

## FORM 5

### **QUARTERLY LISTING STATEMENT**

Name of Listed Issuer: Predictmedix Inc. (formerly Cultivar Holdings Inc.) (the "Issuer").

Trading Symbol: CSE: PMED; OTCQB: PMEDF

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

#### **General Instructions**

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

#### **SCHEDULE A: FINANCIAL STATEMENTS**

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be **attached**.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

## SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

### 1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

***All related party transactions have been disclosed in the Issuer's financial statements for the three and six months ended July 31, 2020.***

### 2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period,

***All securities issued, and options granted (if any) by the Issuer have been disclosed in the Issuer's financial statement notes for the three and six months ended July 31, 2020.***

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant

***Not applicable.***

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
- (b) number and recorded value for shares issued and outstanding,
- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

***A summary of securities as at the end of the reporting period has been provided in the financial statements for the three and six months ended July 31, 2020.***

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Name of Officer/Director	Positions Held
Sheldon Kales	CEO, President and Director
Rahul Kushwah	COO and Director
Rakesh Malhotra	CFO
Tomas Sipos	Director
Ajit Kumar	Director

#### **SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS**

Provide Interim MD&A if required by applicable securities legislation.

***The Management's Discussion and Analysis of the Issuer for the three and six months ended July 31, 2020 is attached.***

***[Intentionally left blank; Signature page follows]***

## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated: September 29, 2020.

Rakesh Malhotra  
Name of Director or Senior Officer

/s/ Rakesh Malhotra  
Signature

Chief Financial Officer  
Official Capacity

<b>Issuer Details</b> Name of Issuer	For Quarter Ended	Date of Report YY/MM/D
Predictmedix Inc.	July 31, 2020	2020/09/29
Issuer Address		
3000 – 77 King Street West		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
Toronto, Ontario M5K 1G8	N/A	(647) 889-6916
Contact Name	Contact Position	Contact Telephone No.
Dr. Rahul Kushwah	Chief Operating Officer	(647) 889-6916
Contact Email Address	Web Site Address	
<a href="mailto:rahul.kushwahphd@gmail.com">rahul.kushwahphd@gmail.com</a>	<a href="https://www.predictmedix.com/">https://www.predictmedix.com/</a>	

**SCHEDULE A**  
**INTERIM FINANCIAL STATEMENTS**

## **Predictmedix Inc. (formerly, Cultivar Holdings Inc.)**

Condensed interim consolidated financial statements

For the three and six months ended July 31, 2020 and 2019

(Unaudited - expressed in Canadian Dollars)

### **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated interim financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**PREDICTMEDIX INC. (formerly CULTIVAR HOLDINGS INC.)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**THREE AND SIX MONTHS ENDED JULY 31, 2020 AND 2019**  
**(Unaudited - Amounts expressed in Canadian Dollars)**

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**Predictmedix Inc. (formerly Cultivar Holdings Inc.)**

## Condensed Interim Statements of Financial Position

(Unaudited – expressed in Canadian dollars)

<b>ASSETS</b>	<b>July 31, 2020</b>		<b>January 31, 2020</b>	
<b>CURRENT</b>				
Cash	\$	920,304	\$	1,493,577
Sales tax receivable		58,800		10,133
Prepaid expenses (Note 6)		182,379		130,669
		<u>1,161,483</u>		<u>1,634,379</u>
Intangible assets (Note 12)		78,000		-
Property and equipment (Note 7)		9,943		20,191
Right-of-use asset (Note 15)		-		12,192
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>1,249,426</u></b>	<b>\$</b>	<b><u>1,666,762</u></b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>LIABILITIES</b>				
<b>CURRENT</b>				
Accounts payable and accrued liabilities	\$	99,537	\$	67,917
Lease liability current portion (Note 15)		-		11,921
		<u>99,537</u>		<u>79,838</u>
Lease liability non- current portion (Note 15)		-		3,268
<b>TOTAL LIABILITIES</b>		<u>99,537</u>		<u>83,106</u>
<b>SHAREHOLDERS' EQUITY</b>				
Share Capital (Note 9)		3,690,059		4,119,484
Warrant reserve (Note 9)		123,283		123,283
Share-based payment reserve (Note 8)		343,246		15,922
Accumulated deficit		(3,006,699)		(2,611,940)
	\$	<u>1,149,889</u>	\$	<u>1,646,749</u>
Non-controlling interest		-		(63,093)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>1,149,889</u>		<u>1,583,656</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$</b>	<b><u>1,249,426</u></b>	<b>\$</b>	<b><u>1,666,762</u></b>

Organization and nature of operations (Note 1)  
Basis of presentation and going concern (Note 2)  
Commitment and contingencies (Note 11)

Approved on behalf of the Board of Directors:

/Sheldon Kales/

Signed: Sheldon Kales, CEO and Director

/Rahul Kushwah/

Signed: Rahul Kushwah, COO and Director

The accompanying notes are an integral part of these interim condensed consolidated financial statements

**Predictmedix Inc. (formerly Cultivar Holdings Inc.)****Condensed Interim Consolidated Statement of Income (Loss) and Comprehensive Income (Loss)**  
(Unaudited- expressed in Canadian dollars)

	For the three months ended July 31, 2020	For the three months ended July 31, 2019	For the six months ended July 31, 2020	For the six months ended July 31, 2019
<b>Expenses:</b>				
Administration and general	\$ 6,959	\$ 1,765	\$ 7,964	\$ 6,635
Audit and accounting	16,500	-	16,500	-
Amortization (Note 7)	877	-	1,754	-
Consulting fees	38,048	25,000	69,938	25,000
Legal fees	66,282	4,640	95,952	7,737
Management fees (Note 10)	67,100	97,000	112,100	126,085
Marketing expenses	79,407		79,407	
Patent and trademark expenses	-	-	-	250
Rent expenses (Note 10)	5,000	4,500	9,500	9,000
Research and development	26,300	-	26,300	73,733
Samples and testing	-	-	-	260
Share based compensation (Note 8)	144,200	1,987	327,324	3,549
Transfer agent and filing fees	12,040	-	38,079	-
Travel, entertainment and related	6,555	16,991	14,199	22,176
Vehicle use expenses (Note 10)	4,000	1,500	5,500	3,000
	<u>\$ (473,268)</u>	<u>\$ (153,383)</u>	<u>\$ (804,517)</u>	<u>\$ (277,425)</u>
Income (Loss) from discontinued operations (Note 5)	-	(12,814)	346,296	(27,616)
<b>Income (Loss) and comprehensive gain (loss)</b>	<b>\$ (473,268)</b>	<b>\$ (166,197)</b>	<b>\$ (458,221)</b>	<b>\$ (305,041)</b>
<b>Income (Loss) and comprehensive income (loss) attributable to:</b>				
Shareholders	\$ (473,268)	\$ (160,252)	\$ (455,379)	\$ (291,547)
Non-controlling interest	\$ -	\$ (5,945)	\$ (2,842)	\$ (13,494)
<b>Income (Loss) per share-Basic and Diluted</b>	<b>\$ (0.005)</b>	<b>\$ (0.002)</b>	<b>\$ (0.004)</b>	<b>\$ (0.003)</b>
Weighted average number of shares outstanding- Basic and Diluted	100,233,578	94,077,500	102,498,593	93,684,130

The accompanying notes are an integral part of these interim condensed consolidated financial statements

**Predictmedix Inc. (formerly Cultivar Holdings Inc.)**

Condensed Consolidated Statement of Changes in Shareholders' Equity  
for the periods ended July 31, 2020 and July 31, 2019  
(Unaudited-expressed in Canadian dollars)

	Number of common shares outstanding	Share capital	Warrant reserve	Share-based payment reserve	Non-Controlling Interest	Deficit	Total
Balance as of January 31, 2019	93,277,500	\$ 2,041,220	\$ -	\$ 5,535	\$ (43,718)	\$ (320,423)	\$ 1,682,614
Shares issued for services	800,000	80,000	-	-	-	-	80,000
Share-based compensation	-	-	-	3,549	-	-	3,549
Net loss for the period	-	-	-	-	(13,494)	(291,547)	(305,041)
<b>Balance as at July 31, 2019</b>	94,077,500	\$ 2,121,220	\$ -	\$ 9,084	\$ (57,212)	\$ (611,970)	\$ 1,940,066
Balance as of January 31, 2020	104,054,149	\$ 4,119,484	\$ 123,283	\$ 15,922	\$ (63,093)	\$ (2,611,940)	\$ 1,583,656
Sale of Cultivar Jamaica	(4,000,000)	(540,000)	-	-	65,935	60,620	(413,445)
Share-based compensation	-	-	-	327,324	-	-	327,324
Shares issued on acquisition of intangible asset	20,000	21,200	-	-	-	-	21,200
Exercise of options	462,500	64,375	--	-	-	-	64,375
Exercise of warrants	50,000	25,000	-	-	-	-	25,000
Net loss for the period	-	-	-	-	(2,842)	(455,379)	(458,221)
<b>Balance as at July 31, 2020</b>	100,586,649	\$ 3,690,059	\$ 123,283	\$ 343,246	\$ -	\$ (3,006,699)	\$ 1,149,889

The accompanying notes are an integral part of these interim condensed consolidated financial statements

**Predictmedix Inc. (formerly Cultivar Holdings Inc.)**  
Consolidated Statement of Cash Flows  
(Unaudited-expressed in Canadian dollars)

	For the six months ended July 31, 2020	For the six months ended July 31 2019
<b>OPERATING ACTIVITIES</b>		
Net income (loss)	\$ (458,221)	\$ (305,041)
Non-cash items included in net loss and other adjustments:		
Amortization	1,754	-
Income (Loss) from discontinued operations	(346,296)	27,616
Share-based compensation	327,324	3,549
Shares issued for services	-	80,000
Changes in non-cash working capital:		
Sales tax receivable	(48,667)	-
Prepaid expenses	(51,710)	26,672
Loans and advances	-	(31,000)
Accounts payable and accrued liabilities	10,420	(47,113)
Net assets from discontinued operations	(70,123)	(25,200)
<b>CASH USED IN OPERATING ACTIVITIES</b>	<b>(635,519)</b>	<b>(270,517)</b>
<b>INVESTING ACTIVITIES</b>		
Intangible asset acquisition paid in cash	(25,000)	-
<b>CASH USED IN INVESTING ACTIVITIES</b>	<b>(25,000)</b>	<b>-</b>
<b>FINANCING ACTIVITIES</b>		
Share subscriptions received	-	478,944
Share issuance on exercise of options and warrants	89,375	-
Deferred financing costs	-	(46,125)
Lease payments made for discontinued operations	(2,129)	(4,146)
<b>CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<b>87,246</b>	<b>428,673</b>
<b>NET CHANGE IN CASH DURING THE PERIOD</b>	<b>(573,273)</b>	<b>158,156</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>1,493,577</b>	<b>1,558,949</b>
<b>CASH, END OF PERIOD</b>	<b>\$ 920,304</b>	<b>\$ 1,717,105</b>
Cash paid for interest and income taxes	\$ -	\$ -

## Supplemental cash flow information

## Non-cash transactions during the period

Shares issued for acquisition of intangible assets	\$	53,000
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The accompanying notes are an integral part of these interim condensed consolidated financial statements

**Predictmedix Inc. (formerly Cultivar Holdings Inc.)**

Notes to Interim Condensed Consolidated Financial Statements

July 31, 2020

(in Canadian dollars)

(Unaudited)

**1. Organization and Nature of Operations**

Admiral Bay Resources Inc. ("Admiral") was incorporated in British Columbia on September 3, 1987.

