VAXIL BIO LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three and six month periods ended June 30, 2024

The following Management's Discussion and Analysis ("MD&A") for Vaxil Bio Ltd. ("Vaxil") (with its subsidiaries, the "Company") has been prepared as of August 28, 2024 and relates to the financial condition and results of operations for the three and six months ended June 30, 2024. Past performance may not be indicative of future performance. This MD&A should be read in conjunction with the condensed interim consolidated financial statements of the Company for the three and six months ended June 30, 2024 and have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

All monetary amounts are reported in Canadian dollars and in accordance with IFRS unless otherwise noted.

Forward-Looking Statements

This MD&A (including, without limitation, the sections discussing the Company's Financial Conditions and Results of Operations) contains certain forward-looking statements. All statements other than statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "contemplate", "target", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. These statements are based upon certain assumptions and analyses made by management in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. However, whether actual results and developments will conform with management's expectations is subject to a number of risks and uncertainties, including the considerations discussed herein and in other documents filed from time to time by the Company with Canadian security regulatory authorities and to general economic, market or business conditions, the opportunities (or lack thereof) that may be presented to and pursued by management, competitive actions by other companies, changes in laws or regulations and other factors, many of which are beyond the Company's control. These factors may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements and there can be no assurance that the actual results or developments anticipated by management will be realized or, even if substantially realized, that they will have the expected results on the Company. All of the forward-looking statements made herein are qualified by the foregoing cautionary statements. The Company expressly disclaims any obligation to update or revise any such forward-looking statements.

Business overview and Significant Developments

Corporate Structure

Name and Incorporation

The Company is listed on the TSX Venture Exchange under the symbol "VXL". The Company's head office is located at 3400 One First Canadian Place, Toronto, Ontario, M5X 1A4, Canada. The Company's Israel office is within the Weizmann Science Park, an Israeli biotech hub and adjacent to the Weizmann Institute of Science, at Pinchas Sapir Street 3, P.O. Box 4058, Ness Ziona, 7403626, Israel.

The Company has operated as a biotechnology company and has been focused on a novel drug discovery and development platform based on Signal Peptides ("SPs") to fight infectious diseases and cancer. On August 2, 2023, the Company announced that, given the need for additional investment, the Company began exploring new sources of capital and potential partners to support continued development of this platform. In parallel, the board of directors began actively exploring strategic options for maximizing shareholder value from the Company's assets, which may not be a continuation of the business in its current form.

Significant developments during the period

On January 10, 2024 the Company entered into a non-binding letter of intent ("CB LOI") with Copper Bullet Mines Inc., ("CBMI"), to complete a business combination or other similarly structured transaction which would have constituted a reverse take-over of Vaxil. On March 4, 2024, the Company received a notice of termination of the CB LOI from CBMI.

Definitive Agreement in Respect of a Proposed Reverse Takeover

On May 25, 2024, the Company entered into a non-binding letter of intent (the "LOI"), pursuant to which Vaxil and Green Data Center Real Estate Inc ("Green Data Centers") intend to complete a business combination or other similarly structured transaction which will constitute a reverse take-over of Vaxil (the "Transaction"). On August 20, 2024, Vaxil and Green Data Centers signed an amalgamation agreement pursuant to the terms of the LOI. It is intended that the Transaction will be an arm's length "Reverse Takeover" for Vaxil as that term is defined in Policy 5.2 of the Corporate Finance Manual of the TSXV.

The Transaction is subject to requisite regulatory approval, including the approval of the TSXV, and standard closing conditions, including completion of due diligence investigations to the satisfaction of each of the Company and Green Data Centers, shareholder approval, and the conditions described below. The legal structure for the Transaction will be confirmed after the parties have considered all applicable tax, securities law and accounting efficiencies.

The Company is at arm's length to Green Data Centers, and no director, officer or insider of the Company or Green Data Centers beneficially owns, or controls or directs, directly or indirectly, any securities of the other party. Therefore, the Transaction is expected to be an Arm's Length Transaction as defined under TSXV Policy 1.1 - Interpretation and will not be considered a "related party transaction" for the purpose of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions.

