



The Jenex Corporation

Management Discussion and Analysis

**Year Ended July 31, 2017 and 2016
(Expressed in Canadian Dollars)**

Management Discussion and Analysis
Year Ended July 31, 2017

This Management Discussion and Analysis (MD&A) of the operational results and financial condition of **The Jenex Corporation** (the “Company”/ “Jenex”) for the year ended July 31, 2017 constitutes management’s review of the factors that affected the Company’s financial and operating performance and should be read in conjunction with the Company’s audited financial statements for the year ended July 31, 2017 and accompanying notes thereto.

This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion, dated November 27, 2017, should be read in conjunction with the Company’s audited financial statements as at July 31, 2017. Results are reported in Canadian dollars.

Statement of Compliance with International Financial Reporting Standards

These audited financial statements have been prepared in accordance with accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) in effect for the Company’s reporting period ended July 31, 2017.

Additional information relating to the Company is on SEDAR at www.sedar.com.

Date of MD&A

This MD&A was prepared on November 27, 2017.

Forward-Looking Information

Certain statements included in this document constitute forward-looking statements including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend” and similar expressions. The forward-looking statements are not historical facts but are based on estimates and assumptions made by the Company considering its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate in the circumstances. These forward-looking statements are subject to a number of risks and uncertainties that can cause actual results or events to differ materially from current expectations, including the matters discussed under “Risks and Uncertainties”. Readers should not place undue reliance on the Company’s forward-looking statements. Unless otherwise required by applicable securities laws, the Company has no intention and undertakes no obligation to update or revise any forward-looking statements to reflect subsequent information, events, results or circumstances or otherwise.

Business Overview

The Jenex Corporation is the developer of a proprietary thermal therapy technology that provides topical relief to skin irritations resulting from insect bites, stings and prevention of cold sores. During the year, the Company continued to dedicate its efforts to developing and marketing this technology.

During the year, the Company continued to sell some of its inventory and was able to generate modest revenues.

Description of Current Products

InterceptCS™ is the Company's existing product and the Company continues to focus on developing this product.

InterceptCS™

InterceptCS™ is the first product proven and approved to prevent cold sore outbreaks. The Company has been permitted to sell InterceptCS™ in Canada and has the claim, "For the prevention of cold sores when used within 3 hours of the onset of the prodrome".

Some of the InterceptCS™ product inventory was sold during the year. Management's goal is to sell the entire inventory and to re-design the product to generate new intellectual property and provide additional protection for its investment. This continues to be the strategy for the foreseeable future.

InterceptCS™ with New Design

The treatment activator is a plug-in module to the InterceptCS™ to enable the treatment of cold sores. The treatment activator is good for one use and is then discarded. The Company has completed design alternatives for the treatment activator for multiple use options, providing customers with greater choice and the Company with greater marketing opportunities. The new treatment activator is expected to be available to consumers in the next fiscal year.

Marketing channels include the Company's own e-Store, www.interceptcs.com, and a third-party marketing affiliate and its e-Store site, www.interceptcoldsore.com. These sites are well-positioned to leverage the rapidly growing trend of consumer on-line purchases.

On the quality front, the Company maintains its ISO-13485 certification, which underscores management's continued commitment to high quality throughout the product development life cycle and the product's lifespan with customers.

Sales Strategy

The Company continues to make good use of two e-Stores to market and sell its products. The Company also intends to leverage traditional retail channels in bringing its products to the market. The "bricks and mortar" outlets still present a good market opportunity and the Company plans to re-establish discussions with large retail channels for its products.

Potential New Products

TherOZap™

The Company has registered TherOZap™ (www.therozap.com) as the name of Jenex's next generation thermal therapy insect device. TherOZap™ will utilize advanced technology to provide relief to sufferers of insect bites and stings. This is a patent pending technology and product development is continuing on schedule.

On December 8, 2016, the Company announced that it will engage an independent laboratory and internationally recognized health care network to conduct the tests of TherOZap™ against both the Zika and West Nile virus. The testing will determine if the Zika and West Nile viruses are susceptible to the treatment conditions of the technology including the identification of effective treatment parameter ranges.

