MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2022
As of May 1, 2023

This management discussion and analysis ("MD&A") of FendX Technologies Inc. (the "Company" or "FendX") is for the year ended December 31, 2022. We have prepared this MD&A with reference to National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators and this MD&A provides a review of activities, results of operations and financial condition of the Company. This MD&A should be read in conjunction with the Company's audited financial statements for the years ended December 31, 2022 and 2021, and the related notes thereto (the "Annual Financial Statements"). The Company's Annual Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain "forward looking information" within the meaning of applicable securities laws in Canada. Forward looking information may relate to our future financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward looking information. In some cases, forward looking information can be identified by the use of forward looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward looking information. Statements containing forward looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances. Forward-looking statements in this MD&A include but are not limited to statements relating to:

- our expectations regarding industry trends, overall market growth rates and our growth rates and growth strategies;
- our ability to obtain funding for our operations;
- the use of available funds;
- the performance of the Company's business and operations;
- our expectations regarding revenues, expenses and anticipated cash needs;
- the intention to grow our business and operations;
- the expected timing and completion of our near-term objectives;
- laws and regulations and any amendments thereto applicable to us;
- our competitive advantages and business strategies;
- our future product offerings;
- our research and development initiatives and expected results thereof;
- our ability to enter into distribution, manufacturing and other business relationships;
- our plans with respect to the payment of dividends; and
- the market price for the common shares.

The forward-looking information in this MD&A is based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct.

In providing forward-looking information, we have made certain assumptions in respect of our ability to build our market share; the performance of the Company's business and operations; our ability to retain key personnel; our ability to maintain and expand geographic scope; our ability to execute on our expansion plans; our ability to continue investing in our product candidates to support our growth; our ability to obtain and maintain existing financing on acceptable terms; currency exchange and interest rates; the impact of competition; the changes and trends in our industry or the global economy; the size of the target markets for our product candidates; our ability to maintain, expand and protect our intellectual property; and the changes in laws, rules, regulations, and global standards.

The forward-looking information in this MD&A is subject to known and unknown risks and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied, including but not limited to the risks described below and the additional risks factors described under the heading "Risk Factors".

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined below under the headings "Financial Instruments and Risk Management" and "Risk Factors".

The forward-looking statements contained in this MD&A reflect our views and assumptions only as of the date of this MD&A. The Company undertakes no obligation to update or revise any forward-looking statements after the date on which the statement is made, except as required by applicable laws, including the securities laws of Canada.

Actual results could differ materially from those anticipated in forward-looking statements stated within the MD&A.

OVERVIEW

The Company was incorporated under the Business Corporations Act (British Columbia) on July 28, 2020 under the name "1259192 B.C. LTD". It changed its name to "FendX Technologies Inc." on September 18, 2020. The Company does not have any subsidiaries. The Company's common shares are listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "FNDX".

FendX is an early-stage technology company focused on developing surface protection coating products that protect surfaces from pathogen contamination. The Company is currently developing its anticipated first product, REPELWRAP™ to protect high-contact surfaces from contamination to reduce the transmission of harmful pathogens. The Company's business strategy is to complete additional research and development work on its technology which it anticipates will lead to the commercial development of REPELWRAP™ and follow-on products that are enhancements to REPELWRAP™.

To-date, the technology has been shown to effectively repel certain pathogens that come into contact with its surface. Although this technology is still in the development stage, the Company believes this technology will be important to control the spread of pathogens on surfaces that are prone to contamination. This technology works by combining hierarchical wrinkled molecular structure with chemical functionalization to reduce pathogen adhesion and biofilm formation. It is flexible and can be applied to most surface shapes.

The Company's future performance depends on, among other things to: (i) fund the Company's research and development requirements pursuant to the Collaborative Research Agreement as defined below; (ii) complete the development, scale-up and testing of REPELWRAP™; and (iii) enter into formal engagements with distribution and manufacturing partners.

NATURE OF OPERATIONS

The Company is focused on the development and commercialization of a surface protection coating technology licensed from McMaster University, Hamilton, Ontario, Canada ("McMaster"). The Company entered into a License Agreement (as defined below) with McMaster dated February 5, 2021, as amended July 14, 2021 and July 15, 2022, which provides the Company with an exclusive world-wide license to several patent applications and certain technology to develop and commercialize surface coating films (the "Licensed Technology"). The Company is conducting research and development activities using the Licensed Technology in collaboration with McMaster and Drs. Leyla Soleymani and Tohid Didar (the "Lead Researchers") pursuant to a research and development collaboration agreement (the "Collaborative Research Agreement" or "CRA") with McMaster with an effective date of August 1, 2021, as amended. The Company has engaged third parties to assist with prototype development and testing in order to assess the scalability of products being developed through the CRA.

McMaster created a surface coating film prototype using the Licensed Technology which has been shown to effectively repel certain pathogens that come into contact with its surface. Although this film is still in the development stage, the Company believes this film will be important to control the spread of pathogens on surfaces that are prone to contamination. This technology works by combining hierarchical wrinkled molecular structure with chemical functionalization to reduce pathogen adhesion and biofilm formation. It is flexible and can be applied to most surface shapes.

The Company believes this surface coating film is unique and differentiated from current protective coatings in the marketplace. McMaster's research and development efforts and results, as published in several journals to-date, have shown the original prototype to be effective in repelling and preventing biofilm formation of World Health Organization-designated priority pathogens such as Gram-positive methicillin-resistant Staphylococcus aureus, and Gram-negative Pseudomonas and Enterococci strains, as well as being effective in repelling SARS-CoV-2 related viruses.

The Company has been collaborating with consultants to assist in optimizing the scalability of the original lab prototype with McMaster. Scalability assessment by the Company and its consultants led to a recommendation to reformulate the original lab prototype to streamline the scale-up process. As a result, McMaster has developed a reformulated lab prototype that is showing similar repelling properties to the original lab prototype based on laboratory testing at McMaster. The Company, with McMaster, has successfully completed the assessment and testing of the scalability of this reformulated film, referred to herein as the reformulated lab prototype, and is ready to transfer the process to a third-party manufacturer to commence intermediate scale-up work. The Company has entered into a development stage agreement with Dunmore International Corp. ("Dunmore") dated April 10, 2023 for Dunmore to provide their engineering expertise to scale-up the Company's REPELWRAP™ film to create intermediate-sized prototype films for testing. If intermediate scale-up can be demonstrated, the Company intends to engage the third-party manufacturer and move to the commercial scale-up phase to create a commercial product, which would be tested to ensure it meets the repelling, durability, and stability specifications. If successful, the Company intends to commercialize this product using manufacturing and distributor partnerships still to be entered into.

The Company plans to name its first product REPELWRAP™ and believes the REPELWRAP™ film will be the first product introduced to the Canadian market that repels pathogens. This differs from other currently available surface coating films which have antimicrobial properties (kill pathogens) on their surface that kills bacteria and viruses when they come in contact with the surface of these films. The Company has not generated any revenues to-date from any product sales as its products are in the development stage and has not entered into any distribution or manufacturing agreements.

Once fully developed, the Company intends to initially target REPELWRAP™ towards healthcare settings (i.e., hospitals, long-term care, senior's residences, clinics) and high traffic public touchpoints (i.e., transportation, hospitality, stadiums/arenas/malls, restaurants, schools, business offices) prone to high levels of surface contamination. The Company expects to launch REPELWRAP™ in the Canadian market the first half of 2024, conditional on achieving successful product scale-up and commercial manufacturing.

The Company is also actively exploring additional applications of the Licensed Technology, including development of enhancements to the current reformulated lab prototype to create follow-on films including films with both repelling and killing properties (repel and kill version). In addition, the Company is assessing the Licensed Technology to develop a coating for catheters to prevent catheter-related bacterial biofilm formation and occlusion.

HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2022

Highlights during and subsequent to the year ended December 31, 2022 include:

- On April 19, 2023, the Company announced it had entered into investor relations services agreement with IR Labs Inc. and an amendment to the agreement with Triple Bull Consulting Inc.

- On April 13, 2023, the Company announced it had entered into an investor relations agreement with Medical Gold Limited Liability Company (LLC).

- On April 12, 2023, the Company announced it had entered into a development stage agreement with Dunmore International Corp. to provide their engineering expertise to scale-up the Company's REPELWRAP™ film to create intermediate-sized prototype films for testing. The Company also announced that it and McMaster entered into an amendment agreement to the CRA, dated April 11, 2023 with an effective date of January 1, 2023, to amend the payment schedule. The Company further announced that it had entered into investor relations agreements with each of ARU Global Inc. and Triple Bull Consulting Inc.

- On March 29, 2023, the Company announced it had engaged Generation IACP Inc. to provide market making services.

- On March 22, 2023 the Company announced it entered into an investor relations agreement with Triomphe Holdings Ltd. (dba Capital Analytica).

- On March 20, 2023, the Company's common shares were listed and commenced trading on the Canadian Securities Exchange (the "CSE").

- On February 1, 2023, the Company obtained a receipt (the "Receipt") for its final prospectus dated January 31, 2023. Upon obtaining the Receipt, the Company satisfied the escrow release condition and the Escrow Agent (as defined below) released the gross proceeds of $4,001,400 to the Company. Each Subscription Receipt (as defined below) was automatically converted into one unit, and the Company issued an aggregate of 13,338,000 common shares and 6,669,000 warrants. In addition, the Company paid cash finder's fees in the aggregate amount $112,752, issued 609,680 Subscription Receipt broker shares and issued an aggregate of 985,520 Subscription Receipt broker warrants.

- On January 24, 2023 the Company granted 1,450,000 options with an exercise price of $0.30 per share and granted 150,000 restricted share units.

- The Company entered into a voluntary pooling agreement dated January 3, 2023 and amendment agreements with certain shareholders to revise the escrow restrictions related to an aggregate of 8,200,000 shares issued pursuant to a unit offering, such that 10% of the shares will be released on the listing date of the Company's common shares on the CSE (the "Listing Date") and 15% of the shares will be released on each of the dates that are 3, 6, 9, 12, 15 and 18 months from the Listing Date. In addition, pursuant to the amendment agreements, the voluntary escrow restrictions were removed from any warrant shares to be issued upon exercise of 9,200,000 warrants issued pursuant to this unit offering.

- On December 24, 2022, the Company granted 300,000 options with an exercise price of $0.30 per share.

- On December 22, 2022, 750,000 common shares were issued pursuant to the exercise of 750,000 warrants at $0.10 per common share for proceeds of $75,000.

- On November 11, 2022, the Company received a receipt for an amended and restated preliminary prospectus filed with the securities regulatory authorities in the provinces of Ontario, British Columbia, Alberta, and Manitoba.

- On October 21, 2022, the Company and the Escrow Agent (as defined below) entered into an amending agreement to the subscription receipt agreement dated April 28, 2022, which amended the satisfaction date for the Escrow Release Condition (as defined below) to February 17, 2023.

- On September 27, 2022, at the direction of the Company, McMaster filed non-provisional, extension of PCT/CA2020/050766 in Hong Kong.

- On August 18, 2022, at the direction of the Company, McMaster filed PCT/CA2022/051249 titled "Fluorine-free Superhydrophobic Surfaces, Methods of Making and Uses Thereof".

- On August 18, 2022, at the direction of the Company, McMaster filed PCT/CA2022/051259 titled "Methods of Making Omniphobic Materials with Hierarchical Structures and Uses Thereof".

- On August 17, 2022, the Company received a receipt for a preliminary prospectus filed with the securities regulatory authorities in the provinces of Ontario, British Columbia, Alberta, and Manitoba.

- The Company and McMaster entered into a second amendment to the License Agreement, dated July 15, 2022 with an effective date of May 5, 2022.

- The Company signed an extension agreement with Draganfly Inc. ("Draganfly"), a company listed on the CSE, which extended the expiry date of the original non-exclusive letter of intent ("LOI") entered into between the parties, to June 23, 2024. The LOI is for a collaboration whereby Draganfly will conduct real-world beta-testing of REPELWRAP™ when commercial prototypes are available.

- On May 9, 2022, NSERC provided one of the Lead Researchers at McMaster with notice of approval for an Alliance Grant of $361,520 over two years, for the Company's project entitled "Developing a pathogen repellant wrap-improving performance and manufacturing throughput and evaluating real-world potential" with the Company as the sponsor (the "NSERC Grant"). The NSERC Grant was paid to the Lead Researcher at McMaster as the applicant. The Company, as the sponsor, did not receive any funds pursuant to the NSERC Grant, however as sponsor, is to make cash contributions of $93,500 for each of the two years and contribute in-kind contributions totaling $206,400 over two years. The Company's cash contributions will be satisfied by the Company's payments to McMaster payable pursuant to the CRA and the Company's in-kind services will be satisfied through time spent by its senior management and employees related to the project.

