MANAGEMENT DISCUSSION AND ANALYSIS FOR CVR MEDICAL CORP.
FOR THE YEAR ENDED DECEMBER 31, 2019
PREPARED AS OF AUGUST 03, 2020

Contact Information

CVR Medical Corp.

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BACKGROUND

This discussion and analysis of financial position and results of operations is prepared as at August 03, 2020, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2019, of CVR Medical Corp. ("CVR Medical" or the "Company"). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and the following management discussion and analysis ("MD&A") are quoted in U.S. dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

The Company's trading symbol on the TSX Venture Exchange is "CVM.V". The content of this MD&A has been approved by the board of directors of the Company (the "Board" or "Board of Directors"), on the recommendation of its Audit Committee.

CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION

This Management's Discussion and Analysis may include forward-looking statements with respect to business plans, activities, prospects, opportunities and events anticipated or being pursued by the Company and the Company's future results. Although the Company believes the assumptions underlying such statements to be reasonable, any of the assumptions may prove to be incorrect. The anticipated results or events upon which current expectations are based may differ materially from actual results or events. Therefore, undue reliance should not be placed on such forward- looking information. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions in North America and internationally, (2) the uncertainty as to product development and commercialization milestones, (3) the uncertainty as to the regulatory approval of the Company's technology or intellectual property, (4) the risk that the Company does not execute its business plan, (5) inability to retain key employees, (6) inability to finance operations and growth, and (7) other factors beyond the Company's control.

Forward-looking statements speak only as of the date of this MD&A and actual results could differ materially from those anticipated in the forward-looking statements as a result of a number of factors. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based may not occur. The Company does not assume responsibility for the accuracy and completeness of the forward-looking statements set out in this MD&A and, subject to applicable securities laws, does not undertake any obligation to publicly revise these forward-looking statements to reflect subsequent events or

circumstances. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

CVR Medical Corp. (the "Company" or "CVR Medical") was previously involved in the acquisition, exploration and development of mineral properties. Effective September 16, 2016, the Company acquired patents (the "Patents") underlying a diagnostic device developed by CVR Global Inc. ("CVR Global") for the detection and measurement of carotid arterial stenosis (the "Device") in consideration for 7,000,000 common shares in the capital stock of the Company (the "Transaction"). Additionally, CVR Global and the Company formed an equal part joint operation to commercialize the Device, pursuant to which the Company contributed the Patents and working capital and CVR Global contributed certain additional patents and intellectual property underlying the Device, as well as management know-how and marketing expertise.

The joint operation is in the medical industry focused on the commercialization of proprietary subsonic, infrasonic, and low frequency sound wave analysis technology and has patents to a diagnostic device designed to detect and measure carotid arterial stenosis.

On June 1, 2018, the Company and CVR Global entered into a restructuring agreement (which we refer to as the "Restructuring Agreement") whereby, upon closing, which occurred in November 2018, the Company acquired CVR Global's 50% interest in the Joint Venture and the Joint Venture was terminated in favor of a new commercialization arrangement of the CSS device in the Company's newly formed wholly-owned subsidiary, CVRM, Inc. (which we refer to as CVRM). This new structure is intended to be a more conventional milestone driven equity distribution and royalty agreement. Pursuant to this new arrangement, CVR Medical will be responsible through its wholly owned subsidiary CVRM for the commercialization of the CSS device and CVR Global is responsible for managing all R&D, clinical pathway, governmental and regulatory filings including the submission with the FDA and maintaining the IP portfolio on behalf of CVRM. The term of this commercialization agreement is 20 years.

As consideration under the Restructuring Agreement, the Company issued 30 million common shares to CVR Global which were placed into escrow to be released upon achievement of four key milestones:

- 3 million shares were released from escrow upon formal approval of the Restructuring Agreement (released effective November 1, 2018);
- 2 million shares were released upon the FDA submission of the CSS device which occurred on January 2019 (released on January 16th, 2019);
- 10 million shares will be released upon receiving FDA Approval/Clearance of the CSS device; and;
- 15 million shares will be released if CVR Medical achieves $50 million in sales of the CSS device within two years post clearance.

In addition to the equity consideration, CVR Global will also receive a 7% royalty on all CSS devices sold paid quarterly (in arrears) with a 3% royalty on all consumables. The Restructuring Agreement has been approved by the Board of Directors, the Company's shareholders, and the TSX Venture Exchange, and has closed as of the date of this management's discussion and analysis.

Corporate Overview

CVR Medical Corp. was incorporated on December 10, 1980 under the British Columbia Business Corporations Act and is engaged in an equal parts joint operation with CVR Global, Inc. ("CVR Global").

CVR Global was incorporated under Michigan law in 2007 and operates in the medical industry, focused on the commercialization of a proprietary sub-sonic, infrasonic, and low frequency sound wave analysis technology.

The Company's registered office is Suite 409 – 221 West Esplanade, North Vancouver, British Columbia, V7M 3J3.

