CB2 INSIGHTS INC.
(formerly 10557404 Canada Corp.)
Interim Management Discussion and Analysis – Quarterly Highlights
For the three months ended March 31, 2019
Dated: May 30, 2019
(Expressed in Canadian dollars)

The following interim Management's Discussion & Analysis ("Interim MD&A") of CB2 Insights Inc. (formerly 10557404 Canada Corp.) (the "Company" or "CB2") for the three months ended March 31, 2019 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management's discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the fiscal year ended December 31, 2018. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

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

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if:

(i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of CB2's common shares;
(ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or
(iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or on SEDAR at www.sedar.com.

Forward-looking statements

Certain statements contained in this Interim MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements.

The Interim MD&A includes forward looking information with respect to our Sail and TokeIn brands and their ability to capitalize on substantial opportunities in the future. It also includes statements with respect to the Company's plans to grow the brands organically and expand beyond North America, focusing on Europe, South America and other emerging cannabis counties.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Interim MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this Interim MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors, including, but not limited to:

- assumptions about the ability of the Company to raise necessary capital for its existing operations and expansion plans,
- the ability of the Company to retain key management personnel,
- assumptions about licensing price and the number of users the Company can attract towards it's Sail and TokeIn brands, and
- the Company's ability to capitalize on synergies and adopt reasonable cost saving measures within the Canna Care Docs brand.

Some of the important environmental factors, but certainly not all, that could cause actual results to differ materially from those indicated by such forward-looking statements are:

(i) dependence on third parties,
(ii) changes in government regulation,
(iii) the effects of competition,
(iv) impact of American and Canadian economic conditions, and
(v) fluctuations in currency exchange rates and interest rates.

Canadian Companies with U.S. Marijuana-Related Assets

On February 8, 2018, the Canadian Securities Administrators published Staff Notice 51-352 (Revised) *Issuers with U.S. Marijuana-Related Activities* (the "Staff Notice"), which provides specific disclosure expectations for issuers that currently have, or are in the process of developing, cannabis-related activities in the US as permitted within a particular state's regulatory framework. All issuers with US cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in required disclosure documents.

Such disclosure includes, but is not limited to, (i) a description of the nature of a reporting issuer's involvement in the US marijuana industry; (ii) disclosure that marijuana is illegal under US federal law and that enforcement of relevant laws is a significant risk; (iii) related risks including, among others, the risk that third party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the issuer's ability to operate in the US; and (iv) a discussion of the reporting issuer's ability to access public and private capital, including which financing options are and are not available to support continuing operations. Additional disclosures are required to the extent a reporting issuer is deemed to be directly or indirectly engaged in the US marijuana industry, or deemed to have "ancillary industry involvement", all as further described in the Staff Notice.

At this time, the Company's involvement in the US cannabis industry is limited and its industry involvement of cannabis activities is "Ancillary" through direct control of an entity that provides services to third parties who are indirectly involved in the U.S. marijuana industry (the "**Investee**"). In addition, the Company does not operate, nor control any subsidiary that is directly engaged in the cultivation or distribution of marijuana in accordance with any US state license. As a result of the Investees having cannabis-related operations in the US, the Company is subject to the requirements of the Staff Notice and accordingly provides the following disclosures:

Compliance with Applicable State Laws in the US

The Company has not obtained legal advice regarding compliance with applicable state regulatory frameworks and exposure and implication arising from US federal laws in the states where its Investee conducts operations. To the best of the Company's knowledge, the Company is not aware of any non-compliance with applicable licensing requirements and the regulatory framework enacted by the applicable US state. The Company is not aware of: (i) any non-compliance by its Investee with respect to marijuana-related activities, or (ii) any notices of violation with respect to its Investee's marijuana-related activities by its respective regulatory authorities.

