

CLUNY CAPITAL CORP.
(a capital pool company)
INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS –
QUARTERLY HIGHLIGHTS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020
(EXPRESSED IN CANADIAN DOLLARS)

INTRODUCTION

The following interim Management's Discussion & Analysis ("**Interim MD&A**") of Cluny Capital Corp. (the "**Company**") for the three and nine months ended September 30, 2020 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 for the year ended December 31, 2019 ("**Annual MD&A**"). 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 of National Instrument 51-102 – *Continuous Disclosure Obligations*. This discussion should be read in conjunction with the Company's annual financial statements, together with the notes thereto, and Annual MD&A for the year ended December 31, 2019 and 2018. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim 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 financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of November 26, 2020, unless otherwise indicated.

Information relating to the Company is available on SEDAR at www.sedar.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Interim MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this Interim MD&A speak only as of the date of this Interim MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this Interim MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

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Forward-looking statements	Assumptions	Risk Factors
The Company expects to complete a Qualifying Transaction (defined below).	The Company expects to identify an asset or business to acquire and close a Qualifying Transaction, on terms favourable to the Company.	The Company's inability to find a target to complete a Qualifying Transaction, resulting in the Company remaining as a public shell on the NEX trading board of the Exchange (defined below), for various reasons including, without limitation, as a result of a lack of financing or the consequences of the COVID-19 pandemic on going public transactions.
The Company's ability to meet its working capital needs at the current level for the twelve-month period ending September 30, 2021.	The operating activities of the Company for the twelve-month period ending September 30, 2021, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; ongoing uncertainties related to the COVID-19 pandemic; increases in costs; regulatory compliance and changes in regulatory compliance and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risks and Uncertainties" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Interim MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

DESCRIPTION OF BUSINESS

The Company was incorporated under the *Business Corporations Act* (Ontario) on August 11, 2011 and is classified as a capital pool company ("**CPC**") as defined in Policy 2.4 *Capital Pool Companies* ("**Policy 2.4**") of the TSX Venture Exchange Inc. (the "**Exchange**"). The Company has no significant assets. The common shares of the Company were listed on the Exchange at the close of business on August 19, 2014 and commenced trading on the Exchange under the stock symbol "CLN.P" on August 20, 2014.

The Company proposes to identify and evaluate potential acquisitions or businesses with a view to completing a Qualifying Transaction (as such term is defined in Policy 2.4).

Effective March 13, 2017, the Company was transferred to the NEX trading board of the Exchange and the trading symbol for the Company was changed from CLN.P to CLN.H.

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As of the date of this Interim MD&A, there are currently 14,692,235 common shares of the Company issued and outstanding.

The registered address of the Company is located at 1 First Canadian Place, 100 King Street West, Suite 6000, Toronto, Ontario M5X 1E2.

The Company's financial year end is on December 31.

Until completion of a Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. With the consent of the Exchange, this may include the raising of additional funds in order to finance an acquisition. Except as permitted by Policy 2.4, the funds that will be raised and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions.

For the three and nine months ended September 30, 2020, the Company reported no discontinued operations and declared no cash dividends. The Company's unaudited condensed interim statement of financial position at September 30, 2020 and December 31, 2019 remains free from capital leases.

OPERATIONAL HIGHLIGHTS

On February 14, 2020, the Company and Xebra Brands Ltd. entered into a definitive amalgamation agreement for the proposed combination of the businesses of the two companies, and on March 10, 2020 the proposed combination was terminated.

Effective June 6, 2020, the \$56,500 principal amount convertible debentures, originally issued by the Company in June 2018, were amended by extending the maturity date from June 6, 2020 to June 6, 2021. As a result, for accounting purposes, the Company deemed these two convertible debentures when they matured on June 6, 2020 and from an accounting perspective treated them as two new convertible debentures with a maturity date of June 6, 2021. The Company calculated the fair value of the conversion feature and re-allocated the convertible debentures into two components, with the debentures carried at amortized cost, and the conversion feature carried at fair value. The convertible debentures that mature on June 6, 2021 were separated into its liability component of \$45,200 and equity component of \$11,300 using the effective interest rate method with an effective interest rate of 23.69% per annum. On July 24, 2020, the Company completed debt conversions with the two arm's length parties holding the convertible debenture, whereby the Company issued an aggregate of 1,058,535 common shares at a deemed price of \$0.06 per share in satisfaction of \$63,512 of indebtedness owing pursuant to the \$56,500 principal amount convertible debentures.

On June 19, 2020, the Company closed a non-brokered private placement for gross proceeds of \$220,000 through the issuance of 4,400,000 common shares at a price of \$0.05 per share. In connection with the private placement the Company recorded finder's fees of an aggregate of \$17,600 and issued compensation options for 352,000 common shares at \$0.05 per share for 24 months with a fair value of \$9,152, and recorded legal fees of \$6,928.

