EXRO TECHNOLOGIES INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED JUNE 30, 2018

The following is a discussion of the financial condition and results of operations of Exro Technologies Inc. ("Exro", the "Company", "we", "our") during the six months ended June 30, 2018, and to the date of this report. The following management discussion and analysis ("MD&A") should be read in conjunction with the Company's condensed consolidated interim financial statements for six months ended June 30, 2018, which have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the fiscal year ended December 31, 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

This MD&A contains forward-looking statements. All forward-looking statements, including those not specifically identified herein, are made subject to cautionary language on page 14. Readers are advised to refer to the cautionary language when reading any forward-looking statements.

All dollar amounts contained herein are expressed in Canadian dollars unless otherwise indicated. This MD&A has been prepared as of August 28, 2018.

BUSINESS OVERVIEW

Variable energy sources including solar, wind and wave have had a limited impact on overall power generation until this decade. Hydroelectric power generation aside, technologies used to capture energy from clean renewable sources have found it difficult to compete with the fossil fuel industry without subsidies and other forms of support.

Exro offers the potential to accelerate the transition to clean energy by improving the efficiency and reliability of fuel-powered electric motors and generators, which make up about half the worldwide market for electric power. Exro's patented Dynamic Power Management ("DPM") technology works on both input and output in electric motors and generators, dynamically sensing and adapting variable inputs and optimally matching them to desired outputs, which Exro expects will result in specific, measurable performance gains. The applications of the technology can apply to both the energy capture from wind and tides and optimizing the performance of electric cars, UAVs, pumps, ship drives, industrial motors, vacuums and anything else powered by an electric motor or generator. By isolating individual coils, Exro's DPM technology also offers electrical system redundancy, which can prevent catastrophic failures for mission critical applications such as flight.

Exro's business model is to develop licensee partners that are established in their respective markets, specifically those that welcome innovation in their product lines that have adequate internal engineering capacity, growing sales and an existing customer base. The business model is scalable, requiring much lower capital investment than building a manufacturing business. This approach offers the opportunity to address several market segments concurrently, incrementally and in rapid succession by building on earlier success.

TECHNOLOGY

The Exro DPM technology is a control system that integrates wiring of the rotating machine coils into the power electronics. This gives the power electronics control of the machine coil wiring configuration in real time, providing a range of options in place of a fixed machine configuration.

The control system will select the best configuration for a given operating condition using an application-specific algorithm. Exro's breakthrough approach to generator and motor design and control improves efficiency across highly variable input and output applications. Until today electric machine coils have been wired in a single configuration and the designer had to select the configuration that is the best compromise over the range of operating conditions.

DPM senses input energy and load, and seamlessly switches coil wiring in any combination from full parallel to full series. The technology is intended to make electric motors and generators used in variable settings "intelligent", leading to more efficient operation.

In essence, DPM provides voltage control with multiple performance curves corresponding to the coil configurations in the electric machine. Exro's technology is designed and built into our partner's electric machine and power electronics for the application. DPM is fully integrated with the power electronics design; there is no separate hardware package.

Exro has built an intellectual property base and intends to protect and commercialize new innovations. By licensing its technology, Exro will focus on its core competency in a field dominated by large players, and allow its partners do what they do best in manufacturing and fielding products. Exro will work closely with development partners and customers to integrate its technology into their products and develop new intellectual property for Exro as the opportunity presents itself.

Exro's technology and intellectual property is wholly-owned in seven patent families providing or seeking global protection in strategically important countries. There are fifteen patents and seven pending applications.

OUTLOOK

Exro's goal is to become profitable as quickly as possible without stunting growth. This will take place primarily through revenue generated from licensing the Company's technology including: royalties; payments based upon additional electricity generation or savings; and licensing fees.

Exro's future will be focused on securing and processing strategic licensing arrangements. It is the Company's goal to evolve every collaboration into a commercial licensing arrangement. The central purpose of a collaboration will be to determine the economic benefits when the Company's technology is integrated into an electric motor or a generator for a particular application. This process will become more systematized as third party commercial case studies demonstrate efficiencies in target applications.

To this end, the company continues to make forward progress, though the process of developing and validating test data has been more difficult and time-intensive than originally planned. Over the next several months, a key goal is to be able to provide validated test data that can be shared with potential customers.

