clairvo, a leading company in medical AI diagnostic imaging products, will join forces with Cognetivity, aiming to integrate Cognetivity's Integrated Cognitive Assessment ("CognICA") into Clairvo's existing AI portfolio of health and wellness products, providing innovative cognitive monitoring capabilities to the Japanese population.

On April 25, 2023, the Company announced that it had entered into an agreement with Japanese insurance company Mitsui Sumitomo Aioi Life Insurance ("MSA") to work together to provide Cognetivity's artificial intelligence powered technology to MSA's policyholders through MSA's customer-facing web platform. The two companies will also begin negotiations to conclude a distributorship agreement by the end of June, 2023. MSA is the core company of the Japanese domestic life insurance business of the global MS&AD Insurance Group (**TYO: 8725**). The company is headquartered in Tokyo and has approximately 2,500 employees. As of March 31, 2022, it had approximately 4 million policies in force with a value of $195.4 billion. Under the planned deployment, MSA policyholders will have personal access to Cognetivity's CognICA technology, an AI-powered brain health platform that can detect problems early, when they are more likely to be effectively addressed, as part of a proactive approach to customer health.

On March 8, 2023, the Company announced an extension of the deployment of its CognICA technology with Lions Befrienders Service Association ("Lions Befrienders" or "LBSA"), a leading Singapore-based senior healthcare provider. Lions Befrienders addresses the varied needs of more than 86,000 senior citizens across Singapore via a spectrum of integrated eldercare services from preventive to intervention through comprehensive programs, and their initiative is backed by major pharmaceutical companies including Abbott, GSK, Roche, Abbvie and MSD. The deployment has been expanded 250 individuals to 1,250 senior citizens. The initial deployment generated excellent results from which Cognetivity has published results, demonstrating the effectiveness and usability of CognICA in screening and monitoring senior participants in the comfort of community settings across Singapore, rather than having to attend a medical clinic.

On March 15, 2023, the Company announced that it has reached a commercial agreement with brain health supplements provider, Conka, which is a UK-based provider of natural brain health supplements, geared towards individuals engaging in high-performance sports and other physical activities. The new agreement will see the Company act as Conka's technology partner and the Company's cutting-edge brain health assessment technology will be made available to Conka's customers so that they can sensitively and accurately measure changes in their cognitive performance, helping them to optimize their mental and physical state and to guard against the risks of head injuries and concussion.

On February 23, 2023, the Company announced that it has reached a commercial agreement with American Center for Psychiatry and Neurology ("ACPN") in the United Arab Emirates ("UAE"). The commercial agreement will see the Company's CognICA™ brain health screening platform deployed as a screening and monitoring tool at ACPN's newly established clinic.

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, UK and Asia 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 technology 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. *Continuing to develop strategic partnerships with large health insurers in its target territories, 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, or through web and app-based health portals, 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. *Further 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 July 31, 2023 indicates a cash balance of $29,996 (January 31, 2023 – $2,244,128) and total current assets of $550,295 (January 31, 2023 – $2,829,415).

Current liabilities at July 31, 2023 total $13,879,036 (January 31, 2022 - $10,593,956). Shareholders' deficiency of $13,328,741 (January 31, 2023 – $9,889,538) is comprised of common shares of $16,309,814 (January 31, 2023 - $15,671,929), reserves of $5,867,972 (January 31, 2023 -$5,776,927), accumulated deficit of $35,440,715 (January 31, 2023 - $31,398,673), and accumulative other comprehensive loss of $65,812 (January 31, 2023 – gain of 60,279).

As at July 31, 2023, the working capital deficiency is $13,501,042 (January 31, 2023 - $7,936,705).

DISCUSSION OF OPERATIONS

The Company incurred $1,934,862 and $4,042,042 of net loss for the three and six months ended July 31, 2023 (July 31, 2022 – $1,589,394 and $3,073,980) respectively as the Company had just started generating revenue. The Company's operations are in their early stages and no comparative or trend discussion is relevant.