In terms of the LOI, on June 4, 2024, and on June 27, 2024, the Company advanced Green Data Centers $25 and $225, respectively, and on June 24, 2024, Green Data Centers issued the Company a unsecured promissory note ("Unsecured Note") in the amount of $25 and a secured promissory note ("Secured Note") in the amount of $225 (Unsecured Note and Secured Note, together, the "Notes").

The Notes bear interest at 12% per annum, and may be repaid by Greed Data Centers at any time, but no later than six months from the termination of the LOI.

The principal amount and any accrued interest on the Secured Note has been secured by a general security agreement provided by the Green Data Centers in favor of the Company over all of the present and after-acquired property of Green Data Centers, including all of the assets, and undertakings, of whatever nature or kind and wheresoever situated and all proceeds thereof

In the event the Transaction is completed, the unpaid principal amounts of the Notes and all interest accrued thereon shall be permanently, irrevocably and unconditionally forgiven by the Company and Green Data Centers shall be released from its obligations to make any payments in respect of these Notes.

Business of the Company

The Company was incorporated as an Israeli biotechnology company that was traditionally focused on a vel drug discovery and development platform based on Signal Peptides ("**SPs**") which the company deploys to fight infectious diseases and cancer. However, in recent years, the Company has been more focused on P-Esbp-DOX.

Given the need for additional investment, the Company began exploring new sources of capital and potential partners to support continued development of this asset. In parallel, the board began actively exploring strategic options for maximizing shareholder value from the Company's assets which may not be a continuation of the business in its current form.

Esbp-DOX

The Company, together with Prof. Ayelet David, from Ben-Gurion University of the Negev ("BGU"), demonstrated therapeutic success by prolonging the survival of mice treated with P-Esbp-DOX in a mouse model of aggressive liver metastasis of colorectal cancer (CRC). P-Esbp-DOX which combines HPMA (N-(2-hydroxypropyl methacrylamide) polymer, the high affinity E-selectin targeting peptide for diseases with inflammatory component, and the commonly used chemotherapeutic drug doxorubicin (DOX), together a promising targeted drug delivery system for the treatment of aggressive metastatic cancer.

A scale-up manufacturing contract was established with an experienced third-party vendor. The vendor has successfully scaled up the production of the drug product. However, significant additional investment will be required to complete the necessary CMC work to enable human clinical testing.

The work performed by the Company together with Prof. Ayelet David, has now been published and is available for review in the journal NanoToday at the following website link:

https://www.sciencedirect.com/science/article/abs/pii/S1748013224000379

Signal Peptides

Our most advanced product, ImMucin™ a MUC1 SP-derived vaccine, completed a Phase 1/2 clinical trial in multiple myeloma and received orphan drug status from the FDA and EMA. The Company has also, a SP-based COVID-19 vaccine candidate and a SP-based tuberculosis vaccine / treatment candidate. In addition, The Company has mAb candidates for the treatment of oncology and infectious diseases to be used alone, and in combination with other treatments. The Company has also initiated a pre-clinical program for a drug delivery polymer that targets with high affinity E-selectin (P-Esbp), which The Company licensed for development and commercialization from BGN Technologies, the technology transfer company of Ben-Gurion University of the Negev, Israel.

The Company exploits the unique properties of SP domains on crucial proteins to develop targeted therapies against cancer targets and infectious disease pathogens. VaxHit™, The Company's proprietary bioinformatic approach, mines candidate SPs with predicted high immunogenicity and wide coverage over varied HLA subtypes. The SPs induce a robust T- and B-cell response. Under normal conditions SPs are not presented on the cell surface, thus acting as a neoantigen in tumor cells. Since these neoantigens are not a result of a mutation, but are naturally occurring sequences, these sequences will be identical among most patients providing a unique class of therapeutics – universal neoantigens. The peptide platform targets affected cells, either transformed (i.e., cancer) or infected, by "educating" or specifically activating the immune system to recognize and specifically attack these cells, and only these cells. In addition, The Company's mAb platform directly recognizes the target epitopes presented on malignant cells and recruits other elements of the immune system to kill those cells.