The Company is also continuing to explore other potential collaborations for its technology for a variety of applications.

HIGHLIGHTS FOR Q1 2018

On January 8, 2018 the Company announced the appointment of Monica Harrington to Exro's executive team filling the role as Chief Marketing Officer ("CMO"). Harrington brings a deep background in high tech marketing, business development, and communications and advocacy. She previously was the founding Chief Marketing Officer for Valve, a leading entertainment and digital distribution company based in Bellevue, Washington.

On May 7, 2018 the Company announced an industrial collaboration agreement with Potencia Industrial, a global manufacturer of high efficiency motors and generators based in Mexico City, Mexico. The agreement provides for a joint development collaboration for three projects with the goal of improving various aspects of motor/generator performance by integrating Exro's Dynamic Power Management technology ("DPM") into Potencia motors and generators. The three projects include: 1) an electric motor for a car conversion kit; 2) a generator for a small wind turbine; and 3) electric motors used in trams and trains. The collaboration contemplates the companies will enter into further detailed agreements as work progresses.

SUBSEQUENT EVENT

Subsequent to June 30, 2018, the Company issued 8,410,000 common shares at a price of $0.25 per share for total proceeds of $2,102,500. The Company paid certain cash finders fees equal to 7% of the gross proceeds raised by such finder and issued such finder warrants equal to 7% of the number of common shares attributable to such finder exercisable for a period of 12 months at an exercise price of $0.35 per share.

RESULTS OF OPERATIONS AND SELECTED FINANCIAL DATA

Selected quarterly financial data

	Quarter ended	Revenue	Net loss and comprehensive loss	Basic and diluted loss per common share	Weighted average number of common shares
Q2/18	June 30, 2018		(686,659)	(0.01)	46,200,344
Q1/18	March 31, 2018	$ -	(698,360)	(0.02)	46,131,577
Q4/17	December 31, 2017	-	(660,973)	(0.01)	46,095,105
Q3/17	September 30, 2017	-	(1,624,390)	(0.04)	36,914,640
Q2/17	June 30, 2017	-	(345,007)	(0.01)	32,878,321
Q1/17	March 31, 2017	-	(325,313)	(0.01)	31,898,943
Q4/16	December 31, 2016	-	(266,985)	(0.01)	31,898,943
Q3/16	September 30, 2016	-	(194,110)	(0.01)	31,204,637

For the three months ended June 30, 2018, compared to the three months ended June 30, 2017

During the three months ended June 30, 2018, the Company incurred a net and comprehensive loss of $686,659 (2017 – $345,007).

Payroll and consulting expense were similar to that of the previous year with an increase of $46,191 to $305,667 (2017 – 259,476) for the three months ended June 30, 2018. These amounts relate to engineering and business development work.

Share based payments expense was $85,341 for the three months ended June 30, 2018 (2016 – $nil). This relates to amortization of unvested options issued during the six-month ended June 30, 2018 and the year ended December 31, 2017.

Professional fees slightly increased from $71,757 to $80,402 during the three months ended June 30, 2018. These expenses relate to general intellectual property matters and patent related work.

Marketing expense of $103,823 (2017 - $nil) and travel expense of $27,324 (2017 – $10,855) increased for the three months ended June 30, 2018 as the Company began its campaign to expand the applications of its technology. These costs included conference and website work.

For the six months ended June 30, 2018, compared to the six months ended June 30, 2017

During the six months ended June 30, 2018, the Company incurred a comprehensive loss of $1,383,859 (2017 – $670,320).

Professional fees increased from $120,843 to $140,593 during the six months ended June 30, 2018. These include audit and legal fees related to the year-end financial statements and required disclosures as well as general intellectual property matters. The $19,750 increase includes legal fees for OTCQB application as well as DTC application. Legal fees also increased somewhat as a result of an increase in patent related work relative to the same period last year.

Share based payments expense was $190,264 for the six months ended June 30, 2018 (2016 – $nil). This relates to amortization of unvested options issued during the six month ended June 30, 2018 and the year ended December 31, 2017.

Investor relations expense of $6,203 (2017 – $nil) and regulatory fees of $48,519 (2017 – $nil) were incurred during the quarter ended June 30, 2018 as Exro began trading on the CSE August 29, 2017.