- On April 28, 2022, the Company closed a non-brokered private placement and issued an aggregate of 13,338,000 subscription receipts (each, a "Subscription Receipt") at $0.30 per Subscription Receipt, for proceeds of $4,001,400. The proceeds were held in escrow by an escrow agent pursuant to a subscription receipt agreement dated April 28, 2022, as amended October 21, 2022, between the Company and Endeavor Trust Corporation (the "Escrow Agent") and upon obtaining the receipt for a final prospectus (the "Escrow Release Condition"), the funds would be released to the Company and each Subscription Receipt would automatically convert into one unit of the Company (each, a "Unit"). Each Unit consists of one common share and one-half warrant. Each whole warrant would entitle the holder to purchase an additional common share at an exercise price of $0.50 per share for a period of two years following the date of the satisfaction of the Escrow Release Condition, subject to an acceleration provision.

Upon satisfaction of the Escrow Release Condition, the Company would pay a cash finder fee in the aggregate amount $112,752, would issue 609,680 Subscription Receipt broker shares and issue an aggregate of 985,520 Subscription Receipt broker warrants to certain finders in connection with funds raised pursuant to the Subscription Receipt offering. Broker warrants are exercisable at $0.30 per share for a period of two years from the date of satisfaction of the Escrow Release Condition. If the Escrow Release Condition were not satisfied by February 17, 2023 or such other date as the Subscription Receipt subscribers may agree to, subscribers would be entitled to receive a refund of the subscription amounts held in escrow, without interest thereon.

- On April 22, 2022, the Company issued an aggregate of 1,050,000 common shares at $0.15 per share to settle an aggregate of $157,500 of debts.

- On April 22, 2022, the Company granted an aggregate of 1,025,000 options with an exercise price of $0.15 per share.

- On January 20, 2022, the Company closed a non-brokered private placement and issued 300,000 common shares at $0.15 per share for proceeds of $45,000. In connection with the offering, the Company issued 24,000 finders shares at a deemed price of $0.15 per share and 24,000 broker warrants, each broker warrant is exercisable into one additional share at an exercise price of $0.15 per share for a period of two years from the date of issuance. Subsequently, on March 23, 2022, the Company cancelled 16,000 of these finders shares and 16,000 broker warrants. The broker warrants were valued at $560 using the Black-Scholes pricing model. Share issuance cost of $1,760 was recorded including $1,200 for 8,000 finder's shares issued and $560 for fair value of broker warrants.

SELECTED FINANCIAL INFORMATION

The following table sets forth selected financial information for the fiscal year ended December 31, 2022 ("Fiscal 2022") and December 31, 2021 ("Fiscal 2021"). The selected financial information set out below has been derived from the audited annual financial statements and accompanying notes, in each case prepared in accordance with IFRS. The selected financial information set out below may not be indicative of the Company's future performance. The following discussion should be read in conjunction with the audited financial statements.

	Fiscal 2022	Fiscal 2021
Net loss for the fiscal year	$ (1,899,748)	$ (1,123,082)
Loss per share, basic and fully diluted	$ (0.05)	$ (0.07)
Total assets	$ 159,754	$ 1,247,122
Total non-current financial liabilities	$ -	$ -

DISCUSSION OF OPERATIONS

Overall Operations and COVID-19

The Company is focused on developing and commercializing REPELWRAP™. The Company was incorporated on July 28, 2020 and had limited operations in Fiscal 2020 which were mainly focussed on organizing the Company, strategic planning, branding, research of various third parties that it could use to assist with testing and scale-up work, and negotiating the License Agreement with McMaster. During Fiscal 2021, the Company's activities primarily related to finalizing and entering into the License Agreement and CRA, research and testing-related activities with McMaster and consultants, establishing agreements with third parties related to testing and scale-up, financing activities, building its board and management team, and building corporate infrastructure. During Fiscal 2022, the Company focussed on the continued research and development activities with McMaster, completing several financings including its Subscription Receipt financing, and preparation of a prospectus. The Company has not earned any revenues since incorporation.

On January 30, 2020, the World Health Organization declared the outbreak a global health emergency, on March 11, 2020, the World Health Organization declared the outbreak a global pandemic.

To date, there have been a large number of temporary business closures, quarantines and various reductions (and surges) in consumer activity worldwide, including in Canada. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While to date these effects have been temporary and sporadic, the duration of any future disruptions to businesses locally and internationally and the related financial impact may affect the Company's business, financial condition and results of operations. As at the date of this MD&A, the COVID-19 pandemic has largely abated and does not have a material impact on the Company's operations.

Such public health crises can result in volatility and disruptions in global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations affected by an outbreak, increased labour and fuel costs, regulatory changes, political or economic instabilities or civil unrest.

To date the Company's business operations have not been substantially affected by the COVID-19 pandemic (save for requiring some Company staff to work remotely, including staff at McMaster). While the degree of severity and length of an economic downturn is difficult to predict, the Company believes that REPELWRAP™ may be a timely product once developed as it is geared towards prevention of the spread of viruses and other pathogens. However, the overall economic impacts of COVID-19 could include an impact on our ability to obtain debt and equity financing, or potential future ability to commercialize REPELWRAP™, achieve revenue or the profitability of our ongoing operations. However, as discussed, as the COVID-19 pandemic continues, there is a risk that the effects of the COVID-19 pandemic, including governmental restrictions and vaccination requirements, market disruptions or volatility, or changes in economic conditions may materially affect the Company's business in the future. A future wave of COVID-19 in North America may result in further disruptions due to: (i) restrictions that governments and communities impose to address the COVID-19 global pandemic; (ii) restrictions that the Company or any manufacturing and distributor partners impose to ensure the safety of employees and others; (iii) shortages of employees and/or unavailability of manufacturing and distributor partners; (iv) interruption of supplies from third-parties upon which the Company relies and/or (v) vaccination requirements.

As at December 31, 2022, the Company held $28,128 in cash and had current liabilities of $855,368 and no long term debt. As at December 31, 2022, $4,001,400 was held by the Escrow Agent pending satisfaction of the Escrow Release Condition. On February 1, 2023, the Company satisfied the Escrow Release Condition and the funds held in escrow were released to the Company.

R&D Project Update

Description of Principal Product Under Development - *REPELWRAP™ Surface Coating Film*

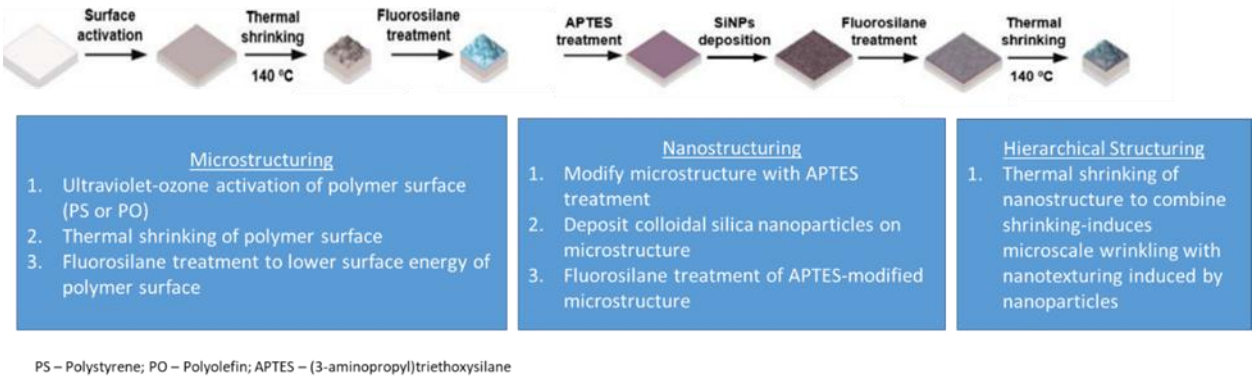
The Company is researching and developing surface coatings using the Licensed Technology to protect against contamination of high touch surfaces. This technology works by combining a hierarchical wrinkled molecular structure with chemical functionalization to reduce pathogen adhesion and formation of bacterial colonies.

REPELWRAP™ film repels bacteria and viruses, protecting high-touch surfaces and reducing the risk of bacteria or virus transmission from that surface. REPELWRAP™ is flexible and can be applied to most surface shapes. The Company believes this film will be the first commercial product that effectively repels bacteria and viruses. The Company believes that current protective coatings in the marketplace (antimicrobial) require bacteria and viruses to adhere to these surfaces to be inactivated. Inactivation does not occur immediately or even within hours, leaving people at risk of being exposed to these contaminated surfaces before bacteria and viruses are killed.

The original lab prototype of REPELWRAP™ has been shown to be broadly repellent to contamination and reduces the adhesion and proliferation of infective pathogens including drug-resistant bacteria and viruses (Imani S et al, ACS

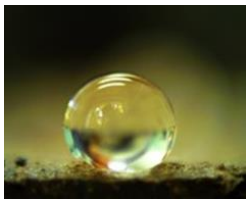
NANO, 2020, 14, 1, 454–465). It repels both high (e.g., water) and low surface tension (e.g., oil) liquids, and can be easily applied to surfaces that are prone to contamination. This technology is founded on hierarchically structured materials, materials that combine a range of structural features from the nanoscale to the macroscale, that are integrated into commercial plastics using solution-based surface coating and shrinking for the purpose of repelling pathogens from high touch surfaces. Its hierarchical structure results in a high surface tension which causes droplets to assume a spherical shape. This enables the contact area and the adhesion force between the surface and droplet to be significantly reduced.

The original REPELWRAP™ lab prototype was created through wrinkling (creating microstructures), self-assembly of nanoparticles (creating nanostructures) and their combination (hierarchically structured). The stepwise process for making it is detailed below:



PS – Polystyrene; PO – Polyolefin; APTES – (3-aminopropyl)triethoxysilane

After commencing research pursuant to the CRA, the Company's work on assessing scalability led to the recommendation in early 2022 to reformulate the original lab prototype to facilitate the potential for a more streamlined scale-up process. Under the direction of the Company, McMaster began reformulating the original lab prototype in March 2022 which has led to development of the reformulated lab prototype containing TiO_2. This reformulated lab prototype has since been tested at McMaster to confirm its repelling, durability and stability are similar to the original prototype and has been successfully assessed for scalability by McMaster. While this reformulation work has delayed the commencement of certain activities included in the aims in the CRA, the Company believes it has an improved surface coating film that will be more amenable to scale-up by a third-party manufacturer. The Company engaged Dunmore, a US manufacturing company, to provide their engineering expertise to scale-up the Company's REPELWRAP™ film to create intermediate-sized prototype films for further testing. The Company anticipates the reformulated lab prototype will be transferred from McMaster to Dunmore for this intermediate scale-up work in April 2023. Assuming successful intermediate and commercial scale-up, which includes creating an automated manufacturing process, the Company expects this reformulated repel version of REPELWRAP™ to be its first-to-market product.



Shown here is an example of the spherical nature that a droplet makes when it lands on a surface like REPELWRAP™. Due to the low surface energy of REPELWRAP™'s surface, liquids bounce off the surface when they come in contact with it. When a contaminated hand touches the surface of REPELWRAP™ film, the contamination stays on the contaminated hand and does not transfer to the surface.

Key results of the repelling properties of the original lab prototype REPELWRAP™ film include:

- Reduced viral titer more than 99% of SARS-CoV-2 related strains compared with control surfaces (ACS Appl. Mater. Interfaces 2022, 14, 11068-11077);
- Significantly reduced transfer to human skin of Escherichia coli contaminated REPELWRAP™ surfaces compared with control surfaces (ACS Appl. Mater. Interfaces 2022, 14, 11068-11077);

- Significantly reduced biofilm formation of methicillin-resistant Staphylococcus aureus and Pseudomonas aeruginosa compared with control surfaces (ACS Nano. 2020 Jan 28, 14 (1) 454-465):

	Repel Wrap Reduction in Biofilm Formation	Control Reduction in Biofilm Formation	
		Microstructure Only	Nanostructure Only
MRSA	~85%	66%	78%
P. aeruginosa	~85%	11%	62%

- Self-cleaning surface demonstrated from high repel rates of blood vs. control surfaces (ACS Nano. 2020 Jan 28, 14 (1) 454-465);

- Maintains robust repellent properties after being subjected to various physical/mechanical forces (i.e., vacuum & sonication) and chemicals (i.e., ethanol, bleach) (ACS Nano. 2020 Jan 28, 14 (1) 454-465); and

- Holds repellent properties under strain and while conforming to different form factors (bent or unbent) (ACS Nano. 2020 Jan 28, 14 (1) 454-465).

