FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: **Willow Biosciences Inc. (the "Issuer").**

Trading Symbol: **WLLW**

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.

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,

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
Sept 9/19	Units (common shares and warrants)	Private Placement	21,057	0.875	$18,424.88			N/A
	Warrants	Exercise of Warrants	584,080	0.685	$400,000.00			N/A

(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
Sept 9/19	1,118,000		Employees	0.60	Sept. 9/24	0.60

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,

The Company is authorized to issue an unlimited amount of common shares and an unlimited amount of first preferred shares, issuable in series.

Subject to the rights of holders of any other class, or series of any class, of shares of the Company to have separate meetings, holders of Common Shares are entitled to receive notice of and to attend all annual and special meetings of the shareholders of the Company

<u>and to one vote in respect of each Common Share held at such meetings. Holders of Common Shares are entitled to receive dividends if, as and when declared by the Board out of the assets of the Company in such amounts and payable in such manner as the Board may from time to time determine. Subject to the rights of holders of First Preferred Shares and any other class of shares of the Company entitled to receive dividends in priority to or concurrently with holders of Common Shares, the Board may in its sole discretion declare dividends on Common Shares to the exclusion of any other class of shares of the Company. In the event of the liquidation, dissolution or winding up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, holders of Common Shares will, subject to the rights of holders of First Preferred Shares and any other class of shares of the Company entitled to receive assets of the Company upon such a distribution in priority to or concurrently with holders of Common Shares, be entitled to participate in the distribution. Such distribution will be made in equal amounts per share on all Common Shares at the time outstanding without preference or distinction.</u>

<u>First Preferred Shares may at any time and from time to time be issued in one or more series. Subject to the following provisions, the Board may from time to time before the issue thereof fix the number of shares in, and determine the designation, rights, privileges, restrictions and conditions attaching to the shares of, each series of First Preferred Shares. First Preferred Shares are entitled to priority over Common Shares and all other shares ranking junior to First Preferred Shares with respect to the payment of dividends and the distribution of assets of the Company in the event of any liquidation, dissolution or winding up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs. First Preferred Shares of each series will rank on a parity with First Preferred Shares of every other series with respect to priority in the payment of dividends and in the distribution of assets of the Company in the event of any liquidation, dissolution or winding up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs.</u>

(b) number and recorded value for shares issued and outstanding,

<u>See Schedule “C”.</u>

(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

See Schedule "C".

(d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

As of the date hereof, there are 1,337,522 common shares of the Issuer subject to escrow pursuant to escrow arrangements made with current and former directors and officers of the Issuer as required by the policies of the Exchange and National Policy 46-201 – *Escrow for Initial Public Offerings.*

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 Director	Position(s) Held
Trevor Peters	Director, President, Chief Executive Officer
Travis Doupe	Chief Financial Officer
Peter Facchini	Chief Scientific Officer
Jerry Ericsson	Vice President, Operations
Jill Hagel	Vice President, Applied Science
Dr. Mathias Schuetz	Vice President, Research and Development
Troy Talkkari	Vice President, Corporate Development
Chris Saville	Vice President, Commercial Operations
Joseph Tucker	Director, Executive Chairman
Peter Seufer-Wasserthal	Director
Sadiq Lalani	Director
Donald Archibald	Director
Al Foreman	Director
Fotis Kalantzis	Director

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

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

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 **November 29, 2019**

Travis Doupe
Name of Director or Senior Officer

(signed) "*Travis Doupe"*
Signature

Chief Financial Officer
Official Capacity

Issuer Details Name of Issuer Willow Biosciences Inc.	For Quarter Ended September 30, 2019	Date of Report YY/MM/D 19/11/29
Issuer Address 3655 36th Street NW		
City/Province/Postal Code Calgary/AB/T2L 1Y8	Issuer Fax No. (403) 779-6149	Issuer Telephone No. (403) 669-4848
Contact Name Trevor Peters	Contact Position President and CEO	Contact Telephone No. (403) 669-4848
Contact Email Address t.peters@willowbio.com	Web Site Address www.willowbio.com	

Schedule A

Unaudited Condensed Consolidated Interim Financial Statements of

WILLOW BIOSCIENCES INC.

(FORMERLY MAKENA RESOURCES INC.)

September 30, 2019

	September 30, 2019	December 31, 2018
Assets		
Current		
Cash and cash equivalents	$ 24,042,331	$ 372,343
Accounts receivable	798,055	352,111
Term deposit	90,660	-
Deposits and prepaid expenses	439,475	63,185
	25,370,521	787,639
Property, plant and equipment – Note 8	5,738,198	179,395
Patents – Note 10	6,428,814	-
Right-of-use asset – Note 9	1,086,038	-
	$ 38,623,571	$ 967,034
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 1,547,078	$ 132,000
Current portion of lease liability – Note 9	609,908	-
	2,156,986	132,000
Warrant liability – Note 11	11,252,607	-
Lease liability – Note 9	487,129	-
	13,896,722	132,000
Shareholders' equity		
Share capital and warrants – Note 11	72,600,708	9,260,291
Contributed surplus	2,778,547	764,472
Accumulated other comprehensive income (loss)	7,028	-
Deficit	(50,659,434)	(9,189,729)
Total Shareholders' equity	24,726,849	835,034
	$ 38,623,571	$ 967,034

See accompanying notes to these condensed interim consolidated financial statements.

Approved by the Board of Directors and authorized for issue on November 21, 2019.

Condensed Consolidated Interim Statements of Comprehensive Loss (unaudited)

For the three and nine months ended

	Three months ended September 30 2019	2018	Nine months ended September 30 2019	2018
Revenues				
Consulting revenue – Note 5	$ -	$ 9,099	$ 4,584	$ 9,099
	-	9,099	4,584	9,099
Operating Expenses				
General and administrative – Note 13	1,422,624	222,173	3,084,792	675,907
Research and development	1,391,700	49,506	1,710,875	223,120
Stock based compensation – Note 11	565,135	7,248	2,032,327	578,585
Depreciation	791,502	12,654	1,304,588	25,900
Interest expense – leases – Note 9	15,080	-	30,026	-
Goodwill impairment – Note 4	-	-	31,739,103	-
Transaction and listing costs – Note 4	-	-	1,892,126	-
(Gain)/Loss on fair value adjustments – Note 11	(3,166,918)	-	1,180,881	-
Finance income	(27,970)	-	(28,223)	-
Unrealized (gain)/Loss	108,168	-	108,168	-
Total operating expenses	$ 1,099,321	$ 291,581	$ 43,054,663	$ 1,503,512
Loss from operating activities	(1,099,321)	(282,482)	(43,050,079)	(1,494,413)
Deferred income tax recovery	-	-	1,580,374	-
Net loss	(1,099,321)	(282,482)	(41,469,705)	(1,494,413)
Foreign exchange gain (loss) on translation of foreign operations	(3,752)	-	7,028	-
Net comprehensive loss	$ (1,103,073)	$ (282,482)	$ (41,462,677)	$ (1,494,413)
Loss per share: Basic and diluted – Note 12	$ (0.01)	$ (0.00)	$ (0.59)	$ (0.03)

See accompanying notes to these condensed interim consolidated financial statements.

	Number of Common Shares	Share Capital and Warrants	Contributed Surplus	Accumulated other Comprehensive Income	Deficit	Total
	(Note 11)	(Note 11)	(Note 11)			
January 1, 2018	46,679,111	$ 7,119,976	$ 675,667	$ -	$ (7,545,165)	$ 250,478
Common shares issued from private placement	1,900,000	190,000	-	-	-	190,000
Issued in private placement of units	3,871,333	1,150,315	-	-	-	1,150,315
Exercise of options	5,000,000	500,000	(499,500)	-	-	500
Issuance of units for debt	1,000,000	300,000	-	-	-	300,000
Share-based compensation	-	-	578,585	-	-	578,585
Net loss for the period	-	-	-	-	(1,494,413)	(1,494,413)
September 30, 2018	58,450,444	$ 9,260,291	$ 754,752	$-	$ (9,039,578)	$ 975,465
January 1, 2019	58,450,444	$ 9,260,291	$ 764,472	$ -	$ (9,189,729)	$ 835,034
Exercise of options	250,000	43,252	(18,252)	-	-	25,000
Share-based compensation	-	-	2,032,327	-	-	2,032,327
Shares exchanged on reverse takeover	(58,700,444)	-	-	-	-	-
Existing shares of Makena	1,409,847	-	-	-	-	-
Shares issued to BioCan shareholders	17,142,878	1,096,125	-	-	-	1,096,125
Common shares and units issued from private placement	33,371,428	15,763,196	-	-	-	15,763,196
Share issue costs	-	(1,841,909)	-	-	-	(1,841,909)
Common shares issued on acquisition of Epimeron	17,143,199	36,429,298	-	-	-	36,429,298
Common shares issued on exercise of warrants	9,803,470	8,466,952	-	-	-	8,466,952
Transfer of warrant liability to common shares and warrants	-	3,365,078	-	-	-	3,365,078
Common shares and units issued from private placement	21,057	18,425	-	-	-	18,425
Other comprehensive income	-	-	-	7,028	-	7,028
Net loss for the period	-	-	-	-	(41,469,705)	(41,469,705)
September 30, 2019	78,891,879	$ 72,600,708	$ 2,778,547	$7,028	$ (50,659,434)	$ 24,726,849

See accompanying notes to these condensed interim consolidated financial statements.