Business Overview

The relentless demand for healthcare services will continue into the foreseeable future, fueled by population growth and increased longevity. Diagnostic testing is an integral part of the healthcare system, providing essential and timely information to enable the providers and patients to make the right clinical decisions. Demand for access to quicker and more accurate diagnosis is rapidly rising, and will contribute substantial savings to the medical system.

Stroke arises due to interruptions in the blood supply to the brain, either due to the rupture or blockage of blood vessels which leads to the death of brain cells. Stroke is one of the major causes of death worldwide, with higher likelihood as age increases. According to the World Health Organization (WHO), stroke accounts for 6.2 million deaths annually. As per the Centers for Disease Control and Prevention (CDC), stroke leads to 1 out of every 20 deaths, costing roughly

$33 billion each year in the U.S. Hence, there is an impending need for early diagnostic devices and therapeutics to assist the healthcare provider in preventing stroke. The global stroke diagnostics and therapeutics market accounted for US$21.5 billion in 2015 and is expected to reach US$31 billion by 2021, growing at a compounded annual growth rate of approximately 7.0% between 2015 and 2021.

Carotid arterial stenosis is the narrowing of the carotid arteries, usually caused by atherosclerosis. Atherosclerosis is the buildup of cholesterol, fat and other substances traveling through the bloodstream, such as inflammatory cells, cellular waste products, proteins and calcium. These substances stick to the blood vessel walls over time, and combine to form a material called plaque. Plaque buildup can lead to narrowing or blockage in the carotid artery which, when significant, can put an individual at increased risk for Ishemic stroke.

The Carotid Stenotic Scan (CSS) Device

The Company's Carotid Stenotic Scan (CSS) Device listens to sound waves produced by the flow of blood within the carotid arteries, analyzing the data to provide the clinician with a report detailing the level of narrowing present. The original sensors were developed by our contractor CVR Global under a Cooperative Research and Development Agreement (CRADA) with the Army Research Lab (ARL). These proprietary sensors were developed to enhance the acoustic characteristics of the blood flow under analysis. The low frequency sound patterns are then analyzed by CVR's proprietary technology. The CSS device is designed to be a noninvasive, cost- effective tool to assess the direct risk factor for arterial disease. Further, the Device is cost effective when compared to other arterial assessment modalities within the healthcare field which require operation by trained clinical experts and interpretation by medical specialists.

Our contractor, CVR Global on our behalf has engaged Kyle Vos Strache to institute a comprehensive IP policy to cover all aspects of the CSS device as it prepares to go to market.

Kyle is a registered patent attorney and works with clients from large multinational corporations to bootstrapping entrepreneurs to evaluate their products to maximize breadth and coverage of intellectual property portfolios throughout the world. The IP includes one issued US patent, US 9,101,274, generally covering a sensor pod for sensing acoustic signals, and its European Counterpart, which parallels the allowed US case and is currently pending. A continuation-in-part, Application No. 14/803,389 is also pending, with a priority date extending back to June 24, 2010. In June of 2015, CVR filed two applications covering the Yoke, utilized for holding the sensors and positioning on a patient, and for methods of quantifying and detecting sounds in the carotid artery. Both the yoke and method applications were utilized as priority applications for PCT applications filed in June of 2016 and entered into national stages in several countries at the end of 2017. In June of 2016, CVR filed five additional provisional patent applications covering several aspects of the CSS device to expand the coverage of the CSS device, including applications covering improvements and new features for the CSS device. Of these five applications, four were converted into PCT applications in 2017 and await national stage entry. In December of 2016, CVR filed an additional provisional application directed towards a new sensor pod that is in development, which was converted to a PCT application in December of 2017. In January of 2017, CVR filed two design patents, one directed towards the device cart itself, and the second to a version of the Yoke for positioning sensors on a patient, these are both pending in the United States. In June of 2017, additional provisional patents were filed on new features and new embodiments not previously disclosed. CVR is evaluating these for conversion or to file new provisional applications on technologies that have yet to be disclosed. CVR has filed an RCE on previously submitted patent PCT's in 2020 for continued evaluation. CVR will continue to develop and file for new IP as it is developed.

Clinical Trials and Regulatory Status

On May 31, 2019 an in-person meeting was held with the FDA (Food and Drug Administration) and representatives from CVR Global, CVR Medical, J.D. Lymon Group (statistician) and Hyman, Phelps & McNamara, P.C. The purpose of the meeting was to confirm that CVR's new proposed "Indications for Use" were on target, align on the approach for the additional multi-center clinical trials, and clarify the new statistical requirements. Subsequent to the meeting with the FDA, representatives from our contractor CVR Global revised the Clinical Implementation Plan and corresponding protocol to be implemented at all trial sites. Once the necessary clinical data is obtained then final analysis will be conducted by an independent third party with resubmission to the FDA by De Novo Application. The overall timeline to FDA approval and subsequent sales is still undetermined as working capital is necessary to complete the new clinical trials and developmental work, however the company is targeting Q1 2022 for planning and budgetary purposes.