The Company's SP-based technology provides unique advantages due to the use of SPs as the basis for a prophylactic and therapeutic vaccine. Those advantages include:

1. Induction of a complete adaptive immune response – cellular (T cells) and humoral (antibodies).
2. Stimulation of a robust immune response elicited by multiple antigens within the SP.
3. Wide coverage of diverse populations due to epitopes spanning varied class I and class II HLAs.
4. Increased immune efficiency due to circumventing the viral and tumor immune evasions, such as TAP insufficiency and HLA downregulation.
5. Improved safety profile by specifically and only targeting affected cells.
6. Potential prevention of infectious disease resurgence and a novel universal class of neoantigen in oncology.
7. Greater susceptibility to adaptive immunity by targeting infected cells rather than the pathogen.

Tuberculosis (TB)

The Company's platform has potential as a treatment for various infectious diseases, including TB. Preclinical studies have confirmed the efficacy of SPs in reducing bacterial load in the lungs in a murine protection model. Further studies will evaluate tuberculosis SPs as a boost to standard of care, in order to (1) increase treatment efficacy, (2) prolong the protective immunity effect and/or (3) expand the treated population. Any further development of any potential treatment for TB is dependent on additional financing.

Intellectual Property

The Company has five patent families, including 27 granted patents and four patent applications:

- The first patent family relates to the ImMucin™ product, a MUC1 SP-based vaccine. This patent family includes patents in US, Europe, Australia, Canada, Israel and India, relating to the ImMucin™ vaccine and methods for using ImMucin™ such as for treating cancer and T-cell enrichment.
- The second patent family relates to immunogenic composition, specifically against a pathogen (e.g., tuberculosis, malaria, toxoplasma, EBV, HIV, herpes virus, and influenza). This patent family includes patents in US, Europe and South Africa.
- The third patent family relates to the antibodies produced by MUC1 SPs, and diagnostic and therapeutic methods using these antibodies. This patent family includes a granted patents in the US, Europe, Australia, Canada and Israel.
- The fourth patents family relates to selective delivery of the drugs such as anticancer to endothelial cells using polymer-drug conjugates. This patent family includes granted patents in the US, Europe, and Israel.
- The fifth patent family relates to COVID-19 immunogenic peptides, such as for use as vaccines. This patent family includes an international patent application a PCT application.

Capital Expenditures and Divestitures

During the six months ended June 30, 2024, the Company incurred $nil (2023 - $nil) of capital expenditures. The Company estimates capital expenditure on its existing business for the next twelve months will be approximately $10 thousand, unless the Transaction is completed before then.

Additional Disclosure for Venture Issuers without Significant Revenues (in Thousands of Canadian Dollars):

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
General and administration costs	**$ 60**	$ 94	**$ 95**	$ 155
Research and development costs	**(13)**	31	**7**	91
	$ 47	$ 125	**$ 102**	$ 246

Discussion of Operations

The following is a discussion of the results of operations which have been derived from the condensed interim consolidated financial statements of the Company for the three and six month periods ended June 30, 2024 (in Thousands of Canadian Dollars):

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Expenses:				
General and administration costs	**$ 60**	$ 94	**$ 95**	$ 155
Research and development costs	**(13)**	31	**7**	91
Share based compensation	**2**	2	**5**	6
Total Expenses	**49**	127	**107**	252
Operating Loss	**(49)**	(127)	**(107)**	(252)
Net loss for the period	**(49)**	(127)	**(107)**	(252)
Other Comprehensive Loss				
Foreign currency translation adjustment	**(1)**	1	**(2)**	(3)
Net loss and comprehensive loss for the period	**$ (50)**	$ (126)	**$ (109)**	$ (255)

Six-month period ended June 30, 2024, compared to the six-month period ended June 30, 2023

Research and development costs, net

For the six-month period ended June 30, 2024, research and development costs expenses amounted to $7 thousand as compared to $91 thousand for the six -month period ended June 30, 2023. Research and development expenses are lower than in the pervious period, as the Company's research programs are all suspended, and the Company only maintains the existing core patents.

General and administration expenses

For the six -month period ended June 30, 2024, general and administrative expenses amounted to $95 thousand as compared to $155 thousand for the six -month period ended June 30, 2023. General and administration costs decreased in 2024 due to a decrease in professional fees and a general reduction in the Company's activities.

Share based compensation expenses

For the six -month period ended June 30, 2024, share-based compensation was $5 thousand as compared to $6 thousand for the six -month period ended June 30, 2023. The charges in 2024 and 2023 relate to the fair value of the stock options issued and vested during these periods.

