CRYSTAL BRIDGE ENTERPRISES INC.

FILING STATEMENT

IN RESPECT OF THE QUALIFYING TRANSACTION OF CRYSTAL BRIDGE ENTERPRISES INC.

Dated as of March 16, 2021

Neither the TSX Venture Exchange Inc. (the "Exchange") nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this Filing Statement.

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GLOSSARY

The following is a glossary of certain terms used in this Filing Statement, including the summary hereof. Terms and abbreviations used in the financial statements of the Issuer and the Target Company and the pro-forma consolidated financial statements of the Resulting Issuer and in the schedules to this Filing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated.

Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

All references to "dollar" or the use of the symbol "$" herein are to Canadian dollars unless otherwise noted.

All defined terms not otherwise defined herein are as defined in the policies of the Exchange.

"**ACI**" or "**Target Company**" means Alpha Cognition Inc., a privately held company incorporated under the BCBCA.

"**Affiliate**" means a company that is affiliated with another company as described below.

A company is an "Affiliate" of another company if:

(a) one of them is the subsidiary of the other, or

(b) each of them is controlled by the same Person.

A company is "controlled" by a Person if:

(a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and

(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

(a) a company controlled by that Person, or

(b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

"**Agency Agreement**" means the agency agreement dated December 18, 2020 pursuant to which the Subscription Receipts were sold, between the Issuer, Target Company and Financing Agent.

"**Alpha-602**" is a specific form of progranulin, a natural protein that is expressed in several cell types in the central nervous system and in peripheral tissues, and which is being developed by the Target Company as a treatment for ALS. See "*Information Concerning the Target Company – Summary of the Business – Alpha-602*".

"**Alpha-602 Agreement**" has the meaning set out under *"Information Concerning the Target Company – General Development of the Business – History – Alpha-602 License Agreement"*.

“**Alpha-602 Royalty Agreement**” has the meaning set out under *“Information Concerning the Target Company – General Development of the Business – History – Alpha-602 Royalty Agreement”*.

“**Alpha-1062**” a patented new chemical entity that is being developed by the Target Company as a treatment for Alzheimer’s. See “*Information Concerning the Target Company – Summary of the Business – Alpha-1062*”.

“**Alpha-1062 Agreement**” has the meaning set out under *“Information Concerning the Target Company – General Development of the Business – History – Alpha-1062 License Agreement”*.

“**Alpha-1062 Royalty Agreement**” has the meaning set out under *“Information Concerning the Target Company – General Development of the Business – History – Royalty to Alpha-1062 Original Inventor”*.

“**ALS**” means amyotrophic lateral sclerosis, a group of rare, progressive, neurological diseases that mainly involve the nerve cells (neurons) responsible for controlling voluntary muscle movement.

“**Alzheimer’s**” is a chronic neurodegenerative disease that destroys brain cells, causing thinking ability and memory to deteriorate over time.

“**Arrangement**” means the arrangement of the Target Company under the provisions of Section 288 of the BCBCA, on the terms and conditions set forth in the Arrangement Agreement and the Plan of Arrangement subject to any amendments or variations thereto.

“**Arrangement Agreement**” means the arrangement agreement dated October 27, 2020 between the Issuer and the Target Company, as may be amended from time to time.

“**Associate**” when used to indicate a relationship with a person or company, means

(a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,

(b) any partner of the person or company,

(c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity,

(d) in the case of a person, a relative of that person, including

   (i) that person’s spouse or child, or

   (ii) any relative of the person or of his spouse who has the same residence as that person; but

(e) where the Exchange determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D (as defined in applicable Exchange policies) with respect to that Member firm, Member corporation or holding company.

"**BABE**" has the meaning set out under "*Information Concerning the Target Company – Narrative Development of the Business – Principal Products or Services – Alpha-1062 – Regulatory Development*".

"**BCBCA**" means the *Business Corporations Act* (British Columbia), as amended from time to time.

"**Board**" means the board of directors of the Issuer prior to Completion of the Qualifying Transaction and the board of directors of the Resulting Issuer after Completion of the Qualifying Transaction, as applicable.

"**CEO**" means Chief Executive Officer.

"**CFO**" means Chief Financial Officer.

"**Closing**" means the completion of the Transaction.

"**Closing Date**" means the date of closing of the Transaction, which is expected to be on the date the Final Exchange Bulletin is issued by the Exchange.

"**company**" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

"**Completion of the Qualifying Transaction**" means the date the Final Exchange Bulletin is issued by the Exchange.

"**Consolidation Ratio**" means 7.14 Issuer Shares for each Resulting Issuer Share.

"**Control Person**" means any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

"**Court**" means the Supreme Court of British Columbia.

"**CPC**" means a corporation:

(a) that has been incorporated or organized in a jurisdiction in Canada;

(b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and

(c) in regard to which the Completion of the Qualifying Transaction has not yet occurred.

"**CPC Escrow Agreement**" means the escrow agreement dated August 30, 2018 between the Issuer, Computershare Investor Services Inc. and certain securityholders of the Issuer.

"**CPC Policy**" means Exchange Policy 2.4 – *Capital Pool Companies*.

"**Deemed Issue Price**" has the meaning set out under "*Information Concerning the Resulting Issuer – Description of the Securities – Resulting Issuer Preferred Shares*".

“**Distribution Pool**” has the meaning set out under “*Information Concerning the Resulting Issuer – Executive Compensation – Incentive Plan Awards*”.

“**Domestic Issuer**” means a “domestic issuer” as determined in accordance with the United States Securities Exchange Act of 1934.

“**Enterprise Base Value**” has the meaning set out under “*Information Concerning the Resulting Issuer – Executive Compensation – Incentive Plan Awards*”.

“**Escrow Agent**” means Computershare Trust Company of Canada.

“**Escrow Release Conditions**” means the following conditions precedent to the release of the Escrowed Funds:

(a) the completion, satisfaction or waiver of all conditions precedent set out in Sections 6.1, 6.2 and 6.3 of the Arrangement Agreement;

(b) the completion, satisfaction or waiver of all conditions of closing set out in Section 12 of the Agency Agreement; and

(c) the delivery of an escrow release notice by the Issuer, Target Company and the Agent to the Escrow Agent.

“**Escrow Release Deadline**” means 5:00 p.m. (Pacific time) on March 18, 2021, which date may be extended for an additional 30 days upon the agreement of the Issuer, Target Company and the Financing Agent.

“**Escrowed Funds**” means the gross proceeds of the Financing, less a portion of the Financing Agent’s commission on the Target Company Subscription Receipts and the Financing Agent’s expenses, plus all interest and other income earned on such funds.

“**Exchange**” means the TSX Venture Exchange.

“**FDA**” means the United States Food and Drug Administration.

“**Filing Statement**” means this filing statement of the Issuer dated March 16, together with the schedules hereto and including the summary hereof.

“**Final Exchange Bulletin**” means the exchange bulletin which is issued following closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction.

“**Final Order**” means the final order of the Court, after a hearing upon the fairness of the terms and conditions of the Arrangement, approving the Arrangement.

“**Financing**” means the partially brokered private placement of 3,360,124 Subscription Receipts of the Target Company and the Issuer at price of $1.60 per Subscription Receipt completed on December 18, 2020 and February 10, 2021.

"**Financing Agent**" means Raymond James & Associates Inc., acting as lead agent and sole bookrunner, on behalf of a syndicate of agents in connection with the Financing.

"**Financing Agent Compensation Warrants**" means 130,733 share purchase warrants of the Target Company issued to the Financing Agent, which, on Closing, will be exchanged for warrants of the Resulting Issuer exercisable at a price of $1.60 per Resulting Issuer Share for a period of two years following Closing.

"**Foreign Private Issuer**" means a "foreign private issuer" as determined in accordance with the United States Securities Exchange Act of 1934.

"**GEMs**" has the meaning set out under *"Information Concerning the Target Company – General Development of the Business – Alpha-602"*.

"**GMP**" refers to the Good Manufacturing Practice regulations of the FDA under the *Federal Food, Drug, and Cosmetic Act* (United States).

"**IND**" means an Indicative New Drug submission made to the FDA. See *"Information Concerning the Target Company – Narrative Description of the Business – Principal Products or Services – Alpha-1062 – Regulatory Development"*.

"**Insider**" if used in relation to an Issuer, means:

(a) a director or senior officer of the Issuer;

(b) a director or senior officer of the company that is an Insider or subsidiary of the Issuer;

(c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Issuer; or

(d) the Issuer itself if it holds any of its own securities.

"**Interim Order**" means the interim order of the Court made pursuant to Section 291 of the BCBCA, providing for, among other things, the calling and holding of the Target Company Meeting.

"Issuer" means Crystal Bridge Enterprises Inc., a company incorporated under the BCBCA.

"**Issuer Common Shares**" and "**Issuer Shares**" means the common shares in the capital of the Issuer.

"**Issuer Meeting**" means the special meeting of Issuer Shareholders, including any adjournment or postponement thereof, to approve the creation of the Resulting Issuer Preferred Shares and the Resulting Issuer Restricted Voting Shares by way of amendments to the articles of the Issuer.

"**Issuer Options**" means the stock options to acquire Issuer Shares granted or existing under the Stock Option Plan.

"**Issuer Share Consolidation**" means the consolidation of Issuer Shares to be completed immediately prior to the Closing, on the basis of one Resulting Issuer Share for every 7.14 Issuer Shares.

"**Issuer Shareholders**" means the holders of Issuer Common Shares.

"**Issuer Subscription Receipts**" means the subscription receipts of the Issuer issued pursuant to the Financing. Each Issuer Subscription Receipt entitles the holder to receive, upon satisfaction or waiver of the Escrow Release Conditions on or before the Escrow Release Deadline, one Resulting Issuer Share and one half of one Resulting Issuer Warrant on Closing. Each full Resulting Issuer Warrant will entitle the holder thereof to purchase one Resulting Issuer Share at a price equal to $2.10 for a period of 24 months following Closing.

"**Issuer Warrants**" means common share purchase warrants of the Issuer.

"**Label Study**" has the meaning set out under *"Information Concerning the Target Company – Narrative Development of the Business – Principal Products or Services – Alpha-1062 – Regulatory Development"*.

"**Legacy Compensation Plan**" means the Class A Common Share Stock Option Plan adopted by the directors of the Target Company on November 30, 2017, and renamed the Legacy Plan pursuant to the resolutions of the board of directors of the Target Company dated September 2, 2020.

"**Liquidation Preference**" has the meaning set out under "*Information Concerning the Resulting Issuer – Description of the Securities – Resulting Issuer Preferred Shares*".

"**Long Term Incentive Plan**" means the long term incentive performance plan of the Target Company dated October 9, 2020, which shall be adopted by the Resulting Issuer.

"**Long Term Incentive Plan Units**" has the meaning set out under "*Information Concerning the Resulting Issuer – Executive Compensation – Incentive Plan Awards*".

"**MAD Study**" has the meaning set out under *"Information Concerning the Target Company – Narrative Development of the Business – Principal Products or Services – Alpha-1062 – Clinical Development"*.

"**Maelicke**" has the meaning set out under *"Information Concerning the Target Company – General Development of the Business – History – Royalty to Alpha-1062 Original Inventor"*.

"**New Drug Application**" or "**NDA**" is a comprehensive document that must be submitted to the FDA in order to request approval for marketing a new drug in the United States. See *"Information Concerning the Target Company – Summary of the Business"* and *"Information Concerning the Target Company – Narrative Description of the Business – Alpha-1062 – Regulatory Development"*.

"**NLS**" has the meaning set out under *"Information Concerning the Target Company – General Development of the Business – History"*.

"**NLS Asset Purchase Agreement**" has the meaning set out under *"Information Concerning the Target Company – General Development of the Business – History – Alpha-1062 License Agreement"*.

"**Non-Arm's Length Party**" means: (i) in relation to a company, a promoter, officer, director, other Insider or Control Person of that company (including an issuer) and any Associates or Affiliates of any of such Persons; and (ii) in relation to an individual, means any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person.

"**Non-Arm's Length Qualifying Transaction**" means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying Transaction.

"**Orphan Drug Designation**" is a program that provides orphan status to drugs and biologics which are defined as those intended for the treatment, prevention or diagnosis of a rare disease or condition, which is one that affects less than 200,000 persons in the United States or meets cost recovery provisions of the *Orphan Drug Act* (United States).

"**Person**" means a company or individual.

"**Pilot Study**" is a study involving Alpha-1062 being conducted by the Target Company that is designed to confirm dosage and format for the Pivotal Study.

"**Pivotal Study**" means a BABE clinical trial involving Alpha-1062 to be conducted by the Target Company with the goal of confirming that Alpha-1062 is similar to the approved reference listed drug, Razadyne ER.

"**Plan of Arrangement**" means the plan of arrangement of the Target Company.

"**QT Escrow Agreement**" means the escrow agreement to be entered into by and between the Issuer, Computershare Investor Services Inc. and certain securityholders of the Resulting Issuer.

"**Qualifying Transaction**" means a transaction where a CPC acquires Significant Assets other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means, and in the case of the Issuer means the Transaction.

"**Resulting Issuer**" means an issuer that was formerly a CPC that exists upon issuance of the Final Exchange Bulletin. As described in this Filing Statement, the Issuer expects to become a Tier 2 Life Science Issuer pursuant to the policies of the Exchange upon Completion of the Qualifying Transaction.

"**Resulting Issuer Shares**" means the common shares of the Resulting Issuer, after giving effect to the Transaction, including the Issuer Share Consolidation.

"**Resulting Issuer Option**" means an option to acquire one Resulting Issuer Share.

"Resulting Issuer Preferred Shares" means the Series A, Class B preferred voting shares, with special rights and restrictions, in the capital of the Resulting Issuer to be created by the Issuer prior to the Closing Date.

"**Resulting Issuer Restricted Voting Shares**" means the Class A restricted voting shares, with special rights and restrictions, in the capital of the Resulting Issuer to be created by the Issuer prior to the Closing Date.

"**Resulting Issuer Warrant**" means a warrant to acquire one Resulting Issuer Share.

"**SAD Study**" has the meaning set out under "*Information Concerning the Target Company – Narrative Development of the Business – Principal Products or Services – Alpha-1062 – Clinical Development*".

"**Scientists**" has the meaning set out under "*Information Concerning the Target Company – General Development of the Business – History – Alpha-602 Royalty Agreement"*.

"**Significant Assets**" means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions, would result in the CPC meeting the initial listing requirements of the Exchange.

"**Stock Option Plan**" means the Issuer's stock option plan prior to Completion of the Qualifying Transaction and the Resulting Issuer's stock option plan after Completion of the Qualifying Transaction.

"**Subscription Receipt Agreements**" mean the subscription receipt agreement with respect to the Target Company Subscription Receipts among the Target Company, the Issuer, the Financing Agent and the Escrow Agent, and the subscription receipt agreement with respect to the Issuer Subscription Receipts among the Issuer, Financing Agent and the Escrow Agent, each dated December 18, 2020.

"**Subscription Receipts**" means the Issuer Subscription Receipts and the Target Company Subscription Receipts.

"**Target Company**" or "**ACI**" means Alpha Cognition Inc., a privately held company incorporated under the BCBCA.

"**Target Company Convertible Promissory Notes**" means the convertible promissory notes dated April 27, 2020, and the convertible promissory notes dated October 30, 2020 issued on exercise of the Target Company Convertible Promissory Note Warrants, which are convertible into Target Company Shares on or before October 27, 2021.

"**Target Company Convertible Promissory Note Warrants**" means the warrants dated April 27, 2020 that were exercised on October 30, 2020 to acquire either:

(a) Target Company Convertible Promissory Notes; or

(b) the right to receive a Target Company convertible promissory note:

(i) that on Closing, will entitle the holder to receive securities on the same terms as the Target Company Subscription Receipts, being one Target Company Share and one half of one Target Company Warrant, which will be immediately exchanged for one Resulting Issuer Share and one-half of one Resulting Issuer Warrant, respectively. Each full Resulting Issuer Warrant will entitle the holder thereof to purchase one Resulting Issuer Share at a price equal to $2.10 for a period of 24 months following Closing; or

(ii) that if the Transaction does not close, will have the same terms as the Target Company Convertible Promissory Notes.

"**Target Company Preferred Shares**" means the Class C - Series A preferred shares in the capital of the Target Company.

"**Target Company Meeting**" means the special meeting of Target Company Shareholders and Target Company Warrantholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement.

"**Target Company Options**" means the stock options to acquire Target Company Shares granted or existing under the Legacy Compensation Plan.

“**Target Company Performance Shares**” means the stock options granted under the Legacy Compensation Plan exercisable to acquire Target Company Shares at $0.001 or $0.01 per Target Company Share, as amended pursuant to the resolutions of the board of directors of Alpha dated September 2, 2020.

“**Target Company Shareholders**” means the holders of Target Company Shares and Target Company Preferred Shares.

“**Target Company Shares**” means the common shares in the capital of the Target Company.

“**Target Company Subscription Receipts**” means the subscription receipts of the Target Company issued pursuant to the Financing. Each Target Company Subscription Receipt entitles the holder to receive, upon satisfaction or waiver of the Escrow Release Conditions on or before the Escrow Release Deadline immediately prior to the Closing, one Target Company Share and one-half of one Target Company Warrant, which will be automatically exchanged for one Resulting Issuer Share and one half of one Resulting Issuer Warrant, respectively, on Closing. Each full Resulting Issuer Warrant will entitle the holder thereof to purchase one Resulting Issuer Share at a price equal to $2.10 for a period of 24 months following Closing.

“**Target Company Warrants**” means share purchase warrants of the Target Company.

“**Target Company Warrantholders**” means the holders of 9,201,783 Target Company Warrants outstanding as at the date of the Arrangement Agreement.

“**Transaction**” means the acquisition of the Target Company Shares by the Issuer (which includes the Arrangement), the Financing and any other transactions contemplated by the Arrangement Agreement, and which is intended to constitute the Issuer’s Qualifying Transaction.

“**U.S. Restricted Shareholders**” means certain holders of Target Company Shares resident in the United States who shall receive, in part, Resulting Issuer Restricted Voting Shares.

FORWARD-LOOKING STATEMENTS

This Filing Statement, including information incorporated by reference, contains statements that, to the extent that they are not historical fact, may constitute “forward-looking statements” within the meaning of applicable securities legislation. Forward-looking statements may include financial and other projections, as well as statements regarding future plans, objectives or economic performance, or the assumption underlying any of the foregoing. This Filing Statement uses words such as “may”, “would”, “could”, “will”, “likely”, “anticipate”, “believe”, “intend”, “plan”, “project”, “estimate”, and other similar expressions to identify forward-looking statements. Forward looking statements and information involve significant risks, assumptions, uncertainties and other factors that may cause actual future results or anticipated events to differ materially from those expressed or implied in any forward looking statements or information and accordingly, should not be read as guarantees of future performance or results. These risks and factors are set out below under “*Risk Factors*”. Actual results, performance or achievement could differ materially from that expressed in, or implied by, any forward-looking statements or information in this Filing Statement, and, accordingly, investors should not place undue reliance on any such forward-looking statements or information. Further, any forward-looking statement speaks only as of the date on which such statement is made, and the Issuer, the Target Company and the Resulting Issuer undertake no obligation to update any forward-looking statement or information or statements to reflect information, events, results, circumstances or otherwise after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by law including securities laws. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such fact on the Issuer, the Target Company, or the Resulting Issuer’s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements or information.

SUMMARY OF FILING STATEMENT

The following is a summary of information relating to the Issuer, the Target Company and the Resulting Issuer (assuming completion of the Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere, or incorporated by reference, in this Filing Statement.

General

This Filing Statement has been prepared in accordance with the CPC Policy and Exchange Form 3B2 – *Information Required in a Filing Statement for a Qualifying Transaction*.

Details Respecting the Issuer

The Issuer was incorporated under the laws of British Columbia on November 15, 2017. The Issuer is a reporting issuer in the jurisdictions of British Columbia, Alberta, and Ontario. The Issuer Shares were listed and quoted for trading on the Exchange as a CPC on September 21, 2018 under the symbol "CRYS.P".

As a CPC, the Issuer's principal business is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. See "*Information Concerning the Issuer – General Development of the Business*".

The Issuer has no subsidiaries.

Details Respecting the Target Company

The Target Company is a privately held company incorporated under the laws of British Columbia on May 16, 2014 under the name Neurodyn Cognition Inc. On March 16, 2020, the Target Company changed its name to Alpha Cogniton Inc. The Target Company is focused on the development of two new therapeutic products: Alpha-1062 for the treatment of mild to moderate Alzheimer's Disease, and Alpha-602 for the treatment of amyotrophic lateral sclerosis (ALS). See "*Information Concerning the Target Company*".

Terms of the Transaction

<u>Arrangement Agreement</u>

On July 9, 2020, the Issuer and the Target Company entered into a letter agreement, pursuant to which the Issuer proposed to acquire 100% of the issued and outstanding Target Company Shares and Target Company Preferred Shares from the Target Company Shareholders. On October 27, 2020, the Issuer and the Target Company entered into the Arrangement Agreement to formalize and replace the letter agreement. Subject to the terms and conditions of the Arrangement Agreement, the Issuer will, among other things, acquire all of the outstanding securities of the Target Company by way of plan of arrangement under the provisions of Section 288 of the BCBCA. In connection with the Arrangement, the Target Company applied to the Court and obtained the Interim Order dated February 25, 2021 providing for, among other things, the calling and holding of the Target Company Meeting. The Target Company applied to the Court and obtained the Final Order approving the Arrangement on March 12, 2021.

Pursuant to the Plan of Arrangement,

(a) each Target Company Share and Target Company Preferred Share (other than those held by Target Company Shareholders validly exercising dissent rights) shall be deemed to be transferred and assigned to the Resulting Issuer in exchange for the consideration as follows:

(i) for each Target Company Share held by a Target Company Shareholder that is not a U.S. Restricted Shareholder, the Issuer shall issue one Resulting Issuer Share to such Target Company Shareholder;

(ii) for each Target Company Share held by a Target Company Shareholder that is a U.S. Restricted Shareholder, the Issuer shall issue one Resulting Issuer Share or one Resulting Issuer Restricted Voting Share to such Target Company Shareholder; and

(iii) for each Target Company Preferred Share held by Target Company Shareholder, the Issuer shall issue one Resulting Issuer Preferred Share to such Target Company Shareholder; and

(b) each Target Company Warrant shall be deemed to be transferred and assigned to the Resulting Issuer in exchange for one Resulting Issuer Warrant, which shall be exercisable into Resulting Issuer Shares with the same exercise price and term to expiry as the Target Company Warrants so exchanged.

In addition, pursuant to the Arrangement Agreement and the terms of the applicable securities:

(c) each Target Company Option and Target Company Performance Share will be assumed by the Resulting Issuer and automatically adjusted, without any further action on the part of any holder, such that the Target Company Option or Target Company Performance Share will be exercisable to acquire the number of Resulting Issuer Shares with the same exercise price and term to expiry as the Target Company Options and Target Company Performance Shares so assumed; and

(d) the holders of Target Company Convertible Promissory Notes outstanding will receive Resulting Issuer Shares in lieu of Target Company Shares on conversion of the Target Company Convertible Promissory Notes on the Closing Date;

(e) persons who exercised Target Company Convertible Promissory Note Warrants to acquire an additional convertible promissory note convertible into Target Company Shares and Target Company Warrants on the same terms as the Target Company Subscription Receipts, will receive Resulting Issuer Shares and Resulting Issuer Warrants in exchange for such securities;

(f) the holders of Target Company Subscription Receipts will receive one Target Company Share and one half of Target Company Warrants, which will immediately be exchanged for one Resulting Issuer Share and one half of one Resulting Issuer Warrant, with each whole Resulting Issuer Warrant exercisable at $2.10 for a period of 2 years following close of the Arrangement; and

(g) the holders of Financing Agent Compensation Warrants will receive Resulting Issuer Warrants, exercisable at $1.60 for a period of 2 years following Closing.

The Transaction is intended to constitute the Issuer's Qualifying Transaction and upon its completion, the Resulting Issuer will be listed on the Exchange as a Tier 2 Life Science Issuer.

See "*Information Concerning the Issuer – General Development of the Business – Arrangement Agreement*".

Name Change

On Closing, it is anticipated that the Issuer will change its name to "Alpha Cognition Inc." or such other similar name as the Issuer and the Target Company may agree, subject to approval by the Exchange and applicable regulatory authorities.

Share Consolidation

Immediately prior to the Closing of the Transaction, the Issuer will complete the Issuer Share Consolidation, consolidating all of its 11,710,000 issued and outstanding Issuer Shares on the basis of 7.14 Issuer Shares for each Resulting Issuer Share, resulting in approximately 1,640,056 Resulting Issuer Shares being issued and outstanding and held by current Issuer Shareholders on Closing. The exercise or conversion price and/or the number of Resulting Issuer Shares issuable under the Issuer Options will be proportionally adjusted upon the Issuer Share Consolidation based on the Consolidation Ratio.

The Resulting Issuer's Board of Directors and Management Following Completion of the Transaction

The Issuer and the Target Company agree that on Closing, the directors of the Resulting Issuer will consist of: (i) five nominees selected by the Target Company, who will be Kenneth A. Cawkell, Dr. Frederick Sancilio, Len Mertz, John Havens and Phillip Mertz; and (ii) one nominee selected by the Issuer, who will be Rob Bakshi, provided that the Exchange does not object to such nominations and such persons are eligible to act as directors pursuant to applicable laws. It is anticipated that Len Mertz, John Havens, Phillip Mertz and Rob Bakshi will serve as independent directors of the Resulting Issuer.

The Issuer and the Target Company agree that on Closing, the management of the Resulting Issuer will consist of: (i) Kenneth A. Cawkell as Chief Executive Officer and Corporate Secretary; (ii) Dr. Frederick Sancilio as President; (iii) Jeremy Wright as Chief Financial Officer; and (iv) Dr. Denis Kay as Chief Scientific Officer, provided that the Exchange does not object to such nominations and such persons are eligible to act as management pursuant to applicable laws.

See "*Information Concerning the Issuer – General Development of the Business – Arrangement Agreement*".

Financing

On December 18, 2020 and February 10, 2021, the Target Company and the Issuer completed the Financing. The Target Company issued 2,771,749 Target Company Subscription Receipts and the Issuer issued 588,375 Issuer Subscription Receipts at a price of $1.60 per Subscription Receipt, for aggregate gross proceeds of approximately $5,376,198 (US$4,042,254 using a set exchange rate of $1.33 to US$1). In addition, the Target Company issued 130,733 Financing Agent Compensation Warrants and will pay an aggregate of $209,174 as commission to the Financing Agent.

On October 30, 2020, certain holders of Target Company Convertible Promissory Note Warrants exercised their warrants to acquire, an aggregate of $2,584,599 (US$1,940,681 using an exchange rate of $1.33 to US$1) in Target Company convertible promissory notes that, on Closing, will entitle the holder to receive securities on the same terms as the Target Company Subscription Receipts. For each $1.60 of the principal amount of such promissory notes, holders will receive one Target Company Share and one half of one Target Company Warrant, which will be immediately exchanged for one Resulting Issuer Share and one-half of one Resulting Issuer Warrant, respectively. Each full Resulting Issuer Warrant will entitle the holder thereof to purchase one Resulting Issuer Share at a price equal to $2.10 for a period of 24 months following

Closing. If the Transaction does not close, such holders will receive convertible promissory notes of the Target Company on the same terms as the Target Company Convertible Promissory Notes.

On October 30, 2020, the remaining holders of Target Company Convertible Promissory Note Warrants also exercised their warrants, acquiring Target Company Convertible Promissory Notes in the aggregate amount of $79,001 (US$59,319 using an exchange rate of $1.33 to US$1).

See "*Information Concerning the Target Company – General Development of the Business – Financing*".

Shareholder Approval

On December 17, 2020, the Issuer held the Issuer Meeting, at which the Issuer Shareholders approved the creation of the Resulting Issuer Preferred Shares and the Resulting Issuer Restricted Voting Shares.

On March 10, 2021, the Target Company held the Target Company Meeting, at which the Target Company Shareholders and Target Company Warrantholders approved the Arrangement, as well as an amendment to the Target Company Preferred Shares.

Pro Forma Fully Diluted Share Capital

The following table outlines the expected number and percentage of securities of the Resulting Issuer to be outstanding on a fully diluted basis after giving effect to the Transaction.

Description of Resulting Issuer Securities	Outstanding after giving effect to Transaction and Financing	Percentage
Resulting Issuer Shares		
Held by current shareholders of the Issuer (post-Consolidation)	1,640,056[(1)]	2.0%
Issued to Target Company Shareholders pursuant to the Transaction	35,996,524[(2)]	43.9%
Issued to holders of Target Company Convertible Promissory Notes pursuant to the Transaction	2,228,754[(3)]	2.7%
Issued to holders of Target Company Convertible Promissory Note Warrants pursuant to the Transaction	1,613,186[(4)]	2.0%
Issued on conversion of Subscription Receipts pursuant to the Financing	3,360,124	4.1%
Resulting Issuer Restricted Voting Shares		
Issued to Target Company Shareholders pursuant to the Transaction	7,000,000[(2)]	8.6%
Resulting Issuer Preferred Shares		
Issued to Target Company Shareholders pursuant to the Transaction	7,916,380	9.7%
Resulting Issuer Options		
Resulting Issuer Options held by current holders of Issuer Options (post-Consolidation)	108,543[(5)]	0.1%
Resulting Issuer Shares issuable on exercise of outstanding Target Company Options	78,308[(6)]	0.1%

Description of Resulting Issuer Securities	Outstanding after giving effect to Transaction and Financing	Percentage
Resulting Issuer Shares issuable on exercise of Target Company Performance Shares	9,991,057(7)	12.2%
Resulting Issuer Options to be issued pursuant to investor relations agreement	200,000(8)	0.2%
Resulting Issuer Warrants		
Issued to Target Company Warrantholders pursuant to the Transaction	9,201,783(9)	11.2%
Issued to holders of Target Company Convertible Promissory Note Warrants pursuant to the Transaction	806,591(4)	1.0%
Issued on conversion of Subscription Receipts pursuant to the Transaction	1,680,062	2.1%
Financing Agent Compensation Warrants	130,733	0.2%
TOTAL FULLY DILUTED	**81,952,101**	**100%**

Notes:

(1) See information regarding Issuer Share Consolidation.

(2) Subject to adjustment in accordance with the Arrangement Agreement to maintain Foreign Private Issuer Status.

(3) Target Company Convertible Promissory Notes in the principal amount of US$2,000,000 issued April 27, 2020, and Target Company Convertible Promissory Notes in the aggregate principal amount of US$59,319 issued October 30, 2020, are currently outstanding. Principal plus 5% interest calculated to March 1, 2021 has been converted at approximately US$0.96 per Resulting Issuer Share on Closing (being a 20% discount to the Financing price of $1.60 per Subscription Receipt, using an exchange rate of $1.33 to US$1). Final interest amount and exchange rate to be determined on closing of Transaction.

(4) Target Company Convertible Promissory Note Warrants exercised to acquire, in the aggregate, US$1,940,680 in securities on the same terms as the Target Company Subscription Receipts. Financing price of $1.60 converted to United States dollars using an exchange rate of $1.33 to US$1.

(5) Exercisable into Resulting Issuer Shares at a price of $0.714. 31,513 are exercisable until September 21, 2023, and 77,030 will be exercisable until 90 days following Closing of the Transaction.

(6) 39,154 Target Company Options exercisable at US$0.40 until June 1, 2029; and 39,154 Target Company Options exercisable at US$0.40 until July 22, 2030.

(7) 900,000 Target Company Performance Shares exercisable at a price of US$0.001 until February 1, 2026; 691,057 Target Company Performance Shares exercisable at a price of US$0.01 until December 31, 2027; 4,600,000 Target Company Performance Shares exercisable at a price of US$0.01 until September 1, 2028; and 3,800,000 Target Company Performance Shares exercisable at a price of US$0.01 until May 31, 2029.

(8) Exercisable at $2.10 for a period of two years following closing of the Transaction.

(9) Includes 440,000 Resulting Issuer Warrants issued in exchange for Target Company Warrants exercisable into Resulting Issuer Shares at a price of US$0.40 until July 5, 2023; and 8,761,783 Resulting Issuer Warrants issued in exchange for Target Company Warrants exercisable into Resulting Issuer Shares at a price of US$0.40 until August 30, 2024.

See "*Information Concerning the Resulting Issuer – Pro Forma Consolidated Capitalization*".

31,150,620 of the Resulting Issuer Shares will be subject to escrow or Exchange seed share resale restrictions, which includes: (i) 621,849 Resulting Issuer Shares escrowed pursuant to the CPC Escrow Agreement; (ii) 15,119,159 Resulting Issuer Shares escrowed pursuant to the QT Escrow Agreement; and (iii) 15,409,612 Resulting Issuer Shares restricted pursuant to the Exchange seed share resale restrictions.

In addition 4,452,192 Resulting Issuer Restricted Voting Shares, 6,149,980 Resulting Issuer Preferred Shares, 9,491,057 Target Company Performance Shares and 4,228,039 Resulting Issuer Warrants will be subject to the QT Escrow Agreement. A further 1,766,400 Resulting Issuer Preferred Shares and 500,000 Target Company Performance Shares will be restricted pursuant to the Exchange seed share resale restrictions. See "*Information Concerning the Resulting Issuer – Escrowed Securities*".

Interest of Insiders, Promoters or Control Persons

Vincorp Holdings Ltd., an Associate of Rob Bakshi, a Director, CEO and Chairman of the Issuer, holds 150,861 Target Company Shares representing 0.35% of the issued and outstanding Target Company Shares, plus US$10,000 in Target Company Convertible Promissory Notes and exercised US$10,000 in Target Company Convertible Promissory Note Warrants. In addition, an Associate of Mr. Bakshi purchased a total of 31,250 Issuer Subscription Receipts in the Financing. Kenneth Hallat, a director of the Issuer, and an Associate of Mr. Hallat purchased a total of 31,250 Issuer Subscription Receipts in the Financing, and Pardeep Sangha, a director of the Issuer, purchased 9,375 Target Company Subscription Receipts in the Financing.

Other than as disclosed above, no Insider, promoter or Control Person of the Issuer and their respective Associates and Affiliates (before and after giving effect to the Transaction) has an interest in or will receive any consideration as a result of the Transaction, other than that which arises from the holding of Resulting Issuer Shares.

The following table summarizes the shareholding of each current Insider, promoter or Control Person of the Issuer, before giving effect to the Transaction:

Name of Insider, Promoter or Control Person (including Associates and Affiliates) of the Issuer	**Issuer Shares Owned Before the Transaction(1)(2)(3)**	
	Number	**Percentage**
Rob Bakshi *Director, CEO and Chairman*	950,000	8.1%
Mark Kohler *Director*	390,000	3.3%
K. Taylor Thoen *Director*	390,000	3.3%
Kenneth Hallat *Director*	540,000	4.6%
Pardeep Sangha *Director*	322,000	2.8%
Pritpal Singh *CFO*	650,000	5.6%

Notes:

(1) Calculated on an undiluted basis with 11,710,000 Issuer Shares being issued and outstanding as of the date of this Filing Statement.
(2) Prior to effecting the Issuer Share Consolidation.
(3) Does not include stock options or any other convertible securities of the Issuer.

The following table summarizes the shareholding of each current Insider, promoter or Control Person of the Issuer, after giving effect to the Transaction and completion of the Financing:

Name of Insider, Promoter or Control Person (including Associates and Affiliates) of the Issuer	Resulting Issuer Shares Owned After Giving Effect to the Transaction Following Completion of the Financing(1)	
	Number	Percentage
Rob Bakshi *Director, CEO and Chairman*	334,305(2)	0.7%
Mark Kohler *Director*	54,622	0.1%
K. Taylor Thoen *Director*	54,622	0.1%
Kenneth Hallat *Director*	106,880(3)	0.2%
Pardeep Sangha *Director*	54,473(4)	0.1%
Pritpal Singh *CFO*	91,036	0.2%

Notes:

(1) Calculated on an undiluted basis and assuming there are 44,838,644 Resulting Issuer Shares issued and outstanding upon Closing. See "*Information Concerning the Resulting Issuer – Pro Forma Consolidated Capitalization*".

(2) Includes 133,052 Resulting Issuer Shares held by Mr. Bakshi and an Associate on completion of the Issuer Share Consolidation, 150,861 Resulting Issuer Shares issued in exchange for Target Company Shares, 10,830 Resulting Issuer Shares issuable on conversion of the Target Company Convertible Promissory Notes, 8,312 Resulting Issuer Shares issuable in connection with Target Company Convertible Promissory Note Warrants and 31,250 Resulting Issuer Shares issuable to an Associate on conversion of Issuer Subscription Receipts. Assumes conversion of Target Company Convertible Promissory Notes and interest to March 1, 2021 at approximately US$0.96 per Resulting Issuer Share (final interest amount and exchange rate subject to determination on Closing).

(3) Includes 31,250 Resulting Issuer Shares issuable to Mr. Hallat and an Associate on conversion of Issuer Subscription Receipts.

(4) Includes 9,375 Resulting Issuer Shares issuable on conversion of Target Company Subscription Receipts.

Arm's Length Transaction

The Transaction is not a Non-Arm's Length Qualifying Transaction.

Available Funds and Principal Purposes

The following tables set out: (a) the funds which will be available to the Resulting Issuer at Closing; and (b) how those funds will be utilized.

<u>Net Proceeds Available on Completion of Transaction</u>

Proceeds from Exercise of Convertible Promissory Note Warrants	US$2,000,000
Net Proceeds of Financing	US$3,478,447
Issuer Estimated Working Capital as at February 28, 2021	US$505,045
Target Company Estimated Working Capital as at February 28, 2021	US$1,361,388
TOTAL	US$7,344,880

Use of Funds Available on Completion of Transaction

Research & Development – Complete Pivotal Study	US$5,173,996
Business Development & Marketing	US$72,326
Current Employee Costs	US$934,553
Estimated Remaining Costs of Transaction(1)	US$65,000
Estimated General & Administrative Expenses for 12 months(2)	US$688,358
Unallocated Working Capital	US$410,647
TOTAL	US$7,344,880

Notes:

(1) This figure includes professional fees consisting of legal, corporate finance, and accounting fees payable in connection with the Transaction.

(2) This figure consists of approximately US$138,000 in legal fees, US$195,750 in accounting fees, US$14,400 in rent, office, US$108,000 in travel expenses, and US$232,208 in other general and administrative expenses.

See "*Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*".

Selected Pro Forma Consolidated Financial Information

The following table sets forth certain financial information for the Issuer and the Target Company, as well as unaudited pro forma consolidated balance sheet information for the Resulting Issuer after giving effect to the Transaction. This information should be read in conjunction with the pro forma financial statements (and the related notes) included elsewhere in this Filing Statement.

	Issuer as at October 31, 2020	**Target Company as at September 30, 2020**	**Pro Forma Adjustments**	**Pro Forma Consolidation**
Cash	$795,291	$4,999,749	$7,830,624	$13,625,664
Total Assets	$801,606	$6,165,677	$7,897,214	$14,864,497
Total Current Liabilities	$78,121	$126,008	$3,667,967	$3,872,096
Total Long Term Liabilities	$Nil	$3,943,711	($612,777)	$3,330,934
Total Shareholders' Equity	$723,485	$2,095,958	$4,842,024	$7,661,467

See "*Information Concerning the Issuer – Selected Consolidated Financial Information and Management's Discussion and Analysis*" and "*Information Concerning the Target Company – Selected Consolidated Financial Information and Management's Discussion and Analysis*".

Exchange Listing and Market Price of Issuer Shares

The Issuer Shares were listed for trading on the Exchange on September 21, 2018. Trading in the Issuer Shares was halted on July 13, 2020 pending announcement of the Transaction. The closing price of the Issuer Shares on July 10, 2020, the last day prior to the halt on which trades occurred, was $0.10 per Issuer Share. See "*Information Concerning the Issuer – Stock Exchange Price*".

The Resulting Issuer Shares will continue to be listed on the Exchange and will trade under the new trading symbol "ACOG".

No public market exists for the Target Company Shares or Target Company Preferred Shares.

Sponsorship

The Issuer will seek a waiver from the sponsorship requirement from the Exchange pursuant to section 3.4(a)(ii) of Policy 2.2- *Sponsorship and Sponsorship Requirements.* The Issuer will seek to rely on the Financing described above for the purposes of meeting the requirements of the waiver. Subject to completion of due diligence results satisfactory to the Agent, the Agent will provide a letter to the Exchange in the form required under 3.4(a)(ii)(B)(II) of Policy 2.2.

Conditional Listing Approval

The Exchange has conditionally accepted the Transaction subject to the Issuer fulfilling all of the requirements of the Exchange.

Conflicts of Interest

The Issuer is not aware of any conflicts of interest in connection with completing the Transaction, and/or any related transactions in order to complete the Transaction.

Conflicts of interest may arise as a result of the proposed directors, officers or promoters of the Resulting Issuer also holding positions as directors or officers or being shareholders of other companies. Some of those individuals have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Resulting Issuer will be in direct competition with the Resulting Issuer. As at the date of this Filing Statement, to the knowledge of the directors and officers of the Issuer, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals proposed for appointment as directors or officers upon the completion of the Transaction.

See "*Information Concerning the Resulting Issuer – Directors, Officers and Promoters – Conflicts of Interest*".

Interest of Experts

Manning Elliott LLP ("**Manning Elliott**"), auditors of the Issuer, prepared independent auditor's reports dated October 21, 2020 in respect of the Issuer's financial statements for the year ended July 31, 2020, and October 21, 2019 in respect of the Issuer's financial statements for the year ended July 31, 2019 and the period from incorporation to July 31, 2018. In addition, Manning Elliott has reviewed the financial statements of the Issuer for the 3 months ended October 31, 2020.

Manning Elliott, auditors of the Target Company, prepared an independent auditor's report dated September 30, 2020 in respect of the Target Company's audited financial statements for the year ended December 31, 2019. In addition, Manning Elliott has reviewed the financial statements of the Target Company for the 9 months ended September 30, 2020.

No person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Filing Statement or as having prepared or certified a report or valuation described or included in this Filing Statement holds any beneficial interest, direct or indirect, in any securities or property of the Issuer, the Target Company, the Resulting Issuer or an Associate or Affiliate of the foregoing.

See “*Information Concerning the Resulting Issuer – Experts*”.

Summary of Risk Factors

Following completion of the Transaction, the Resulting Issuer will hold all of the Target Company’s assets and will carry on the biotechnology business and activities of the Target Company. Due to the nature of the Resulting Issuer’s business and the present stage of development of the business, the Resulting Issuer will be subject to certain risks. A purchase of any of the securities of the Resulting Issuer involves a degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Risk factors include, but are not limited to: failure to satisfy conditions to completion of Transaction; non-completion of Transaction; Arrangement Agreement may be terminated; volatility of share price; dilution; conflicts of interest; ongoing Exchange and securities law reporting requirements; principal purposes of funds; pro forma financial statements may not be indication of financial results; interests of directors, officers and principal shareholders; COVID-19 may cause delays; risks associated with clinical studies; risks associated with business objectives; limited operating history and operating losses; risks associated with raising capital; competition; risks associated with patents; reliance on third-party contractors; royalty obligations; regulatory environment; reliance on key personnel; product reimbursement; product liability claims.

See “*Risk Factors*”.

RISK FACTORS

An investment in the Resulting Issuer Shares should be considered highly speculative due to the nature of the Resulting Issuer's proposed business and the current stage of development. Prospects for companies in the biotechnology industry generally may be regarded as uncertain given the nature of the industry. Biotechnology research and development involves a significant degree of risk. In evaluating the Resulting Issuer and its prospective business, investors should carefully consider, in addition to other information contained in this Filing Statement, the following risk factors. It is possible that other risks and uncertainties that affect the Resulting Issuer's business will arise or become material.

Risk Factors Related to the Transaction

Failure to satisfy conditions to completion of the Transaction

The Arrangement Agreement contains certain conditions that must be satisfied or waived by the party for whose benefit such conditions are imposed in order for the Transaction to complete. Some of these conditions are outside of the control of the Issuer and Target Company, including, without limitation, the approval of the Transaction by the Exchange. The Issuer has applied to the Exchange for approval of the Transaction. As at the date of this Filing Statement, the Exchange has not granted final approval and there can be no assurances that the Exchange will grant such approval or grant such approval on terms and conditions that are satisfactory to the Issuer and the Target Company.

There can be no certainty, nor can the parties provide any assurance, that all conditions precedent to the completion of the Transaction will be satisfied or waived, nor can there be any certainty of the timing of their satisfaction or waiver. Failure to complete the Transaction could adversely impact the trading price of the Issuer Shares.

Non-completion of the Transaction

If the Transaction is not completed, the Issuer will continue to search for other opportunities, however, it will have incurred significant costs associated with the Transaction. The deadline for the Issuer to complete its Qualifying Transaction was September 21, 2020 and the Issuer Shares may be suspended from trading by the Exchange. If the Transaction is not completed, the Issuer would be required to seek shareholder approval to avoid a transfer of the Issuer Shares to NEX.

Arrangement Agreement may be terminated

Each of the Issuer and Target Company has the right to terminate the Arrangement Agreement and not complete the Arrangement in certain circumstances. Accordingly, there is no certainty, nor can either of the parties provide any assurance, that the Arrangement Agreement will not be terminated by the Issuer or Target Company, as the case may be, before the completion of the Arrangement.

Risk Factors Relating to the Issuer (and Resulting Issuer)

The Issuer currently has no active business and will control the assets of the Target Company and pursue the business of the Target Company upon completion of the Transaction. The following risk factors therefore relate primarily to the Issuer's status as a public company with securities currently listed for trading on the Exchange. Since many of the risk factors listed in this section relate to the business of the Issuer and the Target Company on a post-Transaction basis, some of the risk factors listed below will contain references to the Resulting Issuer.

Volatility of share price

Securities markets throughout the world are cyclical and, over time, tend to undergo high levels of price and volume volatility. A publicly traded company will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Resulting Issuer Shares will trade cannot be predicted. The market price of the Resulting Issuer Shares could be subject to significant fluctuations in response to variations in quarterly and annual operating results, the results of any public announcements the Resulting Issuer makes, general economic conditions, and other factors. In addition, if Resulting Issuer Shareholders on completion of the Transaction sell substantial amounts of Resulting Issuer Shares in the public market, the market price of the Resulting Issuer's Shares could fall. Increased levels of volatility and resulting market turmoil may adversely impact the price of the Resulting Issuer Shares. If the Resulting Issuer is required to access capital markets to carry out its development objectives (as is expected), the state of domestic and international capital markets and other financial systems could affect its respective access to, and cost of, capital. Such capital may not be available on terms acceptable to the Resulting Issuer or at all, and this could have a material adverse impact on its business, financial condition, results of operations or prospects.

Dilution

The Resulting Issuer is authorized to issue an unlimited number of Resulting Issuer Shares, Resulting Issuer Preferred Shares or other securities for such consideration and on such terms and conditions as may be established by the Resulting Issuer, without the approval of the shareholders of the Resulting Issuer. It is currently anticipated that the Resulting Issuer will be required to conduct additional equity financings to develop the business of the Resulting Issuer as currently planned by the Target Company and envisioned by management of the Resulting Issuer. Any further issuance of Resulting Issuer Shares pursuant to such equity financings will dilute the interests of existing shareholders and such shareholders will have no pre-emptive rights in connection with such future issuances.

Conflicts of interest

Certain directors and officers of the Resulting Issuer will also serve as directors and/or officers of other companies. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Resulting Issuer and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest, in accordance with the procedures set forth in the BCBCA and other applicable laws.

Ongoing Exchange and securities law reporting requirements

The Resulting Issuer will continue to be subject to the reporting requirements of Canadian securities laws and regulations and the listing requirements of the Exchange. In addition, if the Resulting Issuer loses its status as a Foreign Private Issuer, it will be a "domestic issuer" under the US Securities Act and subject to the reporting requirements of United States securities laws.

Compliance with these laws and regulations has increased and will continue to increase the Resulting Issuer's legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on the Resulting Issuer's systems and resources.

Principal purposes of funds

The Resulting Issuer currently intends to allocate its available funds as described under "*Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*" in this Filing Statement. However, management will have discretion in the actual application of available funds, and may elect to allocate proceeds differently from that described in this Filing Statement if it is believed it would be in the best interests of the Resulting Issuer to do so as circumstances change. The failure by management to apply these funds effectively could have a material adverse effect on the business of the Resulting Issuer.

The unaudited pro forma consolidated financial statements may not be an indication of the Resulting Issuer's financial conditions or results

The Resulting Issuer's unaudited pro forma consolidated financial statements contained in this Filing Statement are presented for illustrative purposes only as of their respective dates and may not be an indication of the financial condition or results of operations of the Resulting Issuer following the Transaction. The unaudited pro forma consolidated financial statements have been derived from the respective historical financial statements of the Issuer and Target Company and certain adjustments and assumptions made as of the dates indicated therein have been made to give effect to the Transaction. The information upon which these adjustments and assumptions have been made is preliminary and these kinds of adjustments and assumptions are difficult to make with complete accuracy.

Interests of directors, officers and principal shareholders

The directors, officers and principal shareholders of the Resulting Issuer will have significant voting power and may take actions that may not be in the best interests of all holders of Resulting Issuer Shares.

Risk Factors Relating to the Target Company (and Resulting Issuer)

The following risk factors relate to the business of the Target Company. Since the Issuer currently has no active business, the business of the Target Company will be the Resulting Issuer's sole enterprise after completion of the Transaction and the following risk factors will therefore apply to the Resulting Issuer's business.

COVID-19 may cause delays

Public health crises such as COVID-19 could have a material adverse impact on the business, financial condition and results of operations of the Resulting Issuer, including clinical trials. The spread of COVID-19 world-wide could cause delays with respect to the Resulting Issuer's clinical development plans including but not limited to delays in the manufacturer and formulation of Alpha-1062 in the appropriate dosage format for use in planned clinical trials. Business interruptions from the current or future pandemics may adversely impact the third parties the Resulting Issuer relies on to manufacture and formulate Alpha-1062 in the quantities required. The COVID-19 pandemic may cause delays with respect to the commencement and completion of planned clinical studies and consequently the preparation and submission to the FDA. Timely enrollment in clinical trials is dependent on clinical trial sites which may be adversely affected by the current or future pandemic, and the Resulting Issuer may experience delays or difficulties in clinical site initiation, including difficulties in recruiting clinical site investigators and clinical site staff, and delays enrolling patients in clinical trials or increased rates of patients withdrawing from clinical trials. Diversion of healthcare resources away from the conduct of clinical trials to focus on pandemic concerns, limitations on travel that could interrupt key activities, interruption or delays in the operations of the FDA and other regulatory authorities, or general business interruptions may also delay or otherwise adversely affect enrollment in clinical trials, as well as adversely impact the Resulting Issuer's business generally.

General national and worldwide economic conditions, including, without limitation, those resulting from the COVID-19 pandemic, may also materially and adversely affect the financial performance and results of operations of the Resulting Issuer, and the ability to obtain necessary financing, and may impact on purchasing decisions and the level of spending on product candidates by potential customers. These economic conditions are currently very challenging, particularly in light of the COVID-19 pandemic. The liquidity, capital resources and credit of the Resulting Issuer and its potential customers, distributors and suppliers may be adversely affected by difficulties or inability to obtain capital and credit as result of current and future national and worldwide economic conditions.

The extent to which the COVID-19 outbreak impacts the Resulting Issuer's business, including commercial results and clinical trials, will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate spread of the disease, the duration of the outbreak, recurrence of outbreaks, travel restrictions and actions to contain the outbreak or treat its impact, including business closures or disruptions.

Risks associated with clinical studies

Implementing a clinical study is time consuming and expensive, and the outcome is uncertain. The completion of clinical studies may be delayed or halted for numerous reasons, including, but not limited to, the following: (i) patients die during a clinical study for a variety of reasons that may or may not be related to the Resulting Issuer's products, including other unresolved medical problems; (ii) regulatory inspections of manufacturing facilities, which may, among other things, require corrective action or suspension of the clinical studies; (iii) changes in governmental regulations or administrative actions; (iv) patients experience adverse side effects, including adverse side effects to the Resulting Issuer's product candidates; (v) the FDA institutional review boards, Health Canada or other regulatory authorities do not approve a clinical study protocol or place a clinical study on hold; (vi) patients do not enroll in a clinical study or do not follow-up at the expected rate; (vii) third-party clinical investigators do not perform the clinical studies on the anticipated schedule or consistent with the clinical study protocol and good clinical practices, or other third-party organizations do not perform data collection and analysis in a timely or accurate manner; and (viii) the interim or final results of the clinical study are inconclusive or negative, and the study design, although approved and completed, is inadequate to demonstrate safety and efficacy of our products.

Risks associated with business objectives

If the Resulting Issuer fails to develop and commercialize its technologies or is unsuccessful in its development or partnering strategy it may never generate any revenues. In addition, it is possible that sufficient funds will not be raised to develop and commercialize the lead product.

The Resulting Issuer may never be able to commercialize either of its product candidates. Significant additional investment in research and development, product validation, production scale-up, manufacturing, clinical testing, and regulatory submissions of the product candidates is required prior to commercialization. It is not known whether any of these product or process candidates will meet applicable regulatory standards and obtain required regulatory approvals, or whether such products can be successfully marketed, or if the Resulting Issuer's investment in any such products will be recovered through sales or royalties.

Limited operating history and operating losses

The Target Company has a limited operating history and has only incurred operating losses since inception. There can be no assurances that the Resulting Issuer will achieve and sustain profitability in future periods. The Target Company has not yet generated revenues and the revenues that may be generated, and the expenses that will be incurred in doing so, are difficult to predict. If the Resulting Issuer does generate revenues, it is expected that the Resulting Issuer's operating expenses will increase as the business is expended to meet growing demand for the products. The Resulting Issuer expects to devote more financial resources to sales, marketing and research and development activities in the future. There is no certainty that the product candidates will achieve the market share necessary to develop a sustainable, profitable business.

Risks associated with raising capital

The Resulting Issuer's ability to raise additional financing and maintain operations in the future could be at substantial risk. The Resulting Issuer will require additional funds to continue the research and development, planned clinical testing, regulatory approvals, establishment of manufacturing capabilities and, if necessary, the marketing and sale of its products. The Resulting Issuer may attempt to raise additional funds for these purposes through public or private equity or debt financing, collaborations, partnerships or licensing arrangements with other biopharmaceutical companies and/or from other sources. There can be no assurance that additional funding or partnerships will be available on terms acceptable to the Resulting Issuer and that would foster successful commercialization of the products. If capital is not available, the Resulting Issuer may not survive as a viable entity

Competition

The Resulting Issuer will face significant competition in an environment of rapid technological and scientific change, and there is a possibility that competitors may achieve regulatory approval or develop therapies that are safer, more advanced or more effective.

The development and commercialization of new drugs is highly competitive. The Resulting Issuer may encounter competition from major pharmaceutical companies, specialty pharmaceutical companies, and biotechnology companies worldwide. Potential competitors also include academic institutions, government agencies, and other public and private research organizations that conduct research, seek patent protection, and establish collaborative arrangements for research, development and manufacturing. There are other companies that are developing therapeutics in the Alzheimer's and neurodegenerative disease fields, including large companies with significant financial resources.

The Resulting Issuer will also compete with other biotechnology companies for recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials. The Resulting Issuer will be dependent on certain members of its management and scientific staff, the loss of services of one or more of whom could adversely affect the Resulting Issuer. There can be no assurance that the Resulting Issuer will be able to successfully attract and retain skilled and experienced personnel.

The Resulting Issuer's commercial opportunity could be reduced or eliminated if competitors develop and commercialize drug candidates that are safer, more effective, have fewer or less severe side effects, are more convenient, or are less expensive than any of the drug candidates that we may develop, and thus may render our drug candidates less competitive or not economical.

Risks associated with patents

The Resulting Issuer's success will depend in part on its ability to obtain, maintain, and enforce patent rights, maintain trade secret protection and operate without infringing the proprietary rights of third parties. There can be no assurance that pending patent applications, or that future planned patent extensions will be allowed or that patents of others will not have an adverse effect on the ability of the Resulting Issuer to do business. In addition, the Resulting Issuer may be required to obtain licenses under patents or other proprietary rights of third parties associated specifically with the delivery of the Resulting Issuer's technologies. No assurance can be given that any licenses required under such patents or proprietary rights will be available on terms acceptable to the Resulting Issuer. In addition, the Resulting Issuer could incur substantial costs in defending or enforcing its patents or in suits brought against the Resulting Issuer alleging patent infringement.

Reliance on third-party contractors

The Resulting Issuer's reliance on third parties, such as contracted laboratories, manufacturing organizations and clinical research organizations, may result in delays in completing, or a failure to complete, non-clinical testing or clinical trials, if their contracted work is not completed on time or if it is not received.

Royalty obligations

The Resulting Issuer will have fixed royalty payment obligations associated with the technologies it owns based on a percentage of any revenue received by the Resulting Issuer by way of commercial sales, milestone or upfront payments that will reduce any funds available to the Resulting Issuer for distribution to shareholders or continued development of the technologies.

Regulatory environment

The biotechnology business is highly regulated and its product candidates may not obtain regulatory approval in a sufficient time frame, or at all, or could be subject to a quality or safety issue. Biotechnology and pharmaceutical companies operate in a high-risk regulatory environment. The manufacture and sale of therapeutic products is governed by numerous statutes and regulations in North America, Europe, Japan and other countries where the Resulting Issuer intends to market its products. The subject matter of such legislation includes approval of manufacturing facilities, controlled research and testing procedures, review and approval of manufacturing, preclinical and clinical data prior to marketing approval, as well as regulation of marketing activities, notably advertising and labeling.

While the FDA has indicated to the Target Company that Alpha-1062 can use the 505(b)(2) regulatory pathway relying on a single bioequivalence clinical trial, there can be no assurance that the FDA will not at a future date require further or other clinical studies or that the Resulting Issuer will be able to establish bioequivalence in which case further clinical studies may be required for which current capital funding will likely not be sufficient thus resulting in further dilution and delays in achieving profitability or any liquidity event. See "*Information Concerning the Target Company – Narrative Description of the Business – Principal Products or Services – Alpha-1062 – Regulatory Development*" for more information regarding the regulatory process.

