VERITAS PHARMA INC.

Management Discussion & Analysis ("MD&A")

For the Year Ended April 30, 2018

DATE OF REPORT: August 28, 2018

This management discussion and analysis ("**MD&A**") of Veritas Pharma Inc. (the "**Company**" or "**Veritas**") is for the year ended April 30, 2018 and is performed by management using information available as of April 28, 2018. We have prepared this MD&A with reference to National Instrument 51-102 – Continuous *Disclosure Obligations* of the Canadian Securities Administrators. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended April 30, 2018, and the related notes thereto ("**Annual Financial Statements**"). The Company's consolidated Annual Financial Statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All amounts are expressed in Canadian dollars unless otherwise indicated.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian securities laws that may not be based on historical fact, including, without limitation, statements containing the words "believe", "may", "plan", "will", "estimate", "continue", "anticipate", "intend", "expect" and similar expressions. Forward-looking statements are necessarily based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as the factors we believe are appropriate. Forward-looking statements in this MD&A include but are not limited to statements relating to:

- *our ability to obtain funding for our operations, including funding for research and commercial activities;*
- *the initiation, timing, cost, progress and success of our research and development programs, pre-clinical studies and clinical trials;*
- *our business model and strategic plans;*
- *our ability to advance product candidates into, and successfully complete, clinical trials;*
- *our ability to recruit sufficient numbers of patients for our future clinical trials;*
- *our ability to achieve profitability;*
- *our ability to establish and maintain relationships with collaborators with acceptable development, regulatory and commercialization expertise and the benefits to be derived from such collaborative efforts;*
- *the implementation of our business model and strategic plans;*
- *our ability to develop and commercialize product candidates;*
- *our ability to protect our intellectual property and operate our business without infringing upon the intellectual property rights of others;*
- *our expectations regarding federal, provincial and foreign regulatory requirements;*
- *whether we will receive, and the timing and costs of obtaining, regulatory approvals in the United States, Canada, the European Union and other jurisdictions;*
- *the therapeutic benefits, effectiveness and safety of our product candidates;*
- *the accuracy of our estimates of the size and characteristics of the markets that may be addressed by our products and product candidates;*
- *the rate and degree of market acceptance and clinical utility of our future products, if any;*
- *the timing of, and our ability and our collaborators' ability, if any, to obtain and maintain regulatory approvals for our product candidates;*
- *our expectations regarding market risk, including interest rate changes and foreign currency fluctuations;*
- *our ability to engage and retain the employees required to grow our business;*
- *the compensation that is expected to be paid to employees and consultants of the Company;*
- *our future financial performance and projected expenditures;*
- *developments relating to our competitors and our industry, including the success of competing therapies that are or become available; and*
- *estimates of our expenses, capital requirements and our needs for additional financing.*

Such statements reflect our current views with respect to future events and are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while

considered reasonable by Veritas, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including, but not limited to: (i) obtaining positive results of clinical trials; (ii) obtaining regulatory approvals; (iii) general business and economic conditions; (iv) the availability of financing on reasonable terms; (v) the Company's ability to attract and retain skilled staff; (vi) market competition; (vii) the products and technology offered by the Company's competitors; and (viii) the Company's ability to protect patents and proprietary rights

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined below under the heading "Financial Instruments and Risks". Should one or more of these risks or uncertainties, or a risk that is not currently known to us materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this MD&A and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

OVERVIEW

Veritas Pharma Inc. is addressing the critical need for real science behind medical cannabis claims. Through its wholly-owned subsidiary Cannevert Therapeutics Ltd. ("Cannevert or CTL"), the Company's mission is to develop and commercialize the most effective cannabis products for pain management as well as seniors/palliative care. Using strategic alliances such as 3 Carbon Extractions Inc, Veritas aims to effectively address the clinical concerns over the varied output in cannabis product content, quality, potency and efficacy.