	Three months ended September 30 2019	2018	Nine months ended September 30 2019	2018
Cash provided by (used for):				
Operating activities				
Net loss	$ (1,099,321)	$ (282,482)	(41,469,705)	$ (1,494,413)
Items not affecting cash and cash equivalents:				
Depreciation	791,502	12,654	1,304,588	25,900
Impairment of goodwill– Note 4	-	-	31,739,103	-
(Gain)/ Loss on fair value of warrant liability	(3,166,918)	-	1,180,881	-
Stock based compensation – Note 11	565,135	7,248	2,032,327	578,585
Share listing expense – Note 4	-	-	1,288,296	-
Deferred income tax recovery	-	-	(1,580,374)	-
Unrealized gain/ (loss)	(3,752)		7,028	
Funds used in operations	(2,913,354)	(262,580)	(5,497,856)	(889,928)
Net change in non-cash working capital – Note 14	1,438,168	(108,250)	702,040	(102,922)
	(1,475,186)	(370,830)	(4,795,816)	(992,850)
Financing activities				
Issuance of common shares and warrants – private placement net of share issue costs – Note 11	18,425	1,103,915	27,379,827	1,340,815
Stock option exercise – Note 11	-	-	25,000	-
Funds held in trust	472,987	-	-	-
Exercise of warrants – Note 11	400,000	-	8,466,952	-
Amounts due to related party	-	(20,466)	-	(21,058)
	891,412	1,083,449	35,871,779	1,319,757
Investing activities				
Expenditures on property, plant and equipment	(3,188,143)	(55,753)	(6,390,298)	(111,061)
Principle portion of right-of-use assets	(145,415)	-	(269,518)	-
Net change in non-cash working capital – Note 14	(804,015)	-	(804,015)	-
Cash acquired from acquisitions	-	-	57,856	-
	(4,137,573)	(55,753)	(7,405,975)	(111,061)
Increase (decrease) in cash and cash equivalents	(4,721,347)	656,866	23,669,988	215,846
Cash and cash equivalents, beginning of period	28,763,678	147,494	372,343	588,514
Cash and cash equivalents, end of period	$ 24,042,331	$ 804,360	$ 24,042,331	$ 804,360

Supplementary cash flow information – Note 14

See accompanying notes to these condensed interim consolidated financial statements.

Note 1 - Reporting Entity

Makena Resources Inc. ("Makena") was an exploration stage company, listed on the Canadian Securities Exchange ("CSE"). The principal business activities of Makena included the acquiring and exploring of exploration and evaluation mining assets.

On April 12, 2019, Makena, BioCan Technologies Inc. ("BioCan") and Epimeron Inc. ("Epimeron) completed an Arrangement Agreement (the "Arrangement"). Pursuant to the Arrangement, each BioCan share or warrant was transferred to Makena, and each holder thereof was entitled to receive from Makena the consideration comprised of such number of Makena shares or warrants determined in the exchange ratio of 7.301 (the "BioCan Exchange Ratio") Makena shares or warrants for each BioCan share or warrant. This transaction resulted in a reverse takeover of Makena by BioCan. For accounting purposes, BioCan is considered the acquirer and Makena the acquiree.

Pursuant to the Arrangement, each Epimeron share was transferred to Makena, and each holder thereof was entitled to receive from Makena the consideration comprised of such number of Makena shares determined in the exchange ratio of 577.14 (the "Epimeron Exchange Ratio") Makena shares for each Epimeron share.

At the completion of the Arrangement, Makena changed its name to Willow Biosciences Inc. ("Willow" or the "Company"). Willow was continued from British Columbia under the Business Corporations Act (Alberta) on June 21, 2019. Willow is a biotechnology company that produces high purity, plant derived compounds that provide building blocks for the global pharmaceutical industry. The Company has a head office in Calgary, Alberta and operations in Vancouver, British Columbia and Mountain View, California. The Company's shares are listed on the CSE under the trading symbol "WLLW". The Company's head office and registered office is located at 3655 36th Street NW, Calgary AB, T2L 1Y8.

On May 22, 2019, the Company completed a 25:1 share consolidation. All common shares, warrants, performance warrants and stock options amounts in these financial statements are presented as if the share consolidation was affected retroactively.

The consolidated interim financial statements are in the name of Willow Biosciences Inc. (formerly Makena), and are a continuation of the consolidated financial statements of BioCan.

These consolidated interim financial statements were approved and authorized for issuance on November 21, 2019.

Note 2 - Basis of Presentation

Statement of Compliance

The consolidated interim condensed financial statements of the Company as at and for the three and nine months ended September 30, 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with BioCan's December 31, 2018 annual financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee.

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with those used in BioCan's 2018 annual financial statements except as disclosed in Note 3.

Basis of Measurement

The financial statements have been prepared on a historical cost basis.

Functional and Presentation Currency

Unless otherwise stated, these financial statements are presented in Canadian (CAD) dollars. The Company's functional currency is the Canadian dollar. The functional currency for the company's wholly owned subsidiary is United States (USD) dollar.

Use of Estimates and Judgements

Estimates and judgments made by management in the preparation of these financial statements include compensation costs accrued for the share-based compensation plan and warrant valuation which are subject to the estimation of what the ultimate payout will be using the Black-Scholes pricing model which is based on significant assumptions such as the future volatility of the market price of the Company's shares and expected term of the issued stock options, warrants and performance warrants.

Note 3 - Accounting Policies

Consolidation

Subsidiaries:

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, substantive potential voting rights are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation:

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition including any contingent consideration is measured as the aggregate of the consideration transferred at acquisition date fair value. The acquired identifiable net assets are measured at their fair value at the date of acquisition. Any excess of the consideration transferred over the fair value of the net assets acquired is recognized as goodwill. Any deficiency of the consideration transferred below the fair value of the net assets acquired is recorded as a gain in net income. Associated transaction costs are expensed when incurred. Any contingent consideration to be transferred to the vendor is recognized at fair value at the acquisition date. Contingent consideration classified as a financial asset or liability is measured at fair value, with changes in fair value recorded in net income.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the operating segment that is expected to benefit from the combination. Goodwill is carried at cost less impairment and is not amortized.

Goodwill is assessed for impairment annually at year-end or more frequently if events occur that indicate possible impairment. The recoverable amount is determined by calculating the recoverable amount of the group of cash generating units ("CGUs") that goodwill has been allocated to. The excess of the carrying value of goodwill over the recoverable amount is then recognized as impairment and charged to net income in the period in which it occurs. An impairment loss in respect of goodwill is not reversed.

Where goodwill forms part of a CGU and part of the operation in that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained, unless the Company determines there is a better method of allocating the goodwill on disposition.

Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. A development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically, and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. These criteria are usually met when it has been determined that it is considered highly probable that the product or process can be patented, and the regulatory filing has begun. The expenditure capitalized includes the cost of material, direct labour, legal and consulting costs associated with filing the patent and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures are expensed as incurred. Capitalized development expenditures are measured at cost less accumulated amortization and accumulated impairment loss.

Term deposits

Term deposits include investments with original maturities of greater than three months and less than twelve months that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

Investment Tax Credits and Government Assistance

The benefits of investment tax credits ("ITCs") for scientific research and experimental development expenditures ("SRED") are recognized in the year the qualifying expenditure is made providing there is reasonable assurance of recoverability. The investment tax credits recorded are based on management's estimates of amounts expected to be recovered and are subject to audit by taxation authorities. The investment tax credit reduces the carrying cost of expenditures for research and development or equipment to which they relate.

Research grants are recognized as a recovery of research expenditures in the statement of comprehensive income (loss) when there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. The Company only recognizes grant proceeds on the statement of comprehensive income (loss) when the proceeds have been spent on research expenses. Grant amounts received in advance are recorded as deferred grant proceeds.

Foreign currencies

Transactions in foreign currencies are translated to the functional currency at exchange rates in effect at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate in effect at that date. The foreign currency gain or loss on monetary items has been recognized in other comprehensive income.

The Company's foreign operations that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency at period end exchange rates for assets and liabilities and at the average rate over the period for revenues and expenses. Translation gains and losses relating to the foreign operations are included as a component of shareholder' equity in Other Comprehensive Income/Loss.

Change in Accounting Policies

IFRS 16 - Leases

The Company adopted IFRS 16 "Leases" on January 1, 2019 which requires entities to recognize lease assets and lease obligations on the statement of financial position. For lessees, IFRS 16 removes the classification of leases as either operating leases or finance leases, effectively treating all leases as finance leases. Certain short-term leases (less than 12 months) and leases of low-value assets can be elected to be exempt from the requirements and may continue to be treated as operating leases.