The Resulting Issuer's success depends on the quality of the product candidates. A quality or safety issue could have an adverse effect on the business, financial condition and results of operations, and may result in negative publicity, warning letters, product recalls or seizures, monetary sanctions, injunctions to halt manufacture and distribution of products, civil or criminal sanctions, refusal of government approvals and licenses, restrictions on operations or withdrawal of any future approvals and licenses.

Reliance on key personnel

The Target Company is dependent on certain members of its management and scientific staff, the loss of services of one or more of whom could adversely affect the Resulting Issuer. There can be no assurance that the Resulting Issuer will be able to successfully attract and retain skilled and experienced personnel.

Product reimbursement

The products may not receive reimbursement from government health authorities or private payers at commercially acceptable levels, or at all. The ability to successfully market products may depend in part on the extent to which reimbursement for the cost of such products and related treatments will be available from government health administration authorities, private health insurers and other organizations. There can be no guarantee that newly approved healthcare products will qualify for reimbursement or that the level of reimbursement would allow the Resulting Issuer to realize an acceptable return on its investment in product development.

Product liability claims

The Resulting Issuer may be subject to product liability claims which may or may not be insurable. Pharmaceutical products involve an inherent risk of product liability claims and associated adverse publicity. Product liability insurance is costly; availability is limited and may not be available on terms which would be acceptable to the Resulting Issuer, if at all. An inability to maintain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the products. A product liability claim, or withdrawal of a product from the market, could have a material adverse effect upon the Resulting Issuer and its financial condition.

INFORMATION CONCERNING THE ISSUER

Corporate Structure

The Issuer was incorporated on November 15, 2017 pursuant to the provisions of the BCBCA under the name "Crystal Bridge Enterprises Inc." The registered and records, and head office of the Issuer is located at 439 Helmcken Street, Vancouver, British Columbia, V6B 2E6.

General Development of the Business

History

The Issuer is a CPC under the policies of the TSX Venture Exchange. As a CPC, the Issuer's only business to date has been to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction.

The Issuer became a reporting issuer in the jurisdictions of British Columbia, Alberta and Ontario by filing a prospectus in respect of which a receipt was issued by the British Columbia Securities Commission, the Alberta Securities Commission and the Ontario Securities Commission on September 5, 2018.

On September 18, 2018, the Issuer completed its initial public offering of 2,000,000 Issuer Shares at a price of $0.10 per Issuer Share for total proceeds of $200,000. Concurrently with its initial public offering, the Issuer completed a non-brokered private placement, issuing 3,350,000 Issuer Shares at a price of $0.10 per Issuer Share for total proceeds of $335,000.

The Issuer's Shares were listed for trading on the Exchange on September 21, 2018 under the symbol "CRYS.P".

On November 5, 2018, the Issuer completed a brokered private placement of 3,200,000 Issuer Shares at a price of $0.11 per Issuer Share for for gross proceeds of $352,000.

Financing

On December 18, 2020 and February 10, 2021, the Target Company and the Issuer completed the Financing. The Target Company issued 2,771,749 Target Company Subscription Receipts and the Issuer issued 588,375 Issuer Subscription Receipts at a price of $1.60 per Subscription Receipt, for aggregate gross proceeds of approximately $5,376,198 (US$4,042,254 using a set exchange rate of $1.33 to US$1). In addition, the Target Company issued 130,733 Financing Agent Compensation Warrants and will pay an aggregate of $209,174 as commission to the Financing Agent.

Pursuant to and in accordance with the Subscription Receipt Agreements, on the closing of the Financing, the gross proceeds, less: (i) a portion of the Financing Agent's commission on the Target Company Subscription Receipts; and (ii) the Financing Agent's expenses were delivered to the Escrow Agent and held in escrow on behalf of the purchasers by the Escrow Agent. The escrowed proceeds have been invested in interest bearing accounts, short-term obligations of, or guaranteed by, the Government of Canada. The Escrowed Funds (less the remaining portion of the Financing Agent's commission on the Target Company Subscription Receipts and the Financing Agent's commission on the Issuer Subscription Receipts and any further reasonable costs and expenses of the Financing Agents) will be released to the Target Company and Issuer upon the satisfaction or waiver (to the extent such waiver is permitted) of the Escrow Release Conditions at or before the Escrow Release Deadline, in accordance with the provisions of the Subscription Receipt Agreements.

Upon the satisfaction or waiver (to the extent such waiver is permitted) of the Escrow Release Conditions, each Target Company Subscription Receipt shall be automatically converted, without payment of any additional consideration and any further act or formality by the holder, for one Target Company Share and one-half of one Target Company Warrant, which will then immediately be automatically exchanged for one Resulting Issuer Share and one-half of one Resulting Issuer Warrant pursuant to the Qualifying Transaction. The Resulting Issuer Subscription Receipts shall be automatically converted, without payment of any additional consideration and any further act or formality by the holder, into one Resulting Issuer Share and one-half of one Resulting Issuer Warrant. Each whole Resulting Issuer Warrant will be exercisable into one Resulting Issuer Share at an exercise price of $2.10 per Resulting Issuer Share for a period of 24 months from Closing.

See also "*Information Concerning the Target Company – General Development of the Business - Financing*".

Arrangement Agreement

On July 9, 2020, the Issuer and the Target Company entered into a letter agreement, pursuant to which the Issuer proposed to acquire 100% of the issued and outstanding Target Company Shares and Target Company Preferred Shares from the Target Company Shareholders. On October 27, 2020, the Issuer and the Target Company entered into the Arrangement Agreement to formalize and replace the letter agreement. Subject to the terms and conditions of the Arrangement Agreement, the Issuer will, among other things, acquire all of the outstanding securities of the Target Company by way of plan of arrangement under the provisions of Section 288 of the BCBCA. In connection with the Arrangement, the Target Company applied to the Court and obtained the Interim Order dated February 25, 2021 providing for, among other things, the calling and holding of the Target Company Meeting. The Target Company applied to the Court and obtained the Final Order approving the Arrangement on March 12, 2021.

The following is a summary of the Arrangement Agreement, including the Plan of Arrangement, and is subject to and qualified in its entirety by the full text of the Arrangement Agreement, a copy of which is available under Crystal's profile on SEDAR at www.sedar.com.

Plan of Arrangement

Pursuant to the Plan of Arrangement,

(a) each Target Company Share and Target Company Preferred Share (other than those held by Target Company Shareholders validly exercising dissent rights) shall be deemed to be transferred and assigned to the Resulting Issuer in exchange for the consideration as follows:

   (i) for each Target Company Share held by a Target Company Shareholder that is not a U.S. Restricted Shareholder, the Issuer shall issue one Resulting Issuer Share to such Target Company Shareholder;

   (ii) for each Target Company Share held by a Target Company Shareholder that is a U.S. Restricted Shareholder, the Issuer shall issue one Resulting Issuer Share or one Resulting Issuer Restricted Voting Share to such Target Company Shareholder; and

   (iii) for each Target Company Preferred Share held by Target Company Shareholder, the Issuer shall issue one Resulting Issuer Preferred Share to such Target Company Shareholder; and

(b) each Target Company Warrant shall be deemed to be transferred and assigned to the Resulting Issuer in exchange for one Resulting Issuer Warrant, which shall be exercisable into Resulting Issuer Shares with the same exercise price and term to expiry as the Target Company Warrants so exchanged.

In addition, pursuant to the Arrangement Agreement and the terms of the applicable securities:

(c) each Target Company Option and Target Company Performance Share will be assumed by the Resulting Issuer and automatically adjusted, without any further action on the part of any holder, such that the Target Company Option or Target Company Performance Share will be exercisable to acquire the number of Resulting Issuer Shares with the same exercise price and term to expiry as the Target Company Options and Target Company Performance Shares so assumed; and

(d) the holders of Target Company Convertible Promissory Notes outstanding will receive Resulting Issuer Shares in lieu of Target Company Shares on conversion of the Target Company Convertible Promissory Notes on the Closing Date;

(e) persons who exercised Target Company Convertible Promissory Note Warrants to acquire an additional convertible promissory note convertible into Target Company Shares and Target Company Warrants on the same terms as the Target Company Subscription Receipts, will receive Resulting Issuer Shares and Resulting Issuer Warrants in exchange for such securities;

(f) the holders of Target Company Subscription Receipts will receive one Target Company Share and one half of Target Company Warrants, which will immediately be exchanged for one Resulting Issuer Share and one half of one Resulting Issuer Warrant, with each whole Resulting Issuer Warrant exercisable at $2.10 for a period of 2 years following close of the Arrangement; and

(g) the holders of Financing Agent Compensation Warrants will receive Resulting Issuer Warrants, exercisable at $1.60 for a period of 2 years following Closing.

The Transaction is intended to constitute the Issuer's Qualifying Transaction and upon its completion, the Resulting Issuer will be listed on the Exchange as a Tier 2 Life Science Issuer. See "*Information Concerning the Target Company – General Development of the Business*" for more information on the Target Company.

Conditions to the Completion of the Transaction

The Completion of the Qualifying Transaction is subject to a number of conditions, including the following:

(a) the Issuer being satisfied in its due diligence investigations of the Target Company;

(b) completion of the Financing (which includes release of the Escrowed Funds on satisfaction of the Escrow Release Conditions) prior to or concurrently with the completion of the Transaction;

(c) Target Company Shareholder approval of the Arrangement having been obtained in accordance with the requirements of all Applicable Laws, and holders of no more than 5% of the Target Company Shares shall have exercised dissent rights;

(d) Issuer Shareholder approval of the creation of the Resulting Issuer Preferred Shares and the Resulting Issuer Restricted Voting Shares by way of amendments to the articles of the Issuer having been obtained in accordance with the requirements of all Applicable Laws, and such amendments having been implemented;

(e) receipt of the Interim Order and Final Order from the Court;

(f) receipt of Exchange approval;

(g) the Target Company shall have obtained and delivered to the Issuer written waivers and releases from each director, officer, employee, consultant or independent contractor that has any entitlement to any change of control, severance or other payment on Closing;

(h) the Issuer having completed the Issuer Share Consolidation and taken all steps to complete the change of name, change of directors and change of management of the Issuer effective on Closing;

(i) the Target Company shall have completed the waiver or amendment of certain provisions of the Long Term Incentive Plan;

(j) no less than 80% of the Target Company Convertible Promissory Notes issued and outstanding shall have been converted or amended to provide for issuance of Resulting Issuer Shares on Closing;

(k) all regulatory approvals, and any applicable corporate and third party approvals, if any, will have been obtained on terms and conditions satisfactory to the Issuer and the Target Company;

(l) no pending or threatened action, suit or proceeding by any governmental authority or other Person, in each case having a reasonable likelihood of success, and no applicable law or policy will be in effect, which:

  (i) makes the consummation of the Arrangement illegal or otherwise enjoins or prohibits the Arrangement, or any transactions otherwise contemplated hereby;

  (ii) renders the Arrangement Agreement or the Voting Support Agreements unenforceable in any way or frustrates the purpose and intent hereof or thereof; or

  (iii) has had or would be reasonably expected to have a Material Adverse Effect on the Issuer or the Target Company; and

(m) other conditions customary for transactions of this nature.

The conditions precedent are for the benefit of the Issuer and/or the Target Company and may be waived in writing, in whole or in part, by the party for whose benefit the condition exists.

<u>Termination of the Arrangement Agreement</u>

The Arrangement Agreement may be terminated on or prior to the Closing Date:

(a) by the mutual written agreement of each of the parties;

(b) by either party if: (i) Closing has not occurred by April 1, 2021; (ii) Target Company Shareholder approval of the Arrangement is not obtained; or (iii) Issuer Shareholder approval of the creation of the Resulting Issuer Preferred Shares and the Resulting Issuer Restricted Voting Shares is not obtained;

(c) by the Issuer if: (i) the board of directors of the Target Company makes a change in recommendation of the Arrangement; (ii) the Target Company breaches a representation, warranty or fails to perform any covenant or agreement that would cause any of its conditions precedent not to be satisfied and incapable of being satisfied; (iii) the Issuer does not deliver an amended Arrangement proposal in response to an acquisition proposal received by the Target Company; or the Issuer is not satisfied with its due diligence investigations of the Target Company; or

(d) by the Target Company if: (i) the Issuer breaches a representation, warranty or fails to perform any covenant or agreement that would cause any of its conditions precedent not to be satisfied and incapable of being satisfied; or (ii) the Target Company wishes to enter into a superior proposal and has complied with its obligations under the

Arrangement Agreement.

In certain circumstances, the Target Company will be required to pay a termination fee of $200,000 to the Issuer.

Name Change

On Closing, it is anticipated that the Issuer will change its name to "Alpha Cognition Inc." or such other similar name as the Issuer and the Target Company may agree, subject to approval by the Exchange and applicable regulatory authorities.

Share Consolidation

Immediately prior to the Closing of the Transaction, the Issuer will complete the Issuer Share Consolidation, consolidating all of its 11,710,000 issued and outstanding Issuer Shares on the basis of 7.14 Issuer Shares for each Resulting Issuer Share, resulting in approximately 1,640,056 Resulting Issuer Shares being issued and outstanding and held by current Issuer Shareholders on Closing. The exercise or conversion price and/or the number of Resulting Issuer Shares issuable under the Issuer Options will be proportionally adjusted upon the Issuer Share Consolidation based on the Consolidation Ratio.

The Resulting Issuer's Board of Directors and Management Following Completion of the Transaction

The Issuer and the Target Company agree that on Closing, the directors of the Resulting Issuer will consist of: (i) five nominees selected by the Target Company, who will be Kenneth A. Cawkell, Dr. Frederick Sancilio, Len Mertz, John Havens and Phillip Mertz; and (ii) one nominee selected by the Issuer, who will be Rob Bakshi, provided that the Exchange does not object to such nominations and such persons are eligible to act as directors pursuant to applicable laws. It is anticipated that Len Mertz, John Havens, Phillip Mertz and Rob Bakshi will serve as independent directors of the Resulting Issuer.

Mertz Holdings, Hyman Place LLC and Kenneth A. Cawkell are each party to nomination rights agreements with the Target Company, pursuant to which they have rights to nominate a total of 4 directors of the Target Company, which right continues following Completion of the Transaction. See "*Information Concerning the Target Company – Material Contracts*".

The Issuer and the Target Company agree that on Closing, the management of the Resulting Issuer will consist of: (i) Kenneth A. Cawkell as Chief Executive Officer and Corporate Secretary; (ii) Dr. Frederick Sancilio as President; (iii) Jeremy Wright as Chief Financial Officer; and (iv) Dr. Denis Kay as Chief Scientific Officer, provided that the Exchange does not object to such nominations and such persons are eligible to act as management pursuant to applicable laws.

Selected Consolidated Financial Information and Management's Discussion and Analysis

The following table sets forth certain financial information for the Issuer for the periods indicated:

	Period from November 15, 2017 to July 31, 2018	Year Ended July 31, 2019	Year Ended July 31, 2020	3 Months Ended October 31, 2020
Total Expenses	$42,260	$129,611	$95,008	$52,848
Amounts deferred in connection with the Transaction	Nil	Nil	Nil	Nil

A copy of the interim financial statements of the Issuer for the 3 month period ended October 31, 2020, and the audited annual financial statements of the Issuer for the years ended July 31, 2020 and 2019, and the year ended July 31, 2019 and period from incorporation on November 15, 2017 to July 31, 2018, are attached hereto as Schedule "A".

Management's Discussion and Analysis

The Issuer's annual management's discussion and analysis ("**MD&A**") for the years ended July 31, 2020 and July 31, 2019 are attached to this Filing Statement as Schedule "B".

Description of the Securities

The Issuer is authorized to issue an unlimited number of Issuer Shares without par value of which, as at the date hereof, 11,710,000 Issuer Shares are issued and outstanding as fully paid and non-assessable common shares. Each Issuer Share entitles the holder thereof to dividends, if, as and when declared by the Board, to exercise one vote per Issuer Share at meetings of the shareholders of the Issuer and, upon liquidation, dissolution, or winding-up of the Issuer, to share equally in such assets of the Issuer as are distributable to the holders of Issuer Shares. All Issuer Shares outstanding after completion of the Transaction will be fully paid and non-assessable common shares.

The Issuer is also authorized to issue an unlimited number of preferred shares without par value, of which, as at the date hereof, none are issued. The Issuer proposes to replace current preferred shares with the Resulting Issuer Preferred Shares prior to Closing. Following Closing, the Resulting Issuer will be authorized to issue an unlimited number of Resulting Issuer Restricted Voting Shares without par value and an unlimited number of Resulting Issuer Preferred Shares. As at the date hereof, there are no Resulting Issuer Restricted Voting Shares or Resulting Issuer Preferred Shares issued and outstanding as fully paid and non-assessable shares. See *Information Concerning the Resulting Issuer – Description of the Securities*" for a description of the Resulting Issuer Restricted Voting Shares and Resulting Issuer Preferred Shares.

Stock Option Plan

The Stock Option Plan allows the Issuer to grant incentive stock options ("**Issuer Options**") to its directors, officers and employees, or any person or company engaged to provide ongoing management or consulting services to the Issuer. The purpose of granting such Issuer Options is to assist the Issuer in compensating, attracting, retaining and motivating the directors, officers, consultants and employees of the Issuer, and to closely align the personal interests of such persons to that of the shareholders.

The Issuer Common Shares issuable under the Stock Option Plan are subject to the following restrictions:

(a) Issuer Options may only be granted to a director or officer of the Issuer, and where permitted by applicable securities laws, to a technical consultant whose particular industry expertise in relation to the business of the vendors or the Target Company, as the case may be, is required to evaluate the proposed Qualifying Transaction;

(b) the number of Issuer Common Shares reserved for issuance under the Stock Option Plan to any individual director or officer may not exceed 5% of the Issuer Common Shares to be outstanding after closing of the Issuer's initial public offering. The number of Issuer Common Shares reserved for issuance under the Stock Option Plan to all technical consultants may not exceed 2% of the Issuer Common Shares to be outstanding after closing of the Issuer's initial public offering;

(c) no Issuer Options may be granted to persons providing investor relations, promotional or market-making services;

(d) the exercise price of Issuer Options cannot be less than the greater of the Issuer's initial public offering issuance price and the closing price of the Issuer Common Shares on the Exchange on the trading day immediately preceding the date of grant of the Issuer Option; and

(e) Issuer Options granted to any director, officer, employee or technical consultant that does not continue as a director, officer, employee or technical consultant of the Resulting Issuer, as that term is defined in Exchange policy, have a maximum term of the later of 12 months after completion of the Qualifying Transaction and 90 days after the director, officer, employee or technical consultant ceases to be a director, officer, employee or technical consultant of the Resulting Issuer.

No Issuer Option may be exercised before completion of the Qualifying Transaction unless the director, officer, employee or consultant agrees in writing to deposit the Issuer Common Shares acquired into escrow until the issuance of the final Exchange bulletin.

The Stock Option Plan is administered by the Board, or a committee thereof, who have the authority to grant options to directors, officers, employees, and consultants. At the time an Issuer Option is granted, the Board will determine the exercise price, which shall not be less than the closing price of the Issuer Common Shares traded on the Exchange on the day immediately preceding the date of the grant, and any vesting criteria or other restrictions with respect to the exercise of the Issuer Options. Subject to the restrictions contained in the Stock Option Plan, the Board or a committee thereof may also impose such other terms and conditions as it shall deem necessary or advisable at the time of the grant. All securities under Issuer Option are Issuer Common Shares.

Subject to the Policies of the Exchange, a "rolling" stock option plan must be approved and ratified annually by the Issuer shareholders at the annual meeting of shareholders of the Issuer.

As at the date hereof, 775,000 options are issued and outstanding under the Stock Option Plan. The options of the Issuer are allocated on the following basis:

Optionee	**Number of Common Shares Reserved Under Option(1)**	**Exercise Price(1)**	**Expiry Date**
Rajeev 'Rob' Bakshi	225,000	$0.10	September 21, 2023

Optionee	Number of Common Shares Reserved Under Option(1)	Exercise Price(1)	Expiry Date
Pritpal Singh	125,000	$0.10	September 21, 2023
Mark Kohler	125,000	$0.10	September 21, 2023
K. Taylor Thoen	75,000	$0.10	September 21, 2023
Kenneth Hallat	75,000	$0.10	September 21, 2023
Pardeep Sangha	150,000	$0.10	September 21, 2023
TOTAL	775,000		

Notes:

(1) Prior to the Issuer Share Consolidation.

Prior Sales

Since the date of incorporation of the Issuer, 11,710,000 Issuer Shares have been issued as follows:

Date	Number of Issuer Shares	Issue Price Per Issuer Share
February 15, 2018	3,160,000(1)	$0.05
September 18, 2018	5,350,000(2)	$0.10
November 5, 2018	3,200,000	$0.11
TOTAL	11,710,000	

Notes:

(1) 3,160,000 of these Issuer Shares were issued to Non-Arm's Length Parties of the Issuer.
(2) 1,280,000 of these Issuer Shares were issued to Non-Arm's Length Parties of the Issuer.

In addition, the Issuer issued 588,375 Issuer Subscription Receipts at a price of $1.60 per Issuer Subscription Receipt pursuant to the Financing. A total of 62,500 Issuer Subscription Receipts were issued to Non-Arm's Length Parties of the Issuer. See "*Information Concerning the Issuer – General Development of the Business* - *Financing*" for additional details.

Stock Exchange Price

The Issuer's Shares were listed and quoted for trading on the Exchange on September 21, 2018. The following table sets forth the trading ranges (high/low) and volumes of the Issuer Shares traded on the Exchange for the periods identified:

Period	High	Low	Volume
Up to March 16, 2021(1)	Nil	Nil	0
Quarter ended December 31, 2020(1)	Nil	Nil	0
Quarter ended October 31, 2020(1)	Nil	Nil	0
Quarter ended July 31, 2020(1)	$0.10	$0.10	0
Quarter ended April 30, 2020	$0.11	$0.10	11,000
Quarter ended January 31, 2020	$0.11	$0.10	136,903
Quarter ended October 31, 2019	$0.10	$0.06	133,600
Quarter ended July 31, 2019	$0.16	$0.095	195,000
Quarter ended April 30, 2019	$0.20	$0.15	150,153

Notes:

(1) Trading in the Issuer Shares was halted on July 13, 2020 pending the announcement of the Transaction.

Arm's Length Transactions

The Transaction is not a Non-Arm's Length Qualifying Transaction.

Legal Proceedings

There are no legal proceedings to which the Issuer is or has been a party. To the knowledge of the management of the Issuer, there are no such proceedings contemplated.

Auditor, Transfer Agent and Registrar

The Issuer's auditors are Manning Elliott, Chartered Accountants, of 1030 W Georgia Street, Suite 1700, Vancouver, BC, V6E 2Y3. The transfer agent and registrar for the Issuer Shares is Computershare Trust Company of Canada, located at 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, V6C 3B9.

Material Contracts

The following is a list of material contracts (excluding contracts entered into in the ordinary course of business) entered into by the Issuer:

1. CPC Escrow Agreement dated August 31, 2018 between the Issuer, Computershare Investor Services Inc., and certain shareholders of the Issuer.
2. Arrangement Agreement dated October 27, 2020, between the Issuer and the Target Company, as amended.
3. Agency Agreement dated December 18, 2020 among the Issuer, Target Company and Financing Agent.

Copies of these agreements may be inspected, without charge, at the office of the Issuer located at 439 Helmcken Street, Vancouver, British Columbia, V6B 2E6, at any time during normal business hours until the completion of the Transaction and for a period of 30 days thereafter.

INFORMATION CONCERNING THE TARGET COMPANY

CORPORATE STRUCTURE

The Target Company is a privately held company incorporated pursuant to the BCBCA on May 16, 2014, under the name "Neurodyn Cognition Inc.". On March 16, 2020 the Target Company changed its name to "Alpha Cognition Inc.". The head and registered office of the Target Company is located at 439 Helmcken Street, Vancouver, British Columbia.

The Target Company has one wholly-owned subsidiary, Alpha Cognition USA Inc., which was incorporated pursuant to the laws of the State of Florida on August 19, 2019.

SUMMARY OF THE BUSINESS

The Target Company is focused on the development of Alpha-1062 for the treatment of mild to moderate Alzheimer's with a near-term goal of FDA approval and commercial sales of Alpha-1062 oral tablet formulations. The Target Company is also developing Alpha-602 for the treatment of ALS.

Alpha-1062

The Target Company's lead product candidate is Alpha-1062, a new patented drug developed for the treatment of Alzheimer's. In the United States alone, more than 5.7 million people suffer from the disease, costing an estimated US$305 billion annually, and it is estimated that by 2050 more than 13 million people will be diagnosed having an annual cost exceeding US$1.1 trillion.[1]

Current approved therapies for mild to moderate Alzheimer's are a class of drugs known as acetylcholine esterase inhibitors, which block the breakdown of acetylcholine, the main neurotransmitter found in the body. These drugs seek to boost the patient's cognition, however this class of drugs all have significant gastrointestinal side effects including nausea, diarrhea, and vomiting. As a consequence, patients require an up-titration period to achieve an efficacious dose. This means that patients and their caregivers must endure an extended period of nausea, diarrhea and vomiting with little cognitive benefit, leading to a lack of patient compliance and discontinuation of treatment.

Alpha-1062 is a patented new chemical entity, which when ingested, is enzymatically converted to an FDA approved drug marketed by Johnson & Johnson as "Razadyne" in North America, and "Reminyl" in Europe and elsewhere. Once converted, the active pharmaceutical ingredient generated from Alpha-1062, galantamine, is identical to the Johnson & Johnson product. However, prior to conversion and during the ingestion process, Alpha-1062 may have a reduced side effect profile, which could facilitate immediate dosing at efficacious levels.

The Target Company has approached the FDA, which has indicated a single pivotal trial may be sufficient for Alpha-1062 to obtain marketing approval by way of a New Drug Application under section 505(b)(2) of the Federal Food, Drug and Cosmetic Act (United States). Similar regulatory discussions have been held with the Japanese Pharmaceuticals and Medical Devices Agency, the government organization in charge of reviewing drugs and medical devices in Japan. The Target Company also intends to approach the European Medicines Agency, the agency that evaluates and supervises medicinal products in the European Union. See "*Information Concerning the Target Company – Narrative Description of the Business – Principal Products and Services – Alpha-1062 – Regulatory Development*" for additional details.

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[1] Alzheimer's Association, 2020

Alpha-602

The Target Company is also developing Alpha-602, progranulin, a protein that has demonstrated in pre-clinical testing to have a potent ability to protect neurons that are under stress. As a consequence, Alpha-602 potentially has application for a number of neurodegenerative diseases. A specific form of Alpha-602 is being developed by the Target Company for the treatment of ALS. The development program is advancing through pre-clinical development and toxicology programs, and the FDA has granted the Target Company an Orphan Drug Designation for the treatment of ALS.

GENERAL DEVELOPMENT OF THE BUSINESS

History

The Target Company was created to continue the research and development work that Neurodyn Life Sciences Inc. ("**NLS**") had initiated in the field of neurodegeneration, with respect to a therapy for Alzheimer's (Alpha-1062) and subsequently with respect to a potential therapy for ALS (Alpha-602). Drug development is capital intensive, and it was determined that it would best be undertaken in a separate corporate entity specifically focused on these projects. When the Target Company was initially spun out from NLS, NLS retained ownership of 3,428,195 Target Company Shares, with the remainder of the Target Company's share structure and ownership mirroring that of NLS. NLS currently owns 2,711,208 Target Company Shares, or 6.3% of the issued and outstanding Target Company Shares.

The Target Company acquired the rights to these two technologies by way of license agreements made between the Target Company and NLS. The license agreements and other material agreements are discussed below. See "*Information Concerning the Target Company – Narrative Description of the Business*" for a discussion of the clinical and regulatory development of the technologies.

<u>Alpha-1062 License Agreement</u>

The Target Company entered into a license agreement dated March 23, 2015, as amended in April 2019, with NLS pursuant to which the Target Company acquired the world-wide exclusive rights to the Alpha-1062 technology (the "**Alpha-1062 Agreement**"). NLS purchased the Alpha-1062 technology from Galantos Pharma GmbH, the original developer of the technology, pursuant to an asset purchase agreement dated August 23, 2013 (the "**NLS Asset Purchase Agreement**").

Under the terms of the Alpha-1062 Agreement, the Target Company assumed all of NLS's obligations under the NLS Asset Purchase Agreement. Key terms of the Alpha-1062 Agreement are as follows:

(1) the Target Company will pay a royalty to Galantos Pharma GmbH equal to 3% of commercial sales for any products incorporating the Alpha-1062 technology, capped at €10,000,000 which under certain circumstances could increase to €15,000,000;

(2) the Target Company will assume NLS's obligation to pay the original inventor of Alpha-1062 a royalty of 1% or 2% as described under "*Royalty to Alpha-1062 Original Inventor*" below;

(3) the Target Company will pay to NLS a royalty of 1% of commercial sales for any products incorporating the Alpha-1062 technology in excess of US$100,000,000 per annum, which royalty shall start only after the Galantos Pharma GmbH royalty has been satisfied;

(4) the Target Company is responsible for all development and patenting costs with respect to the Alpha-1062 technology from the date of the license; and

(5) the Target Company shall reimburse NLS for funds it has expended on the development of the Alpha-1062 technology in the principal amount of US$1,400,000 plus interest at 2% per annum, due December 31, 2022, with an interest-only monthly payment of US$2,000 commencing on April 1, 2019. In consideration for a reduction in the original interest rate and partial payment of the reimbursement, the Target Company issued 600,000 Target Company Shares at US$0.50 per Target Company Share.

The Target Company is current with its obligations under the Alpha-1062 License Agreement and the license is in good standing.

Royalty to Alpha-1062 Original Inventor

The Target Company entered into an assignment and acknowledgement agreement dated January 1, 2016 (the "**Alpha-1062 Royalty Agreement**") pursuant to which the Target Company agreed to be bound by and responsible for payment of a royalty to Dr. Alfred Maelicke, e.K. ("**Maelicke**") of Galantos Consulting, in consideration of his entering into a consulting agreement with the Target Company. The royalty payable to Maelicke is calculated as follows:

(1) 1% of commercial sales for any products incorporating the Alpha-1062 technology;

(2) 2% of any revenues or the fair market value of in-kind consideration actually collected or received pursuant to a sublicense agreement relating to Alpha-1062; and

(3) 2% of any upfront or milestone payment paid to the Target Company in connection with a sale, assignment, transfer or sublicense of the Alpha-1062 technology.

The Target Company is obligated to pay Maelicke the royalty payments to a cumulative total of €2,000,000, and thereafter no further royalty payments of any nature or kind shall be due to Maelicke.

Alpha-602 License Agreement

The Target Company entered into a license agreement effective January 1, 2020 with NLS, as amended November 4, 2020 (the "**Alpha-602 Agreement**"), pursuant to which it acquired the world-wide exclusive rights to the Alpha-602 technology.

Pursuant to the Alpha-602 Agreement, NLS granted the Target Company an exclusive license to use and sublicense Alpha-602 (and any improvements) for any and all disease indications worldwide, and to manufacture, distribute, and sell products that incorporate Alpha-602, on the terms and conditions set forth in the Alpha-602 Agreement, including that the Target Company:

(1) assume and pay all ongoing financial obligation with respect to the prosecution and maintenance of the patents related to Alpha-602 as required (as determined by NLS);

(2) pay to, or at the direction of NLS, the sum of US$50,000 on or before January 15, 2021;

(3) pay a 1.5% royalty to NLS on commercial sales for any products incorporating the Alpha-602 technology, capped at a total of US$2,000,000;

(4) in the event the Target Company receives an upfront payment in excess of US$2,000,000 and such payment is determined to be revenue, then the Target Company shall pay NLS 10% of such payment, up to a maximum of US$2,000,000; and

(5) perform all terms, conditions, obligations and covenants on the part of the Target Company as contained in the Alpha-602 Agreement.

The Target Company is current with its obligations under the Alpha-602 Agreement and the license is in good standing.

Alpha-602 Royalty Agreement

The Target Company entered into a royalty agreement dated November 3, 2020 (the "**Alpha-602 Royalty Agreement**") with NLS, and Andrew Bateman Ph.D., Hugh P.J. Bennett Ph.D., Babykumari Chitramuthu Ph.D. and Denis Kay Ph.D. (collectively, the "**Scientists**"). The Scientists have extensive experience and knowledge respecting Alpha-602.

Pursuant to the Alpha-602 Royalty Agreement, the Scientists covenant to advise, assist and work exclusively with the Target Company with respect to the development of Alpha-602 as it relates to diagnostics and therapeutics in the field of neurodegenerative disease. Notwithstanding the foregoing, the Alpha-602 Agreement provides that the Scientists' right to investigate and conduct research or work with any other party shall not be restricted for certain specific research not related to Alpha-602, and for sharing with academic groups for continuing research purposes only. In exchange, the Target Company shall pay a royalty to the Scientists on the commercial sale of Alpha-602 as follows:

(1) 1.5% of revenue received by the Target Company under the Alpha-602 Agreement; and

(2) the maximum royalty payable under the Alpha-602 Royalty Agreement is US$2,000,000.

Upon payment of the maximum royalty, no one, including NLS and the Target Company, shall have any further obligation to pay the Scientists a royalty.

Prior Financings

Prior to the Target Company entering into the Alpha-1062 Agreement approximately US$12,000,000 was expended on its preclinical and clinical development. Subsequent to the Alpha-1062 Agreement and prior to the Arrangement Agreement, the Target Company has completed a number of financings to support the Alpha-1062 and Alpha-602 drug development programs which are summarized as follows:

Date	Price per Target Company Share	Total Target Company Shares Issued	Total Funds Raised
September 2015	US$0.07	1,656,116	US$129,672
April 2016	US$0.26	1,969,616	US$520,544
February 2017	US$0.50	440,000	US$220,000
July 2018	US$0.40	8,761,783	US$3,504,713
August 2019	US$1.16	5,172,413	US$6,000,000
April 2020	Target Company Convertible Promissory Note units(1)	N/A	US$2,000,000

Notes:

(1) See "*Information Concerning the Target Company – Prior Sales*" for additional information.

Arrangement Agreement

On July 9, 2020, the Issuer and the Target Company entered into a letter agreement, pursuant to which the Issuer proposed to acquire 100% of the issued and outstanding Target Company Shares and Target Company Preferred Shares from the Target Company Shareholders. On October 27, 2020, the Issuer and the Target Company entered into the Arrangement Agreement to formalize and replace the letter agreement. See "*Information Concerning the Issuer – General Development of the Business – Arrangement Agreement*" for a description of the term of the Arrangement Agreement.

Financing

On December 18, 2020 and February 10, 2021, the Target Company and the Issuer completed the Financing. The Target Company issued 2,771,749 Target Company Subscription Receipts and the Issuer issued 588,375 Issuer Subscription Receipts at a price of $1.60 per Subscription Receipt, for aggregate gross proceeds of approximately $5,376,198 (US$4,042,254 using a set exchange rate of $1.33 to US$1). In addition, the Target Company issued 130,733 Financing Agent Compensation Warrants and will pay an aggregate of $209,174 as commission to the Financing Agent.

Pursuant to and in accordance with the Subscription Receipt Agreements, on the closing of the Financing, the gross proceeds, less: (i) a portion of the Financing Agent's commission on the Target Company Subscription Receipts; and (ii) the Financing Agent's expenses were delivered to the Escrow Agent and held in escrow on behalf of the purchasers by the Escrow Agent. The escrowed proceeds have been invested in interest bearing accounts, short-term obligations of, or guaranteed by, the Government of Canada. The Escrowed Funds (less the remaining portion of the Financing Agent's commission on the Target Company Subscription Receipts and the Financing Agent's commission on the Issuer Subscription Receipts and any further reasonable costs and expenses of the Financing Agents) will be released to the Target Company and Issuer upon the satisfaction or waiver (to the extent such waiver is permitted) of the Escrow Release Conditions at or before the Escrow Release Deadline, in accordance with the provisions of the Subscription Receipt Agreements.

Upon the satisfaction or waiver (to the extent such waiver is permitted) of the Escrow Release Conditions, each Target Company Subscription Receipt shall be automatically converted, without payment of any additional consideration and any further act or formality by the holder, for one Target Company Share and one-half of one Target Company Warrant, which will then immediately be automatically exchanged for one Resulting Issuer Share and one-half of one Resulting Issuer Warrant pursuant to the Qualifying Transaction. The Resulting Issuer Subscription Receipts shall be automatically converted, without payment of any additional consideration and any further act or formality by the holder, into one Resulting Issuer Share and one-half of one Resulting Issuer Warrant. Each whole Resulting Issuer Warrant will be exercisable into one Resulting Issuer Share at an exercise price of $2.10 per Resulting Issuer Share for a period of 24 months from Closing.

On October 30, 2020, certain holders of Target Company Convertible Promissory Note Warrants exercised their warrants to acquire, an aggregate of $2,584,599 (US$1,940,681 using a set exchange rate of $1.33 to US$1) in Target Company convertible promissory notes that, on Closing, will entitle the holder to receive securities on the same terms as the Target Company Subscription Receipts. For each $1.60 of the principal amount of such promissory notes, holders will receive one Target Company Share and one half of one Target Company Warrant, which will be immediately exchanged for one Resulting Issuer Share and one-half of one Resulting Issuer Warrant, respectively. Each full Resulting Issuer Warrant will entitle the holder thereof to purchase one Resulting Issuer Share at a price equal to $2.10 for a period of 24 months following Closing. If the Transaction does not close, such holders will receive convertible promissory notes of the Target Company on the same terms as the Target Company Convertible Promissory Notes.

On October 30, 2020, the remaining holders of Target Company Convertible Promissory Note Warrants also exercised their warrants, acquiring Target Company Convertible Promissory Notes in the aggregate amount of $79,001 (US$59,319 using a set exchange rate of $1.33 to US$1).

NARRATIVE DESCRIPTION OF THE BUSINESS

Principal Products or Services

The Target Company is focused on the development of Alpha-1062 for the treatment of mild to moderate Alzheimer's, and Alpha-602 for the treatment of ALS.

Alpha-1062

Alpha-1062 is a patented new chemical entity, which when ingested, is enzymatically converted to an FDA approved drug marketed by Johnson & Johnson as “Razadyne” in North America, and “Reminyl” in Europe and elsewhere. Once converted, the active pharmaceutical ingredient generated from Alpha-1062, galantamine, is identical to the Johnson & Johnson product. However, prior to conversion and during the ingestion process, Alpha-1062 may have a reduced side effect profile, which could facilitate immediate dosing at efficacious levels. In order to manage the side effects associated with its Johnson & Johnson counterpart a dose titration schedule of 8 to 12 weeks is required. Drugs that convert from an inert form to an active substance in-situ are referred to as “pro-drugs”. When the Target Company licensed the Alpha-1062 technology, only a rudimentary nasal formulation of the pro-drug had been developed.

The Target Company’s Alpha-1062 development plan has two primary goals:

- *Clinical Development:* Demonstrate, to the satisfaction of regulatory bodies, that Alpha-1062 formulations allow an equivalent amount of galantamine to circulate in the blood of subjects dosed with the pro-drug and that the dosage forms may be able to demonstrate a reduced side effect profile.

- *Regulatory Development:* Demonstrate that a shortened regulatory path known as the 505(b)(2) New Drug Application is available for commercialization of Alpha-1062, utilizing a single clinical trial referred herein as the Pivotal Study.

<u>Clinical Development</u>

The initial nasal formulation of Alpha-1062 was used to conduct Phase I human toxicology studies, by NLS, and subsequently, on completion of the Alpha-1062 Agreement, by the Target Company. The Phase I human toxicology studies included a single ascending dose study (“**SAD Study**”) followed by a multiple ascending dose study (“**MAD Study**”). These Phase I studies are designed to determine the safety of the drug, which was administered to healthy volunteers at increasing doses of Alpha-1062, initially one time in the SAD Study, and subsequently multiple times over a seven-day period in the MAD Study. These studies demonstrated in healthy subjects that the Alpha-1062 prodrug nasal formulation had reduced gastrointestinal side effects (nausea, diarrhea, vomiting) as compared to one of the existing treatments, Razadyne.

<u>Regulatory Development</u>

During the second half of 2018, the Target Company designed a development program pursuant to which the Target Company, in meetings and submissions, asked the FDA to opine on whether an abbreviated approval route was available for Alpha-1062. When complete and accepted by the FDA, such submission is called an Investigative New Drug submission ("**IND**"). The preliminary meetings and submissions are referred to as pre-IND meetings. The IND forms the basis of the New Drug Application or NDA that the Target Company will submit to gain the FDA's approval of the drug for commercial sale.

In the pre-IND submission made by the Target Company to the FDA, the Target Company proposed that since Alpha-1062 is an inert prodrug of an approved reference listed drug, Razadyne, a single bioavailability and bioequivalence ("**BABE**") clinical study (the "**Pivotal Study**") under Fed and Fasted conditions be conducted and approval allowed by way of a New Drug Application under section 505(b)(2) of the Federal Food, Drug and Cosmetic Act (United States). The sole purpose of the Pivotal Study will be to demonstrate that the blood plasma levels of a dose of Alpha-1062 is equivalent to that of the currently approved treatment, Razadyne. If the Pivotal Study successfully demonstrates bioavailability and bioequivalence, the FDA approval would be based, in part on this data and on published literature and data previously approved by the FDA for Razadyne.

The Target Company proposed to the FDA that the Pivotal Study be conducted in normal healthy subjects and that bioavailability and bioequivalence be assessed to demonstrate that Alpha-1062 has achieved the same blood plasma concentrations over time as occurs in the reference listed drug Razadyne. The Target Company provided the FDA with a summary of several well controlled animal toxicology trials it had completed, and the results of the SAD Study and MAD Study. The FDA's response suggested the addition of one more rodent trial and indicated the proposed BABE design could lead to an NDA approval. All other New Drug Application requirements related to the GMP manufacturing and testing of the Alpha-1062 formulations, will also be required.

Following receipt of the FDA guidance in March 2019, the Target Company initiated development with several FDA registered contractors for the development of the commercial synthetic process of the active pharmaceutical ingredient Alpha-1062, formulation development of a commercially viable nasal spray, and development of alternative oral dosages and delivery mechanisms. By July 2020, the development network utilized by the Target Company had completed initial formulation development of the nasal spray, and two alternative tablet formulations: sublingual (applied under the tongue) and enteric (swallowed and absorbed in the intestines). To confirm that the developed formulations would be able to successfully complete the Pivotal Study the Target Company planned and initiated a series of Pilot Studies in the third quarter of 2020 for the following delivery methods:

> **Nasal Spray:** Formulations developed for the nasal spray included the selection of the optimal device for nasal delivery. For a nasal spray, the drug and device are independently evaluated by the FDA, and both must meet the FDA's criteria as a combination drug/device for approval. The Pilot Study could be used to establish the exact spray pattern and dose.
>
> **Sublingual Tablet:** The sublingual tablet is placed under the tongue and is designed for quick absorption. Preliminary data from the Pilot Study indicates that Alpha-1062 was well tolerated and absorbed under the tongue at levels similar to those reported for the reference listed drug, Razadyne.
>
> **Enteric Coated Tablet:** Data for the enteric coated product; a tablet that is swallowed and dissolves in the intestine, will be used to adjust the final dosage of the prodrug to achieve equivalence in a Pivotal Study.

Based on the Pilot Study data, the Target Company will select the optimal formulation and delivery mechanism to submit for approval to the FDA. This decision will be taken once the Pilot Studies have been completed, the data is reviewed, and a market analysis is completed for each dosage form. At present, the lead product candidates are the sublingual and enteric tablet formulations.

Summary of Regulatory and Commercial Development

The following is a summary of development steps the Target Company has planned of the next 24 months:

(1) *Pilot Studies*: These studies are designed to confirm dosage behavior and size of the Pivotal Study and consist of a series of groups or arms designed to assess various Alpha-1062 tablet formulations as compared to the reference drug, Razadyne. Each arm of the Pilot Study will consist of 10 subjects who will be administered the respective dose of Alpha-1062 and will have blood samples drawn at fixed time intervals over a 48 hour period. These blood samples will be analyzed to determine blood plasma concentrations of Alpha-1062 and galantamine over time. The validated results will be plotted on a graph showing the initial blood concentrations, which will decline over time. The graph of that particular Alpha-1062 formulation will be compared with the graph of Razadyne, and if required, it will be adjusted for equivalence. These studies will also assist in determining the number of subjects required to achieve statistical significance in the Pivotal Study. The Target Company expects to receive the final Pilot Study report of these in early Q2 2021, however preliminary results indicate that the company should proceed to the Pivotal Study.

(2) *Pivotal Study*: Targeted for completion in the second half of 2021 and first half of 2022. Building on the Pilot Study, the FDA has indicated that Alpha-1062 could be approved if the Target Company completes BABE clinical trials to confirm that Alpha-1062 is bioequivalent to the approved reference listed drug, Razadyne. The Pivotal Study will be a repeat of the Pilot Study but with more subjects to allow the results to achieve statistical significance. Side effects will also be measured and compared with the reference listed drug.

(3) *New Drug Application Submission*: Targeted for the first half of 2022. Following completion of the Pivotal Study, the Target Company will submit an NDA for marketing approval to the FDA. The FDA review and approval could be completed within 10 months following submission.

(4) *Superior Product Labelling Study:* Targeted for 2022. Following the NDA submission but prior to the anticipated FDA approval, the Target Company intends to conduct studies designed to confirm that Alpha-1062 formulations would have a reduced side effect profile. The clinical experience information contained in the product package insert may be allowed to contain these study results suggesting that certain patients may be able to eliminate traditional up-titration, required by other treatments, facilitating immediate efficacious dosing.

(5) *Commercialization Strategy*: Targeted for the second half of 2021 and continuing thereafter, in parallel with the above-described activities, the Target Company will take steps to develop a commercialization team to manage and monitor product manufacturing, distribution and sales. The Target Company intends to identify distribution partners who have sales teams focused on pharmaceutical products and therapies for the central nervous system and neuro degenerative diseases, and who will partner with the Target Company to market and sell the approved products. As Alpha-1062 proceeds to FDA regulatory approval, the Target Company will identify these qualified distribution partners, initially in the United States and subsequently in other major

territories world-wide. In order to reduce risk and increase profits, the Target Company intends to develop an in-house sales and marketing capability for the United States, and in the event a suitable co-marketing partner is not found, the Target Company will be positioned to launch the product itself.

Alpha-602

The Alpha-602 product originated almost a decade ago when it was discovered by one of Alpha Cognition's co-founders that a protein called progranulin may play a neuro-supportive role. Progranulin is a large protein that was found to be present in virtually all living animals and seemed to be used by the human body for multiple tasks. Upon further investigation, scientists discovered that the large molecule was made of smaller polypeptides or subunits, referred to as Granulin Epithelin Modules ("**GEMs**") or Granulins. The Target Company's Alpha-602 development program is in preclinical development and operations are currently focused on Alpha-1062.

Current treatments for ALS are relatively new from an approval perspective and appear to have limited effectiveness. It is the Target Company's view that all current approved treatments are considered to be extremely expensive and not well received by patients, payers (insurance companies) or caregivers.

<u>Alpha-602 Pre-Clinical Development</u>

To investigate Alpha-602's potential as the intact molecule, ACI designed a program that would stimulate the overproduction of the protein in animals with specific neurological disorders. Initial work with animal models of ALS were completed in 2017 and indicated that progranulin did in fact rescue motor neuron pathology in the context of disease causing genetic mutations. However, an approach using methods of upregulating the protein would require significant investment and ultimately the use of gene therapy. As a result, ACI began to investigate an alternative route to development.

<u>Alpha-602 Operations</u>

The initial work to identify and isolate each progranulin GEM fragment was completed and initial laboratory testing showed that only certain GEMs appeared to be active while others were not. Several of these active GEMs were identified and a new program is being developed to identify and contract with a GMP approved manufacturing facility to synthesize the target GEMs using existing methods, and provide each in purified form to the Target Company's pharmacology lab in Canada for evaluation against nine target assays. Each will be tested alone and in combination with other GEMs to maximize the efficacy while minimizing the toxicity. Both in-vitro and in-vivo models have been designed for this purpose. Following this work and successful identification of the GEM, or GEM combinations, a development partner will be sought to further the research.

<u>Alpha-602 Regulatory development</u>

Once a GEM formulation has been identified and validated in pre-clinical testing in relevant animal models, the pre-IND document package would be prepared by the Target Company for FDA submission. At this point in the Alpha-602 development program the focus would be on a GEM formulation to treat ALS. In March 2019 the Target Company was granted an Orphan Drug Designation by the FDA for the use of Alpha-602 in the treatment of ALS. The Orphan Drug Designation has a number of significant benefits including:

(1) tax credits of 50% off the clinical drug testing cost awarded upon approval;

(2) eligibility for market exclusivity for seven years post approval; and

(3) waiver of New Drug Application and biologics license application fees, which would be approximately US$2,200,000.

Alpha-602 Marketing Plans

The Alpha-602 development stage is too preliminary to develop marketing strategies other than to monitor therapies under development for the treatment of ALS.

Operations

The Target Company's corporate head office is located in Vancouver, British Columbia and pre-clinical laboratory facilities in Charlottetown, Prince Edward Island. The Target Company also has a wholly-owned subsidiary, Alpha Cognition USA Inc., with an office located in West Palm Beach, Florida, which provides clinical and regulatory services to support the Target Company's drug development programs.

All Target Company facilities are leased on a month-to-month basis. The Target Company has entered into a facilities and service agreement with Cawkell Brodie LLP with respect to the Vancouver office pursuant to which it pays a monthly fee of US$3,000 for the services of a junior paralegal, office space and computer services. The CEO of the Target Company, Kenneth A Cawkell, is a partner in Cawkell Brodie LLP, which does not act for the Target Company. The Florida office is located in a shared office facility at a monthly rental rate of US$1,496. The Charlottetown facility rents space at the rate of US$1,500 per month in the NLS laboratory which is located on the University of Prince Edward Island campus.

The Target Company has 10 employees in total, of which, the Vancouver office has three employees, primarily focused on corporate and financial matters, while the Florida office has six employees, primarily focused on managing and overseeing the conduct of the product manufacture, clinical and regulatory development. One employee is located the Charlottetown laboratory facility.

The development of pharmaceutical products is a complex undertaking which requires many diverse skill sets. Given the international nature of drug development, there are numerous companies and organizations which service the pharmaceutical industry. The Target Company has had no difficulty to date contracting with the various specialized service providers required to complete a drug development program.

The Target Company has assembled a management team capable of overseeing the various contract development and manufacturing organizations which have been retained to assist the Target Company in the Alpha-1062 development program.

Alpha-1062 Manufacturing

With respect to the manufacturing of Alpha-1062, the Target Company has entered into agreements with specialized contract manufacturing organizations located in Taiwan for the manufacturing of the Alpha-1062 active pharmaceutical ingredient, and with manufacturing companies located in the United States specialized in the production of oral tablets and nasal spray formulations. As the development program proceeds, the Target Company intends to contract with back-up active pharmaceutical ingredient and contract manufacturing organizations, in order to ensure no disruption in the supply of the product on commercialization. The Target Company expects that this strategy will help reduce the operational risk.

Alpha-1062 Clinical Testing

The Target Company has contracted with an FDA registered and inspected contract research organization (CRO) in India with experience in conducting BABE clinical trials to conduct the Pilot Studies. A second United States based FDA registered CRO will be contracted to perform the Pivotal Studies required for NDA approval.

Alpha-1062 Regulatory Matters

The Target Company has entered into contracts with regulatory consultants to provide advice and assist in preparing documentation for regulatory submissions to the FDA, and the Pharmaceuticals and Medical Devices Agency in Japan at a future time. The Target Company also plans to contract with appropriate regulatory consultants focused on the European Medicines Agency of the European Union.

Alzheimer's Market

The market for Alzheimer's therapies, and specifically Alpha-1062, is world-wide, however, when considering commercial revenue, the primary markets are traditionally the United States, followed by Japan and the European Union. The Target Company intends to focus initially on the United States market and approval by the FDA, after which the Target Company will seek approval from the Pharmaceuticals and Medical Devices Agency in Japan. The Target Company's commercialization strategy is focused on identifying commercialization partners capable of distributing an approved Alpha-1062 product in various territories throughout the world.

As a result of the Target Company's patent portfolio, the Target Company will have the exclusive right to Alpha-1062 until 2026, with the potential for a 3 - 5 year extension in the United States and further filed patents which if granted will extend the protection to 2033. Additionally, the Target Company has a number of patents both filed and in preparation which could extend patent protection through to 2040 in major markets globally.

The Target Company has selected the United States and Japan as the primary markets of interest due to the current pricing conditions of prescription drugs, versus other jurisdictions globally where prescription medication pricing is closely regulated and pricing is capped. As a result, the Target Company intends to implement a licensing strategy for other non-core territories, and as at the date of this Filing Statement, the Target Company has identified a number of potential licensing partners for these territories.

In the United States it is estimated that 5.7 million individuals have Alzheimer's. It is estimated that 33% of individuals with Alzheimer's are diagnosed, of which 75% are treated, resulting in approximately 1.4 million diagnosed patients receiving treatment.

Subject to FDA approval, the Target Company anticipates that over time, Alpha-1062 could have the potential to become a long-term therapy for patients with mild-to-moderate Alzheimer's dementia.

Physician and Payer Surveys

Physician Survey: The Target Company has completed two market research studies focused on prescribing physicians; one in the United States and the second in Japan. Each study included 50 physicians, and results of the studies suggested that Alpha-1062 could achieve a 14% market share of drugs approved for the treatment of Alzheimer's dementia within three years of FDA approval. The studies also indicated that Alpha-1062 would derive market share from all existing approved therapies. The studies revealed that patients switched products often during the first 12 months of treatment, and more so during the initial six months after the initiation of treatment. Physician responses indicated they were cycling the patients through several available therapies to manage side effects. These studies also indicated that physicians were generally dissatisfied with current treatment options because the poor tolerability outweighed the modest efficacy resulting in poor adherence to therapy.

Payer Survey: The Target Company also completed a survey of 10 representatives of payor organizations in the United States (Health Maintenance Organizations, Accountable Care Organizations and Pharmacy Benefit Managers). This survey indicated that the Target Company could price the product in the range of current approved branded therapies and gain reimbursement.

Market Assessment: Using the physician and payer survey's, the Target Company completed an assessment of the total potential United States market for Alpha-1062. On the assumption that Alpha-1062 would achieve a 14% share of the market for Alzheimer's drugs, the Target Company expects physicians could prescribe Alpha-1062 to more than 200,000 patients annually within three years of FDA approval.

Alpha-1062 Marketing Plan and Strategy

<u>Market Strategy for United States</u>

The Target Company intends to develop a detailed commercialization plan which subject to the receipt of FDA approval for Alpha-1062, could include the hiring marketing and sales personnel and or establishment of a copromotion arrangement with a marketing partner.

<u>Market Strategy for Japan</u>

The Target Company is aware that Galantamine hydrobromide will come off-patent in Japan in 2023. The Target Company will seek a partner to market and sell the product in this jurisdiction. It is expected that Alpha-1062 will have patent exclusivity until a minimum of 2033 (see "*Proprietary Protection*" below).

<u>Market Strategy for European Union</u>

The Target Company has had preliminary discussions with European regulatory consultants, however, other than identifying potential commercialization or licensing pathways, the partners have confirmed no specific strategy for entering the European market as at the date of this Filing Statement.

<u>Market Strategy for Non-Core Territories</u>

The Target Company is in discussions with several pharmaceutical distributors with respect to smaller non-core territories outside of the United States, Japan and the European Union, specifically, South America and select Asian countries. Following an FDA registration, the Target Company anticipates that it may be possible to enter into license agreements in several of these non-core territories. As at the date of this Filing Statement no formal licensing or marketing agreements have been entered into, however, initial discussions have been held with distributors in several non-core territories.

Competitive Conditions

The competitive landscape for Alpha-1062 today consists of the following drugs approved for the treatment of dementia in patients with Alzheimer's disease, as follows:

(1) Donepezil (marketed under the brand name, Aricept by Eisai and Pfizer);

(2) Rivastigmine (marketed under the brand name Exelon by Novartis);

(3) Galantamine (marketed under the brand names Reminyl and Razadyne by Janssen Pharmaceutica);

(4) Memantine (marketed under the brand name Namenda by Forest Laboratory); and

(5) Donepezil/Memantine combination (marked under the brand name Namzaric by Allergan).

All drugs with the exception of Namzaric have been genericized. Donepezil, rivatigmine and galantamine belong to a class of drugs called are acetylcholinesterase inhibitors. This class of drugs is associated with a high incidence of gastrointestinal side-effects such as nausea, vomiting and diarrhea which results in poor compliance and adherence to therapy. The Target Company expects that Alpha-1062, a patented new chemical entity with a potentially improved side-effect profile, will be a welcome addition to the current treatment options available to physicians and their patients.

More than 121 drugs are currently in various stages of development. The majority are directed at stopping or slowing disease progression. Currently there is no approved therapy for the treatment of the underlying causes of Alzheimer's disease. Assuming that a future drug is successful in halting disease progression, it is anticipated that physicians will continue to prescribe acetylcholinesterase inhibitors concomitantly to improve cognition and function.

Future Developments

The regulatory path for the approval of Alpha-1062 by the FDA has been set out and described in this Filing Statement under "*Narrative Description of the Business – Principal Products and Services – Alpha-1062 – Regulatory Development*". In anticipation of regulatory approval authorizing commercial sale of Alpha-1062 in the United States, it will be necessary for the Target Company to manufacture three serial lots of the commercial product in GMP certified facilities, and to assure that sufficient data is available to support a drug product expiry date acceptable to the FDA and the drug distribution channels. Additionally, all aspects of the product packaging and patient information will need to be produced, approved by the FDA, and subsequently by regulatory authorities in jurisdictions where Alpha-1062 is additionally marketed and available for sale. Anticipated development costs in connection with the regulatory approval and the preliminary steps to commercial production are described under "*Information Concerning the Resulting Issuer – Narrative Description of the Business*" in this Filing Statement.

After filing the New Drug Application there is, on average, a period of eight to ten months during which the FDA undertakes a full review of the submission documentation. This time can be extended if the FDA discovers a deficiency in the documentation supplied or determines that further data or testing is required.