Subsequent Events

Trading Halt

On May 6th, 2019 the Company received notification that The British Columbia Securities Commission (BCSC) had issued a cease trade order (CTO) in regards to trading of the Company's securities, due to the Company not filing its audited financial statements and related management discussion and analysis for the 2018 fiscal and calendar year in a timely manner. The company completed the filing in August 2019 and received clearance from the BSCS, however trading remained halted due to additional inquiries made by the TSX Venture Exchange. The Board of Directors worked diligently putting in countless hours providing feedback to the TSX-v and received clearance for trading of the Company's Securities on June 12, 2020. A CTO was then issued by the BCSC again on June 22, 2020 due to the Company not filing its audited

financial statements and MD&A for the 2019 fiscal and calendar year in a timely manner. The Company has 90 days to file the 2019 financials and MD&A with no penalty and anticipates the trading halt of the Company's Securities to be lifted upon filing.

Resignation of Directors and Officers

James D'Orta, M.D. resigned from the Board of Directors in May 2019 and Directors Wayne Hellman and Joel Kanter and officer Tom Harris, Chief Financial Officer tendered their resignations from their respective positions with CVR Medical in August 2019. Dallas Hack, M.D. was appointed as interim CFO of the Company and Paul Blunden, M.D. continued as a Director. Phillip Bendick, PhD was appointed as a Director along with Dallas Hack, M.D. and Paul Blunden, M.D. at the annual Shareholders Meeting on February 13, 2020. Joseph Lynch was appointed to the Board of Directors on February 17, 2020. Dallas Hack, M.D. resigned from the Board on March 9, 2020 and Trish Howell was appointed to the Board of Directors. Paul Blunden, M.D. was appointed President of CVR Medical Corp.

Peter Bakema, CEO and Chairman of the Board resigned from the Board of Directors in October 2019 and Dallas Hack, M.D. was appointed interim CEO until his resignation. The Board of Directors agreed to a severance agreement with Mr. Bakema which received approval from the TSX-v. The severance details include $500,000 to be paid out to Mr. Bakema in monthly installments beginning after the Company's acquisition of at least $1,000,000 in new working capital. $15,000/month will be paid to Mr. Bakema with a setoff of $5,000/month until complete repayment of $130,639 borrowed from CVR Medical for a North Carolina property. Monthly payments to Mr. Bakema can be temporarily halted if the Company is not adequately capitalized.

In March 2020, CVR Medical and CVR Global reached a tentative agreement for restructuring the two companies. CVR Medical is to receive all the Intellectual Property (IP) relating to Infrasonic, Subsonic and Low Frequency Ultrasound in exchange for shares of CVR Medical Stock. An independent valuation of the IP is to be done to determine the share amount. The details of the restructuring plan are being finalized at which time the agreement will be presented to the TSX-v for a pre-approval process to be followed by a special meeting of the shareholders for ratification. The Board of Directors agree unanimously that the restructuring agreement is in the best interest of the CVR Medical shareholders. As a stand-alone Medical Device Company, CVR Medical takes possession of the CSS and all future devices that may be in the pipeline.

RESULTS OF OPERATIONS

At December 31, 2019, the Company held assets recorded at $1,209,659, consisting of $3,233 in cash, prepaid expenses of $61,381, tax recoverable of $10,578, equipment of $509, and intangible assets of $1,133,958.

We have never been profitable and have incurred net losses in each year since our inception. We incurred net losses of $5,137,135 and $7,441,928 for the year ended December 31, 2019, and 2018, respectively. As of December 31, 2019, our accumulated deficit was $30,577,296. We expect to continue to incur substantial net losses and negative cash flows from operations until we commercialize our CSS Device. We intend to make a significant investment in building our U.S. commercial infrastructure and in recruiting and training our sales representatives. We also intend to continue to make significant investments in research and development to expand our CSS Device for other diagnostic applications. As a result, we will need substantial additional funding to support our continuing operations and pursue our growth strategy. Until such time as we can generate sufficient revenue to cover our operating expenses and growth strategy, if ever, we expect to finance our operations through the sale of equity, debt financings or other capital sources. We may be unable to raise additional funds or enter into such other agreements or

arrangements when needed on favorable terms, or at all. If we fail to raise capital or enter into such agreements as, and when needed, we may have to significantly delay, scale back or discontinue the development and commercialization of CSS device. We face a variety of challenges and risks, which we will need to address and manage as we pursue our strategy, including our ability to develop and retain an effective sales force and achieve market acceptance of CSS device by the medical community.

Because of the numerous risks and uncertainties associated with our commercialization efforts, as well as research and clinical development activities, we are unable to predict the timing or amount of increased expenses, or when, if ever, we will be able to achieve or maintain profitability. Even if we commercialize the CSS Device, we may not become profitable. If we fail to become profitable or are unable to sustain profitability, then we may be unable to continue our operations at planned levels and be forced to reduce or terminate our operations.