Description of Business

CB2 was incorporated on December 27, 2017 under the Canada Business Corporations Act. The Company completed a reverse takeover ("RTO") on February 27, 2019 (the "Closing Date") with MVC Technologies Inc. ("MVC"). CB2 Insights has a mission to mainstream medical cannabis into traditional healthcare. We do so by gathering data and creating objective real-world evidence through our proprietary software and service brands. Using clinical management and data collection software at the point-of-care, CB2 Insights and its group of sub-brands has become a leading force behind bringing traditional healthcare protocols to the rapidly evolving global cannabis industry. The head office is located at 5045 Orbitor Drive, Building 11, Suite 300, Mississauga, Ontario, Canada, L4W 4Y4.

MVC Technologies Inc. was incorporated under the *Business Corporations Act* (Ontario) on November 3, 2014.

The principal business carried on by the Company since incorporation is the development of a vertically-integrated healthcare technology and services company focused on advancing efficacy research surrounding cannabinoid therapy through Real World Evidence (RWE) generated from the company's sub-brands. Recognizing a gap in the healthcare market to support the integration of cannabis into the practices of clinicians and thereby the access of treatment options for patients initially drove the Company to develop the tools and services that healthcare practitioners sought out in traditional clinical practice.

Through market research, the Company found that while the cannabis industry was growing within Canada and throughout the US, the volume of patients being prescribed medical cannabis was significantly lower than those that were seeking treatment. After further research, the Company recognized that the number of clinicians willing to prescribe cannabis was quite low based on minimal clinical efficacy or outcome evidence provided through clinical trials and a lack of traditional healthcare protocols available. Having worked almost exclusively in the healthcare sector, co-founders Pradyum Sekar and Kashaf Qureshi set out to create digital tools that would enable the Cannabis and Life Sciences industry to have RWE available to them to make more informed decisions on advancing the therapeutic benefits of medicinal cannabis. Pradyum Sekar currently serves as the Chief Executive Officer of the Company, and Kashaf Qureshi currently serves as President and Chief Operating Officer of the Company.

The Company, under the brand CB2 Insights, operates several sub-brands which focus on three main organizational pillars, Clinical, Technology and Data Insights; which together create an end-to-end view of a patient's cannabinoid therapy journey to better understand the safety, efficacy, risks and benefits associated with cannabis derived treatment.

Pillar 1 – Clinical Operations

On December 19, 2017, the Company acquired the assets of Massachusetts-based MedEval Corp. (operating as Canna Care Docs) and began operating a network of medical centers specializing in evaluating, educating and treating patients with a variety of State approved indications using medicinal cannabis as part of their treatment plan in the US under the brand Canna Care Docs ("CCD"). Since acquisition, CCD has grown to operate 28 physical locations serving 12 US states and provides access and ongoing care to 65,000 patients per year who seek treatment and qualification for state-based cannabis use conditions.

Subsequent to quarter-end, the Company made two further acquisitions of additional cannabis-focused evaluation and education centers in the US. On April 4, 2019, the Company acquired the assets of Rae of Sunshine Health Services LLC (operating as Relaxed Clarity) operating 4 clinics in Colorado. On April 9, 2019, the Company acquired the assets of a clinic group with a similar name as its first acquisition, MedEval Clinics LLC. This additional acquisition operates 3 clinics in total in Colorado and Arizona. Together, these two acquisitions added an additional 20,000 to the Company's annualized patient count and expanded its operations into 2 new US states. The Clinical Division continues to provide a high quality standard of care to patients seeking medical cannabis as a treatment option.

Pillar 2 – Technology

The Company has designed, developed and acquired proprietary technology assets which allow it to standardize the quality of care throughout the patient lifecycle in order to capture Real World Data (RWD) related to cannabinoid treatment efficacy and other key predictive determinants for health.

Sail is a proprietary electronic health record platform designed to standardize and optimize the workflows and management of the Company's wholly-owned clinical operations. The system incorporates a series of tools which allows practitioners and other clinical staff to schedule appointments, manage patient files, evaluate patients for cannabinoid therapy and where necessary, create necessary documents to submit to regulatory bodies on behalf of the patient. Unique to the Company, Sail has developed workflows based on protocols and guidelines from industry best practices and over 400 published clinical trial studies to ensure a standardized manner of patient care and treatment. Sail is designed to not only optimize the patient treatment protocol but to support RWE research by aggregating and anonymizing data which allows for uniform, controlled data input related to a variety of predictive determinants to patients' health including but not limited to social, health, medical, wellness and outcome determinants. These are later used to gain deeper insights into an individual patient's treatment success and support their practitioners collaborative care & treatment plans.