The reformulated lab prototype utilizes a titanium dioxide ("TiO_2") treatment which replaces a previously used (3-Aminopropyl) triethoxysilane (APTES) treatment. The TiO_2 treatment shares the same properties as the APTES treatment but with a faster reaction time which should result in a more efficient manufacturing process. Initial lab testing by the Lead Researchers has demonstrated that the TiO_2 prototype demonstrates repellency, durability and stability properties equivalent to the APTES treated original lab formulation. The Company intends to advance the TiO_2 version of REPELWRAP™ and its current research and development plans are based on this reformulated version. McMaster has successfully completed a scalability assessment and the formulation process is being transferred to Dunmore, a third-party manufacturer, to commence intermediate scale-up activities and testing. This next phase of development with Dunmore will include the creation of intermediate-sized commercial film prototypes that will be tested in the lab to confirm they meet similar repelling, durability and stability specifications of the reformulated lab prototype created at McMaster. This testing will be done by Dunmore. If successful, the next phase will then be to produce commercial scaled films. These commercial scaled films will undergo similar testing as described for the intermediate prototype films by the manufacturer and an independent testing facility. In addition, these commercial scale films will be tested in real-world settings by third parties. If successful, the Company intends to commercialize their films through manufacturing and distributor partnerships. As of the date of this MD&A, the Company has engaged Dunmore to provide engineering work and testing in regards to assessing the scalability to produce intermediate-sized prototypes of the lab prototype, however this work is just commencing with Dunmore and Dunmore has not yet demonstrated whether the lab prototype can be scaled to create intermediate-size prototypes. The Company has not entered into any manufacturing or distributor partnership agreements.

The Company expects to launch REPELWRAP™ in the Canadian market in the first half of 2024, conditional on achieving successful product reformulation, testing, product scale-up and entering into a commercial manufacturing partnership and distribution agreements. (See "*Risk Factors*").

During the work performed under the CRA, namely during the reformulation process of the original lab prototype as discussed above, an early-stage formulation was identified that both repels pathogens and kills any residual pathogens that adhere to the surface (repel and kill version). Initial testing has been performed at McMaster and the Company believes this film warrants further development and as such, it has been included in the Company's REPELWRAP™ development plan. The Company's research and development initiatives over the next 12 months will include further research and development of the repel and kill lab prototype film, testing (including repellency/kill effectiveness, stability and durability) and scalability assessment by McMaster, which the Company anticipates will be completed in Q3 2023. (See "*Risk Factors*").

McMaster has also identified other potential uses for the Licensed Technology including early-stage research to assess if the Licensed Technology can be used to coat medical catheters. Future work would entail the research of assessment of various coating formulations to protect medical catheters from occlusion and biofilm formation. As of the date of

this MD&A, only preliminary work has been initiated on this research by McMaster which is at an early research stage. The Company anticipates commencing more thorough assessment and research activities of this coating and intends to commence this work to assess the potential for the coating to lead to future development of a lab prototype.

Pursuant to the CRA dated August 1, 2021, as amended, McMaster performs research and development for the Company on the Licensed Technology. During the year ended December 31, 2022, the Company incurred $222,923 (Fiscal 2021 - $36,844) in research and development expenses related to the Licensed Technology with McMaster.

The Company's project plan includes four main factors encompassing:

a) formulation assessment, development and testing of lab prototypes at McMaster;
b) scalability assessments and testing of lab prototypes at McMaster;
c) intermediate prototype scale-up and testing with third-party manufacturer;
d) commercial scale-up and testing with third-party manufacturer.

The chart below represents the Company's research and development status for its R&D project objectives:

R&D Project Objectives	**Project Plan Status and Achievements**
Development of REPELWRAP™ (repel version)	Lab prototypes complete and scalability assessment completed at McMaster. Engaged Dunmore to provide intermediate scale-up engineering work, which is in progress.
Development of REPELWRAP™ (repel and kill version)	Formulation assessment, development and testing underway at McMaster.
Development of coating for catheters	Early stage research undertaken only and still in progress.

The Company intends to advance the Licensed Technology to develop films for commercialization, however, there can be no certainty that the research and development initiatives will result in successful prototypes or scale-up activities will result in successful commercial products or can the Company provide certainty as to the time and costs that will be involved to achieve such objectives. The Company is reliant on McMaster to conduct research and development of the Licensed Technology pursuant to the CRA to advance lab prototypes and the Company will be reliant on a third-party manufacturer to scale-up and test the lab prototypes for commercialization.

The Company cannot at this time accurately estimate the cost of bringing the Company's REPELWRAP™ to market as much of the associated costs depend on various factors such as costs to complete R&D work with McMaster, the cost of scale-up activities with a future manufacturing partner, commercial manufacturing partnership financial terms and distributor agreement terms, among other factors. Further, there is no assurance that the aforementioned timelines will be met or that its project or any objective will advance to an intermediate prototype or commercial product at all. As of the date of this MD&A, the Company has not entered into any manufacturing or distribution agreements and there is no certainly the Company will be able to enter into any such agreements on terms acceptable o the Company or at all. See "*Risk Factors*".

Analysis of Fiscal 2022 results compared to Fiscal 2021

The Company recorded a net loss of $1,899,748 in Fiscal 2022 compared to a loss of $1,123,082 in Fiscal 2021. The increase in net loss in Fiscal 2022 was mainly due to having a full year of operations in 2022 compared to 2021 since the License Agreement was entered into in February 2021 and the CRA in August, 2021 and the Company added several people to its board and management team in mid-2021. In addition, the Company further added to its management team in Fiscal 2022 and prepared for a public listing which included preparation of a prospectus. In Fiscal 2022 the Company continued to raise capital through several financing rounds including the Subscription Receipt financing and continued its corporate operations, including research and development work. The Company did not earn any revenues in either Fiscal 2021 or Fiscal 2022. Below is a review of expense categories and variances which contributed to the increase in net loss from Fiscal 2021 to Fiscal 2022:

- The Company incurred consulting fees of $452,113 during Fiscal 2022 (Fiscal 2021 – $262,131). Consulting fees increased due to the increased operations during Fiscal 2022 where the Company engaged additional consultants and advisors in Fiscal 2022 including general corporate, financial advisory and administrative support.

- Directors' fees of $92,976 were incurred in Fiscal 2022 (Fiscal 2021 – $85,000) as the Company appointed two independent board members in Fiscal 2021 and entered into director service agreements with each of them.

- General and administrative expenses were $119,935 in Fiscal 2022 (Fiscal 2021 - $39,986). The most significant component of G&A are salaries and related costs which increased in Fiscal 2022 due to the hiring of an employee in Q4 of Fiscal 2021 such that Fiscal 2022 included a full year of salary and benefits for this employee. G&A also includes travel related expenses, meals and general office expenses which included accounting, insurance, bank fees, depreciation and other miscellaneous costs.

- Management fees increased to $572,938 for Fiscal 2022 (Fiscal 2021 - $384,561) due to fees charged by senior management including the CEO, CFO and COO. The COO was hired in mid Fiscal 2021 so Fiscal 2022 included a full year of salary for the COO.

- Marketing expenses decreased to $2,370 in Fiscal 2022 compared to $12,029 in Fiscal 2021 and reflected less marketing and brand development expenses incurred.

- The Company incurred professional fees of $322,659 in Fiscal 2022 (Fiscal 2021 - $236,848). Professional fees consist of: $30,000 for audit expenses in Fiscal 2022 (Fiscal 2021 – $30,000); $170,491 for general and corporate related legal fees (Fiscal 2021 - $120,303); and intellectual property and other legal fees of $122,168 (Fiscal 2021 - $86,545). Professional fees increased due to additional general and corporate legal fees due to the overall increased operations, legal fees incurred related to the preparation of a prospectus and financing activity compared to Fiscal 2021. Intellectual property and other legal fees related to legal fees incurred included fees related to patent applications, trademark filings, operational contract reviews and reimbursements to McMaster for legal costs related to patent applications and filings.

- The Company incurred research and development expenses ("R&D") of $227,923 in Fiscal 2022 compared to $108,594 in Fiscal 2021. R&D expenses in Fiscal 2022 were comprised of $222,923 (Fiscal 2021 - $36,844) for research and development and related costs incurred with McMaster pursuant to the CRA. Fiscal 2022 represented a full year of R&D compared to a partial year in Fiscal 2021 as the CRA was entered into in August 2021. R&D expense also included license fees paid pursuant to the License Agreement of $5,000 in Fiscal 2022 for the annual royalty fee compared to $71,750 related to the value of shares issued to McMaster in connection with the License Agreement in Fiscal 2021.

- The Company incurred share-based payment expenses of $97,141 in Fiscal 2022 (Fiscal 2021 - $nil) which related to an aggregate of 1,325,000 options granted during Fiscal 2022.

- The Company incurred $25,615 in transfer agent and filing fees during Fiscal 2022 (Fiscal 2021 - $1,850). Higher expenses in Fiscal 2022 are attributable to the Company's prospectus filing, financing activity and initial application fee made to the CSE.

- The Company recorded other income including government grant income of $2,100 in Fiscal 2022 (Fiscal 2021 - $7,500), recognized a foreign exchange loss of $408 in Fiscal 2022 (Fiscal 2021 gain of $417) and recognized $12,230 from the forgiveness of accounts payable in Fiscal 2022 (Fiscal 2021 - $nil).

QUARTERLY FINANCIAL INFORMATION

The following selected financial data has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements. All dollar amounts are in Canadian dollars.

	Quarter Ended	Revenue	Net Loss (unaudited)	Net loss per share (Basic and diluted)	Weighted average number of shares
Q4/22	December 31, 2022	$ -	$ 473,271	$ (0.01)	37,297,295
Q3/22	September 30, 2022	$ -	$ 511,762	$ (0.01)	37,215,773
Q2/22	June 30, 2022	$ -	$ 428,208	$ (0.01)	36,973,465
Q1/22	March 31, 2022	$ -	$ 486,507	$ (0.01)	36,111,773
Q4/21	December 31, 2021	$ -	$ 347,066	$ (0.01)	29,881,945
Q3/21	September 30, 2021	$ -	$ 252,084	$ (0.01)	26,910,134
Q2/21	June 30, 2021	$ -	$ 331,712	$ (0.03)	9,530,441
Q1/21	March 31, 2021	$ -	$ 192,220	$ (0.10)	1,955,557

Variations in the Company's net losses and expenses as well as notable trends for the previous eight quarters ended were typical of an early-stage company. Spending on consulting, management expenses, general and administration, professional fees, marketing and research and development are expected to increase over the next year relative to historical spending due to the expected increased operations of the Company.

During Fiscal 2021, the Company's activities primarily related to finalizing and entering into the License Agreement and CRA, R&D and testing-related activities with McMaster, establishing agreements with various consultants, financing activities, building its board and management team, and building corporate infrastructure. During Fiscal 2022, the Company focussed on its research and development initiatives with McMaster, raising additional financing, including raising $4,001,400 pursuant to the Subscription Receipt financing, engagement of a new CFO, filing of additional patent applications through McMaster, and the filing of a prospectus and pursuit of a public listing.

Three Months Ended December 31, 2022:

The Company recorded a net loss of $473,271 in the three months ended December 31, 2021 ("Q4 2022") compared to a net loss of $347,066 in the three months ended December 31, 2021 ("Q4 2021"). In Q4 2022 the loss is higher than Q4 2021 mainly due to overall increased operations, research and development and work related to the prospectus filing in Fiscal 2022. Below is a review of expense categories and variances which contributed to the increase in net loss from Q4 2021 to Q4 2022:

- Consulting fees increased from $49,214 in Q4 2021 to $93,748 in Q4 2022 due to higher consulting fees incurred in Q4 2022 related to the preparation of the Company's prospectus.

- Directors' fees of $17,976 in Q4 2022 (Q4 2021 - $56,259) decreased compared to Q4 2021 and were due to amounts incurred by two directors who were appointed on August 15, 2021 and resigned on December 5, 2022.

- General and administrative expenses of $21,832 in Q4 2022 were less than Q4 2021 ($24,203) with the decrease mainly due to decreased travel expenses in Q4 2022.

- Management fees increased from $126,845 in Q4 2021 to $166,563 in Q4 2022 due to the hiring of a CFO in Fiscal 2022 and incurring higher fees related to the preparation of the Company's prospectus. Q4 2022 expenses included salaries and or consulting fees for the CEO, COO and current CFO. In Fiscal 2021, management expenses included amounts for the Company's CEO, COO and former CFO who resigned in November 2021.

- Marketing expenses decreased from $5,125 in Q4 2021 to $445 in Q4 2022 as the Company did not perform significant marketing activities in Q4 2022.

- Professional fees increased from $45,977 in Q4 2021 to $79,667 in Q4 2022. General and corporate legal fees were consistent with $52,894 incurred in Q4 2022 (Q4 2021 - $39,494) and intellectual property related and other legal fees increased to $19,273 in Q4 2022 from $6,483 in Q4 2021 due to higher intellectual property related legal fees incurred in Q4 2022 compared to Q4 2021. Audit fees were $7,500 in Q4 2022 compared to $nil in Q4 2021.

- Research and development expenses increased from $33,763 in Q4 2021 to $69,881 in Q4 2022. The increase relates mainly to expenses incurred pursuant to the CRA with McMaster.