On adoption, non-current assets, and non-current liabilities on the Company's statement of financial position increased. Interest expense will be recognized on the lease obligation and lease payments will be applied against the lease obligation. This resulted in a decrease to operating expense and general and administration expense and an increase to interest expense and fund flows from operations. The impact on the balance sheet is presented in Note 9.

Note 4 - Acquisitions

(a) Makena Acquisition

On March 22, 2019, the Company entered into a definitive agreement to be acquired by Makena Resources Inc. The acquisition was completed via a reverse takeover whereby Makena acquired 100% of the outstanding common shares of BioCan by issuing 17,142,878 common shares of Makena, which resulted in BioCan shareholders gaining control of Makena. The transaction closed on April 12, 2019. At the time of the transaction, Makena had 1,409,847 common shares outstanding.

The following table summarizes the purchase consideration and estimated provisional purchase price allocation for the acquisition, subject to finalization of the valuation of the fair value of the acquired assets and liabilities at the date of acquisition:

Total consideration, payable in common shares	$ 1,096,125
Assets and liabilities acquired	
Cash	$ 311
Accounts receivable	8,710
Accounts payable and accrued liabilities	(201,192)
Net assets acquired	(192,171)
Share listing expense	1,288,296
	$ 1,096,125

As the acquisition was not considered a business combination, the excess of the fair value of the consideration over the net assets of $1,288,296 is included as an expense on the statement of comprehensive loss. In addition, the Company incurred $603,830 in transaction costs relating to the reverse takeover, for a total transaction and share listing expense of $1,892,126.

(b) Epimeron Acquisition

On March 22, 2019, the Company entered into a definitive agreement to acquire 100% of the outstanding shares of Epimeron Inc. in exchange for 17,143,199 common shares of the Company. The transaction, the “Epimeron Acquisition” closed on April 12, 2019.

The following table summarizes the purchase consideration and estimated provisional purchase price allocation for the acquisition, subject to finalization of the valuation of the fair value of the acquired assets and liabilities at the date of acquisition:

Total consideration, payable in common shares	$ 36,429,298

Assets and liabilities acquired	
Current assets	$ 264,461
Right-of-use assets – leases	667,903
Property, plant and equipment	25,974
Patents	6,599,316
Current liabilities	(619,266)
Deferred tax liability	(1,580,374)
Lease liability	(667,819)
Goodwill	31,739,103
Net assets acquired	$ 36,429,298

The Epimeron Acquisition has been accounted for using the acquisition method and the results of operations from Epimeron have been included in the Company's financial statements since the acquisition date.

Concurrent with the Epimeron Acquisition, the Company recognized goodwill of $31,739,103, which the Company subsequently impaired as a charge to profit or loss during the period.

Goodwill impairment review is carried out at the level of a 'cash-generating unit', defined as the smallest identifiable group of assets, liabilities and associated goodwill that generates cash inflows that are largely independent of other cash flows from other assets or groups of assets. Since the Company does not have a cash generating unit yet the goodwill balance has been impaired.

The net loss for Epimeron would have been $1,640,576 for the period from January 1, 2019 to June 30, 2019. The Companies were amalgamated as of June 30th, 2019.

Note 5 - Revenue

On July 31, 2017, BioCan entered into a General Service Agreement ("GSA") with the Province of British Columbia. Under the terms of the GSA, the Company is contracted to act as a knowledgeable person on behalf of the British Columbia Ministry of Agriculture for farm practices complaints related to cannabis operations.

The Company recorded $nil revenue from this contract during the three months ended September 30, 2019, and $4,584 for the nine months ended September 30, 2019 (September 30, 2018- $9,099).

Note 6 - Capital Management

The Company considers all components of shareholders' equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to complete research, obtain patents, commercialize products and generate positive operational cash flow and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company is not exposed to any externally imposed capital requirements.

Note 7 - Financial Instruments and Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments at September 30, 2019 include cash and cash equivalents, accounts receivable, term deposits, accounts payable and accrued liabilities and current portion of lease liability.

(a) **Fair Values of Financial Instruments**

The fair value of cash and cash equivalents, accounts receivable, term deposit, accounts payable and accrued liabilities and current portion of lease liability approximate their carrying values due to the short-term nature of those instruments.

(b) **Risks Associated with Financial Assets and Liabilities**

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash and cash equivalents and accounts receivable. The Company reduces its credit risk on cash and cash equivalents by maintaining its bank accounts at large international financial institutions. Accounts receivable consists predominately of the Industrial Research Assistance Program (IRAP), a government funded research grant, Scientific Research Experimental and Developmental tax refund and GST receivable. As such, management has concluded that the Company has no significant credit risk. The maximum exposure to credit risk is equal to the value of the financial assets.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Cash is held in bank accounts and is available on demand.

Market risk

Market risk is the risk that fluctuations in commodity prices, interest rates and foreign currency rates will affect the Company's net loss and comprehensive loss or the value of its financial assets and liabilities. The Company has no significant market risk exposure at September 30, 2019 other than currency risk, as discussed below.

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates and the degree of volatility of those rates. Currency risk is limited to the portion of the Company's business transactions denominated in USD, primarily cash and expenses incurred in USD.

Exchange rate fluctuations for foreign currency transactions can cause cash flows as well as amounts recorded in the consolidated statements of comprehensive loss to vary from period to period and not necessarily correspond to those forecasted in operating budgets and projections. Additional earnings variability arises from the translation of monetary assets and liabilities denominated in currencies other than the CAD at the rates of exchange at each consolidated statement of financial position date, the impact of which is reported as foreign exchange gain or loss in the consolidated statements of comprehensive loss. The Company does not believe a sudden change in foreign exchange rates would impair or enhance its ability to pay its USD denominated obligations.

The following table presents the significant items in the original currencies exposed to currency risk as at September 30, 2019 and December 31, 2018:

(in USD)	**September 30, 2019**	**December 31, 2018**
Cash and cash equivalents	$ 626,369	$ -
Deposits and prepaid expenses	133,765	-
Accounts payable and accrued liabilities	(105,086)	-
Lease liability	(380,278)	-
Net holdings	$ 274,770	$ -
Impact of 5% strengthening of USD based on above exposure	CAD$ 18,194	CAD$ -

Note 8 – Property, Plant and Equipment

	Corporate and other assets
Cost	
Balance at December 31, 2017	$ 192,428
Additions	202,844
Balance at December 31, 2018	395,272
Acquisition of Epimeron – Note 4	25,974
Additions	6,390,298
Balance at September 30, 2019	$ 6,811,544

	Corporate and other assets
Accumulated depletion and depreciation	
Balance at December 31, 2017	$ (169,486)
Depreciation for the year	(46,391)
Balance at December 31, 2018	$ (215,877)
Depreciation for the period	(857,469)
Balance at September 30, 2019	$ (1,073,346)

	Corporate and other assets
Net book value	
As at December 31, 2018	$ 179,395
As at September 30, 2019	$ 5,738,198

Note 9 – Leases

The Company has recognized right-of-use assets and lease liability of $278,116 at January 1, 2019. The Company transitioned to IFRS 16 in accordance with the modified retrospective approach. The prior-year figures were not adjusted. The lease liabilities were discounted at the incremental borrowing rate of 5.45%.

Right-of-use asset

	Total
Cost	
Balance at January 1, 2019	278,116
Acquisition of Epimeron – Note 4	667,903
Additions	420,363
Foreign exchange impact	(3,727)
Balance at September 30, 2019	1,362,655

Accumulated depletion and depreciation	
Balance at January 1, 2019	$ -
Charge for the period	(276,617)
Balance at September 30, 2019	$ (276,617)

Net book value	
As at December 31, 2018	$ -
As at September 30, 2019	$ 1,086,038

Lease Liabilities

	Total
Lease liability at January 1, 2019	$ 278,116
Acquisition of Epimeron – Note 4	667,819
Additions	420,363
Interest expense on lease liability	30,026
Payments on lease liability	(294,977)
Foreign exchange impact	(4,310)
Lease liability at September 30, 2019	$ 1,097,037

Lease liabilities in the statement of financial position at September 30, 2019	
Current	609,908
Non-current	487,129
Balance at September 30, 2019	$ 1,097,037

Note 10 - Patents

The Company has valued the patents based on costs that were acquired as a part of the Epimeron acquisition. These costs include salaries, benefits, consulting, equipment and legal costs. No other costs are capitalized as there is no reasonable assurance of commerciality when other Research and Development and patent filing expenditures were made.

The cost of the patents have been amortized over their useful lives of 16 – 21 years.

The company reviews the current value of patents at each reporting period for indicators of impairment. The patents were acquired as a part of the recent acquisition of Epimeron on April 12, 2019 and was assessed for impairment then, there are no indicators of impairment during the period ended September 30, 2019.