On March 30, 2017, the Company announced that it had signed a service agreement with University Health Network (UHN), whereby UHN would develop testing methodology protocols for the TherOZap™ technology to determine the effectiveness of TherOZap™ at inactivating the Zika and West Nile viruses.

On October 12, 2017, the Company further announced that it had received promising initial results on the Zika virus testing with TherOZap™. Additional results are expected prior to calendar 2017 year end.

Exclusive License Agreement

The Company entered into an exclusive license agreement (the "License") on November 2, 2016 with Luminar Media Group Inc. ("Luminar") of Aventura, Florida, United States to market Jenex's next generation thermal therapy insect device (the "Device") in the US, Europe and Asia. The Company will receive an aggregate of US\$250,000 from November 2016 to February 2017. In addition, the Company will receive a royalty payment equal to a range of 5% to 10% of gross sales of the Device and payable quarterly. As a condition of the agreement, Luminar is required to meet the sales targets over the next 5 years.

The Company will explore the use of its technology for several products in the areas of acne prevention and anti-aging. In addition, management is considering licensing device based cosmetic or skin related technologies for the Canadian and International markets.

On October 2 2017, the Company formally terminated this exclusive license agreement with Luminar to distribute TherOZap™ globally outside of Canada for reasons of non-performance of fees payable as outlined in the agreement. The Company may in the future consider a non-exclusive agreement with Luminar.

The Company will continue to search for other international distribution partners in the future.

Potential New Products (continued)

Acquisition of Medical Products

On November 2, 2017, the Company entered into a non-binding letter of intent for acquiring two medical device products. These products have established sales and cash flow and are sold worldwide under established brand names. They utilize thermal therapy to relieve cosmetic related acne and other topical related applications. This proposed acquisition is expected to complete on January 31, 2018, subject to due diligence to be completed by December 31, 2017.

Going Concern

Financial statements are required to be prepared on a going concern basis unless management either intends to liquidate the Company or cease trading or has no realistic alternative but to do so within the foreseeable future. The audited financial statements have been prepared on a going concern basis as outlined in Note 2. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of operations.

The Company has had net losses, working capital deficiency, and shareholders' deficiency and has financed its activities through loans from directors and the issuance of shares and debentures. These conditions raise significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to reach a profitable level of operations and obtain adequate financing. The Company intends to attract new investors, continue with the re-launch of its cold sore prevention products and pursue licensing partners to exploit its proprietary technology. There can be no assurance that the Company will be successful in generating revenue or raising additional investment capital to provide sufficient cash flows to continue as a going concern. Therefore, there are material uncertainties related to certain conditions and events that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets or discharge its liabilities in the normal course of business.

The long-term debt of \$222,932 (2016: \$600,000) was the balance of a secured debenture (detailed in Note 7 of the audited financial statements), resulting from a debt settlement with debtholders in December 2014. The long-term debt holders further agreed to a share-to-debt settlement in 2017 and on April 11, 2017, the Company issued 7,541,364 common shares at a price of \$0.05 per share to settle an aggregate of \$377,068 of the long-term debt.

The audited financial statements of the Company do not include any adjustments relating to the recoverability of assets and to the reclassification of assets and liability amounts that might be necessary should the Company be unable to continue its operations. These adjustments could be material.

During the year, the Company incurred a loss of \$965,589 (2016: loss of \$206,021) and as of that date, the Company had an accumulated deficit of \$15,233,714 (2016 - \$14,268,125) and a working capital deficiency of \$670,913 (2016 - \$1,026,346).

The Company continued to sell its inventory during the year, which generated \$3,697 revenue for the Company. In addition, license fees revenue totaling \$27,466 was recognized.

Operations and Performance at Fourth Quarter

During the period from May 1, 2017 to July 31, 2017, the Company has generated sale revenues of \$690 and recognized license fees of \$10,874 as revenue.

The Company's management continued to exploit the business opportunity of licensing its products and thermal therapy technology to third parties and worked on raising additional capital (Note 11(c)).

Overall Performance

During the year ended July 31, 2017, the Company has generated gross revenues of \$3,697.