Effective September 23, 2019, Admiral was part of a three-cornered amalgamation among Admiral, 2693980 Ontario Inc. (a wholly owned subsidiary of Admiral) and Cultivar Holdings Ltd. (the "Transaction"). Admiral completed the acquisition of all the issued and outstanding shares of Cultivar Holdings Ltd. by way of a three-cornered amalgamation, pursuant to which 2693980 Ontario Inc., amalgamated with Cultivar Holdings Ltd. Pursuant to the Transaction, each registered shareholder of Cultivar Holdings Ltd. received one (1) common share in the capital of the Admiral for each common share held, resulting in the issuance of an aggregate of 97,439,900 common shares to Cultivar Holdings Ltd. Shareholders. As part of the Transaction, warrants of Cultivar Holdings Ltd. were replaced with common share purchase warrants of Admiral. In addition, 500,000 Admiral shares were set aside to be issued to members of Cultivar Holdings Ltd. management team upon the final approval of Jamaica's Cannabis Licensing Authority for the licences involved in the cultivation, processing, retail and transportation of cannabis.

At completion of the Transaction, Admiral changed its name to Cultivar Holdings Inc. (the "Company"). On April 9, 2020, the Company announced that it has completed its name change from "Cultivar Holdings Inc." to "Predictmedix Inc." (the "Name Change"). The CUSIP number assigned to the Company's common shares following the name change is CUSIP 74040L100 (ISIN CA74040L1004). In connection with the Name Change, the Company's trading symbol, as listed on the CSE and the OTCQB have also been changed from "CULT" to "PMED", and from "CVRHF" to "PMEDF", respectively.

On July 16, 2018 the Company had acquired a 100% interest in a newly incorporated CannIP Holdings Inc. (formerly 2639745 Ontario Inc.) ("Cann") a corporation incorporated under the laws of the province of Ontario. Cann is engaged in the development of cosmetic and edible product lines, as well as investment in technology to detect an individual influence of cannabis. The Company did a one for one share exchange with Cann and issued 29,800,000 common shares to the shareholders of Cann.

The Company, through its subsidiaries, is in the business of investment in technology to detect if an individual is under the influence of cannabis and to predict substance addiction in addition to development of cosmetic and edible product lines. On March 27, 2020, the Company sold and discontinued its interests in its marijuana services and products (Note 5).

The Company's corporate head office is located at 77 King Street W, Suite 3000, Toronto, Ontario, Canada, M5K 1G8.

## **2. Basis of Presentation and Going Concern**

### **Basis of Preparation**

These condensed interim consolidated financial statements have been prepared on the historical cost basis except for financial instruments recorded at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional currency of the Company and its subsidiaries is the Canadian dollar, which is also the Company's reporting currency.

### **Statement of Compliance**

These condensed interim consolidated financial statements (the "Financial Statements") are unaudited and have been prepared on a condensed basis in accordance with International Accounting Standard 34, Interim Financial Reporting issued by the International Accounting Standards Board ("IASB"), using accounting policies of International Financial Reporting Standards ("IFRS") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended January 31, 2020, which have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"). The unaudited condensed interim consolidated financial statements are based on accounting policies as described in the January 31, 2020 annual consolidated financial statements.

### **Basis of Consolidation**

These consolidated financial statements include the accounts of the Company and its subsidiaries; Cultivar Holdings Ltd. and Cann from the date of acquisition. The Company has a 100% interest in Cann and in Cultivar Holdings Ltd. The Company had a 49% interest in CJA which was sold on March 27, 2020 (see note 5). All inter-company transactions and balances have been eliminated on consolidation.

### **Going Concern Assumption**

These consolidated financial statements have been prepared using IFRS on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business, for the next fiscal year. At July 31, 2020, the Company had cash of \$920,304, working capital of \$1,061,946 and an accumulated deficit of \$3,006,699. The continuing operations of the Company are dependent on funding provided by equity investors. The Company intends to finance its future requirements through a combination of equity and/or debt issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms.

This uncertainty may cast significant doubt about the ability of the Company to continue as a going concern. These interim condensed consolidated financial statements do not include any adjustments to the carrying value or presentation of assets or liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

## **2. Basis of Presentation and Going Concern (Cont'd)**

### **Significant Accounting Judgments and Estimates**

The preparation of these interim consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, shareholders' equity, and the disclosure of contingent assets and liabilities, as at the date of the financial statements, and expenses for the years reported.

#### Critical Judgements

The preparation of these interim consolidated financial statements requires management to make judgements regarding the going concern of the Company (discussed above), as well as the determination of functional currency. The functional currency is the currency of the primary economic environment in which an entity operates and has been determined for each entity within the Company. The functional currency for the Company and its subsidiaries has been determined to be the Canadian dollar.

#### Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant.

Significant estimates made by management affecting the interim consolidated financial statements include:

#### *Share-based payments*

Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

#### *Deferred tax assets & liabilities*

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

## **2. Basis of Presentation and Going Concern (Cont'd)**

### **Significant Accounting Judgments and Estimates (Cont'd)**

#### *Useful life of property and equipment*

Property and equipment is depreciated over its estimated useful life. Estimated useful lives are determined based on current facts and past experience and takes into consideration the anticipated physical life of the asset, the potential for technological obsolescence, and regulations.

#### *Leases*

The Company estimates the lease term by considering the facts and circumstances that can create an economic incentive to exercise an extension option, or not exercise a termination option by assessing relevant factors such as store profitability. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment of the lease term is reviewed if a significant event or a significant change in circumstance occurs, which affects this assessment and that is within the control of the lessee. The Company estimates the incremental borrowing rate used to measure our lease liability for each lease contract. This includes estimation in determining the asset-specific security impact.

### **Approval of the interim consolidated financial statements**

These interim consolidated financial statements were authorized for issuance by the Board of Directors on September 29, 2020.

## **3. Significant Accounting Policies**

The accounting policies set out in the consolidated financial statements at January 31, 2020, have been applied consistently to all periods presented in these condensed interim consolidated financial statements.

### **COVID-19 Estimation Uncertainty**

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

### **New standards adopted**

Effective February 1, 2020, the Company adopted the amendments that were issued by the International Accounting Standards Board on October 22, 2018, to IFRS 3 Business Combinations, which clarified the classification of whether a transaction results in an asset or a business acquisition. The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process. The adoption of the amendment to IFRS 3 had no impact on the Company's condensed consolidated interim financial statements as at and for the three months ended April 30, 2020.



**Predictmedix Inc. (formerly Cultivar Holdings Inc.)**

Notes to Interim Condensed Consolidated Financial Statements

July 31, 2020

(in Canadian dollars)

(Unaudited)

**4. Acquisition**

During the prior year ended January 31, 2020, the Company completed the following acquisition:

Effective September 23, 2019, the Company was part of a three-cornered amalgamation among the Company, 2693980 Ontario Inc. (a wholly owned subsidiary) and Cultivar Holdings Ltd. (the "Transaction"). The result of the transaction was that Admiral acquired all the issued and outstanding securities of Cultivar Holdings Ltd. on the basis of one share of Admiral for each share of former Cultivar. All outstanding warrants to purchase former Cultivar shares were exchanged, on an equivalent basis, for warrants to purchase shares of the Company. At completion of the transaction, Admiral changed its name to Cultivar Holdings Inc. and former Cultivar was amalgamated into 2693980 Ontario Inc.

Under IFRS, this was considered a Reverse Merger and Recapitalization (commonly referred to as a Reverse Take Over or "RTO"). The Company issued 6,514,249 shares valued at \$0.21 per share, with a total value of \$1,367,992 for the acquisition.

The fair value of the acquired assets and liabilities assumed is as follows:

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Assets acquired by the Company:		
Cash	\$	3,448
Prepaid expenses		1,125
Liabilities assumed by the Company:		
Accounts payable and accrued liabilities		(19,127)
Loans payable		(107,525)
Net liabilities assumed		(122,079)
Fair value of shares issued		(1,367,992)
Loss on acquisition	\$	(1,490,071)

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**5. Sale of interest in Cultivar JA Limited**

On March 27, 2020, the Company entered into a sale agreement (the "Sale Agreement") with respect to its 49% interest in Cultivar JA Limited ("Cultivar JA"), which holds a provisional cannabis cultivation license in Jamaica.

Pursuant to the terms of the Sale Agreement, the Company's wholly-owned subsidiary, Cultivar Holdings Ltd., agreed to sell its 49% interest in Cultivar JA and all related royalty interests to the principals of Cultivar JA in exchange for the principals of Cultivar JA agreeing to cancel 4,000,000 common shares of the Company owned by the principals. In addition, the principals also agreed to terminate their right to receive an additional 500,000 common shares of the Company which had been reserved for issuance upon Jamaica's Licensing Authority issuing final approval for Cultivar JA's license.

**Predictmedix Inc. (formerly Cultivar Holdings Inc.)**

Notes to Interim Condensed Consolidated Financial Statements

July 31, 2020

(in Canadian dollars)

(Unaudited)

**5. Sale of interest in Cultivar JA Limited (Cont'd)**

The sale agreement constituted a discontinued operation involving the loss of control of Cultivar JA by the Company as of April 30, 2020. A discontinued operation is a component of the Company's business that represents a separate major line of business or a geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or earlier, if the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation the comparative statement of comprehensive loss and cash flow operation is re-presented as if the operation had been discontinued from the start of the comparative period.

The sale agreement constituted a discontinued operation of the Company effective March 27, 2020. As a result, all the assets and liabilities of Cultivar JA as of April 30, 2020 have been removed from the statement of financial position of the Company. The cancellation of 4,000,000 shares of the Company have been valued at \$540,000, being the fair value of the shares on the date of the sale transaction.

