Introduction

The following interim Management's Discussion & Analysis ("Interim MD&A") of Phivida Holdings Inc. ("Phivida" or the "Company") for the three and six months ended March 31, 2019 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management's discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the fiscal year ended September 30, 2018. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's Annual MD&A, audited annual consolidated financial statements for the year ended September 30, 2018 and September 30, 2017, together with the notes thereto, and unaudited condensed interim consolidated financial statements for the three and six months ended March 31, 2019, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim consolidated financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of May 29, 2019, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or from **http://phivida.com**. In addition, public disclosure documents filed with certain Canadian securities regulatory authorities are available under the Company's profile at **www.sedar.com**.

Caution Regarding Forward-Looking Statements

This Interim MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this Interim MD&A speak only as of the date of this Interim MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this Interim MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-looking statements	Assumptions	Risk factors
The Company may be able to have positive revenue and profit margins.	The Company has anticipated all material costs and the operating activities of the Company, and such costs and activities may be consistent with the Company's current expectations; the Company may be able to obtain equity funding when required.	Unforeseen costs to the Company will arise; any particular operating cost may increase or decrease from the date of the estimation; and capital markets not being favourable for funding resulting in the Company not being able to obtain financing when required or on acceptable terms.
The Company may be able to carry out anticipated business plans.	The operating activities of the Company for the twelve months ending March 31, 2020 will be consistent with the Company's current expectations.	The Company's inability to make the technological development of its product lines and improve monetization; sufficient funds not being available; increases in costs; the growth of the market for hemp and cannabinoid products is not as expected; the Company may be unable to retain key personnel; the Company's inability to launch its products in an efficient manner; competition; legal requirements and limitations and the possibility that the law relating to the Company's business could change in a manner that materially adversely affects the Company's business; the Company's inability to enter into advantageous agreements and business relationships; the Company's inability to attract customers for its products; general economic conditions and those economic conditions specific to the hemp and cannabinoid industry are negative.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Interim MD&A. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

Phivida was incorporated under the Business Corporations Act (British Columbia) on April 24, 2015 as "Icarus Capital Corp."; and subsequently changed its name on November 18, 2015 to "Phytofarms Holdings Inc." and on January 16, 2017 to "Phivida Holdings Inc." The head office is located at 555 Burrard Street, 16th Floor, Vancouver, British Columbia, V7X 1M8 and its registered office is Suite 170 – 422 Richards Street, Vancouver, British Columbia, V6B 2Z4. The Company has three wholly owned subsidiaries: Phivida Organics Inc. ("Phivida Organics"), Phivida Nutrition Inc. ("Phivida Nutrition") and Phivida Enhanced Distribution Inc. ("Phivida Enhanced").

The Company is a Canadian-based corporation operating in the US functional food and natural health products market with a focus on custom formulated hemp oil extracts and hemp oil infused beverages and nutraceuticals. The Company plans to begin selling hemp oil infused beverages and nutraceuticals into retail markets across the US under the "OKI" and "Vida +" brand names.

Our products are aimed at the mass consumer preventative health and wellness markets, the professional alternative healthcare markets and clinician markets. Management believes the emergence of phytocannabinoid based functional foods and natural health products will have a significant impact on the global pain management market and represents a significant commercial opportunity for us.

OUR PRODUCTS

We intend to begin producing premium specialty functional natural health products made with organic hemp extracts. Naturally occurring cannabinoids found in hemp (such as cannabidiol and other non-psychotropic cannabinoids and terpenes) are phytochemicals widely studied to be therapeutic for their anti-inflammatory and anti-oxidant properties.[1] Cannabinoid-rich hemp oils are sought after for a range of consumer product categories, such as pharmaceuticals, nutraceuticals, supplements, functional foods and beverages, topical ointments, and cosmetics, as alternatives for e-juice and vape pen products, and pet and animal supplements, among others.