Payroll and consulting fees increased by $192,390 from $413,221 to $605,611. The increase was a result of increased engineering and business development work. A significant portion of this amount relates to remuneration paid to key management.

Research and development of $61,404 (2017 - $nil) was incurred during the period which represents mainly materials used for development of its technology.

Marketing expense of $198,908 (2017 - $34,006) and travel expense of $56,096 (2017 – $15,622) increased as the Company began its campaign to expand the applications of its technology. These costs included conference and website work.

OUTSTANDING SHARE DATA

As of May 29, 2018, there were 46,200,344 Common Shares issued and outstanding, and other securities convertible into Common Shares as summarized in the following table:

	Number Outstanding as of May 29, 2018(1)	**Number Outstanding as of June 30, 2018**
Common Shares issued and outstanding	54,610,344(2)	46,200,344
Options	4,700,000(3)	5,000,000
Warrants	-	-
Broker Warrants	1,829,490(2)	1,240,790

(1) As at June 30, 2018 and August 28, 2018, 5,682,417 common shares are held in escrow.
(2) Subsequent to Subsequent to June 30, 2018, the Company issued 8,410,000 common shares and issued finder warrants equal to 7% of the number of common shares attributable to such finder.
(3) Subsequent to June 30, 2018, 600,000 options were cancelled.

SOURCES AND USES OF CASH

	Six months ended June 30,	
	2018	**2017**
	$	**$**
Cash used in operating activities	(1,043,983)	(367,657)
Cash used in investing activities	(71,012)	-
Cash provided by financing activities	17,000	2,691,352
Net increase (decrease) in cash and cash equivalents	(1,097,995)	2,323,695
Ending cash balance	328,196	2,403,975

Cash used in operating activities is comprised of net loss, add-back of depreciation and Share-based payments, and net change in non-cash working capital items. Cash used in operating activities increased to $1,043,983 for the six months ended June 30, 2018 compared to $367,657 during the same period in2017. This increase of $676,326 is primarily due to an operating loss for the period ended June 30, 2018 compared to a smaller loss in 2017.

Cash used in investing activities during for the six months ended June 30, 2018 was primarily related to the purchase of $17,012 of equipment for the engineering lab. There were no investments in equipment during the six months ended June 30, 2017.

Cash provided by financing activities for the six months ended June 30, 2018 decreased to $17,000 compared to $2,691,352 for the same period of fiscal 2017. During the six months ended June 30, 2018 the company obtained funds as a result of the exercise of options and warrants; for the same period of fiscal 2017 the Company received 2,383,0000 related to a private placement completed subsequent to that period and also obtained a promissory note for $294,000 and obtained funds from advances from related parties of $14,352.

	Proposed Principal Purpose for Use of Funds Available	**Estimated and Unaudited Actual Use of Proceeds to July 26, 2017 to August 28, 2018**
Engineering staff	506,500	510,000
Management and consultants	353,500	717,000(i)
Equipment	535,800	202,000
Professional fees – audit and general legal	48,950	89,000
Patents and related professional fees	100,000	28,000
Regulatory related expenses after listing	19,100	11,000
Travel	138,900	86,000
Office, research facilities and general administration	66,750	81,000
Marketing and related	126,500	338,000(ii)
Investor relations/conferences	60,000	37,000
Unallocated working capital	92,000	150,000(iii)
Estimated remaining costs related to listing	125,000	149,000
Applied unallocated private placement August 29, 2017	-	(558,000)(iv)
Total	**$2,173,000**	**$1,840,000**

(i) Management and consultants are higher than originally budgeted due to various consultants used in relation to advertising and marketing of the Company's technology;
(ii) Marketing expenses are higher than originally budgeted because of business development and conferences related to trying to find new commercialization and strategic relationships;
(iii) Represents unallocated working capital deficiency as at July 26, 2017 including a 50,000 refund from CRA related to R&D claim;
(iv) In addition to the $2,048,000 on hand August 1, 2017, the Company raised an additional net proceeds of $558,676 from a private placement on August 29, 2017 for general working capital purposes. This item was included in applied unallocated capital.

Consultants, office, research facilities, and general administration were higher than expected as subsequent to the issuance of the non-offering prospectus on July 28, 2017, the Company made a strategic decision to open a testing laboratory in Victoria BC to support development activities with potential customer and partners. This additional spending was expected to be funded by the additional private placement on August 29, 2017.