The components of the Company's results of operations are comprised of:

- **Expenses other than research and development -** Consisting primarily of consulting (fees paid for personnel and various other services contracted on behalf of the Company), office and general expenses, professional fees, share-based compensation, foreign exchange gain/loss and transfer agent and filing fees. These costs have been incurred primarily to obtain financing and fund research and development efforts.
- **Research and development –** Prior to the closing of the Restructuring Agreement on October 31, 2018, our research and development expenses are comprised of payments to CVR Global for research and development activities performed on behalf of the equal part joint operation owned by the Company and CVR Global. Subsequent to the closing of the Restructuring Agreement, our research and development expenses are comprised of expenditures incurred to CVR Global pursuant to the Commercialization Agreement. Research and development expenses consist primarily of, compensation, consulting services, outside services, materials, engineering, product development, quality assurance, clinical trial and regulatory expenses incurred in conjunction with preparation for FDA submission.

SUMMARY OF ANNUAL INFORMATION

The following table sets forth selected financial information of the Company for the last three fiscal years. This financial information is derived from the audited financial statements of the Company:

	Year ended December 31, 2019	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Total Revenue	Nil	Nil	Nil
Total Loss from Continuing Operations	$4,911,344	$6,485,570	$3,976,287
Net Loss in Total	$5,137,135	$7,441,928	$6,552,238
Net Loss on a per Share Basis	$0.05	$0.10	$0.11
Total Assets	$1,209,659	$1,382,543	$1,723,269

Total Long Term Financial Liabilities	Nil	Nil	Nil
Cash Dividends Declared per Share	Nil	Nil	Nil

The increase in net loss for the year ended December 31, 2018, from 2017 of $7,441,928 versus $6,552,238, respectively, was mainly comprised of:

- Increase in professional fees of $616,330 – Due to increase in legal fees;
- Increase in research and development expenses of $861,856 – Due to additional expenditures required to prepare the Device for FDA approval;
- Increase in share-based compensation of $1,038,211 – Due to the vesting of common share consideration to CVR Global pursuant to the Restructuring Agreement; and
- Increase in interest expense of $152,591 – Primarily due to funding received during the period from interest-bearing notes. On July 25, 2018, August 6, 2018, and September 4, 2018, the Company entered into promissory notes for US$25,000, US$200,000 and $150,000, respectively, which bear interest at 30% per annum.

These increases were partially offset by the following:

- Decrease in write-off of advance to CVR Global Inc. of $1,775,251 – Due to less funds provided for the joint operation on behalf of CVR Global.
- Decrease in office and general of $62,896 - Due primarily to reduced investor relation fees.

The increase in net loss for the year ended December 31, 2019, from 2018, of $5,137,135 versus $7,441,928, respectively, was mainly comprised of:

- Decrease in professional fees of $450,380 – Due to a decrease in legal fees;
- Decrease in share-based compensation of $497,699 – Due to a change in valuation of unvested common share consideration to CVR Global pursuant to the Restructuring Agreement; and
- Decrease in office and general of $701,319; and
- Decrease in write-off of advance to CVR Global, Inc. of $801,283.

These decreases were partially offset by the following:

- Increase in research and development costs of $94,212; and
- Increase in write-off of loan receivable from CVR Global Inc. of $138,499.

SUMMARY OF QUARTERLY RESULTS

The following is selected financial information from the Company's eight most recently completed fiscal quarters:

	4th Qtr Ended 12-31-19	3rd Qtr Ended 9-30-19	2nd Qtr Ended 6-30-19	1st Qtr Ended 3-31-19	4th Qtr Ended 12-31-18	3rd Qtr Ended 9-30-18	2nd Qtr Ended 6-30-18	1st Qtr Ended 3-31-18
Total Revenues	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Operating Income (Loss)	($1,054,464)	($249,279)	($1,615,374)	($1,992,227)	($3,593,333)	($849,269)	($1,146,973)	($895,995)
Total Net Income (Loss)	($1,214,392)	($272,218)	($1,641,367)	($2,009,158)	($3,122,323)	($1,196,764)	($1,733,746)	($1,389,095)
Total Net Income (Loss) Per Share	($0.01)	($0.00)	($0.02)	($0.02)	($0.04)	($0.02)	($0.02)	($0.02)

Factors causing significant variations in quarterly results are as follows:

The net loss for the quarter ended March 31, 2018, was relatively consistent with the prior quarter ended December 31, 2017.

The increase in net loss for the quarter ended June 30, 2018, was mainly comprised of an increase in research and development costs and an increase in write-off of advance to CVR Global, Inc.

The decrease in net loss for the quarter ended September 30, 2018, was mainly comprised of a decrease in research and development costs, offset by an increase in write-off of advance to CVR Global, Inc.

The increase in net loss for the quarter ended December 31, 2018, was mainly comprised of an increase in consulting fees, office and general, research and development costs, and share-based compensation to CVR Global, Inc.

The decrease in net loss for the quarter ended March 31, 2019, was mainly comprised of a decrease in consulting fees, office and general, professional fees and share-based compensation, offset by an increase in research and development costs.