Veritas Pharma continues through its investments in research and development to conduct the following:

- Chemically and pharmacologically profile a variety of cannabis strains from various parts of Canada and the World for disease specific conditions
- On the basis of the findings above, perform clinical trials to demonstrate clinical utility
- Not follow the traditional pharmaceutical development pathway to get to market (i.e. 10+years)
- Aim to be in clinical trials within 2 years of finding a lead medical cannabis product
- Immediately promote or market the clinical effectiveness of the product to important stakeholders, in particular, health professionals, patients, regulators, and payers

GROWTH STRATEGY

Veritas Pharma completed three important purchases as part of its growth strategy in being a leading medical cannabis research company:

1) 100% purchase of Sechelt Organic Marijuana Corp. ("Sechelt or SOM") on February 23, 2018, which was free and clear of all liens, charges and encumbrances in exchange of 1,454,545 common shares of the Company valued at approximately $800,000. SOM has applied with Health Canada for medical marijuana production and distribution license under Access to Cannabis for Medical Purposes Regulations ("ACMPR"). This would allow the Company the ability to grow its own new strains of cannabis for medical purposes and demonstrate additional medical benefits. Health Canada notified SOM that it has progressed into the final review stage of the ACMPR application process.

2) 100% purchase of outstanding shares of Cannevert Therapeutics Ltd. on March 21, 2018, where

the Company purchased the initial 20% of outstanding shares on April 23, 2017. CTL is managed by a unique group of chemists, pharmacologists and other medical professionals and act as the research arm of the Company. CTL has obtained permission from Health Canada to conduct legal cannabis research. Cannevert now has the ability to obtain sufficient varieties of cannabis from licensed producers in Canada and abroad on a regular basis to ensure rapid scientific progress. The aim is to get the most appropriate cannabis strains into the clinic and obtain the necessary intellectual property protection for those showing therapeutic potential for human diseases.

3) 50% purchase of the issued and outstanding shares of 3 Carbon Extractions Inc. on August 27, 2018 with aim of 3 Carbon working with Veritas Pharma on their business development and to assist the Company on its effort of producing medical cannabis extracts for sale to licensed producers or third parties focused on conducting further clinical investigations.

HIGHLIGHTS

On January 10, 2018, Veritas Pharma's subsidiary, Cannevert Therapeutics Ltd. signed a clinical research agreement with FDI Clinical Research in San Juan, Puerto Rico, to conduct the first human study of its lead cannabis strain (CTL-X) targeting pain. Given that there are potential research tax credits available to Veritas in Puerto Rico, it decided on May 4, 2018, to incorporate Veritas Pharma Puerto Rico LLC. By doing so, the Company established a foothold for the scientific investigation, product development and commercialization of cannabis-based therapies. If the human trials are successful with CTL-X, it provides Veritas with an immediate entry into Puerto Rican and Latin American markets. Hence, on August 13, 2018, the Company started this process of market entry by signing a Memorandum of Understanding with the Chamber of Commerce, Industry, Services and Tourism Brazil & Puerto Rico. The Company will support the medical cannabis sector for the Puerto Rico and Brazilian markets by offering the first of many scientifically tested medical cannabis products.

Veritas Pharma would like to ideally grow and sell its own medical cannabis strains under the Cannevert brand. On February 16, 2018, the Company closed with 906474 Alberta Ltd. to acquire 100% ownership of Sechelt Organic Marijuana Corp. ("SOM") in exchange for $800,000 payable in shares, or 1,454,545 of the Company priced at the last trading day immediately preceding the closing. While Veritas waits for SOM to receive Health Canada's approval to construct its cannabis cultivation facility in Sechelt, BC, the Company has opted to pursue relationships with licensed producers in Canada and abroad to grow and supply cannabis strains for research and product development purposes.

On March 21, 2018, the Company completed the purchase of the remaining 20%, aggregate 100%, outstanding common shares of Cannevert Therapeutics Ltd. for 5,000,000 common shares of the Company. This completion of purchase enables Veritas to fully direct Cannevert on the clinical unmet needs that its considers important. Cannevert requires access to more diverse cannabis strains to better understand the magnitude and duration of potential pharmacological effects that cannabis can produce in select patient populations. Hence, the Company entered into a number of Memorandums of Understanding (MOUs) that it thinks are strategic for Cannevert to gain access to unique strains but also sell and promote its own branded products in specific regions of the World. On June 19, 2018, the Company entered into a MOU with Colombian medical cannabis company Foliumed S.A.S. On July 17, 2018, the Company signed an Intellectual Property Sharing Agreement with Sativa Investments PLC, UK's first medicinal cannabis investment fund. On August 15, 2018, the Company signed an MOU with IsCann Group Limited located in Be'er Tuvya, Israel with the aim of supporting business development in the Canadian and Israeli medical cannabis sectors. Alongside Canada, the countries of Columbia, UK and Israel are also great to acquire new cannabis genetics and scientific knowledge as well as access to new medical cannabis markets for the Cannevert brand.