The Company continues to work with third-party sales and marketing agencies to market and sell its current products through various marketing and distribution channels including online e-Stores, utilizing affiliate marketing and a social media campaign.

The Company is considering raising additional funding for future development. The Company's management believes that a further equity financing could allow the Company to re-design the current products and launch products in the areas of inflammation, pain and itch related to insect bites, acne, anti-aging and cold sore prevention – all based on the Company's current technology.

Financings

The Company's management is of the view that additional financing is critically needed to execute its marketing and re-design plan for InterceptCS™, advancing and acquiring new products, achieving growth of the Company and meeting the continuous disclosure and regulatory requirements.

On June 22, 2017, the Company announced that it completed, subject to receiving final acceptance from the TSX Venture Exchange, an oversubscribed non-brokered private placement ("Financing") of 6,350,000 units ("Unit") of the Company at a price of \$0.05 per Unit for gross proceeds of \$317,500. On September 19, 2017, the Company reported that it had received stock exchange final approval for the Financing. Each Unit is comprised of one common share (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant will entitle the holder to purchase one Share at a price of \$0.08 for a period of three years from the date of issuance of the Warrant. The term of the Warrants would be subject to an acceleration right at the option of the Company, in the event that the Shares trade at or above \$0.15 per Share for a full 10 consecutive trading days following the date which is four months and one day from the Closing Date, and the Company had provided Warrant holders with 30 days prior written notice of the accelerated Warrant exercise date.

The Company's management continues to work with legal counsel to pursue, at the appropriate time, a private placement to raise additional capital and to settle outstanding debt where possible.

During the year ended July 31, 2017, the Company continues to receive support through loans from directors and through a private placement completed in June 2017.

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Addressing Indebtedness, Agreements with Debtholders

The Company carries total liabilities of \$1,044,737 (2016-\$1,626,463). The Company continues to improve its financial position as management and the Board of Directors are working to reach a debt settlement agreement with debt holders to convert obligations into equity (Note (5), (7) and (8)).

On April 11, 2017, the Company settled an aggregate of \$377,068 of secured debentures and a sum of \$43,307 owing to the unsecured 13% convertible debenture holder by issuing 7,541,364 common shares and 866,140 common shares both at a price of \$0.05 per share respectively.

Selected Annual Information

	<u>Year Ended July 31</u>		
	2017	2016	2015
	\$	\$	\$
Total revenue	31,163	4,793	1,709
Net loss	(965,589)	(206,021)	(356,371)
Net loss per share (basic and fully diluted)	(0.01)	(0.01)	(0.01)
Total assets	150,892	117	245
Current portion of long term debt	-	33,378	33,378

Summary of Quarterly Results

Fiscal Year	2017				2016				2015			
	July 31	Apr 30	Jan 31	Oct 31	July 31	Apr 30	Jan 31	Oct 31	July 31	Apr 30	Jan 31	Oct 31
Quarter Ended	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue	11,170	8,712	10,886	395	4,793	1,926	1,639	783	1,709	720	153	-
Net loss	622512	240496	60,125	42,456	206,021	33,974	52,314	119,533	356,371	292,226	270,071	267,185
Net loss per share (basic and fully diluted)	0.01	0.002	0.001	0.0004	0.01	0.0003	0.001	0.001	0.01	0.003	0.002	0.003

Results of Operations

	<u>Year Ended July 31</u>	
	2017	2016
	\$	\$
Sales	3,697	4,793
Gross profit	3,697	4,793
License fees revenue	27,466	-
Net loss	(965,589)	(206,021)

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Sales

The net sales for the year ended July 31, 2017 were \$3,697 (2016 - \$4,793).

Gross Profit

During the year, the gross profit was \$3,697 (2016 – \$4,793). The Company had already written down the cost of the existing inventories in previous years and the remaining cost of inventory was recognized in 2015 fiscal year.

License Fees Revenue

License fees totaling \$27,466 was recognized as revenue. The recognition of license fees revenue was based on the life of license agreement.