The expenses of Cultivar JA have been determined to be a discontinued operation by the Company, and as a result, have been disclosed separately on the statement of income (loss) and comprehensive income (loss)

	For the six months ended July 31, 2020	For the six months ended July 31, 2019
<b>Expenses:</b>		
Administration and general	\$ -	\$ 4,743
Amortization	2,871	8,902
Interest expense	687	2,159
Legal fees	-	5,363
Travel, entertainment and related	2,014	6,449
<b>Net loss for the period prior to the sale transaction</b>	<b>(5,572)</b>	<b>(27,616)</b>
Gain on divestiture	351,868	-
Gain (Loss) from discontinued operations, net of tax	\$ 346,296	\$ (27,616)

**Predictmedix Inc. (formerly Cultivar Holdings Inc.)**

Notes to Interim Condensed Consolidated Financial Statements

July 31, 2020

(in Canadian dollars)

(Unaudited)

**6. Prepaid Expenses**

Prepaid expenses as of July 31, 2020 include \$70,060 to conduct a study to further validate its proprietary impairment detection technology for both alcohol and cannabis (January 31, 2020 - \$70,060). In addition, prepaid expenses include \$85,817 being advance payment for marketing expenses (January 31, 2020 - \$nil)

**7. Property and Equipment**

	Equipment	Leasehold Improvement	Total
<b>Cost</b>			
Balance as at January 31, 2019	\$ 8,585	\$ 9,916	\$ 18,501
Additions	13,368	-	13,368
Balance as at January 31, 2020	\$ 21,953	\$ 9,916	\$ 31,869
Discontinuance of business (Note 5)	(8,585)	(9,916)	(18,501)
Balance as at April 30, 2020	\$ 13,368	\$ -	\$ 13,368
<b>Accumulated Amortization</b>			
Balance as at January 31, 2019	\$ 2,146	\$ 2,249	\$ 4,395
Amortization	3,603	3,680	7,283
Balance as at January 31, 2020	\$ 5,749	\$ 5,929	\$ 11,678
Amortization	1,754	-	1,754
Discontinuance of business (Note 5)	(4,078)	(5,929)	(10,007)
Balance as at July 31, 2020	\$ 3,425	\$ -	\$ 3,425
<b>Net Carrying Amounts</b>			
As at January 31, 2020	\$ 16,204	\$ 3,987	\$ 20,191
As at July 31, 2020	\$ 9,943	\$ -	\$ 9,943

**Predictmedix Inc. (formerly Cultivar Holdings Inc.)**

## Notes to Interim Condensed Consolidated Financial Statements

July 31, 2020

(in Canadian dollars)

(Unaudited)

**8. Stock-Based Compensation**

The Company has established a stock option plan whereby officers, directors, employees and service providers may be granted options to purchase common shares at a fixed price. Vesting and expiry provisions are determined at the date of grant. The plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding share capital increases.

a) In October 2018, the Company granted options to a consultant to acquire a total of 250,000 common shares. These options were issued at an exercise price of \$0.10 per share and vested 75,000 immediately, 37,500 at the date of engineering milestone (vested during the quarter ended July 31, 2019) and balance 137,500 on completion of additional milestones, including 75,000 on model development (vested during the quarter ended October 31, 2019) and 62,500 on project handover, with an expiry term of two years. The fair value of each option used for the purpose of estimating the stock-based compensation was estimated using the Black-Scholes option pricing model with the following assumptions:

Risk free rate	2.26%
Expected dividends	0%
Expected forfeiture rate	0%
Expected volatility	100%
Expected life	2 years
Unvested stock-based compensation expense as of July 31, 2020	\$ 3,311

During the year ended January 31, 2020, the Company expensed \$5,961 relating to the vesting of 187,500 options, resulting in unvested stock-based compensation expense of \$3,311 as of January 31, 2020. There was no expense for vesting of options during the six months ended July 31, 2020.

b) In November 2018, the Company granted options to a consultant to acquire a total of 100,000 common shares. These options were issued at an exercise price of \$0.10 per share and vested 25,000 immediately, and 25,000 each on April 1, 2019, September 1, 2019 and March 1, 2020 with an expiry term of three years. The fair value of each option used for the purpose of estimating the stock-based compensation is estimated using the Black-Scholes option pricing model with the following assumptions:

Risk free rate	2.30%
Expected dividends	0%
Expected forfeiture rate	0%
Expected volatility	100%
Expected life	3 years
Unvested stock-based compensation expense as of July 31, 2020	\$ -

During the year ended January 31, 2020, the Company expensed \$4,426 relating to the vesting of 75,000 options, resulting in unvested stock-based compensation expense of \$260 as of January 31, 2020. The Company expensed \$260 for the vesting of 25,000 options during the six months ended July 31, 2020.

**Predictmedix Inc. (formerly Cultivar Holdings Inc.)**

Notes to Interim Condensed Consolidated Financial Statements

July 31, 2020

(in Canadian dollars)

(Unaudited)

**8. Stock-Based Compensation (Cont'd)**

c) On April 6, 2020, the Company granted options to its directors, officers and consultants to purchase up to 9,850,000 common shares. These options were issued at an exercise price of \$0.15 per share and have varying vesting periods, with the majority being in equal installments over a quarterly basis throughout the term. These options have a term of one (1) year expiring on April 6, 2021. The fair value of each option used for the purpose of estimating the stock-based compensation is estimated using the Black-Scholes option pricing model with the following assumptions:

Risk free rate	2.30%
Expected dividends	0%
Expected forfeiture rate	0%
Expected volatility	100%
Expected life	1 year
Unvested stock-based compensation expense as of July 31, 2020	\$ 247,646

During the six months ended July 31, 2020, the Company expensed \$327,064 relating to the vesting of options, resulting in unvested stock-based compensation expense of \$247,646 as of July 31, 2020.

As of July 31, 2020, there was \$250,957 (January 31, 2020: \$3,571) of unvested stock-based compensation expense.

Continuity of the Company's options is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, January 31, 2020	350,000	\$0.10
Issued	9,850,000	\$0.15
Exercised	(100,000)	\$0.10
Exercised	(362,500)	\$0.15
Outstanding, July 31, 2020	9,737,500	\$0.15

As at July 31, 2020, the Company had the following share purchase options outstanding and exercisable:

Outstanding	Exercisable	Exercise Price	Remaining Life (Years)	Expiry Date
250,000	187,500	\$0.10	0.24	October 25, 2020
9,487,500	4,925,000	\$0.15	0.68	April 6, 2021
9,737,500	5,112,500	\$0.15	0.67	

**Predictmedix Inc. (formerly Cultivar Holdings Inc.)**

Notes to Interim Condensed Consolidated Financial Statements

July 31, 2020

(in Canadian dollars)

(Unaudited)

**9. Capital Stock**

The Company is authorized to issue the following shares:

- Unlimited number of common shares without par value

**a) Common shares**

The holders of common shares are entitled to receive dividends which are declared from time to time and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

At July 31, 2020, the Company has 100,586,649 common shares issued and outstanding.

**b) Share issuances**During the six- month period ended July 31, 2020

- The Company cancelled 4,000,000 common shares pursuant to the sale of its interest in Cultivar JA (Note 5).
- 362,500 shares were issued upon exercise of 362,500 options at a price of \$0.15 per share and 100,000 shares were issued upon exercise of 100,000 options for total gross proceeds of \$64,375.
- 50,000 shares were issued upon exercise of 50,000 warrants at a price of \$0.50 per share for gross proceeds of \$25,000.

During the year ended January 31, 2020:

- The Company issued 800,000 common shares at \$0.10 for services. This includes 550,000 common shares issued to a director valued at \$55,000.
- On August 12, 2019, the Company closed a private placement of 3,296,000 units at \$0.25 per unit for a consideration of \$824,000. Each unit is comprised of one common share and one-half of one common share purchase warrant (each whole warrant, a "Warrant"), with each Warrant exercisable into a common share of the Company at an exercise price of \$0.50 per share for a period of 24 months. The Black-Scholes option pricing model was used to determine the fair value of the warrants using the following weight average assumptions: Expected dividend yield of 0%; risk free interest rate of 1%; expected volatility of 100%; expected life of 2 years. The relative fair value of the warrants has been valued at \$123,283 and common shares at \$700,717 (\$0.21). In connection with this private placement, the Company issued 66,400 shares as finders' fee, and incurred an additional \$95,445 in share issuance costs.
- The Company issued 6,514,249 shares in connection with the acquisition discussed in Note 4.
- On January 10, 2020, the Company issued 100,000 shares for financial media marketing and investor services for a total consideration of \$25,000, to be provided over the period commencing October 28, 2019 and ending on November 1, 2020 (the "Term").

As at July 31, 2020, the Company had the following warrants outstanding:

<b>Outstanding</b>	<b>Exercise Price</b>	<b>Remaining Life (Years)</b>	<b>Expiry Date</b>
1,598,000	\$0.50	1.03	August 11, 2021

**Predictmedix Inc. (formerly Cultivar Holdings Inc.)**

Notes to Interim Condensed Consolidated Financial Statements

July 31, 2020

(in Canadian dollars)

(Unaudited)

**10. Related Party Transactions**

Related parties include key management personnel, the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Key management of the Company are members of the Board of Directors, the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO") and the Chief Operating Officer ("COO").

Transactions with key management personnel not disclosed elsewhere in the financial statements include the following:

	<b>Six months ended July 31, 2020</b>		<b>Six months ended July 31, 2019</b>	
Management fees to the CEO	\$	48,500	\$	48,000
Management fees to a prior director		6,000		18,000
Management fees (issued in shares) to a director		-		55,000
Management fees to the COO		32,000		-
Management fees to the CFO		25,600		5,085
Total Management fees	\$	112,100	\$	126,085
Vehicle expense to the CEO		3,500		3,000
Vehicle expenses to the COO		1,000		-
Rent to the CEO included in rent expense		9,500		9,000
	\$	126,100	\$	138,085

	<b>Three months ended July 31, 2020</b>		<b>Three months ended July 31, 2019</b>	
Management fees to the CEO	\$	24,500	\$	24,000
Management fees to a prior director		-		18,000
Management fees (issued in shares) to a director		-		55,000
Management fees to the COO		17,000		-
Management fees to the CFO		25,600		-
Total Management fees	\$	67,100	\$	97,000
Vehicle expense to the CEO		2,000		1,500
Vehicle expenses to the COO		1,000		-
Rent to the CEO included in rent expense		5,000		4,500
	\$	75,100	\$	103,000

As of July 31, 2020, there was \$nil due to any related parties (July 31, 2019 - \$nil)

**Predictmedix Inc. (formerly Cultivar Holdings Inc.)**

Notes to Interim Condensed Consolidated Financial Statements

July 31, 2020

(in Canadian dollars)

(Unaudited)

**11. Commitments and Contingencies**

Effective July 1, 2020, the Company signed a two-year contract with a corporation owned and controlled by the CEO to pay monthly compensation of \$8,500 for CEO services. In addition, the Company is obligated to pay monthly rent for \$2,000 and an additional \$1,000 for the use of a personal vehicle.