The decrease in net loss for the quarter ended June 30, 2019, was mainly comprised of a decrease in office and general, share-based compensation, and travel and entertainment, offset by an increase in consulting fees.

The decrease in net loss for the quarter ended September 30, 2019, was mainly comprised of a decrease in office and general, share-based compensation, and travel and entertainment, offset by an increase in consulting fees.

The increase in net loss for the quarter ended December 31, 2019, was mainly comprised of an increase in research and development, share-based compensation, and write-off of loan receivable from CVR Global, Inc.

Fourth Quarter Results

During the three months ended December 31, 2019, the Company recorded an operating loss of $1,054,464 and a net loss of $1,214,392, compared to the three months ended December 31, 2018, where the Company recorded an operating loss of $3,593,333 and a net loss of $3,122,323. The decrease in operating loss was mainly due to a decrease in office and general, research and development and share-based compensation. The decrease in net loss was mainly due to a decrease in write-off of advance to CVR Global, Inc.

LIQUIDITY AND CAPITAL RESOURCES

The development and commercialization of the CSS device that CVR Medical is involved in will depend on the Company's ability to obtain additional financing through the sale of its securities or from third party loans. There is no assurance that such financing will be available when required by or under terms favorable to the Company.

At December 31, 2019, the Company had $3,233 of cash on hand, which may not be sufficient to cover expected administrative expenses and expenditures involved in the development of the CSS device in the coming months. In view of these circumstances, the Company still expects to secure funding from several sources in 2020, including from third-party loans, and will continue to explore all available options to secure additional funding including equity financing and strategic partnerships. Nevertheless, it is not possible to determine with any certainty the success or adequacy of these initiatives.

During the year ended December 31, 2019, the Company received net proceeds from the issuance of units of $2,023,082.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements that would require disclosure.

MANAGEMENT AND RELATED PARTY TRANSACTIONS

The Company's Board of Directors through the majority of 2019 consisted of Peter Bakema, Paul Blunden, and Dallas Hack. Mr. Peter Bakema acted as President and Chief Executive Officer, Mr. Dallas Hack acted as Chief Financial Officer and Mr. Anthony Robinson acted as Chief Operating Officer. Mr. Peter Bakema is also the founder, Chief Executive Officer, Chairman of the Board of Directors, and a significant shareholder of CVR Global Inc.

a) During the year ended December 31, 2019, the Company incurred $313,050 (2018 - $593,333) in research and development costs related to key management compensation paid to the former Chief Executive Officer ("CEO") of the Company, former Chief Operating Officer ("COO") of the Company, the President and director of the Company and companies controlled by the former CEO of the Company, the former COO of the Company and the President and director of the Company. Prior to the termination of the joint operation on October 31, 2018, the key management compensation consists of 50% of the fees payable to each of the parties above, with the remaining 50% being incurred by CVR Global Inc. and included in the write-off of advance from CVR Global, Inc. Effective November 1, 2018, the key management compensation consists of 100% of the fees to each of the parties above.

b) During the year ended December 31, 2019, the Company incurred consulting fees of $208,667 (2018 - $nil) to a company controlled by the former CEO of the Company and the President and director of the Company. As at December 31, 2019, the Company owed $208,731 (2018 - $nil) to the related company. The amount is unsecured, non-interest bearing and due on demand.

c) During the year ended December 31, 2019, the Company incurred $176,459 (2018 - $182,417) in consulting fees to the former CFO of the Company. As at December 31, 2019, the Company owed $116,536 (2018 - $119,479) to the former CFO of the Company. The amount is unsecured, non-interest bearing and due on demand.

d) During the year ended December 31, 2019, the Company incurred a total of $nil (2018 - $32,763 (CDN$42,000)) in consulting fees and $100,014 (2018 - $93,333) in director fees to four former directors of the Company. As at December 31, the Company owed a total of $198,994 (2018 - $101,402) to the four former directors of the Company. The amounts are unsecured, non-interest bearing and due on demand.

e) During the year ended December 31, 2019, the Company incurred consulting fees of $127,772 (2018 - $158,005) to the former Executive Vice President ("Executive VP") of the Company. At December 31, 2019, the Company owed $97,018 (2018 - $52,533) to the former Executive VP of the Company. The amount is unsecured, non-interest bearing and due on demand.

f) During the year ended December 31, 2019, the Company incurred share-based compensation of $309,999 (2018 - $nil) to current and former directors and officers of the Company.

g) During the year ended December 31, 2019, the Company incurred consulting fees of $164,917 (2018 - $nil) to the former COO of the Company. As at December 31, 2019, the Company owed $167,549 (2018 - $nil) to the former COO of the Company. The amount is unsecured, non-interest bearing and due on demand.

h) As at December 31, 2019, the Company owed $5,786 (CDN$7,500) (2018 - $5,498 (CDN$7,500)) to a former director of the Company. The amount is unsecured, non-interest bearing and due on demand.

i) As at December 31, 2019, the Company owed a shareholder of the Company $31,000 (2018 - $31,000) for advances.

j) As at December 31, 2019, the Company owed CVR Global a total of $1,812,019 (2018 - $437,461) for research and development expenses pursuant to the Commercialization Agreement (Note 9).

k) During the year ended December 31, 2019, the Company received total proceeds of $96,408 from the issuance of promissory notes to current and former officers and directors of the Company. The loans bear interest at 15% per annum, are unsecured, and have a term of 24 months. As at December 31, 2019, the Company has accrued interest on the promissory note of $1,727 (2018 - $nil).

l) As at December 31, 2019, the Company owed $nil (2018 - $9,236 (CDN$12,600)) to a former CFO of the Company. The amount is unsecured, non-interest bearing and due on demand.