Expenses

	<u>Year Ended July 31</u>	
	2017	2016
	\$	\$
General and administrative	<u>423,696</u>	<u>210,342</u>

General and administrative expenses for the year July 31, 2017 were \$423,696 (2016: \$210,342) an increase of \$213,354 over last year. The net change of general and administrative expenses mainly resulted from an increase in legal and consulting fees, as well as the research and development expenses incurred to review the Company's sales and marketing, engineering, re-designing and testing of products, and raising additional capital.

Management fees incurred to directors and an officer of the Company included in general and administrative expenses for the year amounts to \$152,000 (2016: 110,000).

Interest expenses

	<u>Year Ended July 31</u>	
	2017	2016
	\$	\$
Interest expenses	<u>4,929</u>	<u>-</u>

Interest expenses for the year ended July 31, 2017 totaling \$4,929 (2016 - nil) was related to \$30,000 unsecured 13% convertible debenture. The convertible debenture was matured in 2016, but was settled with a share-to-debt agreement in April 2017.

Liquidity

At July 31, 2017, the Company had a net working capital deficiency of \$670,913 (2016: \$1,026,346).

Current assets increased to \$150,775 consisting of \$65,499 cash, \$7,108 prepaid expenses and \$78,285 sales tax recoverable at July 31, 2017(2016: cash \$117).

Accounts payable and accrued liabilities decreased to \$774,338 at the year ended July 31, 2017, as an amount of \$465,147 was settled by issuing 9,302,935 common shares at a price of \$0.05 per share to various creditors. (2016: \$851,493) (Note (5)).

Related Party Transactions

At July 31, 2017, the Company accrued management fees totaling \$152,000 payable to the directors and an officer of the Company (2016: \$110,000). Except a payment of \$5,000 consulting fees to an officer of the Company, there were no consulting fees paid to directors.

On April 11, 2017, the Company issued 2,212,527 common shares and 1,319,923 common shares both at a price of \$0.05 per share to two directors respectively in settlement of their management fees of \$110,626 and \$65,996 accrued for previous years, which were included in the accounts payable and accrued liabilities.

On June 21, 2017, insiders and close associate of the Company subscribed for 1,950,000 units of the private placement for gross proceeds of \$97,500. Regarding the financing, the chief executive officer of the Company sold an aggregate of 250,000 common shares from his personal shareholdings to a private investor at a price of \$0.05 per share for the proceeds of \$12,500. He used all of the proceeds from the sale of these shares to purchase units under the financing.

Contractual Obligations

Exclusive Product Development Agreement

On October 18, 2016, the Company entered into an exclusive product development agreement with Microbands Inc. to design Jenex's next generation thermal therapy insect device. Microbands Inc. is an advanced coatings and electrical design company in Markham, Ontario. The Company will be incorporating Microbands' proprietary anti-microbial coating into the next generation thermal therapy insect device under this agreement to provide additional benefit to its customers. The Company has committed to pay a balance of initial development fees of \$25,000. A license agreement was also embedded into this agreement which gives the Company an exclusive and worldwide license to use Microbands' technology for 5 years plus an option to extend 2 more years. The Company has made total payments of \$15,000 to Microbands.

Contractual Obligations (continued)

Exclusive License Agreement

On November 2, 2016, the Company entered into an exclusive license agreement (the "License") with Luminar Media Group Inc. ("Luminar") of Aventura, Florida, United States to market Jenex's next generation thermal therapy insect device (the "Device") in the US, Europe and Asia. The Company will receive an aggregate of US\$250,000 from November 2016 to February 2017. In addition, the Company will receive a royalty payment equal to 10% of gross sales of the Device up to the first 100,000 units sold and 5% of gross sales of the Device thereafter. The royalty is payable quarterly. Luminar is required to meet various sales targets over the next 5 years as part of the agreement. In return, the Company committed to obtaining all regulatory approvals with the FDA of the United States and other regulatory requirements in jurisdictions outside of the U.S. deemed necessary to market the product. The Company will also utilize its ISO 13485 Quality Management System in any market that Luminar intends to enter.