The Company has two product lines: OKI and Vida +. The OKI brand is a line of premium beverages infused with active hemp extract. OKI beverages are infused with 20 mg of active hemp extract per bottle and come in two different formulations: iced teas and flavor-infused water, with each 16oz product available in four different flavors. OKI supplements are available in tinctures or capsules that range in dosage from 600-1800 total mg of active hemp extract. All products contain non GMO, natural and organic ingredients, are plant based and Vegan friendly, and are packaged in sleek 100% recyclable glass containers. The Company's clinical brand, Vida +, consists of tinctures and capsules that are distributed to health care professionals as well as directly to consumers through the Company's online storefront. New Vida + brand packaging and website re-design is scheduled for release in late summer 2019.

Highlights

Retail Distribution Progress

Management's focus for the last several months has been on meeting with retail store chains in the U.S. to secure retail supply contracts. Discussions are continuing and advancing to finalizing supply contracts with several retailers.

Marketing and Social Initiatives Making Moves in California and Hawaii

The new Feel-OKI campaign directed by the Company's L.A.-based creative agency, Sid Lee, was completed and is currently in the final stage production. The campaign is due for market release by the mid-summer 2019, which will include a social media and paid digital strategy and amplification plan that will start in Q3.

Phivida's marketing team was on-site in Hawaii in early January with Malia Manuel, an OKI ambassador and world-class surfer, where she's been featured in a photo shoot to showcase various new OKI products. The campaign images are being published on social media.

[1] Robert, Zurier "Cannabinoids, inflammation, and fibrosis" (2016) 30:11 The FASEB journal 3682-3689; Fitzcharles, MA. & W Hauser "Cannabinoids in the Management of Musculoskeletal or Rheumatic Diseases" (2016) 18: 76 Current Rheumatology Reports; Robert, Grundy "The therapeutic potential of the cannabinoids in neuroprotection" (2005) 11:10 Expert opinion on Investigational Drugs at 1365 – 1374; P, Mukhopadhyay, Rajesh M et al "Cannabinoid-2 receptor limits inflammation, oxidative/nitrosative stress, and cell death in nephropathy" (2010) 48:3 Free Radical Biology Medicine at 457 – 467.

An OKI booth was stationed at the Natural Products Expo West Trade Show held on March 5th in Anaheim, CA. Approximately 15,000 units were sampled with attendance set to exceed 95,000 people during the four-day event.

Vida+ Hosted CBD Best Practices Session at 'The Functional Forum' Event in San Diego

On February 11, 2019, Vida+ hosted an event presented by The Functional Forum in San Diego on the topic of the endocannabinoid system and CBD oil best practices. The event featured our very own Sunil Pai, MD, from Vida+. Known as the world's largest Integrative Medical Conference, every month The Functional Forum brings together the industry's leading innovators to teach practitioners how to prevent and reverse chronic illness with the latest scientific health news, functional medicine research, practice development, and health technology. The event was a success with over 100 participants in attendance.

Rebrand of Oki and Vida+ Websites

The newly designed OKI e-store was finalized and went live April 2019. The new site, www.feeloki.com, includes a full product assortment of beverages and capsules available for sale to consumers through direct distribution online.

Re-design of the refreshed Vida+ website have also begun, with the intention of optimizing the site layout and improving search engine optimization for improved traffic and sales.

Partnership with Scout Distribution

Phivida signed a partnership with Scout Distribution ("Scout"), an innovative beverage distributor based in San Diego, California. Scout will be the official distributor of Oki beverages in the San Diego area.

Launch of CBD-Infused Product Line for Pets

The Company announced its intention to introduce a range of hemp-derived CBD pet products. Initially, the new product range will consist of tinctures in three concentrations formulated for small, medium and large pets as well as an oral spray. Pet treats are planned to be introduced to the market as the U.S. Food and Drug Administration clarifies the regulations around edible CBD products.

Acquisition of Wikala.com Inc.