Loan Receivable from CVR Global, Inc.

On August 1, 2017, CVR Global entered into a Commercial Sub-lease Agreement (the "Agreement") with LJ Trader, Inc., a company owned by the CEO of the Company, which leased the property from the owner. The property being leased (the "Property") is the head office of the Company and is also the personal residence of the CEO and is owned by LJ Trader, Inc, which is owned by the CEO. The property also is used by CVR Global corporate meetings. The CEO individually holds an option to purchase the property that expired on November 29, 2019.

As the Company and CVR Global did not have a formal office in the immediate area, the Property was to be used for local independent contractors, who perform daily management, administrative and research and development activities and services on behalf of CVR Global. The Property required leasehold improvements to make it suitable for larger meetings and for independent contractors and Board Members who meet and also stay overnight at the Property.

At December 31, 2019, the Company has provided a total of $130,659 to CVR Global to fund leasehold improvements incurred by CVR Global on the Property (the "Recoverable Costs"). Pursuant to a sub-lease agreement between CVR Global and LJ Trader Inc., and an agreement between CVR Global and the Company, these costs shall be reimbursed to CVR Global in the event the Former CEO exercised his option to purchase the Property and the Property was subsequently sold. Furthermore, pursuant to a subsequent agreement between the Company and CVR Global dated July 30, 2019, CVR Global shall pay to the Company an amount equal to $130,659 (the "Loan"), which bears interest at 6% per annum, within 2 business days of receipt of sale proceeds by the Former CEO (the "Payment Date"). Management of CVR Global will be responsible for collecting the funds from the Former CEO. CVR Global acknowledges and agrees that if CVR Global has not repaid the Loan within 2 business days of the Payment Date, the Company has the right to deduct an amount equal to the Loan from any invoices then due or due in the future from the Company to CVR Global up to an amount equal to the Loan.

The Restructuring Agreement, effective November 1, 2018, had a clause which indicated that any and all amounts due between the Company and CVR Global will be forgiven upon completing the restructuring. However, as set forth in the above referenced agreement, management of both the Company and CVR Global have separately agreed that the costs relating to the $130,659 in property improvement costs will be considered separately and that these costs are not subject to the debt forgiveness clause. As at December 31, 2019, the Company has recognized accrued interest of $7,840 (2018 – $nil), which is included in the loan receivable from CVR Global, Inc. on the consolidated statement of financial position. Subsequent to the year ended December 31, 2019, the Company amended the repayment terms of the Loan. As at December 31, 2019, the Company recognized a write-off of the loan receivable and accrued interest from CVR Global of $138,499 due to uncertainty of collection as a result of the resignation of the former CEO of the Company in November 2019.

SHARE DATA

Authorized share capital consists of unlimited number of common shares without par value.

As at the date of this MD&A, the Company had 101,377,872 common shares issued and outstanding, and had 25,000,000 common shares in escrow pursuant to the Restructuring Agreement with CVR Global.

As at the date of this MD&A, the Company had 2,900,000 stock options and 23,347,985 warrants outstanding.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's consolidated financial statements and the other financial information included in this management report are the responsibility of the Company's management, and have been examined and approved by the Board of Directors. The consolidated financial statements were prepared by management in accordance with International Financial Reporting Standards and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility. Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the consolidated financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee's role is to examine the consolidated financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, representatives of the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

INDUSTRY CONDITIONS AND RISKS

The Company has identified certain risks and uncertainties that may have a material adverse effect on its business, results of operations, or financial condition. In any such case, the market price of its common shares could decline, and investors may lose all or part of their investment. Only potential investors who are experienced in high risk investments and who can afford to lose their entire investment should consider an investment in the Company.

The following list of risk factors is not exhaustive. Investors should carefully consider these and other risks, one or all of which may be material, before purchasing securities of the Company. The Company will, on occasion, make forward looking statements about its expectations, its business and industry, and operations. These forward-looking statements are made at a point in time, based on certain assumptions. They are subject to change without notice as a result of the risks described herein and other risks. Investors or potential investors in the Company should not rely on forward- looking statements or the Company's historical operating performance as a prediction of actual results, and the Company undertakes no obligation to update forward looking information. In addition, the Company operates in a rapidly changing business, economic and regulated environment, and new potentially material risk factors emerge from time to time.