The Company received an aggregate of license fees of USD\$25,000 from the previous quarters. There were no license fees received during the third and fourth quarters. The Company is working with Luminar regarding its default of payment of license fees, as outlined in the license agreement.

On October 2, 2017, the Company announced that it had formally terminated its exclusive agreement with Luminar to distribute TherOZap™ globally outside of Canada for reasons of non-performance of fees payable as outlined in the agreement.

Development of Testing Methodology Protocols

On March 30, 2017, the Company announced that it signed a service agreement with University Health Network (UHN), whereby UHN would develop testing methodology protocols for the TherOZap™ technology to determine the effectiveness of TherOZap™ at inactivating the Zika and West Nile viruses.

Except for the obligations relating to meeting the continuous disclosure and regulatory requirements, the Company did not enter into any other contracts and had no contractual obligations during the year ended July 31, 2017 (2016: nil).

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet transactions.

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Share Capital and Warrants

There are unlimited numbers of common and preferred shares authorized without par value.

	2017	2016
Common shares outstanding	135,043,740	110,352,437
Warrants outstanding	6,350,000	-

During the year ended July 31, 2017, the Company issued 18,341,303 common shares (2016: nil) at a price of \$0.05 per share to settle a principal of \$377,068 for the secured interest-free debentures, \$43,307 for the principal of unsecured 13% convertible debentures plus interest and fees. \$31,543 for other loan payable and \$465,146 for accounts payable and accrued liabilities respectively.

On June 22, 2017, the Company completed its non-brokered private placement financing and issued 6,350,000 units at a price of \$0.05 per unit for a gross proceed of \$317,500, including 1,200,000 units subscribed by two directors of the Company for gross proceeds of \$60,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.08 for a period of one year from the date of issuance. However, each warrant's term will be automatically extended to three years from issuance date if the Company graduates from the NEX to the TSX Venture Exchange during the initial one-year period. In addition, the term of the warrant will be subject to an acceleration right at the option of the Company if the common shares of the Company trades at or above \$0.15 per share for a prescribed period of time. On September 19, 2017, the Company reported that it had received the stock exchange final approval for such issue.

There was a new issue of 6,350,000 warrants during the year. (2016: nil warrant).

Incentive Stock Options

	2017		2016	
	No of Options	Weighted Average Exercise Price	No of Options	Weighted Average Exercise Price
Issues and outstanding, Beginning of the period	5,550,000	\$0.10	5,550,000	\$0.10
Issued during the period	5,000,000	\$0.10	-	-
	10,550,000	\$0.10	5,550,000	\$0.10

All issued and outstanding stock options expire on March 2019 to March 2022.

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Governance

Audit Committee

The audit committee is currently composed of the following members of the Board of Directors:

Member	Independent(1)	Financially Literate(2)
Rob Fia	No	Yes
John Gamble	Yes	Yes
Joe Heng	Yes	Yes

Notes:

- (1) A member of the audit committee is independent if the member has no direct or indirect material relationship with the Company which could, in the view of the board, reasonably interfere with the exercise of a member's independent judgment.
- (2) A member of the audit committee is financially literate if the member has the ability to read and understand a set of financial statements that present a breach of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

The education and experience of each audit committee member that is relevant to performance as an audit committee member is summarized below:

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Audit Committee (continued)

Member	Education and Experience
Rob Fia	<p>Mr. Fia, CFA, is Co-head Corporate Finance of Kingsdale Capital Markets Inc., an investment dealer. He has over 17 years' experience in the investment business including both equity research and corporate finance.</p> <p>Mr. Fia received his B.Comm. (Honours) degree from the I.H. Asper School of Business at the University of Manitoba and holds the Chartered Financial Analyst designation.</p>
John Gamble	<p>Mr. Gamble is the President and CEO of Enerdynamic Hybrid Technologies Corp (TSXV-EHT), a manufacturer and distributor of solar and wind energy solutions. Mr. Gamble has been a consultant to various industries for over 25 years. From January 2008 to April 2011, Mr. Gamble was the President and CEO of Elgan Systems GmbH & Co KG, an electrical products and solar development Issuer based in Bamberg and Munich, Germany. From December 2009 to October 2010, he was President of European Operations for Oneworld Energy Inc., a solar and wind development company. From September 2008 until January 2009, he was the Executive Vice President of Strategic Operations for SonnenEnergy Corp. (TSXV: PWR), a solar power integrator in Germany.</p> <p>Mr. Gamble is a member of the Institute of Corporate Directors.</p>
Joe Heng	<p>Mr. Heng is a Chartered Professional Accountant, Chartered Accountant and has acted as chief financial officer for the past 10 years. He was Chief Financial Officer of various publicly traded companies including MCM Capital Inc.</p>