Proprietary Protection

The Target Company has developed and filed a significant intellectual property portfolio with respect to Alpha-1062 and Alpha-602, which is broadly described below.

<u>Alpha-1062 Patent Portfolio</u>

The Alpha-1062 patent portfolio is based on a therapeutic use (method of treatment) patent for Alpha-1062, that covers treatment of a variety of neurological diseases with a cholinergic deficit, being memory deficits related to the cholinergic neurons. The Target Company's intellectual property strategy builds on this patent by avoiding traditional fast-release oral or transdermal routes for administering Alpha-1062. Both of these routes would result in the premature cleavage of the pro-portion of the drug, in essence delivering the old drug (galantamine) with its attendant limitations. However, by transmucosal oral/nasal delivery or delayed release via enteric formulations, effective delivery of Alpha-1062 can be achieved. Delivery and formulation patents therefore effectively expand on the original therapeutic use patent. It is the Target Company's intent to patent all commercially relevant forms, formulations and routes/methods of Alpha-1062 delivery in order to extend the effective patent protection lifetime. There is potential that effective patent protection of Alpha-1062 and formulations thereof can be extended beyond 2033.

The Target Company's current patents (granted and in prosecution) for Alpha-1062 are listed below. The Target Company anticipates filing a number of future patents for Alpha-1062 focused on active pharmaceutical ingredient manufacturer and formulation.

Blood Brain Barrier II (BBB II): Cholinergic enhancers with improved blood-brain barrier permeability for the treatment of diseases accompanied by cognitive impairment (patent number WO2009127218).

Jurisdiction	Filed	Status	Expiry Date
Canada	04/2008	Granted	04/2028
China	04/2008	Granted	04/2028
Japan	04/2008	Granted	04/2028
Europe (11 European Patent Organization member states)	04/2008	Granted	04/2028
United States	04/2008	Granted	06/2026

In Europe, Japan, China and Canada, this patent protects the therapeutic use of Alpha-1062 to treat a variety of neurodegenerative, psychiatric or neurological diseases with a cholinergic deficit. In the United States the patent covers the Alpha-1062 chemical entity and corresponding method of treatment claims

Blood Brain Barrier III (BBB III): Enhanced bioavailability of galantamine by selected formulations and trans-mucosal routes of administration of lipophilic prodrugs (patent number WO2014016430).

Jurisdiction	Filed	Status	Expiry Date
Australia	07/2013	Granted	2033
Europe	07/2013	Granted	2033
Japan	07/2013	Granted	2033
Canada	07/2013	Grant intended	2033
China	07/2013	Pending	-
United States	07/2013	Pending	-
India	07/2013	Pending	-

The granted claims in the jurisdictions above are directed to the therapeutic use of Alpha-1062 and corresponding pharmaceutical compositions in the treatment of brain disease associated with cognitive impairment, wherein the claims cover intranasal, sublingual or buccal administration of the gluconate, saccharate or lactate salt of Alpha-1062. Divisional applications have been filed and issued in some jurisdictions (e.g. in Japan and Europe) to cover these embodiments; further divisional and continuation applications are intended.

Blood Brain Barrier IV (BBB IV): Self-preserving compositions and multi-use dispensers for administering Alpha-1062 (anti-microbial).

Jurisdiction	Filed	Status	Expiry Date
Europe	05/2020	Pending	2040

This invention is based on the discovery that Alpha-1062 exhibits potent anti-microbial properties. This effect enables self-preserving formulations, for example multi-use solutions or dispensers for oral/nasal transmucosal administration, without additional preservatives. The claims cover anti-microbial methods, multi-use delivery devices and corresponding formulations of Alpha-1062. An international Patent Cooperation Treaty application is intended for filing in May 2021. The invention was first filed with the European Patent Office, and a petition for a foreign filing license is pending with the United States Patents and Trademark Office.

EP Application No. 2115232317.0 Solid Forms of Alpha-1062 Gluconate:

Jurisdiction	Filed	Status	Expiry Date
Europe	01/2021	Pending	2041

<u>Alpha-602 Patent Portfolio</u>

The Alpha-602 patent portfolio is based on methods and compositions for the treatment of neurodegenerative diseases using progranulin, and a combination of effectors that modify progranulin expression. Issued patents include the use of both the full length progranulin and sequences to treat neurological diseases such as ALS, Alzheimer’s and Parkinson’s.

The Target Company’s current patents (granted and in prosecution) for Alpha-602 are listed below.

Progranulin For Use in Treating Parkinson’s Disease or Alzheimer’s Disease (patent number WO2009089635).

Jurisdiction	Filed	Status	Expiry Date
China	1/16/2009	Granted	04/2028
India	1/16/2009	Granted	04/2028
Europe (6 European Patent Organization member states)	1/16/2009	Granted	04/2028
Canada	1/16/2009	Pending	06/2026
United States	1/16/2009	Pending	06/2026

The patent protects the therapeutic use of Alpha-602 to treat a variety of neurodegenerative, or neurological diseases. In the European Union the patent was restricted to Parkinson’s and Alzheimer’s Disease. A divisional patent was filed in the European Union to broaden the claims to match claims in the granted patents, and include ALS. The EU Divisional patent has been subject to an opposition (two parties have opposed the grant), and the Target Company has filed a response to the opposition. Due to COVID-19, the hearing originally scheduled for December 2020 has been postponed, and a new hearing date has been set for 2022.

Me Method for Increasing Neprilysin Expression and Activity (patent number WO2012065248A1).

Jurisdiction	Filed	Status	Expiry Date
Japan	11/16/2011	Granted	11/2031

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Annual Information

The following table sets forth certain financial information for the Target Company for the periods indicated:

	9 months ended Sept. 30, 2020 (US$)	**Year ended Dec. 31, 2019 (US$)**	**Year ended Dec. 31, 2018 (US$)**	**Year ended Dec. 31, 2017 (US$)**
Net Sales or Total Revenues	Nil	Nil	Nil	Nil
Income from Continuing Operations (Loss)	(4,340,623)	(6,333,780)	(2,077,197)	(1,143,315)
Net Income (Loss)	(4,136,408)	(6,606,527)	(3,029,716)	(1,286,223)
Total Assets	4,629,581	6,395,987	3,056,443	1,432,426
Long Term Liabilities	2,961,189	831,062	6,051,841	Nil
Cash Dividends Declared	Nil	Nil	Nil	Nil

There are no factors affecting the comparability of the data disclosed herein. It is noted the Target Company completed a change in accounting policy, converting from United States Generally Accepted Accounting Principles (US GAAP) to International Financial Reporting Standards (IFRS), however, no material differences affect the data comparability. The Target Company has no discontinued operations, other changes in accounting policies, significant acquisitions or significant dispositions, management bonuses or major changes in the direction of the Target Company's business.

A copy of the interim financial statements of the Target Company for the 9 month period ended September 30, 2020, and the annual financial statements of the Target Company for the years ended December 31, 2019, 2018, 2017, are attached hereto as Schedule "C".

Quarterly Information

The following table sets forth certain quarterly financial information for the Target Company for the periods indicated:

	Quarter ended Dec. 31, 2019 (US$)	**Quarter ended Sept. 30, 2019 (US$)**	**Quarter ended Jun. 30, 2019 (US$)**	**Quarter ended Mar. 30, 2019 (US$)**
Net Sales or Total Revenues	Nil	Nil	Nil	Nil
Income from Continuing Operations (Loss)	(1,532,257)	(2,387,637)	(1,415,103)	(1,271,530)
Net Income (Loss)	(1,532,257)	(2,387,637)	(1,415,103)	(1,271,530)

	Quarter ended Dec. 31, 2018 (US$)	Quarter ended Sept. 30, 2018 (US$)	Quarter ended Jun. 30, 2018 (US$)	Quarter ended Mar. 30, 2018 (US$)
Net Sales or Total Revenues	Nil	Nil	Nil	Nil
Income from Continuing Operations (Loss)	(1,852,719)	(823,325)	(143,669)	(210,003)
Net Income (Loss)	(1,852,719)	(823,325)	(143,669)	(210,003)

A copy of the annual financial statements of the Target Company for the years ended December 31, 2019, 2018 and 2017, are attached hereto as Schedule "C".

Management's Discussion and Analysis

The Target Company's MD&A for the years ended December 31, 2019, 2018, 2017, and the 9 month period ended September 30, 2020, are attached to this Filing Statement as Schedule "D".

Trends

Any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon the Target Company's business, financial condition or results of operations have been discussed throughout this Filing Statement. Subject to obtaining sufficient funding to complete the Target Company's development programs, the most significant uncertainty which is reasonably likely to have a material effect upon the Target Company's financial condition or operations is the potential delays or disruption to the Alpha-1062 clinical and regulatory plans and timetable caused by the COVID-19 pandemic, potential delays associated with the FDA review of the NDA, and potential delays associated with the product manufacturing scale up to commercial quantities. To date the Target Company's development strategy has not been affected by these uncertainties, and we have implemented backup plans and alternative sites to complete the GMP manufacturing of the tablet format and to conduct the Pivotal Study. Additionally, the Pivotal Study can be conducted in healthy subjects over a relatively short duration.

CONSOLIDATED CAPITALIZATION

The following table sets forth the Target Company's share and loan capital for and as of the end of the periods indicated. The information as at September 30, 2020 is derived from the financial statements of the Target Company, which are included in this Filing Statement.

Designation of Security	Amount authorized or to be authorized	Amount outstanding as of September 30, 2020	Amount outstanding as of March 16, 2021 prior to giving effect to the Transaction
Target Company Common Shares	Unlimited	42,996,524	42,996,524
Target Company Class B Common Shares	Unlimited	Nil	Nil
Target Company Class C preferred shares	Unlimited	Nil	Nil
Target Company Class C preferred shares – Series A Shares	15,000,000	7,916,380	7,916,380

Designation of Security	Amount authorized or to be authorized	Amount outstanding as of September 30, 2020	Amount outstanding as of March 16, 2021 prior to giving effect to the Transaction
Target Company Options	N/A	78,308(1)	78,308(1)
Target Company Performance Shares	N/A	9,991,057(2)	9,991,057(2)
Target Company Warrants	N/A	9,201,783(3)	9,201,783(3)
Target Company Convertible Promissory Notes	N/A	US$2,000,000(4)	US$2,059,319(4)
Target Company Convertible Promissory Note Warrants	N/A	Up to US$2,000,000(5)	Nil
Exercise of Target Company Convertible Promissory Note Warrants	N/A	Nil	US$1,940,681(5)
Target Company Subscription Receipts	N/A	Nil	2,771,749(5)
Financing Agent Compensation Warrants	N/A	Nil	130,733(5)

Notes:

(1) 39,154 exercisable into Target Company Shares at US$0.40 until June 1, 2029; and 39,154 exercisable into Target Company Shares at US$0.40 until July 22, 2030.

(2) 900,000 exercisable into Target Company Shares at a price of US$0.001 until February 1, 2026; 691,057 exercisable into Target Company Shares at a price of US$0.01 until December 31, 2027; 4,600,000 exercisable into Target Company Shares at a price of US$0.01 until September 1, 2028; and 3,800,000 exercisable into Target Company Shares at a price of US$0.01 until May 31, 2029.

(3) 440,000 exercisable into Target Company Shares at a price of US$0.40 until July 5, 2023, and 8,761,783 exercisable into Target Company Shares at a price of US$0.40 until August 30, 2024.

(4) Does not include interest of 5% per annum. Convertible into Target Company Shares at a price per Target Company Share equal to the lower of (a) a 20% discount to the price per Target Company Share implied by a Value Transaction (as defined in the Target Company Convertible Promissory Notes); and (b) US$1.60. Expire October 27, 2021.

(5) See "*Information Concerning the Target Company – General Development of the Business – History - Financing*".

(6) As at September 30, 2020, the Target Company had an accumulated deficit of US$16,841,088.

PRIOR SALES

The following table summarizes the sales of securities of the Target Company that have been issued within the 12 months prior to the date of this Filing Statement.

Date of Issue	Type of Security	Number of Securities	Issue Price per Security	Aggregate Issue Price
April 27, 2020	Target Company Convertible Promissory Note units(1)	N/A	N/A	US$2,000,000(2)
October 30, 2020	Exercise of Target Company Convertible Promissory Note Warrants for Target Company Convertible Promissory Notes(3)	N/A	N/A	US$59,319
October 30, 2020	Exercise of Target Company Convertible Promissory Note Warrants for securities on same terms as Target Company Subscription Receipts(3)	N/A	N/A	US$1,940,681(4)
December 18, 2020	Target Company Subscription Receipts(3)	2,710,283(5)	$1.60	$4,336,452
February 10, 2021	Target Company Subscription Receipts(3)	61,466	$1.60	$98,345

Notes:

(1) Units included Target Company Convertible Promissory Notes in principal amount of US$2,000,000 and Target Company Convertible Promissory Note Warrants exercisable to acquire equivalent amount of Target Company Convertible Promissory Notes or securities on same terms as Target Company Subscription Receipts, on or before October 30, 2020. Target Company Convertible Promissory Notes bear interest at a rate of 5% per annum and are convertible into Target Company Shares on or before October 27, 2021.

(2) US$1,731,743 of this amount sold to Non-Arm's Length Parties of the Target Company.

(3) See "*Information Concerning the Target Company – General Development of the Business – History - Financing.*"

(4) US$1,731,743 of this amount sold to Non-Arm's Length Parties of the Target Company.

(5) 315,625 Target Company Subscription Receipts were sold to Non-Arm's Length Parties of the Target Company.

Stock Exchange Price

The Target Company does not currently have, and has never had, any of its securities listed on any stock exchange, quotation system or other securities market.

EXECUTIVE COMPENSATION

Executive Officer Compensation

The following compensation was paid to the CEO and the executive officers of the Target Company for their service as an officer:

Name and Principal Position	Year Ended Dec 31	Salary (US$)	Share-based Awards (US$)	Option-based Awards (US$)(1)	Non-Equity Incentive Plan Compensation (US$)	Pension Value (US$)	All other Compensation (US$)	Total Compensation (US$)
Kenneth Cawkell *CEO*	2019	225,999	N/A	706,042	N/A	N/A	N/A	932,042
	2018	90,000	N/A	56,910	N/A	N/A	N/A	146,910
	2017	N/A	N/A	344,103	N/A	N/A	N/A	344,103

Name and Principal Position	Year Ended Dec 31	Salary (US$)	Share-based Awards (US$)	Option-based Awards (US$)[1]	Non-Equity Incentive Plan Compensation (US$)	Pension Value (US$)	All other Compensation (US$)	Total Compensation (US$)
Dr. Frederick Sancilio[2] *President*	2019	110,000	N/A	743,429	N/A	N/A	N/A	853,429
	2018	57,000	N/A	56,910	N/A	N/A	N/A	113,910
	2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Jeremy Wright[3] *CFO*	2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dr. Denis Kay *Chief Scientific Officer*	2019	171,665	N/A	723,471	N/A	N/A	N/A	895,136
	2018	160,000	N/A	56,910	N/A	N/A	N/A	216,910
	2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

(1) These amounts reflect the fair value of the graded vested Target Company Performance Shares as the Target Company granted option-based awards that vest over various periods. The Target Company used the Black-Scholes pricing model as the methodology to calculate the grant date fair value, and relied on the following the key assumptions and estimates for each calculation: (i) risk free interest rate of 1.97% - 2.23%; (ii) expected dividend yield of 0%; (iii) expected volatility of 125%; and (iv) an expected term of 10 years. The Black-Scholes pricing model was used to estimate the fair value as it is the most accepted methodology.

(2) Mr. Sancilio was appointed as the President and Head of Product Development of the Target Company on September 1, 2018.

(3) Mr. Wright was appointed as the part-time CFO of the Target Company on August 5, 2020 and became the full-time CFO on October 5, 2020.

The following table discloses the compensation paid to the executive officers of the Target Company for their services as an officer for the 9 month period ended September 30, 2020:

Name and Principal Position	Period Ended	Salary (US$)	Share-based Awards (US$)	Option-based Awards (US$)[1]	Non-Equity Incentive Plan Compensation (US$)	Pension Value (US$)	All other Compensation (US$)	Total Compensation (US$)
Kenneth Cawkell *CEO*	Sept 30, 2020	137,000	N/A	109,058	N/A	N/A	N/A	246,058
Dr. Frederick Sancilio *President*	Sept 30, 2020	210,000	N/A	134,062	N/A	N/A	30,000	374,062
Jeremy Wright[2] *CFO*	Sept 30, 2020	13,450[3]	N/A	N/A	N/A	N/A	N/A	13,450
Dr. Denis Kay *Chief Scientific Officer*	Sept 30, 2020	120,000	N/A	116,528	N/A	N/A	N/A	236,528

Notes:

(1) These amounts reflect the fair value of the graded vested Target Company Performance Shares as the Target Company granted option-based awards that vest over various periods. The Target Company used the Black-Scholes pricing model as the methodology to calculate the grant date fair value, and relied on the following the key assumptions and estimates for each calculation: (i) risk free interest rate of 0.60%; (ii) expected

dividend yield of 0%; (iii) expected volatility of 139%; and (iv) an expected term of 10 years. The Black-Scholes pricing model was used to estimate the fair value as it is the most accepted methodology.
(2) Mr. Wright was appointed as the part-time CFO of the Target Company on August 5, 2020 and became the full-time CFO on October 5, 2020.
(3) Mr. Wright receives $6,000 per month on a part-time basis, which was exchanged into US$ at the spot rate as of the date of invoice.

The Target Company does not have any intention to make any material changes to its executive compensation until completion of the Transaction. See "*Information Concerning the Resulting Issuer – Executive Compensation*".

Director Compensation

The following compensation was paid to directors of the Target Company who were not also officers of the Target Company for the year ended December 31, 2019:

Name	Fees earned	Share-based awards	Option-based awards (US$)[1]	Non-equity incentive plan compensation	Pension value	All other compensation	Total (US$)
Len Mertz	N/A	N/A	252,618	N/A	N/A	N/A	252,618
John Havens	N/A	N/A	126,310	N/A	N/A	N/A	126,310
Phillip Mertz[2]	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

(1) These amounts reflect the fair value of the graded vested Target Company Performance Shares as the Target Company granted option-based awards that vest over various periods. The Target Company used the Black-Scholes pricing model as the methodology to calculate the grant date fair value, and relied on the following the key assumptions and estimates for each calculation: (i) risk free interest rate of 2.76%; (ii) expected dividend yield of 0%; (iii) expected volatility of 125%; and (iv) an expected term of 10 years. The Black-Scholes pricing model was used to estimate the fair value as it is the most accepted methodology
(2) Mr. Mertz became director of the Target Company on July 18, 2019.

No compensation was paid to directors of the Target Company who were not also officers of the Target Company for the 9 months ended September 30, 2020.

Share-Based and Option-Based Awards

To date, the Target Company has granted only option-based awards, the Target Company Performance Shares. The following option-based awards made to the CEO and the executive officers of the Target Company were outstanding as at September 30, 2020:

	Option-based Awards				
Name	Number of securities underlying unexercised options (#)		Option exercise price (US$)	Option expiration date	Value of unexercised in-the-money options (US$)[1]
	Unvested	Vested			
Kenneth Cawkell *CEO*	Nil	300,000	0.001	February 1, 2026	348,000
	Nil	691,057	0.010	December 31, 2027	801,626
	520,000	980,000	0.010	September 1, 2028	1,136,800
	650,000	350,000	0.010	June 1, 2029	406,000

	Option-based Awards				
Name	**Number of securities underlying unexercised options (#)**		**Option exercise price (US$)**	**Option expiration date**	**Value of unexercised in-the-money options (US$)[(1)]**
	Unvested	**Vested**			
Dr. Frederick Sancilio *President*	520,000	980,000	0.010	September 1, 2028	1,136,800
	1,125,000	375,000	0.010	September 1, 2028	435,000
Jeremy Wright *CFO*	N/A	N/A	N/A	N/A	N/A
Dr. Denis Kay *Chief Scientific Officer*	Nil	500,000	0.001	February 1, 2026	580,000
	520,000	980,000	0.010	September 1, 2028	1,136,800
	600,000	400,000	0.010	June 1, 2029	464,000

Notes:

(1) Based on the difference between the share price of the Target Company's last private placement on August 30, 2019 of US$1.16 and the Target Company Performance Share exercise price, multiplied by the number of vested Target Company Performance Shares under option.

There were no option-based awards outstanding as at September 30, 2020 that were made to directors of the Target Company who are not also officers.

Legacy Compensation Plan

The Target Company issued 1,691,057 Target Company Performance Shares to officers and employees of the Target Company in lieu of salaries, and a further 8,300,000 Target Company Performance Shares were issued to officers and employees, with vesting subject to performance milestones. Once vested, the Target Company Performance Shares are exercisable at $0.001 to $0.01 per Target Company Share, and have expiry dates of February 1, 2026, December 31, 2027, September 1, 2028 and June 1, 2029.

On September 2, 2020, the board of directors of the Target Company declared the Legacy Compensation Plan closed to new grants, with a total of 9,991,057 Target Company Performance Shares issued and outstanding. Following Closing, the Target Company Performance Shares will continue to be governed by the Legacy Compensation Plan, as well as the vesting terms of the Target Company Performance Shares. The purpose of the Legacy Compensation Plan was to attract, retain and compensate persons of outstanding competence to act as directors, officers, employees, advisory board members and consultants of the Target Company, or its affiliates, and to further identify the interests of those members of the Target Company by encouraging them to acquire share ownership.

The following is a summary of the material terms of the Legacy Compensation Plan and the vesting provisions of the Target Company Performance Shares:

Administration. The Legacy Compensation Plan is administered by the board of directors of the Target Company, who, subject to the provisions of the Legacy Compensation Plan, may establish from time to time such rules and regulations, make such determinations and to take such steps in connection with the Legacy Compensation Plan as in the opinion of the board of directors of the Target Company are necessary or desirable for the proper administration of the Legacy Compensation Plan.

Transferability. The Target Company Performance Shares are non-assignable and non-transferable.

<u>Termination</u>. Each Target Company Performance Share granted pursuant to the Legacy Compensation Plan will expire automatically on the earlier of.

(a) the date on which such Target Company Performance Share is exercised;

(b) the expiry date of such Target Company Performance Share as determined by the board of directors;

(c) subject to sub-paragraph (f), after one year, or such longer period as the board of directors of the Target Company may determine from time to time, from the date on which the recipient of the Target Company Performance Share is no longer a director of the Target Company or an affiliate of the Target Company;

(d) the date not less than 90 days nor more than one year, as is determined by the board of directors of the Target Company at the time the Target Company Performance Share is granted, from the date of retirement or termination of employment, other than for just cause, of a holder who is an employee, officer or consultant of the Target Company or an affiliate of the Target Company, and provided further that the agreement respecting such Target Company Performance Share:

    (i) may permit the holder to apply to the board of directors of the Target Company, at any time during the term of the Target Company Performance Share and prior to expiry, to extend the expiry date up to but not beyond one year following the date of retirement or termination; and

    (ii) may further provide for a longer term as determined by the board of directors of the Target Company at the time of the grant, where the retirement or termination occurs within such period of time following a change of control as is determined by the board of directors of the Target Company in each case, provided that such change of control period shall not extend beyond one year following the date of retirement or termination;

(e) where the holder’s position as an employee, officer, consultant or director of the Target Company or an affiliate of the Target Company is removed or terminated for just cause, the date of such termination for just cause; or

(f) where the holder ceases to be an employee, officer, consultant or director of the Target Company by reason of the death or disability of such holder, one year following the date of the death or the date of termination by reason of disability of such holder.

<u>Vesting</u>. Of the 8,300,000 Target Company Performance Shares granted to officers of the Target Company subject to vesting criteria, 3,450,000 vested upon the following criteria having been met:

1. Confirmation that a section 505(b)(2) New Drug Application issued by the FDA can be used for Alpha-1062 nasal spray;

2. Filing of a second IND with the FDA, or the filing of an IND-equivalent in a regulated jurisdiction other than the United States;

3. Filing of a third IND with the FDA, or the filing of a second IND-equivalent in a jurisdiction other than the United States;

4. Grant of the first Orphan Drug Designation for Alpha-602; and

5. Up to a total of 1,900,000 vest on the first day of each calendar quarter for eight quarters commencing October 1, 2019.

A further 3,716,250 will vest on the Closing, as the vesting criteria includes that any unvested options shall immediately vest in accordance with a sliding scale where the Target Company experiences a "value transaction", being any agreement, transaction, or series of agreements or transactions, which alone or together have the effect, directly or indirectly, of valuing the Target Company or its assets, including but not limited to a merger or acquisition, a private placement shares or convertible debt, an initial public offering, a reverse take-over or merger, a license or sale of all or any portion of Alpha-1062, or a valuation report completed by an independent banker or certified business valuator approved by the board of directors of the Target Company.

The remaining 1,133,750 will continue to vest following Closing upon the following criteria having been met:

1. Filing of any IND with the FDA;

2. Filing of an IND with respect to Alpha-602 with the FDA, or the filing of a Alpha-602 IND-equivalent in a regulated jurisdiction other than the United States;

3. Successful completion of the Pivotal Study of Alpha-1062; and

4. The remainder of the time-based vesting, with the last release being October 1, 2021.

Notwithstanding the above, any unvested Target Company Performance Shares shall immediately vest in full upon a change of control, being an occurrence when either a person (other than the current control person of the Target Company, if any) becomes a control person, or a majority of the directors elected at any annual or extraordinary general meeting of shareholders of the Target Company are not individuals nominated by the Target Company's then-incumbent board. In addition, any unvested Target Company Performance Shares shall immediately vest in full upon termination of the Target Company Performance Shares by the Target Company without just cause or by the optionee with good reason.

Incentive Plan Awards

No compensation was awarded, earned, paid or payable to any director or executive officers under any incentive plan since incorporation. On October 9, 2020, the Target Company adopted the Long Term Incentive Plan. See "*Information Concerning the Resulting Issuer – Executive Compensation – Incentive Plan Awards*" for a summary of the provisions of the Long Term Incentive Plan.

Termination and Change of Control Benefits

The Target Issuer does not have any plan, contract or arrangement where a director or officer will be entitled to receive payments from the Target Company, including periodic payments or installments, in the event of the resignation, retirement or other termination of employment, a change of control of the Target Company or a change in the director or officer's responsibilities following a change in control.

Management Contracts

Management functions of the Target Company or any subsidiary are not performed by a person other than the directors or senior officers of the Target Company or subsidiary. The Target Company is not a party to any management contracts.

NON-ARM'S LENGTH PARTY TRANSACTIONS

Except as set out in this Filing Statement and below, none of the directors, senior officers or principal shareholders of the Target Company, nor any Associate or Affiliate of the foregoing have acquired assets or services from the Target Company or provided assets or services to the Target Company in any transaction within the five year period prior to the date of this Filing Statement, or in any proposed transaction of the Target Company.

The Target Company was created to continue the research and development work of NLS. When the Target Company was initially spun out from NLS, NLS retained ownership of 3,428,195 Target Company Shares, with the remainder of the Target Company's share structure and ownership mirroring that of NLS. The Target Company acquired the rights to Alpha-1062 and Alpha-602 from NLS pursuant to the Alpha-1062 Agreement and Alpha-602 Agreement. NLS currently owns 2,711,208 Target Company Shares, or 6.3% of the issued and outstanding Target Company Shares. See "*Information Concerning the Target Company – General Development of the Business - History*".

In addition, Kenneth Cawkell, a director and CEO of the Target Company, is also CEO of NLS and holds greater than 10% of the voting shares of NLS, Denis Kay, Chief Scientific Officer of the Target Company, is a director and Chief Scientific Officer of NLS, and Len Mertz, a director of the Target Company, holds greater than 10% of the voting shares of NLS. Denis Kay is also a party to the Alpha-602 Royalty Agreement, pursuant to which he would receive a royalty from the Target Company on the commercial sale of Alpha-602.

Kenneth Cawkell is a shareholder of the Issuer. Mr. Cawkell owns 430,000 Issuer Shares, representing 3.4% of the issued and outstanding Issuer Shares. See "*Information Concerning the Resulting Issuer – Directors, Officers and Promoters*" for a description of the securities of the Resulting Issuer that will be held by Mr. Cawkell on Closing of the Transaction.

LEGAL PROCEEDINGS

There are no legal proceedings to which the Target Company is or has been a party. To the knowledge of the management of the Target Company, there are no such proceedings contemplated.

MATERIAL CONTRACTS

The following is a list of material contracts (excluding contracts entered into in the ordinary course of business) entered into by the Target Company:

1. Alpha-1062 Agreement dated March 23, 2015 between NLS and the Target Company, as amended effective April 1, 2015. See "*Information Concerning the Target Company – General Development of the Business – History*".

2. Alpha-1062 Royalty Agreement dated January 1, 2016 between NLS, Maelicke and the Target Company. See "*Information Concerning the Target Company – General*

Development of the Business – History".

3. Alpha-602 Agreement dated January 1, 2020 between NLS and the Target Company, as amended November 4, 2020. See "*Information Concerning the Target Company – General Development of the Business – History*".

4. Alpha-602 Royalty Agreement dated November 3, 2020 between the Scientists, NLS and the Target Company. See "*Information Concerning the Target Company – General Development of the Business – History*".

5. Nomination rights agreement dated February 27, 2015 between Mertz Holdings and the Target Company, pursuant to which Mertz Holdings has the right to nominate two directors to the board of directors of the Target Company, for so long as Mertz Holdings and certain associates own no less than 5% of the issued and outstanding Target Company Shares, Target Company Preferred Shares and Target Company Warrants. The nomination right shall continue on completion of the Transaction.

6. Nomination rights agreement dated July 5, 2018 between Hyman Place LLC and the Target Company, pursuant to which Hyman Place LLC has the right to nominate one director to the board of directors of the Target Company, for so long as Hyman Place LLC owns no less than 3% of the issued and outstanding Target Company Shares, Target Company Preferred Shares and Target Company Warrants. The nomination right shall continue on completion of the Transaction.

7. Nomination rights agreement dated March 1, 2019 between Kenneth Cawkell and the Target Company, pursuant to which Mr. Cawkell has the right to nominate one director to the board of directors of the Target Company, for so long as Mr. Cawkell and certain associates own no less than 3% of the issued and outstanding Target Company Shares, Target Company Preferred Shares and Target Company Warrants. The nomination right shall continue on completion of the Transaction.

8. Arrangement Agreement dated October 27, 2020, between the Issuer and the Target Company, as amended.

9. Agency Agreement dated December 18, 2020 among the Target Company, Financing Agent and the Issuer.

10. Consulting Agreement dated February 8, 2021 among the Target Company and Bristol Capital Ltd. pursuant to which Bristol Capital Ltd. has agreed to provide investor relations services to the Target Company and the Resulting Issuer. See "*Information Concerning the Resulting Issuer – Investor Relations Arrangements*".

Copies of these agreements may be inspected, without charge, at the office of the Issuer located at 439 Helmcken Street, Vancouver, British Columbia, V6B 2E6, at any time during normal business hours until the completion of the Transaction and for a period of 30 days thereafter.

INFORMATION CONCERNING THE RESULTING ISSUER

CORPORATE STRUCTURE

On Closing, it is anticipated that the Issuer will change its name to "Alpha Cognition Inc." or such other similar name as the Issuer and the Target Company may agree, subject to approval by the Exchange and applicable regulatory authorities.

The Resulting Issuer will continue to exist under the BCBCA and the head and registered office of the Resulting Issuer will be at 439 Helmcken Street, Vancouver, BC, V6B 2E6.

INTERCORPORATE RELATIONSHIPS

Upon completion of the Transaction, the Resulting Issuer will directly own all of the issued and outstanding shares of the Target Company. As a result of the Transaction, the shareholders of the Target Company will become shareholders of the Resulting Issuer.

The chart below sets out the intended intercorporate relationship between the Resulting Issuer and the Target Company as they will exist immediately following the completion of the Transaction:

Alpha Cognition Inc.
"**Resulting Issuer**"
(formerly Crystal Bridge Enterprises Inc.)
(British Columbia)

100%

Alpha Cognition Canada Inc.
(formerly Alpha Cognition Inc.)
(British Columbia)

100%

Alpha Cognition USA Inc.
(Florida)

NARRATIVE DESCRIPTION OF THE BUSINESS

The Resulting Issuer will carry on the business of the Target Company upon completion of the Transaction. See "*Information Concerning the Target Company – Narrative Description of the Business*".

In the 12 months following completion of the Transaction, the Issuer and the Target Company intend that the Resulting Issuer will use its financial resources at Closing for the business objective set out in the table below. The table below also sets out the significant milestone that management of the Resulting Issuer currently believes is necessary in order to achieve the stated business objective:

Stated Business Objective	Milestones	Estimated Timing	Estimated Cost
Complete FDA registration requirement for Alpha-1062	Successfully complete Pivotal Study (BABE clinical trial)	Q3-Q4 2021	US$5,173,996

See "*Information Concerning the Target Company – Narrative Description of the Business – Alpha-1062 - Summary of Regulatory and Commercial Development*" for a discussion of the Resulting Issuer's longer term business objectives and milestones.

There is no assurance that the Resulting Issuer will be successful in meeting the objectives described above. See "*Risk Factors*" for information relating to the risks associated with the business of the Resulting Issuer.

DESCRIPTION OF THE SECURITIES

The authorized capital of the Resulting Issuer will consist of an unlimited number of Resulting Issuer Shares, an unlimited number of Resulting Issuer Restricted Voting Shares and an unlimited number of Resulting Issuer Preferred Shares. See "*Information Concerning the Resulting Issuer – Pro Forma Consolidated Capitalization*" for the number of securities expected to be issued outstanding upon Completion of the Qualifying Transaction.

Resulting Issuer Shares

Each Resulting Issuer Share entitles the holder thereof to dividends, if, as and when declared by the Board, to exercise one vote per Resulting Issuer Share at meetings of the shareholders of the Resulting Issuer and, upon liquidation, dissolution, or winding-up of the Resulting Issuer, to share equally in such assets of the Resulting Issuer as are distributable to the holders of Resulting Issuer Shares. All Resulting Issuer Shares outstanding after completion of the Transaction will be fully paid and non-assessable common shares.

Resulting Issuer Restricted Voting Shares

The restrictions on conversion of the Resulting Issuer Restricted Voting Shares are designed to allow the Resulting Issuer to maintain its status as Foreign Private Issuer on completion of the Arrangement. If a company loses its status as a Foreign Private Issuer, it will be considered a Domestic Issuer and subject to the requirements of United States securities laws as if it was a United States company, including the requirement to file to become reporting under United States securities laws.

A company is a Domestic Issuer if: (A) 50% or more of the holders of voting securities of such issuer are directly or indirectly owned of record by residents of the United States; and (B) any of the following apply: (i) the majority of the executive officers or directors of the Resulting Issuer are United States citizens or residents; (ii) the Resulting Issuer has 50% or more of its assets located in the United States; or (iii) the business of the Resulting Issuer is principally administered in the United States. It is proposed that the Resulting Issuer Restricted Voting Shares will be issued to certain holders of Target Company Shares who are resident in the United States. Unlike the Resulting Issuer Shares, the Resulting Issuer Restricted Voting Shares will not entitle the holder to exercise voting rights in respect of the election of directors of the Resulting Issuer. Issuing Resulting Issuer Restricted Voting Shares to these holders resident in the United States reduces the likelihood that the Resulting Issuer will become a Domestic Issuer on completion of the Arrangement.

The Resulting Issuer Restricted Voting Shares include the following restrictions, conditions and limitations:

(1) The holders of the Resulting Issuer Restricted Voting Shares will be entitled to receive notice of and attend all meetings of the shareholders of the Resulting Issuer and will be entitled to vote at meetings of the holders of Resulting Issuer Shares, except that holders of Resulting Issuer Restricted Voting Shares will not be entitled to vote for the election or removal of directors of the Resulting Issuer.

(2) The holders of Resulting Issuer Restricted Voting Shares will be entitled to receive dividends as and when declared by the board of directors of the Resulting Issuer, provided that no dividend may be declared or paid in respect of Resulting Issuer Restricted Voting Shares unless concurrently therewith the same dividend is declared or paid on the Resulting Issuer Shares.

(3) The holders of Resulting Issuer Restricted Voting Shares shall be entitled, in the event of any liquidation, dissolution or winding-up, whether voluntary or involuntary, or any other distribution of the assets of the Resulting Issuer among its shareholders for the purpose of winding up its affairs, to share rateably, together with the holders of the Resulting Issuer Shares, in such assets of the Resulting Issuer as are available for distribution.

(4) Resulting Issuer Restricted Voting Shares may only be transferred pursuant to an offer to purchase Resulting Issuer Restricted Voting Shares made to all of the holders of Resulting Issuer Restricted Voting Shares.

(5) If an offer is made to purchase all or substantially all of the Resulting Issuer Shares, each Resulting Issuer Restricted Voting Share shall be deemed converted into one Resulting Issuer Shares concurrent with closing of the offer.

(6) Each Resulting Issuer Restricted Voting Share will be convertible into one Resulting Issuer Shares at the option of the holder of the Resulting Issuer Restricted Voting Share: (i) at any time, provided that on or before June 30, 2021 the approval of the board of directors of the Resulting Issuer is required, which approval may be refused if the Resulting Issuer would cease to qualify as a Foreign Private Issuer; (ii) if the Resulting Issuer enters into a binding agreement that would result in a change of control; or (iii) if a meeting of shareholders is called to elect directors who are not nominees of the Resulting Issuer or management of the Resulting Issuer or if a meeting of shareholders is called at which a contested election of directors will be considered.

Resulting Issuer Preferred Shares

The Resulting Issuer Preferred Shares will be issued in exchange for the Target Company Preferred Shares which are held by certain founders of the Target Company.

The Resulting Issuer Preferred Shares include the following restrictions, conditions and limitations:

(1) The Resulting Issuer Preferred Shares have a deemed issue price of $0.25 (“**Deemed Issue Price**”).

(2) The holders of the Resulting Issuer Preferred Shares will be entitled to receive notice of and attend all meetings of the shareholders of the Resulting Issuer and will be entitled to vote at meetings of the holders of Resulting Issuer Shares. The holders of Resulting Issuer Preferred Shares will vote together with holders of Resulting Issuer Shares and Resulting Issuer Restricted Voting Shares as a single class.

(3) The holders of Resulting Issuer Preferred Shares will be entitled to receive dividends as and when declared by the board of directors of the Resulting Issuer. The Resulting Issuer Preferred Shares rank

in priority to the Resulting Issuer Shares and Resulting Issuer Restricted Voting Shares for payment of dividends. Dividends on the Resulting Issuer Preferred Shares are non-cumulative. If the holders of the Resulting Issuer Preferred Shares receive dividends in an aggregate amount equal to or greater than the Deemed Issue Price, the Resulting Issuer Preferred Shares shall be automatically converted to Resulting Issuer Shares.

(4) In the event of any liquidation, dissolution or winding up of the Resulting Issuer, whether voluntary or involuntary, the holders of the Resulting Issuer Preferred Shares shall be entitled to receive out of the assets and funds of the Resulting Issuer, prior and in preference to any distribution of any of the assets or funds of the Resulting Issuer to the holders of the Resulting Issuer Shares and Resulting Issuer Restricted Voting Shares, an amount per Resulting Issuer Preferred Share equal to two times the Deemed Issue Price of the Resulting Issuer Preferred Shares (as appropriately adjusted for any stock dividends, combinations or splits) plus all accrued or declared but unpaid dividends on such Resulting Issuer Preferred Shares (the "**Liquidation Preference**"). After payment in full of the Liquidation Preference has been made to the holders of the Resulting Issuer Preferred Shares, all remaining assets and funds of the Resulting Issuer legally available for distribution shall be distributed ratably among the holders of the Resulting Issuer Preferred Shares, Resulting Issuer Shares and Resulting Issuer Restricted Voting Shares. Upon payment of the Liquidation Preference, each Resulting Issuer Preferred Share will convert into one Resulting Issuer Share.

(5) Each Resulting Issuer Preferred Share shall, at the option of the holder, be convertible into Resulting Issuer Shares at the rate of one Resulting Issuer Share for each Resulting Issuer Preferred Share. All of the Resulting Issuer Preferred Shares will be automatically converted to Resulting Issuer Shares if any of the following events occur:

(a) upon the completion of an initial public offering, or a reverse take-over with a qualifying secondary offering, pursuant to which the Resulting Issuer Shares are listed for trading on the New York Stock Exchange, NYSE Amex, the NASDAQ National Market or SmallCap Quotation System or a successor to any of the foregoing, raising at least US$40 million, and a price per share which values the Resulting Issuer at US$160 million or more, prior to listing;

(b) A third party makes a bona fide offer to acquire 100% of the Resulting Issuer Shares, or execute a merger or amalgamation in which effective control of the Resulting Issuer is transferred, and such offer has been approved by the board of directors of the Resulting Issuer and its shareholders, such that shareholders receive proceeds from the transaction of at least US$160 million in the form of shares or cash or a combination of both;

(c) A third party makes a bona fide offer to acquire all or substantially all of the Resulting Issuer's assets, for sale proceeds of at least US$180 million and such offer has been approved by the board of directors of the Resulting Issuer and its shareholders, and provided that the shareholders on closing receive proceeds from the transaction by way of dividend and return of capital or otherwise of at least US$160 million; or

(d) A third party makes a bona fide offer to acquire certain specific Resulting Issuer asset(s), for sale proceeds of at least US$180 million, and provided that the provision of subsection (c) is not triggered, and such offer has been approved by the board of directors of the Resulting Issuer and provided that the shareholders on closing receive proceeds from the transaction by way of dividend, return of capital or otherwise of at least US$160 million, If the Resulting Issuer Preferred Shares are subject to automatic conversion as a result of the occurrence of one of the above events, prior to such conversion they shall be entitled to receive a dividend per Resulting Issuer Preferred Share equal to the Deemed Issue Price.

Resulting Issuer Options

Upon Completion of the Qualifying Transaction, there will be Resulting Issuer Options outstanding and issued pursuant to the Stock Option Plan, which entitle the holders to acquire Resulting Issuer Shares. There will also be Target Company Options and Target Company Performance Shares outstanding and issued pursuant to the Legacy Compensation Plan, which will entitle the holders to acquire Resulting Issuer Shares and will continue to be governed by the terms of the Legacy Compensation Plan and the terms of the Target Company Performance Shares.

See "*Information Concerning the Resulting Issuer – Pro Forma Consolidated Capitalization*" for the number and terms of the Resulting Issuer Options, Target Company Options and Target Company Performance Shares expected to be issued and outstanding upon Completion of the Qualifying Transaction. See "*Information Concerning the Issuer – Stock Option Plan*" for the terms of the Stock Option Plan and "*Information Concerning the Target Company – Executive Compensation – Legacy Compensation Plan*" for the terms of the Legacy Compensation Plan.

Resulting Issuer Warrants

Upon Completion of the Qualifying Transaction, outstanding Target Company Warrants will be exchanged for Resulting Issuer Warrants exercisable on the same terms as the Target Company Warrants so exchanged. In addition the Financing Agent Compensation Warrants issued by the Target Company will be exchanged for Financing Agent Compensation Warrants issued by the Resulting Issuer. See "*Information Concerning the Resulting Issuer – Pro Forma Consolidated Capitalization*" for the number and terms of the Resulting Issuer Warrants and Financing Agent Compensation Warrants expected to be issued and outstanding upon Completion of the Qualifying Transaction.

PRO FORMA CONSOLIDATED CAPITALIZATION

Pro Forma Consolidated Capitalization

The following table sets out the shares of the Resulting Issuer which will be issued and outstanding upon the completion of the Financing and the Transaction:

Designation of Security	Amount Authorized to be Issued	Amount Outstanding after giving effect to the Transaction and the Financing
Resulting Issuer Shares	Unlimited	44,838,644[(1)]
Resulting Issuer Restricted Voting Shares	Unlimited	7,000,000[(1)]
Resulting Issuer Preferred Shares	Unlimited	7,916,380

Notes:

(1) Subject to adjustment in accordance with the Arrangement Agreement to maintain Foreign Private Issuer status.

Pro Forma Fully Diluted Share Capital

The following table outlines the expected number and percentage of securities of the Resulting Issuer to be outstanding on a fully diluted basis after giving effect to the Transaction.

Description of Resulting Issuer Securities	Outstanding after giving effect to Transaction and Financing	Percentage
Resulting Issuer Shares		
Held by current shareholders of the Issuer (post-Consolidation)	1,640,056(1)	2.0%
Issued to Target Company Shareholders pursuant to the Transaction	35,996,524(2)	43.9%
Issued to holders of Target Company Convertible Promissory Notes pursuant to the Transaction	2,228,754(3)	2.7%
Issued to holders of Target Company Convertible Promissory Note Warrants pursuant to the Transaction	1,613,186(4)	2.0%
Issued on conversion of Subscription Receipts pursuant to the Financing	3,360,124	4.1%
Resulting Issuer Restricted Voting Shares		
Issued to Target Company Shareholders pursuant to the Transaction	7,000,000(2)	8.6%
Resulting Issuer Preferred Shares		
Issued to Target Company Shareholders pursuant to the Transaction	7,916,380	9.7%
Resulting Issuer Options		
Resulting Issuer Options held by current holders of Issuer Options (post-Consolidation)	108,543(5)	0.1%
Resulting Issuer Shares issuable on exercise of outstanding Target Company Options	78,308(6)	0.1%
Resulting Issuer Shares issuable on exercise of Target Company Performance Shares	9,991,057(7)	12.2%
Resulting Issuer Options to be issued pursuant to investor relations agreement	200,000(8)	0.2%
Resulting Issuer Warrants		
Issued to Target Company Warrantholders pursuant to the Transaction	9,201,783(9)	11.2%
Issued to holders of Target Company Convertible Promissory Note Warrants pursuant to the Transaction	806,591(4)	1.0%
Issued on conversion of Subscription Receipts pursuant to the Transaction	1,680,062	2.1%
Financing Agent Compensation Warrants	130,733	0.2%
TOTAL FULLY DILUTED	**81,952,101**	**100%**

Notes:

(1) See information regarding Issuer Share Consolidation.

(2) Subject to adjustment in accordance with the Arrangement Agreement to maintain Foreign Private Issuer Status.

(3) Target Company Convertible Promissory Notes in the principal amount of US$2,000,000 issued April 27, 2020, and Target Company Convertible Promissory Notes in the aggregate principal amount of US$59,319

issued October 30, 2020, are currently outstanding. Principal plus 5% interest calculated to March 1, 2021 has been converted at approximately US$0.96 per Resulting Issuer Share on Closing (being a 20% discount to the Financing price of $1.60 per Subscription Receipt, using an exchange rate of $1.33 to US$1). Final interest amount and exchange rate to be determined on closing of Transaction.

(4) Target Company Convertible Promissory Note Warrants exercised to acquire, in the aggregate, US$1,940,680.91 in securities on the same terms as the Target Company Subscription Receipts. Financing price of $1.60 converted to United States dollars using exchange rate of $1.33 to US$1.

(5) Exercisable into Resulting Issuer Shares at a price of $0.714. 31,513 are exercisable until September 21, 2023, and 77,030 will be exercisable until 90 days following Closing of the Transaction.

(6) 39,154 Target Company Options exercisable at US$0.40 until June 1, 2029; and 39,154 Target Company Options exercisable at US$0.40 until July 22, 2030.

(7) 900,000 Target Company Performance Shares exercisable at a price of US$0.001 until February 1, 2026; 691,057 Target Company Performance Shares exercisable at a price of US$0.01 until December 31, 2027; 4,600,000 Target Company Performance Shares exercisable at a price of US$0.01 until September 1, 2028; and 3,800,000 Target Company Performance Shares exercisable at a price of US$0.01 until May 31, 2029.

(8) Exercisable at $2.10 for a period of two years following closing of the Transaction.

(9) Includes 440,000 Resulting Issuer Warrants issued in exchange for Target Company Warrants exercisable into Resulting Issuer Shares at a price of US$0.40 until July 5, 2023; and 8,761,783 Resulting Issuer Warrants issued in exchange for Target Company Warrants exercisable into Resulting Issuer Shares at a price of US$0.40 until August 30, 2024.

All Resulting Issuer Shares to be issued pursuant to the Transaction are subject to the approval of the Exchange. If any of the Resulting Issuer Shares proposed to be issued are not approved by the Exchange, the number of Resulting Issuer Shares to be issued will be adjusted to such number as is approved by the Exchange.

AVAILABLE FUNDS AND PRINCIPAL PURPOSES

The following tables set out: (a) the funds which will be available to the Resulting Issuer (net proceeds of the Financing and the Resulting Issuer's available working capital) at Closing; and (b) how those funds will be utilized.

Net Proceeds Available on Completion of Transaction

The following tables set out: (a) the funds which will be available to the Resulting Issuer at Closing; and (b) how those funds will be utilized.

Net Proceeds Available on Completion of Transaction

Proceeds from Exercise of Convertible Promissory Note Warrants	US$2,000,000
Net Proceeds of Financing	US$3,478,447
Issuer Estimated Working Capital as at February 28, 2021	US$505,045
Target Company Estimated Working Capital as at February 28, 2021	US$1,361,388
TOTAL	US$7,344,880

Use of Funds Available on Completion of Transaction

Research & Development – Complete Pivotal Study	US$5,173,996
Business Development & Marketing	US$72,326
Current Employee Costs	US$934,553
Estimated Remaining Costs of Transaction[(1)]	US$65,000
Estimated General & Administrative Expenses for 12 months[(2)]	US$688,358
Unallocated Working Capital	US$410,647
TOTAL	US$7,344,880

Notes:

(1) This figure includes professional fees consisting of legal, corporate finance, and accounting fees payable in connection with the Transaction.

(2) This figure consists of approximately US$138,000 in legal fees, US$195,750 in accounting fees, US$14,400 in rent, office, US$108,000 in travel expenses, and US$232,208 in other general and administrative expenses.

See "*Information Concerning the Resulting Issuer – Narrative Description of the Business*" for the stated business objectives and milestones.

Dividends

There are no restrictions in the Resulting Issuer's articles or elsewhere that would prevent the Resulting Issuer from paying dividends following the completion of the Transaction. However, it is anticipated that all available funds will be invested to finance the growth of the Resulting Issuer's business and, accordingly, it is not contemplated that any dividends will be paid on the shares of the Resulting Issuer in the immediate or foreseeable future. The directors of the Resulting Issuer will determine if, and when, dividends will be paid in the future based on the Resulting Issuer's strategy and financial position.

PRINCIPAL SECURITYHOLDERS

After giving effect to the Transaction, to the knowledge of the prospective directors and officers of the Resulting Issuer, other Kenneth Cawkell and Len Mertz, no Person or company will beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the issued and outstanding voting securities of the Resulting Issuer. See "*Information Concerning the Resulting Issuer – Directors, Officers and Promoters*".

DIRECTORS, OFFICERS AND PROMOTERS

The individuals listed in the table below will be the directors and officers of the Resulting Issuer upon completion of the Transaction. The principal occupations of these individuals over the past five years and relevant experience in a business similar to the Issuer's is as follows:

Name, Municipality of Residence, Position	Principal Occupation in the last five years	Date Appointed as Director or Officer of the Issuer	Number and Percentage of Shares of Resulting Issuer Beneficially Owned, Directly or Indirectly, or Over Which Control or Discretion is Exercised(1)(2)(3)(4)
Kenneth Cawkell(5) New Westminster, British Columbia *Proposed CEO, Corporate Secretary and Director*	Mr. Cawkell founded the law firm Cawkell Brodie LLP in 1987 where he acts as managing partner. Mr. Cawkell is the founder and a director of the Target Company. Mr. Cawkell is also a director of Wellness Health Technologies Corp. and Centurion Minerals Ltd.	Proposed officer and director	5,445,180 Resulting Issuer Shares(7) 12.1% 2,000,000 Resulting Issuer Preferred Shares 25.3%
Dr. Frederick Sancilio(6) Florida, United States *Proposed President and Director*	Co-founder and principle at Clearway Global, LLC, a company that focuses on investment opportunities in specialty pharmaceuticals, nutritional products and commercial real estate since January 2018. From 2006 to December 2017 Mr. Sancilio was the CEO and President of Sancilio Pharmaceuticals Company, Inc.	Proposed officer and director	38,285 Resulting Issuer Shares 0.1%
Jeremy Wright Port Moody, British Columbia *Proposed CFO*	Since 2013 Mr. Wright has been the President and CEO of Seatrend Strategy Group, a company providing director and executive officer services to public and private companies. Mr. Wright is also the CFO for Portofino Resources Inc., and the CFO and a director of Centurion Minerals Ltd. Mr. Wright is also a director of Pontus Protein Ltd. Previously, Mr. Wright was the CFO for GTEC Cannabis Co.	Proposed officer	62,500 Resulting Issuer Shares(8) 0.1%

Name, Municipality of Residence, Position	Principal Occupation in the last five years	Date Appointed as Director or Officer of the Issuer	Number and Percentage of Shares of Resulting Issuer Beneficially Owned, Directly or Indirectly, or Over Which Control or Discretion is Exercised(1)(2)(3)(4)
Dr. Denis Kay York, Prince Edward Island *Proposed Chief Scientific Officer*	Since 2006 Dr. Kay has been the Chief Scientific Officer for NLS, and for ACI since 2017. Dr. Kay was the co-founder and the inventor of the Alpha-602 technology, with his research focused primarily on neurodegeneration. He has more than 30 years of experience in the development and characterization of small animal models of human diseases.	Proposed officer	1,175,344 Resulting Issuer Shares(9) 2.6%
Len Mertz(5) Texas, United States *Proposed Director*	Since 1980 Mr. Mertz has been a partner at Mayne & Mertz, Inc., an oil and gas exploration and production company with offices in Texas. Mr. Mertz is also on the board of directors of First National Bank of Mertzon, the Texas & Southwestern Cattle Raisers and the Target Company. Mr. Mertz acts as the Chairman of Shannon West Texas Memorial Hospital, the Tucker Foundation and PeraHealth, Inc.	Proposed director	4,750,065 Resulting Issuer Shares(10) 11.0% 2,143,774 Resulting Issuer Restricted Voting Shares 30.6% 3,266,780 Resulting Issuer Preferred Shares 41.3%
John Havens(6) Texas, United States *Proposed Director*	Since 1978, Mr. Havens has been the President of Seismic Exchange, Inc. Mr. Havens also has a long history as an entrepreneur as both a founder and significant investor in various industries, with a focus on growth through vertical integration and strategic acquisitions. He has served as Vice Chairman/Board Member of the Houston Astros and as an active member of numerous other business and community boards.	Proposed director	3,670,983 Resulting Issuer Shares 8.2% 1,322,506 Resulting Issuer Restricted Voting Shares 18.9%

Name, Municipality of Residence, Position	Principal Occupation in the last five years	Date Appointed as Director or Officer of the Issuer	Number and Percentage of Shares of Resulting Issuer Beneficially Owned, Directly or Indirectly, or Over Which Control or Discretion is Exercised(1)(2)(3)(4)
Phillip Mertz(6) Texas, United States *Proposed Director*	Since 2010 Mr. Mertz has been a partner at Cenizas Capital, an investment firm focused on public and private equity. Mr. Mertz co-founded Py Square, a software development start-up. Previously he led business development for CNG Energy, and worked as a management consultant with Touchstone Consulting Group.	Proposed director	179,523 Resulting Issuer Shares 0.4% 985,912 Resulting Issuer Restricted Voting Shares 14.1% 883,200 Resulting Issuer Preferred Shares 11.2%
Rajeev 'Rob' Bakshi(5) White Rock, British Columbia *Proposed Director*	Mr. Bakshi has been the CEO of Active Witness Corp. from 2018 to present. In 2013, Mr. Bakshi was appointed CEO of Apivio Systems Inc., responsible for taking the company public, and supporting its 2017 acquisition by Nuri Telecom Company.	Proposed director	303,056 Resulting Issuer Shares(11) 0.7%

Notes:

(1) As a group, the directors and officers will beneficially own, directly or indirectly, or exercise control or discretion over an aggregate of 15,624,937 Resulting Issuer Shares on Closing, which equals approximately 34.9% of the issued and outstanding number of Resulting Issuer Shares. As a group, the directors or officers will beneficially own, directly or indirectly, or exercise control or discretion over an aggregate of 21,774,917 Resulting Issuer Shares and Resulting Issuer Preferred Shares, which equals approximately 41.3% of the voting securities of the Resulting Issuer. As a group, the directors and officers will beneficially own, directly or indirectly, or exercise control or discretion over an aggregate of 4,452,192 Resulting Issuer Restricted Voting Shares on Closing, which equals approximately 63.6% of the issued and outstanding number of Resulting Issuer Restricted Voting Shares. These aggregate amounts do not include warrants or options to purchase shares of Resulting Issuer held by directors and officers.

(2) Includes Resulting Issuer Shares issued on conversion of Target Company Convertible Promissory Notes. Principal and interest converted at approximately US$0.96 per Resulting Issuer Share on Closing (being a 20% discount to the Financing price of $1.60 per Subscription Receipt, using an exchange rate of $1.33 to US$1). Final interest amount and exchange rate to be determined on closing of Transaction.

(3) Includes Resulting Issuer Shares issued pursuant to exercise of Target Company Convertible Promissory Note Warrants. Target Company Convertible Promissory Note Warrants exercised to acquire securities on the same terms as the Target Company Subscription Receipts. Financing price of $1.60 converted to United States dollars using exchange rate of $1.33 to US$1.

(4) Percentages calculated assuming there are 44,838,644 Resulting Issuer Shares, 7,000,000 Resulting Issuer Restricted Voting Shares and 7,916,380 Resulting Issuer Preferred Shares issued and outstanding

upon Closing.
(5) Proposed member of the Audit Committee of the Resulting Issuer.
(6) Proposed member of the Compensation Committee of the Resulting Issuer.
(7) Includes Resulting Issuer Shares registered to Kenneth Cawkell, Cawbro Holdings Ltd., CMI Cornerstone Management Corporation and Barbara Duggan.
(8) Resulting Issuer Shares registered to Seatrend Strategy Group.
(9) Includes Resulting Issuer Shares registered to Dr. Denis Kay, 102388 P. E.I. Ltd. and Lois Stenberg.
(10) Includes Resulting Issuer Shares registered to Len Mertz, Mertz Holdings and The Len Mertz Trust.
(11) Includes Resulting Issuer Shares registered to Rajeev Bakshi, Vincorp Holdings and Vinod Bakshi.