Effective July 1, 2020, the Company signed a two-year contract with a corporation owned and controlled by the COO to pay monthly compensation of \$6,000 for COO services. In addition, the Company is obligated to pay an additional \$1,000 for the use of a personal vehicle.

**12. Acquisition of MobileWellbeing**

On July 21, 2020, the Company completed the acquisition of MobileWellbeing ("MWB"), an innovative, feature rich, Telemedicine Remote Patient Monitoring platform that will integrate with the Company's Artificial Intelligence ("AI") driven rapid screening system for infectious diseases, including COVID-19.

The consideration for the purchase was satisfied by payment in cash for \$25,000, issuance of 20,000 shares and additional 30,000 shares to be issued on the 90<sup>th</sup> day of close. Consideration paid in the form of equity instruments is being considered share-based payment within the scope of IFRS 2 Share-based Payment and this asset acquisition is fair valued for a total consideration for \$78,000 at the point control was obtained.

The acquisition has contingent considerations and royalty payments on achievement of certain milestones. The Company shall pay royalty of 20 percent of gross sales from the first \$2.5 million in sales generated exclusively from the MWB platform. In addition, the Company is obligated to issue an additional 200,000 common shares commencing with the release of the initial version of the MWB platforms to the market and achievement of sales related milestones.

Contingent consideration in an asset acquisition was discussed at the March 2016 IFRS Interpretations Committee (IFRIC) meeting. An accounting policy choice exists, therefore an entity may recognize a liability for the expected variable payments at the time control of the underlying asset is obtained or they may only recognize such a liability as the related activity that gives rise to the variability occurs. The Company has opted to recognize the liability only when the related activity that gives rise to the variability occurs.

<b>Consideration</b>	<b>\$</b>
Cash consideration on closing	25,000
Issued shares (20,000 shares issued at \$1.06/share)	21,200
Shares to be issued 90 days after close (30,000 shares at \$1.06/share)	31,800
	<b>78,000</b>
<b>Purchase Price allocation</b>	<b>\$</b>
Intangible asset- MWB remote patient monitoring platform	78,000
	<b>78,000</b>



**Predictmedix Inc. (formerly Cultivar Holdings Inc.)**

Notes to Interim Condensed Consolidated Financial Statements

July 31, 2020

(in Canadian dollars)

(Unaudited)

**13. Financial Instruments**

The fair value of the Company's accounts payable, and loans and advances approximate carrying value, due to their short-term nature. The Company's cash is measured at fair value under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities.

**Financial risk management and objectives**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including interest rate risk, foreign currency risk, and commodity price risk).

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is not exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flows primarily from its financing activities.

The Company manages its liquidity needs by carefully monitoring scheduled costs. Liquidity is measured in various time bands, on day to day and week-to-week basis, as well as on long term liquidity needs over 180 day to 360 day look out periods. Funding for long term liquidity needs is based on the ability of the Company to successfully complete private placements.

As at July 31, 2020, 2020, the Company had sufficient cash of \$920,304 to settle current liabilities of \$99,537.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices, and foreign exchange rates.

*(a) Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

*(b) Price risk*

The Company is not exposed to significant price risk as it does not possess investments in publicly traded securities.

**Predictmedix Inc. (formerly Cultivar Holdings Inc.)**

Notes to Interim Condensed Consolidated Financial Statements

July 31, 2020

(in Canadian dollars)

(Unaudited)

**13. Financial Instruments (Cont'd)****Financial risk management and objectives (Cont'd)***(a) Currency risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument denominated in a foreign currency will fluctuate because of changes in foreign exchange rates. Effective sale of the Company's interest in Cultivar JA in March 2020, the Company has no exposure to any currency except Canadian dollars.

**14. Capital Management**

The Company considers its capital to be shareholders' equity, which is comprised of share capital and deficit, which as at July 31, 2020 totaled \$1,149,889. The Company's capital structure is adjusted based on the funds available to the Company such that it may continue to seek new opportunities. The Board of Directors does not establish quantitative return on capital criteria, but rather relies on the expertise of management and other professionals to sustain future development of the business.

The sources of future funds presently available to the Company are through the sale of equity capital or debt of the Company. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions.

**15. Right-of-use Asset and Lease Liability**

Right-of-use Asset of \$nil (January 31, 2020- \$12,192) and total Lease liability of \$nil (January 31, 2020- \$15,189) have been removed from the statement of financial position of the Company as of July 31, 2020 on account of the sale of Company's interest in Cultivar JA (Note 5).

**16. Segment Information**

The Company, through its subsidiaries, is in the business of investment in technology to detect if an individual is under the influence of cannabis and to predict substance addiction in addition to development of cosmetic and edible product lines. There are no revenues during the period. All assets are located in Canada

**SCHEDULE B**

**INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS**

# PREDICTMEDIX INC.

(formerly Cultivar Holdings Inc.)

## MANAGEMENT DISCUSSION AND ANALYSIS

For the three and six months ended July 31, 2020 and 2019

## **PREDICTMEDIX INC.**

### **MANAGEMENT DISCUSSION AND ANALYSIS**

**For the Three and Six Months Ended July 31, 2020**

**(Information as at September 29, 2020 unless otherwise noted)**

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#### **Introduction**

Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Predictmedix Inc. (the "Company") unaudited consolidated financial statements for the three and six months ended July 31, 2020. This MD&A should be read in conjunction with the consolidated financial statements of the Company and the notes thereto for the year ended January 31, 2020 and the interim condensed financial statements for the three and six months ended July 31, 2020. The effective date of this report is September 29, 2020. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless expressly stated otherwise, all financial information is presented in Canadian dollars. This MD&A contains certain forward-looking information and involves risks and uncertainties, including but not limited to, those described in the "Risk Factors" section.

#### **Forward-Looking Statements**

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 commodity prices and currency exchange rates; uncertainty of estimates of capital and operating costs, recovery rates, production estimates and economic return; the need for cooperation of government agencies; the need to obtain additional financing and uncertainty as to the availability and terms of future financing; uncertainty related to the completion of the amalgamation.

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 July 31, 2020 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, results of the research and development performed in relation to the products and services of the Company, positive result due to the change in business model, possibility of entering into strategic alliance, distribution agreements and other arrangements to market their products and services and possibility of producing viable products through the use of the new technologies purchased and developed.

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.

## **CORPORATE OVERVIEW**

Admiral Bay Resources Inc. ("Admiral") was incorporated in British Columbia on September 3, 1987.

Effective September 23, 2019, Admiral was part of a three-cornered amalgamation among Admiral, 2693980 Ontario Inc. (a wholly owned subsidiary of Admiral) and Cultivar Holdings Ltd. (the "Transaction"). Admiral completed the acquisition of all the issued and outstanding shares of Cultivar Holdings Ltd. by way of a three-cornered amalgamation, pursuant to which 2693980 Ontario Inc., amalgamated with Cultivar Holdings Limited. Pursuant to the Transaction, each registered shareholder of Cultivar Holdings Ltd. received one (1) common share in the capital of the Admiral for each common share held, resulting in the issuance of an aggregate of 97,439,900 common shares to Cultivar Holdings Ltd. Shareholders. As part of the Transaction, warrants of Cultivar Holdings Ltd. were replaced with common share purchase warrants of Admiral. In addition, 500,000 Admiral shares were set aside to be issued to members of Cultivar Holdings Ltd. management team upon the final approval of Jamaica's Cannabis Licensing Authority for the licenses involved in the cultivation, processing, retail and transportation of cannabis.

At completion of the transaction, Admiral changed its name to Cultivar Holdings Inc. (the "Company"). On April 9, 2020, the Company announced that it has completed its name change from "Cultivar Holdings Inc." to "Predictmedix Inc." (the "Name Change"). The CUSIP number assigned to the Company's common shares following the name change is CUSIP 74040L100 (ISIN CA74040L1004). In connection with the Name Change, the Company's trading symbol, as listed on the CSE and the OTCQB have also been changed from "CULT" to "PMED", and from "CVRHF" to "PMEDF", respectively.

The Company, through its subsidiaries, is in the business of development of cosmetic and edible product lines, as well as investment in technology to detect if an individual is under the influence of cannabis and to predict substance addiction. On March 27, 2020, the Company sold and discontinued its interests in its marijuana services and products. (See Note 5 to the Financial Statements)

The Company's corporate head office is located at 77 King Street W, Suite 3000, Toronto, Ontario, Canada, M5K 1G8.

On February 15, 2018, the Company had acquired a 49% interest in a newly incorporated Cultivar JA Limited, ("CJA") a corporation incorporated under the laws of Jamaica. The remaining 51% interest is owned by local Jamaican business partners. On March 27, 2020, the Company entered into a sale agreement with respect to its 49% interest in Cultivar JA Limited and discontinued all interests in its marijuana services and products. Furthermore, the Company cancelled 4,000,000 common shares owned by the Jamaican partners and completely exited the cannabis business.

On July 16, 2018 the Company had acquired a 100% interest in a newly incorporated CannIP Holdings Inc. (formerly 2639745 Ontario Inc.) ("Cann") a corporation incorporated under the laws of the province of Ontario. Cann is engaged in the development of cosmetic and edible product lines, as well as investment in technology to detect an individual influence of cannabis. The Company did a one for one share exchange with Cann and issued 29,800,000 common shares to the shareholders of Cann.

The company has post year end divested from the cannabis sector and is focused solely on artificial intelligence ("AI") technologies which are targeting two specific areas: 1) Impairment and 2) Healthcare. The company has bolstered its advisory board by bringing on board Mr. Kapil Raval as the chairman of the board. Mr. Raval is a subject matter expert in AI and currently serves as the director of business development at Microsoft for AI, for several of their AI related initiatives globally. Furthermore, the company has announced appointment of several global clinical experts to the board as it expands further into the healthcare segment.

Impairment: The company is focused on developing AI powered technologies for workplace and law enforcement to identify cannabis and alcohol impairment.

The legalization of cannabis has brought upon the issue of cannabis impairment to the forefront both for law enforcement agencies along with the workplace. Moreover, in several international jurisdictions with tropical climate, cannabis does grow like a "weed" and is in fact a cheaper alternative to alcohol. As such cannabis impairment is turning out to be a universal problem but there is a complete lack of tools to identify cannabis impairment.

Currently, companies are in the process of trying to develop breathalyzers for THC (Tetrahydrocannabinol), the psychoactive ingredient in cannabis. However, the biggest drawback with THC breathalyzers is the lack of correlation with impairment which has been brought up in several studies conducted to date. Furthermore, breathalyzer technology (cannabis or alcohol) is not suited for use at the workplace.