On November 3, 2020, the Company entered into a definitive agreement with Teonan Biomedical Inc. ("Teonan") for the proposed combination of the two companies (the "Proposed Transaction"). The Proposed Transaction is intended to constitute the Company's Qualifying Transaction (as such term is defined by the Exchange) and would result in a reverse take-over of the Company by Teonan. The parties had originally entered into a binding letter of intent on July 28, 2020.

Other than the foregoing, there are no significant activities to report during or subsequent to the three and nine months ended September 30, 2020.

TRENDS AND ECONOMIC CONDITIONS

For the immediate future, the Company intends to work towards completing a Qualifying Transaction. The Company continues to monitor its spending and will amend its plans based on business opportunities that may arise in the future. Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer term strategic decisions.

Due to the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- the severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on service provider availability, such as legal and accounting;
- purchasing power of the Canadian dollar;
- ability to complete a Qualifying Transaction; or
- ability to obtain funding.

At the date of this Interim MD&A, the Canadian federal government and the provincial government of Ontario have not introduced measures that have directly impeded the activities of the Company. Although cash has declined over the period, the Company believes the activities of the Company will continue and accordingly the current situation bears no impact on management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

Apart from these and the risk factors noted under the heading "Risks and Uncertainties" below, management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

FINANCIAL HIGHLIGHTS

Financial Performance

Three months ended September 30, 2020, compared with three months ended September 30, 2019

The Company's net loss totaled \$25,655 for the three months ended September 30, 2020, with basic and diluted net loss per share of \$0.00. This compares with a net loss of \$41,213 with basic and diluted net loss per share of \$0.01 for the three months ended September 30, 2019. The decrease in the net loss of \$15,558 was principally because the Company recorded professional expenses (including disbursements and tax) which decreased to \$10,961 compared to \$33,745 in 2019, which was offset by listing fees of \$4,063, compared to \$2,736 in 2019 and loss on early redemption of convertible debentures of \$9,729 compared to \$nil in 2019.

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Nine months ended September 30, 2020, compared with nine months ended September 30, 2019

The Company's net loss totaled \$104,457 for the nine months ended September 30, 2020, with basic and diluted net loss per share of \$0.01. This compares with a net loss of \$70,710 with basic and diluted net loss per share of \$0.01 for the nine months ended September 30, 2019. The increase in the net loss of \$33,747 was principally because the Company recorded professional expenses (including disbursements and tax) which increased to \$77,550 compared to \$51,038 in 2019, listing fees of \$8,834, compared to \$7,996 in 2019, and loss on early redemption of convertible debentures of \$9,729 compared to \$nil in 2019.

Cash Flow

The Company had funds in trust of \$187,067 at September 30, 2020, compared to \$92,126 at December 31, 2019, an increase of \$94,941 mainly due to the gross proceeds of \$220,000 raised on June 19, 2020 from the private placement, which was offset by ongoing operating costs.

Liquidity and Financial Position

The Company manages its capital structure and makes adjustments to it, based on available funds to the Company. Pursuant to the policies of the Exchange, the proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of its initial public offering or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under Policy 2.4. The Company has exceeded this limit. The impact of this violation, if any, is unknown and is ultimately dependent on the Exchange.

As at September 30, 2020, the Company has accounts payable and accrued liabilities of \$7,740 (December 31, 2019 - \$27,209) due within 12 months, and funds in trust of \$187,067 (December 31, 2019 - \$92,126). Management believes the Company's working capital is sufficient for the Company to meet its ongoing obligations and meet its objective of completing a Qualifying Transaction within 12 months. There is no assurance that the Company can extend accounts payable on favourable terms, if at all.

RELATED PARTY TRANSACTIONS

Related parties include the directors of the Company, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

During the three and nine months ended September 30, 2020, the Company incurred \$6,710 and \$68,217 respectively (three and nine months ended September 30, 2019 - \$25,877 and \$34,980, respectively) in expenses (legal fees, disbursements and harmonized sales tax) paid to a law firm where an officer (Robbie Grossman) of the Company is a partner. Additionally, during the three and nine months ended September 30, 2020, the Company incurred \$nil and \$6,928, respectively (three and nine months ended September 30, 2019 - \$nil) of expenses (legal fees, disbursements and harmonized sales tax) which were included in share issuance costs. As at September 30, 2020, \$nil (December 31, 2019 - \$7,557) was payable to the firm, in respect of expenses (legal fees, disbursements and harmonized sales tax).

RISKS AND UNCERTAINTIES

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 and Uncertainties" in the Company's annual management's discussion & analysis for the fiscal year ended December 31, 2019, available on SEDAR at www.sedar.com.

Following the global spread of COVID-19, management cannot estimate whether or to what extent this outbreak and potential financial impact may extend to countries outside of those currently impacted. The future impact of the outbreak is highly uncertain and cannot be predicted, and there is no assurance that the outbreak will not have a material adverse impact on the Company's ability to complete a Qualifying Transaction. The extent of the impact, if any, will depend on future developments, including actions taken to contain COVID-19.