Management

Kenneth Cawkell (Age: 69) – Proposed CEO, Corporate Secretary and Director

Mr. Cawkell is a member of the British Columbia Bar Association, and, in 1987, he co-founded the law firm Cawkell Brodie LLP, where he remains as managing partner. Mr. Cawkell has been involved for over 25 years in the biotech industry as both a professional advisor, investor and as the founding principal of the Target Company. Mr. Cawkell has gained extensive strategic and development experience as a result of his long-term association with numerous public and private biotechnology companies and he has been involved in several successful exits. He is a past member of the National Research Council of Canada IMB/INH Advisory Board and a number of biotech industry associations.

Dr. Frederick Sancilio (Age: 70) – Proposed President and Director

Dr. Sancilio has over 35 years of experience in pharmaceutical development and research. He has founded several biopharmaceutical companies including aaiPharma (CDMO renamed Alcami), Endeavor Pharmaceuticals (acquired by Barr Laboratories now Teva) and Aesgen, Inc. (now owned by Pfizer). Dr. Sancilio has been a board member of both public and private pharmaceutical companies and served as an advisor to Comvest Partners and Noble Financial Corporation; investment banking and investment organizations. More recently, he served as Research Professor at Florida Atlantic University. He was elected as a member of Sigma Xi, the Scientific Research Society of North America and holds both a Masters and Doctorate from Rutgers the State University of New Jersey.

Jeremy Wright (Age: 46) – Proposed CFO

Mr. Wright has broad experience working with senior management developing strategies and solutions to business issues mainly related to corporate finance, cost and risk management, and governance. Mr. Wright is a Chartered Professional Accountant (Certified Management Accountant), currently serves as President and CEO of Seatrend Strategy Group and as a director for several public and private companies including: Pontus Protein Ltd., Centurion Minerals Ltd., and Demetra Minerals Inc. Mr. Wright previously served as a director of TGS Esports Inc., Freeform Capital Partners Inc., Pacific Community Resources Society and the Canadian Freestyle Ski Association. In addition, Mr. Wright also serves as the CFO for several public and private companies, including: the Target Company, Portofino Resources Inc., and Centurion Minerals Ltd. He was previously the CFO for GTEC Cannabis Co., an ultra-premium cannabis producer having three federally licensed production facilities across Canada. Mr. Wright also holds a Bachelor of Arts, with honours in Environmental Economics, from Brock University.

Dr. Denis Kay (Age: 64) – Proposed Chief Scientific Officer

Dr. Kay founded NLS in August 2006 and has acted as NLS's Chief Scientific Officer for the last 14 years and ACI's Chief Scientific Officer since 2017. Dr. Kay has more than 25 years of experience in the development and characterization of neurological conditions. He is a grant recipient of the Michael J. Fox Foundation and has received funding from numerous agencies for research and product development programs. Dr. Kay is a graduate of Dalhousie (B.Sc. and M.Sc.) and McGill (Ph.D.) Universities and has contributed publications to over 40 scientific journals. Dr. Kay also held teaching assistantship positions at Dalhousie and McGill Universities, and was a lecturer at McGill University.

Len Mertz (Age: 65) – Proposed Director

As a Partner of Mertz Holdings, Mr. Mertz is an experienced board member with investments in several early-stage healthcare and biotech companies including Triumvira Immunologics, Photodynamic, and PeraHealth, of which he is Chairman. In addition, he is also Chairman of Shannon West Texas Memorial Hospital, a CMS rated 5-star hospital with annual revenues in excess of $500 million, and the Tucker Foundation. He is on the board of the First National Bank of Mertzon and the Texas & Southwestern Cattle Raisers Association. Mr. Mertz is also a cofounder of Mayne & Mertz, Inc. an oil & gas exploration company and a partner at Mertz Ranches. He began his career as a certified public accountant obtaining his BBA in Finance and his Masters in Professional Accounting from the University of Texas.

John Havens (Age: 64) – Proposed Director

Mr. Havens received his geology degree from Louisiana State University and has been the President of Seismic Exchange Inc. for over 40 years. SEI is a source for premium 2D and 3D seismic data for the upstream oil and gas industry and is the largest 2D seismic data owner and one of the largest 3D seismic data owners in North America. Mr. Havens is also the owner of a health spa in California and the owner of the Vista Valley Country Club. Mr. Havens has also served on the board of directors of The Fay School, Houston Oaks Club, Cal-a-Vie Health Spa and as Chairman-Elect of the YPO Gold Houston Chapter.

Phillip Mertz (Age: 36) – Proposed Director

Mr. Mertz is a co-founder and partner of Cenizas Capital, an investment firm focused on public and private equity. In addition to the Target Company, he is an initial investor and board member of Secure Open Solutions, a cybersecurity firm that provides compliance services to defense contractors. He also co-founded Py Square, a software development company that makes practical software solutions for the legal industry, and he is a partner in the investment group, Mertz Holdings. Previously he led business development for a natural gas fuel start-up, CNG Energy, and worked as a management consultant with Touchstone Consulting Group in Washington D.C. He graduated from Harvard University in 2006 with an A.B. in economics.

Rajeev 'Rob' Bakshi (Age: 60) – Proposed Director

Mr. Bakshi was the co-founder of technology company, Silent Witness Enterprises Ltd., which was listed on the TSX and NASDAQ. He oversaw the company's growth strategy before being sold to Honeywell for approximately $90 million in 2003. Since then, he has been involved with industrial land development, building a Convention Centre in Calgary and other strategic investments. In 2009, Mr. Bakshi began working with a South Korean company to establish Apivio Systems Inc. He led the strategy to turn the business into a Canadian company, putting together an independent board of directors, financing, and corporate governance in his capacity of Executive Chairman. In 2013, he was appointed CEO and was responsible for taking the company public. Apivio Systems Inc. was acquired by Nuri Telecom Company in an all-cash transaction in the spring of 2017.

Corporate Cease Trade Orders or Bankruptcies

Other than disclosed herein, no proposed director, officer or promoter of the Resulting Issuer and no securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially control of the Resulting Issuer is, or within ten years before the date of this Filing Statement, has been, a director, officer or promoter of any other issuer that, while that person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied such issuer access to any exemptions under applicable securities laws, for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Cawkell is a director of Centurion Minerals Ltd. ("**Centurion**") and Mr. Wright is a director and the CFO of Centurion. Centurion was subject to a cease trade order (the "**CTO**") issued by the British Columbia Securities Commission on December 5, 2017 for failure to file its audited annual financial statements for the year ended July 31, 2017. Subsequently, Centurion dismissed its auditor on February 13, 2018 as its board of directors lost confidence in the former auditors' ability to complete the audit in a timely fashion, if at all. Centurion engaged a new auditor to complete the audit and filed its audited annual financials for the year ended July 31, 2017 on March 1, 2018 and its first quarter on March 13, 2018. The CTO was revoked on May 3, 2018.

Penalties or Sanctions

No proposed director, officer or promoter of the Resulting Issuer, or a securityholder of the Resulting Issuer anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

No proposed director, officer, or promoter of the Resulting Issuer, or a securityholder of the Resulting Issuer anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons has, within the 10 years before the date of this Filing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets.

Mr. Sancilio was a founder, director and former president of Sancilio Pharmaceuticals Inc. Mr. Sancilio retired and ceased to be involved with Sancilio Pharmaceuticals Inc. in November 2018 due to a change of control. Sancilio Pharmaceuticals Inc. subsequently applied for a Chapter 11 reorganization in August 2019.

Conflicts of Interest

There are potential conflicts of interest to which the directors, officers, Insiders and promoters of the Resulting Issuer may be subject in connection with the operations of the Resulting Issuer. All of the directors, officers, Insiders and promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the Resulting Issuer for businesses opportunities. Accordingly, situations may arise where the directors, officers, Insiders and promoters will be in direct competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoter(s) of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name of Director, Officer or Promoter	Name of Reporting Issuer	Jurisdiction of Reporting Issuer	Name of Exchange or Market	Position	Term
Kenneth Cawkell	Centurion Minerals Ltd.	British Columbia and Alberta	TSX-V / Tier 2	Director	July 8, 2008 to Present
	WELL Health Technologies Corp.	British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and New Brunswick	Toronto Stock Exchange	Director	March 24, 2016 to Present
	RESAAS Services Inc.	British Columbia, Alberta and Ontario	TSX-V / Tier 2	Director	March 21, 2018 to October 2, 2018
	Crystal Bridge Enterprises Inc.	British Columbia, Alberta and Ontario	TSX-V / Tier 2	Director and Secretary	November 15, 2017 to May 15, 2020
	Portofino Resources Inc.	British Columbia and Alberta	TSX-V / Tier 2	Director	September 13, 2016 to July 10, 2020
	Falcon Gold Corp.	British Columbia, Alberta and Ontario	TSX-V / Tier 2	Secretary	October 2, 2014 to June 8, 2020
	Solarvest BioEnergy Inc.	British Columbia, Alberta and Ontario	TSX-V / Tier 2	Director and Secretary	July 13, 2006 to January 15, 2021
	TIO Networks Corp.	British Columbia and Alberta	TSX-V / Tier 2	Director and Secretary	June 27, 2003 to July 18, 2017

Name of Director, Officer or Promoter	Name of Reporting Issuer	Jurisdiction of Reporting Issuer	Name of Exchange or Market	Position	Term
Jeremy Wright	Pontus Protein Ltd.	British Columbia, Alberta and Ontario	TSX-V / Tier 2	Director and Executive Officer	November 22, 2018 to Present
	Portofino Resources Inc.	British Columbia and Alberta	TSX-V / Tier 2	Executive Officer	October 4, 2016 to Present
	Centurion Minerals Ltd.	British Columbia and Alberta	TSX-V / Tier 2	Director and Executive Officer	December 27, 2015 to Present
	TGS Esports Inc.	British Columbia, Alberta and Ontario	TSX-V / Tier 2	Executive Officer	November 19, 2019 to December 21, 2020
	Gold Mountain Mining Corp. (formerly Freeform Capital Partners Inc.)	British Columbia, Alberta and Ontario	TSX-V / Tier 2	Executive Officer	December 21, 2018 to December 23, 2020
	GTEC Holdings Ltd.	British Columbia, Alberta and Ontario	TSX-V / Tier 2	Executive Officer	June 11, 2018 to August 20, 2019
Rajeev 'Rob' Bakshi	Apivio Systems Inc.	British Columbia	Previously listed on TSX-V as a Tier 1 issuer until July 2017	Director and Executive Officer	September 10, 2013 to July 2017
	RESAAS Services Inc.	British Columbia, Alberta and Ontario	TSX-V / Tier 2	Director and Executive Officer	September 1, 2017 to October 5, 2018

EXECUTIVE COMPENSATION

The statement of executive compensation contained in this section relates only to the proposed executive compensation of the Resulting Issuer assuming completion of the Transaction, and should be read and interpreted as though the Transaction has been completed.

Compensation Discussion and Analysis

The Resulting Issuer's compensation philosophy for its executive officers is designed to attract well-qualified individuals by paying modest base salaries plus short and long-term incentive compensation in the form of stock options or awards under the Long Term Incentive Plan. In making its determinations regarding the various elements of executive compensation, the board of directors of the Resulting Issuer will have access to and will rely on published studies of compensation paid in comparable businesses.

The duties and responsibilities of the CEO are typical of those of a business entity of the Resulting Issuer's size in a similar business and include direct reporting responsibility to the chair of the board of directors of the Resulting Issuer, overseeing activities of all other executives of the Resulting Issuer, representing the Resulting Issuer, providing leadership and responsibility for achieving corporate goals, and implementing corporate policies and initiatives.

The objectives of the Resulting Issuer's executive compensation program are as follows:

- to attract, retain and motivate talented executives who create and sustain the Resulting Issuer's continued success;
- to align the interests of the Resulting Issuer's executives with the interests of the Resulting Issuer's shareholders; and
- to provide total compensation to executives that is competitive with that paid by other companies of comparable size engaged in a similar business in appropriate regions.

Overall, the executive compensation program aims to design executive compensation packages that mirror executive compensation packages for executives with similar talents, qualifications and responsibilities at companies with similar financial, operating and industrial characteristics. The Resulting Issuer expects to undergo rapid growth and is committed to retaining its key executives for the next several critical years, while at the same time ensuring that executive compensation is tied to specific corporate goals and objectives. The Resulting Issuer's executive compensation program has been designed to reward executives for reinforcing the Resulting Issuer's business objectives and values, for achieving the Resulting Issuer's performance objectives, and for their individual performance.

The executive compensation program consists of a combination of base salary, Long Term Incentive Plan awards and stock option incentives.

<u>Base Salary</u>

The base salary of an executive officer is intended to attract and retain executives by providing a reasonable amount of non-contingent remuneration. The base salary review of any executive officer takes into consideration the current competitive market conditions, experience, proven or expected performance, and the particular skills of the executive officer. Base salary is not evaluated against a formal "peer group".

<u>Long Term Incentive Plan</u>

On closing of the Transaction, it is expected that the Resulting Issuer will adopt the Target Company's long-term incentive performance plan (the "**Long Term Incentive Plan**"). The purpose of the Long Term Incentive Plan will be to promote the long-term success of the Resulting Issuer and the creation of Resulting Issuer shareholder value by: (i) encouraging the attraction and retention of directors, officers, employees and consultants of the Resulting Issuer; (ii) encouraging such directors, officers, employees and consultants to focus on critical long-term objectives; and (iii) promoting greater alignment of the interests of such directors, officers, employees and consultants with the interests of the Resulting Issuer.

Administration. The Long Term Incentive Plan will be administered by the board of directors of the Resulting Issuer, who will have the authority to interpret and construe any provision of the Long Term Incentive Plan and to adopt, amend and rescind such rules and regulations for administering the Long Term Incentive Plan as the board of directors of the Resulting Issuer may deem necessary in order to comply with the requirements of the Long Term Incentive Plan

All of the powers exercisable under the Long Term Incentive Plan by the board of directors of the Resulting

Issuer may, to the extent permitted by applicable law and as determined by resolution of the board of directors of the Resulting Issuer, be delegated to and exercised by such committee as the board of directors of the Resulting Issuer may determine.

Distribution Pool. The distribution pool ("**Distribution Pool**") is a pool of cash or Resulting Issuer Shares, or a combination of both (the "**Long Term Incentive Plan Units**"), established for the Long Term Incentive Plan, which is to be used to reward or incentivize directors, officers, employees or consultants who have contributed to the Resulting Issuer exceeding the Enterprise Base Value (as defined below) as a result of the completion of a transaction made with a third party or parties, by which the holders of Resulting Issuer Shares are directly compensated for their Resulting Issuer Shares by way of a merger, acquisition or reverse take-over of the Resulting Issuer or by way of a dividend, the value of the transaction in all events to be determined by the board of directors of the Resulting Issuer. The Distribution Pool will be divided into 1,000 Long Term Incentive Plan Units which the board of directors of the Resulting Issuer may award in the amount of up to one half of the Financial Incentive Plan Units to directors, officers, employees or consultants with the remaining Long Term Incentive Plan Units being retained in the Long Term Incentive Plan for distributions, at the discretion of the board of directors of the Resulting Issuer.

Performance Terms. The performance terms are based on the Resulting Issuer having an enterprise value as of September 1, 2020 of US$90,000,000 which is based substantially on the value of Alpha-1062. On closing of the Transaction, the Resulting Issuer will have two drug development programs:

(a) Alpha-1062, for the treatment of mild to moderate Alzheimer's, and

(b) Alpha-602, for the treatment of, amongst other things, ALS.

The Resulting Issuer will continue the ordinary development of the Alpha-1062 and Alpha-602 through to commercialization which will increase the Initial Value of US$90,000,000 to the amount of US$130,000,000 (the "**Enterprise Base Value**").

Terms for Payment. On completion of the Transaction, the Distribution Pool will be established, provided that the amount of the Distribution Pool shall be determined at the discretion of the board of directors of the Resulting Issuer on the following basis;

total Resulting Issuer shareholder compensation
minus
the Enterprise Base Value; and
the resulting amount multiplied by five percent (5%)

Termination. Should a director, officer, employee or consultant be terminated by the Resulting Issuer or a for cause, all participation in the Long Term Incentive Plan will immediately terminate without payment and will be of no further force or effect as of the date of termination. Should a director, officer, employee or consultant be terminated by the Resulting Issuer without cause, or by voluntary termination, any participation in the Long Term Incentive Plan will immediately and automatically be forfeited and cancelled without further action and without any cost or payment, and the a director, officer, employee or consultant will have no right, title or interest in the Long Term Incentive Plan as of the date of termination.

In the case of any disability of a director, officer, employee or consultant, all Long Term Incentive Plan Units granted to the participant under the Long Term Incentive Plan will continue in accordance with the terms of the Long Term Incentive Plan Units, provided however that no Long Term Incentive Plan Units may be received during a leave of absence. Where a director, officer, employee or consultant is terminated due to disability, all Long Term Incentive Plan Units granted to the participant will, unless the applicable Long Term Incentive Plan Units provides otherwise and subject to the general terms of the Long Term Incentive Plan, immediately terminate without payment, be forfeited and cancelled and will be of no further force or effect as of the date of termination.

In the case of consultants, other than as may be specifically set forth in the applicable Long Term Incentive Plan Units, when the consulting agreement is terminated for any reason, all participation in the Long Term Incentive Plan and any Long Term Incentive Units shall immediately and automatically be forfeited and cancelled without further action and without any cost or payment, and the consultant shall have no right, title or interest therein whatsoever in the Long Term Incentive Plan as of such termination date

General Terms Applicable to Long Term Incentive Plan Units.

(a) Forfeiture Events. The board of directors of the Resulting Issuer may specify in a Long Term Incentive Plan Unit that the director, officer, employee or consultant, payments and benefits with respect to a Long Term Incentive Plan Unit will be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of a Long Term Incentive Plan Unit, which will be paramount to the Long Term Incentive Plan. Such events may include, but shall not be limited to, termination of employment for cause, violation of material Resulting Issuer policies, fraud, breach of non-competition, confidentiality or other restrictive covenants that may apply or other conduct by the holder that is detrimental to the business or reputation of the Resulting Issuer, as determined by board of directors of the Resulting Issuer.

(b) Awards May be Granted Separately or Together. Long Term Incentive Plan Units may be granted either alone or in addition to, in tandem with, or in substitution for any other award under any other long term incentive plan of the Resulting Issuer, provided that any award granted must be in subject to and in accordance with all laws, rules and regulations applicable to the Resulting Issuer. Awards granted in addition to or in tandem with other awards, or in addition to or in tandem with awards granted may be granted either at the same time as or at any different time from the grant of such other awards.

(c) Non-Transferability of Awards. Except as otherwise provided in a Long Term Incentive Plan Unit or determined by the board of directors of the Resulting Issuer, no Long Term Incentive Plan Unit is assignable, alienable, saleable, or transferable other than by will or by the laws of descent and distribution. No Long Term Incentive Plan Unit and no right under any such Long Term Incentive Plan Unit, may be pledged, alienated, attached, or otherwise encumbered, and any purported pledge, alienation, attachment, or encumbrance thereof shall be void and unenforceable against the Resulting Issuer. The Long Term Incentive Plan Unit will include a legend in accordance with the foregoing statement.

The implementation of the Long Term Incentive Plan is subject to the approval of the Exchange.

Stock Options

The Resulting Issuer believes that equity-based compensation in the form of stock options will link the interests of its executive officers with the long-term interests of the Resulting Issuer's shareholders. Stock option awards to executive officers (including executive officers) will typically be subject to time-based vesting provisions. The Resulting Issuer believes that such awards will encourage executive officers to focus on long-term company performance and increasing long-term shareholder value, and will serve as a useful retention mechanism by encouraging executive officers to remain employed with the Resulting Issuer.

The Resulting Issuer does not have any formal policy regarding when stock options are to be granted or the size of any given grant, and the Resulting Issuer does not intend to tie such grants directly to any pre-established corporate or individual goals. The Resulting Issuer Board or a committee thereof will, however, consider and evaluate the total compensation package, including base salary and Long Term Incentive Plan awards, received or to be received by a particular executive officer, and will seek to ensure that such total compensation package is fair, reasonable and competitive. When considering an award of options to an executive officer, consideration of the number of options previously granted to the executive may be taken into account.

See "*Information Concerning the Issuer – Stock Option Plan*" for a summary of the Stock Option Plan.

Broad-Based Benefits Programs

All full-time employees, as well as the Resulting Issuer's executive officers, may participate in the Resulting Issuer's health and welfare benefit programs, including medical, dental and vision care coverage, disability insurance and life insurance. The Resulting Issuer does not intend to provide perquisites or personal benefits to its executive officers that are not otherwise generally available to other employees.

Executive Officer Compensation

The following table discloses the anticipated compensation to be paid to or awarded to the Resulting Issuer's most highly compensated executive officers, in addition to the proposed CEO, for the 12 month period after the Closing of the Transaction.

Name and Principal Position	Salary (US$)	Share-based Awards (US$)	Option-based Awards (US$)	Non-Equity Incentive Plan Compensation (US$)	Pension Value (US$)	All other Compensation (US$)	Total Compensation (US$)
Kenneth Cawkell *Proposed CEO, Corporate Secretary and Director*	216,000	N/A	N/A	N/A	N/A	N/A	216,000
Jeremy Wright *Proposed CFO*	137,592(1)	N/A	To be determined(2)	N/A	N/A	38,220(1)	175,812
Dr. Frederick Sancilio *Proposed President and Director*	290,000	N/A	N/A	N/A	N/A	120,000	410,000
Dr. Denis Kay *Proposed Chief Scientific Officer*	180,000	N/A	N/A	N/A	N/A	N/A	180,000

Notes:

(1) Using the Bank of Canada exchange rate of $1.00 to US$0.7644 as at November 20, 2020.
(2) See "*Information Concerning the Resulting Issuer – Share-Based and Option-Based Awards*".

Share-Based and Option-Based Awards

The Resulting Issuer will not have any formal policy regarding granting share-based or option-based awards, or the size of any given grant. The Board, or a committee thereof, will consider and evaluate the total compensation package, including base salary and cash bonuses, received or to be received by a particular executive officer and will seek to ensure that such total compensation package is fair, reasonable and competitive. See "*Information Concerning the Resulting Issuer – Options to Purchase Securities*"

It is expected that the following executive officers and employees will be granted Resulting Issuer Options within 12 months of Closing of the Transaction:

Name and Position with Resulting Issuer	Number of Resulting Issuer Options	Issue, Conversion or Exercise Price	Expiry Date
Jeremy Wright *Proposed CFO*	300,000	To be determined	To be determined
Colleen Johns *Proposed Vice President of Operations*	450,000	To be determined	To be determined
Ray Carpenter *Proposed Vice President Strategic and Business Development*	400,000	To be determined	To be determined

Incentive Plan Awards

The Issuer and Target Company are not currently aware of any awards to be made under the Long Term Incentive Plan in the 12 months following the Transaction.

Termination and Change of Control Benefits

On closing of the Transaction, the Resulting Issuer will not have any plan, contract or arrangement where a director or officer will be entitled to receive payments from the Resulting Issuer, including periodic payments or installments, in the event of the resignation, retirement or other termination of employment, a change of control of the Resulting Issuer or a change in the director or officer's responsibilities following a change in control.

Director Compensation

The Issuer and Target Company do not anticipate that the Resulting Issuer will enter into any standard arrangement pursuant to which directors are compensated by the Resulting Issuer for their services in their capacity as directors except for the granting from time to time of incentive stock options in accordance with the policies of the Exchange. See "*Information Concerning the Resulting Issuer – Options to Purchase Securities*".

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No person who is, or was during the most recently completed financial year of the Issuer, a director or officer of the Issuer or any associate thereof, is or has been at any time during the last financial year of the Issuer indebted to the Issuer or any of its subsidiaries. No person who is, or was during the most recently completed financial year of the Target Company, a director or officer of the Target Company or any associate thereof, is or has been at any time during the last financial year of the Target Company indebted to the Target Company or any of its subsidiaries. As at the date of this Filing Statement, no director, officer or employee of the Issuer or the Target Company and no proposed director, officer or employee of the Resulting Issuer will be indebted to the Resulting Issuer or a subsidiary of the Resulting Issuer.

INVESTOR RELATIONS ARRANGEMENTS

The Target Company entered into an agreement with Bristol Capital Ltd. dated February 8, 2021 to provide investor relations services to the Target Company and the Resulting Issuer. Bristol Capital Ltd. is an investor relations and capital markets advisory firm servicing Canadian and United States microcap and small cap companies across international markets. Services to be provided include preparation of marketing materials and introduction to Bristol's network of investment industry professionals. The agreement is for an initial 12 month term, renewing automatically unless terminated, at a cost of $7,000 to $14,000 per month depending on the level of services being provided. In addition, subject to Exchange approval, on close of the Transaction the Resulting Issuer will issue 200,000 options to Bristol Capital Ltd., exercisable at $2.10 per Resulting Issuer Share for a period of 24 months from the date of issuance.

OPTIONS TO PURCHASE SECURITIES

Incentive Stock Options

As of the date of this Filing Statement, the following table lists Resulting Issuer Options and Target Company Options which will be held pursuant to the Stock Option Plan or Legacy Compensation Plan, respectively, by directors, officers, employees and consultants of the Resulting Issuer upon the completion of the Transaction.

Optionee and Position	Number of Resulting Issuer Shares	Exercise Price	Expiry Date
Total options held by proposed officers of Resulting Issuer (as a group):	Nil	N/A	N/A
Total options held by all proposed directors who are not officers of Resulting Issuer (as a group)(1):	31,513	$0.714	September 21, 2023
Total options held by all other employees (as a group):	Nil	N/A	N/A
Total options held by all consultants (as a group):	39,154	US$0.40	June 1, 2029
	39,154	US$0.40	July 22, 2030
	200,000	$2.10	Two years from Closing
Total options held by other persons or companies (as a group):	Nil	N/A	N/A

Notes:

(1) Includes one director, namely Rajeev (Rob) Bakshi.

(2) 17,507 Resulting Issuer Options will be held by one past officer of the Issuer who is not a director, being Pritpal Singh. The Resulting Issuer Options will be exercisable into Resulting Issuer Shares at a price of $0.714 until 30 days following Closing of the Transaction.

(3) 59,523 Resulting Issuer Options will be held by past directors of the Issuer who are not officers. This includes four past directors, namely Mark Kohler, K. Taylor Thoen, Kenneth Hallat and Pardeep Sangha. The Resulting Issuer Options will be exercisable into Resulting Issuer Shares at a price of $0.714 until 90 days following Closing of the Transaction.

(4) Does not include Target Company Performance Shares. See "*Information Concerning the Target Company – Executive Compensation – Legacy Compensation Plan*".

Stock Option Plan

The Issuer's existing Stock Option Plan will continue to apply to the Resulting Issuer on Closing. See "*Information Regarding the Issuer – Stock Option Plan*". Pursuant to the Stock Option Plan, the directors are authorized to make changes as necessary to comply with Exchange policies. It is anticipated that certain changes will be made to the Stock Option Plan following Closing of the Transaction.

The Legacy Compensation Plan will continue to apply to the Target Company Options and Target Company Performance Shares. See "*Information Concerning the Target Company – Executive Compensation – Legacy Compensation Plan*".

The Resulting Issuer also proposes to implement the Long Term Incentive Plan, subject to Exchange approval. See "*Information Concerning the Resulting Issuer – Executive Compensation – Long Term Incentive Plan*".

ESCROWED SECURITIES

A total of 4,440,000 Issuer Shares (the "**Escrowed Shares**") were deposited in escrow pursuant to the CPC Escrow Agreement dated August 30, 2018 between the Issuer, Computershare Investor Services Inc. and certain shareholders of the Issuer. Upon consolidation of the Issuer Common Shares, 621,850 Escrowed Shares will remain in escrow pursuant to the CPC Escrow Agreement after the Closing of the Transaction and prior to the initial release on the date of the Final Exchange Bulletin.

A total of 15,119,159 Resulting Issuer Shares, 3,466,280 Resulting Issuer Restricted Voting Shares, 6,149,980 Resulting Issuer Preferred Shares, 9,491,057 Target Company Performance Shares and 4,228,039 Resulting Issuer Warrants will be deposited in escrow pursuant to the QT Escrow Agreement between the Resulting Issuer, Computershare Investor Services Inc. and certain shareholders of the Resulting Issuer. These numbers are prior to the initial release on the date of the Final Exchange Bulletin.

The following table sets out the securities of the Issuer, Target Company and Resulting Issuer which are or will be held in escrow on Closing pursuant to the CPC Escrow Agreement and QT Escrow Agreement, prior to the initial release on the date of the Final Exchange Bulletin:

Name and Municipality of Residence of Securityholder	Designation of class	Prior to giving Effect to the Transaction		After Giving Effect to the Transaction	
		Number of securities held in escrow[(1)]	Percentage of class	Number of securities to be held in escrow	Percentage of class[(2)]
Kenneth Cawkell New Westminster, British Columbia	Issuer/Resulting Issuer Shares	430,000	3.7%	5,361,847	12.0%
	Target Company Performance Shares	Nil	Nil	3,491,057	34.9%
	Resulting Issuer Preferred Shares	Nil	Nil	2,000,000	25.3%
	Resulting Issuer Warrants	Nil	Nil	449,855	3.8%
Dr. Frederick Sancilio Florida, United States	Issuer/Resulting Issuer Shares	Nil	Nil	38,285	0.09%
	Target Company Performance Shares	Nil	Nil	3,000,000	30.0%
	Resulting Issuer Warrants	Nil	Nil	8,312	0.1%
Dr. Denis Kay York, Prince Edward Island	Issuer/Resulting Issuer Shares	Nil	Nil	1,119,142	2.5%
	Target Company Performance Shares	Nil	Nil	3,000,000	30.0%
	Resulting Issuer Warrants	Nil	Nil	4,156	0.04%
Len Mertz Texas, United States	Issuer/Resulting Issuer Shares	Nil	Nil	4,750,065	10.6%
	Resulting Issuer Restricted Voting Shares	Nil	Nil	2,143,774	30.6%
	Resulting Issuer Preferred Shares	Nil	Nil	3,266,780	41.3%
	Resulting Issuer Warrants	Nil	Nil	1,420,214	12.2%
John Havens Texas, United States	Issuer/Resulting Issuer Shares	Nil	Nil	3,420,983	7.6%

Name and Municipality of Residence of Securityholder	Designation of class	Prior to giving Effect to the Transaction		After Giving Effect to the Transaction	
		Number of securities held in escrow(1)	Percentage of class	Number of securities to be held in escrow	Percentage of class(2)
	Resulting Issuer Restricted Voting Shares	Nil	Nil	1,322,506	18.9%
	Resulting Issuer Warrants	Nil	Nil	2,063,419	17.7%
Phillip Mertz Texas, United States	Issuer/Resulting Issuer Shares	Nil	Nil	179,523	0.4%
	Resulting Issuer Restricted Voting Shares	Nil	Nil	985,912	14.1%
	Resulting Issuer Preferred Shares	Nil	Nil	883,200	11.2%
	Resulting Issuer Warrants	Nil	Nil	152,927	1.3%
Barbara Duggan New Westminster, British Columbia	Issuer/Resulting Issuer Shares	Nil	Nil	83,333	0.2%
Lois Stenberg Alexandria, Ontario	Issuer/Resulting Issuer Shares	Nil	Nil	56,202	0.1%
Rajeev ‘Rob’ Bakshi White Rock, British Columbia	Issuer/Resulting Issuer Shares	900,000	7.7%	296,053	0.7%
	Resulting Issuer Warrants	Nil	Nil	129,156	1.1%
Pritpal Singh Oakville, Ontario	Issuer/Resulting Issuer Shares	600,000	5.1%	84,034	0.2%
Kenneth Hallat Vancouver, British Columbia	Issuer/Resulting Issuer Shares	540,000	4.6%	75,630	0.2%
Mark Kohler Toronto, Ontario	Issuer/Resulting Issuer Shares	390,000	3.3%	54,622	0.1%
K. Taylor Thoen Langley, British Columbia	Issuer/Resulting Issuer Shares	390,000	3.3%	54,622	0.1%
Pardeep Sangha Surrey, British Columbia	Issuer/Resulting Issuer Shares	300,000	2.6%	42,017	0.09%

Name and Municipality of Residence of Securityholder	Designation of class	Prior to giving Effect to the Transaction		After Giving Effect to the Transaction	
		Number of securities held in escrow(1)	Percentage of class	Number of securities to be held in escrow	Percentage of class(2)
Jason Donville Toronto, Ontario	Issuer/Resulting Issuer Shares	140,000	1.2%	19,608	0.04%
Timothy Howley New Westminister, British Columbia	Issuer/Resulting Issuer Shares	140,000	1.2%	19,608	0.04%
Impactreneur Capital Corp. (Hamed Shahbazi) Vancouver, British Columbia	Issuer/Resulting Issuer Shares	140,000	1.2%	19,608	0.04%
TMH Capital Corp. (Terry Holland) Vancouver, British Columbia	Issuer/Resulting Issuer Shares	140,000	1.2%	19,608	0.04%
Nick Enterprises Ltd. (Michael F. Steiner) Vancouver, British Columbia	Issuer/Resulting Issuer Shares	140,000	1.2%	19,608	0.04%
SIL Enterprises Inc. (Paul Cosulich) West Vancouver, British Columbia	Issuer/Resulting Issuer Shares	140,000	1.2%	19,608	0.04%
Vinod Bakshi White Rock, British Columbia	Issuer/Resulting Issuer Shares	50,000	0.4%	7,003	0.02%
Total	**Issuer/Resulting Issuer Shares**	**4,440,000**	**37.9%**	**15,741,008**	**35.1%**
Total	**Resulting Issuer Restricted Voting Shares**	**N/A**	**N/A**	**4,452,192**	**63.6%**
Total	**Resulting Issuer Preferred Shares**	**N/A**	**N/A**	**6,149,980**	**77.7%**
Total	**Target Company Performance Shares**	**Nil**	**Nil**	**9,491,057**	**95.0%**
Total	**Resulting Issuer Warrants**	**Nil**	**Nil**	**4,228,039**	**36.17%**

Notes:

(1) Prior to the Issuer Share Consolidation.

(2) Calculated assuming there are 44,838,644 Resulting Issuer Shares, 7,000,000 Resulting Issuer Restricted Voting Shares, 7,916,380 Resulting Issuer Preferred Shares, 9,991,057 Target Company Performance Shares

and 11,688,436 Resulting Issuer Warrants issued and outstanding upon Closing. See "*Information Concerning the Resulting Issuer – Pro Forma Consolidated Capitalization*".

Pursuant to the terms of the CPC Escrow Agreement the Resulting Issuer Shares will be released in accordance with the Exchange Tier 2 value escrow schedule as follows:

Percentage	Release Date
10%	At the time of Final Exchange Bulletin
15%	6 months from Final Exchange Bulletin
15%	12 months from Final Exchange Bulletin
15%	18 months from Final Exchange Bulletin
15%	24 months from Final Exchange Bulletin
15%	30 months from Final Exchange Bulletin
15%	36 months from Final Exchange Bulletin

Pursuant to the terms of the QT Escrow Agreement, the Resulting Issuer Shares and Target Company Performance Shares will be released in accordance with the Exchange Tier 2 surplus escrow schedule as follows:

Percentage	Release Date
5%	At the time of Final Exchange Bulletin
5%	6 months from Final Exchange Bulletin
10%	12 months from Final Exchange Bulletin
10%	18 months from Final Exchange Bulletin
15%	24 months from Final Exchange Bulletin
15%	30 months from Final Exchange Bulletin
40%	36 months from Final Exchange Bulletin

An aggregate of 15,409,612 Resulting Issuer Shares, 1,766,400 Resulting Issuer Preferred Shares and 500,000 Target Company Performance Shares held by non-principals of the Resulting Issuer will be subject to the Exchange seed share resale restrictions. The resale restrictions will be removed from these Resulting Issuer Shares in accordance with the Exchange Tier 2 value escrow schedule set out above. These numbers are prior to the initial release on the date of the Final Exchange Bulletin.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The Resulting Issuer's auditor will be Manning Elliott LLP, Chartered Accountants, of 1030 W Georgia Street, Suite 1700, Vancouver, BC, V6E 2Y3. The registrar and transfer agent for the Resulting Issuer will be Computershare Trust Company of Canada of 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, V6C 3B9.

GENERAL MATTERS

SPONSORSHIP

The Issuer will seek a waiver from the sponsorship requirement from the Exchange pursuant to section 3.4(a)(ii) of Policy 2.2- *Sponsorship and Sponsorship Requirements.* The Issuer will seek to rely on the Financing described above for the purposes of meeting the requirements of the waiver. Subject to completion of due diligence results satisfactory to the Agent, the Agent will provide a letter to the Exchange in the form required under 3.4(a)(ii)(B)(II) of Policy 2.2.

EXPERTS

Opinions

Manning Elliott prepared independent auditor's reports dated October 21, 2020 in respect of the Issuer's financial statements for the year ended July 31, 2020, and October 21, 2019 in respect of the Issuer's financial statements for the year ended July 31, 2019 and the period from incorporation to July 31, 2018. In addition, Manning Elliott has reviewed the financial statements of the Issuer for the 3 months ended October 31, 2020.

Manning Elliott prepared an independent auditor's report dated September 30, 2020 in respect of the Target Company's audited financial statements for the year ended December 31, 2019. In addition, Manning Elliott has reviewed the financial statements of the Target Company for the 9 months ended September 30, 2020.

Interest of Experts

To the Issuer's knowledge, no person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Filing Statement or as having prepared or certified a report or valuation described or included in this Filing Statement holds any beneficial interest, direct or indirect, in any securities or property of the Issuer, the Target Company, the Resulting Issuer or an Associate or Affiliate of the foregoing.

OTHER MATERIAL FACTS

There are no material facts about the Issuer, the Target Issuer, the Resulting Issuer or the Transaction that have not been disclosed in this Filing Statement.

BOARD APPROVAL

The contents and sending of this Filing Statement have been approved by the Board. Where information contained in this Filing Statement rests particularly within the knowledge of a person other than the Issuer, the Issuer has relied upon information furnished by such person.

SCHEDULE "A"

ISSUER FINANCIAL STATEMENTS

Attached hereto are the following financial statements of the Issuer:

1. The Issuer's interim financial statements for the 3 months ended October 31, 2020.

2. The Issuer's audited annual financial statements for the years ended July 31, 2020 and 2019.

3. The Issuer's audited annual financial statements for the year ended July 31, 2019 and the period from incorporation on November 15, 2017 to July 31, 2018.

CRYSTAL BRIDGE ENTERPRISES INC.
(A Capital Pool Company)

Condensed Interim Financial Statements

For the three months ended October 31, 2020 and 2019
(Expressed in Canadian Dollars - Unaudited)

Financial Statements

CRYSTAL BRIDGE ENTERPRISES INC.
(A Capital Pool Company)
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars - Unaudited)

	October 31, 2020	July 31, 2020
	$	$
ASSETS		
Current		
Cash (Note 4)	795,291	800,480
Prepaid expenses	6,315	10,155
TOTAL ASSETS	**801,606**	**810,635**
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	78,121	38,269
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	940,761	931,017
Reserves (Note 7)	57,236	69,813
Accumulated deficit	(274,512)	(228,464)
	723,485	772,366
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**801,606**	**810,635**

Nature and continuance of operations (Note 1)

These condensed interim financial statements are authorized for issuance by the Board of Directors on December 18, 2020.

On behalf of the Board of Directors:

"Rajeev Bakshi"	"Kenneth Hallat"
Director, CEO	Director

The accompanying notes are an integral part of these condensed interim financial statements.

CRYSTAL BRIDGE ENTERPRISES INC.
(A Capital Pool Company)
Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars - Unaudited)

	For the three months ended October 31, 2020	2019
	$	$
EXPENSES		
Insurance	2,475	2,250
Office and general	79	63
Professional fees (Note 8)	45,108	3,795
Registrar and filing fees	2,437	5,608
Share based compensation (Note 8)	2,749	8,479
Travel and related	-	1,943
	(52,848)	(22,138)
Interest income	1,218	3,262
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**(51,630)**	**(18,876)**
BASIC AND DILUTED LOSS PER SHARE	(0.01)	(0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	7,270,000	7,270,000

The accompanying notes are an integral part of these condensed interim financial statements.

CRYSTAL BRIDGE ENTERPRISES INC.
(A Capital Pool Company)
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars - Unaudited)

	For the three months ended October 31, 2020	2019
	$	$
OPERATING ACTIVITIES		
Net loss for the period	(51,630)	(18,876)
Adjustments for non-cash items:		
Share based compensation	2,749	8,479
Changes in non-cash working capital items:		
Prepaid expenses	3,840	(3,135)
Accounts payable and accrued liabilities	39,852	221
Cash used in operating activities	(5,189)	(13,311)
FINANCING ACTIVITIES		
Share issuance costs recovery	-	1,138
Cash provided by financing activities	-	1,138
NET CHANGE IN CASH	(5,189)	(12,173)
CASH, BEGINNING OF PERIOD	800,480	871,332
CASH, END OF PERIOD	**795,291**	**859,159**
Supplemental Cash Flow Information:		
Interest paid in cash	-	-
Income taxes paid in cash	-	-
Non-cash transactions:		
Reclassification of options cancelled	5,582	-
Reclassification of warrants expired	9,744	-

The accompanying notes are an integral part of these condensed interim financial statements.

CRYSTAL BRIDGE ENTERPRISES INC.
(A Capital Pool Company)
Condensed Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars - Unaudited)

			Reserves				
	Number of Shares Issued	Share Capital	Warrants	Share Options	Total	Accumulated Deficit	Total Shareholders' Equity
		$	$	$	$	$	$
Balance, July 31, 2019	**11,710,000**	**925,116**	**9,744**	**39,435**	**49,179**	**(144,405)**	**829,890**
Share issuance costs recovery	-	1,138	-	-	-	-	1,138
Share-based compensation	-	-	-	8,479	8,479	-	8,479
Comprehensive loss for the period	-	-	-	-	-	(18,876)	(18,876)
Balance, October 31, 2019	**11,710,000**	**926,254**	**9,744**	**47,914**	**57,658**	**(163,281)**	**820,631**
Share issuance costs recovery	-	4,763	-	-	-	-	4,763
Share-based compensation	-	-	-	12,155	12,155	-	12,155
Comprehensive loss for the period	-	-	-	-	-	(65,183)	(65,183)
Balance, July 31, 2020	**11,710,000**	**931,017**	**9,744**	**60,069**	**69,813**	**(228,464)**	**772,366**
Finders' warrants expired	-	9,744	(9,744)	-	(9,744)	-	-
Share options cancelled	-	-	-	(5,582)	(5,582)	5,582	-
Share-based compensation	-	-	-	2,749	2,749	-	2,749
Comprehensive loss for the period	-	-	-	-	-	(51,630)	(51,630)
Balance, October 31, 2020	**11,710,000**	**940,761**	**-**	**57,236**	**57,236**	**(274,512)**	**723,485**

The accompanying notes are an integral part of these condensed interim financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Crystal Bridge Enterprises Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on November 15, 2017. On September 18, 2018, the Company completed its Initial Public Offering (the "Offering") to be classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. On September 21, 2018, the Company began trading its shares on the TSX-V under the trading symbol "CRYS". The principal business of the Company is the identification and evaluation of assets or a business and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities (the "Qualifying Transaction" ("QT")).

The Company's head office, principal address and registered and records office is located at 439 Helmcken Street, Vancouver, British Columbia, Canada, V6B 2E6.

These condensed interim financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has not generated any revenues to date and is currently unable to self-finance any future operations. The Company's continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such a transaction will be subject to regulatory approval and may be subject to shareholder approval. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These condensed interim financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these condensed interim financial statements, adjustments would be necessary to the statement of financial position classifications used. Such adjustments could be material.

The Company has not generated revenues from its operations to date and as at October 31, 2020, had a deficit of $274,512 (July 31, 2020 - $228,464) which has been primarily financed by equity. Its continued existence will be dependent on equity financing on terms which are acceptable to the Company.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The Company's operations have not been drastically impacted by the pandemic. Management of the Company continues to monitor the situation and is following the protocols and rules set in place by the provincial and federal governments.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of these condensed interim financial statements.

Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB").

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited financial statements of the Company for the year ended July 31, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation

These condensed interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed interim financial statements are presented in Canadian dollars unless otherwise noted.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) at amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable are classified at amortized cost.

As at October 31, 2020 and July 31, 2020, the Company did not have any derivative financial liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant estimates and judgments

The preparation of condensed interim financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. These condensed interim financial statements do not include any accounts that require significant estimates as the basis for determining the stated amounts.

The preparation of condensed interim financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's condensed interim financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.
- The valuation of share-based compensation, where the Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation and other equity based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.
- The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood or utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

Accounting pronouncements not yet adopted

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. The Company did not identify any standards that may have any impact on the Company's condensed interim financial statements during the period.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's condensed interim financial statements.

3. PROPOSED TRANSACTION

On October 27, 2020, the Company entered into an Arrangement Agreement with Alpha Cognition Inc. ("ACI") whereby the Company would acquire 100% of the shares of ACI by issuing to the shareholders of ACI common shares of the Company ("CPC Share") at a deemed price of $1.60 per common share for every one ACI share held by each ACI shareholder (the "Transaction"). Certain US resident ACI shareholders have agreed to receive a restricted voting share in place of a CPC Share for up to a total of 1,000,000 restricted voting shares. A restricted voting share is equivalent to a CPC Share except that it will not be counted in a shareholder vote for the election of directors. In addition, holders of Class C Preferred shares of ACI will receive one Class B Preferred Share of the Company for each Class C Preferred share of ACI held by such shareholder. The outstanding options and warrants of ACI will become convertible into shares of the Company. The Transaction will constitute a reverse acquisition of the Company.

Closing of the Transaction is subject to a number of conditions, including: (i) TSX Venture Exchange approval of the Transaction; (ii) completion of ACI's private placement; (iii) ACI shareholder approval; (iv) court approval of the Transaction pursuant to the Arrangement Agreement; (v) the Company's shareholder approval of the creation of the Class B Preferred Share and Restricted Voting Share; and (vi) certain other customary conditions.

(Expressed in Canadian Dollars - Unaudited)

4. CASH

	October 31, 2020	July 31, 2020
	$	$
Cash	787,023	785,845
Cash held in trust	8,268	14,635
	795,291	**800,480**

5. ACCOUNTS PAYABLE

	October 31, 2020	July 31, 2020
	$	$
Trade accounts payable	27,509	17,390
Accrued liabilities	50,612	20,879
	78,121	**38,269**

6. SHARE CAPITAL

Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

Issued Shares

There was no share issuance activity during the three months ended October 31, 2020 and the year ended July 31, 2020.

Escrow Shares

As at October 31, 2020, the Company has 4,440,000 shares subject to escrow restrictions. The escrowed shares will be released from escrow in tranches over 36 months from the Company completing a QT.

Basic and Diluted Loss per Share

The calculation of basic and diluted loss per share for the three months ended October 31, 2020 was based on the loss attributable to common shareholders of $51,630 (October 31, 2019 – $18,876) and the weighted average number of common shares outstanding of 7,270,000 (October 31, 2019 – 7,270,000).

Diluted loss per share for the three months ended October 31, 2020 did not include the effect of 4,440,000 (October 31, 2019 – 4,440,000) escrowed shares which are contingently returnable, or the 775,000 (October 31, 2019 – 850,000) outstanding share options and nil (October 31, 2019 – 160,000) outstanding warrants as the effect would be anti-dilutive.

(Expressed in Canadian Dollars - Unaudited)

7. RESERVES

Share Options

The Company ratified a Stock Option Plan for its directors, officers, employees and consultants under which the Board of Directors of the Company may grant non-transferable share options totalling in aggregate up to 10% of the Company's issued and outstanding common shares, exercisable for a period of up to ten years from the date of grant, and at an exercise price which is not less than that permitted by the TSX-V.

In September 2018, the Company granted 850,000 share options to directors and officers of the Company at an exercise price of $0.10 per option for a period of five years, vesting as follows: 1/4th on the date of grant, 1/4th on the first anniversary, 1/4th on the second anniversary, and 1/4th on the third anniversary. The share options were valued at $71,315 estimated using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk free interest rate of 2.32%, volatility of 100%, and nil forecasted dividend yields. During the three months ended October 31, 2020, the Company recorded share based compensation of $1,870 (2019 - $4,776) relating to these options.

In July 2019, the Company granted 200,000 share options to directors of the Company at an exercise price of $0.10 per option for a period of five years, vesting with the same schedule as options granted in September 2018. The share options were valued at $14,100 estimated using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk free interest rate of 1.46%, volatility of 100%, and nil forecasted dividend yields. During the three months ended October 31, 2020, the Company recorded share based compensation of $878 (2019 - $3,703) relating to these options.

During the three months ended October 31, 2020, 75,000 share options were cancelled, and the fair value of $5,582 attributable to these share options was transferred from reserves to accumulated deficit.

A summary of the share option activities is as follows:

	Number of options	Weighted average exercise price
		$
Balance, July 31, 2019 and 2020	**850,000**	**0.10**
Cancelled	(75,000)	0.10
Balance, October 31, 2020	**775,000**	**0.10**

A summary of the share options outstanding and exercisable at October 31, 2020 is as follows:

Exercise price	Number outstanding	Number exercisable	Expiry date
$			
0.10	775,000	593,750	September 21, 2023

The weighted average life of the outstanding share options is 2.89 years.

Warrants

During the three months ended October 31, 2020, 160,000 warrants were expired unexercised, and the fair value of $9,744 attributable to these warrants was transferred from reserves to share capital.

(Expressed in Canadian Dollars - Unaudited)

7. RESERVES (continued)

Warrants (continued)

A summary of share purchase warrant activities is as follows:

	Number of warrants	Weighted average exercise price
		$
Balance, July 31, 2019 and 2020	**160,000**	**0.10**
Expired	(160,000)	0.10
Balance, October 31, 2020	**-**	**-**

8. RELATED PARTY TRANSACTIONS AND BALANCES

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive and non-executive) of the Company. The Company considers its officers and directors to be its key management personnel.

Summary of key management personnel compensation:

	For the three months ended October 31, 2020	2019
	$	$
Professional fees	-	3,406
Share based compensation	2,749	8,479
	2,749	**11,885**

As at October 31, 2020, $295 (July 31, 2020 – $295) was included in accounts payable and accrued liabilities owing to officers, directors, and companies controlled by officers and directors of the Company for expense reimbursements.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company’s accounts payable and accrued liabilities approximates its carrying value. The Company’s other financial instrument, being cash, is measured at fair value using Level 1 inputs.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) **Credit risk:**
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash account. Cash accounts are held with major banks in Canada. The Company has deposited its cash with a bank from which management believes the risk of loss is low.

(b) **Liquidity risk:**
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accounts payable are due within the current operating period. The Company has a cash balance of $795,291 to settle current liabilities of $78,121.

(c) **Market risk:**
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not exposed to market risk.

(d) **Interest rate risk:**
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

10. CAPITAL DISCLOSURE AND MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the completion of a Qualifying Transaction as defined in TSX-V Policy 2.4. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure. The Company considers its capital structure to include shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms and approved by the TSX-V.

As a CPC, the Company will be subject to externally imposed capital requirements as outlined in the TSX-V Policy 2.4 and summarized below:

(a) No salary, consulting, management fees or similar remuneration of any kind may be paid directly or indirectly to a related party of the Company or a related party of a QT;
(b) Gross proceeds realized from the sale of all securities issued by a CPC may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a QT;
(c) No more than the lesser of $210,000 and 30% of the gross proceeds from the sale of securities issued by a CPC may be used for purposes other than to identify and evaluate a QT;
(d) After the completion of its IPO and until the completion of a QT, a CPC may not issue any securities unless written acceptance of the TSX-V is obtained before the issuance of the securities.

There were no changes in the Company's approach to capital management during the three months ended October 31, 2020.

CRYSTAL BRIDGE ENTERPRISES INC.
(A Capital Pool Company)

Financial Statements

For the years ended July 31, 2020 and 2019
(Expressed in Canadian Dollars)

manning elliott

17th floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3

Tel: 604. 714. 3600 **Fax:** 604. 714. 3669 **Web:** manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Crystal Bridge Enterprises Inc.

Opinion

We have audited the financial statements of Crystal Bridge Enterprises Inc. (the "Company"), which comprise the statements of financial position as at July 31, 2020 and 2019, and the statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management's Discussion and Analysis to be filed with the relevant Canadian securities commissions. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Fernando J. Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
October 21, 2020

CRYSTAL BRIDGE ENTERPRISES INC.
(A Capital Pool Company)
Statements of Financial Position
(Expressed in Canadian Dollars)

	July 31, 2020	July 31, 2019
	$	$
ASSETS		
Current		
Cash (Note 3)	800,480	871,332
Prepaid expenses	10,155	2,730
TOTAL ASSETS	**810,635**	**874,062**
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 4)	38,269	44,172
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	931,017	925,116
Reserves (Note 6)	69,813	49,179
Accumulated deficit	(228,464)	(144,405)
	772,366	829,890
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**810,635**	**874,062**

Nature and continuance of operations (Note 1)

On behalf of the Board of Directors:

"Rajeev Bakshi"	"Kenneth Hallat"
Director, CEO	Director

The accompanying notes are an integral part of these financial statements.

CRYSTAL BRIDGE ENTERPRISES INC.
(A Capital Pool Company)
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	For the years ended July 31, 2020	2019
	$	**$**
EXPENSES		
Advertising and promotion	194	407
Insurance	9,225	9,000
Office and general	1,185	1,936
Professional fees (Note 7)	47,972	46,217
Registrar and filing fees	13,855	12,352
Share based compensation (Note 7)	20,634	56,222
Travel and related	1,943	3,477
	(95,008)	(129,611)
Interest income	10,949	10,679
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	**(84,059)**	**(118,932)**
BASIC AND DILUTED LOSS PER SHARE	(0.01)	(0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	7,270,000	5,873,205

The accompanying notes are an integral part of these financial statements.

CRYSTAL BRIDGE ENTERPRISES INC.
(A Capital Pool Company)
Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the years ended July 31, 2020	2019
	$	$
OPERATING ACTIVITIES		
Net loss for the year	(84,059)	(118,932)
Adjustments for non-cash items:		
Share based compensation	20,634	56,222
Changes in non-cash working capital items:		
Prepaid expenses	(7,425)	4,020
Accounts payable and accrued liabilities	(5,903)	11,197
Cash used in operating activities	(76,753)	(47,493)
FINANCING ACTIVITIES		
Proceeds from share issuances	-	702,000
Share issuance costs	5,901	(110,140)
Cash provided by financing activities	5,901	591,860
NET CHANGE IN CASH	(70,852)	544,367
CASH, BEGINNING OF YEAR	871,332	326,965
CASH, END OF YEAR	**800,480**	**871,332**
Supplemental Cash Flow Information:		
Interest paid in cash	-	-
Income taxes paid in cash	-	-
Non-cash transactions:		
Reclassification of options cancelled	-	16,787
Warrants issued for share issuance costs	-	9,744

The accompanying notes are an integral part of these financial statements.

CRYSTAL BRIDGE ENTERPRISES INC.
(A Capital Pool Company)
Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Number of Shares Issued	Share Capital	Reserves			Share Subscriptions Received	Accumulated Deficit	Total Shareholders' Equity
			Warrants	Share Options	Total			
		$	$	$	$	$	$	$
Balance, July 31, 2018	**3,160,000**	**158,000**	**-**	**-**	**-**	**185,000**	**(42,260)**	**300,740**
Proceeds from share issuances	8,550,000	887,000	-	-	-	(185,000)	-	702,000
Share issuance costs	-	(119,884)	9,744	-	9,744	-	-	(110,140)
Share-based compensation	-	-	-	56,222	56,222	-	-	56,222
Stock options cancelled	-	-	-	(16,787)	(16,787)	-	16,787	-
Comprehensive loss for the year	-	-	-	-	-	-	(118,932)	(118,932)
Balance, July 31, 2019	**11,710,000**	**925,116**	**9,744**	**39,435**	**49,179**	**-**	**(144,405)**	**829,890**
Share issuance costs recovery	-	5,901	-	-	-	-	-	5,901
Share-based compensation	-	-	-	20,634	20,634	-	-	20,634
Comprehensive loss for the year	-	-	-	-	-	-	(84,059)	(84,059)
Balance, July 31, 2020	**11,710,000**	**931,017**	**9,744**	**60,069**	**69,813**	**-**	**(228,464)**	**772,366**

The accompanying notes are an integral part of these financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Crystal Bridge Enterprises Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on November 15, 2017. On September 18, 2018, the Company completed its Initial Public Offering (the "Offering") to be classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. On September 21, 2018, the Company began trading its shares on the TSX-V under the trading symbol "CRYS". The principal business of the Company is the identification and evaluation of assets or a business and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities (the "Qualifying Transaction" ("QT")).

The Company's head office, principal address and registered and records office is located at 439 Helmcken Street, Vancouver, British Columbia, Canada, V6B 2E6.

These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has not generated any revenues to date and is currently unable to self-finance any future operations. The Company's continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such a transaction will be subject to regulatory approval and may be subject to shareholder approval. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary to the statement of financial position classifications used. Such adjustments could be material.

The Company has not generated revenues from its operations to date and as at July 31, 2020, had a deficit of $228,464 (2019 - $144,405) which has been primarily financed by equity. Its continued existence will be dependent on equity financing on terms which are acceptable to the Company.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The Company's operations have not been drastically impacted by the pandemic. Management of the Company continues to monitor the situation and is following the protocols and rules set in place by the provincial and federal governments.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of these financial statements.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). These financial statements are authorized for issuance by the Board of Directors on October 21, 2020.

Basis of presentation

These financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for certain financial assets and liabilities that are measured at fair value. The financial statements are presented in Canadian dollars unless otherwise noted.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) at amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable are classified at amortized cost.

As at July 31, 2020 and 2019, the Company did not have any derivative financial liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant estimates and judgments

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. These financial statements do not include any accounts that require significant estimates as the basis for determining the stated amounts.