Cost	
Balance at December 31, 2017 and 2018	$ -
Acquisition of Epimeron Inc. – Note 4	6,599,316
Balance at September 30, 2019	$ 6,599,316

Accumulated depletion and depreciation	
Balance at December 31, 2017 and 2018	$ -
Charge for the period	(170,502)
Balance at September 30, 2019	$ (170,502)

Net book value	
As at December 31, 2018	$ -
As at September 30, 2019	$ 6,428,814

Note 11 - Share Capital

(a) Authorized

Unlimited number of common shares without par value.
Unlimited number of preferred shares issuable in series.

(b) Issued and Outstanding

	Number of Common Shares	Share Capital and Warrants
January 1, 2018	46,679,111	$ 7,119,976
Common shares issued from private placement	1,900,000	190,000
Issued in private placement of units (net of costs)	3,871,333	1,150,315
Exercise of options	5,000,000	500
Issued to a related party upon cancellation of debt	1,000,000	300,000
Transfer to contributed surplus on exercise of options	-	499,500
December 31, 2018	58,450,444	$ 9,260,291
Exercise of options	250,000	43,252
Shares exchanged on reverse takeover	(58,700,444)	-

Existing shares of Makena	1,409,847	-
Shares issued to BioCan shareholders	17,142,878	1,096,125
Common shares and units issued from private placement	33,371,428	15,763,196
Share issue costs	-	(1,841,909)
Common shares issued on acquisition of Epimeron	17,143,199	36,429,298
Common shares issued on exercise of warrants	9,803,470	8,466,952
Transfer of warrant liability to common shares and warrants	-	3,365,078
Common shares and units issued from private placement	21,057	18,425
September 30, 2019	78,891,879	$72,600,708

On February 4, 2019, 250,000 shares were issued at a price of $0.10 per share upon the exercise of 250,000 stock options.

On April 12, 2019, the Company received approval from the CSE and completed a private placement raising $29.2 million by the issuance of an aggregate 33,371,428 common shares and units at $0.875 each. Each unit consists of one common share and one performance warrant. A total of 9,201,707 common shares and 24,169,722 units were issued. Also, on April 12, 2019, the Company completed the acquisition of Epimeron Inc. by issuance of 17,143,199 common shares and a reverse takeover of Makena by issuance of 17,142,878 common shares to BioCan shareholders.

On May 13, 2019, 9,219,390 common shares were issued at $0.875 for exercise of warrants.

On August 21, 2019, 584,080 common shares were issued at $ 0.68 for exercise of warrants.

On September 9, 2019, the Company issued an additional 21,057 units at $ 0.875 with the same expiry date, vesting conditions and exercise price as the units which were issued on April 12, 2019 for gross proceeds of $18,425.

(c) Issued and outstanding warrants

	Number of Warrants	Weighted Average Exercise Price $
December 31, 2017	1,022,140	$ 0.68
Issued during 2018 with private placement of units	1,130,584	1.54
Issued to a related party upon cancellation of debt	292,040	1.54
Warrants at December 31, 2018	2,444,764	$ 1.18
Issued from the reverse takeover of Makena	729,748	8.33
Exercised	(584,080)	0.68
Expired	(451,560)	0.68
Warrants at September 30, 2019	2,138,872	$ 3.71

Warrants outstanding and the weighted average remaining life of the warrants at September 30, 2019 are as follows:

Warrants Outstanding	Warrants Vested

Exercise Price $	Number of Warrants	Weighted Average Remaining Life (years)	Number of Warrants	Weighted Average Remaining Life (years)
1.54	1,422,624	0.4	1,422,624	0.4
25.00	20,800	0.8	20,800	0.8
25.00	13,960	1.1	13,960	1.1
25.00	65,000	1.5	65,000	1.5
25.00	37,175	1.7	37,175	1.7
4.00	579,313	3.1	579,313	3.1
3.71	2,138,872	1.3	2,138,872	1.3

(d) Issued and outstanding performance warrants

	Number of Performance Warrants	Weighted Average Exercise Price $
Performance warrants at December 31, 2017	2,866,758	1.20
Issued	365,050	0.856
Cancelled	(2,282,678)	1.20
Performance warrants at December 31, 2018	949,130	1.06
Issued	24,190,779	0.875
Exercised	(9,219,390)	0.875
Cancelled	(365,050)	0.856
Performance warrants at September 30, 2019	15,555,469	0.89

The Company issued 365,050 performance warrants to a certain officer on May 3, 2018. The performance warrants were allocated in three tranches of 121,683 performance warrants with an exercise price of $0.856 per share and expire on May 3, 2023. One third of the performance warrants vest when the share price reaches $0.50, $0.75 and $1.00 per share. The Company cancelled these performance warrants on February 13, 2019 and recorded an expense of $31,768.

On April 12, 2019, the Company received approval from the CSE and completed a private placement raising gross proceeds of $29.2 million by the issuance of an aggregate 33,371,428 common shares and units at $0.875 each. Each unit consists of one common share and one performance warrant. A total of 9,201,706 common shares and 24,169,722 units were issued. The units were issued to the new management team, employees, directors and certain strategic investors as identified by the new management team. Each performance warrant entitles the holder to purchase one common share at a price of $0.875 for a period of 5 years, after certain vesting requirements. The performance warrants vest and become exercisable as to one-third upon the 20-day volume weighted average trading price of the common shares (the "Market Price") equalling or exceeding $1.31, an additional one-third upon the Market Price equalling or exceeding $1.75 and a final one-third upon the Market Price equalling or exceeding $2.19. In addition, in the event the Market Price equals or exceeds $3.50, each performance warrant shall be exercisable for 1.5 common shares, provided that, at the time of exercise in respect of the additional 0.5 of a common share per performance warrant (the "Performance Incentive"), the common shares are listed on the facilities of a recognized stock exchange (other than the CSE or the TSX-Venture) or the common shares are acquired for cash or for the securities of a company listed on a recognized stock exchange (other than the CSE or the TSX-Venture).

On September 9, 2019, the Company issued an additional 21,057 units with the same expiry date, vesting conditions and exercise price as the units which were issued on April 12, 2019 for gross proceeds of $18,425.

The performance warrants issued on April 12, 2019 and September 9, 2019 were initially accounted for as a derivative liability and measured at fair value with subsequent changes in fair value each reporting period accounted for through profit and loss. The performance warrants satisfy the derivative liability classification on the date of issuance, as the number of common shares to be issued per warrant is dependent on market price conditions. Should the warrants expire prior to the market performance conditions being met, the related decrease in warrant liability is recognized in profit or loss.

Once the market conditions are met, the warrants would meet equity classification criteria on this date, as the holder will receive a fixed number of common shares for each warrant when exercised, and the fair value will be reclassified to equity.

The Company valued the performance warrants issued in connection with this private placement using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 1.60 - 1.80%; volatility of 82%; dividend yield of 0% and approximate expected lives of 3.5-5 years, inclusive of incremental Performance Incentive. At initial valuation, $13,436,804 was recognized as warranty liability. On exercise date, the warrants were fair valued and the resultant value of $327,576 has been recognized in warranty liability and $3,365,078 has been recognized in equity under common shares and warrants, as the Market Price vesting conditions have been met, and the remainder which has not yet vested has been recorded as warrant liability. On June 30, 2019, the warrants were fair valued at $14,419,525 and the resultant value of $4,020,223 was recognized in warranty liability. Subsequently at September 30, 2019, the warrants have been fair valued at $11,252,607 and $3,166,918 has been de-recognized from warranty liability.

Performance warrants outstanding and the weighted average remaining life of the performance warrants at September 30, 2019 are as follows:

	Performance Warrants Outstanding		Performance Warrants Vested	
Exercise Price $	Number of Performance Warrants	Weighted Average Remaining Life (years)	Number of Performance Warrants	Weighted Average Remaining Life (years)
1.20	584,080	0.4	584,080	0.4
0.875	14,971,389	4.5	6,907,796	4.5
0.89	15,555,469	4.4	7,491,876	4.2

(e) Issued and outstanding employee stock options

	Number of Employee Stock Options	Weighted Average Exercise Price $
Options at December 31, 2017	2,082,816	$ 0.15
Issued	365,050	0.07
Cancelled	(914,656)	0.34
Exercised	(1,460,200)	0.0003
Options at December 31, 2018	73,010	$ 0.34
Issued from Makena reverse takeover	37,490	4.75
Expired	(37,490)	4.75
Exercised	(73,010)	0.34
Issued	4,852,800	1.47
Options at September 30, 2019	4,852,800	$ 1.47

During the three and nine months ended September 30, 2019, the Company recorded an expense of $565,135 and $2,000,559 respectively (September 30, 2018 – $nil and $273,858, respectively) to stock-based compensation expense recognizing the stock option activity for the period based on the fair value of options issued amortized using a graded vesting calculation.

