



VERITAS PHARMA INC.

Management Discussion & Analysis (“MD&A”)

For the Year Ended April 30, 2019

(Amended)

DATE OF THIS AMENDED MD&A: MAY 20, 2020

The following amended management's discussion and analysis should be read together with the amended and restated consolidated financial statements and accompanying notes for the year ended April 30, 2019 and related notes hereto, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). The previously filed financial statements and MD&A for the year ended April 30, 2019 were originally filed on SEDAR on August 28, 2019. This filing supersedes the previously filed version. All amounts are stated in Canadian dollars unless otherwise indicated.

This management's discussion and analysis includes certain statements that may be deemed "forward-looking statements". Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guaranteeing of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

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 most immediate mission is to develop and commercialize the most effective cannabis products for pain management as well as seniors/palliative care.

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

Veritas' subsidiary, Cannevert Therapeutics Ltd. ("CTL") 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.

After obtaining the very first Investigation License from the Commonwealth of Puerto Rico Medical Cannabis Regulatory Board in February 2019, Cannevert enrolled their first patient in its first human study of CTL-X, a cannabis strain targeting pain management, at the Fundación de Investigación (“FDI”) facilities in San Juan, Puerto Rico on February 22, 2019. The Institute for Medical Cannabis Corporation of Puerto Rico (“IMC”) has provided CTL-X and the placebo to FDI for this study, as per the signed Material Transfer Agreement. This study is being done using a randomized, double-blinded, crossover design to assess one dose of CTL-X against a placebo in 16 adult subjects who will be exposed to simulated acute pain. Currently, more than half of the projected subjects have been enrolled and have completed the study. The conclusion of the human trials is estimated to be completed in June, 2019 after which Cannevert will analyze and process the results with an estimated delivery in late 2019. In February 2020, the Company decided to suspend the research and development activities of Cannevert.

HIGHLIGHTS

Veritas Pharma completed and obtained a few important purchases, investments and achievements as part of its growth strategy in being a leading medical cannabis research company.

- 1) 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.
- 2) On July 9, 2018, the Company issued 150,000 common shares of the Company and paid \$400,000 (US\$300,000) to acquire 1,000 Class A voting common shares of 3 Carbon Extractions Inc. (“3 Carbon”), a private company. The share certificate was not received and owned until March 2020. The Company determined that the investment no longer fit into its business plan. The Company recorded an impairment of \$392,500 to bring the carrying value to its fair value which was determined to be \$375,000. Shortly after year end, the Company sold its investment in 3 Carbon to unrelated party for \$375,000.
- 3) On September 26, 2018, the Company entered into an agreement to sell 100% of Sechelt Organic Marijuana Corp. for \$350,000. On August 28, 2019 the Company announced that it would not be proceeding with the sale of its 100% interest in Sechelt Organic Marijuana Corp.
- 4) On November 3, 2018, the Company released that despite the catastrophic events in Puerto Rico related to hurricane Maria in the fall of 2017 and the restrictions imposed by U.S. federal government's conservative position on cannabis over the last year, the first investigation license was issued February 2019, Cannevert enrolled their first patient February 22, 2019.
- 5) On November 9, 2018, the Company invested \$1,250,000 to acquire a 25% interest in 1182372 B.C. Ltd. (“BC Ltd”), which is building a cannabis growing facility located in Kelowna, British Columbia and intends to apply for a marijuana license. As at April 30, 2019, BC Ltd was experiencing significant cash funding problems which creates significant doubt that the growing facility will be completed which is needed to obtain a marijuana license. As a result, the Company recorded an impairment of \$1,250,000 as at April 30, 2019.

- 6) In December 2018, the Company entered into share purchase agreements with three shareholders of Indigenous Bloom Corp. ("IB") to purchase an aggregate 2,000,000 common shares of IB in exchange for 4,166,666 common shares of the Company with a fair value of \$4,166,666. As at April 30, 2019, this represents an approximately 3.5% interest in IB, which is a private company with a marijuana licence application.

Legislated changes introduced in February 2019 created a lot of uncertainty in the licence process. This added uncertainty impacted the cash funding problems that IB was already experiencing as it relates to its licence application. As a result, the Company recorded an impairment of \$4,166,666 as at April 30, 2019.

- 7) On January 15, 2019, the Company entered into a memorandum of understanding with Santa Marta Gold Holdings Ltd., where both companies will share the intellectual property jointly developed as part of a proposed agreement that outlines a medical cannabis research collaboration.
- 8) On February 11, 2019, the Company's subsidiary, Puerto Rico, received an investigation license from the Commonwealth of Puerto Rico Medicinal Cannabis Regulatory Board allowing clinical evaluation of Veritas Pharma's lead cannabis product (CTL-X) in alleviating acute pain.