In April 2019, the Company entered into a definitive agreement ("Transaction") to acquire Wikala.com Inc. ("Wikala"), a Canadian technology firm. Under the terms of the Transaction, Phivida acquired all of the issued and outstanding common shares of Wikala (the "Wikala Shares"), in return for common shares of Phivida (the "Phivida Shares"), with each holder of Wikala Shares receiving 0.7639 Phivida Shares for each Wikala Share held, resulting in the issuance of 26,325,004 Phivida Shares to the former shareholders of Wikala. In addition, a total of 23,118,044 Phivida Shares issued in connection with the Transaction are subject to contractual lock-ups for 12 months from the closing date. Based on a volume-weighted average trading price of C$0.8547 in respect of the Phivida shares for the 20 trading days ended April 26, 2019, the consideration payable represents a total transaction value of approximately $22.5 million. The Transaction closed in May 2019.

Launch of Wikala's Private Beta for eCommerce Platform

The Company announced the private beta launch of the Wikala eCommerce platform, featuring cannabis accessories from reputable manufacturers. Wikala is a stand-alone eCommerce platform that is set to become the first website in the global cannabis and help-CBD space to offer independent seller's personal storefronts where they can list their goods within an existing marketplace. The private beta sign up is still open and the platform will be available for use for a select number of beta users, based on their geography.

Financial Performance

Three months ended March 31, 2019, compared with three months ended March 31, 2018

Phivida's net loss totaled $2,196,417 for the three months ended March 31, 2019, with basic and diluted loss per share of $0.04. This compares with a net loss of $2,335,092 with basic and diluted loss per share of $0.05 for the three months ended March 31, 2018. The decrease in net loss of $138,675 was principally because:

- During the three months ended March 31, 2019, the Company's sales increased by approximately 430%, even though not significant in terms of dollar amount. As at March 31, 2019, the sales activity was coordinated with its sales team. The Company is in a loss position, as the Company's expenses are greater than its sales. Due to the quality of the Company's hemp oil products, management believes that future sales will increase based on the Company's objectives outlined in "Liquidity and Capital Resources" below.

- During the three months ended March 31, 2019, cost of goods sold of $7,648 (three months ended March 31, 2018 - $1,507) included hemp oil of various potency.

- Expenses decreased to $2,266,860 for the three months ended March 31, 2019 (three months ended March 31, 2018 - $2,351,230). The decrease was primarily due to the following:

    - Share-based compensation of $494,283 compared to $973,576 in the comparative period. Share-based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.

    - Advertising of $593,534 compared to $527,768 in the comparative period. Advertising increased by $65,766 due to the Company's push to promote its brand and products to consumers and investors.

    - Consulting fees of $98,329 compared to $557,516 in the comparative period. Consulting fees decreased by $459,187 due to the Company incurring less consulting expenses for advisory services and transition of management from consultants to employees.

- Salaries and benefits of $473,986 compared to $97,839 in the comparative period. Salaries and benefits increased by $376,147 due to increased staff to handle the Company's expected growth and transition of management from consultants to employees.

- Professional fees of $162,716 compared to $93,887 in the comparative period. Professional fees increased by $68,829 due to higher corporate activity requiring legal services.

- Inventory expensed of $128,851 compared to $1,295 in the comparative period. Inventory expensed increased by $127,556 due to the Company testing its production abilities and sending samples of its product to potential customers.

- The remaining expenses of $315,161 compared to $99,349 increased by $215,812 due to higher support costs for Phivida's business.

As at March 31, 2019, the Company had assets of $12,588,864 and a net equity position of $12,140,840. This compares with assets of $15,911,321 and a net equity position of $14,078,476 at September 30, 2018. The Company had $448,024 of liabilities and no long term debt (September 30, 2018 – $1,832,845 of liabilities and no long term debt). The Company had a gross margin of $25,049 and operating expenses of $2,266,860 during the three months ended March 31, 2019 (three months ended March 31, 2018 – gross margin of $6,089 and operating expenses of $2,351,230).