- Share based payments increased to $36,674 in Q4 2022 compared to $nil in Q4 2021. The increase relates to options granted in Fiscal 2022 where no options were granted in Fiscal 2021.

- Transfer agent and filing fees were $800 in Q4 2022, consistent with $1,850 incurred in Q4 2021.

- Other income for Q4 2022 totalled $14,315 which included $12,230 from the forgiveness of accounts payable compared to an expense of $3,831 in Q4 2021.

LIQUIDITY AND CAPITAL RESOURCES

Since inception the Company has devoted its resources to securing intellectual property rights related to the Licensed Technology, furthering its research and development of the Licensed Technology and establishing personnel and processes required to execute its business plan. This has resulted in an accumulated deficit of $3,359,705 as at December 31, 2022. With no income from operations, losses are expected to continue while the Company's research and development programs are advanced.

The Company does not earn any revenues from its operations and is therefore considered to be in the development stage. As required, the Company will continue to finance its operations through the sale of equity or pursue non-dilutive funding sources available to the Company in the future. The continuation of its research and development activities and the commercialization of REPELWRAP™ is dependent upon the Company's ability to successfully finance and complete its research and development program and successfully complete the scale-up and commercialization of REPELWRAP™. As of the date of this MD&A the Company is not capable of sustaining its working capital requirements over the long term without additional capital, product commercialization or ultimately sales of products. In order to reach sustainable business operations, the Company will need to complete development and scale-up of REPELWRAP™ (repel version) and achieve other commercialization milestones which include engagement of a third-party manufacturer and entering into distribution agreements for the distribution of REPELWRAP™.

As at December 31, 2022, the Company had a working capital deficit of $697,723 compared to working capital of $855,681 as of December 31, 2021. The Company has relied upon equity financings to finance its operations and meet its capital requirements. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Management has forecasted that the Company's current level of cash, including $4,001,400 that was held in escrow at December 31, 2022 by the Escrow Agent pursuant to the Subscription Receipt financing and subsequently released to the Company on February 1, 2023, will be sufficient to execute its current planned expenditures for the next 12 months without further financing being obtained. On August 17, 2022, the Company received a receipt for its preliminary prospectus that was filed with the securities regulators in Ontario, British Columbia, Alberta and Manitoba and on February 1, 2023, the Company received a receipt for a final prospectus which satisfied the Escrow Release Condition. On August 19, 2022, the Company applied to list its shares for trading on the CSE and on March 20, 2023, its shares were listed for trading. The issuance of additional common shares by the Company could result in significant dilution in the equity interest of existing shareholders. There can be no assurance that the Company will be able to obtain sufficient financing to meet future operational needs which may result in the delay, reduction or discontinuation of ongoing development programs.

The Company's objectives when managing its liquidity and capital resources is to maintain a sufficient capital base to sustain and grow its overall operations, ensure adequate capital to meet its obligations under the CRA and License Agreement, and provide adequate capital to fund future developments of the business. The Company faces numerous risks and uncertainties, many of which are beyond its control, related to the development, scale-up and commercialization of its products including but not limited to timing delays, costs overruns, lack of success with its development initiatives and inability to enter into relationships with manufacturing and/or distribution partners (see "*Risk Factors*").

Summary of cash flows

	Year Ended December 31, 2022	Year Ended December 31, 2021	Change
Cash used in operating activities	$ (1,170,743)	$ (944,674)	$ (226,069)
Cash used in investing activities	-	(4,721)	4,721
Cash provided by financing activities	115,000	1,676,699	(1,561,699)
Net increase (decrease) in cash	$ (1,055,743)	$ 727,304	$ (1,783,047)

Cash used in operating activities is comprised of net loss, add-back of non-cash expenses, and net change in non-cash working capital items. Cash used on operating activities increased to $1,170,743 in Fiscal 2022 from $944,674 in Fiscal 2021. This increase is primarily due to increased consulting fees, management fees, research and development, administration and professional fees as the Company increased operations, raised additional financing and prepared for a public listing.

Cash used in investing activities in Fiscal 2022 was $nil compared to $4,721 in Fiscal 2021. In Fiscal 2021 the Company purchased computer equipment for staff and management personnel which did not incur in Fiscal 2022.

Cash provided by financing activities decreased to $115,000 in Fiscal 2022 compared to $1,676,699 in Fiscal 2021. In Fiscal 2022, the Company completed a private placement which provided proceeds of $15,000, received $75,000 through the exercise of warrants and received loan proceeds of $25,000. In Fiscal 2021 the Company completed several tranches of a private placement which resulted in proceeds of $1,646,699, net of issuance costs. In Fiscal 2021 the Company received $30,000 in subscriptions receivable toward a financing which subsequently closed in January 2022.

The Company funded operations during Fiscal 2022 and Fiscal 2021 through the net proceeds of securities issued and the use of existing cash. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and its success with its research and development initiatives, scale-up and product commercialization. Additional financing may not be available on terms favourable to the Company or at all. If the Company does not receive future financing, it may not be possible for the Company to advance its business plans. The Company does not expect to generate positive cash flow from operations for the foreseeable future due to additional R&D expenses, scale-up and testing expenses and operating expenses associated with supporting these activities. It is expected that negative cash flow from operations will continue until such time, if ever, that the Company commercializes any of its products under development and achieves sales from any such products should they exceed its expenses.

COMMITMENTS

McMaster University

The Company entered into the License Agreement dated February 5, 2021 as amended, with McMaster for the Licensed Technology. Pursuant to the License Agreement, the Company agreed to the following key terms:

- the issuance to McMaster of common shares equal to 5% of its fully diluted share capital on achievement of certain funding thresholds, whereby 1,435,000 common shares were issued at a deemed price of $0.05 per share for fair value of $71,750 in Fiscal 2021;
- payment of a 4% royalty on net sales to be paid quarterly within 60 days following the close of the calendar quarter (as defined in the License Agreement);
- a minimum annual royalty commencing in the first 12-month period ending on the anniversary of the date of the License Agreement as to $5,000 in the first and second years, $10,000 in the third and fourth years and $20,000 in the fifth and subsequent years; and
- contribute an aggregate of $350,000 toward sponsored research projects in year one, of which $175,000 was due on signing the Collaborative Research Agreement and receipt of an invoice from McMaster (paid) and $87,500 is payable on each of months 4 (paid) and 8 (paid) thereafter, upon receipt of invoices from McMaster. In year two and year three, the Company is to contribute a minimum of $150,000 each year to a sponsored research project to further develop the Licensed Technology, provided the research aims are approved by the Company (see detailed CRA payment terms detailed below).

The Company entered into the Collaborative Research Agreement with McMaster dated effective August 1, 2021, as amended April 11, 2023 with an effective date of January 1, 2023, which sets out the payment terms for the research project to satisfy the research funding obligations under the License Agreement as further detailed below:

Invoice Date	**Amount**
November 24, 2021 (paid)	$175,000
August 25, 2022 (paid)	$87,500
January 1, 2023 (paid)	$87,500
March 1, 2023 (paid)	$75,000
May 1, 2023	$37,500
July 1, 2023	$37,500
September 1, 2023	$75,000
January 1, 2024	$37,500
May 1, 2024	$37,500

NSERC Grant

On May 9, 2022, NSERC provided McMaster and Dr. Leyla Soleymani, one of the Lead Researchers, with notice of approval for an Alliance Grant of $361,520 over two years, for the Company's project entitled "Developing a pathogen repellant wrap-improving performance and manufacturing throughput and evaluating real-world potential" with the Company as the sponsor (the "NSERC Grant"). The NSERC Grant is payable to the Lead Researcher at McMaster as the applicant. The Company, as the sponsor, does not receive any funding from this NSERC Grant, however, as sponsor, is to make cash contributions of $93,500 for each of the two years and contribute in-kind contributions totaling $206,400 over two years. The NSERC Grant also requires other third parties (namely Draganfly and the Company's future manufacturer) to provide aggregate in-kind contributions totaling $334,000 over the two-year period. The Company's cash contributions will be satisfied by the Company's payments pursuant to the CRA (see above) and its in-kind contributions will be satisfied by time spent by its senior management and employees related to the project. The Company is not responsible for any of the third-party contributions.

OUTSTANDING SHARE CAPITAL

Common Shares

As of the date of this MD&A, the Company had authorized an unlimited number of common shares without par value.

Common Shares issued and outstanding, and other securities convertible into common shares as summarized in the following table:

	Number Outstanding as of May 1 2023	Number Outstanding as of December 31, 2022
Common Shares issued and outstanding	51,913,453	37,965,773
Options	2,775,000	1,325,000
Restricted share units	150,000	150,000
Warrants	15,119,000	8,450,000
Broker warrants	1,681,627	696,107
Subscription Receipts	-	13,338,000

Subscription Receipts

As at the date of this MD&A, the Company had nil Subscription Receipts outstanding as all Subscription Receipts were converted into common shares and warrants on February 1, 2023. As at December 31, 2022, the Company had 13,338,000 Subscription Receipts outstanding that were issued pursuant to the Subscription Receipt financing which closed on April 28, 2022. On February 1, 2023, the Company obtained a Receipt for its final prospectus dated January 31, 2023. Upon obtaining the Receipt, the Company satisfied the Escrow Release Condition and the Escrow Agent released to the Company the gross proceeds of $4,001,400 that were being held in escrow from the Subscription Receipt financing. Each Subscription Receipt was automatically converted into one Unit, and the Company issued an aggregate of 13,338,000 common shares and 6,669,000 warrants. In addition, the Company paid cash finder's fees in the aggregate amount $112,752, issued 609,680 Subscription Receipt broker shares and issued an aggregate of 985,520 Subscription Receipt broker warrants. See "Highlights for the year ended December 31, 2022".

Warrants

A summary of the Company's issued and outstanding warrants at the date of this MD&A is as follows:

Expiry Date	Exercise Price	Number Outstanding
March 10, 2024	$ 0.10	8,450,000
February 1, 2025	$ 0.50	6,669,000
		15,119,000

A summary of the Company's issued and outstanding broker warrants at the date of this MD&A is as follows:

Expiry Date	Exercise Price	Number Outstanding
August 16, 2023	$ 0.15	200,320
November 9, 2023	$ 0.15	45,120
December 23, 2023	$ 0.15	442,667
January 20, 2024	$ 0.15	8,000
February 1, 2025	$ 0.30	985,520
		1,681,627

Options

A summary of the Company's options outstanding at the date of this MD&A is as follows:

Expiry Date	Exercise Price	Options Outstanding	Options Exercisable
April 22, 2027	$ 0.15	1,025,000	341,665
December 24, 2027	$ 0.30	300,000	100,000
January 24, 2028	$ 0.30	1,450,000	483,332
		2,775,000	924,997

Restricted Share Units

As at the date of this MD&A, the Company has granted 150,000 restricted share units ("RSU's") to an officer which fully vest on May 24, 2023.

Bonus Shares

As at the date of this MD&A, the Company has reserved for issuance 4,150,000 common shares, issuable upon achievement of certain milestones related to the Licensed Technology as set out in bonus share agreements entered into with each of Dr. Didar and Dr. Soleymani (the "Bonus Share Agreements"). Pursuant to the Bonus Share Agreements, each of Dr. Didar and Dr. Soleymani may be entitled to receive up to 2,075,000 common shares (the "Bonus Shares") should certain milestones related to the development of the Licensed Technology be achieved. As at the date of this MD&A, no milestones have been achieved and no Bonus Shares have been issued.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no undisclosed off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of its operations, financial condition, revenue or expenses, liquidity, capital expenditures or capital resources that is material to investors.

RELATED PARTY DISCLOSURE

Related parties of the Company include key management personnel, companies controlled by key management personnel and close family members of key management personnel. Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (whether executive or otherwise) of the Company. Key management personnel are composed of the board of directors and executive leadership team.

The following fees and expenses were incurred with related parties including current and former key management personnel:

	Year Ended December 31,2022	Year Ended December 31,2021
	$	$
Consulting fees [(1)]	-	32,508
Directors' fees [(2), (7)]	92,976	85,000
Management fees [(1), (2), (3), (4), (5), (7)]	572,938	384,561
Share based payments [(6)]	66,660	-
Total	732,574	502,069

Notes:

(1) The Company entered into a consulting service agreement with A. Fehr & Associates Ltd. ("Fehr & Associates"), a company controlled by Ann Fehr, the former CFO of the Company. Pursuant to this consulting agreement, during the year ended December 31, 2022 Fehr & Associates charged CFO management fees of $nil (Fiscal 2021

- $14,050) and consulting fees of $nil (Fiscal 2021 - $32,508) for CFO and outsourced accounting services respectively. As at December 31, 2021, $9,725 was owing to Fehr & Associates.