The trio's license marks the commencement of the first human trials for medicinal cannabis to be carried out on the island since the approval of the Medicinal Cannabis Act of 2017 by the Commonwealth government. Veritas has licensed the intellectual property of its patented strains to IMC, whom in turn provide samples to the FDI for direct research to be carried out in the latter's San Juan-based clinical research facilities.

- 9) On February 12, 2019, the Company entered into an agreement with TG Initiatives Ltd. to purchase a commercial processing facility for hemp and cannabis products. The deal did not move forward and was not completed.
- 10) On February 22, 2019, the Company's subsidiary Cannevert enrolled their first subject in the first human clinical trial, a landmark in the Commonwealth of Puerto Rico. It is estimated that the trial will complete all 16 subjects by June, 2019.
- 11) On February 28, 2019, the Company filed a civil claim against Liht for the recovery of the \$1,000,000 advance plus interest. The interest payable on the advance was to be 10% per annum compounded daily from June 25, 2018 through and including the date on which it was repaid in full. The advance was to be repayable within 90 days and secured by certain assets of Liht. The Company alleges that, even though the Company had advanced Liht \$1,000,000, Liht had refused to execute the loan agreement and has taken no steps to perfect the security of the advance. On August 28, 2018, the Company made a demand for the return of the \$1,000,000 and again on January 14, 2019 together with interest accrued totalling of \$1,055,068.49 on or before January 21, 2019. Liht has refused to return any portion of the \$1,000,000 and any interest or deliver any consideration for the advance. The civil claim is ongoing and the Company believes that the advance to Liht will be recovered, but the outcome cannot be reasonably determined at this time.
- 12) On June 26, 2019, the Company filed a civil claim against its former management for the breach of their fiduciary duty and duty of care to the Company with respect to the advance made to Liht. This resulted in a loss and damage to the Company. The civil claim is ongoing and the amount of any damages recoverable cannot be reasonably determined or estimated at this time.

OVERALL PERFORMANCE

Veritas Pharma expects its operating losses to continue into the next fiscal year as it restructures. Since its inception, Veritas has an accumulated deficit of \$30,601,520 as at April 30, 2019. 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 currently looking for alternative revenue streams.

SELECTED ANNUAL INFORMATION

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

	April 30, 2019	April 30, 2018	April 30, 2017
	\$	\$	\$
Total revenue	-	-	-
Net loss for year	(11,898,790)	(13,863,241)	(2,930,635)
Net loss per share, basic and diluted	(1.32)	(2.96)	(1.00)
Total assets	757,954	4,665,740	3,791,396
Total Long-Term Liabilities	-	-	-
Cash paid dividends per share	-	-	-

SUMMARY OF QUARTERLY RESULTS

The following table summarizes selected unaudited consolidated financial data for each of the last eight fiscal quarters:

	Revenues	Net loss	Net loss per share (basic and diluted)
	\$	\$	\$
July 31, 2017	-	(977,078)	(0.25)
October 31, 2017	-	(1,294,103)	(0.33)
January 31, 2018	-	(3,014,348)	(0.63)
April 30, 2018	-	(8,577,712)	(1.37)
July 31, 2018	-	(753,341)	(0.14)
October 31, 2018	-	(2,244,897)	(0.31)
January 31, 2019	-	(853,206)	(0.09)
April 30, 2019	-	(8,047,346)	(0.66)

The quarter ended April 30, 2019, includes the impairment of its investments in Indigenous Bloom Corp. and 1182372 B.C. Ltd., and 3 Carbon Extracts Inc. totaling \$5,809,166, impairment of intangible assets of \$1,580,000, impairment of loan receivable of \$214,580. The quarter ended April 30, 2018 includes \$2,840,000 for the fair value of shares issued to three consultants and \$2,079,722 in share-based compensation for stock options issued.

