**InMed Pharmaceuticals Inc.**
*(formerly Meridex Software Corporation)*

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

**December 31, 2014**

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**The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of InMed Pharmaceuticals Inc. (*formerly Meridex Software Corporation)* ("InMed" or the "Company") as at December 31, 2014 and for and for the six months then ended in comparison to the same period ended in December 31, 2013. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period ended December 31, 2014 and December 31, 2013 and related notes.**

**All financial results presented in this MD&A are expressed in Canadian dollars unless otherwise indicated. The effective date of this MD&A is February 25, 2015.**

**Throughout the report we refer to InMed the "Company", "we", "us", "our" or "its". All these terms are used in respect of InMed Pharmaceuticals Inc. Additional information on the Company can be found on the Company's website www.inmedpharma.com and SEDAR at www.sedar.com.**

## *Cautionary Statement on Forward-Looking Information*

**This discussion may contain certain forward-looking statements reflecting the Company's current expectations and estimates about the markets in which the Company operates and management's beliefs and assumptions regarding these markets. Investors are cautioned that all forward-looking statements involve risks and uncertainties, including, without limitation, changes in markets and competition, technological and competitive developments, strict regulatory environment, patent applications if any, and dependence on strategic partners and licenses. The material factors and assumptions used to develop the forward-looking statements and forward looking information contained in this MD&A are based on Management's ability to maintain the Company as a going concern and be successful in obtaining the required funding to further develop cannabis-based botanical and non-botanical therapies through the research and development into the extensive pharmacology of cannabinoids.**

**When used in this MD&A, the words *"plan," "expect," "believe,"* and similar expressions generally identify forward-looking statements. In light of the many risks and uncertainties as described in this report, readers should understand that Cannabis cannot offer assurance that the forward-looking statements contained in this analysis will be realized. Additional information on these and other potential factors that could affect the Company's financial results are included in this discussion and in documents filed from time to time with the provincial securities commissions in Canada.**

**The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.**

## *Overall Performance and Operations*

**The Company was incorporated in the Province of British Columbia on May 19, 1981 under the *Business Corporations Act* of British Columbia under the name Meridex Software Corporation ("Meridex"). On The Company on December 4, 2013 was transferred from the TSX Venture Exchange (the "Exchange") Tier 2 listing status to the Exchange's board ("NEX") as the Company did not meet the continued listing requirements of a Tier 2 issuer on the Exchange.**

**On May 14, 2014 the Company changed its name to Cannabis Technologies Inc. to from Meridex. On May 21, 2014, the Company was listed on the Canadian Securities Exchange under the trading symbol "CAN", and voluntarily de-listed from the TSX Venture Exchange's NEX board.**

**On October 16, 2014 the Company further changed its name from Cannabis Technologies Inc. to InMed Pharmaceuticals Inc. ("InMed"). On October 21, 2014 InMed's shares began trading under the trading symbol "IN" and IMLFF under the OTCQB.**

InMed is a clinical stage biopharmaceutical company that specializes in developing novel therapies through the research and development into the extensive pharmacology of cannabinoids coupled with innovative drug delivery systems. InMed's proprietary platform technology, product pipeline and accelerated development pathway are the fundamental value drivers of the Company.

The Company's corporate office and principal place of business is located at 350 – 409 Granville Street, Vancouver, B.C. V6C 1T2.

## Research and Development

With the change of business, name change and IP acquisition, InMed is now a biopharmaceutical drug discovery and development company uniquely focused on the therapeutic potential of cannabinoids. The Company is currently utilizing its intellectual property **"Intelligent Cannabinoid Drug Design Platform "IDP" "** to identify new bioactive compounds within the cannabis plant that interact with certain gene targets responsible for specific diseases.

Based on this platform the Company continues to work on the development of several new cannabinoid based treatments for Ocular, Cancer, Inflammation, Pain & Arthritis disease areas. Our proprietary Intelligent Cannabinoid Drug Design Platform IDP allows bioinformatics tools to identify individual chemical compounds from cannabis & non-cannabis plants which can be targeted to develop therapies for specific diseases and conditions.

In early February 2015 the Company added a new therapy to its pipeline: INM-750, for the treatment of **epidermolysis bullosa simplex** (EBS), a rare genetically inherited skin disorder. INM-750 is designed to suppress pathological skin growth, differentiation and inflammation that are signature characteristics of EBS.