(2) The Company entered into director services agreements with each of two former directors, Dr. Ian Mark Landy and Prakash Gowd for their 2021 and 2022 director services. Both Dr Landy and Mr. Gowd resigned on December 5, 2022. During the year ended December 31, 2022, Mark Landy incurred director fees of $46,538 (Fiscal 2021 - $45,000) and Prakash Gowd incurred directors fees of $46,438 (Fiscal 2021 - $40,000). An aggregate of $177,976 in outstanding directors' fees was included in accounts payable and accrued liabilities as at December 31, 2022 (2021 - $85,000).

(3) BioEnsemble Inc. ("BioEnsemble"), a company controlled by Dr. Carolyn Myers, the Company's Chief Executive Officer ("CEO"), charges CEO management consulting fees at a monthly fee of $20,000 starting January 1, 2022, where previously fees were charged directly by the CEO. During the year ended December 31, 2022, BioEnsemble earned $240,000 (2021- $nil) in management consulting fees. During the year ended December 31, 2022, management fees earned by the CEO directly were $nil (Fiscal 2021 - $240,000). As at December 31, 2022, $240,000 was owing to BioEnsemble and $80,000 was owing to the CEO. As at December 31, 2021, $Nil was owing to BioEnsemble and $120,000 was owing to the CEO. On June 19, 2021 the Company settled management fees of $7,500 owing to the CEO from 2020 through the issuance of 1,500,000 common shares. The common shares were issued at a fair value of $0.005 per share.

(4) Effective May 17, 2021, the Company engaged Andrea Mulder as COO pursuant to an employment contract with the Company. The COO was compensated at an annual rate of $165,000 payable semi-monthly in arrears with a discretionary year-end bonus payable of up to 20%. During the year ended December 31, 2022, the COO earned an aggregate of $200,750 (Fiscal 2021 - $130,511) in salaries, bonuses and accrued vacation pay. As at December 31, 2022, $35,750 was owing to the COO (2021 - $28,549)

(5) Effective February 17, 2022, the Company entered into a consulting agreement, as amended with RCF Advisors Ltd. ("RCF"), a company controlled by Rose Zanic, the Company's CFO, and Rose Zanic to provide part-time CFO services to the Company at a rate of $250 per hour plus applicable taxes. During the year ended December 31, 2022, RCF earned an aggregate of $132,188 in management consulting fees (Fiscal 2021 - $nil). As at December 31, 2022, $6,563 was owing to RCF (December 31, 2021 - $Nil). On April 22, 2022, the Company settled $7,500 of fees owed to RCF through the issuance of 50,000 common shares at a fair value of $0.15 per common share.

(6) On April 22, 2022, the Company issued an aggregate of 1,025,000 share purchase options to certain directors, officers, employees and consultants with an exercise price of $0.15 per share with an expiry date of five (5) years from the date of grant. On December 24, 2022, the Company issued 300,000 share purchase options to an officer with an exercise price of $0.30 per shares with an expiry date of five (5) years from the date of grant. The share purchase options are subject to standard vesting provisions of 1/3 vesting on the date of grant and 1/3 vesting on the date that is 12 months and 24 months from the date of grant, such that all share purchase options fully vest over 24 months from the date of grant. During the year ended December 31, 2022, share based payment related to options granted to the key management personnel amounted to $66,660 (Fiscal 2021 - $Nil).

(7) All amounts incurred by key management personnel.

Included in accounts payable and accrued liabilities at December 31, 2022, were amounts totaling $540,289 (2021 - $243,274) due to related parties.

SEGMENTED INFORMATION

The Company operates in one reportable segment, involving the research and development of its Licensed Technology. All the Company's assets are located in Canada.

TRENDS

The Company's business is not cyclical or seasonal.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

The Company's financial instruments at December 31, 2022 include cash, sales tax receivable, accounts payable and loan payable. The fair values of these instruments approximate their carrying values due to their short-term nature.

IFRS 13 *Fair Value Measurement* establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs used in making fair value measurements as follows:

Level 1 - quoted prices in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., from derived prices); and

Level 3 - inputs for the asset or liability that are not based upon observable market data.

The fair value of cash is based on Level 1 inputs.

[a] Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises for the Company from its cash and sales tax receivable. The Company has adopted practices to mitigate the deterioration of principal, to enhance the Company's ability to meet its liquidity needs and to optimize yields within those parameters. The Company regularly reviews the collectability of its accounts receivable and would establish an allowance account for credit losses based on its best estimate of any potentially uncollectible accounts receivable. As of December 31, 2022, the balance of the allowance account for credit losses was $0 (2021 - $0). The Company's cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held in the banks there is a concentration of credit risk. This risk is managed by using major banks that are high quality financial institutions as determined by rating agencies.

[b] Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's exposure to liquidity risk is dependent on its purchasing commitments and obligations and its ability to raise funds to meet commitments and sustain operations. The Company manages liquidity risk by continuously monitoring its actual and forecasted working capital requirements, and actively managing its financing activities. The Company's main source of funding has been the issuance of equity securities, primarily through private placements. Although the Company received the proceeds held in escrow of $4,001,400 from its Subscription Receipt financing on February 1, 2023 (see Notes 8 and 12), there can be no assurance of continued access to significant equity funding. As of December 31, 2022, the Company had a working capital deficit of $697,723 (2021 – working capital of $855,681). As at December 31, 2022, the Company's financial liabilities were comprised of accounts payable and accrued liabilities totaling $830,368 all of which have contractual maturities less than 3 months, and loan payable of $25,000 which has a contractual maturity of less than 3 months.

[c] Market risk

a. Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. The Company has cash balances and no interest-bearing investments or debt. If the Company had excess cash to invest, the Company's policy would be to invest the excess cash in guaranteed investment certificates issued by its banking institutions. The Company is not currently exposed to significant interest rate risk.

b. Currency risk

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates. The Company has a portion of its operating expenses in US dollars. The Company has not entered into foreign exchange derivative contracts.

As at December 31, 2022 and 2021, the Company had the following liabilities denominated in US dollars. A 10% change in the currency exchange rate between the Canadian dollar relative to the US dollar could have a gain or loss of approximately $3,725 (2021 - $1,638) on the Company's results of financial position based on the Company's net exposure as at December 31, 2022.

	December 31, 2022 US$	December 31, 2021 US$
Accounts payable	27,500	12,923

[d] Capital disclosure

The Company's objective when managing capital is to ensure its ability to continue as a going concern in order to pursue the development of its product candidates for ultimate sale or out-licensing. The Company attempts to maximize return to shareholders by minimizing shareholder dilution and, when possible, utilizing non-dilutive funding arrangements, such as collaborative partnership arrangements.

The Company defines its capital as share capital and reserves. The Company has financed its capital requirements primarily through equity share issuances since inception.

The Company manages its capital structure and adjusts it based on changes in economic conditions and risk characteristics of the underlying assets. The Company may issue new securities. The Company is not subject to any externally imposed capital requirements. There were no changes to the Company's capital management during the years ended December 31, 2022 and 2021.

SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND POLICIES

In applying the Company's accounting policies, management makes several judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. Actual results may differ from the judgments, estimates and assumptions made by management and will seldom equal the estimated results.

CRITICAL JUDGMENTS

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

i. Research costs and license costs are recognized as an expense when incurred, but development costs may be capitalized as intangible assets if certain conditions are met, as described in International Accounting Standard ("IAS") 38 *Intangible Assets*. Management has determined that development costs do not meet the conditions for capitalization under IAS 38, and all research and development costs and license costs have been expensed.

ii. Management is required to determine whether the going concern assumption is appropriate for the Company at the end of each reporting period. Considerations taken into account include available information about the future, including the availability of financing and revenue projection, as well as the current working capital balance and future commitments of the Company.

ESTIMATION UNCERTAINTY

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

i. Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxation authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

ii. The fair value of accrued liabilities at the time of initial recognition is made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements have been applied to all periods presented. The following is a summary of significant accounting policies:

[a] Research and development costs

Expenditures related to research activities are recognized as an expense in the period in which they are incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, the entity can demonstrate all of the following:

i. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
ii. its intention to complete the intangible asset and use or sell it;
iii. its ability to use or sell the intangible asset;
iv. how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
v. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
vi. its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs are capitalized as soon as the above criteria are met. Where no internally generated intangible asset can be recognized, development expenditures are expensed in the period in which they are incurred.

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. They are amortized on a straight-line basis over their useful life, and an impairment loss is recognized in profit or loss when their recoverable amount is less than their net carrying amount.

[b] Equipment, net

Equipment is stated at historical cost less accumulated amortization and accumulated impairment losses. Cost includes costs paid to acquire assets from third parties.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of loss. Amortization is calculated as follows:

- Computer equipment – 55% double declining balance

[c] Government grant

A government grant is recognized when there is reasonable assurance it will be received, and all related conditions will be complied with. The Company recognizes government grant in profit or loss on a systematic basis and in line with its recognition of the expenses that the grants are intended to compensate. The Company carefully determines whether the grant compensates expenses already incurred or future costs.

[d] Share-based payments

Share-based compensation to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and expensed over the vesting periods. Share-based compensation to non-employees is measured at the fair value of the goods or services received or the fair value of the equity instruments issued if the fair value of the goods or services cannot be reliably measured and is recorded at the date the goods or services are received. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to contributed surplus The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to contributed surplus.

Proceeds from the exercise of options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Any previously recorded share-based payment included in the reserves account is transferred to share capital on exercise of options. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from issuance of units are allocated between common shares and warrants based on the residual method. Under this method, the proceeds are allocated first to share capital based on the fair value as determined by the quoted bid price of the common shares and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in share capital, and any related amount recorded in warrants reserve is transferred to share capital. Charges for options or warrants that are cancelled or expire are reclassified from contributed surplus to deficit.

[e] Income taxes

Deferred income tax is recognized using the liability method on temporary differences arising between the tax and accounting bases of assets and liabilities, as well as for the benefit of losses available to be carried forward to future years. Deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect either accounting or taxable profit or loss.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred income tax assets are recognized only to the extent that it is probable that future profit will be available against which such assets can be utilized.

[f] Share capital

The Company records proceeds from share issued net of issuance costs and any tax effects. Common shares issued for consideration other than cash are valued based on their market value at the date the common shares are issued.

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to the shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to warrants.

[g] Loss per share

Loss per share is calculated using the weighted average number of shares outstanding during the period. Diluted loss per share is calculated using the treasury stock method whereby all in-the-money options and warrants are assumed to have been exercised at the beginning of the period and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the period. In periods of loss basic and diluted loss per share are the same, as the effect of the exercise of outstanding options and warrants is anti-dilutive.

[h] Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held-for-trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held-for-trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification of the Company's financial instruments under IFRS 9 *Financial Instruments*:

Financial Asset/Liabilities	**Classification**
Cash	FVTPL
Sales tax receivable	Amortized cost
Accounts payable	Amortized cost
Loan payable	Amortized cost

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of loss and comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the statement of loss and comprehensive loss, as an impairment gain or loss,

the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statement of loss and comprehensive loss.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are recognized in profit or loss.

Accounting standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early-adopted. These standards are not expected to have a material impact on FendX in the current or future reporting periods.

RISK FACTORS

An investment in the Company is speculative and involves a high degree of risk. Current and prospective shareholders should specifically consider various factors, including the risk factors outlined below. The Directors consider the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the Company's business.

Should one or more of these risk factors or uncertainties, including the risks listed below, or a risk that is not currently known to us materialize, or should assumptions underlying those forward-looking statements prove incorrect, the Company's business, financial condition, capital resources, results or future operations could be materially adversely affected.

Risks Related to Our Business and the Development of Our Product Candidates

Performance depends primarily on the success of product candidates, which is in early formulation/reformulation and have not yet been field tested or received regulatory approval in any country.

We currently have no products approved or ready for sale or marketing in any country, and may never be able to commercialize our proposed products or obtain regulatory approval for any of our product candidates, including REPELWRAP™, if required by any jurisdiction. Our product candidates are in the early stages of formulation and reformulation and have not yet been field tested. Completing field testing and receiving any required regulatory approval for our product candidates will depend on many factors, including, but not limited to the following:

- Successfully completing stability and pathogen testing;
- Successfully scaling product candidates for high volume manufacturing;
- Preparing and submitting applications for approvals to appropriate regulatory authorities, if required; and
- Launching commercial sales, marketing and distribution operations.

Many of these factors are wholly or partially beyond our control, including the regulatory submission process and changes in the competitive landscape. Although the Company believes REPELWRAP™ would not require Health

Canada or the Pest Control Board approvals for sales in Canada as it believes REPELWRAP™ will be considered a coating which would not require such approvals, there is no certainty that such approvals may not be required or that it will be successful in obtaining any required approvals or licenses in Canada or any other jurisdiction the Company that the Company intends to sell its products. If we do not achieve one or more of these factors in a timely manner, we could experience significant delays or an inability to commercialize our products.

The Company has a limited operating history and has not yet generated revenues. Availability of future financing is uncertain.

The Company has no history of earnings, has generated no revenues since commencing operations, and has no source of operating cash flow.