The Company has developed a technology to detect drug impairment using proprietary Artificial Intelligence (AI) technology algorithms with a decision-making ability to identify if someone is driving under the influence of cannabis and alcohol. The AI algorithms use several unique data points with facial and voice recognition to identify impairment. Applications for detecting drug impairment can range from roadside impairment tests to workplace safety. We have filed patents to protect our technology and are currently patent pending; these are effectively with the first set of patents in the world that incorporate and utilize AI to detect impairment. The Company is in the process of completing a study with over 3500 participants, which will further solidify our technology.

We will license our software to two distinct markets; law enforcement agencies and a variety of industries that are concerned about impairment in the workplace such as manufacturing, mining, and aviation. Our

partnerships with Tech Mahindra and Hindalco Industries Ltd will be of immense value in marketing to the workplace related markets.

**Healthcare:** The company is developing AI based solutions to mass screen for infectious diseases and mental health disorders.

The two major infectious diseases the company is addressing are influenza and COVID-19. The COVID-19 pandemic has turned into a threat for global security and economic stability, resulting in unprecedented job losses not seen since the great depression. Identification and tracking of an infectious disease or an outbreak of a global pandemic is a critical element of controlling the spread of disease across geographical areas. Furthermore, infectious diseases such as COVID-19 are likely to return in waves until there is mass vaccination or development of population level immunity. As such, there is a significant urgent need to have mass screening technologies which can identify potential COVID-19 cases without the need for human intervention and can be deployed in places where there is movement of large numbers of people. For instance, but not limited to, healthcare, transit hubs, airports, malls, shopping centers, casinos, concerts, arenas and office buildings. One of the primary factors leading to the outbreak of COVID-19 virus has been the relative lack of rapid screening tools for the masses. The lack of such tools has resulted in a failed containment effort which led to a global pandemic and an unprecedented economic disruption. After COVID-19, the company aims to focus on influenza with the mass screening AI technology. According to World Health Organization, Influenza is a serious global health threat that impacts all countries: every year, there are an estimated 1 billion cases, 3-5 million severe cases, and 290 000-650 000 influenza-related respiratory deaths worldwide

The company has developed a proprietary technology (patent pending) to screen for potential cases of COVID-19 and other related infectious diseases. There is no need for any bodily fluids and there is no human exposure as the screening is carried out using multispectral cameras which can be installed at any facility. The company has filed a patent for the technology.

The artificial intelligence ("AI") powered technology utilizes multispectral imaging with a focus on visual spectral imaging along with infrared thermography to identify cases which are suspected of COVID-19. The AI technology monitors and identifies potential presence of COVID-19 associated symptoms such as fatigue, headache, coughing, sneezing, blood flow, sweat gland activation, metabolism, fever along with other key determinant factors. The technology can be deployed using multispectral cameras in facilities where there is large movement of people to identify potential COVID-19 cases and limit exposure, thereby limiting infection. The data collected is brought into a central server / cloud for analysis and alerts are sent in case of a positive detection.

In May 2020, the company announced deployment of its AI mass screening technology for COVID-19 with Max Healthcare. Max Healthcare is one of South Asia's leading comprehensive provider of standardized, seamless and international-class healthcare services. It is committed to the highest standards of medical and service excellence, patient care, scientific and medical education. Max Healthcare has 14 hospitals in India, offering services in over 30 medical disciplines. Max Healthcare has a base of over 3,000 doctors, 10,000 employees and over 2.2 million patients from over 80 countries, across its network of 14 hospitals.

In May 2020, the company has also announced execution of a major sales contract with Juiceworks Exhibits ("Juiceworks"), a full-service design and build company that creates brand experiences for leading brands across North America with operations both in Canada and the USA. Utilizing the company's COVID-19 mass screening technology, Juiceworks is offering safe indoor/outdoor entry solutions using custom-fabricated temporary structures. All of the entry solutions being sold by Juiceworks across North America will be retrofitted with the company's technology for COVID-19 mass screening. The company's



technology will be deployed using a software as a service ("SaaS") model whereby for every camera or scanner installation, there will be an upfront customization fee followed by a monthly subscription fee model based on the number of screenings contributing to recurring revenue on a monthly basis. The contract is a multiyear contract which can be extended up to 3 years. In parallel, the company is working diligently through its partners and sales team for a North American expansion and deployment of the mass screening technology.

In June 2020, the company also announced a sales contract with Caribbean Digital Media Academy (CDMA), a services integrator company registered in Jamaica that commenced operations in 2015. CDMA specializes in; development, deployment and management of highly immersive joint smart IT solutions. CDMA will act as a distributor for Predictmedix technology for the Caribbean with a specific focus on government and hospitality sectors. Predictmedix technology will be deployed using a software as a service ("SaaS") model whereby for every camera or scanner installation, there will be an upfront customization fee followed by a monthly subscription fee model based on the number of screenings contributing to recurring revenue on a monthly basis. The recurring revenue will be shared between Predictmedix and CDMA. Some of the projects successfully implemented by CDMA in their short history include: designed and implemented exclusive encrypted wireless island wide network for the Jamaica Earthquake unit that involved connecting wirelessly over 80 remote seismic solar powered devices for real time monitoring and information by the central unit at University of the West Indies (UWI); designed and implemented real time smart video monitoring by police, government departments and authorized private sector organizations of highly sensitive scrap metal sites in Jamaica. The contract included designing and integrating an exclusive wireless network, artificial intelligence (AI) security software and IP CCTV camera systems.

Mental health disorders carry a huge healthcare burden in North America. Approximately 15.5% of the global population is affected by mental illnesses, and those numbers are rising and are likely to be further exacerbated due to the current COVID-19 pandemic. Although there are many who require treatment, more than 50% of mental illnesses remain untreated. More than \$201 billion is spent on mental health annually in the US, making mental health the most expensive part of the healthcare system. However, the diagnosis of mental health disorders is based on an age-old method that can be subjective, unreliable and unfortunately there are no blood tests for most mental health disorders. This highlights a clear need for disruptive technologies in the space. The company is also developing AI powered technologies to assist with diagnosis and management of mental health disorders such as depression, autism, ADHD and dementia.

In June 2020, Predictmedix also announced partnership with Max Healthcare for facial technologies leading to neurological diagnostics for mental health disorders. Max Healthcare will be assisting Predictmedix with data collection for the mental health screening technology and will also be piloting the technology. The company also announced appointment of Dr. Deepu Banerji, a neurosurgeon with more than 34 years' experience in microscopic and minimal invasive neurosurgery to the scientific advisory board. He is a 'Sugita Fellow' from Nagoya University, Japan for microneuro-surgical training and has been consistently ranked amongst the top 5 neurosurgeons in India. Dr. Banerji will play a key role in assisting Predictmedix with the development of AI technologies to screen for mental health disorders using patient data. Dr. Banerji has performed over 8,000 surgeries and has served as a board member for several prominent Neurology societies in Asia. He is a Member Editorial Board of Surgical Neurology International and has been conferred Honorary Member of Society of Neurosurgeons of South Africa.

In June 2020, the company also announced a strategic acquisition which is a major step towards turning its screening technologies into a complete enterprise solution. The company announced the acquisition of MobileWellbeing, an innovative, feature rich, Telemedicine Remote Patient Monitoring platform that will integrate with Predictmedix's Artificial Intelligence ("AI") driven rapid screening system for infectious

diseases, including COVID-19. This will also integrate with the Company's screening modules for impairment and mental illness. The MobileWellbeing platform addresses several of the gaps currently observed with comparable platforms which are offered by a few public companies trading at high valuations.

MobileWellbeing has demonstrated its value in multiple different programs over several years, and has shown benefits such as improved patient health, minimized the impact of chronic disease, and driven down the cost for care through remote monitoring. The technology has been successfully used at Arnprior District Memorial Hospital for Chronic Obstructive Pulmonary Disease (Ottawa/Ontario), Algonquin College (Nursing department) for diabetes management and StonyBrook Hospital (New York, US) with the Pediatrics team that manage patients in the community with high risk pregnancies, teenage pregnancies and mothers in low income housing for wellness of their infants. The technology has also been used by the Cardiology department for Hypertension.

Compared to its competitive environment, MobileWellbeing has a unique and robust set of features such as, Assisted Monitoring that allows for data collection, transmission, evaluation, notification and intervention at home or through kiosks that might be especially useful in Long Term Care and Retirement Community settings.

The Interactive Voice Response System also gives patients the accessibility to interact with the system without the need for internet connected devices. This is an important consideration given the breadth of population affected and for regions, sometimes remote, where connectivity remains a major issue. The MobileWellbeing platform's suite of features are uniquely applicable to multiple use cases that impact Predictmedix clientele. Workplaces of all sizes and sectors want their Human Resources ("HR") departments to monitor employee recovery during quarantine periods and manage their transition back to work while maintaining employee privacy. Healthcare providers will now have a very robust tool to be able to remotely manage all aspects of care, recovery, and support whilst protecting all parties from the dangers of further infection transmission.

In June 2020, Predictmedix also announced a collaboration with Tech Mahindra Ltd, a leading provider of digital transformation, consulting and business re-engineering services, to offer AI-Based Healthcare solutions as a part of suite of post-COVID-19 technology. The COVID-19 pandemic has brought upon significant disruption to the global economy which has impacted all the major industries and has highlighted the importance of workplace safety. In keeping with the lines of workplace safety, Tech Mahindra is assembling a suite of technologies which will have a relevance in a post-COVID-19 environment from the context of workplace health and safety.

In July 2020, Predictmedix announced the execution of a sales contract for its COVID-19 screening technology with Taurus Medical Solutions ("Taurus"), a medical distributor based out of the United Kingdom which is also a supplier to United Kingdom National Health Service "NHS".

In July 2020, Predictmedix also filed two patent applications, 68048131 - System and method to automatically recommend and adapt a treatment regimen for patients and 63048152 - System and method to manage a rewards program for patient treatment protocols, with the United States Patent and Trademark Office.

A patient can be critically ill or is not in a condition to visit the hospital or a medical physician on a regular basis. Such restriction may result in the deterioration of health of the patient. For example, a patient may be bed ridden and perfectly in good health but requires necessary monitoring of their health condition. At the same time, the patient is also reluctant to go to the hospital. In another scenario, the

patient may be in a critical condition and needs lifesaving treatment before the patient can reach the hospital. All these scenarios require a system that can automatically recommend and adapt to a treatment so that the both lifestyle management and/or prescriptive analytics can provide better health management to a patient.