The following table sets out the fees paid by the Company to HS & Partners LLP, Chartered Professional Accountants, for services rendered in the last three fiscal years.

Financial Years Ended July 31	Audit Fees(1)	Audit Related Fees(2)	Tax Fees(3)	All Other Fs(4)
2017	\$8,000	\$ -	\$500	\$ -
2016	\$7,000	\$ -	\$500	\$ -
2015	\$16,000	\$ -	\$ -	\$ -

Audit Committee (continued)

Notes:

- (1) "Audit fees" are the aggregate fees billed by the Company's external auditor for audit services.
- (2) "Audit-related fees" are the aggregate fees billed for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit review of the Company's financial statements and are not reported as part of the audit fees.
- (3) "Tax fees" are the aggregate fees billed for professional services rendered by the Company's external auditor for tax compliance, tax advice and tax planning.
- (4) "All other fees" are the aggregate fees billed for products and services provided by the Company's external auditor, other than the services reported as audit fees, audit-related fees and tax fees.

The Company is a "venture issuer" as defined in National Instrument 52-110 and is relying on the exemption in section 6.1 of National Instrument 52-110 relating to Parts 3 (Composition of Audit Committee) and 5 (Reporting Obligations).

Corporate Governance Disclosure

Board of Directors

John Gamble and Joe Heng are independent directors within the meaning of National Instrument 52-110. Rob Fia is not independent because he is the Chief Executive Officer of the Company.

The board of directors has responsibility for supervising and overseeing the management of the business of the Company.

Directorships

The following is a list of those directors and proposed directors who are a director of any other issuer that is a reporting issuer (or the equivalent):

Director	Reporting Issuer
Rob Fia	Icon Exploration Inc.
John Gamble	Forterra Environmental Inc., EnerDynamic Hybrid Technologies Corp. and Icon Exploration Inc.
Joe Heng	Red Pine Exploration Inc.

Orientation and Continuing Education

The board of directors does not have any formal procedures for orienting new board members or to provide continuing education for directors.

Corporate Governance Disclosure (continued)

Ethical Business Conduct

The board of directors believes that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the board of directors in which a director has an interest have been sufficient to ensure that the board of directors operates ethically and in the best interests of the Company.

Nomination of Directors

There is no committee which is assigned responsibility for identifying new candidates for the board or directors. There is no formal process for identifying new candidates for the board or directors.

Compensation

The compensation payable to the chief executive officer and the directors is determined by the board of directors based on discussion among its members.

Assessments

The board of directors has not established a formal policy to monitor the effectiveness of the directors, the board of directors and its committees.

Risks and Uncertainties

Capital Requirements and Liquidity

As previously noted, there can be no assurance that the Company will be able to raise additional financing if its capital resources are exhausted. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. Failure to keep up with its capital and revenue expenditures could severely impair the Company's ability to continue operating as a going concern.

Dependence on Key Personnel

The current management of the Company joined the firm in late 2009. The Company's success is dependent to a great degree upon its ability to attract and retain highly qualified management and scientific personnel and to develop and maintain relationships with leading research institutions. The Company is highly dependent on the principal members of its management as well as its advisors, collaborators and consultants. Competition for such personnel is intense and is affected by several factors beyond the control of the Company. The loss of such key employees, advisors, collaborators and consultants, could compromise the speed and success of the Company's research and development objectives and adversely affect the Company's future prospects. The Company is attempting to build a new management team to revitalize its operations and improve the performance of the Company. There is no key man insurance policy for any of its directors or management.