The Company will require significant additional capital to execute its business plan and fund its operations that will likely require the involvement of multiple capital sources and participants. Although the Company has been successful to date in financing its activities through the sale of equity securities, there can be no assurance that it will be able to obtain sufficient financing in the future to fund its operations and research and development objectives. The actual availability of financing, the involvement of any or all of the potential participant groups and their level of participation, and the details and terms of any eventual financing will be dependent on numerous conditions, including, but not limited to, general market conditions and other economic considerations at the time. While the Company anticipates that financing for development of its products can be arranged, such financing is highly dependent on factors outside of the Company's control and there can be no assurance that the Company will be successful in arranging financing at all, or if so, under acceptable terms and conditions. Even if the Company begins licensing or selling its products, there is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future. There can be no assurance that any future financing will be available on reasonable terms, if at all, and if available, may be dilutive to existing shareholders. Failure to obtain such additional financing could result in delay or indefinite postponement of further research and development activities with the possible loss of the Licensed Technology should the Company not be able to meet its commitments pursuant to the License Agreement or the CRA.

Negative Cash Flow

The Company had negative operating cash flow as at December 31, 2022 and December 31, 2021, and the Company will continue to have negative operating cash flow for the foreseeable future. No assurance can be given that the Company will ever attain positive cash flow or profitability or that additional funding will be available for operations.

No production history and no assurances of future profitability.

To date, the Company does not have a commercial product available for sale and has recorded no revenue from product sales and there is no assurance that it will generate revenue in the future. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's business operations are at an early stage of development and its success will be largely dependent upon the outcome of its ultimate strategy of successfully developing, marketing and generating sales of its products. The Company's operating expenses and capital expenditures may increase in subsequent years. The Company expects to continue to incur losses unless and until such time as it completes scale-up and commercialization of its products and enters into long term and large volume distribution and manufacturing agreements and generates sufficient revenues to fund its continuing operations.

The Company operates in a highly competitive industry.

The Company faces competition from a number of manufacturers and suppliers of different products to protect surfaces from pathogens. Significant product innovations, technical advances or competitive pricing could adversely affect the Company's operations and future revenues. We are currently developing products that will compete with other antimicrobial products that currently already exist or are being developed. Products we may develop in the future are also likely to face competition, some of which we may not currently be aware of. We have competitors in North America and internationally, including companies that are more established than FendX. Many of our competitors have significantly greater financial, manufacturing, marketing, development, technical and human resources than we

do. Large companies, in particular, have extensive experience in product development and manufacturing, as well as obtaining regulatory approvals. These companies also have significantly greater research and marketing capabilities than we do and may also have products that have been approved or are in late stages of development. Established competitors may also invest heavily to accelerate development of novel products or to license novel products in the Company's target markets, which could make the product candidates that we develop obsolete. Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are more effective, affordable or convenient than products that we may develop. Our competitors may also obtain regulatory approvals for their products more rapidly, which could result in our competitors establishing a strong market position before we are able to enter the market.

Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing manufacturing, as well as in acquiring technologies or intellectual property complementary to, or necessary for, our product candidates. In addition, our industry is characterized by rapid technological change. If we fail to stay at the forefront of technological change, we may be unable to compete effectively. Technological advances or products developed by our competitors may render our technologies or product candidates obsolete, less competitive or not economical.

The ability of the Company to satisfy the terms of the License Agreement and the Collaborative Research Agreement and maintain the License in good standing.

The Company has been granted an exclusive license to the Licensed Technology pursuant to the License Agreement. The Company's rights and obligations are outlined in the License Agreement. The License Agreement requires the Company to complete certain milestones (the "License Agreement Milestones"). Failure to complete the License Agreement Milestones could allow the Licensor to terminate the License Agreement. The License Agreement may also be terminated by the Licensor if certain other conditions occur. Under the Collaborative Research Agreement, the Company is obligated to make certain payments to the Licensor, and the Collaborative Research Agreement could be terminated by the Licensor if the Company breaches this agreement. If the Company's relationship with the Licensor were to terminate, the Company would not be able to distribute and commercialize its products and might not be able to enter into another license agreement with an entity with similar technologies on acceptable terms or at all. As a result, the Company could experience delays in its ability to distribute and commercialize its products or a similar technology, all of which would have a material adverse effect on the Company's business, results of operations and financial condition.

The ability of the Licensor to satisfy the terms of the License Agreement and the Collaborative Research Agreements.

Pursuant to the License Agreement, the Licensor is, among other things, involved in the ongoing research and development activities being conducted on the Licensed Technology. Pursuant to the Collaborative Research Agreement, the Licensor has agreed to conduct research and development work on behalf of the Company on the Licensed Technology and provide the human resources, materials, facilities and equipment as needed to conduct the sponsored project work. The Company is reliant on McMaster to conduct research and development of the Licensed Technology to advance product candidates for manufacturing scale-up and ultimate commercialization. The Company will be at risk should McMaster not be able to discharge its obligations to conduct research and development funded by the Company.

McMaster, on behalf of the Company, is responsible to file provisional patent applications for new inventions arising from research and development work on the License Technology. In addition, under the direction of the Company, McMaster is responsible to file Patent Cooperation Treaty (PCT), as well as file and prosecute national patent applications. Should McMaster not file new provisional patents, PCT applications and/or file or prosecute national applications, this would materially adversely affect the Company's business, as its products may not have robust enough protection impacting commercialization, and overall operations.

McMaster may not be able to discharge its obligations pursuant to the License Agreement or the Collaborative Research Agreement and thereby the Company's development timeline, regulatory approval and commercialization

prospects for its product candidates would be materially adversely affected which may have materially adverse impact on the Company's business.

The ability of the Company to complete scale-up and/or testing of an intermediate prototype of REPELWRAP™.

Given the early stage of development of REPELWRAP™, the Company can make no assurance that it can develop viable prototypes for commercial scale-up and/or meet certain product specifications including high repel rates of pathogens or demonstrate long-term durability and stability. Unsatisfactory results may cause the Company or its collaborators to abandon commitments to that program. The early stage of product development makes it particularly uncertain whether any of its product development efforts will prove to be successful. If the Company fails to develop viable prototypes for scale-up or they fail testing, the development timeline and commercialization prospects may be materially adversely affected which may have a material adverse impact on the Company's business.

Research and development activities may not be successful.

Given the early stage of product development, the Company can make no assurance that its research and development programs will result in commercially viable products or obtain regulatory approval, as needed. To achieve profitable operations, the Company, alone or with others, must successfully develop and market its future products, and obtain regulatory approval, as needed. To achieve commercial success, sufficient testing must demonstrate that the product candidates demonstrate efficacy and that products can be successfully scaled up for production, in addition to other factors. Unsatisfactory results obtained from testing relating to a research and development program may cause the Company or its collaborators to abandon commitments to that program. The early stage of product development makes it particularly uncertain whether any of its product development efforts will prove to be successful and meet any applicable regulatory requirements, and whether any of its products will receive any requisite regulatory approvals, be capable of being manufactured at a reasonable cost or be successfully marketed. If the Company fails to produce positive results in its future testing of its products or fails to produce test results that demonstrate similar efficacy as any initial testing by McMaster, the development timeline and regulatory approval, if required and commercialization prospects for its products, would be materially adversely affected which may have a material adverse impact on the Company's business.

Grant funding obligations and no assurance for future grant funding.

Although the Licensed Technology has been funded partially by grant funding in the past, there is no assurance that the Company, as sponsor, McMaster or the Lead Researchers will be successful in securing additional grants to assist with funding the Company's current and future R&D work plans. In addition, the NSERC Grant awarded to one of the Lead Researchers on May 9, 2022 requires the Company and other third party partners to fulfil certain cash and work commitments. The Company's ability to fulfil its obligations pursuant to the NSERC Grant depends upon the Company's financial condition, operating performance and expected future revenues, will be subject to prevailing economic conditions, competitive conditions, and financial, business, legislative, regulatory and other factors affecting its operations, many of which are beyond the Company's control.

The Company cannot provide assurance that it will, nor its third-party partners will be able to service their obligations pursuant to the NSERC Grant. Failure to meet the terms of the NSERC Grant may also limit the Lead Researcher's ability to obtain future grants which may have a material and adverse effect on the Company's operations.

Our revenues will be highly dependent on a limited number of products.

The Company will initially generate revenues from a limited number of products that it intends to commercialize. The loss of a single source of revenue for any reason could have a material adverse effect on our business, financial condition and results of operations. In addition, each of these products may face competition and the ability to grow the market and our market share may be limited.

The Company is dependent on current and future collaborative partners, manufacturers, distributors, licensors and others.

The Company has no history of manufacturing, distribution or sales. The Company's success will be dependent upon its ability to enter into distribution and manufacturing agreements with third parties. The Company does not intend to

manufacture or sell its products directly but will rely on third party distributors and manufacturers to sell and manufacture its products. To-date, the Company has not entered into any formal distribution or manufacturing agreements.

The Company may be unable to enter into agreements with third parties to market and sell REPELWRAP™, upon successful scaleup and testing, for commercialization within and outside of Canada. The Company is seeking to engage third-party distribution partners to sell REPELWRAP™. If the Company is successful in entering into a commercialization agreement for sales within and outside of Canada, the Company may have limited or no control over sales, marketing and distribution activities of these third parties. The Company's future revenues may depend on the success of the efforts of these third parties. To the extent that the Company relies on, or partners with, third parties to launch, manufacture and commercialize REPELWRAP™ if approved, or any other product for which the Company develops in the future, the Company may receive less revenue than if the Company manufactured or sold these products itself. In the event that the Company is unable to partner with a third-party marketing and sales organization, the Company's ability to generate product revenues may be limited, if any. A variety of risks associated with potential international business relationships could materially adversely affect the Company's business. The Company may enter into agreements with third parties for the development and commercialization of future products in international markets. If the Company does so, the Company would be subject to additional risks related to entering into international business relationships.

Any collaboration arrangements that the Company may enter into in the future may not be successful, which could adversely affect the Company's ability to develop and commercialize the Company's products. The Company may seek partnerships, collaborations and other strategic transactions to maximize the commercial potential its products and the Company's proprietary technologies in Canada, the U.S. and other territories throughout the world. The Company may enter into such arrangements on a selective basis depending on the merits of retaining commercialization rights for itself as compared to entering into selective collaboration arrangements with leading distribution companies for each of the Company's products, both in Canada and internationally. The Company faces competition in seeking appropriate collaborators. Moreover, collaboration arrangements are complex and time consuming to negotiate, document and implement. The Company may not be successful in its efforts to establish and implement collaborations or other alternative arrangements should the Company choose to enter into such arrangements. The terms of any collaborations or other arrangements that the Company may establish may not be favourable to the Company. Any future collaborations that the Company enters into may not be successful. The success of the Company's collaboration arrangements will depend heavily on the efforts and activities of the Company's collaborators. Collaborators generally have significant discretion in determining the efforts and resources that they will apply to these collaborations. Disagreements between parties to a collaboration arrangement regarding sales and commercialization matters could lead to delays in the commercialization of the Company's products and, in some cases, termination of the collaboration arrangement. These disagreements can be difficult to resolve if neither of the parties has final decision-making authority. Collaborations with third parties often are terminated or allowed to expire by the other party. Any such termination or expiration could adversely affect the Company financially and could harm the Company's business reputation.

The Company does not own or operate, and has no plans to establish, any manufacturing facilities for the Company's products. The Company will rely on key strategic collaborators and manufacturers to develop and test its prototypes as well as manufacture commercial supplies of finished goods, once its product is fully developed.

The Company plans to negotiate one or more manufacturing agreements with third parties to produce REPELWRAP™ samples, prototypes and ultimately, end products on behalf of the Company for the Canadian and international markets. The facilities used by any third-party manufacturer must be approved by the relevant regulatory body. The Company does not control the manufacturing process of, and is completely dependent on, the Company's contract manufacturing partners for compliance with the regulatory requirements, for manufacture of the Company's prototypes and products, if and when finalized. If contract manufacturers that the Company may use cannot successfully manufacture material that conforms to the Company's specifications and any regulatory requirements that may be required, the Company could face material adverse impacts on its operations and cash flow. In addition, the Company has no control over the ability of the Company's contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If any regulatory authority does not approve these facilities for the manufacture of the Company's products or product candidates or if it withdraws any such approval in the future, the Company may need to find alternative manufacturing facilities, which would significantly impact the Company's

ability to develop, obtain regulatory approval for or market the Company's products or product candidates, if approved. Moreover, if the Company's contract manufacturer cannot successfully manufacture materials that conform to the Company's specifications and any regulatory requirements the Company may be subject to, recalls, product seizures, fines, refusal to permit import or export of the product and injunction against manufacture or distribution or regulatory enforcement action. The machinery to produce the commercial supply of our commercial products and product candidates must be qualified and validated, which is time consuming and expensive, and this machinery is located within one manufacturing site and is customized to the particular manufacturing specifications of each product or product candidate. If any manufacturer is unable to qualify and validate this equipment in a timely manner, the Company's ability to supply or launch and commercialize, as applicable, any of its products, will be compromised. If this customized equipment malfunctions at any time during the production process, the time it may take the manufacturer to secure replacement parts, to undertake repairs and to revalidate the equipment and process could limit The Company's ability to meet the commercial demand for its products. This may increase the risk that the third party manufacturer may not manufacture the product or product candidate in accordance with the applicable regulatory requirements, that the Company may not have sufficient quantities of that product or that the Company may not have such quantities at an acceptable cost, any of which could delay, prevent, or impair the sale or commercialization of any of our commercial products or product candidates, if approved, and the development of the Company's other product candidates. Reliance on a third-party manufacturer subjects the Company to risks that would not affect the Company if the Company manufactured the commercial product or product candidates itself, including:

- reliance on the third party for regulatory compliance and quality assurance;
- reduced control over the manufacturing process for the Company's products and product candidates;
- the possible breach of the manufacturing agreements by the third party because of factors beyond the Company's control;
- the possibility of termination or nonrenewal of the agreements by the third party because of the Company's breach of the manufacturing agreement or based on their own business priorities;
- the disruption and costs associated with changing suppliers; and
- potential theft of know-how and trade secrets.