3 Carbon Extractions Inc ("3 Carbon") is assisting Cannevert by finding licensed producers that can supply unique cannabis varieties for their purposes as well as producing regular chemical extractions for Cannevert or licensed producers to investigate in the laboratory or clinical studies. On March 8, 2018, the Company

signed a non-binding Letter of Intent with 3 Carbon. It outlined the general terms and conditions upon which the Company would be prepared to make investment in 3 Carbon to acquire up to a 100% equity and voting interest. On April 19, 2018, the Company entered into a Share Purchase Agreement with 3 Carbon to acquire 50% of its issued and outstanding shares. On July 9, 2018, the Company issued 1,500,000 common shares of the Company to acquire that 50% of ownership, and finally, on August 27, 2018, the Company confirmed the Share Purchase Agreement to acquire the remaining 50% of 3 Carbon shares.

OVERALL PERFORMANCE

Veritas Pharma expects its operating losses to continue into the next fiscal year as it continues to develop its preclinical and clinical programs through its subsidiary, Cannevert Therapeutics. Since its inception, Veritas has accumulated a deficit of $18,702,730 as at April 30, 2018. The Company has funded its operations with proceeds from equity financings and expects to seek additional funding through equity financings to finance its growth initiatives. However, if capital market conditions in general or with respect to the sector or development stage companies such as Veritas are unfavorable, its ability to obtain additional investment will be adversely affected. Veritas is anticipating the start of a potential revenue stream from two sources over the next year. If human trials of Cannevert's lead product, CTL-X, demonstrate pain relief, this product could be placed in Puerto Rican medical cannabis dispensaries for sale. Cannevert is also pursuing an analytical and biological testing services offering for cannabis and hemp licensed producers. The aim is to enable these producers to better understand and protect the therapeutic potential of their products for consumers and existing research programs. This work would be done either as a joint development program or straight fee for service.

SELECTED ANNUAL INFORMATION

The following financial data are selected information for the Company for the two most recently completed financial years

	April 30, 2018	April 30, 2017	April 30, 2016
	$	$	$
Total revenue	-	-	-
Net loss for year	(13,863,241)	(2,930,635)	(1,161,426)
Net loss per share, basic and diluted	(0.29)	(0.10)	(0.10)
Total assets	4,665,740	3,791,396	617,021
Total Long Term Liabilities	-	-	-
Cash paid dividends per share	-	-	-

SUMMARY OF QUARTER RESULT

The following table summarizes selected unaudited consolidated financial data for each of the last eight fiscal quarters, prepared in accordance with IFRS:

	Revenues $	Net loss $	Net loss per share (basic and diluted) $
July 31, 2016	-	258,420 -	0.01
October 31, 2016	-	517,730 -	0.02
January 31, 2017	-	904,096 -	0.03
April 30, 2017	-	1,250,389 -	0.03
July 31, 2017	-	977,230 -	0.03
October 31, 2017	-	1,294,104 -	0.03
January 31, 2018	-	3,808,324 -	0.08
April 30, 2018	-	7,783,583 -	0.02

RESULT OF OPERATION

	April 30, 2018 $	April 30, 2017 $
Consulting fees	6,101,207	774,922
Depreciation	18,593	1,423
Foreign exchange loss	16,525	26,895
Investor relations	2,555,378	958,253
Office and miscellaneous	300,562	90,576
Professional fees	213,961	108,247
Rent	35,647	27,494
Research and development	96,361	44,994
Share-based compensation	3,197,458	1,197,890
Transfer agent and filing fees	30,720	49,272
Travel and promotion	154,145	77,691
Wages and benefits	390,163	19,032
Total expenses	13,110,720	3,376,689

- Consulting fees increased by $5,326,285 due to one incentive shares issue to numerous consultants and new consulting agreements.
- Investor relations increased by $1,597,125 due to increase marketing activities.
- Share-based compensation increased by $1,999,568 due to the issues of stock options for incentive and promotion.
- Wages and benefit increased by $371,131 due to complete ownership of Cannevert, which pays wages and benefits to a group of researchers.