Comparison of Results of Operations

Current Quarter ended July 31, 2023

During the three months ended July 31, 2023, the Company reported a net loss of $1,934,862 (July 31, 2022 - $1,589,394) which derived from mainly accretion expenses, consulting fees, marketing and advertising fees, research and development, salaries and benefits expenses and share-based compensation.

The Company invoiced in excess of $105,000 since commercializing its software in late fiscal 2023; recognizing $45,366 as revenue earned in fiscal 2023 and $20,460 (July 31, 2022 - $nil) as revenue earned during the quarter, with the balance recorded as deferred revenue.

During the quarter ended July 31, 2023, the Company recorded operating expenses of $2,090,996 (July 31, 2022 - $1,743,653). The largest factors contributing to the operating expenses were consulting fees, accretion expenses, salaries and benefits expenses and research and development expenses. Consulting fees of $233,563 (July 31, 2022 - $227,236) were mainly for consultants providing services to the Company as well as fees and bonuses to key management personnel. Share-based payment of $41,417 (July 31, 2022 - $170,859) were related to the Company's stock options vested during the current period.

Six Months ended July 31, 2023

During the six months ended July 31, 2023, the Company reported a net loss of $4,042,042 (July 31, 2022 - $3,073,980) which derived from mainly accretion expenses, consulting fees, marketing and advertising fees, research and development, salaries and benefits expenses and share-based compensation.

The Company invoices in excess of $105,000 since commercializing its software in late fiscal 2023; recognizing $45,366 as revenue earned in fiscal 2023 and $24,628 (July 31, 2022 - $nil) as revenue earned during the six months ended July 31, 2023, with the balance recorded as deferred revenue.

During the six months ended July 31, 2023, the Company recorded operating expenses of $4,359,029 (July 31, 2022 - $1,743,653). The largest factors contributing to the operating expenses were consulting fees, accretion expenses, salaries and benefits expenses and research and development expenses. Consulting fees of $400,708 (July 31, 2022 - $561,850) were mainly for consultants providing services to the Company as well as fees and bonuses to key management personnel. Share-based payment of $91,045 (July 31, 2022 - $100,076) were related to the Company's stock options vested during the current period.

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 2	Qtr 1	Qtr 4	Qtr 3
	31-Jul-23	30-Apr-23	31-Jan-23	31-Oct-22
	$	$	$	$
Revenue	20,284	4,165	45,366	Nil
Net Loss	1,934,862	2,107,180	2,564,260	1,795,575
Basic and diluted loss per share	(0.02)	0.02	0.03	0.02
Total assets	550,295	1,316,273	2,829,418	5,046,805
Working Capital (deficiency)	(13,501,042)	(9,572,771)	(7,936,705)	(3,595,262)

	Qtr 2	Qtr 1	Qtr 4	Qtr 3
	31-Jul-22	30-Apr-22	31-Jan-22	31-Oct-21
	$	$	$	$
Revenue	Nil	Nil	Nil	Nil
Net Loss	1,589,394	1,484,586	5,189,519	6,036,396
Basic and diluted loss per share	0.04	0.02	0.07	0.08
Total assets	672,187	976,873	2,004,830	1,110,118
Working Capital (deficiency)	(2,346,363)	(1,090,919)	(3,699,098)	(2,438,532)

During the three and six months ended July 31, 2023, the Company reported a net loss of $1,934,862 and $4,042,042 (July 31, 2022 - $1,589,394 and $3,073,980) respectively, which derived from mainly consulting fees, accretion expenses, and share-based compensation.

LIQUIDITY AND CAPITAL RESOURCES

At July 31, 2023, the Company had a cash balance of $29,996 (July 31, 2022 - $61,225). The Company has working capital deficiency of $13,501,042 as at July 31, 2023 compared to $2,346,363 as at July 31, 2022.

Net cash used in operating activities for the six months ended July 31, 2023 was $2,193,809 compared to $4,039,568 for the six months ended July 31, 2022. Decrease was mainly due to the Company settling debts during the six months ended July 31, 2023.

Net cash used by investing activities for the six months ended July 31, 2023 was $9,769 compared $61,631 for the six months ended July 31, 2022. Decrease in net cash used was due to less equipment purchased and acquisition of intangible assets during the six months ended July 31, 2023.