Clinical Decision Support (CDS) Tool is a standalone evaluation application that can be integrated into a larger electronic medical record (EMR) platform or used independently by clinicians outside of the Company's operations. The CDS tool brings to the point-of-care, insights and real world data to provide Clinicians with the evidence to help make an informed decision for the use of medical cannabis in the patient's treatment plan; along with the support of identifying risk and safety factors, and support in finding the right cannabinoid profile(s) and dosing schedules.

TokeIn is a consumer engagement and loyalty application targeted at medical cannabis retail operations and was acquired by the Company on September 26, 2018. TokeIn is used by dispensaries or other retail operations to offer customers loyalty rewards and targeted deals. This technology application allows the Company to gain better insight into what medicine the patient is using, the outcome of the medication across a variety of standardized peer review measures and link back to a patient's medical profile for a deeper understanding of treatment efficacy. Rollout of this technology application is targeted within the markets that the Company's clinical operations exist.

Pillar 3 – Data Insights

Data insights are used to support the future of cannabinoid therapy in the Life Sciences industry where the need to identify and support clinical trial data through the generation of safety and efficacy claims from RWE is paramount for major stakeholders including but not limited to government agencies, regulatory bodies, pharmaceutical companies, academia, insurance companies and licensed producers. The analytics application of the Company's data assets analytics and through a team of developers, product managers, data analysts and an advisory council, the Company analyzes its real-world data to generate insights that support both the current internal user group, as well as in the future, external stakeholders identified above who will be able to leverage these insights to further their own informed decision making. As a first mover in developing tools for these user groups, the Company continues to advance in conversation and progress in defining the value propositions, and the information required to create a future revenue stream(s).

The Company's current revenues are predominantly generated through its clinical division by way of private fees charged directly to patients on a fee-for-service basis typically paid for annually for their initial qualification and ongoing care while using medical cannabis. In the states where the Company operates, medical cannabis evaluations are currently considered to be a third-party service and not covered through any government or other healthcare plans.

The Company believes that there is significant commercial value in its third pillar, Data Insights, and will look to monetize this asset in the coming quarters.

Highlights

The following are key Operational Highlights of the Company during the three months ended March 31, 2019:

- On January 17, 2019, the Company completed a private placement financing with the issuance of an aggregate of 374,998 Units at a price of $0.50 per Unit for gross proceeds of $187,499. Each Units consists of 1 common share and one half common share purchase warrant. An aggregate of 187,499 warrants were issued with each whole warrant exercisable to purchase one common share of the Company at a price of $0.80 for a period of three (3) years from issuance.

- On January 23, 2019, the Company granted an aggregate of 485,000 options to employees, directors and consultants. Employee options were part of a pre-existing pool of unused options now granted to employees as part of the Employee Stock Option Plan (ESOP) prior to the Company going public. These options are exercisable over a period of 1-5 years from the date of grant with exercise prices ranging from $0.44-$0.50, vesting over 4 years for employees and immediately for directors and consultants.

- During January and February 2019, the Company closed four tranches of private placement financing of subscription receipts with the issuance of 4,758,340 Subscription Receipt Units for gross proceeds of $2,379,170. Each Subscription Receipt Unit has converted automatically into one common share and one half common share purchase warrant. An aggregate of 4,758,340 common shares and 2,379,170 warrants were issued on conversion of the Subscription Receipt Units, with each whole warrant exercisable to purchase one common share of the Company at a price of $0.80 for a period of three (3) years from issuance. The Company also issued 26,040 broker warrants in combination with the closing of the Subscription Receipt Units. Each broker warrant entitles the holder to purchase one Unit at $0.50 for a period of three (3) years, with each whole warrant exercisable to purchase one common share of the Company at a price of $0.80 for a period of three (3) years from issuance.

- In relation to the 2019 private placements, the Company paid cash issuance costs of $23,730.