Phivida is at an early stage of purchasing, packaging and selling holistic hemp infused remedies and, as is common with many start-up companies, it raises financing for its initial sales activities. At March 31, 2019, the Company had working capital of $10,683,934, compared to $12,965,544 at September 30, 2018, a decrease of $2,281,610, or approximately 18%. The Company had cash of $9,602,060 at March 31, 2019, compared to $13,746,750 at September 30, 2018, a decrease of $4,144,690, or approximately 30%. The decrease in working capital and cash and cash equivalents was attributable to the Company's operating costs which support its operations.

Management, in its normal course of operations, reviews funding opportunities as they arise, to meet the Company's cash flow requirements and support increased sales.

Cash flow

At March 31, 2019, the Company had cash and cash equivalents of $9,602,060, compared to $13,746,750 at September 30, 2018. The decrease in cash and cash equivalents of $4,144,690 from the September 30, 2018 cash and cash equivalents balance of $13,746,750 was as a result of cash outflows on operating activities of $3,905,160, cash outflows from investing activities of $345,977 and cash provided by financing activities of $90,000. Operating activities were affected by adjustments of share-based compensation of $1,229,073 and depreciation of $2,363 and net change in non-cash working capital balances of $601,432 because of an increase in receivables of $40,219, an increase in inventory of $539,207, a decrease in prepaid expenses and other assets of $124,613 and a decrease in accounts payable and accrued liabilities of $146,619. Financing activities were $90,000 through the issue of shares for cash in the amount of $90,000.

Investing activities included deferred financing cost of $344,762 and the purchase of equipment of $1,215.

Liquidity and Capital Resources

The activities of the Company are financed through the completion of equity transactions such as equity offerings to support its initial sales activities. There is no assurance that future equity capital will be available to the Company in the amounts or at the times desired by the Company or on terms that are acceptable to it, if at all. See "Risk Factors" below.

The Company has minimal recurring operating revenues and therefore must utilize its current cash reserves, funds obtained from the issuance of share capital and other financing transactions to maintain its capacity to meet ongoing operating activities. As of March 31, 2019, the Company had 62,142,463 common shares issued and outstanding, 4,480,713 warrants outstanding that would raise $6,750,085 and 7,853,750 stock options outstanding that would raise $6,045,000, if exercised in full.

Accounts payable and accrued liabilities decreased to $448,024 at March 31, 2019, compared to $1,832,845 at September 30, 2018, and consist of amounts that are payable in the normal course of operations. The Company has sufficient cash to pay these liabilities as at March 31, 2019.

The table below consolidates the use of proceeds in the short form prospectus dated April 13, 2018 and the Initial Public Offering Proceeds to the revised categories that reflects the Company's new plans.

Revised Use of Proceeds

Business Objective	Amount ($)	Spent ($)	Remaining to spend ($)
Production	3,500,000	2,676,309	823,691
Salaries and consulting fees	2,200,000	1,734,785	465,215
Professional fees	600,000	510,362	89,638
Administration, travel and overhead	1,000,000	933,459	66,541
Brand launch and marketing	4,500,000	1,742,183	2,757,817
Purchase of equipment	350,000	345,977	4,023
CanBev investment	500,000	-	500,000
Offering expenses	350,000	350,000	-
Working Capital	300,000	96,124	203,876
Total	**13,300,000**	**8,389,199**	**4,910,801**

We have not yet reached profitability and we are currently dependent on financing to execute our business plan.

See "Risk Factors" below and "Caution Regarding Forward-Looking Statements" above.