Net losses

The Company reported a net loss for the six -month period ended June 30, 2024 of $109 thousand as compared to a net loss of $255 thousand for the six -month period ended June 30, 2023. The decrease in net loss in 2024 is due to a reduction in research and development expenses during the period.

Three-month period ended June 30, 2024, compared to the Three-month period ended June 30, 2023

Research and development costs, net

For the three-month period ended June 30, 2024, research and development expenses were negative $13 thousand as compared to $31 thousand for the three-month period ended June 30, 2023. Research and development expenses are lower than in the pervious period, as the Company's research programs are all suspended, and the Company only maintains the existing core patents.

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General and administration expenses

For the three -month period ended June 30, 2024, general and administrative expenses amounted to $60 thousand as compared to $94 thousand for the three -month period ended June 30, 2023. General and administration costs decreased in 2024 due to a decrease in professional fees and a general reduction in the Company's activities.

Share based compensation expenses

For the three -month period ended June 30, 2024, share-based compensation was $2 thousand as compared to $2 thousand for the three -month period ended June 30, 2023. The charges in 2024 and 2023 relate to the fair value of the stock options issued and vested during these periods.

Net losses

The Company reported a net loss for the six -month period ended June 30, 2024 of $50 thousand as compared to a net loss of $126 thousand for the six -month period ended June 30, 2023.

Inflation

During the six -month period ended June 30, 2024 and 2023, inflation has not had a material impact on our operations.

Summary of Quarterly Results

	Quarter ended			
	30-Jun-24	**31-Mar-24**	**31-Dec-23**	**30-Sep-23**
	Canadians dollars in thousands, except per share data			
Net profit (loss)	$ (49)	$ (58)	$ 26	$ (28)
Net profit (loss) and comprehensive profit (loss)	$ (50)	$ (59)	$ 25	$ (35)
Net proft (loss) per share	$ (0.00)	$ (0.00)	$ 0.01	$ (0.00)

	Quarter ended			
	30-Jun-23	**31-Mar-23**	**31-Dec-22**	**30-Sep-22**
	Canadians dollars in thousands, except per share data			
Net loss	$ (127)	$ (125)	$ (173)	$ (139)
Net loss and comprehensive loss	$ (126)	$ (129)	$ (171)	$ (142)
Net loss per share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.00)

The loss per quarter and related net loss per share is a function of the level of t activity that took place during that quarter. In 2023, the losses per quarter included work performed on the Company's research and development program. However, since August 2023, following the suspension of the program, expenditures were reduced, which has led to a decline in losses in subsequent quarters.

Liquidity

Liquidity is a measure of a company's ability to meet potential cash requirements. The Company has historically met its capital requirements through the issuance of common shares.

The Company had an accumulated deficit of $19,464 thousand as of June 30, 2024 ($19,357 thousand as of December 31, 2023), the Company had negative cash flows from operations of $100 thousand for the six -month period ended June 30, 2024 (negative cash flows of $443 thousand during the six -month period ended June 30, 2023). The Company is an early-stage biotech company and has not earned any revenues to date. The ability of the Company to continue as a going concern depends upon the ability of the Company to obtain financing to complete its research and development programs or to seek alternate business activities.

Six -month period ended June 30, 2024 compared to the six -month period June 30, 2023

During the six -month period ended June 30, 2024, the Company's overall position of cash decreased by $350 thousand. This decrease in cash can be attributed to the following activities:

The Company's net cash used in operating activities during the six -month period ended June 30, 2024 was $100 thousand as compared to $443 thousand for the six -month period ended June 30, 2023. This decrease is primarily due to decrease in activities during the six months ended June 30, 2024, as compared to the six months ended June 30, 2023.

Cash flow from investing activities during the six -month period ended June 30, 2024 was $250 thousand as compared to $nil thousand for the six -month period ended June 30, 2023. The amount in 2024 relates to the loan granted to Green Data Centers.

Capital Resources

As of June 30, 2024, the Company's cash was $589 thousand (December 31, 2023 - $938 thousand). The majority of this balance is being held in Canadian Dollars. Working capital at June 30, 2024 was $787 thousand as compared to $891 thousand at December 31, 2023.

Commitments

None.