Risks and Uncertainties (continued)

Proprietary Rights and Patent Protection

The Company has maintained its existing intellectual property for TherOZap™ and through its trademark related to InterceptCS™. The failure to maintain the Company's intellectual property could put the Company at risk of competitive intellectual property through companies that are better funded which may have a material adverse impact on the Company.

Risk of Third Party Claims for Infringement

The Company is not aware of any of its technology or processes that infringe the proprietary rights of third parties. There can be no assurance, however, that third parties will not claim such infringement by the Company with respect to current or future technology or products of the Company. Dealing with any such claims, with or without merit, could be time-consuming, result in costly litigation, or require the Company to enter into royalty or licensing agreements, which may or may not be available on terms acceptable to the Company. The failure to do any of the foregoing may have a material adverse effect on the Company.

Regulatory Environment

The procedure involved in obtaining regulatory approval from the competent authorities to market therapeutic products and devices and topical treatments is a long and expensive process that may delay or prevent product development. Any regulatory approval sought with the FDA in the USA to allow the Company to market a product in the USA may be applicable to a limited extent only or it may be refused in its entirety. Such limitations or refusal could have a material adverse effect on the sales and profitability of the Company. There can be no assurance that the Company will obtain such regulatory approval for InterceptCS™ or TherOZap™ or other products from the FDA on a timely basis, if at all.

Competition

Competition in the health products industry is intense. The Company will compete with other companies that are developing or have developed products designed to treat similar conditions. Many of these other companies have substantially greater resources than the Company. There can be no assurance that developments by other companies will not adversely affect the competitiveness of the Company's technologies or any products based thereon or the commitment of the Company's research collaborators to the Company's programs. The health products industry is also characterized by extensive research efforts and rapid technological change. Competition can be expected to increase as technological advances are made and commercial applications for health products increase. Competitors of the Company may use different technologies or approaches to develop products similar to the products which the Company is seeking to develop, or may develop new or enhanced products or processes that may be more effective and less expensive. There can be no assurance that any product developed by the Company will compete successfully or that research and new industry developments will not render the Company's products obsolete or uneconomical.

Risks and Uncertainties (continued)

Manufacturing and Marketing

The Company has limited experience in large scale manufacturing and marketing of its products. There can be no assurance that any manufacturing and marketing efforts will be successful. The Company has to rely on third parties to manufacture and/or market products. Accordingly, the quality and commercial success of such products may be outside its control. There can be no assurance that the market will accept the Company's products, even if they prove to be safe and effective and are approved for marketing by the Therapeutic Products Directorate, Health Canada, FDA and other regulatory authorities.

Failure of or delay by a manufacturer of the Company's products to comply with Good Manufacturing Practices or similar quality control regulations or satisfy regulatory inspections may have a material adverse effect on the future prospects of the Company. Further, market penetration of the Company's products will be influenced by factors including the cost-effectiveness and overall economic benefits that such products offer.

Due to the lack of funds, the Company has not manufactured any products since 2009.

Product Liability and Insurance

The sale and use of existing products or those under development by the Company may entail risk of product or other liability. The obligation to pay any product liability claim or recall a product could have a material adverse effect on the business, financial condition and future prospects of the Company.

The Company has sold a small quantity of its existing products during the year.

The Company's operating results may vary significantly from quarter to quarter.

The Company's operations and operating results have not improved much over the year due to lack of funds and significant revenues. The Company is unable to manufacture new products for introduction to the market. The Company expects this situation to improve once the Company has raised additional capital, secures a sale of all its existing inventory or licenses its technology.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its obligations as they come due. The Company's ability to have sufficient funds to meet its obligations and continue as a going concern is dependent on obtaining additional investment capital and the achievement of profitable operations. There can be no assurance that the Company will be successful in generating revenue or raising additional investment capital to generate sufficient cash flows to meet its obligations and continue as a going concern.