InMed anticipates commencing pre-clinical studies of INM-705 in February, 2015 with initial data expected by Q2 2015. The initiation of INM-750 signals InMed's entry into the dermatological market and adds to the Company's rapidly advancing pipeline of cannabis-based therapeutics, which includes CTI-805 for glaucoma and CT-091 for arthritis, both of which are expected to enter human clinical studies in 2015.

The discovery of INM-750 furthers InMed's corporate strategy of developing therapies for diseases that may be approved for Orphan drug designation.

*About Epidermolysis bullosa simplex (EBS)*

Epidermolysis bullosa simplex (EBS) is **Epidermolysis bullosa simplex** (EBS) is one of the major forms of **Epidermolysis** bullosa a group of genetic conditions that cause the skin to be very fragile and to blister easily. It is a result of a defect in anchoring between the epidermis and dermis, resulting in friction and skin fragility. Its severity ranges from mild to lethal. As of today there is no cure or effective treatment. Currently, wound care, pain management and preventative bandaging are the only options available for treatment. The more severe forms of the disease lead to scarring, disfigurement, disability and early death, usually before the age of 30.

## Corporate

The Company completed a non-brokered financing on February 24, 2015 for gross proceeds of $1,050,000. The proceeds of the financing will be utilized for working capital.

***Please refer to the Company's website www.inmedpharma.com for further details on platform technology and research and development.***

## Outlook

The Company continues to focus its efforts on research and development in the biotech sector, with its primary attention to further advance the recent development of INM-750 to address this significant unmet medical need. Additionally, the Company will continue its efforts to secure the ongoing necessary funding required to develop these therapies.

## *Results of Operations*

### Financial Results for the three and six months ended December 31, 2014 and December 31, 2013:

During the three months ended December 31, 2014 the Company reported a comprehensive loss of $566,293 and loss per share of $0.01 compared to a comprehensive loss of $37,505 and loss per share of $0.00 reported in the comparative period ended December 31, 2013. The primary component of the loss was related to general and administration expenses of $269,368 (December 31, 2013 - $23,509) and the recording of share-based payments of $200,717 (December 31, 2013 - $Nil) in connection with the grant of stock options. The Company also incurred research and development costs of $77,006 (December 31, 2013 - $Nil).

During the six months ended December 31, 2014 the Company reported a comprehensive loss of $1,218,612 and loss per share of $0.03 compared to a comprehensive loss of $48,836 and loss per share of $0.00 reported in the comparative period ended December 31, 2013. The primary component of the loss was related to the recording of share-based payments of $630,647 (December 31, 2013 - $Nil) in connection with the grant of stock options. Additionally there was an increase in general and administration expenses of $413,246 (December 31, 2013 - $34,840) The Company also incurred research and development costs of $125,368 (December 31, 2013 - $Nil) related to the Company's change of business into the biotech sector.

The significant increase in expenditures in both the three and six month current period, was a result of the change of business from the comparative prior period wherein the Company was inactive.

The summary of variances in the general and administrative expenditures are as follows:

| | 2014 | 2013 | Variance | |
|---|---|---|---|---|
| | $ | $ | $ | % |
| Accounting and legal | 4,554 | 2,057 | 2,497 | 121% |
| Consulting | 82,450 | 5,385 | 77,065 | 1431% |
| Corporate development | 41,210 | — | 41,210 | — |
| Conferences | 2,734 | — | 2,734 | — |
| Investor relations, website development and marketing | 146,226 | — | 146,226 | — |
| Office and administration fees | 35,850 | 611 | 35,239 | 5767% |
| Regulatory fees | 7,198 | 3,311 | 3,887 | 117% |
| Rent | 36,000 | 14,286 | 21,714 | 152% |
| Shareholder communication | 8,173 | 1,025 | 7,148 | 697% |
| Transfer agent fees | 11,252 | 8,165 | 3,087 | 38% |
| Travel | 37,599 | — | 37,599 | — |

Significant increases in expenditures to note for general and administration include:

***Consulting fees*** – Consulting fees included a monthly fee of $5,000 for the President and CEO wherein former President of the Company was incurring fees of $1000 per month. (*See - Related Party Transactions*). Additionally, the Company increased its personnel in connection with the change of business.

***Investor relations, website development and marketing*** - included a substantial increase in marketing consultants and publishing campaigns to bring awareness to the Company's change of business, along with the revamp and design of the Company's website and materials.

***Corporate development*** - included the engagement of consultants to assist the Company with its strategic business plan and growth opportunities.