As previously mentioned above in the section entitled Highlights for Q2 2018, the Company entered into two new strategic partnerships with Potencia and LithiumWerks. That, in combination with the development of new energy management and torque management technology during the quarter, has resulted in a strategic shift in the Company's business plan to allocate all technical and financial resources to fully support these new strategic partner initiatives. Consequently, going forward the Company will be directing only minimal resources to the projects outlined in the Business Objectives and Milestone section of the prospectus filed on in connection with the Company's going public transaction on August 28, 2017.

SUBSEQUENT EVENTS

Subsequent to June 30, 2018, the Company issued 8,410,000 common shares at a price of $0.25 per share for total proceeds of $2,102,500. The Company paid certain cash finders fees equal to 7% of the gross proceeds raised by such finder and issued such finder warrants equal to 7% of the number of common shares attributable to such finder exercisable for a period of 12 months at an exercise price of $0.35 per share.

Subsequent to June 30, 2018, the Company cancelled 300,000 Options.

Subsequent to June 30, 2018, the Company granted 300,000 options at an exercise price of $0.29 expiring July 17, 2023.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2018, the Company had cash of $328,196, accounts payable and accrued liabilities of $159,511, and a related party payable of $3,713. All accounts payable and accrued liabilities are due within 90 days. Subsequent to June 30, 2018 the company raised 2,102,500 less finders' fees of 7% of proceeds directly related to the proceeds raised by the related finders. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms. These uncertainties cast doubt on the Company's ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations.

COMMITMENTS

The Company has obligations under operating leases for its corporate office and development facilities. The leases expire by 2019 and minimum remaining commitments are as follows:

Year		Operating leases
2018	$	39,620
2019		74,513
	$	**114,133**

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements for the six months ended June 30, 2018.

CRITICAL ACCOUNTING ESTIMATES

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

i. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted. The Company has not recorded any deferred tax assets.

ii. Management uses the Black-Scholes Option Pricing Model for valuation of share-based compensation and brokers' warrants, which requires the input of subjective assumptions including expected price volatility, risk-free interest rates and forfeiture rates. Changes in the input assumptions can materially affect the fair value estimate and the Company's results of operations and equity reserves.

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

iv. Intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Amortization is calculated using management' best estimate on the useful life of the intangible assets. Determination of impairment loss is subject to management's assessment if there is any indication of a possible write-down; and if so, the determination of recoverable value based on discounted future cash flows of the intangible assets. The carrying amount of nil for intangible does not necessarily reflect present or future value and the ultimate amount recoverable will be dependent upon the successful commercialization of products based on these underlying technologies. The Company has not recorded a value for its intangible asset as this value cannot be reliably measured.

PROPOSED TRANSACTIONS

There are no proposed transactions.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the Financial Statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

APPROVAL

The Company's Board of Directors has approved the Company's financial statements for the six months ended June 30, 2018. The Company's Board of Directors has also approved the disclosures contained in this MD&A.

RELATED PARTY TRANSACTIONS

Key management compensation

Key management consists of the Officers and Directors who are responsible for planning, directing and controlling the activities of the Company. As at June 30, 2018 and 2017, the following expenses were incurred to the Company's key management:

		June 30, 2018		June 30, 2017
Management fees	$	300,500	$	46,000
Share based compensation		129,904		-
	$	220,825	$	46,000

As at June 30, 2018, the Company was indebted to Mark Godsy, the CEO, of the Company for management services in the amount of $15,979 (December 31, 2017 – $31,978). During the six months ended June 30, 2018, the Company incurred $45,000 for management fees.

As at June 30, 2018, the Company was indebted to Novatron Enterprises Inc., a company controlled by Jonathan Ritchey, the Company's founder, director and former Chief Technology Officer, for consulting services provided in the amount of $8,925 (December 31, 2017 - $16,800). During the six months ended June 30, 2018, the Company incurred $54,500 consulting expense from Novatron. This expense is included in the payroll & consulting fees expense on the Statement of Comprehensive Loss.