- On February 1, 2019, a consultant exercised 300,000 options at a price of $0.016 per share.

- On March 5, 2019 a consultant exercised 55,560 options at a price of $0.09 per share.

- On March 5, 2019, $959,000 principal amount debentures, plus accrued interest of $78,262, were converted into 7,594,547 shares of CB2. The total amount of shares includes a 10% penalty multiplier as the Company was unable to complete the going public transaction by the Conversion Date as stipulated in the debenture agreement.

- On March 5, 2019, the Company entered into a binding agreement to acquire MedEval Clinic LLC, a medical cannabis evaluation and education center group with multiple locations in Colorado and Arizona, for US$150,000 cash and the issuance of 450,000 common shares, subject to a hold period of 4 months from issuance. This transaction was closed on April 9, 2019.

- On April 4, 2019, the Company acquired the assets of Colorado-based medical cannabis clinic group Rae of Sunshine Health Services ("ROSH") LLC, operating as "Relaxed Clarity" for a cash payment of US$200,000 and issuance of 500,000 common shares, subject to a hold period of 4 months from issuance.

Outlook and Overall Performance

The accompanying financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the realization of assets and settlement of liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material.

With the acquisitions of various clinical operations as well as advancement in its own proprietary technology platforms, all brands have substantial opportunities for near-term growth moving forward. The Company will look to continue to grow the brands organically but also sees synergies both in cost reductions and growth opportunities within the combined operations.

A primary focus for the Company moving forward is the acceleration of clinical acquisitions in the US. These acquisitions lead to accretive growth to the Company's financial metrics as well as grow the overall patient base for an increased source of anonymized and aggregate data that can be leveraged for future health outcome generation. The Company believes that it is an opportune time to aggressively acquire these types of assets. The US clinical industry is highly fragmented and provides a solid opportunity for the Company to consolidate this industry in the near-term.

The Company will also work to grow its existing clinical operations organically. With three established clinical brands, serving 14 US states and a total of approximately 85,000 patients per year, the Company sees several opportunities to add new clinic locations and grow patient volumes in existing clinics in the near-term. Marketing efforts will be increased to partner with specialists, patient support groups, resource centers and other channels to provide evaluations and education services within existing markets. The Company is also confident that cost synergies will continue to be uncovered to improve the bottom line of its clinical operations.

As new markets open within the US and abroad, the Company will assess whether to organically expand into those markets under its existing brands or to enter the market by way of M&A activity. This assessment will primarily be based on thorough cost analysis as there are times when market entry based on acquisition is more cost effective.

Additional focus will be in the development of business intelligence and other analytics tools that will be used by external stakeholders both within the cannabis industry and externally. Preliminary conversations with regulatory bodies, researchers and pharmaceutical companies have identified a significant market opportunity to design and develop these data tools to be commercialized to advance the understanding of cannabinoid therapy globally. These tools can be used to assist in regulation efforts, drug research & development, drug commercialization and other critical areas of the healthcare space.

All clinical operations, both completed and anticipated, will capitalize on post-acquisition cost synergies, place greater focus on external marketing and event participation and find new ways to cross-promote for even further market penetration. The Company is actively pursuing opportunities across various stages of its M&A pipeline in the remaining states with medical cannabis frameworks that the Company is not currently operating within. In addition, the Company is also in active conversations in expanding its current research platform via partnerships and collaborations with International research and clinical groups seeking to join the Companies goal of developing RWD/RWE for the advancement of medical cannabis in each of their respective jurisdictions. This will enable the Company to further advance its reach and ability to monetize and commercialize its assets in areas such as real-world clinical trial development.

Discussion of Operations[1]

For the three months ended March 31, 2019, the Company has two reportable operating segments related to its software and clinic businesses which also align with the two countries in which it operates, the United States and Canada. The functional currency is the United States Dollar ("USD") for operations in the United States and the Canadian dollar ("CAD") for operations in Canada. The Company's reporting currency is the CAD.