(f) Share-based compensation expense

	Three months ended September 30,		Nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
Stock options	$ 565,135	-	$ 2,000,559	$ 273,858
Performance warrants	-	$ 7,248	31,768	304,727
Total	$ 565,135	$ 7,248	$ 2,032,327	$ 578,585

Note 12 - Per Share Amounts

The following table summarizes the weighted average number of common shares used in calculating basic and diluted loss per share.

	Three months ended September 30,		Nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
Net loss	$ (1,099,321)	$ (282,482)	$ (41,469,705)	$ (1,494,413)
Weighted average common share adjustments				
Weighted average common shares outstanding, basic and diluted	78,634,377	56,520,720	69,656,580	53,585,257

As the Company incurred a loss, outstanding warrants, performance warrants and options were excluded from diluted loss per share as they are anti-dilutive.

Note 13 - Statements of Comprehensive Loss Supplementary Information

General and Administrative Expenses

	Three months ended September 30,		Nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
Consulting and technical services	$ 250,924	$ 5,757	$ 470,210	$ 11,257
Salaries, wages and benefits	355,842	113,616	795,839	298,820
Legal, audit and accounting	208,642	44,476	379,829	143,331
Investor relations	230,158	29,801	635,069	124,660
Corporate and office	377,058	28,523	803,845	97,839
	$ 1,422,624	$ 222,173	$ 3,084,792	$ 675,907

Note 14 - Statements of Cash Flows Supplementary Information

(a) Net change in non-cash working capital

	Three months ended September 30,		Nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
Accounts receivable	178,933	$ (69,428)	(381,950)	$ (62,762)
Term deposits	(60,000)	-	(60,254)	-
Deposits and prepaid expenses	902,928	(3,000)	(255,065)	(14,654))
Accounts payable and accrued liabilities	(387,033)	(35,822)	595,294	(25,506)
Amount due to related party	(675)	-	-	-
	$ 634,153	$ (108,250)	$ (101,975)	$ (102,922)
Relating to:				
Investing activities	$ (804,015)	$ (108,250)	$ (804,015)	$ (102,922)
Operating activities	1,438,168	-	702,040	-
	$ 634,153	$ (108,250)	$ (101,975)	$ (102,922)

(b) Supplementary cash flow information

No interest or taxes were paid or received during the three and nine months ended September 30, 2019 or September 30, 2018. Cash and cash equivalents at September 30, 2019 and December 31, 2018 consists of cash held in the Company’s bank accounts and does not include any short-term investments.

Schedule C

WILLOW BIOSCIENCES INC.

(FORMERLY MAKENA RESOURCES INC.)

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019

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Calgary, Alberta T2L 1Y8
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This Management's Discussion and Analysis ("MD&A") of Willow Biosciences Inc. ("Willow" or the "Company") has been prepared by management as of November 21, 2019.

This MD&A should be read in conjunction with the unaudited interim condensed financial statements for the three and nine months ended September 30, 2019 and the audited financial statements for the year ended December 31, 2018 and supporting notes. Unless otherwise stated, financial information in this MD&A is expressed in Canadian dollars. Certain dollar amounts have been rounded to the nearest million dollars, hundred thousand dollars or thousand dollars, as noted.

Additional information relating to Willow can be found at www.willowbio.com. The Company's continuous disclosure materials, including its annual and quarterly MD&A, audited annual and unaudited interim financial statements, Information Circulars, Annual Information Form and various reports issued by the Company are also available through SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION

This MD&A may include forward-looking statements including opinions, assumptions, estimates, the Company's assessment of future plans and operations, and, more particularly, statements concerning: the business plan of the Company, including cannabinoid research and production at the facilities located in Alberta, British Columbia and California; the development of a yeast-based cannabinoid production platform, the scale-up and the timing thereof; improved productivity and yield; future commercialization and revenue; the performance of the science team, management and board; the strategic partnership with Noramco (as defined below) and other future strategic relationships; and the use of proceeds from the private placement and warrant exercises. When used in this document, the words "will," "anticipate," "believe," "estimate," "expect," "intent," "may," "project," "should," and similar expressions are intended to be among the statements that identify forward-looking statements. The forward-looking statements are founded on the basis of expectations and assumptions made by the Company which include, but are not limited to, the timing of the receipt of the required regulatory and third-party approvals and the future operations the Company. Forward-looking statements are subject to a wide range of risks and uncertainties, and although the Company believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will be realized. Any number of important factors could cause actual results to differ materially from those in the forward-looking statements including, but not limited to, risks associated with the cannabinoid industry in general, infringement on intellectual property, failure to benefit from partnerships or successfully integrate acquisitions, actions and initiatives of federal and provincial governments and changes to government policies and the execution and impact of these actions, initiatives and policies, import/export and research restrictions for cannabinoid-based operations, the size of the cannabinoid market, competition from other industry participants, adverse U.S., Canadian and global economic conditions, failure to comply with certain regulations, departure of key management personnel or inability to attract and retain talent regulatory and other factors more fully described from time to time in the reports and filings made by the Company with securities regulatory authorities. Except as required by applicable laws, the Company does not undertake any obligation to publicly update or revise any forward-looking statements.

Overview

Willow is a Canadian biotechnology company that produces high purity, nature-based compounds for the global pharmaceutical industry. Willow is initially focused on the production of cannabinoids for the treatment for pain, anxiety, obesity, cancer treatments and brain disorders. With its proven science team, Willow is building on its prior successes, including high purity compounds used today in pain and cancer treatments. Willow uses a scalable manufacturing process to create a consistent, sustainable compound that allows for the discovery and economic development of new, life changing drugs.

Willow has three laboratories for research and development in Calgary, Alberta, Mountain View, California and Burnaby, British Columbia. At our facility in Calgary, Alberta, the Company focuses on deploying Willow's proprietary genomics tools to resolve the key bottlenecks that impede maximum biosynthetic cannabinoid production in the Company's industrially appropriate yeast manufacturing system. The research team led by Dr. Peter Facchini includes 13 scientists with backgrounds in genomics, plant biochemistry, chemistry and analytics. The 4,000 square foot secure facility employs cutting-edge bioassay capabilities, liquid handling robots, and analytical instrumentation, and leverages access to the University of Calgary's plant cultivation resources and growth chambers.

In Mountain View, California, the team exploits a wide variety of high throughput screening technologies to identify and deploy additional genetic elements and solutions to further enhance production from its working cannabinoid-producing yeast strains. This secure facility includes cutting-edge automated yeast colony picking, liquid handling robots, and analytical instrumentation combined with large scale bioinformatics and data handling systems to rapidly evaluate high volumes of data and results. The research team currently consists of 11 including several key personnel focused on strain engineering, high throughput screening and analytics assay development.

Willow's lab in Burnaby, British Columbia, focuses on correlating the physical characteristics of cannabis plant strains with their unique genomic underpinnings to enable the improvement of both plant and yeast strains, and also houses state-of-the-art molecular biology and analytical chemistry capabilities.

In addition to the Company's in-house capabilities, Willow is collaborating with a precision gene editing company and a fermentation research and development company to shorten strain engineering cycle times, cost-effectively leverage third-party tools available, and accelerate development of commercial strains and processes.

On June 4, 2019, the Company entered into an exclusive Joint Development Agreement ("JDA") to collaboratively develop and commercialize a yeast-based production platform for the manufacturing and distribution of cannabidiol ("CBD") with Noramco. Under the JDA, Willow is responsible for optimizing yeast strains in a biosynthetic process to produce ultrapure, high yield CBD. Given its existing expertise in the production of CBD and related compounds and its experience in delivering them for clinical and pharmaceutical applications, Noramco is responsible for scale-up, regulatory submission, marketing and distribution. The parties cover their respective costs, retain the intellectual property associated with their respective scopes of work and, as allowed by existing agreements, share equally in gross profits from sales of CBD manufactured under the JDA.

Highlights

- Willow's science team successfully increased cannabinoid production by 25-fold and identified hundreds of beneficial genetic changes that are expected to provide additional increases.
- Willow ended the quarter with strong liquidity, including approximately $24.0 million of cash on hand at September 30, 2019.
- Willow continued to build out our three labs in Calgary, Alberta, Burnaby, British Columbia and Mountain View, California, spending $3.2 million in capex in the quarter ($6.4 million year to date as of September 30th). With the bulk of our capital spending to set up our labs behind us, Willow continues to focus on advancing our yeast strain to produce ultra-pure, pharmaceutical grade cannabidiol (CBD).

- In the quarter we moved into our new facility in Calgary, Alberta located in the Life Sciences Innovation Hub at the University Research Park. The 4,000 square foot secure facility employs cutting-edge bioassay capabilities, liquid handling robots, and analytical instrumentation, and leverages access to the University of Calgary's plant cultivation resources and growth chambers.
- Willow continues to progress its intellectual property portfolio and expects to file five new U.S. provisional patent applications and one Patent Cooperation Treaty "PCT" conversion (which will convert an existing provisional patent application to a U.S. PCT application), all prior to the end of 2019.
- Subsequent to the end of the quarter, the Company received its DEA Controlled Substances Registration Certificate for our Mountain View, California facility, which allows the Company to develop yeast strains which produce CBD.
- On November 5, 2019, the Company commenced trading on the OTCQB® Venture Market under the ticker "CANSF".