The Company's commercial products and product candidates may compete with other products and product candidates for access to manufacturing resources and facilities. There may be a limited number of manufacturers that are both capable of manufacturing for the Company and willing to do so. If the third parties that the Company may engage in the future to manufacture a product for commercial sale should cease to continue to manufacture the Company's products for any reason, the Company likely would experience delays in obtaining sufficient quantities of its products to meet commercial demand or to advance the Company's scale-up and commercialization efforts while the Company identifies and qualifies replacement suppliers. If for any reason the Company is unable to obtain adequate supplies of the Company's products or the substances used to manufacture them, it will be more difficult for the Company to develop its products and compete effectively.

The Company faces legal and regulatory requirements that may change or restrict the Company's ability to develop, manufacture and supply products.

The Company's future operations, including development, and commencement and continuation of commercial production, may require licenses, permits or other approvals from various federal, provincial, local and potentially foreign governmental authorities, and such operations are or will be governed by laws and regulations relating to production, exports, taxes, labor standards, occupational health and safety, the environment and other matters, Furthermore, in certain foreign jurisdictions, these regulatory requirements may be more stringent than those in Canada. Although the Company believes REPELWRAP™ would not require Health Canada Therapeutic Products Directorate ("TPD"), Pest Management Regulatory Agency ("PMRA") or Consumer and Hazardous Products Safety Directorate ("CHPSD") approvals for sales in Canada as it believes REPELWRAP™ will be considered a coating which would not require such approvals, there is no certainty that such approvals may not be required or that it will be successful in obtaining any required approvals or licenses in Canada or any other jurisdiction the Company that the Company intends to sell its products. Should the Company be successful in developing an enhanced repel and kill version of REPELWRAP™, a catheter coating or other new products or enhancements which require approval, the Company will be required to obtain all necessary approvals.

To be able to provide the Company's products in other countries, the Company may need to obtain regulatory

approvals and comply with the regulations of those countries which may differ substantially from those of Canada. These regulations, including any requirements for approvals and the time required for regulatory review, vary from country to country. Obtaining and maintaining foreign regulatory approvals is complex, and the Company cannot be certain that it will receive regulatory approvals in any foreign country in which the Company plans to market the Company's products, or to obtain such approvals on a favorable schedule. If the Company fails to obtain or maintain regulatory approval in any foreign country in which the Company plans to market the Company's products, the Company's ability to generate revenue will be harmed.

Achievement of our business objectives is subject to compliance with regulatory requirements enacted by governmental authorities. We may incur costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, thereunder, including orders issued by regulatory or judicial authorities causing the development and manufacture of products to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. We may be required to compensate those suffering loss or damage by reason of our operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Health Canada also regulates certain markets into which the Company intends to supply products or license its intellectual property. Although the Company believes its products will not require Health Canada, PMRA or CHPSD approval, there is no assurance that Health Canada or any other body will require the Company to obtain any license for sales into markets it regulates. Each foreign jurisdiction for the Company's products may also be regulated and there is no assurance that sales of products will be permitted without receipt of regulatory approvals or licenses. Any inability by the Company to obtain approval from Health Canada and/or international bodies could have a material adverse impact of the business of the Company.

Changes in environmental regulation, if any, may adversely impact the Company's operations and future potential profitability. The trend in most countries in environmental legislation and regulation generally is toward stricter standards.

The Company may also be subject to consumer protection laws that may impact its sales and marketing efforts. These laws, as well as any changes in these laws, could make it more difficult for the Company to sell and market its products. These laws and regulations may be subject to change over time and thus the Company must continue to monitor and dedicate resources to ensure continued compliance. Non-compliance with applicable regulations or requirements could subject the Company to investigations, sanctions, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties, or injunctions. If any governmental sanctions are imposed, or if the Company does not prevail in any possible civil or criminal litigation, its business, operating results, and financial condition could be materially adversely affected. Additionally, in order for the Company to carry out its activities, any required licences and permits must be obtained and kept current. There can be no assurance, however, that the Company will obtain on reasonable terms or at all the permits and approvals, and the renewals thereof, which it may require for the conduct of its future operations or that compliance with applicable laws, regulations, permits and approvals will not have an adverse effect on the Company's business plans. Possible future legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delay on the Company's planned research and development and operations, the extent of which cannot be predicted. Failure to comply with applicable laws, regulations and other requirements may have an adverse material impact on the Company and its operations.

No guarantee of success. Even if we commercialize any of our product candidates, our success is dependent upon each product's acceptance in the market.

The Company's product candidate REPELWRAP™ (repel film) is in the formulation stage and is not yet commercially viable. There is no guarantee that the Company's efforts to commercialize REPELWRAP™ will be successful and that it will achieve revenues. There is no assurance that broad successful commercial applications may be feasible for the Company. The Company is continuing to explore, develop, and test its current product candidates, and there can be no assurance that new products will be fully developed for commercial application, that scale-up and commercialization test results will be successful, if completed at all, that any necessary permits or approvals required in order to market such products will be obtained by the Company. The commercial success of our product candidates will depend upon their acceptance by the market and by various sectors, such as the healthcare industry or high-touch point retail venues. The degree of market acceptance will depend on a number of factors, including:

- demonstrated and perceived effectiveness compared to other products;
- limitations and drawbacks compared to other products;
- sales, marketing and distribution support;
- timing of market introduction;
- the degree of cost-effectiveness of our product candidates;
- competitive products;
- adverse publicity of our product candidates or favorable publicity about competitive products;
- convenience and ease of administration of our products; and
- potential product liability claims.

If the market opportunities for any product that we develop are smaller than we believe they are, our revenue may be adversely affected and our business may suffer.

Our projections of the markets in which we anticipate to operate in, are based on estimates. If our projections are inaccurate, the market opportunities for any of our product candidates could be significantly diminished and have an adverse material impact on our business.

Global economic instability may affect the Company's ability to execute its business plan.

Many industries, including out industry, are affected by global market conditions, and negative trends in global economic conditions, including but not limited to interest rates, consumer spending, employment rates, business conditions, inflation, energy costs, debt levels and credit availability. Changes in these conditions may adversely affect the Company's ability to obtain loans and other credit facilities, which could affect the Company's ability to develop and market its products and affect the trading price of the Company's shares in an adverse manner.

Significant political, market, economic, natural or manmade events may have wide-reaching effects and, to the extent they are not accurately anticipated or priced into markets, may result in sudden periods of market volatility and correction. Periods of market volatility and correction may have an adverse impact on economic growth and outlook, as well as lending and capital markets activity, all of which may impact the Company's ability to secure adequate financing on favourable terms, or at all. Global financial markets experienced a period of correction and increased volatility during the COVID-19 pandemic and the conflict between the Russian Federation and Ukraine, which began in March 2020 and February 2022, respectively, and are ongoing as of the date of this MD&A. As these global events evolve, there is no guarantee that credit market conditions will not worsen. A general risk-adverse approach to investing, decreases in consumer spending and increases in the unemployment rate and consumer debt levels, which may become more predominant as a result of market turmoil, may limit the Company's ability to obtain future equity financing. Inability to obtain financing at all, or on acceptable terms, may have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects. Other events may also result in volatility and disruption to global supply chains, operations, mobility of people, patterns of consumption and service, and financial markets, and therefore potentially have a negative impact on the Company's ability to secure financing on favourable terms, or at all, its access to its projects, or its ability to execute its business initiatives, including its field programs. Such events may include catastrophic events, either on a global scale or in the specific jurisdictions where the Company operates, and include, but are not limited to, financial crises, such as that which occurred globally in 2008, earthquakes, tsunamis, floods, typhoons, fires, power disruptions, other natural or manmade disasters, terrorist attacks, wars, riots, civil unrest or other conflicts, outbreaks of a public health crises, including epidemics, pandemics or outbreaks of new infectious diseases or viruses, as well as related and attendant events.

We may face product liability claims and lawsuits that could adversely impact our business.

If product liability lawsuits are brought against the Company, the Company may incur substantial liabilities and may be required to limit commercialization of any of its development programs, if approved.
The Company faces a potential risk of product liability if the Company commercializes its products. For example, the Company may be sued if any product candidate the Company develops allegedly causes injury or is found to be otherwise unsuitable during product testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability and a breach of warranties. Claims could also be asserted under state consumer protection

acts. If the Company cannot successfully defend itself against product liability claims, the Company may incur substantial liabilities or be required to limit commercialization of the product candidate subject to such claims. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for any products that the Company may develop;
- injury to the Company's reputation;
- costs to defend any related litigation;
- a diversion of management's time and the Company's resources;
- substantial monetary awards to any trial participants or customers;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenue;
- the inability to commercialize any of the Company's products, subject to any approvals;
- a decline in s stock price; and
- exposure to adverse publicity.

The Company's inability to obtain and retain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of product candidates the Company develops. The Company does not currently maintain product liability insurance given its current level of product development. Although the Company does maintain other forms of insurance, any claim that may be brought against the Company could result in a court judgment or settlement in an amount that is not covered, in whole or in part, by the Company's insurance or that is in excess of the limits of the Company's insurance coverage. The Company's insurance policies also have various exclusions, and the Company may be subject to a product liability claim for which the Company has no coverage. The Company may have to pay any amounts awarded by a court or negotiated in a settlement that exceed the Company's coverage limitations or that are not covered by the Company's insurance, and the Company may not have, or be able to obtain, sufficient capital to pay such amounts.

Risks Related to Management and Personnel

We rely on our management and need additional key personnel to grow our business, and the loss of key employees or inability to hire key personnel could harm our business.

We believe our success has depended, and continues to depend, on the efforts and talents of our executives and employees. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. The Company's senior management team has expertise in many different aspects of development, licensing, and commercialization. Competition for skilled personnel in the Company's market is intense and competition for experienced personnel may limit the Company's ability to hire and retain highly qualified personnel on acceptable terms. Despite the Company's efforts to retain valuable executives and consultants, members of the Company's management and scientific team may terminate their employment or consulting arrangements with the Company on short notice. In addition, the loss of any of our senior management or key employees could materially adversely affect our ability to execute our business plan and strategy, and we may not be able to find adequate replacements on a timely basis, or at all. We do not maintain key person life insurance policies on any of our employees.

In addition, we are subject to a variety of business risks generally associated with growing companies, including capacity constraints and pressure on our internal systems and controls. Our ability to manage growth effectively will require us to continue to implement and improve our operational and financial systems and to expand, train and manage our employee base. Future growth and expansion could place significant strain on our management personnel and likely will require us to recruit additional management personnel.

There can be no assurance that we will be able to manage our expanding operations (including any acquisitions) effectively, that we will be able to sustain or accelerate our growth or that such growth, if achieved, will result in profitable operations, that we will be able to attract and retain sufficient management personnel necessary for continued growth, or that we will be able to successfully make strategic investments or acquisitions.

We may become subject to liability arising from any fraudulent or illegal activity by our employees, contractors and consultants.

We are exposed to the risk that our employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to us that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for us to identify and deter misconduct by our employees and other third parties, and the precautions taken by us to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of civil, criminal and administrative penalties, damages, monetary fines or contractual damages on us, reputational harm, diminished profits and future earnings, and curtailment of our operations.

Our success is tied to management's efforts and abilities.

The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of our management team and other key personnel, including the Lead Researchers. Investors must be willing to rely to a significant extent on the discretion and judgment of the Company's management team.

There may be conflicts of interest.

The Company's directors and officers may serve as directors or officers of other similar companies or have significant shareholdings in other similar companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms in accordance with the BCBCA. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

Risks Related to Intellectual Property

We rely on intellectual property and may not be able to protect intellectual property rights throughout the world.