RESULTS OF OPERATIONS

	2019 \$	2018 \$
Expenses		
Consulting	1,345,638	6,101,207
Depreciation	10,492	18,593
Foreign exchange loss	-	16,525
Investor relations	121,362	2,555,378
Office and miscellaneous	90,971	300,562
Professional fees	236,227	213,961
Rent	160,766	35,647
Research and development	148,946	96,361
Share-based compensation	464,126	3,197,458
Transfer agent and filing fees	31,257	30,720
Travel and promotion	63,203	154,145
Wages and benefits	566,289	390,163
Total expenses	3,239,277	13,110,720
Loss before other income	(3,239,277)	(13,110,720)
Other income (expense)		
Impairment of investments	(5,809,166)	-
Impairment of intangible asset	(1,580,000)	-
Impairment of loan receivable	(214,580)	-
Impairment of property and equipment	(66,517)	-
Unauthorized payment	(1,000,000)	-
Write-off of accounts payable	10,750	-
Impairment of goodwill	-	(891,141)
Total other income (expense)	(8,659,513)	(891,141)
Net loss for the year	(11,898,790)	(14,001,861)
Less: net loss attributable to non-controlling interest	-	138,620
	\$ (11,898,790)	\$ (13,863,241)

- Consulting fees decreased by \$4,755,569. The fiscal 2018 amount includes 400,000 shares with a fair value of \$2,840,000 issued to three consultants. Also, compensation incurred to previous management was included in consulting fees. Previous management left during fiscal 2019 and cash available was lower, so consulting fees incurred to management were much higher in fiscal 2019 compared to fiscal 2018. The Company did not incur any consulting fees to incoming management.
- Investor relations decreased by \$2,434,016 due to less marketing awareness advertising activities.
- Office and miscellaneous decreased by \$209,591 due to decrease in overhead and day to day operating costs.
- Rent increased by \$125,119 due to the Company entering into a short-term lease in Burnaby.
- Research and development expenses increased by \$52,585, wages and benefits increased by \$176,126 due to the increase of researching activities in the lab.
- Share-based compensation decreased by \$2,733,332 due to a decrease in the number of stock options granted during the current year (640,000 options) compared to prior year (1,198,000).
- Travel and promotion decreased by \$90,942 due to less market activity.
- Impairment of investments was due to a write-down of the investment in 3 Carbon of \$392,500, the investment in 1182372 B.C. Ltd. of \$1,250,000, and the investment in Indigenous Bloom of \$4,166,666.
- On June 25, 2018, the Company advanced \$1,000,000 to Liht Cannabis Corp. (formerly

Marapharm Ventures Inc.) ("Liht"), which was supposed to bear interest at 10% per annum compounded daily, was to be repayable within 90 days, and was to be secured by certain assets of Liht, but the agreement was not executed. The Company and Liht had common officers and directors at the time of the advance. During the year ended April 30, 2019, the Company recorded this as an unauthorized payment in the statement of operations. (the Company has filed litigation against Liht to recover the advance).

- Impairment of loans receivable consists of \$108,561 (US\$81,785) for Spingbank Capital Partners LLC and \$106,019 of loans to companies controlled by former management of the Company.
- As at April 30, 2019, Cannevert was conducting clinical trials testing of one of its compounds. It was not determinable if the results of the trials would be successful or if the compound could be sold to a third party. Based on these factors, the Company recorded an impairment of \$1,580,000 for the intangible asset as at April 30, 2019.

LIQUIDITY AND CAPITAL RESOURCES

	April 30, 2019	April 30, 2018
	\$	\$
Cash used in operating activities	(1,244,932)	(7,020,210)
Cash used in investing activities	(1,609,068)	(82,714)
Cash provided by financing activities	1,717,500	8,080,803
Net increase (decrease) in cash	(2,136,500)	977,879

As at April 30, 2019, the Company had \$19,996 in cash compared to \$2,156,496 as at April 30, 2018. The Company has a working capital deficit of \$1,155,616 as at April 30, 2019 compared to working capital of \$2,467,984 as at April 30, 2018. The decrease in working capital was due to the use of cash for operating and investing activities during the year offset by equity financing received.

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

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

	As at May 15, 2020
Common shares outstanding	15,431,311
Options outstanding	1,215,789
Warrants outstanding	350,000
Fully diluted capital	16,997,100

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, 2019, the Company owed \$20,358 (2018 – was owed \$23,558 from) to Franciosi Consulting Ltd., a company controlled by Lui Franciosi, the former 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, 2019, the Company incurred consulting fees of \$73,634 (2018 – \$387,344) to Franciosi Consulting Ltd.

As at April 30, 2019, the Company owed \$nil (2018 - \$25,944) to 482130 B.C. Ltd., a company controlled by David Alexander, the former 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, 2019, the Company incurred consulting fees of \$60,000 (2018 – \$310,250) and professional fees of \$nil (2018 - \$64,000) to 482130 B.C. Ltd.