The technology developed by Predictmedix (patent pending) uses Artificial Intelligence to provide a method and system of management in automatically recommending and adapting to a treatment regimen. More specifically, the system and method for automatic recommendation and treatment regime for a patient involves gathering patient data, patient inputs, and a treatment pathway controller treatment to identify time series event, apply rules for diagnosis of disease, taking an approval from a medical expert, and providing the detail treatment plan for the patient.

Due to large scale outbreak of various infectious, non-infectious, heredity and other lifestyle diseases, it has become important to ensure that patients strictly follow the treatment protocol to live a healthy life. As such, it is important to motivate the patient to strictly follow the prescribed protocol by a medical expert to maintain good health.

The technology developed by Predictmedix (patent pending) provides a novel method and system of management of a reward program for a patient treatment program. More specifically, the system and method of management of a reward program for a patient treatment program provides for reward points to motivate the patient to follow the treatment protocol.

#### Merger transaction

During the prior year ended January 31, 2020, the Company completed the following acquisition:

Effective September 23, 2019, the Company was part of a three-cornered amalgamation among the Company, 2693980 Ontario Inc. (a wholly owned subsidiary) and Cultivar Holdings Ltd. (the “Transaction”).

The result of the transaction was that Admiral acquired all the issued and outstanding securities of Cultivar Holdings Ltd. on the basis of one share of Admiral for each share of former Cultivar. All outstanding warrants to purchase former Cultivar shares were exchanged, on an equivalent basis, for warrants to purchase shares of the Company. At completion of the transaction, Admiral changed its name to Cultivar Holdings Inc. and former Cultivar was amalgamated into 2693980 Ontario Inc.

Under IFRS, this was considered a Reverse Merger and Recapitalization (commonly referred to as a Reverse Take Over or “RTO”). The Company issued 6,514,249 shares valued at \$0.21 per share, with a total value of \$1,367,992 for the acquisition.

The fair value of the acquired assets and liabilities assumed is as follows:

Assets acquired by the Company:		
Cash	\$	3,448
Prepaid expenses		1,125
Liabilities assumed by the Company:		
Accounts payable		(19,127)
Loans payable		(107,526)
Net liabilities assumed		(122,079)
Fair value of issued		(1,367,992)
Loss on acquisition	\$	(1,490,071)

The current directors and officers of the Company are:

Sheldon Kales (Director and Chief Executive Officer),  
Dr. Rahul Kushwah (Director and Chief Operating Officer),  
Rakesh Malhotra (Chief Financial Officer and Corporate Secretary),  
Tom Sipos (Director),  
Ajit Kumar (Director).

### **Sale of interest in Cultivar JA Limited**

On March 27, 2020, the Company entered into a sale agreement (the "Sale Agreement") with respect to its 49% interest in Cultivar JA Limited ("Cultivar JA"), which holds a provisional cannabis cultivation license in Jamaica.

Pursuant to the terms of the Sale Agreement, the Company's wholly-owned subsidiary, Cultivar Holdings Ltd., agreed to sell its 49% interest in Cultivar JA and all related royalty interests to the principals of Cultivar JA in exchange for the principals of Cultivar JA agreeing to cancel 4,000,000 common shares of the Company owned by the principals. In addition, the principals also agreed to terminate their right to receive an additional 500,000 common shares of the Company which had been reserved for issuance upon Jamaica's Licensing Authority issuing final approval for Cultivar JA's license.

The sale agreement constituted a discontinued operation involving the loss of control of Cultivar JA by the Company as of July 31, 2020. A discontinued operation is a component of the Company's business that represents a separate major line of business or a geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or earlier, if the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation the comparative statement of comprehensive loss and cash flow operation is re-presented as if the operation had been discontinued from the start of the comparative period.

The sale agreement constituted a discontinued operation of the Company effective March 27, 2020. As a result, all the assets and liabilities of Cultivar JA as of July 31, 2020 have been removed from the statement of financial position of the Company. The cancellation of 4,000,000 shares of the Company have been valued at \$540,000, being the fair value of the shares on the date of the sale transaction.

The expenses of Cultivar JA have been determined to be a discontinued operation by the Company, and as a result, have been disclosed separately on the statement of income (loss) and comprehensive income (loss)

	For the six months ended July 31, 2020	For the six months ended July 31, 2019
<b>Expenses:</b>		
Administration and general	\$ -	\$ 4,743
Amortization	2,871	8,902
Interest expense	687	2,159
Legal fees	-	5,363
Travel, entertainment and related	2,014	6,449
<b>Net loss for the period prior to the sale transaction</b>	<b>(5,572)</b>	<b>(27,616)</b>
Gain on divestiture	351,868	-
Gain (Loss) from discontinued operations, net of tax	\$ 346,296	\$ (27,616)

### Acquisition of MobileWellbeing

On July 21, 2020, the Company completed the acquisition of MobileWellbeing ("MWB"), an innovative, feature rich, Telemedicine Remote Patient Monitoring platform that will integrate with the Company's Artificial Intelligence ("AI") driven rapid screening system for infectious diseases, including COVID-19.

The consideration for the purchase was satisfied by payment in cash for \$25,000, issuance of 20,000 shares and additional 30,000 shares to be issued on the 90<sup>th</sup> day of close. Consideration paid in the form of equity instruments is being considered share-based payment within the scope of IFRS 2 Share-based Payment and this asset acquisition is fair valued for a total consideration for \$78,000 at the point control was obtained.

The acquisition has contingent considerations and royalty payments on achievement of certain milestones. The Company shall pay royalty of 20 percent of gross sales from the first \$2.5 million in sales generated exclusively from the MWB platform. In addition, the Company is obligated to issue an additional 200,000 common shares commencing with the release of the initial version of the MWB platforms to the market and achievement of sales related milestones.

Contingent consideration in an asset acquisition was discussed at the March 2016 IFRS Interpretations Committee (IFRIC) meeting. An accounting policy choice exists, therefore an entity may recognize a liability for the expected variable payments at the time control of the underlying asset is obtained or they may only recognize such a liability as the related activity that gives rise to the variability occurs. The Company has opted to recognize the liability only when the related activity that gives rise to the variability occurs.

<b>Consideration</b>	<b>\$</b>
Cash consideration on closing	25,000
Issued shares (20,000 shares issued at \$1.06/share)	21,200
Shares to be issued 90 days after close (30,000 shares at \$1.06/share)	31,800
	<b>78,000</b>

<b>Purchase Price allocation</b>	<b>\$</b>
Intangible asset- MWB remote patient monitoring platform	78,000
	<b>78,000</b>

## SELECTED FINANCIAL INFORMATION

The following table contains selected consolidated financial information of the Company for the three and six months ended July 31, 2020 and 2019.

	<i>3 months ended July 31, 2020</i>	<i>3 months ended July 31, 2019</i>	<i>6 months ended July 31, 2020</i>	<i>6 months ended July 31, 2019</i>
	\$	\$	\$	\$
Total operating expenses	(473,268)	(153,383)	(804,517)	(277,425)
Income (Loss) from discontinued operations	-	(12,814)	346,296	(27,616)
Net Income (loss) and comprehensive income (loss)	(473,268)	(166,197)	(458,221)	(305,041)
Income (Loss) per common share – basic and diluted	(0.005)	(0.002)	(0.004)	(0.003)
Weighted average number of common shares outstanding-	100,233,578	94,077,500	102,498,593	93,684,130

The chart below presents the summary financial information of the Company:

	<i>As at July 31, 2020</i>	<i>As at January 31, 2020</i>
	(\$)	(\$)
Current assets	1,161,483	1,634,379
Non-current assets	87,943	32,383
Total assets	1,249,426	1,666,762
Current liabilities	99,537	79,838
Total long-term liabilities	-	3,268
Shareholders' equity	1,149,889	1,583,656
Cash dividends per common share	-	-

## OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

### Expenses and Net Loss

Total operating expenses for the three months ended July 31, 2020, were \$473,268 (July 31, 2019 – \$153,383) and for the six months ended July 31, 2020 were \$804,517 (July 31, 2019 – \$277,425).

#### Significant variances for the 3 months ended July 31, 2020 and 2019

Management fees for the three months ended July 31, 2020 consist of fees paid to senior management or to Companies owned by senior management, and compensation to a prior Company's director (1) \$24,500 (prior period \$24,000) paid to the CEO for services, (2) \$nil (prior period \$18,000) paid to a prior director for services, (3) \$17,000 (prior period \$nil) paid to the COO for services and (4) \$25,600 (prior period \$nil) paid to the CFO for services.

Noncash share-based compensation of \$144,200 for the three months ended July 31, 2020 (prior period \$1,987), consists of the fair value (Black- Scholes calculation) of the vesting of options to directors, officers and consultants.

On April 6, 2020, the Company granted options to its directors, officers and consultants to purchase up to 9,850,000 common shares. These options were issued at an exercise price of \$0.15 per share and have varying vesting periods, with the majority being in equal installments over a quarterly basis throughout the term. These options have a term of one (1) year expiring on April 6, 2021. The Company expensed \$144,200 for the vesting of these options during the three months ended July 31, 2020.

Research and development costs for \$26,300 for the three months ended July 31, 2020 (prior period \$nil) are costs incurred by outside research provider for ongoing development of Artificial Intelligence powered facial and voice recognition technology to detect cannabis along with alcohol impairment.

Consulting fees costs for \$38,048 for the three months ended July 31, 2020 (prior period \$25,000) consists primarily of fees paid to consultants to assist with media marketing and investor relations.

Legal fees for \$66,282 for the three months ended July 31, 2020 (prior period \$4,640) consists primarily of legal fees paid to assist the sale of the Company's interests in Cultivar JA and the acquisition of MobileWellbeing.

Transfer agent and filing fees for \$12,040 (prior period \$nil) for the three months ended July 31, 2020 is primarily the costs of filing and compliance for the Company's listing.

#### Significant variances for the 6 months ended July 31, 2020 and 2019

Management fees for the six months ended July 31, 2020 consist of fees paid to senior management or to Companies owned by senior management, and compensation to a prior Company's director (1) \$48,500 (prior period \$48,000) paid to the CEO for services, (2) \$6,000 (prior period \$18,000) paid to a prior director for services, (3) \$32,000 (prior period \$nil) paid to the COO for services and (4) \$25,600 (prior period \$5,085) paid to the CFO for services.

Noncash share-based compensation of \$327,324 for the six months ended July 31, 2020 (prior period \$3,549), consists of the fair value (Black- Scholes calculation) of the vesting of options to directors, officers and consultants.

On April 6, 2020, the Company granted options to its directors, officers and consultants to purchase up to 9,850,000 common shares. These options were issued at an exercise price of \$0.15 per share and have

varying vesting periods, with the majority being in equal installments over a quarterly basis throughout the term. These options have a term of one (1) year expiring on April 6, 2021. The Company expensed \$327,324 for the vesting of these options during the six months ended July 31, 2020.