As at June 30, 2018, the Company was indebted to Integratio Consulting Inc., a company controlled by Torsten Broeer, CTO of the Company, for services provided and expense reimbursements in the amount of $18,383 (December 31, 2017 - $17,997). The company incurred $90,000 consulting expense from Integratio. This expense is included in the payroll & consulting fees expense on the Statement of Comprehensive Loss.

As at June 30, 2018, the Company was indebted to Tanun Holdings Ltd., a company controlled by the spouse of John Meekison, CFO of the Company, for services provided and expense reimbursements in the amount of $8,400 (December 31, 2017 - $5,250). The company incurred $36,000 in consulting expense from Tanun since Mr. Meekison's appointment as an officer. This expense is included in the payroll & consulting fees expense on the Statement of Comprehensive Loss.

As at June 30, 2018, the Company was indebted to The Ain Group., a company controlled by Eamonn Percy, a new director of the Company, for consulting services provided in the amount of $nil (December 31, 2017 - $10,500). The company incurred $30,000 consulting expense from The Ain Group. This expense is included in the payroll & consulting fees expense on the Statement of Comprehensive Loss.

All due to related party payable amounts are unsecured, non-interest bearing, and due on demand.

RISKS AND UNCERTAINTIES

Current and prospective shareholders should specifically consider various risk factors, including, but not limited to, the risks outlined below and particularly under the heading "*Risk Factors*" in the Company's 2017 non-offering prospectus filed on SEDAR (www.sedar.com) dated July 28, 2017. Should one or more of these risks or uncertainties, including the risks listed below, or a risk that is not currently known to us materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein.

Limited Operating History

The Company has changed its business focus from Biotechnology to machine technology. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Reliance on Partners

The Company assumes that the collaborating partners will perform and deliver on development targets as agreed and planned, although there is a risk that they won't, and the corporation operates under the constraint that the partner is not under its control.

Reliance on Suppliers

The Company faces a third-party risk, should suppliers for the alternator and power electronics not deliver on one or more dimensions of scope, time and cost. The Company will reduce the probability of occurrence by ensuring that the suppliers have clear statements of work, and comprehensive design specifications to work to that are documented, reviewed and approved with participation of the supplier as well as the partner.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Unexpected challenges during product development are inherent in new technology, in that an early stage technology could present unexpected challenges that exceed the allocated resources. The Company will reduce the probability of occurrence by careful project management.

The Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company does not achieve revenues to offset these expected operating expenses, the Company will never be profitable which would limit the Company to grow.

Technology cannot be validated

There is a risk that the technology will not work as expected and therefore, will never be commercialized. This means that the Company may never receive revenues or return on its technology.

Technical Risks
Technical risks are inherent in the development process, in that an immature technology could present unexpected challenges that exceed the planned time or money to overcome. There can be no guarantee that the Company will be able to overcome technical risks.

The Company has not yet delivered a generator control unit (GCU) meeting all of Northwest UAV's requirements because its current knowledge of regulators and controllers for alternators for UAV's is limited. There can be no guarantee the Company will develop a GCU meeting all of Northwest UAV's requirements.
There is a risk that the benefits of DPM will not be optimized by the algorithms, leading to future ambiguity regarding success.

There is a risk that the benefits of DPM will not be optimized by the algorithms, leading to future ambiguity regarding success of DPM.

Additional Financing
In order to execute the anticipated growth strategy, the Company may require some additional equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit the Company's growth and may have a material adverse effect on the development of the technology and upon future profitability. The Company does not expect commercial revenue until 2018.

Ability to Protect Proprietary Rights
Our success will depend in part on our ability and that of our corporate collaborators to obtain and enforce and protect patents and maintain trade secrets, in Canada, the United States and in other countries. There is a risk that the Company may not be able to obtain and enforce patents and maintain its trade secrets.
Patent law relating to the scope and enforceability of claims in the fields in which we operate is still evolving. 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.

Conflict of Interest

Certain of the Company's directors and officers may, from time to time, serve as directors or officers of other companies involved in similar businesses to the Company and, to the extent that such other companies may participate in the same ventures in which the Company may seek to participate, such directors and officers may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such conflicts of the Company's directors and officers may result in a material and adverse effect on Company's results of operations and financial condition.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in forward-looking statements.

FINANCIAL INSTRUMENTS AND FAIR VALUE

The Company has designated its cash as fair value through profit or loss, finders' fees receivable as loans and receivables and accounts payable and accrued liabilities, related party payable and notes payable as other financial liabilities.