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.
- The valuation of share-based compensation, where the Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation and other equity based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.
- The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood or utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

Income taxes

Current income tax:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:
Deferred income tax is based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The following is the accounting policy for leases as of August 1, 2019 upon adoption of IFRS 16:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in private placements is determined to be the more easily measurable component as they are valued at their fair value which is determined by the closing price on the issuance date. The remaining balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded to reserves. If the warrants expire unexercised, the value attributed to the warrants is transferred to share capital.

Share-based compensation

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods using the graded vesting method. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The Company transfers the value of cancelled and expired unexercised vested stock options and compensatory warrants to deficit or share capital from reserves on the date of expiration, based on the nature of the item.

Changes in accounting standard

The Company has adopted the following accounting standard effective August 1, 2019, which had no significant impact on the financial statements:

- IFRIC 23 – Uncertainty Over Income Tax Treatments
- IFRS 16 - Leases

Accounting pronouncements not yet adopted

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. The Company did not identify any standards that may have any impact on the Company’s financial statements during the year.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company’s financial statements.

3. CASH

	2020	**2019**
	$	**$**
Cash	785,845	869,634
Cash held in trust	14,635	1,698
	800,480	**871,332**

(Expressed in Canadian Dollars)

4. ACCOUNTS PAYABLE

	2020	**2019**
	$	**$**
Trade accounts payable	17,390	28,688
Accrued liabilities	20,879	15,484
	38,269	**44,172**

5. SHARE CAPITAL

Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

Issued Shares

During the year ended July 31, 2020:

There was no share issuance activity.

During the year ended July 31, 2019:

On September 18, 2018, the Company completed its Initial Public Offering ("IPO") of 2,000,000 common shares at a price of $0.10 per common share for gross proceeds of $200,000 pursuant to a prospectus dated August 31, 2018. The Company's agent engaged in connection with the IPO was paid a commission of $16,000, a corporate finance fee of $10,500, and reimbursed for its expenses of $13,929 incurred in connection with the IPO. The Company also granted 160,000 non-transferable warrants to its agents with an exercise price of $0.10 per share for a period of 24 months. The agents' warrants were valued at $9,744.

On September 18, 2018, the Company completed a non-brokered private placement of 3,350,000 common shares at a price of $0.10 per share for gross proceeds of $335,000.

On November 5, 2018, the Company completed a private placement of 3,200,000 common shares at a price of $0.11 per share for gross proceeds of $352,000. The Company's agent engaged in connection with the private placement was paid a commission of $28,160 and reimbursed for its expenses of $6,000 incurred in connection with the private placement.

The Company also incurred $35,551 for legal expenses that were included in share issuance costs in relation to the IPO and private placements during the year.

Escrow Shares

As at July 31, 2020, the Company has 4,440,000 shares subject to escrow restrictions. The escrowed shares will be released from escrow in tranches over 36 months from the Company completing a QT.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

Basic and Diluted Loss per Share

The calculation of basic and diluted loss per share for the year ended July 31, 2020 was based on the loss attributable to common shareholders of $84,059 (2019 – $118,932) and the weighted average number of common shares outstanding of 7,270,000 (2019 – 5,873,205).

Diluted loss per share for the year ended July 31, 2020 did not include the effect of 4,440,000 (2019 – 4,440,000) escrowed shares which are contingently returnable, or the 850,000 (2019 – 850,000) outstanding stock options and 160,000 (2019 – 160,000) outstanding warrants as the effect would be anti-dilutive.

6. RESERVES

Stock Options

The Company ratified a Stock Option Plan for its directors, officers, employees and consultants under which the Board of Directors of the Company may grant non-transferable stock options totalling in aggregate up to 10% of the Company's issued and outstanding common shares, exercisable for a period of up to ten years from the date of grant, and at an exercise price which is not less than that permitted by the TSX-V.

In September 2018, the Company granted 850,000 stock options to directors and officers of the Company at an exercise price of $0.10 per option for a period of five years, vesting as follows: 1/4th on the date of grant, 1/4th on the first anniversary, 1/4th on the second anniversary, and 1/4th on the third anniversary. The stock options were valued at $71,315, of which $35,083 was recognized during the year ended July 31, 2019 and $13,321 was recognized during the year ended July 31, 2020, estimated using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk free interest rate of 2.32%, volatility of 100%, and nil forecasted dividend yields.

In July 2019, the Company granted 200,000 stock options to directors of the Company at an exercise price of $0.10 per option for a period of five years, vesting with the same schedule as options granted in September 2018. The stock options were valued at $14,100, of which $4,352 was recognized during the year ended July 31, 2019 and $7,313 was recognized during the year ended July 31, 2020, estimated using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk free interest rate of 1.46%, volatility of 100%, and nil forecasted dividend yields.

A summary of the stock option activities is as follows:

	Number of options	Weighted average exercise price
		$
Balance, July 31, 2018	-	-
Granted	1,050,000	0.10
Cancelled	(200,000)	0.10
Balance, July 31, 2019 and 2020	**850,000**	**0.10**

A summary of the stock options outstanding and exercisable at July 31, 2020 is as follows:

Exercise price	Number outstanding	Number exercisable	Expiry date
$			
0.10	*850,000	416,667	September 21, 2023

*75,000 stock options were cancelled subsequent to July 31, 2020.

The weighted average life of the outstanding stock options is 3.15 years.

(Expressed in Canadian Dollars)

6. RESERVES (continued)

Warrants

On September 21, 2018, 160,000 agents' warrants were issued in connection with the IPO. Each agents' warrant entitles the holder to purchase one common share of the Company at a price of $0.10 for a period of two years from closing. The warrants were valued at $9,744 estimated using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk free interest rate of 2.19%, volatility of 100%, and nil forecasted dividend yield.

A summary of share purchase warrant activities is as follows:

	Number of warrants	Weighted average exercise price
		$
Balance, July 31, 2018	**-**	**-**
Issued	160,000	0.10
Balance, July 31, 2019 and 2020	**160,000**	**0.10**

A summary of the warrants outstanding and exercisable at July 31, 2020 is as follows:

Exercise price	Number outstanding	Expiry date
$		
0.10	*160,000	September 21, 2020

*160,000 warrants expired unexercised subsequent to July 31, 2020.

The weighted average life of the outstanding warrants is 0.15 years.

7. RELATED PARTY TRANSACTIONS AND BALANCES

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive and non-executive) of the Company. The Company considers its officers and directors to be its key management personnel.

Summary of key management personnel compensation:

	2020	2019
	$	$
Professional fees	6,299	22,617
Share based compensation	20,302	56,222
	26,601	**78,839**

As at July 31, 2020, $295 (2019 – $3,779) was included in accounts payable and accrued liabilities owing to officers, directors, and companies controlled by officers and directors of the Company for expense reimbursements.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's accounts payable approximates its carrying value. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) **Credit risk:**
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash account. Cash accounts are held with major banks in Canada. The Company has deposited its cash with a bank from which management believes the risk of loss is low.

(b) **Liquidity risk:**
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accounts payable are due within the current operating period. The Company has a sufficient cash balance to settle current liabilities.

(c) **Market risk:**
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not exposed to market risk.

(d) **Interest rate risk:**
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

(Expressed in Canadian Dollars)

9. CAPITAL DISCLOSURE AND MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the completion of a Qualifying Transaction as defined in TSX-V Policy 2.4. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure.

The Company considers its capital structure to include shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms and approved by the TSX-V.

As a CPC, the Company will be subject to externally imposed capital requirements as outlined in the TSX-V Policy 2.4 and summarized below:

(a) No salary, consulting, management fees or similar remuneration of any kind may be paid directly or indirectly to a related party of the Company or a related party of a QT;
(b) Gross proceeds realized from the sale of all securities issued by a CPC may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a QT;
(c) No more than the lesser of $210,000 and 30% of the gross proceeds from the sale of securities issued by a CPC may be used for purposes other than to identify and evaluate a QT;
(d) After the completion of its IPO and until the completion of a QT, a CPC may not issue any securities unless written acceptance of the TSX-V is obtained before the issuance of the securities.

There were no changes in the Company's approach to capital management during the year ended July 31, 2020.

10. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	For the year ended July 31, 2020	For the year ended July 31, 2019
	$	$
Loss before income taxes	(84,059)	(118,932)
Combined Canadian federal and provincial statutory rate	27%	27%
Expected income tax recovery	(22,700)	(32,100)
Permanent differences and others	6,900	(14,600)
Change in unrecognized deferred income tax asset	15,800	46,700
Income tax recovery	-	-

There are no deferred tax assets or liabilities presented in the statement of financial position.

This potential future tax benefit has not been recognized in these financial statements since the Company cannot be assured that it is probable that such benefit will be utilized in future years.

(Expressed in Canadian Dollars)

10. INCOME TAXES (continued)

The Company's tax-effected deferred income tax assets and liabilities are estimated as follows:

	July 31, 2020	July 31, 2019
	$	$
Non-capital losses	(56,900)	(34,200)
Share issuance costs	(16,900)	(23,800)
Unrecognized deferred income tax assets	73,800	58,000
	-	-

The deferred tax assets have not been recognized because at this stage of the Company's development it is not determinable that future taxable profit will be available against which the Company can't utilize such deferred tax assets.

As at July 31, 2020, the Company has non-capital losses carried forward $210,700 (2019 - $126,700) which are available to offset future years' taxable income. These losses expire as follows:

	Non-capital losses
	$
2038	42,300
2039	84,400
2040	84,000
	210,700

CRYSTAL BRIDGE ENTERPRISES INC.
(A Capital Pool Company)

Financial Statements

For the year ended July 31, 2019
and the period from inception on November 15, 2017 to July 31, 2018
(Expressed in Canadian Dollars)

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

17th floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3

Tel: 604. 714. 3600 Fax: 604. 714. 3669 Web: manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Crystal Bridge Enterprises Inc.

Opinion

We have audited the financial statements of Crystal Bridge Enterprises Inc. (the "Company") which comprise the statements of financial position as at July 31, 2019 and 2018, and the statements of comprehensive loss, cash flows and changes in shareholders' equity for the year ended July 31, 2019 and the period from inception on November 15, 2017 to July 31, 2018, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2019 and 2018, and its financial performance and its cash flows for the year ended June 30, 2019 and the period from inception on November 15, 2017 to July 31, 2018 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Fernando Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
October 21, 2019

CRYSTAL BRIDGE ENTERPRISES INC.
(A Capital Pool Company)
Statements of Financial Position
(Expressed in Canadian Dollars)

	July 31, 2019	July 31, 2018
	$	$
ASSETS		
Current		
Cash (Note 3)	871,332	326,965
Prepaid expenses	2,730	6,750
TOTAL ASSETS	**874,062**	**333,715**
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 4)	44,172	32,975
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	925,116	158,000
Share subscriptions received (Note 5)	-	185,000
Reserves (Note 6)	49,179	-
Accumulated deficit	(144,405)	(42,260)
	829,890	300,740
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**874,062**	**333,715**

Nature and continuance of operations (Note 1)

These financial statements are authorized for issuance by the Board of Directors on October 21, 2019.

On behalf of the Board of Directors:

“Rajeev Bakshi”	“Kenneth A. Cawkell”
Director, CEO	Director, Secretary

The accompanying notes are an integral part of these financial statements.

CRYSTAL BRIDGE ENTERPRISES INC.
(A Capital Pool Company)
Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	For the year ended July 31, 2019	For the period from inception on November 15, 2017 to July 31, 2018
	$	$
EXPENSES		
Advertising and promotion	407	-
Insurance	9,000	2,250
Office and general	1,936	210
Professional fees (Note 7)	46,217	34,550
Registrar and filing fees	12,352	5,250
Share based compensation (Note 7)	56,222	-
Travel and related	3,477	-
	(129,611)	(42,260)
Interest income	10,679	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**(118,932)**	**(42,260)**
BASIC AND DILUTED LOSS PER SHARE	(0.02)	-
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	5,873,205	-

The accompanying notes are an integral part of these financial statements.

CRYSTAL BRIDGE ENTERPRISES INC.
(A Capital Pool Company)
Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the year ended July 31, 2019	For the period from inception on November 15, 2017 to July 31, 2018
	$	$
OPERATING ACTIVITIES		
Net loss for the period	(118,932)	(42,260)
Adjustments for non-cash items:		
Share based compensation	56,222	-
Changes in non-cash working capital items:		
Prepaid expenses	4,020	(6,750)
Accounts payable and accrued liabilities	11,197	32,975
Cash used in operating activities	(47,493)	(16,035)
FINANCING ACTIVITIES		
Proceeds from share issuances	702,000	158,000
Share issuance costs	(110,140)	-
Share subscriptions received	-	185,000
Cash provided by financing activities	591,860	343,000
NET CHANGE IN CASH	544,367	326,965
CASH, BEGINNING OF PERIOD	326,965	-
CASH, END OF PERIOD	**871,332**	**326,965**
Supplemental Cash Flow Information:		
Interest paid in cash	-	-
Income taxes paid in cash	-	-
Non-cash transactions:		
Reclassification of options cancelled	16,787	-
Warrants issued for share issuance costs	9,744	-

The accompanying notes are an integral part of these financial statements.

CRYSTAL BRIDGE ENTERPRISES INC.
(A Capital Pool Company)
Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

			Reserves					
	Number of Shares Issued	**Share Capital**	**Warrants**	**Share Options**	**Total**	**Share Subscriptions Received**	**Accumulated Deficit**	**Total Shareholders' Equity**
		$	**$**	**$**	**$**	**$**	**$**	**$**
Balance, November 15, 2017	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Issuance of common shares	3,160,000	158,000	-	-	-	185,000	-	343,000
Comprehensive loss for the period	-	-	-	-	-	-	(42,260)	(42,260)
Balance, July 31, 2018	**3,160,000**	**158,000**	**-**	**-**	**-**	**185,000**	**(42,260)**	**300,740**
Proceeds from share issuances	8,550,000	887,000	-	-	-	(185,000)	-	702,000
Share issuance costs	-	(119,884)	9,744	-	9,744	-	-	(110,140)
Share-based compensation	-	-	-	56,222	56,222	-	-	56,222
Stock options cancelled	-	-	-	(16,787)	(16,787)	-	16,787	-
Comprehensive loss for the year	-	-	-	-	-	-	(118,932)	(118,932)
Balance, July 31, 2019	**11,710,000**	**925,116**	**9,744**	**39,435**	**49, 179**	**-**	**(144,405)**	**829,890**

The accompanying notes are an integral part of these financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Crystal Bridge Enterprises Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on November 15, 2017. On September 18, 2018, the Company completed its Initial Public Offering (the "Offering") to be classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. On September 21, 2018, the Company began trading its shares on the TSX-V under the trading symbol "CRYS". The principal business of the Company is the identification and evaluation of assets or a business and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities (the "Qualifying Transaction" ("QT")).

The Company's head office, principal address and registered and records office is located at 439 Helmcken Street, Vancouver, British Columbia, Canada, V6B 2E6.

These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has not generated any revenues to date and is currently unable to self-finance any future operations. The Company's continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such a transaction will be subject to regulatory approval and may be subject to shareholder approval. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary to the statement of financial position classifications used. Such adjustments could be material.

The Company has not generated revenues from its operations to date and as at July 31, 2019, had a deficit of $144,405 which has been primarily financed by equity. Its continued existence will be dependent on equity financing on terms which are acceptable to the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of these financial statements.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

Basis of presentation

These financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation (continued)

The accounting policies applied in preparation of these financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the period from inception on November 15, 2017 to July 31, 2018, except for the following:

Financial instruments
On August 1, 2018, the Company adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes significant changes to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted the standard retrospectively. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities.

The following summarizes the significant changes in IFRS 9 compared to the previous standard:

- IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The change did not impact the carrying amounts of any of the Company's financial assets on the transition date. Prior periods were not restated and no material changes resulted from adopting this new standard.

- The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had no impact on the carrying amounts of our financial assets on the transition date given the Company transacts exclusively with large international financial institutions and other organizations with strong credit ratings.

Significant estimates and judgments

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. These financial statements do not include any accounts that require significant estimates as the basis for determining the stated amounts.

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

- The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood or utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) at amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable are classified under other financial liabilities and carried on the statement of financial position at amortized cost.

As at July 31, 2019 and 2018, the Company did not have any derivative financial liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Current income tax:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:
Deferred income tax is based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based compensation

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods using the graded vesting method. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The Company transfers the value of cancelled and expired unexercised vested stock options and compensatory warrants to deficit or share capital from reserves on the date of expiration, based on the nature of the item.

Accounting pronouncements not yet adopted

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. The Company is evaluating any impact the standards noted below may have on the Company's financial statements:

IFRIC 23 – Uncertainty over Income Tax Treatments: clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. Management does not anticipate this standard having a material effect on the Company's financial statements.

IFRS 16 *Leases* - In June 2016, the IASB issued IFRS 16 - Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company has evaluated the potential impact of this standard on the Company's financial statements and does not anticipate any material impact on the Company's financial statements from the adoption of this standard.

3. CASH

	July 31, 2019	July 31, 2018
	$	$
Cash	869,634	132,525
Cash held in trust	1,698	194,440
	871,332	**326,965**

(Expressed in Canadian Dollars)

4. ACCOUNTS PAYABLE

	July 31, 2019	July 31, 2018
	$	$
Trade accounts payable	28,688	1,575
Accrued liabilities	15,484	31,400
	44,172	**32,975**

5. SHARE CAPITAL

Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

Issued Shares

During the year ended July 31, 2019:

On September 18, 2018, the Company completed its Initial Public Offering ("IPO") of 2,000,000 common shares at a price of $0.10 per common share for gross proceeds of $200,000 pursuant to a prospectus dated August 31, 2018. The Company's agent engaged in connection with the IPO was paid a commission of $16,000, a corporate finance fee of $10,500, and reimbursed for its expenses of $13,929 incurred in connection with the IPO. The Company also granted 160,000 non-transferable warrants to its agents with an exercise price of $0.10 per share for a period of 24 months. The agents' warrants were valued at $9,744.

On September 18, 2018, the Company completed a non-brokered private placement of 3,350,000 common shares at a price of $0.10 per share for gross proceeds of $335,000.

On November 5, 2018, the Company completed a private placement of 3,200,000 common shares at a price of $0.11 per share for gross proceeds of $352,000. The Company's agent engaged in connection with the private placement was paid a commission of $28,160 and reimbursed for its expenses of $6,000 incurred in connection with the private placement.

The Company also incurred $35,551 for legal expenses that were included in share issuance costs in relation to the IPO and private placements during the year.

During the period from inception on November 15, 2017 to July 31, 2018:

During the period ended July 31, 2018, the Company issued 3,160,000 common shares at a price of $0.05 per share for gross proceeds of $158,000.

Escrow Shares

As at July 31, 2019, the Company has 4,440,000 shares subject to escrow restrictions. The escrowed shares will be released from escrow in tranches over 36 months from the Company completing a QT.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

Basic and Diluted Loss per Share

The calculation of basic and diluted loss per share for the year ended July 31, 2019 was based on the loss attributable to common shareholders of $118,932 and the weighted average number of common shares outstanding of 5,873,205.

Diluted loss per share for the year ended July 31, 2019 did not include the effect of 4,440,000 escrowed shares which are contingently returnable, or the 850,000 outstanding stock options and 160,000 outstanding warrants as the effect would be anti-dilutive.

Basic and diluted loss per share for the period from inception on November 15, 2017 to July 31, 2018 had not been presented as all 3,160,000 of the Company's outstanding common shares had been excluded from the weighted average shares calculation because they were contingently returnable.

6. RESERVES

Stock Options

The Company established a Stock Option Plan for its directors, officers, employees and consultants under which the Board of Directors of the Company may grant non-transferable stock options totalling in aggregate up to 10% of the Company's issued and outstanding common shares, exercisable for a period of up to ten years from the date of grant, and at an exercise price which is not less than that permitted by the TSX-V.

During the year ended July 31, 2019, the Company granted 1,050,000 stock options to directors and officers of the Company at an exercise price of $0.10 per option for a period of five years, vesting as follows: 1/4 on the date of grant, 1/4 on the first anniversary, 1/4 on the second anniversary, and 1/4 on the third anniversary. The stock options were valued at $84,945, of which $56,222 was recognized during the year ended July 31, 2019, estimated using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk free interest rate of 2.32%, volatility of 100%, and nil forecasted dividend yield.

A summary of the stock option activities is as follows:

	Number of options	Weighted average exercise price
		$
Balance, July 31, 2018	-	-
Granted	1,050,000	0.10
Cancelled	(200,000)	0.10
Balance, July 31, 2019	**850,000**	**0.10**

A summary of the stock options outstanding and exercisable at July 31, 2019 is as follows:

Exercise Price	Number Outstanding	Number Exercisable	Expiry Date
$			
0.10	850,000	200,000	September 21, 2023

The weighted average life of the outstanding stock options is 4.15 years.

(Expressed in Canadian Dollars)

6. RESERVES (continued)

Warrants

On September 21, 2018, 160,000 agents' warrants were issued in connection with the IPO. Each agents' warrant entitles the holder to purchase one common share of the Company at a price of $0.10 for a period of two years from closing. The warrants were valued at $9,744 estimated using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk free interest rate of 2.19%, volatility of 100%, and nil forecasted dividend yield.

A summary of share purchase warrant activities is as follows:

	Number of warrants	Weighted average exercise price
		$
Balance, July 31, 2018	**-**	**-**
Issued	160,000	0.10
Balance, July 31, 2019	**160,000**	**0.10**

A summary of the warrants outstanding and exercisable at July 31, 2019 is as follows:

Exercise Price	Number Outstanding	Expiry Date
$		
0.10	160,000	September 21, 2020

The weighted average life of the outstanding warrants is 1.15 years.

7. RELATED PARTY TRANSACTIONS AND BALANCES

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive and non-executive) of the Company. The Company considers its officers and directors to be its key management personnel.

Summary of key management personnel compensation:

	For the year ended July 31, 2019	For the period from inception on November 15, 2017 to July 31, 2018
	$	$
Professional fees	22,617	22,000
Share based compensation	56,222	-
	78,839	**22,000**

As at July 31, 2019, $3,779 (July 31, 2018 – $22,000) was included in accounts payable and accrued liabilities owing to officers, directors, and companies controlled by officers and directors of the Company for expense reimbursements.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's accounts payable approximates its carrying value. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) **Credit risk:**
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash account. Cash accounts are held with major banks in Canada. The Company has deposited its cash with a bank from which management believes the risk of loss is low.

(b) **Liquidity risk:**
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accounts payable are due within the current operating period. The Company has a sufficient cash balance to settle current liabilities.

(c) **Market risk:**
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not exposed to market risk.

(d) **Interest rate risk:**
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

(Expressed in Canadian Dollars)

9. CAPITAL DISCLOSURE AND MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the completion of a Qualifying Transaction as defined in TSX-V Policy 2.4. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure.

The Company considers its capital structure to include shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms and approved by the TSX-V.

As a CPC, the Company will be subject to externally imposed capital requirements as outlined in the TSX-V Policy 2.4 and summarized below:

(a) No salary, consulting, management fees or similar remuneration of any kind may be paid directly or indirectly to a related party of the Company or a related party of a QT;
(b) Gross proceeds realized from the sale of all securities issued by a CPC may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a QT;
(c) No more than the lesser of $210,000 and 30% of the gross proceeds from the sale of securities issued by a CPC may be used for purposes other than to identify and evaluate a QT; and
(d) After the completion of its IPO and until the completion of a QT, a CPC may not issue any securities unless written acceptance of the TSX-V is obtained before the issuance of the securities.

There were no changes in the Company's approach to capital management during the year ended July 31, 2019.

10. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	For the year ended July 31, 2019	For the period from inception on November 15, 2017 to July 31, 2018
	$	$
Loss before income taxes	(118,932)	(42,260)
Combined Canadian federal and provincial statutory rate	27%	26.8%
Expected income tax recovery	(32,100)	(11,300)
Permanent differences and others	(14,600)	-
Change in unrecognized deferred income tax asset	46,700	11,300
Income tax recovery	-	-

There are no deferred tax assets or liabilities presented in the statement of financial position.

This potential future tax benefit has not been recognized in these financial statements since the Company cannot be assured that it is probable that such benefit will be utilized in future years.

(Expressed in Canadian Dollars)

10. INCOME TAXES (continued)

The Company's tax-effected deferred income tax assets and liabilities are estimated as follows:

	July 31, 2019	July 31, 2018
	$	$
Non-capital losses	(34,200)	(11,300)
Share issuance costs	(23,800)	-
Unrecognized deferred income tax assets	58,000	11,300
	-	-

The deferred tax assets have not been recognized because at this stage of the Company's development it is not determinable that future taxable profit will be available against which the Company can't utilize such deferred tax assets.

The non-capital loss carry-forwards expire according to the following schedule:

	Non-capital losses
	$
2038	42,300
2039	84,400
	126,700

SCHEDULE "B"

ISSUER MANAGEMENT'S DISCUSSION AND ANALYSIS

Attached hereto are the following management's discussion and analysis of the Issuer:

1. The Issuer's management's discussion and analysis for the year ended July 31, 2020.

2. The Issuer's management's discussion and analysis for the year ended July 31, 2019.

CRYSTAL BRIDGE ENTERPRISES INC.
(A Capital Pool Company)

Management Discussion & Analysis

For the year ended July 31, 2020

This Management Discussion and Analysis ("**MD&A**") of financial position and results of operation of Crystal Bridge Enterprises Inc. (the "**Company**") is as at October 21, 2020 and should be read in conjunction with the Company's audited financial statements for the years ended July 31, 2020 and 2019 and related notes (the "**Annual Financial Statements**"). The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis are quoted in Canadian dollars. Additional information can be found at the website www.sedar.com.

Certain sections of this MD&A may contain forward-looking statements.

All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Readers are cautioned that these statements which describe the Company's plans, objectives, and budgets may differ materially from actual results. See additional discussion under "Risks and Uncertainties" section.

CORPORATE PROFILE AND OVERALL PERFORMANCE

Crystal Bridge Enterprises Inc. was incorporated under the Business Corporations Act (British Columbia) on November 15, 2017. The principal business of the Company is the identification and evaluation of assets or a business and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities. The Company's common shares commenced trading on the TSX Venture Exchange ("TSX-V") under the trading symbol "CRYS" on September 21, 2018. The Company is classified as a Capital Pool Company ("CPC") as defined in the TSX-V Policy 2.4.

The Company's head office, principal address and registered and records office is located at 439 Helmcken Street, Vancouver, British Columbia, Canada, V6B 2E6.

On September 18, 2018, the Company completed its Initial Public Offering (the "IPO") of 2,000,000 common shares at a price of $0.10 per common share for gross proceeds of $200,000 pursuant to a prospectus dated August 31, 2018. The Company's agent engaged in connection with the IPO was paid a commission of $16,000, a corporate finance fee of $10,500, and reimbursed for its expenses of $13,929 incurred in connection with the IPO. The Company also granted 160,000 non-transferable warrants to its agents with an exercise price of $0.10 per share for a period of 24 months.

On September 18, 2018, the Company completed a non-brokered private placement of 3,350,000 common shares at a price of $0.10 per share for gross proceeds of $335,000.

On September 21, 2018, the Company granted 850,000 stock options to directors and officers of the Company at an exercise price of $0.10 per option for a period of five years, vesting as follows: 1/4 on the date of grant, 1/4 on the first anniversary, 1/4 on the second anniversary, and 1/4 on the third anniversary.

On November 5, 2018, the Company completed a private placement of 3,200,000 common shares at a price of $0.11 per share for gross proceeds of $352,000. The Company's agent engaged in connection with the private placement was paid a commission of $28,160 and reimbursed for its expenses of $6,000 incurred in connection with the private placement.

On July 3, 2019, the Company appointed Pardeep Sangha as a director. In addition, the Company cancelled 200,000 options held by Rob Bakshi, the CEO of the Company, and re-issued 150,000 options to Pardeep Sangha and 50,000 options to Mark Kohler, an existing director.

On May 15, 2020, Kenneth Cawkell resigned as a director of the Company.

On July 9, 2020, the Company entered into a non-binding letter of intent (the "LOI") with Alpha Cognition Inc. ("ACI"). Pursuant to the LOI, the Company and ACI propose to enter into a business combination, pursuant to which the Company will acquire all of the issued and outstanding shares of ACI (the "Transaction").

The Transaction is intended to constitute the Company's Qualifying Transaction as defined in the policies of the TSX Venture Exchange (the "Exchange"). The terms of the proposed Transaction were negotiated at arm's length between the Company and ACI. ACI is a biopharmaceutical company headquartered in Vancouver, BC that is focused on developing therapies for the treatment of neurodegeneration. ACI's management and advisory team consists of industry professionals who collectively have extensive experience in all aspects of drug development.

Pursuant to the terms proposed in the LOI, each ACI share outstanding at the time of closing of the Transaction will be exchanged for one post-consolidated share of the Company (the "Resulting Issuer Shares"), representing approximately 72.5 million Resulting Issuer Shares based on a valuation of ACI of approximately US$88.5 million.

Concurrent with the closing of the Transaction, the Company and ACI will take commercially reasonable efforts to complete a private placement for gross proceeds of US$4,000,000. The private placement is expected to be offered in part or in whole on a brokered basis. Immediately prior to closing of the Transaction, the Company will consolidate its issued and outstanding common shares on the basis of one post-consolidation common share for every existing 7.14 common shares of the Company, and change its name to Alpha Cognition Inc. or other name.

On closing of the Transaction, the board of directors of the Company will be reconstituted to include one nominee of the Company and 5 nominees of ACI. The nominee of the Company is expected to be Rob Bakshi, a current director and officer. The nominees of ACI will include Kenneth Cawkell and Frederick Sancillo, who will also serve as Chief Executive Officer and President respectively.

In accordance with Exchange policies, the common shares of the Company are currently halted from trading and will remain so until certain documentation required by the Exchange for the Transaction can be provided to the Exchange. The common shares of the Company may resume trading following the Exchange's review of the required documentation or may remain halted until completion of the Transaction. The completion of the transaction is subject to regulatory and shareholder approval.

RESULTS OF OPERATIONS

As at the date of this report, the Company was a CPC. Accordingly, the Company has not recorded any revenues, and depends upon share issuances to fund its administrative expenses. See the summary of results, below:

Selected Financial Data

	For the year ended July 31, 2020	For the year ended July 31, 2019	For the period from inception on November 15, 2017 to July 31, 2018
	$	$	$
General and administrative expenses	95,008	129,611	42,260
Net and comprehensive loss	(84,059)	(118,932)	(42,260)
Basic and diluted loss per share	(0.01)	(0.02)	-
Working capital	772,366	829,890	300,740
Total assets	810,635	874,062	333,715
Total shareholders' equity	772,366	829,890	300,740

Net and comprehensive loss

At July 31, 2020, the Company had not yet achieved profitable operations and has accumulated losses of $228,464 (2019 - $144,405) since inception. During the years ended July 31, 2020 and 2019, the Company recorded net loss of $84,059 and $118,932, respectively, or $(0.01) and $(0.02) per share, respectively.

Results of Operations

The operating and administrative expenses for the year ended July 31, 2020 totalled $95,008 (2019 – $129,611).

The table below details the changes in major expenditures for the year ended July 31, 2020 as compared to the corresponding year in 2019.

Expenses	Increase / Decrease in Expenses	Explanation for Change
Share-based compensation	Decrease of $35,588	Decrease due to value of options vested being lower than the comparative period.

Fourth Quarter

During the fourth quarter ended July 31, 2020, the Company recorded net loss of $42,912 or ($0.01) per share as compared to a net loss of $55,894 or ($0.01) per share for the fourth quarter ended July 31, 2019.

The operating and administrative expenses for the quarters ended July 31, 2020 and 2019 totaled $44,670 and $59,236 respectively. The significant difference between the total operating expenses for the fourth quarters ended July 31, 2020 and 2019 was the decrease of $22,498 in share-based compensation due to a lower value of options being vested in the current quarter.

Summary of quarterly results for the last consecutive 8 quarters

Historical quarterly financial information derived from the Company's most recently completed quarters since inception is as follows:

	Quarters Ended			
	July 31, 2020	**April 30, 2020**	**January 31, 2020**	**October 31, 2019**
	$	**$**	**$**	**$**
Net and Comprehensive Loss	(42,912)	(13,612)	(8,659)	(18,876)
Basic and Diluted Loss Per Share	(0.00)	(0.00)	(0.00)	(0.00)

	Quarters Ended			
	July 31, 2019	**April 30, 2019**	**January 31, 2019**	**October 31, 2018**
	$	**$**	**$**	**$**
Net and Comprehensive Loss	(55,894)	(7,971)	(12,495)	(42,572)
Basic and Diluted Loss Per Share	(0.01)	(0.00)	(0.00)	(0.02)

Loss per share and weighted average shares calculation does not include 4,440,000 escrowed shares as they are contingently returnable.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date through the issuance of common shares. The Company continues to seek capital through various means including the issuance of equity.

The Company's liquidity and capital resources are as follows:

	July 31, 2020	July 31, 2019
	$	$
Cash	800,480	871,332
Prepaid expenses	10,155	2,730
Total current assets	810,635	874,062
Accounts payables and accrued liabilities	38,269	44,172
Working capital	772,366	829,890

As at July 31, 2020, the Company had cash of $800,480 (2019 – $871,332) and had working capital of $772,366 (2019 – $829,890). The decrease in cash of $70,852 during the year ended July 31, 2020 was mainly the result of the Company funding its operating activities. The increase in cash of $544,367 during the year ended July 31, 2019 was mainly the result of the Company receiving proceeds of $200,000 pursuant to its IPO, the proceeds of $150,000 pursuant to the closing of the private placement concurrent with the IPO, and the proceeds of $352,000 pursuant to the closing of the private placement in November 2018.

Management believes the Company has sufficient funds on hand to meet anticipated administrative and other related expenditures.

As of the date hereof, the Company did not have any commitments for capital expenditures.

As a CPC, the Company is subject to externally imposed capital requirements as outlined in the TSX-V Policy 2.4 and summarized below:

(a) No salary, consulting, management fees or similar remuneration of any kind may be paid directly or indirectly to a related party of the Company or a related party of a Qualifying Transaction ("QT");

(b) Gross proceeds realized from the sale of all securities issued by a CPC may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a QT;

(c) No more than the lesser of $210,000 and 30% of the gross proceeds from the sale of securities issued by a CPC may be used for purposes other than to identify and evaluate a QT;

(d) After the completion of its IPO and until the completion of a QT, a CPC may not issue any securities unless written acceptance of the TSX-V is obtained before the issuance of the securities.

OFF-BALANCE SHEET TRANSACTIONS

The Company does not have any off-balance sheet arrangements as at July 31, 2020 or as of the date of this report.

RELATED PARTY TRANSACTIONS

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive and non-executive) of the Company. The Company considers its officers and directors to be its key management personnel.

Summary of key management personnel compensation:

	For the years ended July 31,	
	2020	**2019**
	$	$
Professional fees	6,299	22,617
Share based compensation	20,302	56,222
	26,601	**78,839**

During the year ended July 31, 2020, the following related party transactions occurred:

- Paid or incurred $6,299 (2019 - $22,617) in legal fees from a legal firm of which Kenneth Cawkell, a former director of the Company, is a partner. As at July 31, 2020, the Company owed $4,978 (2019 – $1,786) as a related party payable to the legal firm for legal fees and expense reimbursements which are included in accounts payable and accrued liabilities.

As at July 31, 2020, the Company owed $295 (2019 – $1,993) to Rob Bakshi, the President and CEO of the Company, for expense reimbursements which is included in accounts payable and accrued liabilities.

CRITICAL JUDGEMENTS AND ESTIMATES

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Significant Judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

- The valuation of share-based compensation, where the Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation and other equity based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

- The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood or utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

CHANGES IN ACCOUNTING STANDARD

The Company has adopted the following accounting standard effective August 1, 2019, which had no significant impact on the financial statements:

- IFRIC 23 – Uncertainty Over Income Tax Treatments
- IFRS 16 - Leases

CHANGES IN ACCOUNTING POLICIES

Leases

On August 1, 2019, the Company adopted IFRS 16 – Leases ("IFRS 16") which replaced IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets.

New accounting policy for leases under IFRS 16

The following is the accounting policy for leases as of August 1, 2019 upon adoption of IFRS 16:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

The adoption of IFRS 16 did not have a significant impact on the Company's financial statements.

RISKS & UNCERTAINTIES

The Company is actively working to identify and evaluate assets or businesses in order to complete a QT and currently has no source of recurring income. The Company has not commenced commercial operations, and has no significant assets other that cash, has no history of earnings and shall not generate earnings or pay dividends until at least after the completion of a QT, if at all. Until the completion of a QT, the Company is not permitted to carry on any other business other than the identification and evaluation of significant assets in pursuit of a QT.

There can be no assurances that the Company will identify any assets or businesses in pursuit of a QT, or have the financial resources necessary to complete a QT. Nor can there be an assurance that the Company will be able to obtain additional financing in the future on terms acceptable to the Company or at all.

The Company’s success depends to a certain degree upon key members for the management. It is expected that these individuals will be a significant factor in our growth and success. The loss of the service of members of the management team or certain key employees could have a material adverse effect on the Company.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company’s accounts payable approximate their carrying values. The Company’s other financial instrument, being cash, is measured at fair value using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) **Credit risk:**
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company’s primary exposure to credit risk is on its cash account. Cash accounts are held with major banks in Canada. The Company has deposited its cash with a bank from which management believes the risk of loss is low.

(b) **Liquidity risk:**
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accounts payable are due within the current operating period. The Company has a sufficient cash balance to settle current liabilities.

(c) **Market risk:**
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not exposed to market risk.

(d) **Interest rate risk:**
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

Capital Management

The Company defines capital as the Company's shareholder's equity. The Company's objectives when managing capital is to safeguard its accumulated capital by maintaining a sufficient level of funds to complete the Company's QT while providing adequate returns to shareholders.

DISCLOSURE OF DATA FOR OUTSTANDING COMMON SHARES AND OPTIONS

The following table summarizes the outstanding common shares, stock options, and warrants of the Company:

	As at July 31, 2020	Date of this MD&A
Common shares	11,710,000	11,710,000
Stock options	850,000	775,000
Warrants	160,000	-

As at the date of this MD&A, the Company has 11,710,000 common shares issued and outstanding of which 4,440,000 shares of the Company are held in escrow and will be released from escrow in tranches over 36 months from the Company completing of a QT.

Details of the outstanding stock options as at date of this MD&A:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		$	
575,000	412,500	0.10	September 21, 2023
200,000	145,833	0.10	September 21, 2023
775,000	558,333		

There are no warrants outstanding as at the date of this MD&A.

OTHER MD&A REQUIREMENTS

Additional information relating to the Company may be found on SEDAR at www.sedar.com including, but not limited to:

- the Company's audited financial statements for the the year ended July 31, 2020 and 2019.

This MD&A has been approved by the Board on October 21, 2020.

CRYSTAL BRIDGE ENTERPRISES INC.
(A Capital Pool Company)

Management Discussion & Analysis

For the year ended July 31, 2019

This Management Discussion and Analysis ("**MD&A**") of financial position and results of operation of Crystal Bridge Enterprises Inc. (the "**Company**") is as at October 21, 2019 and should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2019 and the period from inception on November 15, 2017 to July 31, 2018 and related notes (the "**Annual Financial Statements**"). The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis are quoted in Canadian dollars. Additional information can be found at the website www.sedar.com.

Certain sections of this MD&A may contain forward-looking statements.

All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Readers are cautioned that these statements which describe the Company's plans, objectives, and budgets may differ materially from actual results. See additional discussion under "Risks and Uncertainties" section.

CORPORATE PROFILE AND OVERALL PERFORMANCE

Crystal Bridge Enterprises Inc. was incorporated under the Business Corporations Act (British Columbia) on November 15, 2017. The principal business of the Company is the identification and evaluation of assets or a business and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities. The Company's common shares commenced trading on the TSX Venture Exchange ("TSX-V") under the trading symbol "CRYS" on September 21, 2018. The Company is classified as a Capital Pool Company ("CPC") as defined in the TSX-V Policy 2.4.

The Company's head office, principal address and registered and records office is located at 439 Helmcken Street, Vancouver, British Columbia, Canada, V6B 2E6.

On September 18, 2018, the Company completed its Initial Public Offering (the "IPO") of 2,000,000 common shares at a price of $0.10 per common share for gross proceeds of $200,000 pursuant to a prospectus dated August 31, 2018. The Company's agent engaged in connection with the IPO was paid a commission of $16,000, a corporate finance fee of $10,500, and reimbursed for its expenses of $13,929 incurred in connection with the IPO. The Company also granted 160,000 non-transferable warrants to its agents with an exercise price of $0.10 per share for a period of 24 months.

On September 18, 2018, the Company completed a non-brokered private placement of 3,350,000 common shares at a price of $0.10 per share for gross proceeds of $335,000.

On September 21, 2018, the Company granted 850,000 stock options to directors and officers of the Company at an exercise price of $0.10 per option for a period of five years, vesting as follows: 1/4 on the date of grant, 1/4 on the first anniversary, 1/4 on the second anniversary, and 1/4 on the third anniversary.

On November 5, 2018, the Company completed a private placement of 3,200,000 common shares at a price of $0.11 per share for gross proceeds of $352,000. The Company's agent engaged in connection with the private placement was paid a commission of $28,160 and reimbursed for its expenses of $6,000 incurred in connection with the private placement.

On July 3, 2019, the Company appointed Pardeep Sangha as a director. In addition, the Company cancelled 200,000 options held by Rob Bakshi, the CEO of the Company, and re-issued 150,000 options to Pardeep Sangha and 50,000 options to Mark Kohler, an existing director.

RESULTS OF OPERATIONS

As at the date of this report, the Company was a CPC. Accordingly, the Company has not recorded any revenues, and depends upon share issuances to fund its administrative expenses. See the summary of results, below:

Selected Financial Data

	For the year ended July 31, 2019	For the period from inception on November 15, 2017 to July 31, 2018
	$	$
General and administrative expenses	129,611	42,260
Net and comprehensive loss	(118,932)	(42,260)
Basic and diluted loss per share	(0.02)	-
Working capital	829,890	300,740
Total assets	874,062	333,715
Total shareholders' equity	829,890	300,740

Net and comprehensive loss

At July 31, 2019, the Company had not yet achieved profitable operations and has accumulated losses of $144,405 (July 31, 2018 - $42,260) since inception. During the year ended July 31, 2019, the Company recorded net loss of $118,932 or $0.02 per share.

Results of Operations

The operating and administrative expenses for the year ended July 31, 2019 totalled $129,611 (for the period from inception on November 15, 2017 to July 31, 2018 – $42,260). The table below details the changes in major expenditures for the year ended July 31, 2019 as compared to the period from inception on November 15, 2017 to July 31, 2018.

Expenses	Increase / Decrease in Expenses	Explanation for Change
Professional fees	Increase of $11,667	Increase due to increase in business activities.
Share-based compensation	Increase of $56,222	Increase due to no options being granted in the comparative period.

Fourth Quarter

During the fourth quarter ended July 31, 2019, the Company recorded net loss of $55,894 or $0.01 per share. The operating and administrative expenses for the quarter ended July 31, 2019 totalled $59,236.

Summary of quarterly results for the last consecutive 8 quarters

Historical quarterly financial information derived from the Company's most recently completed quarters since inception is as follows:

	Quarters Ended			
	July 31, 2019	**April 30, 2019**	**January 31, 2019**	**October 31, 2018**
	$	**$**	**$**	**$**
Net and Comprehensive Loss	(55,894)	(7,971)	(12,495)	(42,572)
Basic and Diluted Loss Per Share	(0.01)	(0.00)	(0.00)	(0.02)

	Quarters Ended			
	July 31, 2018	**April 30, 2018**	**January 31, 2018**	
	$	**$**	**$**	
Net and Comprehensive Loss	(31,580)	(10,680)	-	
Basic and Diluted Loss Per Share	-	-	-	

Loss per share and weighted average shares calculation does not include 4,440,000 escrowed shares as they are contingently returnable.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date through the issuance of common shares. The Company continues to seek capital through various means including the issuance of equity.

The Company's liquidity and capital resources are as follows:

	July 31, 2019	**July 31, 2018**
	$	**$**
Cash	871,332	326,965
Prepaid expenses	2,730	6,750
Total current assets	874,062	333,715
Accounts payables and accrued liabilities	44,172	32,975
Working capital	829,890	300,740

As at July 31, 2019, the Company had cash of $871,332 (2018 – $326,965) and had working capital of $829,890 (2018 – $300,740). The increase in cash of $544,367 during the year ended July 31, 2019 was mainly the result of the Company receiving proceeds of $200,000 pursuant to its IPO, the proceeds of $150,000 pursuant to the closing of the private placement concurrent with the IPO, and the proceeds of $352,000 pursuant to the closing of the private placement in November 2018.

Management believes the Company has sufficient funds on hand to meet anticipated administrative and other related expenditures.

As of the date hereof, the Company did not have any commitments for capital expenditures.

As a CPC, the Company is subject to externally imposed capital requirements as outlined in the TSX-V Policy 2.4 and summarized below:

(a) No salary, consulting, management fees or similar remuneration of any kind may be paid directly or indirectly to a related party of the Company or a related party of a Qualifying Transaction ("QT");

(b) Gross proceeds realized from the sale of all securities issued by a CPC may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a QT;

(c) No more than the lesser of $210,000 and 30% of the gross proceeds from the sale of securities issued by a CPC may be used for purposes other than to identify and evaluate a QT;

(d) After the completion of its IPO and until the completion of a QT, a CPC may not issue any securities unless written acceptance of the TSX-V is obtained before the issuance of the securities.

OFF-BALANCE SHEET TRANSACTIONS

The Company does not have any off-balance sheet arrangements as at July 31, 2019 or as of the date of this report.

RELATED PARTY TRANSACTIONS

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive and non-executive) of the Company. The Company considers its officers and directors to be its key management personnel.

Summary of key management personnel compensation:

	For the year ended July 31, 2019	**For the period from inception on November 15, 2017 to July 31, 2018**
	$	$
Professional fees	22,617	22,000
Share based compensation	56,222	-
	78,839	**22,000**

During the year ended July 31, 2019, the following related party transactions occurred:

- Paid or incurred $22,617 (2018 - $22,000) in legal fees from a legal firm of which Kenneth Cawkell, a director of the Company, is a partner. As at July 31, 2019, the Company owed $1,786 (2018 – $22,000) to the legal firm for expense reimbursements which is included in accounts payable and accrued liabilities.

As at July 31, 2019, the Company owed $1,993 (2018 – $nil) to Rob Bakshi, the President and CEO of the Company, for expense reimbursements which is included in accounts payable and accrued liabilities.

CRITICAL JUDGEMENTS AND ESTIMATES

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Significant Judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

- The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood or utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

CHANGE IN ACCOUNTING POLICIES

Financial instruments

On August 1, 2018, the Company adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes significant changes to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted the standard retrospectively. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities.

The following summarizes the significant changes in IFRS 9 compared to the previous standard:

- IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The change did not impact the carrying amounts of any of the Company's financial assets on the transition date. Prior periods were not restated and no material changes resulted from adopting this new standard.

- The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had no impact on the carrying amounts of our financial assets on the transition date given the Company transacts exclusively with large international financial institutions and other organizations with strong credit ratings.

ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. The Company is evaluating any impact the standards noted below may have on the Company's Annual Financial Statements:

IFRIC 23 – Uncertainty Over Income Tax Treatments: clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. Management does not anticipate this standard having a material effect on the Company's financial statements.

IFRS 16 Leases - In June 2016, the IASB issued IFRS 16 - Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company has evaluated the potential impact of this standard on the Company's financial statements and does not anticipate any material impact on the Company's financial statements from the adoption of this standard.

RISKS & UNCERTAINTIES

The Company is actively working to identify and evaluate assets or businesses in order to complete a QT and currently has no source of recurring income. The Company has not commenced commercial operations, and has no significant assets other that cash, has no history of earnings and shall not generate earnings or pay dividends until at least after the completion of a QT, if at all. Until the completion of a QT, the Company is not permitted to carry on any other business other than the identification and evaluation of significant assets in pursuit of a QT.

There can be no assurances that the Company will identify any assets or businesses in pursuit of a QT, or have the financial resources necessary to complete a QT. Nor can there be an assurance that the Company will be able to obtain additional financing in the future on terms acceptable to the Company or at all.

The Company's success depends to a certain degree upon key members for the management. It is expected that these individuals will be a significant factor in our growth and success. The loss of the service of members of the management team or certain key employees could have a material adverse effect on the Company.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's accounts payable approximate their carrying values. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) **Credit risk:**
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash account. Cash accounts are held with major banks in Canada. The Company has deposited its cash with a bank from which management believes the risk of loss is low.

(b) **Liquidity risk:**
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accounts payable are due within the current operating period. The Company has a sufficient cash balance to settle current liabilities.

(c) **Market risk:**
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not exposed to market risk.

(d) **Interest rate risk:**
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

Capital Management

The Company defines capital as the Company's shareholder's equity. The Company's objectives when managing capital is to safeguard its accumulated capital by maintaining a sufficient level of funds to complete the Company's QT while providing adequate returns to shareholders.

DISCLOSURE OF DATA FOR OUTSTANDING COMMON SHARES AND OPTIONS

The following table summarizes the outstanding common shares, stock options, and warrants of the Company:

	As at July 31, 2019	Date of this MD&A
Common shares	11,710,000	11,710,000
Stock options	850,000	850,000
Warrants	160,000	160,000

As at the date of this MD&A, the Company has 11,710,000 common shares issued and outstanding of which 4,440,000 shares of the Company are held in escrow and will be released from escrow in tranches over 36 months from the Company completing of a QT.

Details of the outstanding stock options as at date of this MD&A:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		$	
650,000	325,000	0.10	September 21, 2023
200,000	91,667	0.10	September 21, 2023
850,000	416,667		

Details of the outstanding warrants:

Number of warrants	Exercise price	Expiry date
	$	
160,000	0.10	September 21, 2020

OTHER MD&A REQUIREMENTS

Additional information relating to the Company may be found on SEDAR at www.sedar.com including, but not limited to:

- the Company's audited financial statements for the the year ended July 31, 2019 and the period from inception on November 15, 2017 to July 31, 2018.

This MD&A has been approved by the Board on October 21, 2019.

SCHEDULE "C"

TARGET COMPANY FINANCIAL STATEMENTS

Attached hereto are the following financial statements of the Target Company:

1. The Target Company's interim financial statements for the 9 months ended September 30, 2020.

2. The Target Company's annual financial statements for the years ended December 31, 2019, 2018 and 2017.

ALPHA COGNITION INC.

Condensed Interim Consolidated Financial Statements

(Expressed in United States Dollars)

For the Three and Nine Months Ended September 30, 2020 and 2019

PAGE

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

ALPHA COGNITION INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in United States Dollars – Unaudited)

	Note	September 30, 2020	December 31, 2019
			(Audited)
		$	$
ASSETS			
Current assets			
Cash		3,754,129	5,497,508
Tax recoverable		17,904	32,931
Prepaid expenses and other current assets		103,585	57,368
		3,875,618	5,587,807
Equipment		5,065	-
Intangible asset, net	3	748,898	808,180
		4,629,581	**6,395,987**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	4,9	59,716	160,502
Related parties payable	6,9	10,899	136,128
Promissory note - current portion	6	24,000	24,000
		94,615	320,630
Convertible debentures, net	5	983,883	-
Promissory note	6	906,691	831,062
Derivative liability	5	1,070,615	-
		3,055,804	1,151,692
SHAREHOLDERS' EQUITY			
Share capital	7	14,568,312	14,451,575
Reserves	7	3,846,553	3,532,914
Accumulated deficit		(16,841,088)	(12,740,194)
		1,573,777	5,244,295
		4,629,581	**6,395,987**

Note 10 – Commitments
Note 15 - Subsequent events

Approved on behalf of the Board on December 14, 2020

/s/ Kenneth Cawkell, Director   */s/ Len Mertz*, Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ALPHA COGNITION INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in United States Dollars – Unaudited)

	Note	For the three months ended September 30, 2020	For the three months ended September 30, 2019	For the nine months ended September 30, 2020	For the nine months ended September 30, 2019
		$	$	$	$
Operating expenses					
Accretion expenses		176,541	46,214	270,462	939,144
Amortization expense	3	19,761	19,761	59,282	59,282
Depreciation		727	-	727	-
Interest	5,6	31,672	17,153	62,618	203,708
Management fees	9	67,451	54,000	150,451	146,999
Other general and administrative		29,266	42,355	81,665	64,989
Professional fees		105,559	33,682	176,434	57,657
Research and development	8	1,074,057	1,511,431	3,429,654	2,286,690
Share-based compensation		31,909	493,201	109,058	998,442
Travel and related		101	14,305	272	18,295
		1,537,044	2,232,102	4,340,623	4,775,206
Loss before other items		(1,537,044)	(2,232,102)	(4,340,623)	(4,775,206)
Other items					
Foreign exchange gain (loss)		3,553	(481)	(793)	(4,919)
Interest income		1,411	5,838	21,660	10,353
Gain (loss) on revaluation of derivative liability	5	85,886	(160,892)	183,348	(304,499)
Net loss and comprehensive loss		**(1,446,194)**	**(2,387,637)**	**(4,136,408)**	**(5,074,271)**
Basic and diluted net loss per share		**(0.03)**	**(0.08)**	**(0.10)**	**(0.18)**
Basic and diluted weighted average number of shares outstanding		**42,998,154**	**31,728,803**	**42,930,648**	**27,933,086**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ALPHA COGNITION INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
(Expressed in United States Dollars – Unaudited)

	Common shares		Class B common shares		Preferred shares		Total share capital			Accumulated	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Reserves	Deficit	Total
		$		$		$		$	$	$	$
Balance, December 31, 2018	**24,419,018**	**870,377**	**1,180,334**	**16,233**	**7,916,380**	**62**	**33,515,732**	**886,672**	**1,893,085**	**(6,465,281)**	**(3,685,524)**
Shares issued for cash	5,172,413	6,000,005	-	-	-	-	5,172,413	6,000,005	-	-	6,000,005
Shares issued for promissory notes repayment	600,000	300,000	-	-	-	-	600,000	300,000	-	-	300,000
Shares and units issued for conversion of convertible promissory notes and interest	9,063,913	6,576,034	-	-	-	-	9,063,913	6,576,034	-	-	6,576,034
Options exercised	1,160,846	589,721	500,000	38,132	-	-	1,660,846	627,853	(615,745)	-	12,108
Share-based compensation	-	-	-	-	-	-	-	-	2,359,341	-	2,359,341
Loss on debt extinguishment	-	-	-	-	-	-	-	-	(116,161)	-	(116,161)
Loss for the period	-	-	-	-	-	-	-	-	-	(5,074,271)	(5,074,271)
Balance, September 30, 2019	**40,416,190**	**14,336,137**	**1,680,334**	**54,365**	**7,916,380**	**62**	**50,012,904**	**14,390,564**	**3,520,520**	**(11,539,552)**	**6,371,532**
Options exercised	-	-	800,000	61,011	-	-	800,000	61,011	(60,211)	-	800
Share-based compensation	-	-	-	-	-	-	-	-	404,219	-	404,219
Forfeited share options	-	-	-	-	-	-	-	-	(331,614)	331,614	-
Loss for the period	-	-	-	-	-	-	-	-	-	(1,532,256)	(1,532,256)
Balance, December 31, 2019 (Audited)	**40,416,190**	**14,336,137**	**2,480,334**	**115,376**	**7,916,380**	**62**	**50,812,904**	**14,451,575**	**3,532,914**	**(12,740,194)**	**5,244,295**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ALPHA COGNITION INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
(Expressed in United States Dollars – Unaudited)

	Common shares		Class B common shares		Preferred shares		Total share capital			Accumulated	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Reserves	Deficit	Total
		$		$		$		$	$	$	$
Balance, December 31, 2019 (Audited)	**40,416,190**	**14,336,137**	**2,480,334**	**115,376**	**7,916,380**	**62**	**50,812,904**	**14,451,575**	**3,532,914**	**(12,740,194)**	**5,244,295**
Share conversion	2,480,334	115,376	(2,480,334)	(115,376)	-	-	-	-	-	-	-
Options exercised	100,000	116,737	-	-	-	-	100,000	116,737	(115,737)	-	1,000
Share-based compensation	-	-	-	-	-	-	-	-	464,890	-	464,890
Forfeited share options	-	-	-	-	-	-	-	-	(35,514)	35,514	-
Loss for the period	-	-	-	-	-	-	-	-	-	(4,136,408)	(4,136,408)
Balance, September 30, 2020	**42,996,524**	**14,568,250**	**-**	**-**	**7,916,380**	**62**	**50,912,904**	**14,568,312**	**3,846,553**	**(16,841,088)**	**1,573,777**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ALPHA COGNITION INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in United States Dollars - Unaudited)

	For the nine months ended September 30,	
	2020	**2019**
	$	**$**
Cash flows used in operating activities		
Loss for the period	(4,136,408)	(5,074,271)
Adjustments for non-cash items		
Amortization of intangible assets	59,282	59,282
Accretion of discount on convertible promissory notes	194,833	870,289
Accretion of discount on promissory note	75,629	68,855
Accrued interest	61,135	203,080
Depreciation of equipment	727	-
Revaluation of derivative liability	(183,348)	304,499
Share-based compensation	464,890	2,359,341
	(3,463,260)	(1,208,925)
Changes in non-cash operating working capital items:		
Tax recoverable	15,027	(21,878)
Prepaid expenses and other current assets	(46,217)	(158,949)
Accounts payable and accrued liabilities	(100,786)	3,303
Related parties payable	(125,351)	(177,905)
	(3,720,587)	(1,564,354)
Cash flows used in investing activities		
Acquisition of equipment	(5,792)	-
	(5,792)	-
Cash flows provided by financing activities		
Shares issued for cash	-	6,000,005
Exercise of options	1,000	12,108
Interest paid on loans payable	(18,000)	(6,000)
Proceeds from the issuance of convertible promissory notes	2,000,000	-
	1,983,000	6,006,113
Change in cash during the period	(1,743,379)	4,441,759
Cash, beginning of period	5,497,508	2,055,762
Cash, end of period	**3,754,129**	**6,497,521**
Supplemental Disclosure		
Cash paid for interest	18,000	6,000

Note 13 – Supplemental disclosure with respect to cash flows

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

NOTE 1 – OPERATIONS

Alpha Cognition Inc. ("ACI" or the "Company") is a Canadian company incorporated under the laws of the Province of British Columbia. The Company operates from its three offices located in Charlottetown, Prince Edward Island; Vancouver, British Columbia; and West Palm Beach, Florida and is in the business of researching and developing pharmaceutical treatments for neurological diseases.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies used in the preparation of these condensed interim consolidated financial statements.