***Office and administration*** – included office overhead a result of the increased activity of the Company's new business, from being in active in the comparative period.

***Rent*** – The Company effective October 1, 2013 commenced rent and administrative costs for its office space of $4,672 per month.

***Travel*** – Increase in travel as a result of marketing attendance at conferences for management.

Other item to note was research and development wherein the Company recorded consulting fees in connection with the review and research of potential business opportunities, which concluded in the Company's change of business direction as described hereinabove and continues development of its current projects.

## Summary of Quarterly Results

The following table summarizes certain selected financial information reported by the Company for the each of the last eight quarters reported. The following quarter results are prepared in accordance with IFRS.

| Three months ended: | Q2-15 Dec. 31 2014 $ | Q1-15 Sept. 30 2014 $ | Q4-14 June 30 2014 $ | Q3-14 Mar.31 2014 $ | Q2-14 Dec.31 2013 $ | Q1-14 Sept. 30 2013 $ | Q4-13 June 30 2013 $ | Q3-13 Mar.31 2013 $ |
|---|---|---|---|---|---|---|---|---|
| Revenue | — | — | — | — | — | — | — | — |
| Income (loss)from operations | (566,293) | (652,319) | (926,476) | (102,044) | (38,509) | (11,331) | (24,782) | (7,754) |
| Net income (loss) | (566,293) | (652,319) | (926,476) | (102,044) | (37,505) | (11,331) | (24,771) | (7,754) |
| Income (loss) per share – basic and diluted | (0.01) | (0.02) | (0.03) | (0.01) | (0.00) | (0.00) | (0.00) | (0.00) |

Other significant variances to note for quarters:

The Company reported a net loss during the fourth quarter June 30, 2014 of $926,476 or $0.03 loss per share which primarily included share-based payment expense of $559,552 in connection with the grant of stock options and general and administration costs of $334,234. The increase in general and administrative costs related to the change of business, hiring of new consultant personnel, engaging marketing and web development along with conferences relating to the Life Science Sector and an increase in regulatory fees with the delisting from the NEX and listing on the CSE.

As described herein for the quarter ended March 31, 2014 and December 31, 2013 wherein the increases to administrative and general expenses was the result of increased business and research and development activities as the Company pursued its change of business.

The Company was inactive the remaining prior quarters only recording minimal overhead.

## Liquidity and Capital Resources

Key changes to the Company's financial condition were a decrease in working capital of $533,164 resulting in a working capital deficiency of $409,825 primarily as a result of general and administrative costs of $$413,246 and research and development costs of $125,368. The decrease in shareholders' equity was a result in the increase of loss reported a result of increased general and administrative expenses and recording of stock-based compensation as described hereinabove.

Financial Condition

| | December 31 2014 | June 30 2014 |
|---|---|---|
| Cash and cash equivalents | **$34,078** | $7,587 |
| Working capital (deficiency) | **$(409,825)** | $123,339 |
| Property, plant and equipment | **$7,542** | $2,128 |
| Intangible assets | **$1,444,995** | $1,496,000 |
| Total Assets | **$1,562,421** | $1,696,264 |
| Shareholders' equity | **$1,042,712** | $1,621,467 |

The Company's source of cash flows from financing activities included the advance of loans of $252,150 from a private investor and related parties (see Related Party Transactions). The loans are due on demand and are non-interest bearing.

As at December 31, 2014 the Company had a working capital deficiency of $409,825, subsequently on February 24, 2015 InMed completed a non-brokered private placement for 10,500,000 units, ("Units"), at a price of $0.10 per Unit for aggregate gross proceeds of $1,050,000. Each Unit will consist of one common share and one non-transferable share purchase warrant. Each whole warrant will be exercisable by the holder to acquire one additional common share at a price of $0.13 for a period of twenty four (24) months, The Warrants are subject to an accelerated expiry which comes into effect once the shares trade above a closing price of $0.20 for any ten consecutive trading-day period, subsequent to four months from Closing. In the event of an accelerated expiry, the expiry date will be the earlier of the regular two year expiry date and 30 days from the date the Company advises the placees of the accelerated expiry. Finders' fees in cash of $72,800 and 728,000 warrants on the same terms as described hereinabove were issued.