Operational Update

During the past quarter, the Company has expanded its research and development team to 33 technical staff, including 21 Ph.D. level scientists, across three sites. The Company's multidisciplinary team consists of plant scientists, strain engineers, analytical chemists and fermentation process engineers. The team's focus has now shifted from expanding its technical capabilities to program execution and operational excellence. The plant sciences team in Canada continues to advance its understanding of cannabinoid accumulation in *C. sativa* along with translation of these results in the Company's yeast production host. These results are further complemented by the Company's high-throughput strain engineering capabilities in its Mountain View, California lab to expand upon beneficial genetic diversity and further optimize its yeast strain toward commercial targets. As a result of these combined efforts, the Company has increased cannabinoid production by 25-fold and identified hundreds of beneficial genetic changes that will provide additional increases. These improved strains are now undergoing evaluation in fermentation tanks at the Company's development partner's facilities.

Outlook

Willow is focused on developing and refining its yeast-based strains that biosynthesize CBD, optimizing production levels and improving the performance of its processes. The Company expects to reach a scalable production level in the first half of 2020, triggering the initiation of Noramco, Inc's efforts to ramp up production, file regulatory submissions and develop marketing and distribution plans. The scaling up of production to commercial levels is expected to take 12 to 18 months, followed by regulatory approval for the manufacturing process and customer sampling during 2021, and first bulk commercial sales anticipated in late 2021 or early 2022.

With approximately $24 million in cash as of September 30, 2019, Willow is well positioned to fund its operations to commercialization.

Willow continues to evaluate strategic relationships with various entities in the consumer-packaged goods and pharmaceutical industries. These partnerships will look to define our market participation and potentially gain entry into new global markets.

CORPORATE DEVELOPMENTS

Makena Resources Inc. Transaction

On April 12, 2019, the Company completed a reverse takeover whereby Makena Resources Inc. ("Makena") acquired 100% of the outstanding common shares of BioCan Technologies Inc. ("BioCan") by issuing 17,142,878 common shares of Makena to BioCan shareholders in exchange for their BioCan shares. This resulted in BioCan shareholders gaining control of Makena. At the time of the transaction, Makena had 1,409,847 common shares, 729,748 warrants and 37,490 stock options outstanding.

The purpose of the transaction was to allow the Company to become a listed public entity. Concurrent with the acquisition of Epimeron Inc. ("Epimeron") and Makena, the publicly listed entity changed its name to Willow Biosciences Inc. and its ticker symbol on the CSE, to "WLLW".

Makena did not meet the definition of a business and the Makena Acquisition was accounted for as the purchase of Makena's net assets by BioCan. The net purchase price was determined as equity settled share-based payment, under IFRS 2, Share-based payments.

Acquisition of Epimeron Inc.

On April 12, 2019, the Company completed the acquisition of 100% of the outstanding shares of Epimeron in exchange for 17,143,199 common shares of the Company. The purchase price was calculated based on the closing share price of the Company at the closing date and it exceeded the net assets of Epimeron by $31.7 million, which was recognized as goodwill. The Company valued Epimeron's 16 patents and patents pending at $6.6 million, which will be amortized over their useful life.

Private Placement and Public Listing

On April 12, 2019 and concurrent with becoming a publicly listed entity, the Company closed a private placement of common shares and units (which consist of common shares and performance warrants) for gross proceeds of $29.2 million, and resulted in issuing 33,371,428 common shares and 24,169,722 performance warrants. On May 22, 2019, 9,219,390 warrants were exercised for proceeds of $8,066,952.

RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

	Three months ended September 30		**Nine months ended September 30**	
	2019	**2018**	**2019**	**2018**
Financial Results:				
Revenues	**$ -**	$ 9,099	**$ 4,584**	$ 9,099
General and administrative	**1,422,624**	222,173	**3,084,792**	675,907
Research and development	**1,391,700**	49,506	**1,710,875**	223,120
Stock based compensation	**565,135**	7,248	**2,032,327**	578,585
Depreciation, amortization and lease costs	**791,502**	12,654	**1,304,588**	25,900
Interest expense – leases	**15,080**	-	**30,026**	-
Goodwill impairment	-	-	**31,739,103**	-
Transaction costs	-	-	**1,892,126**	-

(Gain) loss on fair value of warrants	**(3,166,918)**	-	**1,180,881**	-
Interest income	**(27,970)**	-	**(28,223)**	-
Unrealized (gain) Loss	**108,168**	-	**108,168**	-
Loss before income taxes	**1,099,321**	282,482	**43,054,663**	1,494,413
Deferred income tax recovery	-	-	**1,580,374**	-
Net loss	**1,099,321**	282,482	**41,469,705**	1,494,413
Foreign exchange (gain) loss on translation of foreign	**(3,752)**	-	**7,028**	-
Net comprehensive loss	**1,103,073**	282,482	**41,462,677**	1,494,413
Basic and diluted loss per	**$ 0.01**	$ 0.00	**$0.59**	$0.03
Balance sheet:				
Cash and cash equivalents	**24,042,331**	804,360	**24,042,331**	804,360
Total assets	**38,623,571**	1,038,142	**38,623,571**	1,038,142
Shareholders' equity	**$ 24,726,849**	$ 975,465	**$ 24,726,849**	$ 975,465

General and Administrative Expenses

	Three months ended September 30		**Nine months ended September 30,**	
	2019	**2018**	**2019**	**2018**
Consulting and technical services	$ 250,924	$ 5,757	$ 470,210	$ 11,257
Salaries, wages and benefits	355,842	113,616	795,839	298,820
Legal, audit and accounting	208,642	44,476	379,829	143,331
Investor relations and travel	230,158	29,801	635,069	124,660
Corporate and office	377,058	28,523	803,845	97,839
	$ 1,422,624	$ 222,173	$ 3,084,792	$ 675,907

General and administrative expenses include corporate consulting services, non-research and development salaries, legal, audit and accounting, travel, public company costs and general corporate expenses.

During the three and nine months ended September 30, 2019, general and administrative expenditures totaled $1,422,624 and $3,084,792, respectively (2018 - $0.2 million and $0.7 million, respectively). The increase was due to an overall higher level of activity since the 2018 amounts included only BioCan Technologies Inc. costs versus 2019 number which include all entities that resulted from the arrangement.

Research and Development Expenses

	Three months ended September 30		**Nine months ended September 30**	
	2019	**2018**	**2019**	**2018**
Consulting and technical services	$ 17,691	$26,393	$ 111,185	$ 79,767
Salaries, wages and benefits	849,058	63,352	1,326,750	164,000
DNA Sequencing, consumables and other	312,009	17,000	416,469	36,592
Research and development recoveries	212,942	(57,239)	(143,529)	(57,239)
Research and development expenses	$1,391,700	$ 49,506	$1,710,875	$ 223,120

In addition to costs associated directly with in-house research and development, research and development includes third party costs such as consulting and other technical services. Research and development recoveries include funding received from government programs such as Industrial Research Assistance Program ("IRAP") and Scientific Research and Experimental Development Tax Credits ("SRED").

During the three and nine months ended September 30, 2019, research and development expenditures totaled $1,391,700 and $1,710,875, respectively (2018 - $49,506 and $223,120, respectively). The increase was due to an overall higher level of activity since the 2018 amounts included only BioCan costs versus 2019 number which include the amounts of the combined entities which were more active in 2019.

As a result of the Company becoming a publicly listed company on April 12, 2019, the Company is no longer eligible for refundable SRED tax credits. Instead, SRED eligible costs will only be eligible as offsets to income taxes payable. The Company is not expected to be in a taxable position in 2019.

Stock-based Compensation

During the three and nine months ended September 30, 2019, the Company recognized stock-based compensation of $0.6 million and $2.0 million, respectively (2018 - $0.0 million and $0.6 million, respectively). The large increase in the current period relates to the stock options that were granted after the public offering. The expense recognized in a given period reflects the fair value of past and newly granted stock options outstanding during the period and is impacted by factors such as vesting and fluctuations in share price. Stock-based payments are a non-cash expense which does not impact operating cash flows.

Depreciation, Amortization and Lease Costs

Depreciation, amortization and lease costs relate to depreciation on property, plant and equipment and patents as well as amortization of the right-of-use assets and interest expense associated with leases.

In 2018, the entirety of lease costs were recorded in general and administrative costs. On January 1, 2019, the Company adopted the new IFRS standard – IFRS 16 – Leases which removed the classification of leases as either operating leases or finance leases, effectively treating all leases as finance leases. On adoption, non-current assets, and non-current liabilities on the Company's statement of financial position increased. Interest expense was recognized on the lease obligation and lease payments were applied against the lease obligation. This resulted in a decrease to general and administrative expenses and an increase to interest expense and amortization.

During the three and nine months ended September 30, 2019, depreciation, amortization and lease costs totaled $791,502 and $1,304,588, respectively (2018 - $12,654 and $25,900, respectively).