Disclosure of Outstanding Share Data

As of the date of this report, the Company has 136,978,973 ordinary shares outstanding and 2,200,000 options granted. Each option entitles the right of the holder thereof to acquire one ordinary share.

Management of Capital

The Company is an early-stage biotechnology research and development company and currently does not generate significant cash flows from operations. The Company's primary source of funds comes from the issuance of share capital. The Company does not use other sources of financing that require fixed payments of interest and principal and is not subject to any externally imposed capital requirements.

The Company defines its capital as share capital plus warrants. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget to manage its costs and commitments.

The Company's capital management objective is to maximize investment returns to its equity-linked stakeholders within the context of relevant opportunities and risks associated with the Company's operations. Achieving this objective requires management to consider the underlying nature of research and development activities, the availability of capital, the cost of various capital alternatives and other factors. Establishing and adjusting capital requirements is a continuous management process.

In order to carry out the planned research and development and pay for administrative costs, the Company will need to raise additional as needed. Although the Company has been successful at raising funds in the past through the issuance of share capital, there can be no assurance that future financings will be successful. The Company is accordingly seeking alternate business activities.

Off-Balance Sheet arrangements

See "Commitments" above.

Transactions with Related Parties

The following are the expenses incurred with related parties for the six-month ended June 30, 2024 and 2023 and the balances owing as of June 30, 2024 and 2023:

For the period ended June 30, 2024

	Directors Fees	Consulting Fees, professional fees and laboratory experiments	Share based awards	Total	Amounts owing at June 30, 2024
Gadi Levin, Director and CEO	$ -	$ 18	$ 1	$ 19	$ 3
Alan Rootenberg, CFO	-	11	2	13	4
Daniel Bloch, Director	-	4	1	5	-
Ari Kellen, Director	-	-	-	-	-
Shawn Langer, Director	-	-	-	-	-
Total	$ -	$ 33	$ 4	$ 37	$ 7

For the period ended June 30, 2023

	Directors Fees	Consulting Fees, professional fees and laboratory experiments	Share based awards	Total	Amounts owing at June 30, 2023
Gadi Levin, Director and CFO	$ -	$ 33	$ -	$ 33	$ 3
Yuval Avnir, CEO	-	35	-	35	6
Ari Kellen, Director	-	-	-	-	-
Shawn Langer, Director	-	-	-	-	-
Total	$ -	$ 68	$ -	$ 68	$ 9

Critical Accounting Policies and Estimates

Our results of operation and financial condition are based on our consolidated financial statements, which are presented in accordance with IFRS. Certain accounting principles require us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions upon which we rely are reasonable based upon information available to us at that time. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the periods presented. To the extent there are material differences between these estimates, judgments or assumptions and actual results, our financial statements will be affected.

The critical judgments and significant estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are:

- The series of loans made to the subsidiary company are considered part of the parent Company's net investment in a foreign operation as the Company does not plan to settle these balances in the foreseeable future. As a result of this assessment, the unrealized foreign exchange gains and losses on the intercompany loans are recorded through other comprehensive loss. If the Company determined that settlement of these amounts was planned or likely in the foreseeable future, the resultant foreign exchange gains and losses would be recorded through profit or loss.
- Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.
- Management assesses the fair value of options and warrants granted in accordance with the accounting policy disclosed in share-based payments. The fair value of stock options granted is measured using the Black-Scholes option valuation model, which was created for use in estimating the fair value of freely tradable and fully transferable options. The same model is used by the Company in order to arrive at a fair value for the issuance of warrants.
- Management expenses the costs directly associated with research and development. Indirect costs are estimated using management's calculation of the amount of the activity that is deemed to be associated with research and development.
- In order to assess whether it is appropriate for the company to continue as a going concern, management is required to apply judgment and make estimates with respect to future cash flow projections. In arriving at this judgment, there were a number of assumptions and estimates involved in calculating these future cash flow projections. This includes making estimates regarding the timing and amounts of future expenditures and the ability and timing to raising additional financing.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

There were no changes to the Company's internal controls over financial reporting during the six-month period ended June 30, 2024, which have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

As of June 30, 2024, the Company evaluated its disclosure controls and procedures and internal control over financial reporting, as defined by the Canadian Securities Administrators. These evaluations were carried out under the supervision of and with the participation of management, including the Company's chief financial officer. Based on these evaluations, the chief financial officer concluded that the design of these disclosure controls and procedures and internal control over financial reporting were effective.