LIQUIDITY AND CAPITAL RESOURCES

	April 30, 2018 $	April 30, 2017 $
Cash used in operating activities	(7,020,210)	(2,361,796)
Cash used in investing activities	(82,714)	(249,564)
Cash provided by financing activities	8,080,803	3,755,670
Net (decrease) increase in cash and cash equivalents	977,879	1,144,310

As at April 30, 2018, the Company has $2,156,496 in cash and cash equivalents compared to $1,178,617 as at April 30, 2017. The Company has working capital of $2,435,186 at April 30, 2018 compared to $1,511,217 as at April 30, 2017.

The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. Management believes that the Company will require additional working capital to meet its primary business objectives over the next 12 months.

Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the funding through future equity issuances and through short term borrowing in order to fund ongoing operations and to meet its obligations. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

OUTSTANDING SHARE CAPITAL

As of April 28, 2018, there were 67,296,800 Common Shares issued and outstanding, and other securities convertible into Common Shares as summarized in the following table:

	August 26, 2018
Common Shares issued and outstanding	69,296,800
Options	1,973,000
Warrants	20,817,250

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 its results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources that is material to investors.

RELATED PARTY TRANSACTIONS

As at April 30, 2018, the Company owed $23,558 (2017 – was owed $947 from) to a company controlled by the Chief Executive Officer of the Company, which was recorded in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing, and due on demand. During the year ended April 30, 2018, the Company incurred consulting fees of $387,344 (2017 – $115,600) to a company controlled by the Chief Executive Officer of the Company.

As at April 30, 2018, the Company owed $25,944 (2017 - $34,580) to a company controlled by the Chief Financial Officer of the Company, which was recorded in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing, and due on demand. During the year ended April 30, 2018, the Company incurred consulting fees of $310,250 (2017 – $60,000) and professional fees of $64,000 (2017 - $44,000) to a company controlled by the Chief Financial Officer of the Company.

As at April 30, 2018, the Company owed $31,900 (2017 - $6,418) to a director of the Company, which was recorded in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing, and due on demand. During the year ended April 30, 2018, the Company incurred consulting fees of $nil (2017 - $47,619) to a director of the Company.

As at April 30, 2018 the company owed $47,006 (2017 - $nil) to a former director of Sechelt. The amount is unsecured, non-interest bearing and due on demand.

As at April 30, 2018, the Company was owed $57,894 (2017 – $57,894) from a company under common control. The amount is unsecured, non-interest bearing, and due on demand.

As at April 30, 2018, the Company was owed $71,635 (2017 – $nil) from a company under common control. The amount is unsecured, non-interest bearing, and due on demand.

During the year ended April 30, 2018, the Company granted 3,037,000 (2017 - 1,550,000) stock options with a fair value of $790,475 (2017 - $400,920) to officers and directors of the Company.

During the year ended April 30, 2018, the Company issued 2,530,000 common shares (2017 - 923,500) to officers, directors, and former directors of the Company for proceeds of $1,109,500 (2017 - $280,520) pursuant to the exercise of stock options.

PROPOSED TRANSACTIONS

There are at present no transactions outstanding that have been proposed but not approved by either the Company or regulatory authorities.

CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

New Standards Not Yet Effective

The following new standards, and amendments to standards and interpretations, are effective for the year ended April 30, 2018, and have not been applied in preparing these consolidated financial statements:

New standard IFRS 9, “Financial Instruments”

Amendments to IFRS 2, “Share-based Payment”

The Company has not early adopted these new and revised standards and is currently assessing the impact that these standards will have 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.

FINANCIAL INSTRUMENTS AND RISKS

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, April 30, 2018 $
Cash and cash equivalents	2,156,496	–	–	2,156,496

The fair value of other financial instruments, which included accounts receivable, accounts payable and accrued liabilities, and loans payable approximate their carrying values due to the relatively short-term maturity of these instruments. The Company's financial instruments are exposed to the following risks:

Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents and amounts receivable. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. Amounts receivable consists of GST receivable due from the Government of Canada and a receivable from a public corporation. The carrying amount of financial assets represents the maximum credit exposure.

Foreign Exchange Rate Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. Foreign exchange risk arises from purchase transactions.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

Additional risk factors

Volatility of Market Price

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies has experienced substantial volatility in the past. This volatility may affect the ability of holders of Common Shares to sell their securities at an advantageous price. Market price fluctuations in the Common Shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad

market fluctuations may adversely affect the market price of the Common Shares.