Depreciation increased because the Company had more property, plant and equipment and patents than in the prior year.

Goodwill Impairment

On April 12, 2019, the Company acquired Epimeron by issuing shares in exchange for 100% of the outstanding shares of Epimeron. The transaction resulted in goodwill of $31,739,103. The goodwill was the residual of the purchase price of $36,429,298 and the net assets acquired. The Company made the decision to record an impairment of the full amount of the goodwill as the majority of the goodwill was a result of the significant increase in the share price of the Company from the time that the deal was announced until the time that the deal closed.

Goodwill impairment review is carried out at the level of a 'cash-generating unit', defined as the smallest identifiable group of assets, liabilities and associated goodwill that generates cash inflows that are largely independent of other cash flows from other assets or groups of assets. Since the Company does not have a cash generating unit yet the goodwill balance has been impaired.

Transaction Costs

During the three and nine months ended September 30, 2019, transaction costs totaled $nil and $1,892,126 respectively (2018 - $nil). The majority of these costs ($1,288,296) relate to the share listing expense as a result of the reverse takeover.

Loss on Fair Value of Adjustments on Warrant Liability

As part of the private placement financing which closed on April 12, 2019, the Company issued 24,169,722 units. The units were issued to the new management team, employees, directors and certain strategic investors as identified by the new management team. Each performance warrant entitles the holder to purchase one common share at a price of $0.875 for a period of 5 years, after certain vesting requirements. The performance warrants vest and become exercisable as to one-third upon the 20-day volume weighted average trading price of the common shares (the "Market Price") equalling or exceeding $1.31, an additional one-third upon the Market Price equalling or exceeding $1.75 and a final one-third upon the Market Price equalling or exceeding $2.19. In addition, in the event the Market Price equals or exceeds $3.50, each performance warrant shall be exercisable for 1.5 common shares, provided that, at the time of exercise in respect of the additional 0.5 of a common share per performance warrant (the "Performance Incentive"), the common shares are listed on the facilities of a recognized stock exchange (other than the CSE or the TSX-Venture) or the common shares are acquired for cash or for the securities of a company listed on a recognized stock exchange (other than the CSE or the TSX-Venture).

Performance warrants are initially accounted for as a derivative liability and measured at fair value with subsequent changes in fair value each reporting period accounted for through profit and loss. The performance warrants satisfy the derivative liability classification on the date of issuance, as the number of common shares to be issued per warrant is dependent on market price conditions.

The Company valued the performance warrants issued in connection with this private placement using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 1.60 - 1.80%; volatility of 82%; dividend yield of 0% and approximate expected lives of 3.5-5 years, inclusive of incremental Performance Incentive. At initial valuation, $13,436,804 was recognized as warranty liability. On exercise date, the warrants were fair valued and the resultant value of $327,576 has been recognized in warranty liability and $3,365,078 has been recognized in equity under common shares and warrants, as the Market Price vesting conditions have been met, and the remainder which has not yet vested has been recorded as warrant liability. On June 30, 2019, the warrants were fair valued at $14,419,525 and the resultant value of $4,020,223 was recognized in warranty liability. Subsequently at September 30, 2019, the warrants have been fair valued at $11,252,607 and $3,166,918 has been de-recognized from warranty liability.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Liquidity

As at September 30, 2019, the Company had working capital of $23,213,535 and cash and cash equivalents of $24,042,331.

As at September 30, 2019, the Company has no cash generating assets and is using cash in operations.

As a development stage company, the Company's primary capital requirements relate to funding research and development activities and for general working capital purposes. Our operations have been financed primarily through the sale of common shares or units (consisting of common shares and warrants). Our primary objective when managing capital is to ensure we have sufficient funds available to carry out our research, development and commercialization programs based, in part on continuous monitoring. In addition to issuing equity, the Company intends to finance at least a portion of its commercialization programs by finding partners, whereby the Company completes the majority of the early stage research and development and the partner completes the majority of the commercialization portion of the project.

On June 4, 2019, the Company announced that it has entered into a JDA with Noramco, Inc., a leading manufacturer of cannabinoids. Under the JDA, Willow is responsible for optimizing yeast strains in a biosynthetic process that will generate ultra pure CBD at high yield and at substantially lower cost compared to current methods. Noramco will be responsible for scale-up, regulatory submission, marketing and distribution. The parties will cover their respective costs, retain the intellectual property associated with their respective scopes of work and, as allowed by existing agreements, share equally in gross profits from sales of CBD manufactured under the JDA.

Cash Flows Used In Operating Activities

Cash flows used in operating activities for the nine months ended September 30, 2019 total $4,795,816 (2018 - $992,850) reflecting the non-cash working capital changes during the period and the significant amount of operating activity.

Cash Flows From Financing Activities

During the nine months ended September 30, 2019 the Company issued a total of $29.2 million of common shares and units pursuant to a private placement and additional $8.5 million of common shares pursuant to an exercise of warrants.

Cash Flows Used In Investing Activities

During the nine months ended September 30, 2019, additions to expenditures on property, plant and equipment amounted to $6.4 million.

CONTRACTUAL OBLIGATIONS

The table below summarizes our contractual obligations related to operating leases for office and laboratory premises, as at September 30, 2019:

October 1, 2019 – December 31, 2019	$ 166,162
2020	589,970
2021	235,522
2022	68,515
2023	36,868

Thereafter	-
	$ 1,097,037

Term-deposits include guaranteed investment certificates with a face value of $90,000 (September 30, 2018 - $nil) that are pledged as security for corporate credit cards.

From time to time, the Company may be subject to various legal proceedings and claims related to matters arising in the ordinary course of business. The Company does not believe it is currently subject to any material matters where there is at least a reasonable possibility that a material loss may be incurred.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Note 3 to the Company's Financial Statements for the year ended December 31, 2018 and Note 3 of the Unaudited Condensed Consolidated Interim Financial Statements for the three and nine months ended September 30, 2019 include summaries of its significant accounting policies.

The preparation of financial statements requires management to use estimates and assumptions that they believe are reasonable based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods presented. These estimates and assumptions are subject to inherent risk of uncertainty and actual results may differ from these estimates and assumptions.

Significant estimates are used for, but not limited to, the measurement of the fair value of share-based payment transactions, warrant liability, impairment and taxes.

New Standards and Interpretations Adopted

IFRS 16 - Leases

Willow adopted IFRS 16 "Leases" on January 1, 2019 which required the Company to recognize lease assets and lease obligations on the balance sheet. For lessees, IFRS 16 removes the classification of leases as either operating leases or finance leases, effectively treating all leases as finance leases. Certain short-term leases (less than 12 months) and leases of low-value assets are exempt from the requirements and may continue to be treated as operating leases.

On adoption, non-current assets, current liabilities, and non-current liabilities on the Company's balance sheet increased by $278,116. Interest expense was recognized on the lease obligation and lease payments was applied against the lease obligation. This resulted in a decrease to operating expense and general and administration expense and an increase to interest expense and fund flows from operations.

Off-Balance Sheet Arrangements

As of November 21, 2019, the Company has not entered into any off-balance sheet arrangements.

OUTSTANDING EQUITY INSTRUMENTS

The Company is authorized to issue an unlimited number of voting common shares without nominal or par value.

As at September 30, 2019 and November 21, 2019, Willow has the following securities outstanding:

	As at November 21, 2019	As at September 30, 2019
Common shares	78,891,879	78,891,879
Warrants	2,138,872	2,138,872
Employee stock options	4,852,800	4,852,800
Performance warrants	15,555,469	15,555,469
Incentive performance warrants	12,095,389	12,095,389
Total	113,534,409	113,534,409

MANAGEMENT OF FINANCIAL RISKS

The Company is exposed through its operations to the following financial risks:

- Market risk
- Foreign currency risk
- Interest rate risk
- Credit risk
- Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This section of the MD&A describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the financial statements. There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in this section of the MD&A.

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management. The effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets are reviewed periodically by the Board of Directors if and when there are any changes or updates required.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk. The Company does not currently have significant commodity risk or equity price risk.

Foreign Currency Risk:

Foreign currency risk is the risk that the future cash flows or fair value of the Company's financial instruments that are denominated in a currency that is not the Company's functional currency will fluctuate due to changes in foreign exchange rates. Portions of the Company's cash and cash equivalents, deposits and prepaid expense, accounts payable, accrued liabilities and lease liabilities are denominated in US dollars. Accordingly, the Company is exposed to fluctuations in the US and Canadian dollar exchange rates.

As at September 30, 2019, the Company had a net excess of US dollar denominated cash and cash equivalents and deposits and prepaid expenses in excess of US dollar denominated accounts payable and accrued liabilities and lease liabilities of $US 274,770 which is equivalent to $363,877 at the September 30, 2019 exchange rate. The US dollar financial assets generally result from holding US dollar cash to settle anticipated near-term accounts payable and accrued liabilities denominated in US dollars. The US dollar financial liabilities generally result from purchases of supplies and services from suppliers from outside of Canada, principally in the Company's subsidiary in the United States.