Statement of compliance
These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounts Standards ("IAS") 34, "Condensed Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. Therefore, it is recommended that this financial report be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2019.

Basis of presentation
The condensed interim consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for certain financial assets and liabilities that are measured at fair value.

Basis of consolidation
These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Alpha Cognition USA Inc. (formerly Neurodyn Cognition USA Inc.), incorporated under the laws of the State of Florida in the United States of America. All significant intercompany accounts and transactions between the Company and its subsidiary have been eliminated upon consolidation.

Functional and presentation currency
The condensed interim consolidated financial statements are presented in United States dollars ("USD") unless otherwise noted. The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the USD. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than USD are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities in foreign currencies are translated at historical rates. Revenues and expenses are translated at the average exchange rates approximating those in effect during the reporting period.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting estimates and judgments
The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements are as follows:

Functional currency
Management is required to assess the functional currency of each entity of the Company. In concluding on the functional currencies of the parent and its subsidiary, management considered the currency that mainly influences the sale prices of goods and services and the cost of providing goods and services in each jurisdiction in which the Company operates. When no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

Income taxes
In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Going concern
The assessment of the Company's ability to continue as a going concern involves management judgement about the Company's resources and future prospects.

Impairment of intangible assets
The application of the Company's accounting policy for intangible assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

Information about assumptions and estimation uncertainties that have a risk of resulting in significant adjustments are as follows:

Share-based payment transactions and valuation of derivative liability
The Company uses the Black-Scholes Option Pricing Model to determine the fair value of stock options, standalone share purchase warrants issued and derivative liability. This model requires the input of subjective assumptions including expected share price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings (loss) and equity reserves.

Useful lives of intangible assets
The Company records intangible assets acquired at their fair value. Determining fair value requires management to use estimates that could be material. Following initial recognition, the Company carries the value of intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on a 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 technical obsolescence or legal and other limits to use.

(Expressed in United States Dollars - Unaudited)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting pronouncements not yet adopted
A number of amendments to standards and interpretations applicable to the Company are not yet effective for the nine months ended September 30, 2020 and have not been applied in preparing these condensed interim consolidated financial statements nor does the Company expect these amendments to have a significant effect on its condensed interim consolidated financial statements.

NOTE 3 – INTANGIBLE ASSET

In March 2015, the Company entered into the Memogain Technology License Agreement ("License Agreement") with Neurodyn Life Sciences Inc. ("NLS"), a related party with common shareholders, for the exclusive right and license to further develop and exploit the Memogain Technology. The License Agreement set out the consideration as follows:

- The Company assumed all of NLS's obligations under the Memogain Asset Purchase Agreement which consisted of cumulative total payments to Galantos Pharma GmbH of €10,000,000, the cumulative total may be increased to €15,000,000 subject to certain provisions, which is to be paid as follows (collectively the "Galantos Royalty Payments"):
  - 3% of the net sales revenue received by the Company from the sale of any products relating to the Memogain Technology;
  - 10% of any sublicensing revenue; and
  - 25% of an upfront payment or milestone payment paid by a sub-licensee to the Company;
- Upon completion of the Galantos Royalty Payments, a royalty payment to NLS of 1% of the revenue received from the Memogain Technology by the Company over $100 million per annum and
- The issuance of a promissory note of $1,400,000 to NLS ("NLS Promissory Note", Note 6).

On January 1, 2016, the Company assumed NLS's obligations under a Royalty Agreement with Galantos Consulting dated August 31, 2013 which consisted of cumulative total payments to Galantos Consulting of €2,000,000, the cumulative total may be increased to €3,000,000 subject to certain provisions, which is to be paid as follows:

- 1% of the net sales revenue received by the Company from the sale of any products relating to the Memogain Technology;
- 2% of any sublicensing revenue; and
- 2% of an upfront payment or milestone payment paid by a sub-licensee to the Company.

	Memogain Technology
	$
Cost:	
At December 31, 2018, 2019 and September 30, 2020	1,185,633
Amortization:	
At December 31, 2018	298,411
Additions	79,042
At December 31, 2019	377,453
Additions	59,282
At September 30, 2020	436,735
Net book value:	
At December 31, 2019	808,180
At September 30, 2020	**748,898**

(Expressed in United States Dollars - Unaudited)

NOTE 4 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2020	December 31, 2019
	$	$
Accounts payable	41,083	18,084
Accrued liabilities	7,500	142,418
Salaries payable	9,833	-
Payroll remittances payable	1,300	-
	59,716	**160,502**

NOTE 5 – CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITY

Convertible debentures

	2018 Convertible Debentures (a)	2020 Convertible Debentures (b)	Total
	$	$	$
Balance, December 31, 2018	1,191,863	-	1,191,863
Accretion	870,289	-	870,289
Accrued interest	184,348	-	184,348
Conversion	(2,246,500)	-	(2,246,500)
Balance, December 31, 2019	-	-	-
Proceeds	-	2,000,000	2,000,000
Allocation of proceeds to derivative liability	-	(1,253,963)	(1,253,963)
Accretion	-	194,833	194,833
Accrued interest	-	43,013	43,013
Balance, September 30, 2020	**-**	**983,883**	**983,883**

Derivative liability

	2018 Convertible Debentures (a)	2020 Convertible Debentures (b)	Total
	$	$	$
Balance, December 31, 2018	4,025,035	-	4,025,035
Revaluation of derivative liability	304,499	-	304,499
Conversion	(4,329,534)	-	(4,329,534)
Balance, December 31, 2019	-	-	-
Recognition of derivative liability	-	1,253,963	1,253,963
Gain on revaluation of derivative liability	-	(183,348)	(183,348)
Balance, September 30, 2020	**-**	**1,070,615**	**1,070,615**

(Expressed in United States Dollars - Unaudited)

NOTE 5 – CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITY (continued)

(a) On July 5, 2018 the Company received $1,250,000 from various third party lenders and $1,250,000 from various directors and officers of the Company for the issuance of convertible debentures bearing interest at 10% per annum, minimum six months interest guaranteed, and expiring on January 5, 2020. On August 23, 2018 the Company received $500,000 from various third party lenders for the issuance of convertible promissory notes bearing interest at 10% per annum, minimum six months interest guaranteed, and expiring on February 23, 2020. At the option of the lender, the lender can convert their convertible debentures and any accrued interest into units, with each unit consisting of one common share and one warrant for a price equal to the lower of 20% discount to the per share price of a Funding Transaction, being a reverse merger or Initial Public Offering of the Company, or $2.00. Each warrant will have an exercise price equal to the lower of 20% discount to the per share price of a Funding Transaction or $2.00 and a term of five years. In the event the convertible promissory notes remain outstanding at January 5, 2020, the promissory notes will automatically convert into units with each unit consisting of one common share and one warrant at a price of $0.40 per unit with each warrant having an exercise price of $0.40 and a term of five years. Concurrently with this financing, the Company issued convertible debentures, with the same terms and conditions as described above, in exchange for $55,000 of non-interest bearing loans payable received from two third party lenders, $195,000 of non-interest bearing loans payable received from two members of management, for $109,096 of accounts payable, and for $145,617 of related party payables.

As the conversion price of the promissory notes varied depending on certain factors, the Company recorded an embedded derivative liability on its consolidated statements of financial position with a corresponding debt discount which is netted against the principal amount of the convertible debentures. The Company accretes the debt discount associated with the embedded derivative liability to accretion expense over the term of the convertible debentures using the effective interest rate method. The embedded derivative liability is initially measured at fair value and re-measured at the end of each reporting period with any changes in fair value reported in profit and loss.

As of December 31, 2018, the fair value of the embedded derivative was determined to be $4,025,035 using the Black-Scholes Option Pricing models with following assumptions:

Risk-free interest rate	0.00% - 2.63%
Dividend yield	-
Expected life	0.00-6.16 years
Volatility	65%
Probability of automatic conversion	70%
Probability of conversion at $2 per share	10%
Probability of conversion at a 20% discount to the per share price of a Funding Transaction	20%

On July 2, 2019, the Company offered the lenders the right to convert the outstanding principal amounts into units at $0.40 per unit with one common share and one warrant exercisable at $0.40 per common share and a term of five years, and the accrued interest through July 5, 2019 into common shares at $1.16 per shares. On August 30, 2019, outstanding principal amounts of $1,590,617 payable to directors and officers of the Company were converted into 3,976,543 units. Outstanding principal amounts of $1,914,096 payable to third party lenders were converted into 4,785,240 units. Accrued interest of $159,061 payable to directors and officers of the Company was converted into 137,122 Common shares. Accrued interest of $191,410 payable to third party lenders was converted into 165,008 Common shares.

(Expressed in United States Dollars - Unaudited)

NOTE 5 – CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITY (continued)

As of August 30, 2019, the fair value of the embedded derivative was determined to be $4,329,534 using the Black-Scholes Option Pricing models with following assumptions:

Risk-free interest rate	0.00% - 2.09%
Dividend yield	-
Expected life	0.00-5.75 years
Volatility	65%
Probability of automatic conversion	90%
Probability of conversion at $2 per share	0%
Probability of conversion at a 20% discount to the per share price of a Funding Transaction	10%

During the nine months ended September 30, 2020, the Company recognized interest expense of $Nil (2019 – $100,247) to third party lenders and $Nil (2019 – $84,101) to various directors and officers of the Company.

During the nine months ended September 30, 2020, the Company recognized accretion of the debt discount of $Nil (2019 - $870,289) and loss on revaluation of derivative liability of $Nil (2019 – $304,499).

(b) On April 27, 2020, the Company received $212,299 from various third party lenders and $1,787,701 from various directors and officers of the Company for the issuance of convertible debentures ("First Note") bearing interest at 5% per annum, minimum six months interest guaranteed, and expiring on October 27, 2021, and one warrant ("First Note Warrant") giving the lender the right to purchase a second convertible promissory note ("Second Note") having the same terms as the First Note, upon payment equal to the principal amount of the First Note and expiring October 30, 2020. At the option of the lender, the lender can convert their promissory note and any accrued interest into Common shares of the Company, for a price equal to the lower of 20% discount to the per share price of a Value Transaction, being any transaction which has the effect directly or indirectly of valuing the Company, its assets or undertaking including but not limited to a merger or acquisition, a private placement of the Company, issuance of convertible debentures, an initial public offering ("IPO"), a reverse take-over or merger ("RTO"), or a valuation report completed by an independent banker or certified business valuator, or $1.60. In the event the convertible promissory notes remain outstanding at October 27, 2021, the promissory notes will automatically convert into Common shares of the Company at $1.28 per Common share. On August 1, 2020, two related party investors amended their agreements effectively allocating $55,958 of loans to a third party lender.

As the conversion price of the promissory notes varied depending on certain factors, the Company recorded an embedded derivative liability on its consolidated statements of financial position with a corresponding debt discount which is netted against the principal amount of the convertible debentures. The Company accretes the debt discount associated with the embedded derivative liability to accretion expense over the term of the convertible debentures using the effective interest rate method. The embedded derivative liability is initially measured at fair value and re-measured at the end of each reporting period with any changes in fair value reported in profit and loss.

The initial fair value of the embedded derivative was determined to be $1,253,963 using the Black- Scholes Option Pricing models with following assumptions:

Risk-free interest rate	0.00% - 0.24%
Dividend yield	-
Expected life	0.00-1.5 years
Volatility	139%
Probability of automatic conversion	25%
Probability of conversion at $1.60 per share	25%
Probability of conversion at a 20% discount to the per share price of a Funding Transaction	50%

(Expressed in United States Dollars - Unaudited)

NOTE 5 – CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITY (continued)

As of September 30, 2020, the fair value of the embedded derivative was determined to be $1,070,615 using the Black-Scholes Option Pricing models with following assumptions:

Risk-free interest rate	0.00% - 0.12%
Dividend yield	-
Expected life	0.00-1.07 years
Volatility	139%
Probability of automatic conversion	25%
Probability of conversion at $1.60 per share	25%
Probability of conversion at a 20% discount to the per share price of a Funding Transaction	50%

During the nine months ended September 30, 2020, the Company recognized interest expense of $5,033 (2019 – $Nil) to third party lenders and $37,980 (2019 – $Nil) to various directors and officers of the Company.

During the nine months ended September 30, 2020, the Company recognized accretion of the debt discount of $194,833 (2019 - $Nil) and gain on revaluation of derivative liability of $183,348 (2019 – $Nil).

As at September 30, 2020, the principal and accrued interest balance owing to third party lenders was $273,289 (December 31, 2019 - $Nil). As at September 30, 2020, the principal and accrued interest balance owing to various directors and officers of the Company was $1,769,724 (December 31, 2019 - $Nil).

NOTE 6 – PROMISSORY NOTE

The following is a continuity schedule of the carrying value of the promissory notes and accrued interest:

	Principal	**Accrued Interest**
	$	**$**
Balance, December 31, 2018	834,943	106,937
Principal payments	(188,537)	-
Interest payments	-	(129,463)
Accretion	92,495	-
Accrued interest	-	24,839
Loss on debt extinguishment	116,161	-
Balance, December 31, 2019	855,062	2,313
Interest payments	-	(18,000)
Accretion	75,629	-
Accrued interest	-	18,122
Balance, September 30, 2020	**930,691**	**2,435**
Current portion	**24,000**	**2,435**
Long-term portion	**906,691**	**-**

NOTE 6 – PROMISSORY NOTE (continued)

In March 2015, the Company issued a promissory note of $1,400,000 to NLS, for the acquisition of the Memogain Technology (Note 3). The NLS Promissory Note bears an interest rate of 6% and has a term of 2 years with no fixed repayment schedule. The Company may pay all or any portion of the note and accrued interest prior to the maturity date. The NLS Promissory Note was issued as a discount of $214,367, which will be amortized over the term of the note at an effective interest rate of 15%.

In April 2015, the Company and NLS entered into an amendment to License Agreement pursuant to which the interest rate was reduced to 2% and the maturity date was extended to December 31, 2022 with interest only payments commencing April 1, 2019 at the rate of $2,000 per month. The Company may pay all or any portion of the note and accrued interest prior to the maturity date.

In March 2019, the Company issued 600,000 Common Shares at a price of $0.50 per share for a total value of $300,000 as prepayment on the NLS Promissory Note for all interest outstanding and a portion of the principal amount (Note 7). The prepayment was determined to be an extinguishment transaction with a related party which was in essence a capital transaction. As a result, the resulting difference of $116,161 in net present value of the cash flows was recognized in the condensed interim consolidated statement of equity (deficiency).

During the nine months ended September 30, 2020, the Company recorded interest expense of $18,122 (2019 - $18,732) and amortization of the discount of $75,629 (2019 - $68,855) which is included in accretion expense.

As at September 30, 2020, the principal balance owing on the promissory note was $1,211,463 (December 31, 2019 - $1,211,463) and the remaining debt discount was $280,772 (December 31, 2019 – $356,401).

NOTE 7 – SHARE CAPITAL

Authorized share capital

The Company is authorized to issue the following share capital:

- Unlimited common voting shares without par value (“Common share”)
- Unlimited Class B common non-voting shares without par value (“Class B common share”), with each full Class B common share being convertible into one Common share upon either of the following events:
    - the completion of an IPO
    - an offer to purchase all the Common shares of the Company accepted by the Company
    - the holders of Common shares, holding in the aggregate no less than 51% of the issued Common shares, or the directors of the Company elect to convert the Class B common shares
- Unlimited Class C preferred shares without par value (“Class C preferred shares”) which includes:
    - 15,000,000 Series A preferred voting shares without par value with each full Series A preferred share being convertible into one Common share at the option of the holder

On June 30, 2020, Company’s directors elected to convert all 900,000 outstanding Class B Common shares to Common shares. The Class B Common share was cancelled.

Issued share capital

During the nine months ended September 30, 2020, the Company issued the following shares:

- 100,000 Common shares at a price of $0.01 per share for total proceeds of $1,000 for the exercise of Common share options. As a result, the Company transferred $115,737 from reserves to share capital; and
- 2,480,334 Common shares for the conversion of 2,480,334 Class B common shares.

(Expressed in United States Dollars - Unaudited)

NOTE 7 – SHARE CAPITAL (continued)

During the year ended December 31, 2019, the Company issued the following shares:

- 600,000 Common shares at a price of $0.50 per share for a total value of $300,000 as payment on the NLS Promissory Note (Note 6);
- 8,761,783 Units at a price of $0.40 per share for a total value of $3,504,713 for the conversion of all the convertible debentures outstanding (Note 5). Each unit consists of one Common share and one warrant at a price of $0.40 per unit with each warrant having an exercise price of $0.40 and a term of five years. The Company recorded share capital of $6,225,562 which includes the transfer of the unamortized debt discount of $1,896,029 and the balance of the derivative liability of $4,329,534 to share capital.
- 302,130 Common shares at a price of $1.16 per share for a total value of $350,471 as settlement of the accrued interest on the convertible debentures (Note 5);
- 5,172,413 Common shares at a price of $1.16 per share for total proceeds of $6,000,005 in accordance with the Company's private placement;
- 1,160,846 Common shares at a price of $0.01 per share for total proceeds of $11,608 for the exercise of Common share options. As a result, the Company transferred $578,113 from reserves to share capital; and
- 1,300,000 Class B common shares at a price of $0.001 per share for total proceeds of $1,300 for the exercise of Class B share options. As a result, the Company transferred $97,843 from reserves to share capital

Warrants

A summary of the Common share warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
		$
Balance, December 31, 2018	440,000	0.40
Issued	8,761,783	0.40
Balance, December 31, 2019 and September 30, 2020	**9,201,783**	**0.40**

A summary of the Common share warrants outstanding and exercisable at September 30, 2020 is as follows:

Warrants Outstanding	Exercise Price	Expiry Date
	$	
440,000	0.40	July 5, 2023
8,761,783	0.40	August 30, 2024
9,201,783		

The weighted average life of warrants outstanding at September 30, 2020 was 3.86 years.

(Expressed in United States Dollars - Unaudited)

NOTE 7 – SHARE CAPITAL (continued)

Share options

Common share options

The Company has a stock option plan whereby the Company can grant stock options to directors, officers, employees and consultants enabling them to acquire Common shares. Options granted can have a maximum term of ten years and the board of directors can determine the vesting requirements. From time to time, the Company has granted performance-based share options to management and consultants. These options vest based on the Company's achievement of certain performance goals and operational metrics, as applicable, subject to continuous employment by each recipient.

On June 30, 2020, the Company the Company's directors elected to convert all 900,000 outstanding Class B Common share options to Common share options on the same terms and conditions as originally issued on a 1:1 basis. The Class B Common share option plan was cancelled.

During the nine months ended September 30, 2020, the Company granted 39,154 Common share options to a consultant of the Company with an estimated fair value of $44,194 which vested immediately. Additionally, the Company cancelled 300,000 unvested options.

During the year ended December 31, 2019, the Company granted 5,000,000 Common share options with service and performance conditions to management and consultants with an estimated fair value of $2,752,911, of which 800,000 options vested immediately, 2,100,000 options vest when certain performance goals are achieved, and 2,100,000 options vest quarterly over a two year period from the date of grant. Additionally, the Company cancelled 666,000 vested options.

The following weighted average assumptions were used in the Black-Scholes option-pricing model for the valuation of the Common share options issued:

	September 30, 2020	December 31, 2019
Risk-free interest rate	0.60%	2.23%
Dividend yield	-	-
Expected life	10 years	10 years
Volatility	139%	125%
Weighted average fair value per option	$1.29	$ 0.55

For the nine months ended September 30, 2020, share-based compensation expense relating to service condition awards amounted to $369,867 (2019 - $836,880).

For the nine months ended September 30, 2020, share-based compensation expense relating to performance condition options amounted to $95,023 (2019 – $1,522,461).

(Expressed in United States Dollars - Unaudited)

NOTE 7 – SHARE CAPITAL (continued)

Share options (continued)

Common share options (continued)

Common share option transactions are summarized as follows:

	Nine months ended September 30, 2020		Year ended December 31, 2019	
	Number of Options	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
		$		**$**
Balance, beginning of year	9,530,211	0.01	6,357,057	0.01
Granted	39,154	0.40	5,000,000	0.01
Converted from Class B Common share options	900,000	0.001	-	-
Exercised	(100,000)	0.01	(1,160,846)	0.01
Cancelled	(300,000)	0.01	(666,000)	0.01
Balance, end of period	**10,069,365**	**0.01**	**9,530,211**	**0.01**
Options exercisable, end of period	**5,964,365**		**4,057,711**	

A summary of the Common share options outstanding at September 30, 2020 is as follows:

Options Outstanding	Exercise Price	Expiry Date
	$	
900,000	0.001	February 1, 2026
691,057	0.01	December 31, 2027
4,600,000	0.01	September 1, 2028
39,154	0.40	June 1, 2029
3,800,000	0.01	June 1, 2029
39,154	0.40	July 22, 2030
10,069,365		

The weighted average life of Common share options outstanding at September 30, 2020 was 7.94 years.

(Expressed in United States Dollars - Unaudited)

NOTE 7 – SHARE CAPITAL (continued)

Share options (continued)

Class B Common Share Options

The Company had a stock option plan whereby the Company could grant stock options to directors, officers, employees and consultants enabling them to acquire Class B common shares. Options granted could have a maximum term of ten years and the board of directors can determine the vesting requirements. The Company cancelled the Class B Common share option plan on June 30, 2020.

Class B Common share option transactions are summarized as follows:

	Nine months ended September 30, 2020		Year ended December 31, 2019	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
		$		$
Balance, beginning of year	900,000	0.001	2,200,000	0.001
Exercised	-	0.001	(1,300,000)	0.001
Converted to Common share options	(900,000)	0.001	-	-
Balance, end of period	**-**	**-**	**900,000**	**0.001**
Options exercisable, end of period	**-**		**900,000**	

The Company did not record any share-based compensation for the Class B Common share options during the nine months ended September 30, 2020 and 2019 or the year ended December 31, 2019.

NOTE 8 – RESEARCH AND DEVELOPMENT

The Company's research and development expenses are summarized below:

	Note	For the three months ended September 30, 2020	For the three months ended September 30, 2019	For the nine months ended September 30, 2020	For the nine months ended September 30, 2019
		$	$	$	$
Consulting fees		182,675	251,243	730,196	439,928
Legal and patent costs		2,032	23,035	70,534	112,438
Management fees	9	135,000	85,001	330,000	256,666
Other research and development		4,755	34,620	28,294	69,777
Product development (recovery)		577,561	(10,918)	1,826,683	46,982
Share-based compensation		85,537	1,128,450	355,832	1,360,899
Salaries and benefits		86,497	-	88,115	-
		1,074,057	**1,511,431**	**3,429,654**	**2,286,690**

(Expressed in United States Dollars - Unaudited)

NOTE 9 – RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members if it's Board of Directors.

Summary of key management personnel compensation:

	For the nine months ended September 30,	
	2020	**2019**
	$	**$**
Other general and administrative	36,000	40,500
Management fees	150,451	146,999
Professional fees	242	887
Research and development - management fees	330,000	256,666
Share-based compensation	359,648	2,218,992
	876,341	**2,664,044**

Summary of related party balances:

	September 30, 2020	December 31, 2019
	$	**$**
Related parties payable		
Due to NLS	3,741	1,215
Accrued interest - NLS Promissory Note (Note 6)	2,435	2,313
Directors and officers	4,723	132,600
	10,899	**136,128**

Amounts due to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

A summary of related party convertible debentures transactions is included in Note 5. A summary of the promissory note held by a related party is included in Note 6.

NOTE 10 – COMMITMENTS

The Company leased its office in West Palm Beach, Florida, under a non-cancelable operating lease which commenced on September 1, 2019 for a term of 1 year. On September 1, 2020, the lease converted to a month-to-month rental. Rent expense was $13,376 and $1,391 for the nine months ended September 30, 2020 and 2019, respectively. The future minimum payments are $Nil for the remainder of the year ending December 31, 2020.

NOTE 11 – CAPITAL DISCLOSURE AND MANAGEMENT

The Company defines its capital as all components of shareholders' equity. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital. The Company is not subject to externally imposed capital requirements.

NOTE 12 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Unobservable inputs that are supported by little or no market activity, therefore requiring an entity to develop its own assumptions about the assumption that market participants would use in pricing.

The Company's financial instruments consist of cash, accounts payable, related parties payable, convertible debentures, derivative liability, and promissory note. The fair values of accounts payable, related parties payable, and promissory note approximates their carrying values. Cash is measured at fair value on a recurring basis using level 1 inputs. Derivative liability is measured at fair value on a recurring basis using level 3 inputs. The continuity and valuation techniques that are used to determine the fair value of the derivative liability are described in Note 5.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, and liquidity risk.

a) Currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's operations are carried out in Canada and the United States. As at September 30, 2020, the Company had net assets totaling CAD$14,181 and net liabilities totalling €4,250. These factors expose the Company to foreign currency exchange rate risk, which could have an adverse effect on the profitability of the Company. A 10% change in the exchange rate with the Canadian dollar would change net loss and comprehensive loss by approximately $1,000 and 10% change in the exchange rate with the Euro would change net loss and comprehensive loss by approximately $500. At this time, the Company currently does not have plans to enter into foreign currency future contracts to mitigate this risk, however it may do so in the future.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's cash is held in a large Canadian financial institution and a United States of America based financial institution. The Company maintains certain cash deposits with Schedule I financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk. The Company's maximum credit risk is equal to the carrying value of cash at September 30, 2020 and December 31, 2019.

c) Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. As at September 30, 2020, the promissory note bears interest of 2% per annum and is due within two years. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

(Expressed in United States Dollars - Unaudited)

NOTE 12 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

d) Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. As at September 30, 2020, the Company had a cash balance of $3,754,129 to settle current financial liabilities of $94,615.

Contractual undiscounted cash flow requirements for financial liabilities as at September 30, 2020 are as follows:

	<1 Year	2-3 Years	Total
	$	$	$
Accounts payable and accrued liabilities	59,716	-	59,716
Related parties payable	10,899	-	10,899
Promissory note	24,000	1,187,463	1,211,463
	94,615	1,187,463	1,282,078

NOTE 13 – SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	For the nine months ended September 30,	
	2020	2019
		$
Supplemental non-cash disclosures		
Common shares issued for promissory note repayment	-	300,000
Value of options transferred to share capital	115,737	615,745
Forfeited options transferred to deficit	35,514	-

NOTE 14 – SEGMENTED INFORMATION

The Company currently operates in a single reportable operating segment.

For the nine months ended September 30, 2020 and the year ended December 31, 2019, the Company operated in two geographical areas being Canada and the United States of America.

Nine months ended September 30, 2020:

	Canada	United States of America	Total
	$	$	$
Non-current assets other than financial instruments	750,906	3,057	753,963

Year ended December 31, 2019:

	Canada	United States of America	Total
	$	$	$
Non-current assets other than financial instruments	808,180	-	808,180

NOTE 15 – SUBSEQUENT EVENTS

a) In November 2020, the Company entered into a license agreement with NLS for the world-wide exclusive right to the PGRN Technology. In accordance with the agreement, the Company will pay the following:
   - $50,000 to NLS before January 15, 2021;
   - a royalty of 1.5% of the commercial sales, capped at $2,000,000, to NLS;
   - 10% of any Upfront Payments in excess of $2,000,000.

   The total amount payable to NLS under this agreement shall not exceed $2,000,000.

b) On October 27, 2020, the Company entered into an Arrangement Agreement with Crystal Bridge Enterprises Inc. ("Crystal Bridge" or "CPC") whereby Crystal Bridge would acquire 100% of the shares of the Company by issuing to the shareholders of the Company common shares of Crystal Bridge ("CPC Share") at a deemed price of CAD$1.60 per common share for every one ACI share held by each ACI shareholder (the "Transaction"). Certain US resident ACI shareholders have agreed to receive a restricted voting share (a "Restricted Voting Share") in place of a CPC Share for up to a total of 1,000,000 Restricted Voting Shares. A Restricted Voting Share is equivalent to a CPC Share except that it will not be counted in a shareholder vote for the election of directors. In addition, holders of Class C Preferred shares of ACI will receive one Class B Preferred Share of the CPC ("Class B Preferred Shares") for each Class C Preferred share of ACI ("Class C Preferred Shares") held by such shareholder. The outstanding options and warrants of the Company will become convertible into shares of Crystal Bridge. The Transaction constitutes a reverse acquisition of Crystal Bridge.

   Closing of the Transaction is subject to a number of conditions, including: (i) TSX Venture Exchange approval of the Transaction; (ii) completion of the Private Placement (as defined below); (iii) ACI shareholder approval; (iv) court approval of the Transaction pursuant to the Arrangement Agreement; (v) Crystal Bridge shareholder approval of the creation of the Class B Preferred Share and Restricted Voting Share; and (vi) certain other customary conditions.

   Concurrent to the Transaction, ACI will complete a brokered private placement offering of up to 8,125,000 units at a price of CAD$1.60 per unit ("Transaction Units") for total gross proceeds of up to CAD$13,000,000 with each unit consisting of one share and one-half warrant ("Private Placement"). Each whole warrant is exercisable at a price of CAD$2.10 per warrant for a term of 24 months from the closing date. The Private Placement agents will be granted an option, exercisable, in whole or in part, on the day prior to the closing of the Private Placement, to arrange for the sale of up to an additional 15% of the number of Private Placement units. Upon closing of the Transaction, each Private Placement unit will automatically be converted into units of Crystal Bridge. Should the Transaction not close, the funds received from the Private Placement plus interest will be returned to the subscribers. In connection with Private Placement, the Company has agreed to pay a cash commission of 7% of the gross proceeds raised and issue agents options equal to 7% of the number of units issued under the Private Placement to the agents.

c) Subsequent to the period-ended September 30, 2020, the Company offered the holders of the First Note Warrants (Note 5(b)) the option to purchase Transaction Units at a 20% discount through the exercising of their warrants, conditional on the closing of the Transaction. If the Transaction is terminated or does not complete by December 31, 2020 or such later date as agreed to by ACI and Crystal Bridge, the holders will receive the Second Note. The Company received $2,000,000 for the exercise of the First Note Warrants of which $59,319 was received for a Second Note and $1,940,681 was received for the elected Transaction Units.

ALPHA COGNITION INC.

(FORMERLY NEURODYN COGNITION INC.)

Consolidated Financial Statements

(Expressed in United States Dollars)

For the Years Ended December 31, 2019 and 2018, and 2017

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Alpha Cognition Inc.

Opinion

We have audited the consolidated financial statements of Alpha Cognition Inc. and its subsidiary (the "Company") as of December 31, 2019, which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of loss and comprehensive loss, changes in equity (deficiency) and cash flows for the year then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements for the years ended December 31, 2018 and 2017, which are presented for comparative purposes, were unaudited.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Michael Ryan Ayre.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, British Columbia

September 30, 2020

ALPHA COGNITION INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in United States Dollars)

	Note	December 31, 2019	December 31, 2018
			(Unaudited)
		$	$
ASSETS			
Current assets			
Cash		5,497,508	2,055,762
Related party receivable	10	-	7,199
Tax recoverable		32,931	-
Prepaid expenses and other current assets		57,368	106,260
		5,587,807	2,169,221
Intangible asset, net	4	808,180	887,222
		6,395,987	**3,056,443**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	5,10	160,502	277,385
Related parties payable	10	136,128	412,741
Promissory note – current portion	7	24,000	-
		320,630	690,126
Convertible debentures, net	6	-	1,191,863
Derivative liability	6	-	4,025,035
Promissory note	7	831,062	834,943
		1,151,692	6,741,967
EQUITY(DEFICIENCY)			
Share capital	8	14,451,575	886,672
Reserves	8	3,532,914	1,893,085
Accumulated deficit		(12,740,194)	(6,465,281)
		5,244,295	(3,685,524)
		6,395,987	**3,056,443**

Note 11 - Commitments
Note 17 - Subsequent events

Approved on behalf of the Board on September 30, 2020

/s/ Kenneth Cawkell, Director   /s/ Len Mertz, Director

The accompanying notes are an integral part of these consolidated financial statements.

ALPHA COGNITION INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in United States Dollars)

	Note	2019	For the years ended December 31, 2018	2017
			(Unaudited)	(Unaudited)
		$	$	$
Operating expenses				
Accretion expenses	6	962,784	565,675	78,830
Amortization expense	4	79,042	79,042	79,042
Interest	6,7	209,944	194,379	28,111
Management Fees	10	225,999	90,000	-
Other general and administrative		94,088	44,363	4,781
Professional fees		71,384	20,194	4,016
Research and development	9	3,562,589	750,124	250,953
Share-based compensation	8,10	1,103,794	305,891	675,717
Travel and related		24,156	27,529	21,865
		6,333,780	2,077,197	1,143,315
Loss before other items		(6,333,780)	(2,077,197)	(1,143,315)
Other items				
Foreign exchange (gain) loss		(3,835)	122,722	(142,908)
Interest income		35,587	-	-
Loss on revaluation of derivative liability	5	(304,499)	(1,075,241)	-
Net loss and comprehensive loss		**(6,606,527)**	**(3,029,716)**	**(1,286,223)**
Basic and diluted net loss per share		**(0.21)**	**(0.12)**	**(0.06)**
Basic and diluted weighted average number of shares outstanding		**31,457,851**	**25,599,352**	**21,533,810**

ALPHA COGNITION INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
(Expressed in United States Dollars)

	Common shares		Class B Common shares		Preferred shares		Share		Accumulated	
	Number	Amount	Number	Amount	Number	Amount	Subscriptions	Reserves	Deficit	Total
		$		$		$	$	$	$	$
Balance, December 31, 2016 (Unaudited)	**19,967,526**	**650,345**	**200,000**	**200**	**7,916,380**	**62**	**32**	**812,712**	**(2,149,342)**	**(685,991)**
Shares issued in private placement	4,451,492	220,032	-	-	-	-	(32)	-	-	220,000
Options exercised	-	-	980,334	16,033	-	-	-	(15,053)	-	980
Share-based compensation	-	-	-	-	-	-	-	675,717	-	675,717
Loss for the year	-	-	-	-	-	-	-	-	(1,286,223)	(1,286,223)
Balance, December 31, 2017 (Unaudited)	**24,419,018**	**870,377**	**1,180,334**	**16,233**	**7,916,380**	**62**	**-**	**1,473,376**	**(3,435,565)**	**(1,075,517)**
Share-based compensation	-	-	-	-	-	-	-	419,709	-	419,709
Loss for the year	-	-	-	-	-	-	-	-	(3,029,716)	(3,029,716)
Balance, December 31, 2018 (Unaudited)	**24,419,018**	**870,377**	**1,180,334**	**16,233**	**7,916,380**	**62**	**-**	**1,893,085**	**(6,465,281)**	**(3,685,524)**
Shares issued for cash	5,172,413	6,000,005	-	-	-	-	-	-	-	6,000,005
Shares issued for promissory notes repayment	600,000	300,000	-	-	-	-	-	-	-	300,000
Shares and units issued for conversion of convertible promissory notes and interest	9,063,913	6,576,034	-	-	-	-	-	-	-	6,576,034
Options exercised	1,160,846	589,721	1,300,000	99,143	-	-	-	(675,956)	-	12,908
Share-based compensation	-	-	-	-	-	-	-	2,763,560	-	2,763,560
Forfeited share options	-	-	-	-	-	-	-	(331,614)	331,614	-
Loss on debt extinguishment	-	-	-	-	-	-	-	(116,161)	-	(116,161)
Loss for the year	-	-	-	-	-	-	-	-	(6,606,527)	(6,606,527)
Balance, December 31, 2019	**40,416,190**	**14,336,137**	**2,480,334**	**115,376**	**7,916,380**	**62**	**-**	**3,532,914**	**(12,740,194)**	**5,244,295**

The accompanying notes are an integral part of these consolidated financial statements.

ALPHA COGNITION INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in United States Dollars)

	2019	For the years ended December 31, 2018 Unaudited	2017 Unaudited
	$	$	$
Cash flows used in operating activities			
Loss for the year	(6,606,527)	(3,029,716)	(1,286,223)
Items not affecting operating cash:			
Amortization of intangible assets	79,042	79,042	79,042
Accretion of discount on convertible promissory notes	870,289	470,821	-
Accretion of discount on promissory note	92,495	94,854	106,830
Accrued interest	209,187	194,123	-
Share-based compensation	2,763,560	419,709	675,717
Revaluation of derivative liability	304,499	1,075,241	-
	(2,287,455)	(695,926)	(424,634)
Changes in non-cash operating working capital items:			
Tax recoverable	(32,931)	-	-
Related party receivable	7,199	(6,397)	-
Prepaid expenses and other current assets	48,892	(106,260)	5,424
Accounts payable and accrued liabilities	(288,872)	(167,079)	(21,726)
	(2,553,167)	(975,662)	(440,486)
Cash flows provided by financing activities			
Shares issued for cash	6,000,005	-	220,000
Exercise of options	12,908	-	980
Proceeds from loans received	-	-	250,000
Interest paid on loans payable	(18,000)	-	-
Proceeds from the issuance of convertible promissory notes	-	3,000,000	-
	5,992,913	3,000,000	470,980
Change in cash during the year	3,441,746	2,024,338	30,494
Cash, beginning of year	2,055,762	31,424	930
Cash, end of year	**5,497,508**	**2,055,762**	**31,424**
Supplemental Disclosure			
Cash paid for income tax	-	-	-
Cash paid for interest	18,000	-	-

Note 14 – Supplemental disclosure for non-cash transactions in the investing and financing activities

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 – NATURE OF OPERATIONS

Alpha Cognition Inc. (formerly Neurodyn Cognition Inc.) ("ACI" or the "Company") is a Canadian company incorporated under the laws of the Province of British Columbia. The Company operates from its three offices located in Charlottetown, Prince Edward Island; Vancouver, British Columbia; and West Palm Beach, Florida and is in the business of researching and developing pharmaceutical treatments for neurological diseases.

NOTE 2 – BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of measurement

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for certain financial assets and liabilities measured at fair value.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Alpha Cognition USA Inc. (formerly Neurodyn Cognition USA Inc.), incorporated under the laws of the United States of America. All significant intercompany accounts and transactions between the Company and its subsidiary have been eliminated upon consolidation.

Functional and presentation currency

The consolidated financial statements are presented in United States dollars ("USD") unless otherwise noted. The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the USD. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than USD are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities in foreign currencies are translated at historical rates. Revenues and expenses are translated at the average exchange rates approximating those in effect during the reporting period.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

Significant accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting estimates and judgments (continued)

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Functional currency
Management is required to assess the functional currency of each entity of the Company. In concluding on the functional currencies of the parent and its subsidiary, management considered the currency that mainly influences the sale prices of goods and services and the cost of providing goods and services in each jurisdiction in which the Company operates. When no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

Income taxes
In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Going concern
The assessment of the Company's ability to continue as a going concern involves management judgement about the Company's resources and future prospects.

Impairment of intangible assets
The application of the Company's accounting policy for intangible assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

Information about assumptions and estimation uncertainties that have a risk of resulting in significant adjustments are as follows:

Share-based payment transactions and valuation of derivative liability
The Company uses the Black-Scholes Option Pricing Model to determine the fair value of stock options, standalone share purchase warrants issued and derivative liability. This model requires the input of subjective assumptions including expected share price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings (loss) and equity reserves.

Useful lives of intangible assets
The Company records intangible assets acquired at their fair value. Determining fair value requires management to use estimates that could be material. Following initial recognition, the Company carries the value of intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on a 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 technical obsolescence or legal and other limits to use.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets
On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the financial asset's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the consolidated statement of financial position subsequent to initial recognition and how changes in value are recorded. Related party receivables are measured at amortized cost with subsequent impairments recognized in profit or loss. Cash is classified as FVTPL.

Impairment
An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For the years presented, the Company did not record an expected credit loss.

Financial liabilities
At the end of each reporting period, management makes a judgment whether there are any indications of impairment of its equipment. If there are indications of impairment, management performs an impairment test on a cash-generating unit basis. The impairment test compares the recoverable amount of the asset to its carrying amount. The recoverable amount is the higher of the asset's value in use (present value of the estimated future cash flows) and its estimated fair value less costs of disposal.

Intangible assets

The Company holds a license for the exclusive world-wide right to develop and exploit certain pharmaceutical technologies. Intangible assets are carried at cost less accumulated amortization and any impairment losses. The amortization method, useful life and residual values are assessed annually. Amortization expense is recorded on a straight-line basis beginning with the month the corresponding assets are available for use and over the estimated useful life of 15 years. If, after expenditures are capitalized, events or changes in circumstances indicate that the carrying amount may not be recoverable, the amount capitalized is written off in profit or loss in the period the new information becomes available.

Upon retirement or disposal, the cost of the asset disposed of and the related accumulated amortization are removed from the accounts and any gain or loss is reflected in profit and loss.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Leases

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received. The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. The lease term is determined as the non-cancellable periods of a lease, together with periods covered by a renewal option if the Company is reasonably certain to exercise that option and a termination option if the Company is reasonably certain not to exercise that option. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension, or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term. During the year ended December 31, 2019, all of the Company's leases are short-term leases with a term of 12 months or less and are recorded as operating leases.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Convertible debentures and derivative liability

Upon initial recognition, the Company determines whether the convertible debentures consist of liability and equity components, or if both components represent liabilities. For convertible debentures which provide conversion into a fixed number of shares (the "fixed-for-fixed" criteria), the liability component is initially recorded at fair value and subsequently at amortized cost using the effective interest rate method. The liability component is accreted to the face value over the term of the convertible debenture. The equity component is recognized as the difference between the fair value of the instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

For convertible debentures which provide conversion into a variable number of shares or into a fixed number shares for a variable amount of consideration, the conversion option is accounted for as an embedded derivative, which is separated from the host contract. The conversion option of the convertible debentures outstanding at December 31, 2018 met the criteria of a derivative instrument liability because the conversion price of the promissory notes varied depending on certain factors and thus did not meet the "fixed-for-fixed" criteria. As a result, the Company separately account for the conversion feature as a derivative liability recorded at fair value and marked-to-market each period with the changes in the fair value recognized in profit or loss. The liability component is recognized as the difference between the fair value of the instrument as a whole and the fair value of the derivative liability.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's preferred shares, common shares and options are classified as equity instruments.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in private placements is determined to be the more easily measurable component as they are valued at their fair value which is determined by the closing price on the issuance date. The remaining balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded to reserves. If the warrants expire unexercised, the value attributed to the warrants is transferred to share capital.

Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax.

Loss per share

Basic loss per share is computed by dividing net loss available to ordinary shareholders by the weighted-average number of ordinary shares outstanding during the reporting period where ordinary shares include Common shares and Class B common shares. If applicable, diluted income per share is computed similar to basic income per share except that the weighted average shares outstanding are increased to include potential ordinary shares for the assumed exercise of share options, warrants, and convertible debentures, if dilutive. The number of potential ordinary shares is calculated by assuming that outstanding share options, warrants and convertible debentures were exercised or converted and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. For the years presented, this calculation proved to be anti-dilutive.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based compensation

Share-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share option reserve. The Company records stock-based compensation expense for service-based stock options on a graded method over the requisite service period. The Company records stock-based compensation expense for non-market performance-based stock options on a graded method over the requisite service period, and only if performance-based conditions are considered probable to be satisfied.

The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The Company transferred the value of forfeited and expired unexercised vested stock options and compensatory warrants to deficit or share capital from reserves on the date of expiration based on the nature of the item.

Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Deferred income tax

Deferred income tax is provided for based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Current income and deferred tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Research and development

Development expenditures can be capitalized only where a development project meets certain conditions, including technical feasibility of the intangible asset, intention to complete the project, ability to sell the intangible asset, probability that the intangible asset can produce future economic benefits, availability of resources to complete the project, and ability to reliably measure the expenditure attributable to the intangible asset. Development projects are reviewed as they arise and on an on-going basis to assess whether all conditions have been met. Amortization is calculated over the cost of the asset, or revalued amount, less its residual value. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Adoption of new accounting policies

IFRS 16 – Leases ("IFRS 16") replaced IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17.

On adoption of IFRS 16, the Company used the following additional practical expedients:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Applied the exemption not to recognize right-of-use assets and lease liabilities for short-term leases with terms less than 12 months and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line or other systematic basis over the lease term;
- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

The Company has adopted IFRS 16 on January 1, 2019 using the modified retrospective application method. Accordingly, the comparative information presented for the prior period has not been restated and is presented as previously reported under IAS 17 and related interpretations. As at January 1, 2019, all of the Company's leases are short-term leases with a term of 12 months or less and recorded as operating leases. As such there was no effect of initial application recognized in accumulated deficit at January 1, 2019.

Accounting pronouncements not yet adopted

A number of amendments to standards and interpretations applicable to the Company are not yet effective for the year ended December 31, 2019 and have not been applied in preparing these consolidated financial statements nor does the Company expect these amendments to have a significant effect on its consolidated financial statements.

(Expressed in United States Dollars)

NOTE 4 – INTANGIBLE ASSET

In March 2015, the Company entered into the Memogain Technology License Agreement ("License Agreement") with Neurodyn Life Sciences Inc. ("NLS"), a related party with common shareholders, for the exclusive right and license to further develop and exploit the Memogain Technology. The License Agreement set out the consideration as follows:

- The Company assumed all of NLS's obligations under the Memogain Asset Purchase Agreement which consisted of cumulative total payments to Galantos Pharma GmbH of €10,000,000, the cumulative total may be increased to €15,000,000 subject to certain provisions, which is to be paid as follows (collectively the "Galantos Royalty Payments"):
    - 3% of the net sales revenue received by the Company from the sale of any products relating to the Memogain Technology;
    - 10% of any sublicensing revenue; and
    - 25% of an upfront payment or milestone payment paid by a sub-licensee to the Company;
- Upon completion of the Galantos Royalty Payments, a royalty payment to NLS of 1% of the revenue received from the Memogain Technology by the Company over $100 million per annum and
- The issuance of a promissory note of $1,400,000 to NLS ("NLS Promissory Note", Note 7).

On January 1, 2016, the Company assumed NLS's obligations under a Royalty Agreement with Galantos Consulting dated August 31, 2013 which consisted of cumulative total payments to Galantos Consulting of €2,000,000, the cumulative total may be increased to €3,000,000 subject to certain provisions, which is to be paid as follows:

- 1% of the net sales revenue received by the Company from the sale of any products relating to the Memogain Technology;
- 2% of any sublicensing revenue; and
- 2% of an upfront payment or milestone payment paid by a sub-licensee to the Company.

The following is a continuity schedule of intangible asset for the years presented:

	Memogain Technology
	$
Cost:	
At December 31, 2017, 2018 (Unaudited) and 2019	1,185,633
Amortization:	
At December 31, 2017 (Unaudited)	219,369
Additions	79,042
At December 31, 2018 (Unaudited)	298,411
Additions	79,042
At December 31, 2019	377,453
Net book value:	
At December 31, 2018 (Unaudited)	887,222
At December 31, 2019	**808,180**

(Expressed in United States Dollars)

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
		(Unaudited)
	$	$
Accounts payable	18,084	216,456
Accrued liabilities	142,418	60,929
	160,502	**277,385**

NOTE 6 – CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITY

	Liability component	Derivative liability	Total
	$	$	$
Balance, December 31, 2017 (Unaudited)	-	-	-
Proceeds	554,919	2,949,794	3,504,713
Accretion	470,821	-	470,821
Accrued interest	166,123	-	166,123
Revaluation of derivative liability	-	1,075,241	1,075,241
Balance, December 31, 2018 (Unaudited)	1,191,863	4,025,035	5,216,898
Accretion	870,289	-	870,289
Accrued interest	184,348	-	184,348
Revaluation of derivative liability	-	304,499	304,499
Conversion	(2,246,500)	(4,329,534)	(6,576,034)
Balance, December 31, 2019	-	-	-

On July 5, 2018 the Company received $1,250,000 from various third party lenders and $1,250,000 from various directors and officers of the Company for the issuance of convertible debentures bearing interest at 10% per annum, minimum six months interest guaranteed, and expiring on January 5, 2020. On August 23, 2018 the Company received $500,000 from various third party lenders for the issuance of convertible promissory notes bearing interest at 10% per annum, minimum six months interest guaranteed, and expiring on February 23, 2020 At the option of the lender, the lender can convert their convertible debentures and any accrued interest into units, with each unit consisting of one common share and one warrant for a price equal to the lower of 20% discount to the per share price of a Funding Transaction, being a reverse merger or Initial Public Offering of the Company, or $2.00. Each warrant will have an exercise price equal to the lower of 20% discount to the per share price of a Funding Transaction or $2.00 and a term of five years. In the event the convertible promissory notes remain outstanding at January 5, 2020, the promissory notes will automatically convert into units with each unit consisting of one common share and one warrant at a price of $0.40 per unit with each warrant having an exercise price of $0.40 and a term of five years. Concurrently with this financing, the Company issued convertible debentures, with the same terms and conditions as described above, in exchange for $55,000 of non-interest bearing loans payable received from two third party lenders, $195,000 of non-interest bearing loans payable received from two members of management, for $109,096 of accounts payable, and for $145,617 of related party payables.

As the conversion price of the promissory notes varied depending on certain factors, the Company recorded an embedded derivative liability on its consolidated statements of financial position with a corresponding debt discount which is netted against the principal amount of the convertible debentures. The Company accretes the debt discount associated with the embedded derivative liability to interest expense over the term of the convertible debentures using the effective interest rate method. The embedded derivative liability is initially measured at fair value and re-measured at the end of each reporting period with any changes in fair value reported in profit and loss.

(Expressed in United States Dollars)

NOTE 6 – CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITY (Continued)

The initial fair value of the embedded derivative was determined to be $2,949,794 using the Black- Scholes Option Pricing models with following assumptions:

Risk-free interest rate	0.00% - 2.80%
Dividend yield	-
Expected life	0.00-6.5 years
Volatility	65%
Probability of automatic conversion	35%
Probability of conversion at $2 per share	35%
Probability of conversion at a 20% discount to the per share price of a Funding Transaction	30%

As of December 31, 2018, the fair value of the embedded derivative was determined to be $4,025,035 using the Black-Scholes Option Pricing models with following assumptions:

Risk-free interest rate	0.00% - 2.63%
Dividend yield	-
Expected life	0.00-6.16 years
Volatility	65%
Probability of automatic conversion	70%
Probability of conversion at $2 per share	10%
Probability of conversion at a 20% discount to the per share price of a Funding Transaction	20%

During the year ended December 31, 2018, the Company recorded a loss on revaluation of derivative liability of $1,075,241.

Only July 2, 2019, the Company offered the lenders the right to convert the outstanding principal amounts into units at $0.40 per unit with one common share and one warrant exercisable at $0.40 per common share and a term of five years, and the accrued interest through July 5, 2019 into common shares at $1.16 per shares. On August 30, 2019, outstanding principal amounts of $1,590,617 payable to directors and officers of the Company were converted into 3,976,543 units. Outstanding principal amounts of $1,914,096 payable to third party lenders were converted into 4,785,240 units. Accrued interest of $159,061 payable to directors and officers of the Company was converted into 137,122 Common shares. Accrued interest of $191,410 payable to third party lenders was converted into 165,008 Common shares.

As of August 30, 2019, the fair value of the embedded derivative was determined to be $4,329,534 using the Black-Scholes Option Pricing models with following assumptions:

Risk-free interest rate	0.00% - 2.14%
Dividend yield	-
Expected life	0.00-5.75 years
Volatility	65%
Probability of automatic conversion	90%
Probability of conversion at $2 per share	0%
Probability of conversion at a 20% discount to the per share price of a Funding Transaction	10%

During the year ended December 31, 2019, the Company recorded a loss on revaluation of derivative liability of $304,499.

(Expressed in United States Dollars)

NOTE 7 – PROMISSORY NOTE

The following is a continuity schedule of the carrying value of the promissory notes and accrued interests for the years presented:

	Principal	Accrued Interests
	$	$
Balance, December 31, 2017 (Unaudited)	740,089	78,937
Accretion	94,854	-
Accrued interest	-	28,000
Balance, December 31, 2018 (Unaudited)	834,943	106,937
Principal payments	(188,537)	-
Interest payments	-	(129,463)
Accretion	92,495	-
Accrued interest	-	24,839
Loss on debt extinguishment	116,161	-
Balance, December 31, 2019	**855,062**	**2,313**
Current portion	**24,000**	**2,313**
Long-term portion	**831,062**	**-**

In March 2015, the Company issued a promissory note of $1,400,000 to NLS, for the acquisition of the Memogain Technology (Note 4).The NLS Promissory Note bears an interest rate of 6% and has a term of 2 years with no fixed repayment schedule. The Company may pay all or any portion of the note and accrued interest prior to the maturity date. The NLS Promissory Note was issued at a discount of $214,367, which will be amortized over the term of the note using an effective interest rate of 15%.

In April 2015, the Company and NSL entered into an amendment to License Agreement pursuant to which the interest rate was reduced to 2% and the maturity date was extended to December 31, 2022 with interest only payments commencing April 1, 2019 at the rate of $2,000 per month. The Company may pay all or any portion of the note and accrued interest prior to the maturity date.

In March 2019, the Company issued 600,000 Common Shares at a price of $0.50 per share for a total value of $300,000 as prepayment on the NLS Promissory Note for all interest outstanding and a portion of the principal amount (Note 8). The prepayment was determined to be an extinguishment transaction with a related party which was in essence a capital transaction. As a result, the resulting difference of $116,161 in net present value of the cash flows was recognized in the consolidated statement of changes in equity (deficiency).

As at December 31, 2019, the principal balance owing on the promissory note was $1,211,463 (2018 - $1,400,000) and the remaining debt discount was $356,401 (2018 – $565,057).

NOTE 8 – SHARE CAPITAL

Authorized share capital

The Company is authorized to issue the following share capital:

- Unlimited common voting shares without par value (“Common share”)
- Unlimited Class B common non-voting shares without par value (“Class B common share”), with each full Class B common share being convertible into one Common share upon either of the following events:
  - the completion of an IPO
  - an offer to purchase all the Common shares of the Company accepted by the Company
  - the holders of Common shares, holding in the aggregate no less than 51% of the issued Common shares, or the directors of the Company elect to convert the Class B common shares
- Unlimited Class C preferred shares without par value (“Class C preferred shares”) which includes:
  - 15,000,000 Series A preferred voting shares without par value with each full Series A preferred share being convertible into one Common share at the option of the holder

Issued share capital

During the year ended December 31, 2019, the Company issued the following shares:

- 600,000 Common shares at a price of $0.50 per share for a total value of $300,000 as payment on the NLS Promissory Note (Note 7);
- 8,761,783 Units at a price of $0.40 per share for a total value of $3,504,713 for the conversion of all the convertible debentures outstanding (Note 6). Each unit consists of one Common share and one warrant at a price of $0.40 per unit with each warrant having an exercise price of $0.40 and a term of five years. The Company recorded share capital of $6,225,562 which includes the transfer of the unamortized debt discount of $1,608,685 and the balance of the derivative liability of $4,329,534 to share capital.
- 302,130 Common shares at a price of $1.16 per share for a total value of $350,471 on conversion of the accrued interest on the convertible debentures (Note 6);
- 5,172,413 Common shares at a price of $1.16 per share for total proceeds of $6,000,005 in accordance with the Company’s private placement;
- 1,160,846 Common shares at a price of $0.01 per share for total proceeds of $11,608 for the exercise of Common share options; and
- 1,300,000 Class B common shares at a price of $0.001 per share for total proceeds of $1,300 for the exercise of Class B share options.

During the year ended December 31, 2018, the Company did not issue any shares.

During the year ended December 31, 2017, the Company issued the following shares:

- 440,000 Common shares for a private placement at $0.50 per share for total proceeds of $220,000;
- 4,011,492 Common shares at Cdn $0.00001 per share valued at $32 for share subscriptions received during the year ended December 31, 2015; and
- 980,334 Class B common shares at $0.001 per share valued at $980 from the exercise of Class B Common share options. As a result, the Company transferred $15,053 representing the fair value of the exercised stock options from reserves to share capital.

(Expressed in United States Dollars)

NOTE 8 – SHARE CAPITAL (Continued)

Warrants

During the year ended December 31, 2019, the Company issued 8,761,783 Common share warrants in connection with the conversion of the convertible debentures (Note 6), with each warrant having an exercise price of $0.40 and a term of five years. There was no value allocated to the warrants under residual method.

During the year ended December 31, 2017, the Company issued 440,000 Common shares for a private placement at $0.50 per share for total proceeds of $220,000 ("2017 Private Placement"). Subscribers of the 2017 Private Placement were entitled to additional shares in the event that, for a period of 24 months, the Company completed a financing at a price at lower than $0.50 per share. During the year ended December 31, 2018 the Company issued units at $0.40 per unit upon conversion of convertible debentures (Note 6). As a result, the Company issued 440,000 Common share warrants to the subscribers of the 2017 Private Placement, with each warrant having an exercise price of $0.40 and a term of five years. There was no value allocated to the warrants under residual method.

	Number of Warrants	Weighted Average Exercise Price
		$
Balance, December 31, 2016 and 2017 (Unaudited)	-	-
Issued	440,000	0.40
Balance, December 31, 2018 (Unaudited)	440,000	0.40
Issued	8,761,783	0.40
Balance, December 31, 2019	**9,201,783**	**0.40**

A summary of the Common share warrants outstanding and exercisable at December 31, 2019 is as follows:

Warrants Outstanding	Exercise Price	Expiry Date
	$	
440,000	0.40	July 5, 2023
8,761,783	0.40	August 30, 2024
9,201,783		

The weighted average life of warrants outstanding at December 31, 2019 was 4.61 years.

Share options

Common share options

The Company has a stock option plan whereby the Company can grant stock options to directors, officers, employees and consultants enabling them to acquire Common shares. Options granted can have a maximum term of ten years and the board of directors can determine the vesting requirements. From time to time, the Company has granted performance-based share options to management and consultants. These options vest based on the Company's achievement of certain performance goals and operational metrics, as applicable, subject to continuous employment by each recipient.