The net proceeds from this private placement will be used for further general working capital purposes

The development of pharmaceutical products is a process that requires significant investment as such InMed expects to continue to incur losses for the foreseeable future. As such the Company anticipates a continued increase in research and development costs, general and administrative cost related to additions of personnel, clinical trials and/or infrastructure that may be required.

The Company's continuing operations will be dependent upon obtaining necessary financing in order to further develop its current business plan.

The Company expects that it will continue to fund its operations primarily by the issuance of equity or debt securities. The Company's ability to continue its operations on a going concern basis is dependent upon its ability to raise these additional funds. The certainty and outcome of these matters cannot be predicted at this time.

## Off-Balance Sheet Arrangements

As at December 31, 2014, the Company had no off-balance sheet arrangements.

## Transactions with Related Parties

Transactions with related parties were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

a) Payments

| | December 31 2014 | December 31 2013 |
|---|---|---|
| Key management personnel compensation comprised : | | |
| Consulting fees: | $39,950 | $5,385 |

i) Consulting fees of $30,000 (December 31, 2013 - $Nil) were paid or accrued to Craig Schneider ("Schneider"), Chief Executive Officer and President of the Company;
ii) Consulting fees of $9,950 (December 31, 2014 2013 - $5,385) were paid or accrued to Minco Corporate Management Inc. ("Minco") a company controlled by Terese Gieselman, Chief Financial Officer and Secretary of the Company.

b) Related party liabilities:

| Amounts due to: | | December 31 2014 | June 30 2014 |
|---|---|---|---|
| Craig Schneider | Fees | $36,750 | $5,250 |
| Craig Schneider | Expenses | $21,959 | $1,519 |
| Corex Gold Corp. | Expenses | $4,391 | — |
| Standard Graphite Corp. | Expenses | $13,499 | — |
| Minco | Fees | $5,292 | $6,956 |
| | | $81,891 | $13,725 |

c) Related party loans

During the six months ended December 31, 2014, aggregate advances of $177,150 were advanced as follows:

| Amounts due to: | December 31 2014 | June 30 2014 |
|---|---|---|
| Craig Schneider | $75,000 | — |
| Corex Gold Corp.[1] | $74,150 | — |
| Standard Graphite Corp.[2] | $28,000 | — |
| | $177,150 | — |

[1] Corex Gold Corp a company which has a common officer, Terese Gieselman and common director Craig Schneider.
[2] Standard Graphite Corp. a company which has a common officer, Terese Gieselman.

The loans are payable on demand and are non-interest bearing.

### *Critical Accounting Estimates*

InMed is considered a venture issuer, therefore this section is not applicable. The details of InMed's accounting policies are presented in Note 3 of the audited financial statements for the year ended June 30, 2014. These policies are considered by management to be essential to understanding the processes and reasoning that go into the preparation of the Company's financial statements and the uncertainties that could have a bearing on its financial results.

### *Changes in Accounting Policies including Initial Adoption*

There have been no changes in the Company's accounting policies as at the date of this report.

### Financial Instruments and Risk Management

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

- Market 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 note 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 these 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 the note.

### 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 have significant foreign currency risk, commodity risk or equity price risk.

#### Interest Rate Risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest bearing accounts of major

Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

Cash and guaranteed investment certificates are subject to floating interest rates.

The Company as at December 31, 2014 has borrowings of $252,150 however these loans are non-interest bearing therefor interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents 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. Cash and cash equivalents 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 with high-credit quality financial institutions and management considers this risk to be minimal for all cash and cash equivalent 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.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days. To achieve this objective, the Company generally would prepare annual expenditure budgets, which are regularly monitored and updated as considered necessary.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable and option payment commitments. The Company generally does not maintain any trade payables beyond a 30 day period to maturity.

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statement of Financial Position carrying amounts for cash and cash equivalents, other receivables and trade and other payables approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash and cash equivalents of $34,078 (June 30, 2014 - $7,587) are measured a fair value on a recurring basis.

## Capital Management

The Company considers all components of shareholders' equity (deficiency) 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.

## Outstanding Share Data

InMed's authorized capital is unlimited common shares without par value. As at the date of this report, 52,878,524 common shares were issued and outstanding. The Company as at the date of this report had the following outstanding options, warrants and convertible securities as follows:

| Type of Security | Number | *Exercise price* | *Expiry Date* |
|---|---|---|---|
| Stock Options | 500,000 | $0.255 | April 4, 2019 |
| Stock Options | 200,000 | $0.25 | April 26, 2019 |
| Stock Options | 350,000 | $0.18 | June 5, 2019 |
| Stock Options | 350,000 | $0.18 | August 1, 2019 |
| Stock Options | 1,300,000 | $0.18 | November 25, 2019 |
| Stock Options | 525,000 | $0.16 | February 10, 2020 |
| Share Purchase Warrants | 2,760,000 | $0.50 | May 1, 2015 |
| Share Purchase Warrants | 11,285,500 | $0.13 | February 24, 2017 |

As at the date of this report there were no common shares held in escrow.