As at April 30, 2019, the Company owed \$nil (2018 - \$31,900) to Yari Nieken, a former 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, 2019, the Company incurred consulting fees of \$378,457 (2018 – \$nil) to Bam Bam Capital, a company controlled by David Greenway, the former director of the Company. Included in this amount, the Company issued 157,894 common shares with a fair value of \$307,896 to Bam Bam Capital for services rendered.

As at April 30, 2019, the Company owed \$575,201 (2018 - \$nil) to Tycor UPS Systems Inc., a company where Mark Roseborough, a director of the Company, is a director.

As at April 30, 2019 the Company owed \$47,006 (2018 - \$47,006) to Len Werden, a former director of Sechelt. The amount is unsecured, non-interest bearing and due on demand.

As at April 30, 2019, the Company was owed \$nil (2018 – \$57,894) from Le Mare Gold, formerly under common control. The amount is unsecured, non-interest bearing, and due on demand.

As at April 30, 2019, the Company was owed \$nil (2018 – \$71,635) from Ace, Reagan & Associates, a company formerly under common control. The amount is unsecured, non-interest bearing, and due on demand.

During the year ended April 30, 2019, the Company granted 270,000 (2018 – 3,037,000) stock options with a fair value of \$211,203 (2018 - \$790,475) to officers and directors of the Company.

During the year ended April 30, 2019, the Company issued 65,790 common shares (2018 – 2,530,000) to officers, directors, and former directors of the Company for proceeds of \$125,001 (2018 - \$1,109,500) pursuant to a private placement and issued 157,895 common shares with a fair value of \$307,896 (2018 - \$nil) for consulting services.

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, 2019, and have not been applied in preparing these consolidated financial statements:

New standard IFRS 16, “Leases”

The Company has not early adopted this new standard and does not expect standard to have a material 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.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

	Fair Value Measurements Using			Balance, April 30, 2019 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash and cash equivalents	19,996	–	–	19,996

The fair value of other financial instruments, which included amounts receivable, amounts from/to related parties, advance payable, and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments.

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:

Public Health Crises

Global or national health concerns, including the outbreak of pandemic or contagious diseases, such as COVID-19, may adversely affect the Company. The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises. The Company expects to experience some short to medium term negative impacts from the COVID-19 outbreak;

however, the extent of such impacts is currently unquantifiable, but may be significant. Such impacts include, with respect to its operations, the ability of the Company to access debt or equity capital on acceptable terms or at all.

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 experience 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 years ended April 30, 2019 and 2018, 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.

EVENTS SUBSEQUENT TO APRIL 30, 2019

On May 5, 2019, the Company cancelled 500,000 stock options.

On May 15, 2019, the Company granted 1,200,000 stock options exercisable at \$0.52 per share expiring on May 15, 2024 to officers and directors of the Company.

On June 20, 2019, the Company entered into a settlement agreement with Arbutus to settle the amounts due and owing from the sublease agreement. The Company and Arbutus have reached an agreement to settle all matters and provide a mutual release from the sublease agreement, in consideration for a one-time payment of \$200,000 to Arbutus.

On June 25, 2019, the Company entered into an agreement for the Company to sell the 1,000 Class A voting shares of 3 Carbon to an unrelated party in exchange for \$375,000. The amount was received on June 28, 2019.

On June 26, 2019, the Company filed a civil claim against its former management for the breach of their fiduciary duty and duty of care to the Company with respect to the advance made to Liht. This resulted in a loss and damage to the Company. The civil claim is ongoing and the amount of any damages recoverable cannot be reasonably determined or estimated at this time.

On November 28, 2019, the Company sold its land for proceeds of \$350,000.

On November 28, 2019, the Company entered into a settlement agreement with Leis and repaid the \$180,000 advance payable to Leis.

On February 19, 2020, the Company issued 273,913 common shares to settle debt of \$31,500 owing to the interim CEO and CFO of the Company.

On February 19, 2020, the Company cancelled the 1,200,000 stock options granted on May 5, 2019.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company is not currently determinable, but management continues to monitor the situation.

On March 26, 2020, the Company issued 3,000,000 common shares to settle debt of \$540,000 owing to a company where a director of the Company is a director. This company helped the Company to fund its accounts payables.

On April 24, 2020, the Company granted 1,215,738 stock options exercisable at \$0.15 per share expiring on April 24, 2025 to officers and directors of the Company.

ADDITIONAL INFORMATION

Additional information about the Company is available on SEDAR at www.sedar.com.