Our success is heavily dependent upon intangible property and technology that we own and/or license from others, including pursuant to the License Agreement. We rely upon copyrights, patents, trade secrets, unpatented proprietary know-how and continuing innovation to protect the intangible property, technology and information we consider important to the development and success of our business. We utilize various methods to protect our proprietary rights, including confidentiality agreements with consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of confidential information. However, despite efforts to protect intangible property rights, unauthorized parties may attempt to copy or replicate intangible property, technology or processes. Further, identifying the unauthorized use of intellectual property rights is difficult as we may be unable to effectively monitor and evaluate the products being distributed by our competitors. There can be no assurance that the steps taken by us to protect intangible property, technology and information will be adequate to prevent misappropriation or independent third-party development of our intangible property, technology or processes. Other companies may also be able to materially duplicate our proprietary technology. To the extent that any of the above would occur, this could reduce any competitive advantage the Company may have, reduce our market share otherwise harm our business and revenue could be negatively affected, and in the future, we may have to litigate to enforce our intangible property rights, which could result in substantial costs and divert management's attention and other resources.

Further, we may be unable to obtain registrations for our intellectual property rights for various reasons, including refusal by regulatory authorities to register trademarks or other intellectual property protections, prior registrations of which we are not aware, or we may encounter claims from prior users of similar intellectual property in areas where

we operate or intend to conduct operations. In addition, effective patent, trade secret and other intellectual property protection may be unavailable or limited in some foreign countries. In some countries, the Company may not apply for patent or other intellectual property protection. The Company also relies on unpatented technological innovation and other trade secrets to develop and maintain its competitive position. Although the Company generally enters into confidentiality agreements with its employees and third parties to protect its intellectual property, these confidentiality agreements are limited in duration, could be breached and may not provide meaningful protection of its trade secrets. Adequate remedies may not be available if there is an unauthorized use or disclosure of the Company's trade secrets and manufacturing expertise. In addition, others may obtain knowledge about the Company's trade secrets through independent development or by legal means. The failure to protect the Company's processes, technology, trade secrets and proprietary manufacturing expertise, methods and compounds could have a material adverse effect on its business by jeopardizing critical intellectual property.

Where a product formulation or process is kept as a trade secret, third parties may independently develop or invent and patent products or processes identical to such trade secret products or processes. This could have a material adverse effect on the Company's ability to make and sell products or use such processes and could potentially result in costly litigation in which the Company might not prevail. The Company could face intellectual property infringement claims that could result in significant legal costs and damages and impede its ability to produce key products, which could have a material adverse effect on its business, financial condition, and results of operations.

In addition, we cannot be certain that issued patents will be enforceable or provide adequate protection or that pending or contemplated patent applications will result in issued patents. Competitors may independently develop similar products, duplicate our products, design around our patent rights, or obtain patents and proprietary rights that block or compete with our products.

Policing the unauthorized use of our current or future intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Actions taken to protect or preserve intellectual property rights may require significant financial and other resources, and filing, prosecuting, and defending patents on all of our product candidates in all jurisdictions throughout the world would be prohibitively expensive. Therefore, we have filed applications and/or obtained patents only in key markets, such as the United States. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and their products may compete with ours.

In addition, if competitors infringe on our intellectual property, we may have to participate in litigation, interference or other proceedings that are expensive and divert management's attention to determine the right to a patent or other intellectual property or the validity of any patent granted. In any infringement proceeding, some or all of our current or future trademarks, patents or other intellectual property rights or other proprietary know-how, or arrangements or agreements seeking to protect the same for our benefit, may be found invalid, unenforceable, anti-competitive or not infringed. An adverse result in any litigation or defence proceedings could put one or more of our current or future trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued.

The Company's performance and ability to compete are dependent to a significant degree on the proprietary technology licensed to it under the License Agreement. The Company relies on the patents and a combination of copyright and trade secret laws, as well as confidentiality agreements and technical measures, to establish and protect the proprietary rights of the Inventions. As part of its confidentiality procedures, the Company generally enters into agreements with its employees and consultants and limits access to and distribution of its documentation and other proprietary information. Accordingly, while the Company will endeavor to protect the intellectual property licensed to it under the License Agreement, there can be no assurance that the steps taken by the Company will prevent misappropriation of that technology or that agreements entered into for that purpose will be enforceable. The laws of other countries may afford the Company little or no effective protection of its intellectual property or the intellectual property of the Licensor.

The Company may not successfully secure patents relating to the Licensed Patent Rights.

Pursuant to the License Agreement, the Company has agreed to fund the Licensor's applications for patents under the Licensed Patent Rights. There can be no assurance that our pending patent applications or any future patent applications will result in issued patents in Canada, the U.S. or foreign jurisdictions in which such applications are

pending. Even if patents do issue on any of these applications, there can be no assurance that a third party will not challenge their validity or enforceability, or that the Company will obtain sufficient claim scope or term in those patents to prevent a third party from competing successfully with the Company's product candidates. As a result, the Company could experience delays in its ability to distribute and commercialize REPELWRAP™, all of which would have a material adverse effect on the Company's business, results of operations and financial condition.

There are risks of infringement on third parties' intellectual property.

Although the Company does not believe that its proposed products infringe on the proprietary rights of any third parties, there can be no assurance that infringement or invalidity claims (or claims for indemnification resulting from infringement claims) will not be asserted or prosecuted against the Company or the Licensor or that any such assertions or prosecutions will not materially adversely affect the Company's business, financial condition, or results of operations. Regardless of the validity or the successful assertion of such claims, the Company could incur significant costs and diversion of resources with respect to the defense thereof, which could have a material adverse effect on the Company's business, financial condition, or results of operations.

Risks Related to Ownership of Our Common Shares

The market price of our Common Shares may be volatile, which could result in substantial losses for investors purchasing Common Shares.

The securities of publicly traded companies, particularly technology companies, can experience a high level of price and volume volatility and the value of the Company's securities can be expected to fluctuate depending on various factors, not all of which are directly related to the success of the Company and its operating performance, underlying asset values or prospects. These include the risks described elsewhere in this MD&A. The trading price of the Company's Common Shares has been and may continue to be subject to large fluctuations, which may result in losses to investors. The trading price of the Company's Common Shares may increase or decrease in response to a number of events and factors, including:

- actual or anticipated fluctuations in our quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which we operate;
- addition or departure of our executive officers and other key personnel;
- sales or perceived sales of additional Common Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors;
- operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies;
- issuances of common shares or debt securities by the Company; and
- the expiration of lock-up or other transfer restrictions on outstanding Common Shares;

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There are risks associated with the potential dilution of our Common Shares.

We may raise additional funds in the future by issuing equity securities. Such equity securities could contain rights and preferences superior to those of the Common Shares and holders of Common Shares will have no pre-emptive rights in connection with such further issues. The Board of Directors has the discretion to determine if an issuance of equity securities is warranted, the price at which such issuance is effected and the other terms of issue of any equity securities, including Common Shares or equity securities convertible into Common Shares. In addition, additional Common Shares may be issued by us in connection with the exercise of options granted. To the extent holders of our options or other convertible securities convert or exercise their securities and sell the Common Shares they receive, the trading price of the Common Shares may decrease due to the additional number of Common Shares available in the market. Such additional equity issuances could, depending on the price at which such securities are issued, substantially dilute the interests of the holders of Common Shares. In addition, we cannot predict the size of future issuances of our equity securities, including Common Shares, or the effect, if any, that future issuances and sales of our equity securities, including Common Shares will have on the market price of our Common Shares. Sales of substantial amounts of our Common Shares, or the perception that such sales could occur, may adversely affect

prevailing market prices for our Common Shares.

Liquidity of Common Shares.

Having listings on public stock exchanges should not be taken as implying that there will be a liquid market for the Common Shares. Thus, an investment in the Common Shares may be difficult to realize. Investors should be aware that the value of the Common Shares may be volatile. Investors may, on disposing of Common Shares, realize less than their original investment, or may lose their entire investment. The Common Shares, therefore, may not be suitable as a short-term investment.

The market price of the Common Shares may not reflect the underlying value of the Company's net assets. The price at which the Common Shares will be traded, and the price at which investors may realize their Common Shares, will be influenced by a large number of factors, some specific to the Company and its proposed operations, and some which may affect the sectors in which the Company operates. Such factors could include the performance of the Company's operations, large purchases or sales of the Common Shares, liquidity or the absence of liquidity in the Common Shares, legislative or regulatory changes relating to the business of the Company, and general market and economic conditions. There. There can be no assurance that there will be sufficient liquidity of the Common Shares on the trading market, or that we will continue to meet the listing requirements of the CSE or any other public listing exchange on which the Common Shares may subsequently be listed.

If securities or industry analysts do not publish research or publish inaccurate or unfavourable research about us or our business, our trading price and volume could decline.

The trading market for our Common Shares will depend, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence covering us, the trading price for our Common Shares could be negatively impacted. If we obtain securities or industry analyst coverage and one or more of the analysts who cover us downgrade our Common Shares or publish inaccurate or unfavourable research about our business, or more favourable relative recommendations about our competitors, our trading price may decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our Common Shares could decrease, which could cause our trading price and volume to decline.

We may not be able or willing to pay any dividends.

No dividends on the Common Shares have been paid to date and there is no assurance as to whether we will be profitable enough to pay dividends, or determine to do so even if sufficiently profitable. We anticipate that, for the foreseeable future, we will retain future earnings and other cash resources for the operation and development of our business. Payment of any future dividends will be at the discretion of the Board of Directors after considering many factors, including our earnings, operating results, financial condition, current and anticipated cash needs, and restrictions in financing agreements. Our ability to pay dividends is subject to our future financial position. Our Board must also approve any dividends at their sole discretion. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

Other Risks

The COVID-19 Public Health Crisis or another global health crisis could materially affect the Company's business, operations and financial condition.

The Company's business, operations and financial condition could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency, on March 11, 2020, the World Health Organization declared the outbreak a global pandemic.

To date, there have been a large number of temporary business closures, quarantines and various reductions (and surges) in consumer activity worldwide, including in Canada. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While to date these effects

have been temporary and sporadic, the duration of any future disruptions to businesses locally and internationally and the related financial impact may affect the Company's business, financial condition and results of operations.

Such public health crises can result in volatility and disruptions in global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations affected by an outbreak, increased labour and fuel costs, regulatory changes, political or economic instabilities or civil unrest.

To date the Company's business operations have not been substantially affected by the COVID-19 pandemic (save for requiring some company staff to work remotely). However, as discussed, as the COVID-19 pandemic continues, there is a risk that the effects of the COVID-19 pandemic, including governmental restrictions and vaccination requirements, market disruptions or volatility, or changed in economic conditions will materially affect the Company's business in the future. A future wave of COVID-19 in North America or a new global health pandemic may result in further disruptions due to: (i) restrictions that governments and communities impose to address the COVID-19 global pandemic or a new global health pandemic; (ii) restrictions that the Company or any manufacturing and distributor partners impose to ensure the safety of employees and others; (iii) shortages of employees and/or unavailability of manufacturing and distributor partners; (iv) interruption of supplies from third-parties upon which the Company relies and/or (v) vaccination requirements.

There are risks related to the use of available funds.

The Company has prepared a detailed budget setting out the way it intends to use the available funds. However, the Company's management will have broad discretion concerning the use of the funds as well as the timing of their expenditures, and there can be no assurance as to how the funds will be allocated. However, the quantum and timing of expenditure will necessarily be dependent upon the Company's ultimate strategy of successfully developing and marketing REPELWRAP™. As the Company continues to develop REPELWRAP™, it is possible that circumstances may dictate a departure from the pre-existing budget. Further, the Company may, from time to time as opportunities arise, utilize part of its financial resources (including the funds raised) to participate in additional opportunities that arise and fit within the Company's broader objectives, as a means of advancing shareholder value. Until utilized, the funds will be held in cash balances in the Company's bank account or invested at the discretion of the directors and/or senior management of the Company. As a result, a purchaser will be relying on the judgment of management of the Company for the application of the available funds. The results and the effectiveness of the application of the funds are uncertain. If the available funds are not applied effectively, the Company's business, prospects, financial condition and results of operations may suffer, which could have material and adverse effect on the trading price of the Common Shares in the market.

The Company is subject to the effects of general economic and political conditions.

The business of the Company is subject to the impact of changes in Canadian, U.S. and international economic conditions, including but not limited to, recessionary or inflationary trends, equity market conditions, interest rates, consumers' disposable income and spending levels, job security and unemployment, and overall consumer confidence. These economic conditions may be further affected by political events throughout the world that cause disruptions in the financial markets, either directly or indirectly. Adverse economic and political developments could have a material adverse effect on the Company and its business, financial condition, results of operations and cash flows.

General

Although management believes that the above risks fairly and comprehensibly illustrate all material risks facing the Company, the risks noted above do not necessarily comprise all those potentially faced by the Company as it is impossible to foresee all possible risks.