Financial Instruments and Other Instruments

The following table shows the classification of financial instruments under IFRS 9:

Financial asset/liability	Classification under IFRS 9
Cash	Amortized cost
Amounts receivable	Amortized cost
Secured and unsecured Notes	Amortized cost
Other accounts payable and accrued liabilities	Amortized cost

The Company determines the classification of financial assets at initial recognition. The classification of its instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading (including all equity derivative instruments) are classified as fair value through profit and loss ("FVTPL"). For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them at fair value through other comprehensive income ("FVTOCI"). Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Risks and Uncertainties

Credit risk

The Company manages credit risk, in respect of cash and cash equivalents, by holding them at major Canadian and Israeli financial institutions in accordance with the Company's investment policy. The Company places its cash and cash equivalents with high credit quality Israeli and Canadian financial institutions. Concentration of credit risk exists with respect to the Company's cash and cash equivalents and other receivables. The Company's exposure as of June 30, 2024 and December 31, 2023 was $863 thousand and $976 thousand respectively, which consisted of $589 thousand (December 31, 2023 - $938 thousand) in cash held in bank accounts, $24 thousand (December 31, 2023 - $38 thousand) in amounts receivable and prepaid expenses and $250 thousand in secured and unsecured promissory notes. None of the Company's amounts receivable are overdue as of June 30, 2024.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet current obligations and future commitments. The Company's approach to managing liquidity risk is to forecast cash requirements to provide reasonable assurance that it will have sufficient funds to meet its liabilities when due. As of June 30, 2024, the Company had cash of $589 thousand (December 31, 2023 - $938 thousand), amounts receivable and prepaid expenses of $24 thousand (December 31, 2023 - $38 thousand) and secured and unsecured promissory notes of $250 thousand (December 31, 2023 - $nil thousand) to settle current liabilities in the amount of $76 thousand (December 31, 2023 - $85 thousand).

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of two types of risk: interest rate risk, and foreign currency risk.

(i) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its cash equivalents.

(ii) Foreign exchange risk

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates. The Company operates in Israel and most of the Company's expenditures in Israel are currently incurred in NIS (expenditures in NIS have decreased since August 2023, following the Company's decision to suspend certain research and development programs). The Company also has expenditures in US Dollars and Canadian Dollars. The Company has not hedged its exposure to currency fluctuations. An increase or decrease of 5% of the NIS or the US Dollar relative to the Canadian dollar would not have a significant effect on the Company. y.

Development Stage Company

The Company has only a limited history upon which one can evaluate its business and prospects as its technologies are still at an early stage of development and thus The Company has limited experience and has not yet demonstrated an ability to successfully overcome many of the risks and uncertainties frequently encountered by companies in new and rapidly evolving fields, particularly in the biopharmaceutical area. The Company has not begun to market or generate revenues from the commercialization of any products related to human health. The likelihood of the success of the Company must be considered in light of the risks inherent in, and the difficulties, costs and complications associated with the early growth stages of a business enterprise, as well as with the development and marketing of new products.

Future Capital Needs

The Company may not be able to fully implement and execute its business strategy without additional financing. There can be no assurance that such additional financing will be available, and if available, there can be no assurance that the cost of obtaining such financing will be on favorable or reasonable commercial terms or that it will not result in substantial dilution to its shareholders. If additional funds are raised through the issuance of equity or equity-linked debt securities, the percentage ownership in The Company of the shareholders will be reduced, and such securities may have rights, preferences, or privileges senior to or equal to those of the Company's shares held by the current shareholders, or any other securities outstanding on the date hereof.

If adequate funds are not available to satisfy ongoing capital requirements, the Company may be required to curtail its operations significantly or to obtain funds, if available, through arrangements with strategic partners or others that may require the Company to relinquish material rights to certain technologies or potential markets. There is no certainty that financing will be available in amounts or on acceptable terms, if at all.

The Company is actively exploring strategic options for maximizing shareholder value from the Company's assets which may not be a continuation of the business in its current form.

Any failure to raise additional funds on favorable terms is likely to have a material adverse effect on the Company's liquidity and financial condition.