The market may not accept the Company's products, which will adversely affect its business, financial condition, and results of operations

The market acceptance of the Company's products will depend upon the medical community accepting the products as clinically useful, reliable, accurate, and cost-effective compared to existing and future products or procedures. Market acceptance will also depend on the Company's ability to demonstrate the clinical efficacy and safety of the Company's products and future products. Failure of these new products to achieve significant market share could have material adverse effects on the Company's long-term business, financial condition, and results of operation.

The Company's success depends on the successful commercialization of its technology.

The successful commercialization of the Company's technology is crucial for its success. Even if the Company's technology is shown to be less costly and more effective, the Company may face unforeseen difficulties in manufacturing and marketing the Company's products. These difficulties many only become apparent upon scaling up manufacturing to commercial levels. In addition, there is no guarantee that market acceptance will come upon the successful manufacturing and sale of any product. If the Company's technology and products do not result in commercially successful products, the Company's business could be adversely affected.

Regulatory Approvals

Medical devices are subject to regulatory clearances within individual markets and jurisdictions. As such, they are evaluated for compliance with established consensus standards. When a new technology is involved, in order to get USA clearance through the FDA approval process. With a non-invasive / non-emitting medical device that possesses a lower level of risk typically the 510(k) process would be followed in which a manufacturer must identify an existing "predicate" device from which to compare the new technology. If no clear predicate device is identified then the submission must be conducted under the De Novo submission process, or the PMA process for higher risk devices. Clearance in the USA is potentially the most important to obtain and maintain due to the size of that market and its importance in terms of practice. There is no guarantee that the device will get FDA clearance / approval.

Inability to complete future research and development and engineering projects in a timely manner could have a material adverse effect of our results of operations, financial condition and cash flows.

If research and development projects are not completed in a timely fashion, the Company could experience:

- substantial additional cost to obtain a marketable product;
- additional competition resulting from competitors; and
- delay in obtaining future inflow of cash from financing or partnership activities.

The Company could face intense competition, which could result in lower revenues and higher research and development expenditures and could adversely affect the results of operations.

Unless the Company keeps pace with changing technologies, the Company could fail to attract medical providers. . In order to compete effectively in providing medical diagnostic solutions for healthcare providers, the Company must continually design, develop and market new and enhanced technologies. The future success of the Company will depend, in part, upon its ability to address the changing and sophisticated needs of the marketplace. Medical diagnostic solution technologies are difficult to achieve widespread commercial acceptance and adoption.

The market for medical diagnostic solutions of the Company is still developing and if the industry adopts test criteria that are different from internal test criteria of the Company, our competitive position would be negatively affected. Our plan to pursue sales in international markets may be limited by risks related to conditions in such markets.

Certain laws and governmental regulations which could affect international distribution and applications.

The medical diagnostic solutions may be regulated by regionally valid legislation, including health legislation and regulations concerning use and adoption of the Patents.

If the Company is not able to adequately protect the intellectual property, then the Company may not be able to compete effectively and may not be profitable.

Commercial success may depend, in part, on obtaining and maintaining patent protection, trade secret protection and regulatory protection of our technologies and product candidates as well as successfully defending third-party challenges to such technologies and candidates. The Company will be able to protect our technologies and product candidates from use by third parties only to the extent that valid and enforceable patents, trade secrets or regulatory protection cover them and we have exclusive rights to use them. The ability of licensors, collaborators and suppliers of the Company to maintain their patent rights against third-party challenges to their validity, scope or enforceability will also play an important role in determining our future.

The copyright and patent positions of software and technology related companies can be highly uncertain and involve complex legal and factual questions that include unresolved principles and issues. No consistent policy regarding the breadth of claims allowed regarding such companies' patents has emerged to date in the Canada, and the patent situation outside Canada is even more uncertain. Changes in either the patent laws or in interpretations of patent laws in Canada or other countries may diminish the value of the Patents. Accordingly, the Company cannot predict with any certainty the range of claims that may be allowed or enforced concerning patents of the Company.

The Company may also rely on trade secrets to protect our technologies, especially where the Company does not believe patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. While the Company seeks to protect confidential information, in part, through confidentiality agreements with our consultants and scientific and other advisors, they may unintentionally or willfully disclose our information to competitors. Enforcing a claim against a third party related to the illegal acquisition and use of trade secrets can be expensive and time consuming, and the outcome is often unpredictable. If we are not able to maintain patent or trade secret protection on our technologies and product candidates, then we may not be able to exclude competitors from developing or marketing competing products, and we may not be able to operate profitability.

If the Company is the subject of an intellectual property infringement claim, the cost of participating in any litigation could cause the Company to go out of business.