(a) Fair value

At June 30, 2018 and December 31, 2016, the carrying values of cash, finder's fees receivable, accounts payable and accrued liabilities, related party payable and loan payable approximate their fair values due to the relatively short period to maturity of those financial instruments.

The Company uses a fair value hierarchy to reflect the significance of the inputs used in making the measurements. The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs that are not based on observable market data.

There were no transfers between Level 1, 2 and 3 during the period. At June 30, 2018 and December 31, 2017, the Company has designated its financial instruments as level 1.

(b) Financial risk management

The Company's activities potentially expose it to a variety of financial risks, including credit risk, liquidity risk, and market risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at June 30, 2018, the Company's exposure to credit risk is the carrying value of cash. The Company reduces its credit risk by holding its cash at a major Canadian financial institution.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing.

At June 30, 2018, the Company had cash of $328,196, accounts payable and accrued liabilities of $159,511 and related party payable of $3,713. All accounts payable and accrued liabilities are due within 90 days. The Company assesses the liquidity risk as low.

Market risk

Market risk consists of currency risk, interest rate risk and other price risk. These are discussed further below.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate due to changes in foreign exchange rates. The Company has financial assets and financial liabilities denoted in US dollars and is therefore exposed to exchange rate fluctuations. The Company determined that it is not exposed to significant foreign exchange risk.

Interest rate risk

Interest rate risk consists of two components:

i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature and maturity.

Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to other price risk.

SIGNIFICANT ACCOUNTING POLICIES

The Company's financial statements have been prepared using accounting policies, judgements and estimates consistent with those used in the financial statements for the years ended December 31, 2017 and 2016. Please refer to the audited financial statements for the years ended December 31, 2017 and 2016 for additional information.

(a) Changes in Accounting Policies

i. Revenue from Contracts with Customers

The Company adopted the requirements of IFRS 15 as of January 1, 2018. This new framework for the recognition, measurement and disclosure of revenue replacing IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC-31 Revenue — Barter Transactions Involving Advertising Services.

The main features introduced by this new standard compared with predecessor IFRSs are as follows:

Revenue is recognized based on a five-step model:

a) Identify the contract with customer;
b) Identify the performance obligations;
c) Determine the transaction price;
d) Allocate the transaction price to the performance obligations; and
e) Recognize revenue when (or as) the performance obligations are satisfied.

New disclosure requirements on information about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The adoption of IFRS 15 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated other comprehensive income on January 1, 2018.

ii. Financial instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

(i) Classification

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

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS 39	New classification IFRS 9
Cash	FVTPL	FVTPL
Accounts receivable	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated other comprehensive income on January 1, 2018.

(ii) Measurement

Financial assets and liabilities at amortized cost

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

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

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

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

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019.

Management is currently assessing the impact of these new standards on the Company's accounting policies and financial statement presentation.

FORWARD-LOOKING INFORMATION OR STATEMENTS AND CAUTIONARY FACTORS THAT MAY AFFECT FUTURE RESULTS

Certain statements contained in the following MD&A constitute forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. The forward-looking statements may include statements regarding work programs, capital expenditures, timelines, strategic plans, market price of commodities or other statements that are not statement of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainties involved in disputes and litigation, fluctuations in currency exchange rates; uncertainty of estimates of capital and operating costs;

The need to obtain additional financing and uncertainty as to the availability and terms of future financing; and other risks and uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies.

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward-looking statements contained herein are as of May 29, 2018 and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws.

Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Forward-looking information or statements in this MD&A include, but are not limited to, information or statements concerning our expectations regarding the ability to raise additional funds and find additional value in the biotechnology assets held.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and factors including: the possibility that opportunities will arise that require more cash than the Company has or can reasonably obtain; dependence on key personnel; dependence on corporate collaborations; potential delays; uncertainties related to early stage of technology and product development; uncertainties as to fluctuation of the stock market; uncertainties as to future expense levels and the possibility of unanticipated costs or expenses or cost overruns; and other risks and uncertainties which may not be described herein. The Company has no policy for updating forward looking information beyond the procedures required under applicable securities laws.

Vancouver, BC   August 28, 2018