Net cash used by financing activities for the six months ended July 31, 2023 was $11,293 compared to cash provided of $2,786,481 for the six months ended July 31, 2022. Decrease was mainly due to the Company paid a portion of its loan facility and did not have a private placement, nor grant options during the six months ended July 31, 2023.

At July 31, 2023, the Company had accounts payable and accrued liabilities of $4,217,135.

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 three and six months ended July 31, 2023 and 2022, the Company incurred the following expenses to related parties:

	Three Months Ended		Six Months Ended	
	July 31, 2023 ($)	July 31, 2022 ($)	July 31, 2023 ($)	July 31, 2022 ($)
Consulting fees – CEO and a director	63,382	59,122	125,461	121,800
Salaries and wages – CMO and a director	-	47,298	-	97,440
Salaries and wages – CSO	50,705	47,298	100,368	97,440
Consulting fees – COO, CFO and a director	50,705	47,298	100,368	97,440
Stock-based compensation	-	-	-	82,121
	164,792	201,016	326,197	496,241

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 granted $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. Subsequent to the year ended January 31, 2023, the Company decided not to pay the First Performance Bonus before January 31, 2024.

(b) As at July 31, 2023 and January 31, 2023, the Company has the following balance owing to (due from) related parties:

		July 31, 2023		January 31, 2023
Current				
CEO and a director	$	188,684	$	129,837
CMO and a director		16,639		3,009
CSO		16,934		(3,405)
Former CCO and a director		-		29,469
COO, CFO and a director		64,248		360,127

	$	286,505	$	519,037
Non-Current				
CEO and a director	$	406,000	$	625,000
CMO and a director		500,000		500,000
CSO		500,000		500,000
COO, CFO and a director		500,000		500,000
	$	1,906,000	$	2,125,000
Total	$	2,192,505	$	2,644,037

Due to/from related parties are unsecured, non-interest bearing, and due on demand with no specific terms of repayment except for non-current balances.

(c) During the year ended January 31, 2022, the Company entered into consulting agreements with third-party consultants under which the Company is committed to issue common shares for the services provided by the consultants. As of July 31, 2023, zero share (January 31, 2023 - 46,000 shares) has been accrued and the 46,000 shares accrued at January 31, 2023 were issued.

During the year ended January 31, 2022, the Company entered into an agreement with a director of the Company whereby if the Company was successful in certain milestone, the Company will issue the director 1,000,000 common shares of the Company. During the year ended January 31, 2023, 1,000,000 common shares at the fair value of $250,000 was recorded as consulting fees. During the six months ended July 31, 2023, the Company has not issued the 1,000,000 common shares but recorded a gain of $50,000 as revaluation of shares due to the fair value of these shares was $200,000 at July 30, 2023.

During the year ended January 31, 2022, the Company entered into an Employee Agreement. During the six months ended July 31, 2023, the Company issued 56,492 shares at a deemed price of $0.325 as payment of salaries and benefits. The fair value of the issued shares was $16,948 and the Company recognized a gain of $1,412 for debt settlement during the six months ended July 31, 2023. In addition, as at July 31, 2023, $18,826 (January 31, 2023 - $59,147) was recorded for the fair value of shares to be issued as salaries and benefits.

During the year ended January 31, 2023, the Company agreed to issue shares to certain employees as bonuses. As of July 31, 2023, $nil (January 31, 2023 - $36,881) was recorded for the fair value of shares to be issued as share-based payment. During the six months ended July 31, 2023, the Company issued 83,076 shares at a deemed price of $0.325 as payment to one of the employees at a fair value of $30,037 and 78,662 shares at a deemed price of $0.30 as payment to another employee at a fair value of $23,599. The Company recognized a gain of $6,983 for debt settlement.

(d) On September 26, 2021, the Company entered a promissory note (Loan) with the CEO and Director of the Company. The Company loaned him for a total amount of $219,000 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.

During the six months ended July 31, 2023, the Company received $202,742 as partial repayment of the loan and subsequent to July 31, 2023, the Company received a further repayment of $16,258, waived the accrued interest on the loan and considered the loan to have been repaid in full.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Adoption of new accounting standards

There are no IFRS or International Financial Reporting Interpretations Committee Interpretations that are not yet in effect that would be expected to have a material impact on the Company's financial statements.