## Commitments

The Company has no commitments as at December 31, 2014.

## 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 Cannabis or that Cannabis believes to be immaterial may also adversely affect Cannabis' business.

***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 has been inactive for several years and, accordingly, it has not generated any business income in recent years. While the Company expects to bring in persons with significant experience in the medical marijuana industry, it has never been involved in this sector and has no previous experience with product sales and distribution networks.**

**The Company expects to be involved in research and development to identify and validate new therapies and drug targets that could become marketable. This process may take several years and require significant financial resources without income. The Company expects these expenses to result in continuing operating losses in the near 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 new drug candidates and to partner with larger, more established companies in the industry to successfully commercialize its drug candidates. Successfully developing pre-clinical or clinical drug candidates into marketable drugs may take 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.**

**As a result, the Company's business must be evaluated in light of the problems, delays, uncertainties and complications encountered in connection with establishing a medical marijuana development business.**

**There is a possibility that none of the Company's drug candidates that may be 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.**

**Clinical trials for potential drug candidates will be expensive and time consuming, and their outcome uncertain.**

**Before the Company can obtain regulatory approval for the commercial sale of any drug candidate or attract major medical marijuana companies to collaborate with, it will be required to complete extensive clinical trials to demonstrate safety and efficacy. Clinical trials are expensive and are difficult to design and implement. The clinical trial process is also time-consuming and can often be subject to unexpected delays.**

**The timing and completion of clinical trials may be subject to significant delays relating to various causes, including: inability to manufacture or obtain sufficient quantities of materials for use in clinical trials; delays arising from collaborative partnerships; delays in obtaining regulatory approvals to commence a study, or government intervention to suspend or terminate a study; delays, suspensions or termination of clinical trials due to the applicable institutional review board or independent ethics board responsible for overseeing the study to protect research subjects; delays in identifying and reaching agreement on acceptable terms with prospective clinical trial sites; slow rates of patient recruitment and enrollment; uncertain dosing issues; inability or unwillingness of medical investigators to follow clinical protocols; variability in the number and types of subjects available for each study and resulting difficulties in identifying and enrolling subjects who meet trial eligibility criteria; scheduling conflicts; difficulty in maintaining contact with subjects after treatment, resulting in incomplete data; unforeseen**

**safety issues or side effects; lack of efficacy during clinical trials; reliance on clinical research organizations to conduct clinical trials, which may not conduct such trials with good laboratory practices; or other regulatory delays.**

**The results of pre-clinical trials or initial clinical trials are not necessarily predictive of future favorable results.**

**Pre-clinical tests and initial clinical trials are primarily designed to test safety and to understand the side effects of drug candidates and to explore efficacy at various doses and schedules. Success in pre-clinical or animal studies and early clinical trials does not ensure that later large-scale efficacy trials will be successful nor does it predict final results. Favorable results in early trials may not be repeated in later ones.**

**Protection of proprietary technology can be unpredictable and costly.**

**The Company's success will depend in part upon its ability to obtain patent protection or patent licenses for its future technology and products. Obtaining such patent protection or patent licenses can be costly and the outcome of any application for such can be unpredictable. 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.**

**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 CDD, or applications thereof, 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.**

**Patent & IP**

**The Company plans to acquire certain patents pending but cannot guarantee their approval or commercial viability.**

**Financial Liquidity**

**The Company has not yet generated meaningful revenue and will likely operate at a loss as it grows its user base and seeks ways to monetize that user base. We may 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 creation of operations deemed successful according to the standards of our industry. In the social networking sector, profitability is one benchmark of success, as is obtaining a large and international user base. 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 obtaining a public listing, 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 activities typically considered important by publicly traded companies.**

**Share Price Volatility and Speculative Nature of Share Ownership**

**The Company is 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 technology 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 is a relatively young company that is not generating meaningful revenue and 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 disclosure of the Company's material change reports, news release and other information can be obtained on SEDAR at www.sedar.com.**