(Expressed in United States Dollars)

NOTE 8 – SHARE CAPITAL (continued)

Stock options (continued)

Common share options (continued)

During the year ended December 31, 2019, the Company granted 5,000,000 Common share options with service and performance conditions to management and consultants with an estimated fair value of $2,752,911, of which 800,000 options vested immediately, 2,100,000 options vest when certain performance goals are achieved, and 2,100,000 options vest quarterly over a two year period from the date of grant. Additionally, the Company cancelled 666,000 vested options.

During the year ended December 31, 2018, the Company granted 5,000,000 Common share options with service and performance conditions to management and consultants with an estimated fair value of $2,489,806 of which 500,000 options vested immediately and 4,500,000 options vest when certain performance goals are achieved. Additionally, the Company cancelled 1,334,000 non-vested options.

During the year ended December 31, 2017, the Company granted 2,691,057 Common share options with service and performance conditions to management with an estimated fair value of $1,339,943 of which 1,357,057 options vested immediately and 1,334,000 options vest when certain performance goals are achieved.
The following weighted average assumptions were used in the Black-Scholes Option-Pricing Model for the valuation of the Common share options issued:

	2019	2018	2017
		(Unaudited)	(Unaudited)
Risk-free interest rate	2.23%	2.23%	2.00%
Dividend yield	-	-	-
Expected life	10 years	10 years	10 years
Volatility	125%	125%	125%
Weighted average fair value per share	$ 0.55	$ 0.50	$ 0.50

For the year ended December 31, 2019, share-based compensation expense relating to service condition awards amounted to $1,075,931 (2018 - $248,980; 2017 - $675,717).

For the year ended December 31, 2019, share-based compensation expense relating to performance condition options amounted to $1,687,629 (2018 - $170,729; 2017 - $Nil).

(Expressed in United States Dollars)

NOTE 8 – SHARE CAPITAL (Continued)

Stock options (continued)

Common share options (continued)

Common share option transaction are summarized as follows:

	2019		2018 (Unaudited)		2017 (Unaudited)	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
		$		$		$
Balance, beginning of year	6,357,057	0.01	2,691,057	0.01	-	0.01
Granted	5,000,000	0.01	5,000,000	0.01	2,691,057	0.01
Exercised	(1,160,846)	0.01	-	0.01	-	0.01
Cancelled	(666,000)	0.01	(1,334,000)	0.01	-	0.01
Balance, end of year	**9,530,211**	**0.01**	**6,357,057**	**0.01**	**2,691,057**	**0.01**
Options exercisable, end of year	**4,057,711**		**1,857,057**		**331,615**	

A summary of the Common share options outstanding at December 31, 2019 is as follows:

Options Outstanding	Exercise Price	Expiry Date
	$	
691,057	0.01	December 31, 2027
4,600,000	0.01	September 1, 2028
39,154	0.40	June 1, 2029
3,800,000	0.01	June 1, 2029
200,000	0.01	July 15, 2029
200,000	0.01	August 1, 2029
9,530,211		

The weighted average life of Common share options outstanding at December 31, 2019 was 8.97 years.

Class B Common share options

The Company has a stock option plan whereby the Company can grant stock options to directors, officers, employees and consultants enabling them to acquire Class B common shares. Options granted can have a maximum term of ten years and the board of directors can determine the vesting requirements. The Company did not record any share-based compensation for the Class B Common share options during the years ended December 31, 2019, 2018, and 2017.

(Expressed in United States Dollars)

NOTE 8 – SHARE CAPITAL (Continued)

Stock options (continued)

Class B Common share options (continued)

Class B Common share option transactions are summarized as follows:

	2019		2018 (Unaudited)		2017 (Unaudited)	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
		$		$		$
Balance, beginning of year	2,200,000	0.001	2,200,000	0.001	3,180,334	0.001
Exercised	(1,300,000)	0.001	-	0.001	(980,334)	0.001
Balance, end of year	**900,000**	**0.001**	**2,200,000**	**0.001**	**2,200,000**	**0.001**
Options exercisable, end of year	**900,000**		**2,200,000**		**2,200,000**	

A summary of the Class B Common share options outstanding at December 31, 2019 is as follows:

Options Outstanding	Exercise Price	Expiry Date
	$	
900,000	0.001	February 1, 2026

The weighted average life of Class B Common share options outstanding at December 31, 2019 was 6.10 years.

NOTE 9 – RESEARCH AND DEVELOPMENT

The Company's research and development expenses are summarized below:

	Note	For the years ended December 31, 2019	2018	2017
			(Unaudited)	(Unaudited)
		$	$	$
Consulting fees		1,016,245	211,927	120,421
Legal and patent costs		172,220	68,160	56,735
Management Fees	10	333,186	239,083	-
Other research and development		111,247	50,939	7,230
Product development		269,925	66,197	66,567
Share-based compensation	8,10	1,659,766	113,818	-
		3,562,589	**750,124**	**250,953**

(Expressed in United States Dollars)

NOTE 10 – RELATED PARTY TRANSACTIONS AND BALANCE

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members if its Board of Directors.

Summary of key management personnel compensation:

	For the years ended December 31,		
	2019	**2018**	**2017**
		(Unaudited)	**(Unaudited)**
	$	**$**	**$**
Office and general	54,000	57,479	-
Management fees	225,999	90,000	-
Professional fees	3,979	-	-
Research and development – clinical trial costs	37,945	13,500	-
Research and development - consulting fees	-	-	5,787
Research and development - management fees	333,186	239,083	-
Share-based compensation	2,551,870	369,914	675,717
	3,206,979	**769,976**	**681,504**

Summary of related party balances:

	2019	**2018**
		(Unaudited)
	$	**$**
Related party receivable:	**-**	**7,199**
Related parties payable		
Due to NLS	1,215	98,525
Accrued interest - NLS Promissory Note (Note 7)	2,313	106,937
Directors and officers	132,600	207,279
	136,128	**412,741**

Amounts due to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

A summary of the related party convertible debentures transactions is included in Note 6. A summary of the promissory note held by a related party is included in Note 7.

NOTE 11 – COMMITMENTS

The Company leases its office in West Palm Beach, Florida, under a non-cancelable operating lease commencing on September 1, 2019 for a term of 1 year. Rent expense was $4,277 (2018 and 2017 - $Nil) for the years ended December 31, 2019. The future minimum payments are $11,200 for the remainder of the year ending December 31, 2019.

NOTE 12 – CAPITAL DISCLOSURE AND MANAGEMENT

The Company defines its capital as all components of shareholders' equity. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital. The Company is not subject to externally imposed capital requirements.

NOTE 13 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Unobservable inputs that are supported by little or no market activity, therefore requiring an entity to develop its own assumptions about the assumption that market participants would use in pricing.

The Company's financial instruments consist of cash, related party receivable, accounts payable, related parties payable, convertible debentures, derivative liability, and promissory note. The fair values of related party receivables, accounts payable, related parties payable, and promissory note approximates their carrying values. Cash is measured at fair value on a recurring basis using level 1 inputs. Derivative liability is measured on a recurring basis using level 3 inputs. The continuity and valuation techniques that are used to determine the fair value of the derivative liability are described in Note 6.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, and liquidity risk.

a) Currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's operations are carried out in Canada and the United States. As at December 31, 2019, the Company had net assets totalling CAD$12,833 and net liabilities totalling €146,428. These factors expose the Company to foreign currency exchange rate risk, which could have an adverse effect on the profitability of the Company. Based on the net USD denominated asset and liability exposures as at December 31, 2019, a 10% change in the exchange rate with the CAD would change net loss and comprehensive loss by approximately $1,000 and 10% change in the exchange rate with the Euro would change net loss and comprehensive loss by approximately $16,000. At this time, the Company currently does not have plans to enter into foreign currency future contracts to mitigate this risk, however it may do so in the future.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's cash is held by a large Canadian financial institution and a United States of America based financial institution. The Company maintains certain cash deposits with Schedule I financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk. The Company's maximum credit risk is equal to the carrying value of cash at December 31, 2019 and 2018.

(Expressed in United States Dollars)

NOTE 13 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

c) Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. As at December 31, 2019, the promissory note bears interest 2% per annum and is due in two years. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

d) Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. As at December 31, 2019, the Company had a cash balance of $5,497,508 to settle current financial liabilities of $320,630.

Contractual undiscounted cash flow requirements for financial liabilities as at December 31, 2019 are as follows:

	<1 Year	2-3 Years	Total
	$	$	$
Accounts payable and accrued liabilities	160,502	-	160,502
Related parties payable	136,128	-	136,128
Promissory note	24,000	1,187,463	1,211,463
	320,632	1,187,463	1,508,093

NOTE 14 – SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	For the years ended December 31,		
	2019	2018 (Unaudited)	2017 (Unaudited)
	$	$	$
Supplemental non-cash disclosures			
Common shares issued for promissory note repayment	300,000	-	-
Units issued for conversion of convertible debentures	6,576,034	-	-
Convertible debentures issued for debt settlement	-	504,713	-

(Expressed in United States Dollars)

NOTE 15 – SEGMENTED INFORMATION

The Company currently operates in a single reportable operating segment.

For the year ended December 31, 2019, the Company operated in two geographical areas being Canada and the United States of America.

	Canada	United States of America	Total
	$	$	$
Non-current assets other than financial instruments	808,180	-	808,180

For the years ended December 31, 2018 and 2017, the Company operated in Canada.

NOTE 16 – INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2019	2018	2017
		(Unaudited)	(Unaudited)
	$	$	$
Net loss before income taxes	(6,606,527)	(3,029,716)	(1,286,223)
Canadian statutory income tax rate	27.00%	27.00%	27.00%
Expected income tax recovery at statutory rate	1,783,762	818,023	347,280
Tax effect of:			
Permanent differences and others	(999,832)	(530,758)	(148,672)
Change in unrecognized deferred income tax assets	(783,930)	(287,265)	(198,608)
Income tax recovery	-	-	-

The significant components of deferred income tax assets and liabilities are as follows:

	2019	2018
		(Unaudited)
	$	$
Deferred income tax assets (liabilities):		
Non-capital losses carried forward	1,714,977	1,008,725
Intangible assets	174,155	152,814
Promissory notes	(96,228)	(152,565)
Total gross deferred income tax assets	1,792,904	1,008,974
Unrecognized deferred income tax assets	(1,792,904)	(1,008,974)
Net deferred income tax assets	-	-

At December 31, 2019, the Company had, for Canadian tax purposes, non-capital losses aggregating approximately $6,352,000. These losses are available to reduce taxable income earned by the Canadian operations of future years and expire between 2035 and 2039.

NOTE 17 – SUBSEQUENT EVENTS

a) In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including ours. This outbreak could decrease spending, adversely affect demand for our product and harm our business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on our business or results of operations at this time.

b) On April 27, 2020, the Company received $2,000,000 from various lenders for the issuance of convertible debentures ("First Note") bearing interest at 5% per annum, minimum six months interest guaranteed, and expiring on October 27, 2021, and one warrant giving the lender the right to purchase a second convertible promissory note ("Second note") having the same terms as the First Note, upon payment equal to the principal amount of the First Note and expiring October 30, 2020. The promissory note and any accrued interest shall be automatically converted into Common shares of the Company with the completion of a Value Transaction, being any transaction which has the effect directly or indirectly of valuing the Company, its assets or undertaking including but not limited to a merger or acquisition, a private placement of the Company, issuance of convertible debentures, an initial public offering, a reverse take-over or merger, or a valuation report completed by an independent banker or certified business valuator, for a price at a 20% discount to the lower of the per share price of a Value Transaction or $1.60. If the Company fails to complete the Value Transaction, the convertible debentures will be converted into Common shares at $1.28 per share.

c) In June 2020, the Company's directors elected to convert all outstanding Class B Common shares to Common shares and all Class B Common share options to Common share options on the same terms and conditions as originally issued on a 1:1 basis. The Class B Common shares option plan was cancelled.

d) In July 2020, the Company entered into a license agreement with NLS for the world-wide exclusive right to the PGRN Technology. In accordance with the agreement, the Company will pay the following:
   - $50,000 to NLS upon closing of the agreement;
   - a royalty of 1.5% of the commercial sales, capped at $2,000,000, to NLS;
   - a royalty of 1.5% of the commercial sales, capped at $2,000,000, to three individuals, one of which is a director of the Company; and
   - 10% of any Upfront Payments, being revenue and is not tied to any research obligations, in excess of $2,000,000 to NLS.

   The total amount payable to NLS under this agreement shall not exceed $2,000,000.

e) In July 2020, the Company granted 39,154 Common share options with an exercise price of $0.40 for a term of 10 years to a consultant of the Company.

SCHEDULE "D"

TARGET COMPANY MANAGEMENT'S DISCUSSION AND ANALYSIS

Attached hereto are the following management's discussion and analysis of the Target Company:

1. The Target Company's management's discussion and analysis for the 9 months ended September 30, 2020.

2. The Target Company's management's discussion and analysis for the years ended December 31, 2019, 2018 and 2017.

ALPHA COGNITION INC.

Management's Discussion and Analysis
For the three and nine months ended September 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of Alpha Cognition Inc. ("ACI" or the "Company"), provides analysis of the Company's financial results for the three and nine months ended September 30, 2020. The following information should be read in conjunction with the accompanying audited consolidated financial statements and accompanying notes for the years ended December 31, 2019, 2018, and 2017 ("Annual Financial Statements") and the unaudited consolidated financial statements and accompanying notes for the three and nine months ended September 30, 2020 ("Interim Financial Statements") which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Board of Directors of the Company have approved the information and disclosures contained in this MD&A. All figures are in United States dollars unless otherwise noted.

FORWARD-LOOKING STATEMENTS

The Company's Annual Financial Statements and this accompanying MD&A contain statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102. Continuous Disclosure Obligations of the Canadian Securities Administrators.

It is important to note that, unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of January 26, 2021.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, "forward-looking statements". These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words "believes", "expects", "anticipates", "estimates", "intends", "plans", "forecasts", or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve certain risks, uncertainties and assumptions. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether written or oral that may be made by or on the Company's behalf, except as may be required by applicable law.

COMPANY DESCRIPTION

ACI is a biopharmaceutical company headquartered in Vancouver, BC, focused on developing therapies for the treatment of neurodegeneration. The Company has a wholly owned subsidiary, Alpha Cognition USA Inc. ("ACI USA") based out of West Palm Beach, Florida. The Company's lead product candidate is Alpha-1062, a new patented drug developed for the treatment of Alzheimer's Disease. Alpha-1062 is a next generation Alzheimer's treatment offering alternative routes of administration. The Company is also developing Alpha-602, progranulin, a protein that has a potent ability to protect neurons that are under stress. Alpha-602 is a specific form of progranulin for the treatment of amyotrophic lateral sclerosis ("ALS").

On October 27, 2020, the Company entered into an arrangement agreement with Crystal Bridge Enterprises Inc. ("Crystal Bridge" or "CPC") whereby Crystal Bridge will acquire all of the issued and outstanding securities of ACI. Refer to the Section Proposed Transaction.

Alpha-1062

Alpha-1062 is a patented new chemical entity. When ingested, it is enzymatically converted to a US FDA approved drug marketed by Johnson & Johnson as Razadyne in North America, and Reminyl in Europe and elsewhere. Once converted, the active pharmaceutical ingredient of the Johnson & Johnson product called galantamine hydrobromide and Alpha-1062 are identical. However, prior to conversion and during the ingestion process, Alpha-1062 has demonstrated a significantly reduced side effect profile allowing dosing at efficacious levels that may not be achieved by its Johnson & Johnson counterpart. Drugs that convert from an inert form to an active substance in-situ are referred to as "pro-drugs". At the time the Company licensed the Alpha-1062 technology, only a nasal formulation had been developed.

The Company's Alpha-1062 development plan has two primary goals:

- Clinical Development: Demonstrate to the satisfaction of regulatory bodies that Alpha-1062 formulations have a significantly reduced side effect profile.
- Regulatory Development: Demonstrate that a shortened section 505(b)(2) regulatory path is available to commercialization, utilizing a single short term Pivotal Study.

Alpha-1062 Clinical Development

The initial nasal formulation of Alpha-1062 was used to conduct Phase I human toxicology studies, initially by NLS, and subsequently, on completion of the Alpha-1062 Agreement, by the Company. The Phase I human toxicology studies included a single ascending dose trial ("SAD Study") followed by a multiple ascending dose ("MAD Study") trial. These Phase I studies are designed to determine the safety of the drug, which was administered to healthy patients at increasing doses of Alpha-1062, initially one time in the SAD Study, and subsequently multiple times over a seven-day period in the MAD Study. These studies convincingly demonstrated the Alpha-1062 prodrug formulation had reduced gastrointestinal side effects (nausea, diarrhea, vomiting) by more than 90% as compared to one of the existing treatments, Razadyne.

The Company planned and initiated a series of Pilot Studies in the third quarter of 2020 for the following delivery methods:

(1) Nasal Spray: Formulations developed for the nasal spray included the selection of the optimal device for nasal delivery. For a nasal spray, the drug and device are independently evaluated by the FDA, and both must meet the FDA's criteria as a combination drug/device for approval. The Pilot Study will establish the exact spray pattern and dose.

(2) Sublingual tablet: Data recently collected indicated that Alpha-1062 was well absorbed under the tongue at levels similar to those reported for the reference listed drug, Razadyne. This preliminary data set clearly indicates that an oral dosage is possible and with minimal adjustment of the formulation, can meet clinical trial requirements for approval by the FDA.

(3) Enteric coated tablet: Data for the enteric coated product, a tablet that is swallowed, when analyzed, will be used to adjust the final dosage to release the prodrug in the small intestine over a period of five to 10 hours. This could allow a product to be taken once-a-day.

Based on the Pilot Study clinical evidence, the Company will select the optimal formulation and delivery mechanism to submit for approval to the FDA. This decision will be taken once the Pilot Study has been completed and the data is reviewed, and a market analysis is completed. At present, the lead product candidates are the sublingual and enteric formulations.

Alpha-1062 Summary of Regulatory and Commercial Development

The following is a summary of regulatory steps the Company has planned over the next 24 months:

(1) *Pilot Study*: Completed in the fourth quarter of 2020 with the final report expected Q1-2021. The study is designed to confirm dosage and format for the Pivotal trial. As designed, it consists of four arms: (a) sublingual tablet, (b) enteric coated tablet, (c) nasal spray, and (d) comparator reference drug, Razadyne. Each arm of the Pilot Study will consist of 10 subjects who will be administered the respective dose of Alpha-1062 and will have blood samples drawn at fixed time intervals. These blood samples will be analyzed to assess blood plasma concentrations of Alpha-1062 over time. The validated results will be plotted on a graph showing the initial blood concentrations, which will decline over time. The graph of that particular Alpha-1062 formulation will be compared with the graph of Razadyne, and if required, the Alpha-1062 dose will be adjusted for equivalence within 20% variance. The Pilot Study will also allow the Company to determine how many subjects will be required to achieve statistical significance in the Pivotal Study.

(2) *Pivotal Study*: Targeted for completion in the second half of 2021. Building on the Pilot Study, the FDA has stated that Alpha-1062 could be approved if the Company completes a single bioavailability/bioequivalence (BABE) clinical trial to confirm that Alpha-1062 is similar to the approved reference listed drug (RLD), Razadyne. The Pivotal Study will be a repeat of the Pilot Study but with more subjects to allow the results to achieve statistical significance. Side effects will also be measured and compared with the RLD.

(3) *New Drug Application Submission*: Targeted for the first half of 2022. Following completion of the Pivotal Study, the Company will submit a New Drug Application package for approval to the FDA. The FDA review and approval could be completed within 10 to 12 months following submission.

(4) *Label Study*: Targeted for 2022. Following the NDA submission, the Company intends to complete a clinical study demonstrating Alpha 1062's reduced side effect profile as compared to existing treatments. The data generated from a successful study could be included in the product information insert, which could facilitate a reduction or elimination of the need for the traditional up-titration period. Thus, allowing a patient to achieve an efficacious dose more quickly with significantly reduced side effects.

(5) *Commercialization Strategy*: Targeted for the second half of 2021 and continuing thereafter, in parallel with the Company's regulatory activities, the Company will take steps to develop a commercialization team to manage and monitor product manufacturing and distribution. The Company intends to identify distribution partners who have sales teams focused on pharmaceutical products and therapies for the central nervous system and neuro degenerative diseases, and who will be licensed to market and sell the Company's products, starting with Alpha-1062. The Company will initially focus on distribution partners in smaller markets which could consist of one or more countries. As Alpha-1062 nears FDA regulatory approval, the Target Company will approach potential distribution partners for major territories, usually identified as Europe, North America, Japan and China. The Company's preference would be to find a single co-marketing partner to coordinate sales in the major markets. However, in order to reduce risk, the Target Company intends to develop an in-house sales and marketing capability for the United States, and in the event a suitable co-marketing partner is not found, the Target Company will be positioned to launch the product itself.

Alpha-602

The Alpha-602 product originated almost a decade ago when it was discovered by two professors at McGill University in Montreal that a protein called progranulin seemed to show activity for several neurological disorders. Progranulin is a large protein that was found to be present in virtually all living animals and seemed to be used by the body for multiple tasks. Upon further investigation, scientists discovered that the large molecule was made of smaller polypeptides or subunits, referred to as Granulin Epithelin Modules ("GEMs"). The Company's Alpha-602 development program is at a relatively early stage, and operations are currently focused on Alpha-1062.

Current treatments for ALS are relatively new from an approval perspective and appear to have limited effectiveness. It is the Company's view that all current approved treatments are considered to be extremely expensive and not well received by patients, payers (insurance companies) or caregivers.

Alpha-602 Pre-Clinical Development

To investigate Alpha-602's potential as the intact molecule, ACI designed a program that would stimulate the overproduction of the protein in animals with specific neurological disorders. Initial work with animal models of ALS were completed in 2013 and indicated that progranulin did in fact reverse the disease process. However, an approach using methods of upregulating the protein would require significant investment and ultimately the use of gene therapy. As a result, ACI began to investigate an alternative route to development.

Alpha-602 Regulatory Development

Once a GEM formulation has been identified and validated in pre-clinical testing in relevant animal models, the pre-IND document package would be prepared by the Company for FDA submission. At this point in the Alpha-602 development program the focus would be on a GEM formulation to treat ALS. In March 2019, Alpha-602 received Orphan Drug Designation by the FDA for the use of Alpha-602 in the treatment of ALS. The Orphan Drug Designation has a number of significant benefits including:

(1) tax credits of 50% off the clinical drug testing cost awarded upon approval;

(2) eligibility for market exclusivity for seven years post approval; and

(3) waiver of New Drug Application and biologics license application fees, which would be approximately US$2,200,000.

Current Year Summary

On April 27, 2020, the Company received $2,000,000 from various lenders for the issuance of convertible debentures ("First Note") bearing interest at 5% per annum, minimum six months interest guaranteed, and expiring on October 27, 2021, and one warrant giving the lender the right to purchase a second convertible promissory note ("Second note") having the same terms as the First Note, upon payment equal to the principal amount of the First Note and expiring October 30, 2020. The promissory note and any accrued interest shall be automatically converted into Common shares of the Company with the completion of a Value Transaction, being any transaction which has the effect directly or indirectly of valuing the Company, its assets or undertaking including but not limited to a merger or acquisition, a private placement of the Company, issuance of convertible debentures, an initial public offering, a reverse take-over or merger, or a valuation report completed by an independent banker or certified business valuator, for a price at a 20% discount to the lower of the per share price of a Value Transaction or $1.60. If the Company fails to complete the Value Transaction, the convertible debentures will be converted into Common shares at $1.28 per share.

In June 2020, the Company's directors elected to convert all outstanding Class B Common shares to Common shares and all Class B Common share options to Common share options on the same terms and conditions as originally issued on a 1:1 basis. The Class B Common shares option plan was cancelled.

In June 2020, the Company issued 50,000 common shares at a price of $0.01 per share for total proceeds of $500 for the exercise of common share options.

In July 2020, the Company granted 39,154 Common share options with an exercise price of $0.40 for a term of 10 years to a consultant of the Company.

In July 2020, the Company issued 50,000 common shares at a price of $0.01 per share for total proceeds of $500 for the exercise of common share options.

Subsequent Events

In November 2020, the Company offered the holders of the First Note Warrants, issued with the convertible dentures in April 2020, the option to purchase Transaction Units at a 20% discount through the exercising of their warrants, conditional on the closing of the Transaction. If the Transaction is terminated or does not complete by December 31, 2020 or such later date as agreed to by ACI and Crystal Bridge, the holders will receive the Second Note. The Company received $2,000,000 for the exercise of the First Note Warrants of which $59,319 was received for a Second Note and $1,940,681 was received for the elected Transaction Units.

In November 2020, the Company entered into a license agreement with Neurodyn Life Sciences Inc. ("NLS") for the world-wide exclusive right to the PGRN Technology. In accordance with the agreement, the Company will pay the following:

- $50,000 to NLS upon closing of the agreement;
- a royalty of 1.5% of the commercial sales, capped at $2,000,000, to NLS; and
- 10% of any Upfront Payments, being revenue and is not tied to any research obligations, in excess of $2,000,000 to NLS.

The total amount payable to NLS under this agreement shall not exceed $2,000,000.

In December 2020, the Company completed a brokered private placement offering in relation to the proposed transaction with Crystal Bridge described below and raised $3,337,963.

PROPOSED TRANSACTION

On October 27, 2020, the Company entered into an Arrangement Agreement with Crystal Bridge whereby Crystal Bridge would acquire 100% of the shares of the Company by issuing to the shareholders of the Company common shares of Crystal Bridge ("CPC Share") at a deemed price of CAD$1.60 per common share for every one ACI share held by each ACI shareholder (the "Transaction"). Certain US resident ACI shareholders have agreed to receive a restricted voting share (a "Restricted Voting Share") in place of a CPC Share for up to a total of 1,000,000 Restricted Voting Shares. A Restricted Voting Share is equivalent to a CPC Share except that it will not be counted in a shareholder vote for the election of directors. In addition, holders of Class C Preferred shares of ACI will receive one Class B Preferred Share of the CPC ("Class B Preferred Shares") for each Class C Preferred share of ACI ("Class C Preferred Shares") held by such shareholder. The outstanding options and warrants of the Company will become convertible into shares of Crystal Bridge. The Transaction constitutes a reverse acquisition of Crystal Bridge.

Closing of the Transaction is subject to a number of conditions, including: (i) TSX Venture Exchange approval of the Transaction; (ii) completion of the Private Placement (as defined below); (iii) ACI shareholder approval; (iv) court approval of the Transaction pursuant to the Arrangement Agreement; (v) Crystal Bridge shareholder approval of the creation of the Class B Preferred Share and Restricted Voting Share; and (vi) certain other customary conditions.

Concurrent to the Transaction, ACI will complete a brokered private placement offering of up to 8,125,000 units at a price of CAD$1.60 per unit ("Transaction Units") for total gross proceeds of up to CAD$13,000,000 with each unit consisting of one share and one-half warrant ("Private Placement"). Each whole warrant is exercisable at a price of CAD$2.10 per warrant for a term of 24 months from the closing date. The Private Placement agents will be granted an option, exercisable, in whole or in part, on the day prior to the closing of the Private Placement, to arrange for the sale of up to an additional 15% of the number of Private Placement units. Upon closing of the Transaction, each Private Placement unit will automatically be converted into units of Crystal Bridge. Should the Transaction not close, the funds received from the Private Placement plus interest will be returned to the subscribers. In connection with Private Placement, the Company has agreed to pay a cash commission of 7% of the gross proceeds raised and issue agents options equal to 7% of the number of units issued under the Private Placement to the agents.

CRITICAL JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the valuation of convertible debentures, the valuation of investments in films and intangible assets including goodwill, the valuation of investments in equity instruments, the valuation of share-based compensation and other equity based payments and derivative liability, and the valuation of expected credit loss..

Significant judgements includes the determination of functional currency, assessments over level of control or influence over companies, and the recoverability and measurement of deferred tax assets.

Critical judgment exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is as follows:

Functional currency
Management is required to assess the functional currency of each entity of the Company. In concluding on the functional currencies of the parent and its subsidiary, management considered the currency that mainly influences the sale prices of goods and services and the cost of providing goods and services in each jurisdiction in which the Company operates. When no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

Income taxes
In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Going concern
The assessment of the Company's ability to continue as a going concern involves management judgement about the Company's resources and future prospects.

Impairment of intangible assets
The application of the Company's accounting policy for intangible assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

Information about assumptions and estimation uncertainties that have a risk of resulting in significant adjustments are as follows:

Share-based payment transactions and valuation of derivative liability
The Company uses the Black-Scholes Option Pricing Model to determine the fair value of stock options, standalone share purchase warrants issued and derivative liability. This model requires the input of subjective assumptions including expected share price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings (loss) and equity reserves.

Useful lives of intangible assets
The Company records intangible assets acquired at their fair value. Determining fair value requires management to use estimates that could be material. Following initial recognition, the Company carries the value of intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on a 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 technical obsolescence or legal and other limits to use.

SELECTED QUARTERLY INFORMATION

The following financial data is derived from the Company's unaudited consolidated financial statements for the three and nine months ended September 30, 2020 and 2019.

	Three months ended September 30,		Nine months ended September 30,	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Operating expenses	(1,537,044)	(2,232,102)	(4,340,623)	(4,775,206)
Other income (expenses)	90,850	(155,535)	204,215	(299,065)
Loss and comprehensive loss	(1,446,194)	(2,387,637)	(4,136,408)	(5,074,271)
Basic and diluted loss per common share	(0.03)	(0.08)	(0.10)	(0.18)
Working capital (deficiency)	3,781,003	6,375,013	3,781,003	6,375,013
Total assets	4,629,581	7,612,548	4,629,581	7,612,548
Total long-term liabilities	2,961,189	831,422	2,961,189	831,422

RESULTS OF OPERATIONS – Three Months Ended September 30 2020

During the quarter ended September 30, 2020, the Company's primary focus was continued development of Alpha-1062.

For the three months ended September 30, 2020 operating expenses decreased by $695,058 from $2,232,102 in the three months ended September 30, 2019 to $1,537,044 in the three months ended September 30, 2020 primarily as a result of:

Operating Expense	Increase / Decrease in Expenses	Explanation for Change
Accretion expense	Increase of $130,327	Increased due to the new offering of the convertible debentures in April 2020.
Professional fees	Increase of $71,877	Increased due to an increase in legal fees relating to hiring of a new consultant to assist in legal matters.
Research and development	Decrease of $437,374	Decreased due to lower share based compensation being incurred during the current quarter.
Share-based compensation	Decrease of $461,292	Decreased due to fewer options being granted and recognition of performance options in the comparative quarter.

The following also occurred during the three months ended September 30, 2020 as compared to the three months ended September 30, 2019:

- The Company recorded an increase in gain on revaluation of derivative liability of $246,778 due to the new convertible debentures offered in April 2020.

RESULTS OF OPERATIONS – Nine Months Ended September 30, 2020

During the nine months ended September 30, 2020, the Company's primary focus was continued development of Alpha-1062 and obtain additional financing.

For the nine months ended September 30, 2020, operating expenses decreased by $434,583 from $4,775,206 in the nine months ended September 30, 2019 to $4,340,623 in the nine months ended September 30, 2020 primarily as a result of:

Operating Expense	Increase / Decrease in Expenses	Explanation for Change
Accretion expense	Decrease of $668,682	Decreased due to lower accretion being required on the April 2020 convertible debentures as opposed to the accretion required on the 2018 convertible debentures recorded in the comparative period.
Interest	Decrease of $141,090	Decreased due to lower interest being incurred on the April 2020 convertible debentures as opposed to the interest incurred on the 2018 convertible debentures recorded in the comparative period.
Professional fees	Increase of $118,777	Increased due to an increase in legal fees relating to hiring of a new lawyer to assist in legal matters.
Research and development	Increase of $1,142,964	Increased due to increased activity into the development of Alpha-1062.
Share-based compensation	Decrease of $889,384	Decreased due to fewer options being granted and a decrease in the recognition of performance options in the comparative period.

The following also occurred during the nine months ended September 30, 2020 as compared to the nine months ended September 30, 2019:

- The Company recorded an increase in gain of revaluation of derivative liability of $487,847 due to the issuance of convertible debentures in the current year.

SUMMARY OF QUARTERLY RESULTS FOR THE LAST CONSECUTIVE EIGHT QUARTERS

The following table presents the unaudited summarized financial information for the last eight quarters:

	Q3 F2020	Q2 F2020	Q1 F2020	Q4 F2019
	$	$	$	$
Operating expenses	(1,537,044)	(1,752,096)	(1,051,483)	(1,558,574)
Other income (expenses)	90,850	97,087	16,278	26,318
Loss and comprehensive loss for the period	(1,446,194)	(1,655,009)	(1,035,205)	(1,532,256)
Loss per share	(0.03)	(0.04)	(0.02)	(0.04)
Weighted average shares	42,998,154	42,904,857	42,896,524	42,105,220

	Q3 F2019	Q2 F2019	Q1 F2019	Q4 F2018
	$	$	$	$
Operating expenses	(2,232,102)	(1,132,815)	(1,410,288)	(902,330)
Other income (expenses)	(155,535)	(282,288)	138,759	(950,389)
Loss and comprehensive loss for the period	(2,387,637)	(1,415,103)	(1,271,530)	(1,852,719)
Loss per share	(0.08)	(0.05)	(0.05)	(0.07)
Weighted average shares	31,728,803	26,199,352	25,799,352	25,599,352

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2020, the Company has current assets of $3,875,618 and current liabilities of $94,615, which resulted in working capital of $3,781,003 (September 30, 2019 - $6,375,013).

The Company does not have operating revenue to finance its existing obligations and therefore must continue to rely on external financing to generate capital to maintain its capacity to meet working capital requirements. The Company has relied on debt and equity raises to finance its operating activities since incorporation. The Company intends to continue to rely on debt and the issuance of shares to finance its operations. However, there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company.

The table below sets forth a summary of cash flow activity and should be read in conjunction with the Company's cash flow statements included in the Annual Financial Statements:

	Nine months ended September 30,	
	2020	2019
	$	$
Cash flows used in operating activities	(3,720,587)	(1,564,354)
Cash flows used in investing activities	(5,792)	-
Cash flows provided by financing activities	1,983,000	6,006,113
Increase (decrease) in cash during the year	(1,743,379)	4,441,759
Cash, beginning of year	5,497,508	2,055,762
Cash, end of year	3,754,129	6,497,521

The cash flow used in operating activities increased by $2,156,233 to $3,720,587 for the nine months ended September 30, 2020 from $1,564,354 for the comparative period. The decline in cash flow from operating activities represents the effect on cash flows from net losses adjusted for items not affecting cash, principally: accrued interest expenses, amortization and accretion, share-based compensation expense, and changes in the value of derivatives, in addition to net changes in non-cash balances relating to operations.

Cash provided by investing activities for the nine months ended September 30, 2020 increased by $5,792 compared to the comparative period due to the Company acquiring computer equipment.

Cash provided by financing activities for the nine months ended September 30, 2020 decreased by $4,023,113 compared to the comparative period. During the nine months ended September 30, 2020, financing activities included raising $2,000,000 from the issuance of convertible promissory notes. The comparative period included raising $6,000,005 from a private placement of common shares.

OFF BALANCE SHEET ARRANGEMENTS

The Company did not have any off-balance sheet arrangements as at September 30, 2020 or December 31, 2019.

COMMITMENTS

1) The Company leased its office in West Palm Beach, Florida, under a non-cancelable operating lease which commenced on September 1, 2019 for a term of 1 year. On September 1, 2020, the lease converted to a month-to-month rental. Rent expense was $13,376 and $1,391 for the nine months ended September 30, 2020 and 2019, respectively. The future minimum payments are $Nil for the remainder of the year ending December 31, 2020. .

2) As per the March 2015 Memogain Technology License Agreement with NLS, the Company is committed to cumulative total payments to GalatosPharma GmbH of €10,000,000, the cumulative total may be increased to €15,000,000 subject to certain provisions, which is to be paid as follows (collectively the “Galantos Royalty Payments”):
   - 3% of the net sales revenue received by the Company from the sale of any products relating to the Alpha 1062 Technology;
   - 10% of any sublicensing revenue; and
   - 25% of an upfront payment or milestone payment paid by a sub-licensee to the Company.

   Additionally, upon completion of the Galantos Royalty Payments, the Company owes a royalty payment to NLS of 1% of the revenue received from the Alpha 1062 Technology by the Company over $100 million per annum.

3) In January 2016, the Company assumed NLS’s obligations under a Royalty Agreement with Galantos Consulting dated August 31, 2013 which consisted of cumulative total payments to Galantos Consulting of €2,000,000, the cumulative total may be increased to €3,000,000 subject to certain provisions, which is to be paid as follows:
   - 1% of the net sales revenue received by the Company from the sale of any products relating to the Memogain Technology;
   - 2% of any sublicensing revenue; and
   - 2% of an upfront payment or milestone payment paid by a sub-licensee to the Company.

4) In November 2020, the Company entered into a license agreement with NLS for the world-wide exclusive right to the PGRN Technology. In accordance with the agreement, the Company is committed to paying the following:
    - $50,000 to NLS upon closing of the agreement;
    - a royalty of 1.5% of the commercial sales, capped at $2,000,000, to NLS;
    - 10% of any Upfront Payments, being revenue and is not tied to any research obligations, in excess of $2,000,000 to NLS.

    The total amount payable to NLS under this agreement shall not exceed $2,000,000

CONTINGENCIES

The Company did not have any contingencies as at September 30, 2020 or date of report.

TRANSACTIONS WITH RELATED PARTIES

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of its Board of Directors.

In September 2018, the Company signed a management agreement with CMI Cornerstone Management Corp. ("CMI"), a company controlled by Ken Cawkell, the CEO and director of the Company, which requires monthly payments of $15,000. In June 2019, the Company amended the agreement to increase the monthly fees to $18,000. Included in the agreement is a provision for a termination payment equal to the greater of (i) $432,000 less any fees previously paid under the agreement between June 1, 2019 and the date of termination or (ii) $54,000.

In September 2018, the Company signed a management agreement with 9177 – 586 Quebec Inc. ("9177 Quebec"), a company controlled by Denis Kay, the CSO of the Company, which requires monthly payments of $13,333 per month for an effective term of two years. In June 2019, the Company amended the agreement to increase the monthly fees to $15,000. Included in the agreement is a provision for a termination payment equal to the greater of (i) $360,000 less any fees previously paid under the agreement between June 1, 2019 and the date of termination or (ii) $45,000.

In September 2018, the Company signed management agreement with Clearway Global, LLC ("Clearway Global"), a company controlled by Fred Sancilio, the President of the Company's wholly owned subsidiary, ACI USA, which requires monthly payments of $10,000 per month for an effective term of two years. In June 2019, the Company amended the agreement to increase the monthly fees to $20,000. Included in the agreement is a provision for a termination payment equal to the greater of (i) $480,000 less any fees previously paid under the agreement between June 1, 2019 and the date of termination or (ii) $60,000.

In August 2020, the Company signed a management agreement with Seatrend Strategy Group, ("Seatrend"), a company controlled by Jeremy Wright, the CFO of the Company which requires monthly payments of $6,000. In October 2020, the Company amended the agreement to increase the monthly fees to $15,000. Included in the agreement is a provision for a termination payment of six's month's retainer.

During the nine months ended September 30, 2020, the Company entered into the following transactions with related parties:

a) Incurred management fees of $137,000 (September 30, 2019 - $146,999) and share-based compensation of $109,058 (September 30, 2019 - $600,691) to CMI. During the nine months ended September 30, 2019, CMI converted the principal portion of its debentures into 401,543 units of the Company with each unit consisting of one common share and one share purchase warrant with each warrant entitling the holder to acquire one common share of the Company for $0.40 up to August 30, 2024. The interest portion of the convertible debenture was converted into 13,846 common shares of the Company. In April 2020, CMI acquired convertible debentures of $20,000 of the Company. As at September 30, 2020, $nil (December 31, 2019 - $25,000) was included in accounts payable and accrued liabilities owing to CMI. Additionally, as at September 30, 2020 $19,779 (December 31, 2019 - $nil)) was included in convertible debentures for the principal and accrued interest.

b) Incurred management fees of $13,451 (September 30, 2019 - $nil) to Seatrend. As at September 30, 2020, $4,723 was included in accounts payable and accrued liabilities owing to Seatrend.

c) Incurred management fees included in research and development of $120,000 (September 30, 2019 - $126,666) and share-based compensation included in research and development of $116,528 (September 30, 2019 - $610,650) 9177 Quebec. In April 2020, 9177 Quebec acquired convertible debentures of $10,000 of the Company. As at September 30, 2020, $nil (December 31, 2019 - $14,940) was included in accounts payable and accrued liabilities owing to 9177 Quebec. Additionally, as at September 30, 2020, $9,899 (December 31, 2019 - $nil) was included in convertible debentures for the principal and interest.

d) Incurred management fees included in research and development of $210,000 (September 30, 2019 - $130,000) and share-based compensation included in research and development of $134,062 (September 30, 2019 - $628,723) to Clearway Global. In April 2020, Clearway Global acquired convertible debentures of $20,000 of the Company. As at September 30, 2020, $nil (December 31, 2019 - $40,000) was included in accounts payable and accrued liabilities owing to Clearway Global. Additionally, as at September 30, 2020, $19,779 (December 31, 2019 - $nil) was included in convertible debentures for the principal and interest

e) Incurred share-based compensation of $nil (September 30, 2019 - $252,618) to Mertz Holdings, a company controlled by Len Mertz, a director of the Company. During the nine months ended September 30, 2019, Mertz Holdings and Mertz Trust converted the principal portion of their debentures into 450,000 and 625,000 units of the Company, respectively, with each unit consisting of one common share and one share purchase warrant with each warrant entitling the holder to acquire one common share of the Company for $0.40 up to August 30, 2024. The interest portion of the debentures was converted into 15,517 and 21,552 common shares of the Company to Mertz Holdings and Mertz Trust, respectively. In April 2020, Mertz Holdings acquired convertible debentures of $1,000,000 of the Company. As at September 30, 2020, the principal and accrued interest portions of $989,944 (December 31, 2019 - $nil)) was included in convertible debentures for Mertz Holdings and Mertz Trust, respectively.

f) Incurred share-based compensation of $nil (September 30, 2019 - $126,310) to Hyman Place, LLP ("Hyman Place"), a company controlled by John Havens, a director of the Company. During the nine months ended September 30, 2019, Hyman Place converted the principal portion of their debentures into 2,500,000 units of the Company with each unit consisting of one common share and one share purchase warrant with each warrant entitling the holder to acquire one common share of the Company for $0.40 up to August 30, 2024. The interest portion of the debenture was converted into 86,207 common shares of the Company. In April 2020, Hyman Place acquired convertible debentures of $737,701 of the Company. As at September 30, 2020, $730,283 (December 31, 2019 - $nil)) was included in convertible debentures for the principal and accrued interest.

g) During the nine months ended September 30, 2020, the Company paid $242 (September 30, 2019 - $887) in legal fees and $27,000 (September 30, 2019 – $27,000) in office and general expenses to Cawkell Brodie LLP, a law firm where Mr. Cawkell is a managing partner. As of September 30, 2020, $nil (December 31, 2019- $909) was included in accounts payable and accrued liabilities owing to Cawkell Brodie LLP.

h) During the nine months ended September 30, 2020, the Company paid $9,000 (September 30, 2019 – $13,500) in office and general expenses to NLS, a company related by common shareholders. As at September 30, 2020, $6,176 (December 31, 2019 - $3,528) was included in accounts payable and accrued liabilities owing to NLS and $1,211,463 was owed for a promissory note.

Summary of key management personnel compensation:

	For the nine months ended September 30,	
	2020	**2019**
	$	$
Office and general	36,000	40,500
Management fees	150,451	146,999
Professional fees	242	887
Research and development - management fees	330,000	256,666
Share-based compensation	359,648	2,218,992
	876,341	**2,664,044**

These expenditures were measured by amounts agreed upon by the transacting parties.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Unobservable inputs that are supported by little or no market activity, therefore requiring an entity to develop its own assumptions about the assumption that market participants would use in pricing.

The Company's financial instruments consist of cash, related party receivable, accounts payable, related parties payable, convertible debentures, derivative liability, and promissory note. The fair values of related party receivables, accounts payable, related parties payable, and promissory note approximates their carrying values. Cash is measured at fair value on a recurring basis using level 1 inputs. Derivative liability is measured on a recurring basis using level 3 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, and liquidity risk.

a) Currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's operations are carried out in Canada and the United States. As at September 30, 2020, the Company had net assets totaling CAD$14,181 and net liabilities totalling €4,250. These factors expose the Company to foreign currency exchange rate risk, which could have an adverse effect on the profitability of the Company. A 10% change in the exchange rate with the Canadian dollar would change net loss and comprehensive loss by approximately $1,000 and 10% change in the exchange rate with the Euro would change net loss and comprehensive loss by approximately $500. At this time, the Company currently does not have plans to enter into foreign currency future contracts to mitigate this risk, however it may do so in the future.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's cash is held by a large Canadian financial institution and a United States of America based financial institution. The Company maintains certain cash deposits with Schedule I financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk. The Company's maximum credit risk is equal to the carrying value of cash at September 30, 2020 and December 31, 2019.

c) Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. As at September 30, 2020, the promissory note bears interest 2% per annum and is due in two years. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

d) Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. As at September 30, 2020, the Company had a cash balance of $3,754,129 to settle current financial liabilities of $94,615.

OTHER RISKS AND UNCERTAINTIES

The business and operations of the Company are subject to numerous risks, many of which are beyond the Company's control. The Company considers the risks set out below to be some of the most significant to potential investors in the Company, but not all of the risks are associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Company is currently unaware or which it considers to be material in relation to the Company's business actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

Global Pandemics

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including ours. This outbreak could decrease spending, adversely affect demand for our product and harm our business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on our business or results of operations at this time.

Financing Risks

We have limited capital and we may require funds in excess of our existing cash resources to fund operating deficits, develop new products or services, establish and expand our marketing capabilities, and finance general and administrative activities. We do not currently generate sufficient cash from our businesses to fund our operations. We do not have any bank credit facility or other working capital credit line under which we may borrow funds for working capital or other general corporate purposes. If we do not have, or are not able to obtain, sufficient funds, we may have to delay strategic opportunities, investments, or projects. If we are unable to raise adequate funds, we may have to delay or reduce the scope of, or eliminate some or all of our current research and development. Any of these actions could have a material adverse effect on our business, results of operations or financial condition.

History of Operating Losses and Negative Cash Flow from Operating Activities

The Company has reported negative cash flow from operating activities since inception and expects to experience negative operating cash flows for the foreseeable future. The operating losses will continue as significant costs will incur to the clinical development of Alpha-1062 and development of the PGRN Technology. Until the approval from the FDA and other regulatory authorities for the sale of Alpha-1062, the Company’s working capital requirements are dependent on the Company’s ability to raise capital by future issuances of common shares, debt instruments or other securities convertible into common shares.

Research and Development Risk

The Company’s organic growth and long-term success is dependent in part on its ability to successfully develop products and it will likely incur significant research and development expenditures to do so. The Company cannot be certain that any investment in research and development will yield technically feasible or commercially viable products. Furthermore, its ability to discover and develop products will depend on its ability to:

- retain key scientists as employees or partners;
- develop products internally and assist its partners with development;
- successfully complete laboratory testing and clinical trials on humans;
- obtain and maintain necessary intellectual property rights to the Company’s products;
- obtain and maintain necessary U.S. and other regulatory approvals for its products;
- collaborate with third parties to assist in the development of its products; and
- enter into arrangements with third parties to co-develop, license, and commercialize its products.

The Company may not be successful in developing drug and medical device products. Failure to introduce and advance and advance new and current products could materially and adversely affect the Company’s operations and financial condition.

Clinical Development Risks

The Company must demonstrate the safety and efficacy of their products through extensive clinical testing. The Company's drug research and development programs are at an early stage of development. Numerous unforeseen events during, or as a result of, the testing process could delay or prevent commercialization of any products the Company develops, including the following:

- the results of early clinical studies may be inconclusive, may demonstrate potentially unsafe drug characteristics, or may not be indicative of results that will be obtained in later human clinical trials;
- the safety and efficacy results attained in the early clinical studies may not be indicative of results that are obtained in later clinical trials;
- after reviewing early clinical study results, the Company or its partners or collaborators may abandon projects that were previously thought to be promising.

Clinical studies are very expensive, can run into unexpected difficulties and the outcomes are uncertain. The final data collected from this study (or any other studies the Company conducts) may not be sufficient to support the regulatory approval of additional human testing of such product(s). Clinical studies of the Company's products may not be completed on schedule or on budget. The Company's failure to complete any of its clinical studies on schedule or on budget, or its failure to adequately demonstrate the safety and efficacy of any of the products it develops, could delay or prevent regulatory approval of such products, which could adversely affect the Company's business, financial condition, and results of operations.

Retention of Skilled Management

Our success depends to a significant extent on our ability to identify, hire, and retain qualified creative, technical and managerial personnel in a competitive job market. We expect competition for personnel with the specialized creative and technical skills needed to create our products and provide our services will continue to intensify in future. Our competitors may be able to offer a work environment with higher compensation or more opportunities to work with cutting-edge technology than we can. If we are unable to retain our key personnel or appropriately match skill sets with our needs, we would be required to expend significant time and financial resources to identify and hire new qualified personnel and to transfer significant internal historical knowledge, which might significantly delay or prevent the achievement of our business objectives.

Intellectual Property

Patents issued or licensed to the Company and trademarks registered or licensed to the Company may be infringed upon by the products or processes of others.We hold a number of trademarks and copyrights relating to certain significant products. We rely on patent laws and contractual provisions to protect these patents, and there can be no assurance that third parties will not infringe or misappropriate our patents. The monitoring and enforcement against the unauthorized use of our intellectual property rights could entail significant expenses and could prove difficult or impossible. As well, the laws of other countries in which we may choose to market our products may afford little or no effective protection of our intellectual property. If we lose some or all of our intellectual property rights, our business may be materially adversely affected.

Dilution to Current Shareholders

In order to finance our operations, we have raised funds through the issuance of common shares and securities convertible into common shares and may do so again in future. We cannot predict the size of future issuances of common shares or the size or terms of future issuances of debt instruments or other securities convertible into common shares, or the effect, if any, that future issuances and sales of our securities will have on the market price of our common shares. Sales or issuances of substantial numbers of common shares, or the perception that such sales could occur, may adversely affect the market price of our common shares. With any additional sale or issuance of common shares, or securities convertible into common shares, our investors will suffer dilution to their voting power.

ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

A number of amendments to standards and interpretations applicable to the Company are not yet effective for the nine months ended September 30, 2020 and have not been applied in preparing these consolidated financial statements nor does the Company expect these amendments to have a significant effect on its consolidated financial statements.

DISCLOSURE OF CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The CFO, together with other members of management, have designed the Company's disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would be known to them, and by others, within those entities.

Management has also designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with IFRS. Management has assessed the effectiveness of the Company's internal control over financial reporting as of the nine months ended September 30, 2020.

While the officers of the Company have designed the Company's disclosure controls and procedures and internal controls over financial reporting, they expect that these controls and procedures may not prevent all errors and fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute assurance that the objectives of the control system are met.

DISCLOSURE DATA FOR OUTSTANDING COMMON SHARES, OPTIONS, AND WARRANTS

The Company is authorized to issue the following share capital:

- Unlimited common voting shares without par value ("Common share")
- Unlimited Class B common non-voting shares without par value ("Class B common share"), with each full Class B common share being convertible into one Common share upon either of the following events:
    - the completion of an IPO
    - an offer to purchase all the Common shares of the Company accepted by the Company
    - the holders of Common shares, holding in the aggregate no less than 51% of the issued Common shares, or the directors of the Company elect to convert the Class B common shares
- Unlimited Class C preferred shares without par value ("Class C preferred shares") which includes:
    - 15,000,000 Series A preferred voting shares without par value with each full Series A preferred share being convertible into one Common share at the option of the holder

Below is a summary of the common shares issued, stock options, and share purchase warrants as at September 30, 2020 and the date of this report:

	September 30, 2020	Date of this Report
Common shares	42,996,524	42,996,524
Preferred shares	7,916,380	7,916,380
Share options – common shares	10,069,365	10,069,365
Warrants	9,201,783	9,201,783

Share Options

The Company has issued incentive options to certain directors, officers, and consultants of the Company. As of the date of this report, the following share options are outstanding and exercisable:

Options Outstanding	Options Exercisable	Exercise Price	Expiry Date
		$	
900,000	900,000	0.001	February 1, 2026
691,057	691,057	0.01	December 31, 2027
4,600,000	3,040,000	0.01	September 1, 2028
39,154	39,154	0.40	June 1, 2029
3,800,000	1,255,000	0.01	June 1, 2029
39,154	39,154	0.40	July 22, 2030
10,069,365	5,964,365		

Warrants

A summary of the share purchase warrants outstanding as at the date of this report is as follows:

Warrants Outstanding	Exercise Price	Expiry Date
	$	
440,000	0.40	July 5, 2023
8,761,783	0.40	August 30, 2024
9,201,783		

OTHER MD&A REQUIREMENTS

Additional information relating to the Company may be found in:

- the Company's audited consolidated financial statements for the years ended December 31, 2019, 2018, and 2017; and
- the Company's unaudited consolidated financial statements for the three and nine months ended September 30, 2020 and 2019.

This MD&A was approved by the Board of Directors of Alpha Cognition Inc. effective January 26, 2021.

ALPHA COGNITION INC.

Management's Discussion and Analysis
For the years ended December 31, 2019, 2018 and 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of Alpha Cognition Inc. ("ACI" or the "Company"), provides analysis of the Company's financial results for the years ended December 31, 2019. The following information should be read in conjunction with the accompanying audited consolidated financial statements and accompanying notes for the years ended December 31, 2019, 2018, and 2017 ("Annual Financial Statements") which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Board of Directors of the Company have approved the information and disclosures contained in this MD&A. All figures are in United States dollars unless otherwise noted.

FORWARD-LOOKING STATEMENTS

The Company's Annual Financial Statements and this accompanying MD&A contain statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102. Continuous Disclosure Obligations of the Canadian Securities Administrators.

It is important to note that, unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of January 26, 2021.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, "forward-looking statements". These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words "believes", "expects", "anticipates", "estimates", "intends", "plans", "forecasts", or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve certain risks, uncertainties and assumptions. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether written or oral that may be made by or on the Company's behalf, except as may be required by applicable law.

COMPANY DESCRIPTION

ACI is a biopharmaceutical company headquartered in Vancouver, BC, focused on developing therapies for the treatment of neurodegeneration. The Company has a wholly owned subsidiary, Alpha Cognition USA Inc. ("ACI USA") based out of West Palm Beach, Florida. The Company's lead product candidate is Alpha-1062, a new patented drug developed for the treatment of Alzheimer's Disease. Alpha-1062 is a next generation Alzheimer's treatment offering alternative routes of administration. The Company is also developing Alpha-602, progranulin, a protein that has a potent ability to protect neurons that are under stress. Alpha-602 is a specific form of progranulin for the treatment of amyotrophic lateral sclerosis ("ALS").

On October 27, 2020, the Company entered into an arrangement agreement with Crystal Bridge Enterprises Inc. ("Crystal Bridge" or "CPC") whereby Crystal Bridge will acquire all of the issued and outstanding securities of ACI. Refer to the Section Proposed Transaction.

Alpha-1062

Alpha-1062 is a patented new chemical entity. When ingested, it is enzymatically converted to a US FDA approved drug marketed by Johnson & Johnson as Razadyne in North America, and Reminyl in Europe and elsewhere. Once converted, the active pharmaceutical ingredient of the Johnson & Johnson product called galantamine hydrobromide and Alpha-1062 are identical. However, prior to conversion and during the ingestion process, Alpha-1062 has demonstrated a significantly reduced side effect profile allowing dosing at efficacious levels that may not be achieved by its Johnson & Johnson counterpart. Drugs that convert from an inert form to an active substance in-situ are referred to as “pro-drugs”. At the time the Company licensed the Alpha-1062 technology, only a nasal formulation had been developed.

The Company’s Alpha-1062 development plan has two primary goals:

- Clinical Development: Demonstrate to the satisfaction of regulatory bodies that Alpha-1062 formulations have a significantly reduced side effect profile.
- Regulatory Development: Demonstrate that a shortened section 505(b)(2) regulatory path is available to commercialization, utilizing a single short term Pivotal Study.

Alpha-1062 Clinical Development

The initial nasal formulation of Alpha-1062 was used to conduct Phase I human toxicology studies, initially by NLS, and subsequently, on completion of the Alpha-1062 Agreement, by the Company. The Phase I human toxicology studies included a single ascending dose trial (“SAD Study”) followed by a multiple ascending dose (“MAD Study”) trial. These Phase I studies are designed to determine the safety of the drug, which was administered to healthy patients at increasing doses of Alpha-1062, initially one time in the SAD Study, and subsequently multiple times over a seven-day period in the MAD Study. These studies convincingly demonstrated the Alpha-1062 prodrug formulation had reduced gastrointestinal side effects (nausea, diarrhea, vomiting) by more than 90% as compared to one of the existing treatments, Razadyne.

The Company planned and initiated a series of Pilot Studies in the third quarter of 2020 for the following delivery methods:

(1) Nasal Spray: Formulations developed for the nasal spray included the selection of the optimal device for nasal delivery. For a nasal spray, the drug and device are independently evaluated by the FDA, and both must meet the FDA’s criteria as a combination drug/device for approval. The Pilot Study will establish the exact spray pattern and dose.

(2) Sublingual tablet: Data recently collected indicated that Alpha-1062 was well absorbed under the tongue at levels similar to those reported for the reference listed drug, Razadyne. This preliminary data set clearly indicates that an oral dosage is possible and with minimal adjustment of the formulation, can meet clinical trial requirements for approval by the FDA.

(3) Enteric coated tablet: Data for the enteric coated product, a tablet that is swallowed, when analyzed, will be used to adjust the final dosage to release the prodrug in the small intestine over a period of five to 10 hours. This could allow a product to be taken once-a-day.