FINANCIAL INSTRUMENTS

Fair value of financial instruments

The following table shows the classification of the Company's financial instruments:

Financial assets	Classification
Cash	Amortized cost
Receivables	Amortized cost
Loan receivable	Amortized cost

Financial liabilities	Classification
Accounts payable and accrued liabilities	Amortized cost
Wages payable	Amortized cost
Redeemable preferred shares	Amortized cost
Due to related parties	Amortized cost
Loan facility	Amortized cost
Shares to be issued	FVTPL

The carrying value of the financial instruments approximates fair value due to their short term to maturity.

The categories of the fair value hierarchy that reflect the inputs to valuation techniques used to measure fair value are as follows:

Level 1 Value based on unadjusted quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 Valuation techniques based on inputs other than quoted prices that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 Valuation techniques using inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

As of July 31, 2023, the carrying value of the Company's financial instruments approximate their fair values due to the short-term nature except for redeemable preferred shares.

The redeemable preferred shares are classified as level 3. The redeemable preferred shares have a liability and equity component. The fair value of liability component was determined by discounted cash flows from expected future cash payments using a rate of 100%.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy.

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 July 31, 2023 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	$4,217,135	$4,217,135	N/A	N/A
Wages payable	$824,117	$824,117	N/A	N/A
Due to related parties	$1,093	$1,093	N/A	N/A
Loan facility	$1,363,638	$1,363,638	N/A	N/A
Redeemable preferred shares debt components	$7,016,596	$7,016,596	N/A	N/A
Share to be issued	$329,116	$329,116	N/A	N/A
Total	$13,751,695	$13,751,695	N/A	N/A

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 six months ended July 31, 2023.

SUBSEQUENT EVENTS

(1) In August 2022, a third-party consultant ("Plaintiff") commenced legal action against the Company for failing to pay its invoices. In November 2022, the Plaintiff obtained a default judgment against the Company requiring the Company to pay $425,250 plus $1,100 for legal fees and disbursements.

In January 2023, the Company retained legal counsel to file a motion to set aside the default judgment. The Company paid the $1,100 legal fees in February 2023 and requested its legal counsel to serve the Plaintiff with the Statement of Defense in March 2023. The Company recorded $425,250 in accounts payable during the six months ended July 3, 2023. However, the Company denies all of the Plaintiff's accusations and allegations and intends to defend itself vigorously.

(2) Subsequent to July 31, 2023, the Company received $16,258 as repayment for its loan receivable and waived accrued interest on the loan and considered the loan to be repaid in full.

(3) On June 23, 2023, the Company entered into debt settlement agreements with certain creditors to issue an aggregate of 168,782 common shares at a deemed price of $0.30 per share to settle an aggregate of $50,635 outstanding debts.

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 88,588,611 common shares, 14,760,270 preferred shares, 2,696,860 stock options, 3,714,960 warrants, and 4,682,000 restricted share units issued and outstanding.

ADDITIONAL DISCLOSURE FOR JUNIOR ISSUERS

The Company has expensed the following material cost components:

	For the three months ended		For the six months ended	
	July 31, 2023	July 31, 2022	July 31, 2023	July 31, 2022
	$	$	$	$
Consulting fees	233,563	227,236	400,708	561,850
Marketing and advertising	39,196	94,281	125,870	334,203
Professional fees	27,570	83,737	57,624	139,440
Research and development	83,809	140,569	245,672	250,626
Salaries and benefits	379,315	827,297	939,119	1,500,406
Share-based payment	41,417	170,859	91,045	100,076

Consulting fees were related to the Company engaged consultants for providing clinical testing for the cognitive testing platform, the integrated Cognitive Assessment (ICA), general advisory, regulatory consultancy and human resources consultancy.

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 decrease in number of employees and their salaries.

Share-based payment is a non-cash expense. During the six months ended July 31, 2023, the Company did not grant any stock options nor RSU to the directors, officers and consultants.

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.