There has been, and the Company believes that there will continue to be, significant litigation and demands for licenses in the medical diagnostic industry regarding patent and other intellectual property rights. Although the Company anticipates having a valid defense to any allegation that the Patents infringe the valid and enforceable intellectual property rights of any third parties, the Company cannot be certain that a third party will not challenge the position of the Company in the future. Other parties may own patent rights that the Company might infringe with the Patents or other activities, and our competitors or other patent holders may assert that our products and the methods that the Company employs are covered by their patents. These parties could bring claims against the Company that would cause the Company to incur substantial litigation expenses and,

if successful, may require the Company to pay substantial damages. Some of the potential competitors may be better able to sustain the costs of complex patent litigation, and depending on the circumstances, the Company could be forced to stop or delay research, development, manufacturing or sales activities. Any of these costs could cause the Company to go out of business.

The Patents may become obsolete and unmarketable if the Company is unable to respond adequately to rapidly changing technology and customer demands.

Medical diagnostic industry is characterized by rapid changes in technology and customer demands. As a result, products and software of the Company may quickly become obsolete and unmarketable. The Company's future success will depend on the ability to adapt to technological advances, anticipate customer demands, develop new products and enhance current products on a timely and cost-effective basis. Further, products and software of the Company must remain competitive with those of other companies with substantially greater resources. The Company may experience technical or other difficulties that could delay or prevent the development, introduction or marketing of new products and software or enhanced versions of existing products. Also, the Company may not be able to adapt new or enhanced services to emerging industry standards, and new products and software of the Company may not be favorably received.

Failure to achieve and maintain the high manufacturing standards that the Company's products require may seriously harm its business.

The Company's products require precise and high-quality manufacturing. Achieving precision and quality control requires skill and diligence by the Company's personnel or manufacturers, as well as its vendors. Any failure on the Company's, or its manufacturer's, part to achieve and maintain these high manufacturing standards, including the incidence of manufacturing errors, design defects or component failures, could conceivably result in physical injury, harm or the death of end users of the Company's products, product recalls or withdrawals, delays or failures in product testing or delivery, cost overruns or other problems that could seriously harm the Company's business. Despite the Company's anticipated high manufacturing standards, the Company cannot completely eliminate the risk of errors, defects or failures. If the Company is unable to eliminate the risk of errors, defects or failures, its business and results of operations may be negatively affected.

The Company is dependent on its suppliers and manufacturers to meet existing regulations.

Future suppliers and manufacturers could be subject to heavy government regulation. This may include United States Food and Drug Administration (the "USFDA") Quality System Regulation compliance in the operation of their facilities, products, and manufacturing processes. Any adverse action by the USFDA against the Company's suppliers or manufacturers could delay supply or manufacture of component products required to be integrated or sold with the Company's products. There are no assurances that the Company will be successful in locating an alternative supplier or manufacturer to meet product shipment or launch deadlines. As a result, the Company's sales, contractual commitments, and financial forecasts may be significantly affected by any such delays.

There is significant uncertainly about the progression and ultimate impact of the COVID-19 Pandemic

While COVID-19 did not affect our financial results, we anticipate that COVID-19 could impact our business due to factors such as impaired access to the healthcare system, travel restrictions,

patient willingness to participate in trials, new guidance from regulatory agencies, and a shift in resources to fighting the pandemic. Additionally, there is risk that the Company's suppliers may be impacted in a variety of potential ways as a result of COVID-19. These factors may have an effect on our ability to bring new products to market according to the Company's timelines.

RECENT ACCOUNTING PRONOUNCEMENTS

The following new IFRS was adopted effective January 1, 2019.

i) IFRS 16, Leases (New; replaces IAS 17, IFRIC 4, SIC-15 and SIC-27).

The Company does not have any leases and the new policy did not have an impact on the Company's consolidated financial statements.

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

CRITICAL ACCOUNTING ESTIMATES

The consolidated financial statements of the Company for year ended December 31, 2019, were prepared in accordance with IFRS applicable to a going concern which assumes that the Company will realize its assets and discharge its liabilities and meet its future obligations in the normal course of business. Accordingly, the consolidated financial statements do not include any adjustments for the recoverability and reclassification of recorded assets, or the amounts or classification of liabilities, that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material. However, there is significant doubt as to the appropriateness of the going concern presumption. There is no assurance that the Company's funding initiatives will continue to be successful.

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

Intangible Assets

Management has exercised their judgement in determining if the patents and license are impaired. The judgement is based on the expected future benefit of the intangible assets.

Share-Based Payment Transactions

The Company measures the cost of equity-settled transactions with parties other than employees by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-

based payment transactions are disclosed in Note 9 and 13 of the consolidated financial statements.

Determination of Functional Currency

In accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*, management has determined that the functional currency of the Company is the Canadian dollar and the functional currency of the Company's subsidiary, CVRM, Inc., is the U.S. dollar.

INVESTOR RELATIONS

On September 27, 2016, the Company entered into a consulting agreement with a third party for the provision of investor relation services. The consultant will initiate and maintain contact with the financial community, shareholders, investors and other stakeholders for the purpose of increasing awareness of CVR Medical and its activities. The agreement is for an ongoing basis and may be terminated by either party by 30 days of written notice and is subject to approval from the TSX Venture Exchange.

ADDITIONAL INFORMATION

Additional information relating to CVR Medical is located at www.sedar.com.