Based on the Pilot Study clinical evidence, the Company will select the optimal formulation and delivery mechanism to submit for approval to the FDA. This decision will be taken once the Pilot Study has been completed and the data is reviewed, and a market analysis is completed. At present, the lead product candidates are the sublingual and enteric formulations.

Alpha-1062 Summary of Regulatory and Commercial Development

The following is a summary of regulatory steps the Company has planned over the next 24 months:

(1) *Pilot Study*: Completed in the fourth quarter of 2020 with the final report expected Q1-2021. The study is designed to confirm dosage and format for the Pivotal trial. As designed, it consists of four arms: (a) sublingual tablet, (b) enteric coated tablet, (c) nasal spray, and (d) comparator reference drug, Razadyne. Each arm of the Pilot Study will consist of 10 subjects who will be administered the respective dose of Alpha-1062 and will have blood samples drawn at fixed time intervals. These blood samples will be analyzed to assess blood plasma concentrations of Alpha-1062 over time. The validated results will be plotted on a graph showing the initial blood concentrations, which will decline over time. The graph of that particular Alpha-1062 formulation will be compared with the graph of Razadyne, and if required, the Alpha-1062 dose will be adjusted for equivalence within 20% variance. The Pilot Study will also allow the Company to determine how many subjects will be required to achieve statistical significance in the Pivotal Study.

(2) *Pivotal Study*: Targeted for completion in the second half of 2021. Building on the Pilot Study, the FDA has stated that Alpha-1062 could be approved if the Company completes a single bioavailability/bioequivalence (BABE) clinical trial to confirm that Alpha-1062 is similar to the approved reference listed drug (RLD), Razadyne. The Pivotal Study will be a repeat of the Pilot Study but with more subjects to allow the results to achieve statistical significance. Side effects will also be measured and compared with the RLD.

(3) *New Drug Application Submission*: Targeted for the first half of 2022. Following completion of the Pivotal Study, the Company will submit a New Drug Application package for approval to the FDA. The FDA review and approval could be completed within 10 to 12 months following submission.

(4) *Label Study*: Targeted for 2022. Following the NDA submission, the Company intends to complete a clinical study demonstrating Alpha 1062's reduced side effect profile as compared to existing treatments. The data generated from a successful study could be included in the product information insert, which could facilitate a reduction or elimination of the need for the traditional up-titration period. Thus, allowing a patient to achieve an efficacious dose more quickly with significantly reduced side effects.

(5) *Commercialization Strategy*: Targeted for the second half of 2021 and continuing thereafter, in parallel with the Company's regulatory activities, the Company will take steps to develop a commercialization team to manage and monitor product manufacturing and distribution. The Company intends to identify distribution partners who have sales teams focused on pharmaceutical products and therapies for the central nervous system and neuro degenerative diseases, and who will be licensed to market and sell the Company's products, starting with Alpha-1062. The Company will initially focus on distribution partners in smaller markets which could consist of one or more countries. As Alpha-1062 nears FDA regulatory approval, the Target Company will approach potential distribution partners for major territories, usually identified as Europe, North America, Japan and China. The Company's preference would be to find a single co-marketing partner to coordinate sales in the major markets. However, in order to reduce risk, the Target Company intends to develop an in-house sales and marketing capability for the United States, and in the event a suitable co-marketing partner is not found, the Target Company will be positioned to launch the product itself.

Alpha-602

The Alpha-602 product originated almost a decade ago when it was discovered by two professors at McGill University in Montreal that a protein called progranulin seemed to show activity for several neurological disorders. Progranulin is a large protein that was found to be present in virtually all living animals and seemed to be used by the body for multiple tasks. Upon further investigation, scientists discovered that the large molecule was made of smaller polypeptides or subunits, referred to as Granulin Epithelin Modules ("GEMs"). The Company's Alpha-602 development program is at a relatively early stage, and operations are currently focused on Alpha-1062.

Current treatments for ALS are relatively new from an approval perspective and appear to have limited effectiveness. It is the Company's view that all current approved treatments are considered to be extremely expensive and not well received by patients, payers (insurance companies) or caregivers.

Alpha-602 Pre-Clinical Development

To investigate Alpha-602's potential as the intact molecule, ACI designed a program that would stimulate the overproduction of the protein in animals with specific neurological disorders. Initial work with animal models of ALS were completed in 2013 and indicated that progranulin did in fact reverse the disease process. However, an approach using methods of upregulating the protein would require significant investment and ultimately the use of gene therapy. As a result, ACI began to investigate an alternative route to development.

Alpha-602 Regulatory Development

Once a GEM formulation has been identified and validated in pre-clinical testing in relevant animal models, the pre-IND document package would be prepared by the Company for FDA submission. At this point in the Alpha-602 development program the focus would be on a GEM formulation to treat ALS. In March 2019, Alpha-602 received Orphan Drug Designation by the FDA for the use of Alpha-602 in the treatment of ALS. The Orphan Drug Designation has a number of significant benefits including:

(1) tax credits of 50% off the clinical drug testing cost awarded upon approval;

(2) eligibility for market exclusivity for seven years post approval; and

(3) waiver of New Drug Application and biologics license application fees, which would be approximately US$2,200,000.

Current Year Summary

In March 2019, the Company granted 760,846 common share options to certain directors of the Company with an exercise price of $0.01 per share and a term of ten years.

In June 2019, the Company granted 39,154 common share options to a consultant of the Company with an exercise price of $0.40 per share for a term of ten years.

In June 2019, the Company granted 3,800,000 common share options to a certain officers and directors of the Company with an exercise price of $0.01 per share for a term of ten years.

In July 2019, the Company granted 400,000 common share options to certain consultants of the Company with an exercise price of $0.01 per share with a term of ten years.

In August 2019, the Company issued 8,761,783 units on the conversion of the $3,000,000 principal portion of the convertible debentures. Each unit compromised of one common share and one warrant with each warrant entitling the holder to acquire one common share of the Company for $0.40 up to August 30, 2024. An additional 302,130 common shares were issued on the accrued interest portion of the convertible debentures.

Financings

In February 2017, the Company issued 400,000 Class B common shares at a price of $0.001 per share for total proceeds of $400 for the exercise of Class B common share options.

In February 2017, the Company a private placement and issued 440,000 common shares at a price of $0.50 per share for total proceeds of $220,000.

During the year ended December 31, 2017, the Company received four separate non-interest bearing demand loans from four members of management totaling $250,000.

In July and August 2018, the Company closed its private placement offering of convertible debentures raising a total of $3,000,000. Each debenture will mature 18 months from closing, bears interest at 10% per annum, with minimum six months interest guaranteed. The convertible debenture and any accrued interest can be converted into units, with each unit consisting of one common share and one warrant at a price equal to the lower of 20% discount to the per share price of a Funding Transaction, being a reverse merger or Initial Public Offering of the Company, or $2.00. Each warrant will have an exercise price equal to the lower of 20% discount to the per share of a Funding transaction or $2.00 and a term of five years.

In July 2018, the Company issued convertible debentures of $504,713 in debt settlements to consultants and management of the Company. These convertible debentures have the same term and conditions as the debentures issued in the private placement mentioned above.

In March 2019, the Company issued 600,000 common shares valued at $300,000 to settle debt with a related company.

In August 2019, the Company issued 8,761,783 units on the conversion of the $3,000,000 principal portion of the convertible debentures. Each unit compromised of one common share and one warrant with each warrant entitling the holder to acquire one common share of the Company for $0.40 up to August 30, 2024. An additional 302,130 common shares were issued on the accrued interest portion of the convertible debentures.

In August 2019, the Company closed a private placement and issued 5,172,413 common shares at a price of $1.16 per share for total proceeds of $6,000,005.

In August 2019, the Company issued 1,160,846 common shares at a price of $0.01 per share for total proceeds of $11,608 for the exercise of common share options.

In August 2019, the Company issued 500,000 Class B common shares at a price of $0.001 per share for total proceeds of $500 for the exercise of Class B common share options.

In December 2019, the Company issued 800,000 Class B common shares at a price of $0.001 per share for total proceeds of $800 for the exercise of Class B common share options.

Subsequent Events

On April 27, 2020, the Company received $2,000,000 from various lenders for the issuance of convertible debentures (“First Note”) bearing interest at 5% per annum, minimum six months interest guaranteed, and expiring on October 27, 2021, and one warrant giving the lender the right to purchase a second convertible promissory note (“Second note”) having the same terms as the First Note, upon payment equal to the principal amount of the First Note and expiring October 30, 2020. The promissory note and any accrued interest shall be automatically converted into Common shares of the Company with the completion of a Value Transaction, being any transaction which has the effect directly or indirectly of valuing the Company, its assets or undertaking including but not limited to a merger or acquisition, a private placement of the Company, issuance of convertible debentures, an initial public offering, a reverse take-over or merger, or a valuation report completed by an independent banker or certified business valuator, for a price at a 20% discount to the lower of the per share price of a Value Transaction or $1.60. If the Company fails to complete the Value Transaction, the convertible debentures will be converted into Common shares at $1.28 per share.

In June 2020, the Company’s directors elected to convert all outstanding Class B Common shares to Common shares and all Class B Common share options to Common share options on the same terms and conditions as originally issued on a 1:1 basis. The Class B Common shares option plan was cancelled.

In July 2020, the Company granted 39,154 Common share options with an exercise price of $0.40 for a term of 10 years to a consultant of the Company.

In November 2020, the Company offered the holders of the First Note Warrants, issued with the convertible dentures in April 2020, the option to purchase Transaction Units at a 20% discount through the exercising of their warrants, conditional on the closing of the Transaction. If the Transaction is terminated or does not complete by December 31, 2020 or such later date as agreed to by ACI and Crystal Bridge, the holders will receive the Second Note. The Company received $2,000,000 for the exercise of the First Note Warrants of which $59,319 was received for a Second Note and $1,940,681 was received for the elected Transaction Units.

In November 2020, the Company entered into a license agreement with Neurodyn Life Sciences Inc. ("NLS") for the world-wide exclusive right to the PGRN Technology. In accordance with the agreement, the Company will pay the following:

- $50,000 to NLS upon closing of the agreement;
- a royalty of 1.5% of the commercial sales, capped at $2,000,000, to NLS; and
- 10% of any Upfront Payments, being revenue and is not tied to any research obligations, in excess of $2,000,000 to NLS.

The total amount payable to NLS under this agreement shall not exceed $2,000,000.

In December 2020, the Company completed a brokered private placement offering in relation to the proposed transaction with Crystal Bridge described below and raised $3,337,963.

PROPOSED TRANSACTION

On October 27, 2020, the Company entered into an Arrangement Agreement with Crystal Bridge whereby Crystal Bridge would acquire 100% of the shares of the Company by issuing to the shareholders of the Company common shares of Crystal Bridge ("CPC Share") at a deemed price of CAD$1.60 per common share for every one ACI share held by each ACI shareholder (the "Transaction"). Certain US resident ACI shareholders have agreed to receive a restricted voting share (a "Restricted Voting Share") in place of a CPC Share for up to a total of 1,000,000 Restricted Voting Shares. A Restricted Voting Share is equivalent to a CPC Share except that it will not be counted in a shareholder vote for the election of directors. In addition, holders of Class C Preferred shares of ACI will receive one Class B Preferred Share of the CPC ("Class B Preferred Shares") for each Class C Preferred share of ACI ("Class C Preferred Shares") held by such shareholder. The outstanding options and warrants of the Company will become convertible into shares of Crystal Bridge. The Transaction constitutes a reverse acquisition of Crystal Bridge.

Closing of the Transaction is subject to a number of conditions, including: (i) TSX Venture Exchange approval of the Transaction; (ii) completion of the Private Placement (as defined below); (iii) ACI shareholder approval; (iv) court approval of the Transaction pursuant to the Arrangement Agreement; (v) Crystal Bridge shareholder approval of the creation of the Class B Preferred Share and Restricted Voting Share; and (vi) certain other customary conditions.

Concurrent to the Transaction, ACI will complete a brokered private placement offering of up to 8,125,000 units at a price of CAD$1.60 per unit ("Transaction Units") for total gross proceeds of up to CAD$13,000,000 with each unit consisting of one share and one-half warrant ("Private Placement"). Each whole warrant is exercisable at a price of CAD$2.10 per warrant for a term of 24 months from the closing date. The Private Placement agents will be granted an option, exercisable, in whole or in part, on the day prior to the closing of the Private Placement, to arrange for the sale of up to an additional 15% of the number of Private Placement units. Upon closing of the Transaction, each Private Placement unit will automatically be converted into units of Crystal Bridge. Should the Transaction not close, the funds received from the Private Placement plus interest will be returned to the subscribers. In connection with Private Placement, the Company has agreed to pay a cash commission of 7% of the gross proceeds raised and issue agents options equal to 7% of the number of units issued under the Private Placement to the agents.

CRITICAL JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the valuation of convertible debentures, the valuation of investments in films and intangible assets including goodwill, the valuation of investments in equity instruments, the valuation of share-based compensation and other equity based payments and derivative liability, and the valuation of expected credit loss..

Significant judgements includes the determination of functional currency, assessments over level of control or influence over companies, and the recoverability and measurement of deferred tax assets.

Critical judgment exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is as follows:

<u>Functional currency</u>
Management is required to assess the functional currency of each entity of the Company. In concluding on the functional currencies of the parent and its subsidiary, management considered the currency that mainly influences the sale prices of goods and services and the cost of providing goods and services in each jurisdiction in which the Company operates. When no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

<u>Income taxes</u>
In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

<u>Going concern</u>
The assessment of the Company’s ability to continue as a going concern involves management judgement about the Company’s resources and future prospects.

<u>Impairment of intangible assets</u>
The application of the Company’s accounting policy for intangible assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

Information about assumptions and estimation uncertainties that have a risk of resulting in significant adjustments are as follows:

<u>Share-based payment transactions and valuation of derivative liability</u>
The Company uses the Black-Scholes Option Pricing Model to determine the fair value of stock options, standalone share purchase warrants issued and derivative liability. This model requires the input of subjective assumptions including expected share price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company’s earnings (loss) and equity reserves.

Useful lives of intangible assets
The Company records intangible assets acquired at their fair value. Determining fair value requires management to use estimates that could be material. Following initial recognition, the Company carries the value of intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on a 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 technical obsolescence or legal and other limits to use.

SELECTED ANNUAL INFORMATION

The following financial data is derived from the Company's audited consolidated financial statements for the years ended December 31, 2019, 2018, and 2017.

	Year ended December 31,		
	2019	**2018 (Unaudited)**	**2017 (Unaudited)**
Operating expenses	(6,333,780)	(2,077,197)	(1,143,315)
Other income (expenses)	(272,747)	(952,519)	(142,908)
Loss and comprehensive loss	(6,606,527)	(3,029,716)	(1,286,223)
Basic and diluted loss per common share	(0.21)	(0.12)	(0.06)
Working capital (deficiency)	5,267,177	1,479,095	(1,301,692)
Total assets	6,395,987	3,056,443	998,490
Total long-term liabilities	831,062	6,051,841	740,089

RESULTS OF OPERATIONS – Fiscal Year Ended December 31, 2019

During the year ended December 31, 2019, the Company's primary focus was securing financing for the development of Alpha-1062.

For the year ended December 31, 2019, operating expenses increased by $4,256,583 from $2,077,197 in the year ended December 31, 2018 to $6,333,780 in the year ended December 31, 2019 primarily as a result of:

Operating Expense	Increase / Decrease in Expenses	Explanation for Change
Accretion expense	Increase of $397,109	Increased due to the conversion of the convertible debentures prior to their expiry date.
Management fees	Increase of $135,999	Increased due to additional management being hired at the end of fiscal 2018.
Professional fees	Increase of $51,190	Increased due to an increase in legal fees relating to the US subsidiary and an increase in accounting fees due to an increase in corporate activity.
Research and development	Increase of $2,812,465	Increased due to the Company investing more resources into the development of Alpha-1062.
Share-based compensation	Increase of $797,903	Increased due to more options being granted in the current year and recognition of performance options.

The following also occurred during the year ended December 31, 2019 as compared to the year ended December 31, 2018:

- The Company recorded an increase in the foreign exchange gain of $126,557 due to differences in the period end spot rate as compared to the daily and average transactional rates for the Canadian dollar, the United States dollar, and the Euro.
- The Company recorded a decrease in loss on revaluation of derivative liability of $770,742 due to the derivative liability being eliminated on the conversion of the convertible debentures into common shares and warrants of the Company in July 2019.

RESULTS OF OPERATIONS – Fiscal Year Ended December 31, 2018

During the year ended December 31, 2018, the Company's primary focus was to hire management and consultants with the skills to develop Alpha-1062.

For the year ended December 31, 2018, operating expenses increased by $933,882 from $1,143,315 in the year ended December 31, 2017 to $2,077,197 in the year ended December 31, 2018 primarily as a result of:

Operating Expense	Increase / Decrease in Expenses	Explanation for Change
Accretion expense	Increase of $486,845	Increased due to the issuance of convertible debentures in July 2018.
Interest	Increase of $166,268	Increased due to the issuance of interest bearing convertible debentures in July 2018.
Management fees	Increase of $90,000	Increased as the Company commenced paying management during the year.
Research and development	Increase of $499,171	Increased due to increased activity into the development of Alpha-1062.
Share-based compensation	Decrease of $369,826	Decreased due to fewer stock options being granted in the current year.

The following also occurred during the year ended December 31, 2018 as compared to the year ended December 31, 2017:

- The Company recorded a decrease in the foreign exchange gain of $265,630 due to differences in the period end spot rate as compared to the daily and average transactional rates for the Canadian dollar, the United States dollar, and the Euro.
- The Company recorded an increase in loss of revaluation of derivative liability of $1,075,241 due to the issuance of convertible debentures in the current year.

RESULTS OF OPERATIONS – Fiscal Year Ended December 31, 2017

During the year ended December 31, 2017, the Company's primary focus was to establish the Company after acquiring the license for Alpha-1062.

For the year ended December 31, 2017, operating expenses decreased by $784,981 from $1,928,296 in the year ended December 31, 2016 to $1,143,315 in the year ended December 31, 2017 primarily as a result of:

Operating Expense	Increase / Decrease in Expenses	Explanation for Change
Research and development	Decrease of $1,362,534	Decreased due to Company's focus shifted to establish management to develop Alpha-1062.
Share-based compensation	Increase of $570,348	Increased due to more stock options being granted in the current year.

The following also occurred during the year ended December 31, 2017 as compared to the year ended December 31, 2016:

- The Company recorded an increase in the foreign exchange loss of $181,110 due to differences in the period end spot rate as compared to the daily and average transactional rates for the Canadian dollar, the United States dollar, and the Euro.

SUMMARY OF QUARTERLY RESULTS FOR THE LAST CONSECUTIVE EIGHT QUARTERS

The following table presents the unaudited summarized financial information for the last eight quarters:

	Q4 F2019	Q3 F2019	Q2 F2019	Q1 F2019
	$	$	$	$
Operating expenses	(1,558,574)	(2,232,102)	(1,132,815)	(1,410,289)
Other income (expenses)	26,318	(155,535)	(282,288)	138,759
Loss and comprehensive loss for the period	(1,532,256)	(2,387,637)	(1,415,103)	(1,271,530)
Loss per share	(0.04)	(0.08)	(0.05)	(0.07)
Weighted average shares	42,105,220	31,728,803	26,199,352	25,799,352

	Q4 F2018	Q3 F2018	Q2 F2018	Q1 F2018
	$	$	$	$
Operating and other expenses	(902,330)	(822,335)	(142,184)	(210,348)
Other income (expenses)	(950,389)	(990)	(1,485)	345
Loss and comprehensive loss for the period	(1,852,719)	(823,325)	(143,669)	(210,003)
Loss per share	(0.07)	(0.03)	(0.00)	(0.01)
Weighted average shares	25,599,352	25,599,352	25,599,352	25,599,352

RESULTS OF OPERATIONS – Quarter Ended December 31, 2019

During the three months ended December 31, 2019, the Company's primary focus was on developing Alpha-1062.

For the three months ended December 31, 2019, operating expenses increased by $656,402 from $902,175 in the three months ended December 31, 2018 to $1,558,577 in the three months ended December 31, 2019 primarily as a result of:

Operating Expense	Increase / Decrease in Expenses	Explanation for Change
Accretion expense	Decrease of $253,558	Decreased due to the conversion of convertible debentures into share capital in the Q3 2019.
Management fees	Increase of $56,500	Increased due to an increase in a management agreement in 2019 Q2.
Interest	Decrease of $89,106	Decreased due to the conversion of convertible debentures into share capital in the Q3 2019.
Research and development	Increase of $862,499	Increased due to the Company investing more resources into the development of Alpha-1062.
Share-based compensation	Increase of $62,669	Increased due to more options being issued during the current year that are graded vesting.

The following also occurred during the quarter ended December 31, 2019 as compared to the quarter ended December 31, 2018:

- The Company recorded a decrease in the foreign exchange gain of $123,767 due to differences in the period end spot rate as compared to the daily and average transactional rates for the Canadian dollar, the United States dollar, and the Euro.
- The Company recorded a decrease in loss on revaluation of derivative liability of $1,075,240 due to the derivative liability being eliminated on the conversion of the convertible debentures into common shares and warrants of the Company in July 2019.

The Company's cash decreased by $1,000,013 during the fourth quarter of fiscal 2019 mostly due to the Company's activity for the development of Alpha-1062.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2019, the Company has current assets of $5,587,807 and current liabilities of $320,630, which resulted in working capital of $5,267,177 (2018 - $1,479,095).

The Company does not have operating revenue to finance its existing obligations and therefore must continue to rely on external financing to generate capital to maintain its capacity to meet working capital requirements. The Company has relied on debt and equity raises to finance its operating activities since incorporation. The Company intends to continue to rely on debt and the issuance of shares to finance its operations. However, there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company.

The table below sets forth a summary of cash flow activity and should be read in conjunction with the Company's cash flow statements included in the Annual Financial Statements:

	Year ended December 31,		
	2019	**2018**	**2017**
	$	$	
Cash flows used in operating activities	(2,553,167)	(975,662)	(440,486)
Cash flows provided by financing activities	5,992,913	3,000,000	470,980
Increase in cash during the year	3,441,746	2,024,338	30,494
Cash, beginning of year	2,055,762	31,424	930
Cash, end of year	5,497,508	2,055,762	31,424

The cash flow used in operating activities increased by $1,577,505 to $2,553,167 for the year ended December 31, 2019 from $975,662 in the year ended December 31, 2018. The decline in cash flow from operating activities represents the effect on cash flows from net losses adjusted for items not affecting cash, principally: accrued interest expenses, amortization and accretion, share-based compensation expense, and changes in the value of derivatives, in addition to net changes in non-cash balances relating to operations.

Cash provided by financing activities for year ended December 31, 2019 improved by $2,992,913 compared to the December 31, 2018 year end. During the year ended December 31, 2019, the financing activities mostly increased because the Company closed its private placement of common shares by raising $6,000,005. The December 31, 2018 year end included raising $3,000,000 from the issuance of convertible debentures.

The cash flow used in operating activities increased by $535,176 to $975,662 for the year ended December 31, 2018 from $440,486 in the year ended December 31, 2017. The decline in cash flow from the operating activities represents the effect on cash flows from net losses adjusted for items not affecting cash, principally: accrued interest expenses, amortization and accretion, share-based compensation expense, and changes in the value of derivatives, in addition to net changes in non-cash balances relating to operations.

Cash provided by financing activities for year ended December 31, 2018 improved by $2,529,020 compared to the December 31, 2017 year end. During the year ended December 31, 2018, the financing activities increased because the Company raised $3,000,000 from the issuance of convertible debentures. The December 31, 2017 year end included $220,000 of shares issued and $250,000 of loan proceeds received.

OFF BALANCE SHEET ARRANGEMENTS

The Company did not have any off-balance sheet arrangements as at December 31, 2019, 2018, or 2017.

COMMITMENTS

1) As at December 31, 2019, the Company is committed to an office lease located in West Palm Beach, Florida commencing September 1, 2019 for a term of 1 year.

2) As per the March 2015 Memogain Technology License Agreement with NLS, the Company is committed to cumulative total payments to GalatosPharma GmbH of €10,000,000, the cumulative total may be increased to €15,000,000 subject to certain provisions, which is to be paid as follows (collectively the "Galantos Royalty Payments"):
    - 3% of the net sales revenue received by the Company from the sale of any products relating to the Alpha 1062 Technology;
    - 10% of any sublicensing revenue; and
    - 25% of an upfront payment or milestone payment paid by a sub-licensee to the Company.

    Additionally, upon completion of the Galantos Royalty Payments, the Company owes a royalty payment to NLS of 1% of the revenue received from the Alpha 1062 Technology by the Company over $100 million per annum.

3) In January 2016, the Company assumed NLS's obligations under a Royalty Agreement with Galantos Consulting dated August 31, 2013 which consisted of cumulative total payments to Galantos Consulting of €2,000,000, the cumulative total may be increased to €3,000,000 subject to certain provisions, which is to be paid as follows:
    - 1% of the net sales revenue received by the Company from the sale of any products relating to the Memogain Technology;
    - 2% of any sublicensing revenue; and
    - 2% of an upfront payment or milestone payment paid by a sub-licensee to the Company.

4) In November 2020, the Company entered into a license agreement with NLS for the world-wide exclusive right to the PGRN Technology. In accordance with the agreement, the Company is committed to paying the following:
    - $50,000 to NLS upon closing of the agreement;
    - a royalty of 1.5% of the commercial sales, capped at $2,000,000, to NLS;
    - a royalty of 1.5% of the commercial sales, capped at $2,000,000, to three individuals, one of which is a director of the Company; and
    - 10% of any Upfront Payments, being revenue and is not tied to any research obligations, in excess of $2,000,000 to NLS.

    The total amount payable to NLS under this agreement shall not exceed $2,000,000

CONTINGENCIES

The Company did not have any contingencies as at December 31, 2019, 2018 or 2017.

TRANSACTIONS WITH RELATED PARTIES

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of its Board of Directors.

In September 2018, the Company signed a management agreement with CMI Cornerstone Management Corp. ("CMI"), a company controlled by Ken Cawkell, the CEO and director of the Company, which requires monthly payments of $15,000. In June 2019, the Company amended the agreement to increase the monthly fees to $18,000. Included in the agreement is a provision for a termination payment equal to the greater of (i) $432,000 less any fees previously paid under the agreement between June 1, 2019 and the date of termination or (ii) $54,000.

In September 2018, the Company signed a management agreement with 9177 – 586 Quebec Inc. ("9177 Quebec"), a company controlled by Denis Kay, the CSO of the Company, which requires monthly payments of $13,333 per month for an effective term of two years. In June 2019, the Company amended the agreement to increase the monthly fees to $15,000. Included in the agreement is a provision for a termination payment equal to the greater of (i) $360,000 less any fees previously paid under the agreement between June 1, 2019 and the date of termination or (ii) $45,000.

In September 2018, the Company signed management agreement with Clearway Global, LLC ("Clearway Global"), a company controlled by Fred Sancilio, the President of the Company's wholly owned subsidiary, ACI USA, which requires monthly payments of $10,000 per month for an effective term of two years. In June 2019, the Company amended the agreement to increase the monthly fees to $20,000. Included in the agreement is a provision for a termination payment equal to the greater of (i) $480,000 less any fees previously paid under the agreement between June 1, 2019 and the date of termination or (ii) $60,000.

During the year ended December 31, 2019, the Company entered into the following transactions with related parties:

a) Incurred management fees of $225,999 (2018 - $90,000; 2017 - $nil) and share-based compensation of $706,042 (2018 - $56,910; 2017 - $344,102) to CMI. In July 2018, CMI settled a receivable of $160,617 through the receipt of a convertible debenture with the same terms and conditions as the debentures issued on July 5, 2018. In July 2019, CMI converted the principal portion of its debentures into 401,543 units of the Company with each unit consisting of one common share and one share purchase warrant with each warrant entitling the holder to acquire one common share of the Company for $0.40 up to August 30, 2024. The interest portion of the convertible debenture was converted into 13,846 common shares of the Company. As at December 31, 2019, $25,000 (2018 - $135,529; 2017 - $nil) was included in accounts payable and accrued liabilities owing to CMI. Additionally, as at December 31, 2019, $nil (2018 - $168,230) was included in convertible debentures for the principal and accrued interest.

b) Incurred management fees included in research and development of $186,665 (2018 - $160,000; 2017 - $nil) and share-based compensation included in research and development of $723,471 (2018 - $56,910; 2017 - $nil) 9177 Quebec. As at December 31, 2019, $14,940 (2018 - $71,750; 2017 - $nil) was included in accounts payable and accrued liabilities owing to 9177 Quebec.

c) Incurred management fees included in research and development of $146,521 (2018 - $57,000; 2017 - $nil) and share-based compensation included in research and development of $743,429 (2018 - $56,910; 2017 - $nil) to Clearway Global. As at December 31, 2019, $40,000 (2018 - $nil; 2017 - $nil) was included in accounts payable and accrued liabilities owing to Clearway Global.

d) Incurred management fees included in research and development of $nil (2018 - $22,083; 2017 - $nil) and share-based compensation of $nil (2018 - $nil; 2017 - $331,614) to Anthony Giovinazzo.

e) Incurred share-based compensation of $252,618 (2018 - $99,592; 2017 - $nil) to Mertz Holdings, a company controlled by Len Mertz, a director of the Company. In July 2018, Mertz Holdings settled a receivable of $180,000 through the receipt of a convertible debenture with the same terms and conditions as the debentures issued on July 5, 2018. Additionally, the Len Mertz Trust ("Mertz Trust"), a trust related to Len Mertz, acquired convertible dentures of $250,000 of the Company. In July 2019, Mertz Holdings and Mertz Trust converted the principal portion of their debentures into 450,000 and 625,000 units of the Company, respectively, with each unit consisting of one common share and one share purchase warrant with each warrant entitling the holder to acquire one common share of the Company for $0.40 up to August 30, 2024. The interest portion of the debentures was converted into 15,517 and 21,552 common shares of the Company to Mertz Holdings and Mertz Trust, respectively. As at December 31, 2019, the principal and accrued interest portions of $nil and $nil (2018 - $188,532 and $261,850) was included in convertible debentures for Mertz Holdings and Mertz Trust, respectively.

f) Incurred share-based compensation of $126,310 (2018 - $99,592; 2017 - $nil) to Hyman Place, LLP ("Hyman Place"), a company controlled by John Havens, a director of the Company. In July 2018, Hyman Place acquired convertible debentures of $1,000,000 of the Company. In July 2019, Hyman Place converted the principal portion of their debentures into 2,500,000 units of the Company with each unit consisting of one common share and one share purchase warrant with each warrant entitling the holder to acquire one common share of the Company for $0.40 up to August 30, 2024. The interest portion of the debenture was converted into 86,207 common shares of the Company. As at December 31, 2019, $nil (2018 - $1,047,400) was included in convertible debentures for the principal and accrued interest.

g) During the year ended December 31, 2019, the Company paid $3,979 (2018 - $nil; 2017 - $nil) in legal fees and $36,000 (2018 – $33,000; 2017 - $nil) in office and general expenses to Cawkell Brodie LLP, a law firm where Mr. Cawkell is a managing partner. As of December 31, 2019, $909 (2018 - $nil; 2017 - $nil) was included in accounts payable and accrued liabilities owing to Cawkell Brodie LLP.

h) During the year ended December 31, 2019, the Company paid $18,000 (2018 – $18,000; 2017 - $nil) in office and general expenses to NLS, a company related by common shareholders. As at December 31, 2019, $3,528 (2018 - $98,525; 2017 - $nil) was included in accounts payable and accrued liabilities owing to NLS and $1,211,463 was owed for a promissory note.

i) During the year ended December 31, 2019, the Company paid $37,945 (2018 - $13,500; 2017 - $nil) in product development costs and $nil (2018 - $nil; 2017 - $5,787) in consulting fees included in research and development to a related company. As of December 31, 2019, $51,750 (2018 - $nil; 2017 - $nil) was included in accounts payable and accrued liabilities owing to this company.

Summary of key management personnel compensation:

	For the years ended December 31,		
	2019	**2018**	**2017**
		(Unaudited)	(Unaudited)
	$	$	$
Office and general	54,000	57,479	-
Management fees	225,999	90,000	-
Professional fees	3,979	-	-
Research and development – clinical trial costs	37,945	13,500	-
Research and development - consulting fees	-	-	5,787
Research and development - management fees	333,186	239,083	-
Share-based compensation	2,551,870	369,914	675,717
	3,206,979	769,976	681,504

These expenditures were measured by amounts agreed upon by the transacting parties.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Unobservable inputs that are supported by little or no market activity, therefore requiring an entity to develop its own assumptions about the assumption that market participants would use in pricing.

The Company's financial instruments consist of cash, related party receivable, accounts payable, related parties payable, convertible debentures, derivative liability, and promissory note. The fair values of related party receivables, accounts payable, related parties payable, and promissory note approximates their carrying values. Cash is measured at fair value on a recurring basis using level 1 inputs. Derivative liability is measured on a recurring basis using level 3 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, and liquidity risk.

a) Currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's operations are carried out in Canada and the United States. As at December 31, 2019, the Company had net assets totalling CAD$12,833 and net liabilities totalling €146,428. These factors expose the Company to foreign currency exchange rate risk, which could have an adverse effect on the profitability of the Company. Based on the net USD denominated asset and liability exposures as at December 31, 2019, a 10% change in the exchange rate with the CAD would change net loss and comprehensive loss by approximately $1,000 and 10% change in the exchange rate with the Euro would change net loss and comprehensive loss by approximately $16,000. At this time, the Company currently does not have plans to enter into foreign currency future contracts to mitigate this risk, however it may do so in the future.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's cash is held by a large Canadian financial institution and a United States of America based financial institution. The Company maintains certain cash deposits with Schedule I financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk. The Company's maximum credit risk is equal to the carrying value of cash at December 31, 2019, 2018 and 2017.

c) Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. As at December 31, 2019, the promissory note bears interest 2% per annum and is due in two years. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

d) Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. As at December 31, 2019, the Company had a cash balance of $5,497,508 to settle current financial liabilities of $320,630.

OTHER RISKS AND UNCERTAINTIES

The business and operations of the Company are subject to numerous risks, many of which are beyond the Company's control. The Company considers the risks set out below to be some of the most significant to potential investors in the Company, but not all of the risks are associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Company is currently unaware or which it considers to be material in relation to the Company's business actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

Global Pandemics

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including ours. This outbreak could decrease spending, adversely affect demand for our product and harm our business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on our business or results of operations at this time.

Financing Risks

We have limited capital and we may require funds in excess of our existing cash resources to fund operating deficits, develop new products or services, establish and expand our marketing capabilities, and finance general and administrative activities. We do not currently generate sufficient cash from our businesses to fund our operations. We do not have any bank credit facility or other working capital credit line under which we may borrow funds for working capital or other general corporate purposes. If we do not have, or are not able to obtain, sufficient funds, we may have to delay strategic opportunities, investments, or projects. If we are unable to raise adequate funds, we may have to delay or reduce the scope of, or eliminate some or all of our current research and development. Any of these actions could have a material adverse effect on our business, results of operations or financial condition.

History of Operating Losses and Negative Cash Flow from Operating Activities

The Company has reported negative cash flow from operating activities since inception and expects to experience negative operating cash flows for the foreseeable future. The operating losses will continue as significant costs will incur to the clinical development of Alpha-1062 and development of the PGRN Technology. Until the approval from the FDA and other regulatory authorities for the sale of Alpha-1062, the Company's working capital requirements are dependent on the Company's ability to raise capital by future issuances of common shares, debt instruments or other securities convertible into common shares.

Research and Development Risk

The Company's organic growth and long-term success is dependent in part on its ability to successfully develop products and it will likely incur significant research and development expenditures to do so. The Company cannot be certain that any investment in research and development will yield technically feasible or commercially viable products. Furthermore, its ability to discover and develop products will depend on its ability to:

- retain key scientists as employees or partners;
- develop products internally and assist its partners with development;
- successfully complete laboratory testing and clinical trials on humans;
- obtain and maintain necessary intellectual property rights to the Company's products;
- obtain and maintain necessary U.S. and other regulatory approvals for its products;
- collaborate with third parties to assist in the development of its products; and
- enter into arrangements with third parties to co-develop, license, and commercialize its products.

The Company may not be successful in developing drug and medical device products. Failure to introduce and advance and advance new and current products could materially and adversely affect the Company's operations and financial condition.

Clinical Development Risks

The Company must demonstrate the safety and efficacy of their products through extensive clinical testing. The Company's drug research and development programs are at an early stage of development. Numerous unforeseen events during, or as a result of, the testing process could delay or prevent commercialization of any products the Company develops, including the following:

- the results of early clinical studies may be inconclusive, may demonstrate potentially unsafe drug characteristics, or may not be indicative of results that will be obtained in later human clinical trials;
- the safety and efficacy results attained in the early clinical studies may not be indicative of results that are obtained in later clinical trials;
- after reviewing early clinical study results, the Company or its partners or collaborators may abandon projects that were previously thought to be promising.

Clinical studies are very expensive, can run into unexpected difficulties and the outcomes are uncertain. The final data collected from this study (or any other studies the Company conducts) may not be sufficient to support the regulatory approval of additional human testing of such product(s). Clinical studies of the Company's products may not be completed on schedule or on budget. The Company's failure to complete any of its clinical studies on schedule or on budget, or its failure to adequately demonstrate the safety and efficacy of any of the products it develops, could delay or prevent regulatory approval of such products, which could adversely affect the Company's business, financial condition, and results of operations.

Retention of Skilled Management

Our success depends to a significant extent on our ability to identify, hire, and retain qualified creative, technical and managerial personnel in a competitive job market. We expect competition for personnel with the specialized creative and technical skills needed to create our products and provide our services will continue to intensify in future. Our competitors may be able to offer a work environment with higher compensation or more opportunities to work with cutting-edge technology than we can. If we are unable to retain our key personnel or appropriately match skill sets with our needs, we would be required to expend significant time and financial resources to identify and hire new qualified personnel and to transfer significant internal historical knowledge, which might significantly delay or prevent the achievement of our business objectives.

Intellectual Property

Patents issued or licensed to the Company and trademarks registered or licensed to the Company may be infringed upon by the products or processes of others.We hold a number of trademarks and copyrights relating to certain significant products. We rely on patent laws and contractual provisions to protect these patents, and there can be no assurance that third parties will not infringe or misappropriate our patents. The monitoring and enforcement against the unauthorized use of our intellectual property rights could entail significant expenses and could prove difficult or impossible. As well, the laws of other countries in which we may choose to market our products may afford little or no effective protection of our intellectual property. If we lose some or all of our intellectual property rights, our business may be materially adversely affected.

Dilution to Current Shareholders

In order to finance our operations, we have raised funds through the issuance of common shares and securities convertible into common shares and may do so again in future. We cannot predict the size of future issuances of common shares or the size or terms of future issuances of debt instruments or other securities convertible into common shares, or the effect, if any, that future issuances and sales of our securities will have on the market price of our common shares. Sales or issuances of substantial numbers of common shares, or the perception that such sales could occur, may adversely affect the market price of our common shares. With any additional sale or issuance of common shares, or securities convertible into common shares, our investors will suffer dilution to their voting power.

CHANGE IN ACCOUNTING POLICIES

IFRS 16 – Leases (“IFRS 16”) replaced IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17.

On adoption of IFRS 16, the Company used the following additional practical expedients:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Applied the exemption not to recognize right-of-use assets and lease liabilities for short-term leases with terms less than 12 months and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line or other systematic basis over the lease term;
- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

The Company has adopted IFRS 16 on January 1, 2019 using the modified retrospective application method. Accordingly, the comparative information presented for the prior period has not been restated and is presented as previously reported under IAS 17 and related interpretations. As at January 1, 2019, all of the Company’s leases are short-term leases with a term of 12 months or less and recorded as operating leases. As such there was no effect of initial application recognized in accumulated deficit at January 1, 2019.

ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

A number of amendments to standards and interpretations applicable to the Company are not yet effective for the year ended December 31, 2019 and have not been applied in preparing these consolidated financial statements nor does the Company expect these amendments to have a significant effect on its consolidated financial statements.

DISCLOSURE OF CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The CFO, together with other members of management, have designed the Company’s disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would be known to them, and by others, within those entities.

Management has also designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with IFRS. Management has assessed the effectiveness of the Company’s internal control over financial reporting as of the year ended December 31, 2019.

While the officers of the Company have designed the Company’s disclosure controls and procedures and internal controls over financial reporting, they expect that these controls and procedures may not prevent all errors and fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute assurance that the objectives of the control system are met.

DISCLOSURE DATA FOR OUTSTANDING COMMON SHARES, OPTIONS, AND WARRANTS

The Company is authorized to issue the following share capital:

- Unlimited common voting shares without par value (“Common share”)
- Unlimited Class B common non-voting shares without par value (“Class B common share”), with each full Class B common share being convertible into one Common share upon either of the following events:
    - the completion of an IPO
    - an offer to purchase all the Common shares of the Company accepted by the Company
    - the holders of Common shares, holding in the aggregate no less than 51% of the issued Common shares, or the directors of the Company elect to convert the Class B common shares
- Unlimited Class C preferred shares without par value (“Class C preferred shares”) which includes:
    - 15,000,000 Series A preferred voting shares without par value with each full Series A preferred share being convertible into one Common share at the option of the holder

Below is a summary of the common shares issued, stock options, and share purchase warrants as at December 31, 2019 and the date of this report:

	December 31, 2019	Date of this Report
Common shares	40,416,190	42,996,524
Class B common shares	2,480,334	-
Preferred shares	7,916,380	7,916,380
Share options – common shares	9,530,211	10,069,365
Share options – Class B common shares	900,000	-
Warrants	9,201,783	9,201,783

Share Options

The Company has issued incentive options to certain directors, officers, and consultants of the Company. As of the date of this report, the following share options are outstanding and exercisable:

Options Outstanding	Options Exercisable	Exercise Price	Expiry Date
		$	
900,000	900,000	0.001	February 1, 2026
691,057	691,057	0.01	December 31, 2027
4,600,000	3,040,000	0.01	September 1, 2028
39,154	39,154	0.40	June 1, 2029
3,800,000	1,730,000	0.01	June 1, 2029
39,154	39,154	0.40	July 22, 2030
10,069,365	6,439,365		

Warrants

A summary of the share purchase warrants outstanding as at the date of this report is as follows:

Warrants Outstanding	Exercise Price	Expiry Date
	$	
440,000	0.40	July 5, 2023
8,761,783	0.40	August 30, 2024
9,201,783		

OTHER MD&A REQUIREMENTS

Additional information relating to the Company may be found in the Company's audited consolidated financial statements for the years ended December 31, 2019, 2018, and 2017.

This MD&A was approved by the Board of Directors of Alpha Cognition Inc. effective January 26, 2021.

SCHEDULE “E”

RESULTING ISSUER FINANCIAL STATEMENTS

Attached hereto are the following financial statements of the Resulting Issuer:

1. The unaudited pro forma consolidated balance sheet of the Resulting Issuer as at October 31, 2020.

Crystal Bridge Enterprises Inc.

Pro-forma Consolidated Statement of Financial Position
(Prepared by Management)
(Expressed in Canadian dollars)
(Unaudited)

October 31, 2020

Crystal Bridge Enterprises Inc.
UNAUDITED PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT OCTOBER 31, 2020
(Expressed in Canadian Dollars)
(Unaudited)

	Crystal Bridge Enterprises Inc. (October 31, 2020) $	Alpha Cognition Inc. (September 30, 2020) $	Notes	Pro-forma Adjustments $	Pro forma Consolidated $
ASSETS					
Current assets					
Cash	795,291	4,999,749	3 (a) (c) (d)	7,830,624	13,625,664
Tax recoverable	-	23,845			23,845
Prepaid expenses and other	6,315	137,955			144,270
	801,606	5,161,549			13,793,779
Non-current					
Property and equipment	-	6,746			6,746
Intangible assets	-	997,382	3 (d)	66,590	1,063,972
	801,606	**6,165,677**			**14,864,497**
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	78,121	79,530	3 (b) (d)	391,590	549,241
Related parties payable	-	14,515			14,515
Current portion of promissory note	-	31,963			31,963
Other liabilities	-	-	3 (c)	3,276,377	3,276,377
	78,121	126,008			3,872,096
Convertible debentures, net	-	1,310,335	3 (c)	79,124	1,389,459
Promissory note	-	1,207,531			1,207,531
Derivative liability	-	1,425,845	3 (c)	(691,901)	733,944
	78,121	4,069,719			7,203,030
SHAREHOLDERS' EQUITY					
Share capital	940,761	19,402,078	3 (a) (b)	22,830,210	43,173,049
Reserves	57,236	5,122,839	3 (a) (b)	1,246,540	6,426,615
Accumulated other comprehensive loss	-	(107,061)			(107,061)
Deficit	(274,512)	(22,321,898)	3 (b)	(19,234,726)	(41,831,136)
	723,485	2,095,958			7,661,467
	801,606	**6,165,677**			**14,864,497**

The accompanying notes are an integral part of this unaudited pro-forma consolidated statement of financial position.

1. PROPOSED TRANSACTIONS

Crystal Bridge Enterprises Inc.

Crystal Bridge Enterprises Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on November 15, 2017. On September 18, 2018, the Company completed its Initial Public Offering (the "Offering") to be classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. On September 21, 2018, the Company began trading its shares on the TSX-V under the trading symbol "CRYS". The principal business of the Company is the identification and evaluation of assets or a business and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities (the "Qualifying Transaction" ("QT")).

Alpha Cognition Inc.

Alpha Cognition Inc. ("ACI") is a Canadian company incorporated under the laws of the Province of British Columbia. The Company operates from its three offices located in Charlottetown, Prince Edward Island; Vancouver, British Columbia; and West Palm Beach, Florida and is in the business of researching and developing pharmaceutical treatments for neurological diseases.

The Transaction

On October 27, 2020, the Company entered into an Arrangement Agreement with ACI whereby the Company would acquire 100% of the shares of ACI by issuing to the shareholders of ACI common shares of the Company ("CPC Share") at a deemed price of CAD$1.60 per common share for every one ACI share held by each ACI shareholder (the "Transaction"). Certain US resident ACI shareholders have agreed to receive a restricted voting share (a "Restricted Voting Share") in place of a CPC Share for up to a total of 1,000,000 Restricted Voting Shares. A Restricted Voting Share is equivalent to a CPC Share except that it will not be counted in a shareholder vote for the election of directors. In addition, holders of Class C Preferred shares of ACI will receive one Class B Preferred Share of the CPC ("Class B Preferred Shares") for each Class C Preferred share of ACI ("Class C Preferred Shares") held by such shareholder. The outstanding options and warrants of ACI will become convertible into shares of the Company. The Transaction constitutes a reverse acquisition of the Company.

Closing of the Transaction is subject to a number of conditions, including: (i) TSX Venture Exchange approval of the Transaction; (ii) completion of the Private Placement (as defined below); (iii) ACI shareholder approval; (iv) court approval of the Transaction pursuant to the Arrangement Agreement; (v) Crystal Bridge shareholder approval of the creation of the Class B Preferred Share and Restricted Voting Share; and (vi) certain other customary conditions.

In conjunction with the Transaction, ACI and the Company completed a brokered private placement offering of 3,360,124 Subscription Receipts at a price of CAD$1.60 per Subscription Receipts ("Transaction Units") for total gross proceeds of CAD$5,376,198 with each unit consisting of one share and one-half warrant ("Private Placement") (see Note 3a). Each whole warrant is exercisable at a price of CAD$2.10 per warrant for a term of 24 months from the closing date. The Private Placement agents will be granted an option, exercisable, in whole or in part, on the day prior to the closing of the Private Placement, to arrange for the sale of up to an additional 15% of the number of Private Placement units. Upon closing of the Transaction, each Private Placement unit will automatically be converted into units of the Company. Should the Transaction not close, the funds received from the Private Placement plus interest will be returned to the subscribers.

2. BASIS OF PRESENTATION

The unaudited pro-forma consolidated statement of financial position of the resulting issuer gives effect to the Transactions as described above. In substance, the Transaction involves ACI shareholders obtaining control of the Company and accordingly the Transaction will be considered to be a reverse takeover transaction (“RTO”). As the Company does not meet the definition of a business under International Financial Reporting Standards (“IFRS”), the consolidated statement of financial position of the consolidated entity will represent the continuation of ACI. The Transaction has been accounted for as a share-based payment by which ACI acquired the net assets and listing status of the Company. Accordingly, the accompanying unaudited pro-forma consolidated statement of financial position of the resulting issuer has been prepared by management using the same accounting policies as described in the Company’s audited financial statements for the year ended July 31, 2020 which are consistent with that of ACI.

The unaudited pro-forma consolidated statement of financial position is not necessarily indicative of the resulting issuer’s consolidated financial position on closing of the Transactions had the Transactions closed on the dates assumed herein.

The unaudited pro-forma consolidated statement of financial position has been compiled from information derived from and should be read in conjunction with the following information, prepared in accordance with IFRS:

- The Company's audited financial statements for the years ended July 31, 2020 and 2019;
- ACI's audited financial statements for the years ended December 31, 2019 and 2018;
- The Company’s unaudited interim financial statement for the periods October 31, 2020 and 2019; and
- ACI's unaudited interim consolidated financial statement for the periods ended September 30, 2020 and 2019.

3. UNAUDITED PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS

The unaudited pro-forma consolidated statement of financial position gives effect had the Transactions been completed on October 31,2020. Consequential adjustments to the accumulated deficit are based on the transactions described below.

The unaudited pro-forma consolidated statement of financial position has been prepared based on the following assumptions:

a) On December 18, 2020 and February 10, 2021, ACI and the Company completed the Financing. ACI issued 2,771,749 Target Company Subscription Receipts and the Issuer issued 588,375 Issuer Subscription Receipts at a price of $1.60 per Subscription Receipt, for aggregate gross proceeds of approximately $5,376,198 (US$4,042,254 using a set exchange rate of $1.33 to US$1). In addition, the ACI issued 130,733 Financing Agent Compensation Warrants and will pay an aggregate of $209,174 as commission to the Financing Agent.

(Expressed in Canadian Dollars)

3. UNAUDITED PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS (continued)

b) Pursuant to the terms of the Arrangement Agreement, the resulting issuer will issue an aggregate of 51,690,274 of the Company's Common Shares to the ACI Shareholders. As a result of the Transaction, the current shareholders of ACI will acquire control of the resulting issuer and the Transaction, as undertaken pursuant to the Arrangement Agreement, will be treated as an RTO transaction. The Transaction will be accounted for as an acquisition of the net assets and listing status of the Company by ACI via a share-based payment. The excess of the estimated fair value of the equity instruments that the Company is deemed to have issued to acquire ACI, plus the transaction costs (both the "Consideration") and the estimated fair value of the Company's net assets, will be recorded as the cost of obtaining the listing.

For the purposes of the pro-forma consolidated statement of financial position, management of the Company has estimated the fair value of the equity instruments deemed to be issued by the Company. The fair value of the Company's common shares amounted to $18,736,000 based on the proposed private placement as described in Note 3(a) above of $1.60 per unit. The average fair value of the Company's stock options of $1.51 per option was determined using the Black-Scholes option pricing model with the following weighted average assumptions: a 2.89 year expected life; share price of $1.60; 100% volatility; risk free interest rate of 0.30%; and a dividend yield of 0%. The allocation of the Consideration for the purposes of the pro-forma consolidated statement of financial position is as follows:

Net assets acquired:	$
Current assets	795,291
	6,315
Current liabilities assumed	(78,121)
Net assets acquired	723,485
Consideration given:	
Value of common shares deemed to be issued by the Company	18,736,000
Stock purchase options and warrants deemed to be issued by the Company	1,171,723
Legal and other transaction costs	325,000
	20,232,723
Total consideration	20,232,723
Total net asets acquired	723,485
Total listing transaction expense	19,509,238

There will be an elimination of the Company's pre-acquisition equity of $723,485.

c) On April 27, 2020, ACI received $2,663,600 (USD $2,000,000) from various directors and officers of the Company for the issuance of convertible debentures ("First Note") bearing interest at 5% per annum, minimum six months interest guaranteed, and expiring on October 27, 2021, and one warrant ("First Note Warrant") giving the lender the right to purchase a second convertible promissory note ("Second Note") having the same terms as the First Note, upon payment equal to the principal amount of the First Note and expiring October 30, 2020. At the option of the lender, the lender can convert their promissory note and any accrued interest into Common shares of the Company, for a price equal to the lower of 20% discount to the per share price of a Value Transaction, being any transaction which has the effect directly or indirectly of valuing the Company, its assets or undertaking including but not limited to a merger or acquisition, a private placement of the Company, issuance of convertible debentures, an initial public offering, a reverse take-over or merger, or a valuation report completed by an independent banker or certified business valuator, or USD $1.60. In the event the convertible promissory notes remain outstanding at October 27, 2021, the promissory notes will automatically convert into Common shares of the Company at USD $1.28 per Common share.

(Expressed in Canadian Dollars)

3. UNAUDITED PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS (continued)

In October 2020, ACI offered the holders of the First Note Warrants the option to purchase Transaction Units at a 20% discount through the exercising of their warrants, conditional on the closing of the Transaction. If the RTO is terminated or does not complete by December 31, 2020 or such later date as agreed to by ACI and the Company, the holders will receive the Second Note. ACI received $2,663,600 (USD $2,000,000) for the exercise of the First Note Warrants of which $79,001 (USD $59,319) was received for a Second Note and $2,584,599 (USD $1,940,681) was received for the elected Transaction Units.

As the conversion price of the convertible debentures varied depending on certain factors, ACI recorded an embedded derivative liability on its consolidated statements of financial position with a corresponding debt discount which is netted against the principal amount of the convertible debentures. The Company accretes the debt discount associated with the embedded derivative liability to accretion expense over the term of the convertible debentures using the effective interest rate method. The embedded derivative liability is initially measured at fair value and re-measured at the end of each reporting period with any changes in fair value reported in profit and loss.

The value of the embedded derivative of the First Note Warrants upon exercise was determined to be $712,923 using the Black- Scholes Option Pricing models with following assumptions:

Risk-free interest rate	0.00% - 0.12%
Dividend yield	-
Expected life	0.00 - 1.07 years
Volatility	139%
Probability of automatic conversion	25%
Probability of conversion at $1.60 per share	25%
Probability of conversion at a 20% discount to the per share price of a Funding Transaction	50%

The initial fair value of the embedded derivative of the Second Notes was determined to be $21,022 using the Black- Scholes Option Pricing models with following assumptions:

Risk-free interest rate	0.00% - 0.20%
Dividend yield	-
Expected life	0.00 - 1.50 years
Volatility	139%
Probability of automatic conversion	5%
Probability of conversion at $1.60 per share	5%
Probability of conversion at a 20% discount to the per share price of a Funding Transaction	90%

d) In November 2020, ACI entered into a license agreement with Neurodyn Life Sciences Inc. (“NLS”) for the world-wide exclusive right to the PGRN Technology. In accordance with the agreement, ACI will pay the following:

- USD $50,000 to NLS before January 15, 2021;
- a royalty of 1.5% of the commercial sales, capped at USD $2,000,000, to NLS;
- 10% of any Upfront Payments in excess of USD $2,000,000.

The total amount payable to NLS under this agreement shall not exceed USD $2,000,000.

(Expressed in Canadian Dollars)

4. PRO-FORMA SHAREHOLDERS' EQUITY

As a result of the Transactions and the pro-forma assumptions and adjustments, the shareholders' equity of the resulting issuer as at October 31, 2020 is comprised of the following:

		Common shares		Preferred shares					
	Notes	Shares	Capital Stock ($)	Shares	Capital Stock ($)	Contributed Surplus ($)	Deficit ($)	Accumulated other comprehensive loss ($)	Total ($)
Balance at September 30, 2020		42,996,524	19,401,995	7,916,380	83	5,122,839	(22,321,898)	(107,061)	2,095,958
Units issued for cash	3(a)	3,360,124	5,376,198	-	-	-	-	-	5,376,198
Finder's warrants	3(a)	-	(132,053)	-	-	132,053	-	-	-
Share issuance costs	3(a)		(209,174)	-	-	-	-	-	(209,174)
ACI shares cancelled in share exchange with shareholders in RTO	3(b)	(46,356,648)	(24,778,193)	(7,916,380)	(83)	-	-	-	(32,694,656)
Shares issued in share exchange with shareholders in RTO	3(b)	46,356,648	24,778,193	7,916,380	83	-	-	-	32,694,656
Shares and and stock options deemed to be issued in RTO	3(b)	11,710,000	18,736,000	-	-	1,171,723	-	-	19,907,723
Listing costs	3(b)	-	-	-	-	-	(19,509,238)	-	(19,509,238)
		58,066,648	43,172,966	7,916,380	83	6,426,615	(41,831,136)	(107,061)	7,661,467

5. INCOME TAXES

The effective income tax rate applicable to the consolidated operations is estimated to be 27%.

CERTIFICATE OF CRYSTAL BRIDGE ENTERPRISES INC.

Dated: March 16, 2021

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of Crystal Bridge Enterprises Inc., assuming Completion of the Qualifying Transaction.

"Rajeev 'Rob' Bakshi"	*"Pritpal Singh"*
RAJEEV "ROB" BAKSHI Chief Executive Officer	PRITPAL SINGH Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

"Taylor Thoen"	*"Pardeep Sangha"*
TAYLOR THOEN Director	PARDEEP SANGHA Director

CERTIFICATE OF ALPHA COGNITION INC.

Dated: March 16, 2021

The foregoing, as it relates to Alpha Cognition Inc., constitutes full, true and plain disclosure of all material facts relating to the securities of Alpha Cognition Inc.

"Kenneth A. Cawkell"	*"Jeremy Wright"*
KENNETH A. CAWKELL Chief Executive Officer	JEREMY WRIGHT Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

"Fred Sancilio"	*"Len Mertz"*
FRED SANCILIO Director	LEN MERTZ Director

ACKNOWLEDGEMENT – PERSONAL INFORMATION

"Personal Information" means any information about an identifiable individual, and includes information contained in any Items in the attached Filing Statement that are analogous to Items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40 and 41 of Form 3B2, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

(a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to Form 3B2; and

(b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

Dated: March 16, 2021

CRYSTAL BRIDGE ENTERPRISES INC.

"Rajeev 'Rob' Bakshi"

____
Rajeev "Rob" Bakshi
Chief Executive Officer