Financial markets historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Common Shares may be materially adversely affected.

Positive Return in an Investment in the Common Shares of the Company is Not Guaranteed

There is no guarantee that an investment in the Company will earn any positive return in the short term or long term. A purchase of the shares involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the Common Shares is appropriate only for purchasers who have the capacity to absorb a loss of some or all of their investment.

Dilution

The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares and Class A preferred shares. The Company's shareholders do not have pre-emptive rights in connection with any future issuances of securities by the Company. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of stock options under the Company's stock option plan and upon the exercise of outstanding warrants.

Negative Cash Flow from Operations

During the year ended April 30, 2018 and the year ended April 30, 2017, the Company had negative cash flows from operating activities. To the extent that the Company has negative cash flow in any future period, the net proceeds from future financings may be used to fund such negative cash flow from operating activities.

Change in Laws, Regulations, and Guidelines Relating to Marijuana and Related Issues

The Company's operations are subject to a variety laws, regulations and guidelines including relating to the manufacture, management, transportation, storage, and disposal of medical marijuana as well as laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Approval policies, laws, regulations and guidelines may change during the course of a product candidate's clinical development and may vary among jurisdictions. Any delays in obtaining, or failure to obtain regulatory approvals, including at the pre-clinical, clinical or marketing stage, would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

Dependence on Key Personnel

The Company strongly depends on the business and technical expertise of its management and it is unlikely that this dependence will decrease in the near term. Loss of the Company's key personnel could slow the Company's ability to innovate, although the effect on ongoing operations would be manageable as experienced key operations personnel could be put in place. As the Company's operations expand, additional general management resources will be required.

If the Company expands its operations, the ability of the Company to recruit, train, integrate and manage a large number of new employees is uncertain and failure to do so would have a negative impact on the Company's business plans.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") in dealing with conflicts of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and in the best interest of the Company.

Intellectual Property

Our success depends on our ability to protect our proprietary rights and operate without infringing the proprietary rights of others; we may incur significant expenses or be prevented from developing and/or commercializing products as a result of an intellectual property infringement claim.

Our success will depend in part on our ability and that of our corporate collaborators to obtain and enforce patents and maintain trade secrets, both in the United States and in other countries.

The patent positions of biotechnology and biopharmaceutical companies, including us, is highly uncertain and involves complex legal and technical questions for which legal principles are not firmly established. The degree of future protection for our proprietary rights, therefore, is highly uncertain. In this regard there can be no assurance that patents will issue from any of the pending patent applications. In addition, there may be issued patents and pending applications owned by others directed to technologies relevant to our or our corporate collaborators' research, development and commercialization efforts. There can be no assurance that our or our corporate collaborators' technology can be developed and commercialized without a license to such patents or that such patent applications will not be granted priority over patent applications filed by us or one of our corporate collaborators.

Our commercial success depends significantly on our ability to operate without infringing the patents and proprietary rights of third parties, and there can be no assurance that our and our corporate collaborators' technologies and products do not or will not infringe the patents or proprietary rights of others.

There can be no assurance that third parties will not independently develop similar or alternative technologies to ours, duplicate any of our technologies or the technologies of our corporate collaborators or our licensors, or design around the patented technologies developed by us, our corporate collaborators or our licensors. The occurrence of any of these events would have a material adverse effect on our business, financial condition and results of operations.

Litigation may also be necessary to enforce patents issued or licensed to us or our corporate collaborators or to determine the scope and validity of a third party's proprietary rights. We could incur substantial costs if litigation is required to defend ourselves in patent suits brought by third parties, if we participate in patent suits brought against or initiated by our corporate collaborators or if we initiate such suits, and there can be no assurance that funds or resources would be available in the event of any such litigation. An adverse outcome in litigation or an interference to determine priority or other proceeding in a court or patent office could subject us to significant liabilities, require disputed rights to be licensed from other parties or require

us or our corporate collaborators to cease using certain technology or products, any of which may have a material adverse effect on our business, financial condition and results of operations.

ADDITIONAL INFORMATION

Additional information about the Company, including the Annual Financial Statements, is available on SEDAR at www.sedar.com.