Research and development costs for \$26,300 for the six months ended July 31, 2020 (prior period \$nil) are costs incurred by outside research provider for ongoing development of Artificial Intelligence powered facial and voice recognition technology to detect cannabis along with alcohol impairment.

Consulting fees costs for \$69,938 for the six months ended July 31, 2020 (prior period \$25,000) consists primarily of fees paid to consultants to assist with media marketing and investor relations.

Legal fees for \$95,952 for the six months ended July 31, 2020 (prior period \$7,737) consists primarily of legal fees paid to assist the sale of the Company's interests in Cultivar JA and the acquisition of MobileWellbeing.

Transfer agent and filing fees for \$38,079 (prior period \$nil) for the six months ended July 31, 2020 is primarily the costs of filing and compliance for the Company's OTC listing.

No cash dividends have been paid by the Company. The Company has no present intention of paying cash dividends on its common shares as it anticipates that all available funds will be invested to finance existing activities.

## **CRITICAL ACCOUNTING ESTIMATES**

Preparing financial statements in conformity with IFRS requires the Company to select from possible alternative accounting principles. Estimates also affect classification and reported amounts for various assets, liabilities, equity balances, revenues and expenses. Prior estimates are revised as new information is obtained and are subject to change in future periods. Management believes the accounting policies and estimates used in preparing the consolidated financial statements are considered appropriate in the circumstances but are subject to numerous judgments and uncertainties inherent in the financial reporting process.

The preparation of these consolidated financial statements requires management to make judgements regarding the going concern of the Company, as well as the determination of functional currency. The functional currency is the currency of the primary economic environment in which an entity operates and has been determined for each entity within the Company. The functional currency for the Company and its subsidiary has been determined to be the Canadian dollar.

Income taxes - There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities based on the Company's current understanding of tax laws as applied to the Company's circumstances. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Stock option valuation - Issuances and grants of share options are valued using the fair value method. Management uses the Black-Scholes valuation model to estimate the fair value of options determined at grant date. Grants of options result in non-cash charges to expense and a corresponding credit to share-based payment reserves. Charges associated with granted options are recorded over the vesting period. Significant assumptions affecting valuation of options include the trading value of the Company's shares



at the date of grant, the exercise price, the term allowed for exercise, a volatility factor relating to the Company's historical share price, forfeiture rates, dividend yield and the risk-free interest rate.

Useful life of property and equipment – Property and equipment is depreciated over its estimated useful life. Estimated useful lives are determined based on current facts and past experience and takes into consideration the anticipated physical life of the asset, potential for technological obsolescence, and regulations.

### **New standards adopted**

Effective February 1, 2020, the Company adopted the amendments that were issued by the International Accounting Standards Board on October 22, 2018, to IFRS 3 Business Combinations, which clarified the classification of whether a transaction results in an asset or a business acquisition. The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process. The adoption of the amendment to IFRS 3 had no impact on the Company's condensed consolidated interim financial statements as at and for the six months ended July 31, 2020.

### **COVID-19 Estimation Uncertainty**

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

## **LIQUIDITY AND CAPITAL RESOURCES**

At July 31, 2020, the Company had cash and cash equivalents of \$920,304 and working capital of \$1,061,946. During the six months ended July 31, 2020, the Company used \$635,519 in operating activities, used \$25,000 in investing activities and earned \$87,246 from investing activities.

At January 31, 2020, the Company had cash and cash equivalents of \$1,493,577 and working capital of \$1,554,541.

The Company has financed its operations from inception to date through the issuance of equity shares.

The Company currently has no source of revenues; as such, administrative and other expenses may exceed available cash resources and additional funding may be required to further its projects and to meet ongoing requirements for general operations. The ability of the Company to continue as a going concern is dependent on raising additional financing, development of its projects and generation of profitable operations in the future.

In the prior year, on August 12, 2019, the Company closed a private placement of 3,296,000 units at \$0.25 per unit for a consideration of \$824,000. Each unit is comprised of one common share and one-half of one common share purchase warrant (each whole warrant, a "Warrant"), with each Warrant exercisable into a common share of the Company at an exercise price of \$0.50 per share for a period of 24 months. In connection with this private placement, the Company issued 66,400 shares as finders' fee, and incurred an additional \$95,445 in share issuance costs.

As such, the Company believes it has enough cash to maintain itself for the next 12 months.

The Company's objectives when managing its capital structure are to preserve the Company's access to capital markets and its ability to meet its financial obligations.

Based on available funds, the Company manages its capital structure and makes adjustments to it to maintain flexibility while achieving the objectives stated above as well as support future business opportunities.

To manage the capital structure, the Company may adjust its project plans, operating expenditure plans, or issue new common shares. The Company monitors its capital structure using annual forecasted cash flows, expenditure budgets and targets for the year as well as corporate capitalization schedules. This is achieved by the Board of Directors' review and acceptance of expenditure budgets that are achievable within existing resources and the timely matching and release of the next stage of expenditures with the resources made available from private placements or other funding.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to externally imposed capital requirements or covenants.

## **OUTSTANDING SHARE DATA**

At July 31, 2020, the Company had 100,586,649 common shares outstanding. As of date of the MD&A, the Company has 100,941,649 common shares outstanding.

At July 31, 2020, the Company had 9,737,500 outstanding stock options and 1,598,000 warrants.

### **a) Common shares**

The holders of common shares are entitled to receive dividends which are declared from time to time and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

### **b) Share issuances**

#### During the six- month period ended July 31, 2020

- The Company cancelled 4,000,000 common shares pursuant to the sale of its interest in Cultivar JA (Note 5).
- 362,500 shares were issued upon exercise of 362,500 options at a price of \$0.15 per share and 100,000 shares were issued upon exercise of 100,000 options for total gross proceeds of \$64,375.
- 50,000 shares were issued upon exercise of 50,000 warrants at a price of \$0.50 per share for gross proceeds of \$25,000.

#### During the year ended January 31, 2020:

- The Company issued 800,000 common shares at \$0.10 for services. This includes 550,000 common shares issued to a director valued at \$55,000.
- On August 12, 2019, the Company closed a private placement of 3,296,000 units at \$0.25 per unit for a consideration of \$824,000. Each unit is comprised of one common share and one-half

of one common share purchase warrant (each whole warrant, a "Warrant"), with each Warrant exercisable into a common share of the Company at an exercise price of \$0.50 per share for a period of 24 months. The Black-Scholes option pricing model was used to determine the fair value of the warrants using the following weight average assumptions: Expected dividend yield of 0%; risk free interest rate of 1%; expected volatility of 100%; expected life of 2 years. The relative fair value of the warrants has been valued at \$123,283 and common shares at \$700,717 (\$0.21). In connection with this private placement, the Company issued 66,400 shares as finders' fee, and incurred an additional \$95,445 in share issuance costs.

- The Company issued 6,514,249 shares in connection with the acquisition discussed in Note 4.
- On January 10, 2020, the Company issued 100,000 shares for financial media marketing and investor services for a total consideration of \$25,000, to be provided over the period commencing October 28, 2019 and ending on November 1, 2020 (the "Term")

As at July 31, 2020, the Company had the following warrants outstanding:

<b>Outstanding</b>	<b>Exercise Price</b>	<b>Remaining Life (Years)</b>	<b>Expiry Date</b>
1,598,000	\$0.50	1.03	August 11, 2021

### (c) **Stock Options**

The Company has established a stock option plan whereby officers, directors, employees and service providers may be granted options to purchase common shares at a fixed price. Vesting and expiry provisions are determined at the date of grant. The plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding share capital increases.

a) In October 2018, the Company granted options to a consultant to acquire a total of 250,000 common shares. These options were issued at an exercise price of \$0.10 per share and vested 75,000 immediately, 37,500 at the date of engineering milestone (vested during the quarter ended July 31, 2019) and balance 137,500 on completion of additional milestones, including 75,000 on model development (vested during the quarter ended October 31, 2019) and 62,500 on project handover, with an expiry term of two years. The fair value of each option used for the purpose of estimating the stock-based compensation was estimated using the Black-Scholes option pricing model with the following assumptions:

Risk free rate	2.26%
Expected dividends	0%
Expected forfeiture rate	0%
Expected volatility	100%
Expected life	2 years
Unvested stock-based compensation expense as of July 31, 2020	\$ 3,311

During the year ended January 31, 2020, the Company expensed \$5,961 relating to the vesting of 187,500 options, resulting in unvested stock-based compensation expense of \$3,311 as of January 31, 2020. There was no expense for vesting of options during the six months ended July 31, 2020.

b) In November 2018, the Company granted options to a consultant to acquire a total of 100,000 common shares. These options were issued at an exercise price of \$0.10 per share and vested 25,000 immediately, and 25,000 each on April 1, 2019, September 1, 2019 and March 1, 2020 with an expiry term of three years. The fair value of each option used for the purpose of estimating the stock-based compensation is estimated using the Black-Scholes option pricing model with the following assumptions:

Risk free rate	2.30%
Expected dividends	0%
Expected forfeiture rate	0%
Expected volatility	100%
Expected life	3 years
Unvested stock-based compensation expense as of July 31, 2020	\$ -

During the year ended January 31, 2020, the Company expensed \$4,426 relating to the vesting of 75,000 options, resulting in unvested stock- based compensation expense of \$260 as of January 31, 2020. The Company expensed \$260 for the vesting of 25,000 options during the six months ended July 31, 2020.

c) On April 6, 2020, the Company granted options to its directors, officers and consultants to purchase up to 9,850,000 common shares. These options were issued at an exercise price of \$0.15 per share and have varying vesting periods, with the majority being in equal installments over a quarterly basis throughout the term. These options have a term of one (1) year expiring on April 6, 2021. The fair value of each option used for the purpose of estimating the stock-based compensation is estimated using the Black-Scholes option pricing model with the following assumptions:

Risk free rate	2.30%
Expected dividends	0%
Expected forfeiture rate	0%
Expected volatility	100%
Expected life	1 year
Unvested stock-based compensation expense as of July 31, 2020	\$ 247,646

During the six months ended July 31, 2020, the Company expensed \$327,064 relating to the vesting of options, resulting in unvested stock- based compensation expense of \$247,646 as of July 31, 2020.

As of July 31, 2020, there was \$250,957 (January 31, 2020: \$3,571) of unvested stock-based compensation expense.

Continuity of the Company's options is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, January 31, 2020	350,000	\$0.10
Issued	9,850,000	\$0.15
Exercised	(100,000)	\$0.10
Exercised	(362,500)	\$0.15
Outstanding, July 31, 2020	9,737,500	\$0.15

As at July 31, 2020, the Company had the following share purchase options outstanding and exercisable:

Outstanding	Exercisable	Exercise Price	Remaining Life (Years)	Expiry Date
250,000	187,500	\$0.10	0.24	October 25, 2020
9,487,500	4,925,000	\$0.15	0.68	April 6, 2021
9,737,500	5,112,500	\$0.15	0.67	

## FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair value of the Company's accounts payable, and loans and advances approximate carrying value, due to their short-term nature. The Company's cash is measured at fair value under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities.