Dependence on Key Personnel

The Company's future success depends on its ability to retain key employees and attract, train, retain and successfully integrate new talent into its management team. The Company is dependent on the services of its senior management team. The loss of any of the members of the Company's senior management team could have a material adverse effect on the Company's results of operations, business and prospects. The Company's future success also depends, to a significant extent, on its ability to attract and retain talented personnel. Recruiting and retaining talented personnel, particularly those with the expertise required for the Company's business is vital to the Company's success and may prove difficult.

Changes in Technology and Industry Standards

The pharmaceutical and biotechnology drug development industry is susceptible to technological advances and the introduction of new technologies. Further, this industry is also subject to changing industry standards, market trends and customer preferences and to competitive pressures, which can, among other things, necessitate revisions in pricing strategies, price reductions and reduced profit margins. The success of the Company will depend, in part, on its ability to secure technological superiority in its products and operations and maintain such superiority in the face of new technologies. No assurance can be given that further modification of product offerings of The Company will not be required in order to meet demands or to make changes necessitated by developments made by competitors that might render services and operations of the Company less competitive. The future success of the Company will be influenced by its ability to continue to adapt its products. Although The Company has committed resources to research and develop its products, there can be no assurance that these efforts will be successful.

Applicability of Patents and Proprietary Technology

Competitors may have filed patent applications, or hold issued patents, relating to products or processes competitive with those The Company has developed or will in future develop. The Company's patent applications for a product may not be approved or approved as desired. The patents of the Company's competitors may impair its ability to do business in a particular area. Others may independently develop similar products or duplicate any of the Company's unpatented products or technologies. The Company's success will depend, in part, on its ability in the future to obtain patents, protect trade secrets and other proprietary information and operate without infringing the proprietary rights of others. Patent protection is uncertain and involves many complex legal, scientific and technical questions. The degree of legal protection afforded under patents is unclear. As a result, the scope of patents issued to The Company or their partners may not successfully prevent third parties from developing similar or competitive products.

The Company has and will continue to enter into confidentiality agreements with its employees, suppliers and vendors. However, these confidentiality agreements may be breached, and the Company may not have adequate remedies for such breaches. Others may independently develop substantially equivalent proprietary information without infringing upon any proprietary technology belonging to the Company. Third parties may otherwise gain access to the Company's proprietary information and adopt it in a competitive manner.

In addition, the coverage claimed in a patent application can be significantly reduced before a patent is issued. Also, The Company faces the following intellectual property risks: (i) some or all patent applications may not result in the issuance of a patent; (ii) patents issued may not provide the holder with any competitive advantages; (iii) patents could be challenged by third parties; (iv) the patents of others could impede our ability to do business; (v) competitors may find ways to design around our patented products; and (vi) competitors could independently develop products which duplicate our products.

Patent Litigation

A number of industry competitors and institutions have developed technologies, filed patent applications or received patents on various technologies that may be related to or affect our business. Claims by these companies that The Company infringes their proprietary technology may result in liability for damages or may delay the development and commercialization efforts for the Company's products. Such conflict could limit the scope of the patents, if any, that the Company may be able to obtain or result in the denial of its patent applications. In addition, if patents that cover the Company's activities are issued to other companies, there can be no assurance that The Company would be able to obtain licenses to these patents at a reasonable cost or be able to develop or obtain alternative technology. If the Company does not obtain such licenses, it could encounter delays in the introduction of products, or could find that the development, manufacture or sale of products requiring such licenses could be prohibited. In the pharmaceutical industry, it is not uncommon for competitors to advance such claims for strategic purposes. Furthermore, there can be no assurance that patent or other litigation will not arise in connection with any of the Company's or future products or product candidates. Patent litigation, with or without merit, is time-consuming and costly and may significantly impact the Company's financial condition and results of operations, even if the Company prevails. In addition, the Company could incur substantial costs in defending suits brought against it on patents it might infringe or in filing suits against others to have such patents declared invalid.

Additional Information

Additional information relating to the Company, the Company's quarterly and annual consolidated financial statements, annual information form, technical reports and other disclosure documents, are available on the System for Electronic Document Analysis and Retrieval (SEDAR) website at www.sedarplus.ca.

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