Total revenue for the three months ended March 31, 2019 was $2,849,811, a growth of 16.3% over quarter ended December 31, 2018 ($2,449,020) and 7.8% over quarter ended March 31, 2018 ($2,643,317). Total cost of sales for the three months ended March 31, 2019 was $655,688, resulting in gross profits of $2,194,123. Total cost of sales for the three months ended March 31, 2018 was $656,274, resulting in gross profit of $1,987,043. Growth in revenue and gross profit was solely due to organic growth within the Canna Care Docs brand. Revenues from clinical acquisitions were not realized during the period ended March 31, 2019, as both the acquisition of

[1] Some comparative numbers for the three months ended March 31, 2018 have been revised for accuracy.

(Expressed in Canadian dollars)

MedEval and acquisition of Relaxed Clarity occurred subsequent to quarter end. Moving forward, the results of the acquired clinics will be consolidated in the Company's financials leading to further growth in revenue and gross profit. Total revenue estimate for MedEval and Relaxed Clarity clinics for the quarter ended March 31, 2019 is $500,000 which would have translated into total revenue of $3,349,811 for the Company had these acquisitions taken place on January 1, 2019.

Revenues for the three months ended March 31, 2019 for US and Canada segments were $2,845,359 and $4,452, respectively. Cost of sales for the three months ended March 31, 2019 for US and Canada were $655,688 and $nil, resulting in gross profits of $2,189,671 and $4,452, respectively.

Operating expenses for the three months ended March 31, 2019 for the US and Canada segments were $1,804,070 and $1,353,863, respectively. Total operating expenses were $3,157,933.

Net income (loss) after taxes for the three months ended March 31, 2019 for the US and Canada were $289,865 and $(2,451,411), respectively. Total net loss was $2,161,546.

It is important to note that within these expenses, the Company incurred approximately $484,290 in one-time operating expenses related to its public listing as well as other limited services including after-market marketing support. As well, the Company incurred $807,995 in transactional and legal costs related to its RTO transaction. These expenses are one-time in nature and should not be considered as part of the Company's normal monthly expenditures. Compared to Q4 2018, the Company has improved its Net Income/Loss position by 61% when excluding non-cash and one-time expenses. These reductions were in part due to further improvements in Company's top and bottom line. The Company is committed to reducing its monthly burn through new opportunities to increase revenue and find additional cost savings through economies of scale, and improved operating efficiencies.

Significant Assets

$	March 31, 2019	December 31, 2018
Cash	1,591,772	433,833
Trade and other receivables	393,486	297,479
Computer software	1,842,854	1,756,447
Other intangible assets	3,737,412	3,907,917
Goodwill	3,879,755	3,960,758

The Company's total assets at March 31, 2019 were $13,282,873 (December 31, 2018: $10,893,603). These mainly comprised cash amounting to $1,591,772 (December 31, 2018: $433,833), trade and other receivables amounting to $393,486 (December 31, 2018: $297,479), computer software amounting to $1,842,854 (December 31, 2018: $1,756,447), other intangible assets amounting to $3,737,412 (December 31, 2018: $3,907,917) and goodwill amounting to $3,879,755 (December 31, 2018: $3,960,758).

Increase in cash was due to shares and warrants issued in cash in the private placements completed during the three months ended March 31, 2019 offset by operational expenses and investments in capacity. Trade and other receivables increased due to GST/HST recoverable balance. Increase in computer software was due to investment by the Company in technology development to focus on strategy execution.

Liquidity and Capital Resources

The Company's cash used in operations for the three months ended March 31, 2019 was $859,396. Operating activities were affected by a $454,950 adjustment for depreciation and amortization, accretion on convertible debentures of $77,553, accretion on lease liabilities of $40,105, penalty on convertible debentures of $95,900, reverse takeover transaction costs of $807,995, share-based compensation of $183,903, and the net change in non-cash working capital balances of $358,256 because of an decrease of inventories of $4,843, increase in trade and other receivables of $94,967, increase in prepaid expenses of $54,474, decrease in accounts payable and accrued liabilities of $275,263, and increase in income taxes of $61,605.

The Company's cash used in investing activities for the three months ended March 31, 2019 was $325,005 which comprises investment by the Company in technology development to focus on strategy execution.