Risks and Uncertainties (continued)

Liquidity Risk

The Company monitors its liquidity position regularly to assess whether it has the funds necessary to pay for the general and administrative expenses, to maintain the Company's books and records as well as its listing on the NEX. However, as the Company is without a significant internally generated cash flow, there are inherent liquidity risks, including the possibility that additional financing may not be available to the Company, or that the Company may not be able to achieve successful operations. The current uncertainty in global markets and the fact that the Company has a nominal amount of assets could have an impact on the Company's future ability to obtain capital on terms that are acceptable to the Company, and on the Company's future ability to achieve successful operations. The Company has so far maintained a limited amount of cash for its operational needs by means of loans from the directors and the shares issuance.

Subsequent Events

On February 13, 2017, the Company proposed to issue 34,349,937 common shares in settlement of \$1,717,496 of debt owed by the Company. The common shares are to be issued at a price of \$0.05 each and will be subject to a hold period expiring four months plus one day after closing.

On April 6, 2017, the Company announced that it issued 18,341,302 common shares to settle \$917,065 of debt owing by the Company. The shares were subject to a hold period, which would expire on August 6, 2017. This was the first of two closings of the debt settlement. The TSX Venture Exchange approved the issuance of an additional of 16,008,634 common shares at the second closing, to settle an additional \$800,431 of debt, conditional upon (a) disinterested shareholder approval with respect to 11,549,998 common shares to be issued to current and former officers and directors of the Company, and (b) ordinary shareholder approval with respect to 4,458,636 common shares to be issued to a shareholder who would thereby become a control person (as that term is defined in TSX Venture Exchange policies).

At an annual general and special meeting of the company on November 15, 2017, the Company was authorized to issue 11,549,998 common shares at a price of \$0.05 in settlement of outstanding debts owed to current and former officers and directors of the Company. It was further resolved to issue 4,458,636 common shares at a price of \$0.05 per share in consideration for the extinguishment of certain debt owed by the Company. Both resolutions were subject to the regulatory approval.

On September 19, 2017, the Company announced that the TSX Venture Exchange ("TSXV") would grant permission to begin trading on the TSX Venture Exchange after the Company's upcoming annual general meeting provided disinterested shareholder approval for the pending share-to-debt settlement. On November 15, 2017, the annual general and special meeting of the Company was held in Toronto, Ontario. All resolutions brought forward at the annual general meeting passed. The Company has since applied to the TSXV to graduate to the TSXV from the NEX Exchange.

On October 2, 2017, the Company announced that it had formally terminated its exclusive agreement with Luminar Media Group Inc. to distribute TherOZap™ globally outside of Canada for reasons of non-performance of fees payable as outlined in the agreement.

Subsequent Events (continued)

On October 2, 2017, the Company filed an order extending time for holding the next annual meeting of shareholders in Alberta. On November 15, 2017, the Company held the annual general meeting and special meeting of the shareholders in Toronto, Ontario. During the meeting, the Company approved to change the name to “Therma Bright Inc.”, to issue an aggregate of 11,549,998 common shares at \$0.05 per share in settlement of debts owed to current and former officers and directors of the Company and to further issue 4,458,636 common shares at \$0.05 per share for the extinguishment of certain debt owed by the Company. All these resolutions were subject to the approval of TSX Venture Exchange.

On October 6, 2017, the Company announced to grant stock options to its directors, officers and consultants to purchase up to an aggregate of 1,500,000 common shares of the Company. The options are exercisable for a period of five years at a price of \$0.11 per share.

On November 2, 2017, the Company entered into a non-binding letter of intent for acquiring two medical device products. The proposed acquisition is expected to complete on January 31, 2018, subject to due diligence to be completed by December 31, 2017. A cash payment of US\$750,000 will be made at closing and a royalty of US\$1,500,000 payable over three years. A discount of US\$200,000 for total royalty payable is offered if an amount of US\$1,300,000 is paid on or before June 30, 2019.

Future Outlook

The Company has continued receiving online orders for its products and generates revenues and cash flow, though not a significant amount. The Company’s products remain viable.

The Company’s management continues to assess, update and enhance the current products. It is believed that the management strategies will materialize when the necessary capital is in place. However, there is no assurance that the capital will continue to be available.

Additional information relating to the Company is on SEDAR at www.sedar.com and at the Company’s website at www.thejenexcorporation.com