### Financial risk management and objectives

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including interest rate risk, foreign currency risk, and commodity price risk).

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by the Board of Directors.

#### Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is not exposed to significant credit risk.

#### Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flows primarily from its financing activities.

The Company manages its liquidity needs by carefully monitoring scheduled costs. Liquidity is measured in various time bands, on day to day and week-to-week basis, as well as on long term liquidity needs over 180 day to 360 day look out periods. Funding for long term liquidity needs is based on the ability of the Company to successfully complete private placements.

As at July 31, 2020, the Company had sufficient cash of \$920,304 to settle current liabilities of \$99,537.

#### Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices, and foreign exchange rates.

*(a) Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

*(b) Price risk*

The Company is not exposed to significant price risk as it does not possess investments in publicly traded securities.

*(c) Currency risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument denominated in a foreign currency will fluctuate because of changes in foreign exchange rates. Effective March 27, 2020, the Company sold its operations in Jamaica and the Company no longer owns or operates any subsidiary internationally, as such, there is no risk that cash flows may be adversely impacted by exchange rate fluctuations.

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative instrument obligations, or with respect to any obligations under a variable interest entity arrangement.

**TRANSACTIONS WITH RELATED PARTIES**

Related parties include key management personnel, the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Key management of the Company are members of the Board of Directors, the Chief Executive Officer (“CEO”), the Chief Financial Officer (“CFO”) and the Chief Operating Officer (“COO”).

Transactions with key management personnel not disclosed elsewhere in the financial statements include the following:

	<b>Six months ended July 31, 2020</b>	<b>Six months ended July 31, 2019</b>
Management fees to the CEO	\$ 48,500	\$ 48,000
Management fees to a prior director	6,000	18,000
Management fees (issued in shares) to a director	-	55,000
Management fees to the COO	32,000	-
Management fees to the CFO	25,600	5,085
Total Management fees	\$ 112,100	\$ 126,085
Vehicle expense to the CEO	3,500	3,000
Vehicle expenses to the COO	1,000	
Rent to the CEO included in rent expense	9,500	9,000
	\$ 126,100	\$ 138,085

		Three months ended July 31, 2020		Three months ended July 31, 2019
Management fees to the CEO	\$	24,500	\$	24,000
Management fees to a prior director		-		18,000
Management fees (issued in shares) to a director		-		55,000
Management fees to the COO		17,000		-
Management fees to the CFO		25,600		-
Total Management fees	\$	67,100	\$	97,000
Vehicle expense to the CEO		2,000		1,500
Vehicle expenses to the COO		1,000		-
Rent to the CEO included in rent expense		5,000		4,500
	\$	75,100	\$	103,000

As of July 31, 2020, there was \$nil due to any related parties (July 31, 2019 - \$nil)

## BOARD PURPOSE AND FUNCTION

The directors and management of the parent company have experience operating in Canada and the United States and taking projects through to various stages of development. The Board's purpose is to ensure corporate governance, risk, strategy and shareholder interests are priorities at all times.

## COMMITMENTS AND CONTINGENCIES

Effective July 1, 2020, the Company signed a two-year contract with a corporation owned and controlled by the CEO to pay monthly compensation of \$8,500 for CEO services. In addition, the Company is obligated to pay monthly rent for \$2,000 and an additional \$1,000 for the use of a personal vehicle.

Effective July 1, 2020, the Company signed a two-year contract with a corporation owned and controlled by the COO to pay monthly compensation of \$6,000 for COO services. In addition, the Company is obligated to pay an additional \$1,000 for the use of a personal vehicle.

## CONTROL AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this Management Discussion and Analysis.

Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could burden the

Company's financial resources, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and workload will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial accounting and reporting.

## **RISKS AND UNCERTAINTIES**

The Company is subject to a number of risks and uncertainties due to the nature of its business and the present stage of development of its business. Current and potential investors should give special consideration to the risk factors involved, should the Company continue in the cannabis business.

### Management

Dependence on Key Personnel, Contractors and Service Providers, shareholders of our Company rely on the good faith, experience and judgment of the Company's management and advisors in supervising and providing for the effective management of the business and the operations of the Company and in selecting and developing new investment and expansion opportunities. The Company may need to recruit additional qualified contractors and service providers to supplement existing management. The Company will be dependent on a relatively small number of key persons, the loss of any one of whom could have an adverse effect on the Company.

### Value of Our Common Shares

The value of the Company's common shares could be subject to significant fluctuations in response to variations in and annual operating results, the success of the Company's business strategy, competition or other applicable regulations which may affect the business of the Company and other factors.

### Impact of Covid-19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specially identified as "COVID-19" has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operating subsidiaries in future periods.

### Additional Funding and Financing Risk

Additional funds will be required for future development. The source of future funds available to the Company is through the sale of additional equity capital or borrowing of funds. There is no assurance that such funding will be available to the Company. Furthermore, even if such financing is successfully completed, there can be no assurance that it will be obtained on terms favorable to the Company or will provide the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial position. In addition, any future equity financings by the Company may result in substantial dilution for existing shareholders.



### Uninsured Hazards

The Company currently carries no insurance coverage. The potential costs that could be associated with any liabilities not covered by insurance or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the Company's financial position.

### Conflicts of Interest

Certain Directors and Officers of the Company also serve as Directors and officers of other companies involved in development and production. Consequently, there exists the possibility that such Directors or Officers may be in a position of conflict of interest. Any decision made by such Directors or Officers involving the Company are made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such Directors will declare and refrain from voting on, any matter in which such Directors may have a material conflict of interest.

### Permits, Licenses and Approvals

The operations of the Company may require licenses and permits from various governmental authorities. The Company believes it holds or is in the process of obtaining all necessary licenses and permits to carry on the activities which it is currently conducting under applicable laws and regulations. Such licenses and permits are subject to changes in regulations and in various operating circumstances. There can be no guarantee that the Company will be able to obtain all necessary licenses and permits that may be required to maintain its activities, construct facilities and commence operations, of any of their properties. In addition, if the Company proceeds to production on any property, it must obtain and comply with permits and licenses which may contain specific conditions concerning operating procedures, water use, the discharge of various materials into or on land, air or water, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to obtain such permits and licenses or that it will be able to comply with any such conditions.

### General Venture Company Risks

The common shares must be considered highly speculative due to the nature of the Company's business, the early stage of its deployment, its current financial position and ongoing requirements for capital. An investment in the common shares should only be considered by those persons who can afford a total loss of investment and is not suited to those investors who may need to dispose of their investment in a timely fashion. Investors should consult with their own professional advisors to assess the legal, financial and other aspects of an investment in common shares.

### Uncertainty of Revenue Growth

There can be no assurance that the Company can generate substantial revenue growth, or that any revenue growth that is achieved can be sustained. Revenue growth that the Company has achieved or may achieve may not be indicative of future operating results. In addition, the Company may increase further its operating expenses in order to fund increase its sales and marketing efforts and increase its administrative resources in anticipation of future growth. To the extent that increases in such expenses precede or are not subsequently followed by increased revenues, the Company's business, operating results and financial condition will be materially adversely affected.

### Marketing and Distribution Capabilities

In order to commercialize its technology, the Company must either acquire or develop an internal marketing and sales force with technical expertise and with supporting distribution capabilities or arrange for third parties to perform these services. In order to market certain of its products, the Company must either acquire or develop a sales and distribution infrastructure. In order to maximize sales of other products, the Company may determine that it needs to either acquire or develop a sales and distribution infrastructure. The acquisition or development of a sales and distribution infrastructure would require substantial resources, which may divert the attention of its management and key personnel and defer its product development and deployment efforts. To the extent that the Company enters into marketing and sales arrangements with other companies, its revenues will depend on the efforts of others. These efforts may not be successful. If the Company fails to develop substantial sales, marketing and distribution channels, or to enter into arrangements with third parties for those purposes, it will experience delays in product sales and incur increased costs.

### Rapid Technological Development

The markets for the Company's products and services are characterized by rapidly changing technology and evolving industry standards, which could result in product obsolescence or short product life cycles. Accordingly, the Company's success is dependent upon its ability to anticipate technological changes in the industries it serves and to successfully identify, obtain, develop and market new products that satisfy evolving industry requirements. There can be no assurance that the Company will successfully develop new products or enhance and improve its existing products or that any new products and enhanced and improved existing products will achieve market acceptance. Further, there can be no assurance that competitors will not market products that have perceived advantages over the Company's products or which render the products currently sold by the Company obsolete or less marketable. Regardless of the Industry as a whole, the less lethal sector moves somewhat slower in the adaptation and integration of new products.

The Company must commit significant resources to developing new products before knowing whether its investments will result in products the market will accept. To remain competitive, the Company may be required to invest significantly greater resources than currently anticipated in research and development and product enhancement efforts and result in increased operating expenses.

### Competition

The Company's industry is competitive and composed of many foreign companies. The Company expects to experience competition from competitors whom it expects to continue to improve their products and technologies. Competitors may announce and introduce new products, services or enhancements that better meet the needs of end-users or changing industry standards, or achieve greater market acceptance due to pricing, sales channels or other factors. Competitors may be able to respond more quickly than the Company to changes in end-user requirements and devote greater resources to the enhancement, promotion and sale of their products.

## Intellectual Property

The Company's ability to compete effectively will depend, in part, on its ability to maintain the proprietary nature of its technology and manufacturing processes. Although the Company considers certain of its product designs as well as manufacturing processes involving certain of its products to be proprietary, patents or copyrights do not protect all design and manufacturing processes. The Company has adopted procedures to protect its intellectual property and maintain secrecy of its confidential business information and trade secrets. However, there can be no assurance that such procedures will afford complete protection of such intellectual property, confidential business information and trade secrets. There can be no assurance that the Company's competitors will not independently develop technologies that are substantially equivalent or superior to the Company's technology.

To protect the Company's intellectual property, it may become involved in litigation, which could result in substantial expenses, divert the attention of its management, cause significant delays and materially disrupt the conduct of its business.

## **STRATEGY AND OUTLOOK**

Our objective is to maximize the value of the Company for our shareholders and our strategy to obtain this result is to continually seek opportunities to participate in new ventures primarily in AI.

## **SEGMENT INFORMATION**

The Company, through its subsidiaries, is in the business of investment in technology to detect if an individual is under the influence of cannabis and to predict substance addiction in addition to development of cosmetic and edible product lines. There are no revenues during the period. All assets are located in Canada.