Transactions with Related Parties

Key management personnel

(a) Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Except as disclosed elsewhere in this MD&A, the Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers, excluding the Chief Financial Officer ("CFO"), the details of which are disclosed below. The cash remuneration of directors and other members of key management personnel were as follows:

	Six Months Ended March 31, 2019 ($)	Six Months Ended March 31, 2018 ($)
Professional fees – George Kovalyov, VP of Finance	nil	10,569
Professional fees – Gowling WLG – Peter Simeon, Director	85,014	nil
Consulting fees (1)	37,500	97,242
Advertising – Sid Lee – Vito Piazza, Director	302,453	nil
Salaries and benefits (2)	311,532	89,450
	736,499	**197,261**

(1) Six Months Ended March 31, 2019 - John David Belfontaine, former CEO - $37,500.

Six Months Ended March 31, 2018 - John David Belfontaine, former CEO - $76,242, and George Kovalyov, VP of Finance - $21,000.

(2) Six Months Ended March 31, 2019 – James Bailey, CEO - $138,456 and Michael Cornwall, Chief Marketing Officer – $92,304, and George Kovalyov, VP of Finance - $80,772.

Six Months Ended March 31, 2018 – James Bailey, CEO - $65,207 and Michael Cornwall, Chief Marketing Officer – $24,243, and George Kovalyov, VP of Finance - $40,386.

	Three Months Ended March 31, 2019 ($)	**Three Months Ended March 31, 2018 ($)**
Professional fees – George Kovalyov, VP of Finance	nil	4,349
Professional fees – Gowling WLG – Peter Simeon, Director	54,423	nil
Consulting fees (1)	nil	48,621
Advertising – Sid Lee – Vito Piazza, Director	78,365	nil
Salaries and benefits (2)	155,766	89,450
	288,554	**142,420**

(1) Three Months Ended March 31, 2019 - John David Belfontaine, former CEO - $nil.

Three Months Ended March 31, 2018 - John David Belfontaine, former CEO - $33,236, and George Kovalyov, VP of Finance - $10,500.

(2) Three Months Ended March 31, 2019 – James Bailey, CEO - $69,228 and Michael Cornwall, Chief Marketing Officer – $46,152, and George Kovalyov, VP of Finance - $40,386.

Three Months Ended March 31, 2018 – James Bailey, CEO - $65,207 and Michael Cornwall, Chief Marketing Officer – $24,243, and George Kovalyov, VP of Finance - $40,386.

As at March 31, 2019, $65,968 (September 30, 2018 - $102,350) was payable to various directors of the Company. The amount is included in accounts payable and accrued liabilities and is non-interest bearing, unsecured and due on demand.

- The $58,905 includes: Gowling WLG – Peter Simeon, Director - $58,905, and Michael Cornwall - $7,063.

- The $102,352 includes: John David Belfontaine, former CEO - $4,021, George Kovalyov, VP of Finance - $4,873, Michael Cornwall – $9,881, and Gowling WLG – Peter Simeon - $83,577.

The non-cash remuneration of directors and other members of key management personnel were as follows:

Stock-based compensation	Six Months Ended March 31, 2019 ($)	Six Months Ended March 31, 2018 ($)
John David Belfontaine, former CEO	(89,735)	20,419
George Kovalyov, VP of Finance	142,742	13,643
William Ciprick, Director	2,131	13,643
James Bailey, CEO	160,285	13,643
Peter Simeon, Director	86,626	13,643
Vito Piazza, Director	67,596	nil
Michael Cornwall, Chief Marketing Officer	67,268	nil
John Caruso, Director	57,118	nil
Joost Luecker, a director and the Vice President of Research and Development for Phivida Organics	nil	8,508
Brian Martin, a director and the Vice-President of Clinical Products for Phivida Organics	nil	6,806
	494,031	**90,305**