The Company's financing activities comprised raising $2,477,240 through the issuance of shares and warrants during the three months ended March 31, 2019 and $182,209 payment of lease liabilities.

As at March 31, 2019, the Company had a cash balance of $1,591,772 (December 31, 2018: $433,833). The Company had current liabilities of $1,222,338 (December 31, 2018: $1,770,045). The Company's positive cash flow is primarily a result of proceeds from the private placements during the three months ended March 31, 2019 offset by expenses in relation to the 'going-public' process, technology development, and costs to scale the business and implement strategic plans.

As at March 31, 2019, the Company had a working capital of $946,840. The Company had incurred losses to date and had an accumulated deficit of $7,942,118 as at March 31, 2019. The Company generates revenue but will incur losses until revenues reach a level where operations become profitable. The Company's ability to reach profitability is dependent on successful implementation of its business strategy. The Company will require additional debt and/or equity financing in order to develop its business. Although the Company has been successful in raising funds to date, there can be no assurance that adequate or sufficient funding will be available in the future or available under terms acceptable to the Company.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements from the date of its incorporation to the date of this MD&A.

Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. The Company's key management currently consists of the Company's directors and officers.

Salaries and short-term benefits of key management personnel amounted to $102,739 and $63,600 for the three months ended March 31, 2019 and 2018, respectively.

Share-based compensation of key management personnel amounted to $67,553 and $62,173 for the three months ended March 31, 2019 and 2018, respectively.

The amounts are the amounts recognized as an expense during the reporting period related to key management personnel.

New Accounting Policies Adopted

(a) Leases and right-of-use assets

In January 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"), replacing IAS 17 - Leases. IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its statement of financial position, providing the reader with greater transparency of an entity's lease obligations.

The Company has adopted the standard using the modified retrospective approach. Under this approach, the Company has not restated comparative 2018 information. An adjustment to the opening deficit on January 1, 2019 of $(232,813) was made in the condensed interim consolidated statement of changes in shareholders' equity.

For leases that were classified as operating leases under IAS 17, lease liabilities at transition have been measured at the present value of remaining lease payments, discounted at the related incremental borrowing rate as at January 1, 2019.

The Company has applied two recognition exemptions for leases - leases of "low-value" assets and leases with a term of 12 months or less.

At January 1, 2019, the Company adopted the following and there was no material impact on the Company's financial statements.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate. The Company used an incremental borrowing rate of 10% for discounting the contractual lease payments.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted if it is reasonable certain to assess that option; and
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Lease liabilities, on initial measurement, increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Use of estimates and judgments

a. Estimates - Lease terms are estimated by considering the facts and circumstances that can create an economic incentive to exercise an extension option, or not to exercise a termination option. Certain qualitative and quantitative assumptions are evaluated when deriving the value of an economic incentive.

b. Judgments - Judgment is applied when determining if a contract contains an identified asset. The identified asset should be physically distinct or represent substantially all of the capacity of the asset, and should provide the right to substantially all of the economic benefits from the use of the asset.

Judgment is also applied when determining if the Company has the right to control the use of an identified asset. This right exists when the Company has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In certain instances, where the decision about how and for what purpose the asset is used are predetermined , the Company has the right to direct the use of the asset when the Company has the right to operate the asset or if the Company designed the asset in a way that predetermines how and for what purpose the asset will be used.

Judgment is applied when determining the incremental borrowing rate used to measure the lease liability of each lease contract, including an estimate of the asset-specific security impact. The incremental borrowing rate should reflect the interest rate the Company would pay to borrow at a similar term and with similar security.

Certain leases contain extension or renewal options that are exercisable only by the Company and not by the lessor. At lease commencement, the Company assesses whether it is reasonably certain to exercise any of the extension options based on the expected economic return from the lease. Periodically, lease are reassessed to determine the Company is reasonably certain to exercise options and account for any changes at the date of the reassessment.

(b) IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. At January 1, 2019, the Company adopted this standard and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's Annual MD&A for the fiscal year ended December 31, 2018, available on SEDAR at www.sedar.com.