Each change of 5% in the US dollar in relation to the Canadian dollar results in a gain or loss, with a corresponding effect on cash flows, of $18,194 based on the September 30, 2019 net US dollar assets position.

Interest Rate Risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As at September 30, 2019, the Company did not hold any floating rate investments.

As at September 30, 2019, the Company held short-term fixed rate guaranteed investment certificate, with terms of 6 to 12 months.

The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks or credit unions with comparable credit ratings.

The Company regularly monitors compliance to its cash management policy.

The Company, as at September 30, 2019, does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents and short-term investments held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents and short-term investments.

Cash and cash equivalents and short-term investments are maintained with financial institutions of reputable credit and may be redeemed upon demand.

The carrying amount of financial assets represents the maximum credit exposure. Credit risk exposure is limited through maintaining cash and cash equivalents and short-term investments with high-credit quality financial institutions and management considers this risk to be minimal for all cash and cash equivalents and short-term investments assets based on changes that are reasonably possible at each reporting date.

Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

As at September 30, 2019, the Company has cash and cash equivalents, funds held in trust and term-deposits of $24,132,991, current liabilities of $2,156,986 and a working capital surplus of $23,213,535.

Financial Instruments

The Company's cash and cash equivalents of $24,042,331 and the Company's short-term investments of $90,660 are measured at amortized cost.

Capital Management

The Company considers all components of shareholders' equity as capital. The Company's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future development and production of the business.

The Company is not exposed to any externally imposed capital requirements.

RISKS AND UNCERTAINTIES

An investment in the Company involves significant risks and must be considered speculative due to the nature of the Company's business. Investors should carefully consider the risks and uncertainties described below. This list of risks and uncertainties below is not exhaustive. Furthermore, additional risks and uncertainties not presently known to Willow or that Willow believes to be immaterial may also adversely affect Willow's business. In addition to the risks identified elsewhere in this MD&A, investors should carefully consider all of the risk factors associated with the Company and its business, identified in the disclosure under the heading "Risk Factors Related to Willow" in the Company's Filing Statement dated April 12, 2019, a copy of which is available on SEDAR at http://www.sedar.com.

Risks Related to the Company's Business

The Company has a history of operating losses and may never achieve profitability in the future.

The Company is involved in research and development to identify and validate new therapies and drug targets that could become marketable. This process takes several years and requires significant financial resources without income. The Company expects these expenses to result in continuing operating losses in the foreseeable future.

The Company's ability to generate future revenue or achieve profitable operations is largely dependent on its ability to attract the experienced management and know-how to develop and patent new biosynthesis methods and to partner with larger, more established companies in the industry to successfully commercialize its processes. Successfully developing biosynthesized molecules into marketable products takes several years and significant financial resources and the Company cannot assure that it can achieve these objectives.

The Company will primarily be in a developing industry and will be subject to all associated regulatory risks.

The Company's business must be evaluated in light of the problems, delays, uncertainties and complications encountered in connection with establishing a cannabinoid-based biosynthesis business.

There is a possibility that none of the Company's discoveries under development in the future will be found to be safe and effective, that it will be unable to receive necessary regulatory approvals in order to commercialize them, or that it will obtain regulatory approvals that are too narrow to be commercially viable.

Any failure to successfully develop and obtain regulatory approval for products would have a material adverse effect on the Company's business, financial condition and results of operations.

Scale up, marketing and commercialization processes will be expensive and time consuming, and their outcomes uncertain.

Before the Company can obtain regulatory approval for the commercial sale of any biosynthesized discoveries, it will be required to complete extensive scale up, marketing and regulatory processes. Commercialization is expensive and can be difficult to achieve. Commercialization is also time-consuming and can often be subject to unexpected delays.

Protection of proprietary technology can be unpredictable and costly.

The Company's success will depend in part on its ability to develop patents, defend patents, maintain trade secret protection and operate without infringing on the proprietary rights of others.

Interpretation and evaluation of patent claims present complex and often novel legal and factual questions. Accordingly, there is some question as to the extent to which biopharmaceutical discoveries and related products and processes can be effectively protected by patents. As a result, there can be no assurance that:

• patent applications will result in the issuance of patents;
• additional proprietary products developed will be patentable;
• patents issued will provide adequate protection or any competitive advantages;
• patents issued will not be successfully challenged by third parties;
• the patents issued do not infringe the patents or intellectual property of others; or
• that the Company will be able to obtain any extensions of the patent term.

A number of pharmaceutical, biotechnology, medical device companies and research and academic institutions have developed technologies, filed patent applications or received patents on various technologies that may be related to the business of the Company. Some of these technologies, applications or patents may conflict with or adversely affect the technologies or intellectual property rights of the Company. Any conflicts with the intellectual property of others could limit the scope of the patents, if any, that the Company may be able to obtain or result in the denial of patent applications altogether. Further, there may be uncertainty as to whether the Company may be able to successfully defend any challenge to its patent portfolio.

In addition, any breach of confidentiality by a third party by premature disclosure may preclude the obtainment of appropriate patent protection, thereby affecting the development and commercial value of the Company's technology and products. The Company may also decide to acquire or in-license certain pending or issued patents but cannot guarantee their approval and/or commercial viability.

Competition

The planned business to be carried out by the Company will be highly competitive and involve a high degree of risk. There can be no assurance that the licensing or other arrangements respecting the patent-pending cannabinoid-based pathway discovery platform sought to be obtained can be secured on favorable terms or otherwise, nor are there any assurances that sales or license revenues, if obtained, will be in sufficient quantities to make the business profitable. In its efforts to achieve its objectives, the Company will compete with other companies that may have greater resources, many of which will not only develop technology but also manufacture and sell similar products on a worldwide basis.

Uninsured or Uninsurable Risk

The Company may become subject to risks against which it cannot insure or against which it may elect not to insure. Settling related liabilities would reduce funds available for core business activities. Settlement of uninsured liabilities could have a material adverse effect on our financial position.

Conflicts of Interest

The Company's directors and officers may currently be involved, or become involved, in other business ventures that compete with our platform and services. Business opportunities for the Company may create circumstances in which outside interests of our directors and officers' conflict with the interests of the Company. Directors and officers are required to act in good faith and in a manner that benefits the Company.

It is possible, however, that our directors and officers may owe similar consideration to another organization(s). It is possible that these and other conflicts of interest are resolved in a way that has a material adverse impact on the Company.

Dependence on Key Personnel

The Company depends on support from existing directors and officers and its ability to attract, and retain, new directors, officers and other personnel with appropriate skill sets. Inability to retain key team members or find new professionals to serve in important roles could have a material adverse effect on the Company's business. There can be no assurance that we will be able to attract or retain the quality of personnel required in the future.

Financial Liquidity

The Company is not currently generating any revenue and expects to operate at a loss as it conducts research and development on its biosynthesis pathways. We will require additional financing in order to execute our business plan. Our ability to secure required financing will depend in part upon on investor perception of our ability to create a successful business. Capital market conditions and other factors beyond our control may also play important roles in our ability to raise capital. The Company can offer no assurance that it will be able to successfully obtain additional financing, or that future financing occurs on terms satisfactory to our management and/or shareholders. If funds are unavailable in the future, or unavailable in the amounts that we feel the business requires, or unavailable on acceptable terms, we may be required to cease operating or modify our business plans in a manner that undermines our ability to achieve our business objectives.

Financial Statements Prepared on Going Concern Basis

The Company's financial statements have been prepared on a 'going concern' basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the successful completion of financing and the continued advancement of its drug candidates. The Company cannot guarantee that it will be successful in obtaining financing in the future or in achieving business objective set forth internally or externally. Our consolidated financial statements may not contain the adjustments relating to carrying values and classification of assets and/or liabilities that would be necessary should the Company be unable to continue as a going concern.

Costs of Maintaining a Public Listing

As a result of being a publicly listed Company, the Company will incur greater legal, accounting and other expenses related to regulatory compliance than it would have had it remained a private entity. The Company may also elect to devote greater resources than it otherwise would have on communication and other investor relations activities typically considered important by publicly traded companies.

Share Price Volatility and Speculative Nature of Share Ownership

The Company's common shares are listed for trading on the CSE, resulting in many legacy shareholders being able to freely trade their shares. Factors both internal and external to the Company may significantly influence the price at which our shares trade, and the volatility of our share price. Quarterly operating results and material developments reported by the Company can, and likely will, influence the price of our shares.

Sentiment toward biotechnology stocks, as well as toward the stock market in general, is among the many external factors that may have a significant impact on the price of our shares. The Company's business is at an early stage of development and is not generating any revenue and the Company does not possess large cash reserves. As such, it should be considered a speculative investment. There is no guarantee that a liquid market will be developed for the Company's shares.

ADDITIONAL INFORMATION

Additional information relating to Willow, can also be found on SEDAR at www.sedar.com.