Stock-based compensation	Three Months Ended March 31, 2019 ($)	Three Months Ended March 31, 2018 ($)
John David Belfontaine, former CEO	nil	10,518
George Kovalyov, VP of Finance	54,803	18,565
William Ciprick, Director	nil	18,565
James Bailey, CEO	37,863	274,661
Peter Simeon, Director	34,030	18,565
Vito Piazza, Director	27,224	nil
Michael Cornwall, Chief Marketing Officer	13,749	174,366
John Caruso, Director	50,552	nil
Joost Luecker, a director and the Vice President of Research and Development for Phivida Organics	nil	4,383
Brian Martin, a director and the Vice-President of Clinical Products for Phivida Organics	nil	3,506
	218,221	**523,129**

(b) During the three and six months ended March 31, 2019, the Company paid consulting fees of $7,885 and $15,520, respectively (three and six months ended March 31, 2018 - $8,174 and $15,764, respectively) to Marrelli Support Services Inc. ("Marrelli Support"), an organization of which Carmelo Marrelli is President. Mr. Marrelli is the Chief Financial Officer ("CFO") of the

Company. These services were incurred in the normal course of operations for general accounting and financial reporting matters. As at March 31, 2019, Marrelli Support is owed $2,876 (September 30, 2018 - $2,876). In addition, share-based compensation of $nil and $2,131, respectively (three and six months ended March 31, 2018 - $18,565 and $32,208, respectively) can be attributed to Mr. Marrelli during the three and six months ended March 31, 2019.

(c) During the three and six months ended March 31, 2019, the Company paid professional fees of $16,314 and $20,886, respectively (three and six months ended March 31, 2018 - $$8,174 and $15,764, respectively) to DSA Corporate Services Inc. and DSA Filing Services Limited (together "DSA"), two organizations which Mr. Marrelli controls. These services were incurred in the normal course of operations for corporate secretarial matters. As at March 31, 2019, DSA is owed $295 (September 30, 2018 - $3,706). This amount was included in accounts payable and other liabilities and was unsecured, non-interest bearing and due within 30 days.

(d) During the three and six months ended March 31, 2019, the Company paid consulting fees of $nil to the VP of Business Development (three and six months ended March 31, 2018 - $nil). In addition, share-based compensation of $nil and $2,131, respectively (three and six months ended March 31, 2018 - $18,565 and $32,208, respectively) can be attributed to the VP of Business Development for services rendered during the three and six months ended March 31, 2019.

Outlook

Although there can be no assurance that additional funding will be available to the Company, management is of the opinion that the hemp industry will be favourable, and hence it may be possible to obtain additional funding.

Notwithstanding, the Company is mindful that the hemp industry could change with little or no warning. Accordingly, its plans for the near term are to proceed with the Company's business plan, to monitor market fundamentals, and to ensure that the Company is well positioned to weather any possible market downturn. See "Risk Factors".

Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's Annual MD&A for the fiscal year ended September 30, 2018, available on SEDAR at **www.sedar.com**.

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the condensed interim consolidated financial statements do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the condensed interim consolidated financial statements; and (ii) the condensed interim consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Subsequent Events

(a) On April 9, 2019, 106,250 options with an exercise price of $0.40 were exercised for gross proceeds of $42,500.

(b) On April 16, 2019, 60,000 options with an exercise price of $0.40 were exercised for gross proceeds of $24,000.

(c) In April 2019, the Company entered into a definitive agreement ("Transaction") to acquire Wikala.com Inc. ("Wikala"), a Canadian technology firm. Under the terms of the Transaction, Phivida acquired all of the issued and outstanding common shares of Wikala (the "Wikala Shares"), in return for common shares of Phivida (the "Phivida Shares"), with each holder of Wikala Shares receiving 0.7639 Phivida Shares for each Wikala Share held, resulting in the issuance of 26,325,004 Phivida Shares to the former shareholders of Wikala. In addition, a total of 23,118,044 Phivida Shares issued in connection with the Transaction are subject to contractual lock-ups for 12 months from the closing date. Based on a volume-weighted average trading price of C$0.8547 in respect of the Phivida shares for the 20 trading days ended April 26, 2019, the consideration payable represents a total transaction value of approximately $22.5 million. The Transaction closed in May 2019.