

**RMR SCIENCE TECHNOLOGIES INC.**  
**4 – 3300 157A Street, Surrey, BC, Canada**

**Form 51-102F1**

**Management’s Discussion & Analysis of Financial Condition and Results of Operations for the Financial Year Ended September 30, 2019 and for the Financial Period from October 17, 2017 (date of incorporation) to September 30, 2018**

**Date: January 28, 2020**

**Management’s Discussion and Analysis**

The following management discussion and analysis (MD&A) of the financial information of RMR Science Technologies Inc. (“RMR” or the “Company”) and results of operations should be read in conjunction with the Company’s financial statements for the year ended September 30, 2019. These documents are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to future performance. The financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and include the operating results of the Company.

This MD&A was reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on January 28, 2020. The information contained within this MD&A is current to January 28, 2020.

The Company’s critical accounting estimates, significant accounting policies and risk factors have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in Canadian Dollars unless noted otherwise.

**Forward-Looking Statements**

Certain statements contained in this MD&A may constitute forward-looking statements. These forward-looking statements can generally be identified as such because of the context of the statements, including such words as “believes”, “anticipates”, “expects”, “plans”, “may”, “estimates”, or words of a similar nature. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from anticipated future results and/or achievements expressed or implied by such forward-looking statements, which speak only as of the date the statements were made. Readers are therefore advised to consider the risks associated with any such forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth herein.

**Overview**

The Company was incorporated on October 17, 2017, by Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (British Columbia). The Company is classified as a Capital Pool Company as defined in the TSX Venture Exchange (“TSXV”) Policy 2.4.

The principal business of the Company will be the identification and evaluation of assets or businesses with an intent to completing a qualifying transaction.

On March 14, 2018, the TSXV issued a bulletin listing the Common Shares as of market open on March 15, 2018 and immediately halted trading pending completion of closing of the Initial Public Offering (See “*Initial Public Offering*” below). The Common Shares resumed trading under the trading symbol “RMS.P” on March 19, 2018.

Additional information relating to the Company can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## **Overall Performance**

### Qualifying Transaction

On April 14, 2018, the Company signed a letter of intent ("LOI") with cannÖgen Biosciences Inc. ("cannÖgen"), a privately held Company existing under the laws of the state of Nevada, having respect to a proposed business combination between the Company and cannÖgen (the "Qualifying Transaction") by way of an amalgamation, arrangement, share purchase or other similar form of transaction which will result in cannÖgen becoming a wholly-owned subsidiary of the Company, or otherwise combining its corporate existence with that of the Company. The final structure of the Qualifying Transaction is subject to receipt of tax, corporate and securities laws advice for both the Company and cannÖgen. Upon completion of the Qualifying Transaction, the combined entity will continue to carry on the business of cannÖgen. During the period from October 17, 2017 (date of incorporation) to September 30, 2018, the Company advanced \$25,000 to cannÖgen as a non-refundable deposit to assist with the Qualifying Transaction costs.

The Qualifying Transaction is expected to proceed by way of a business combination pursuant to which cannÖgen will become a wholly-owned subsidiary of the Company, and as consideration therefore, the Company will issue and deliver up to 7,500,000 class "A" common shares ("Common Shares") of the Company at a deemed price of \$0.27 per Common Share, or at such other price as may be agreed to by the parties and the TSXV.

Prior to the completion of the Qualifying Transaction, the Company will complete a brokered private placement of 10,000,000 subscription receipts ("Subscription Receipts") at a price of \$0.40 per Subscription Receipt, for aggregate gross proceeds of a minimum of \$3,000,000 up to a maximum of \$5,000,000 (the "Offering"). Upon completion of the Qualifying Transaction, each Subscription Receipt will automatically convert without any further action on the part of the holder into one Common Share of the Company and one half of one Common Share purchase warrant of the Company. Each whole Common Share purchase warrant ("Warrant") will entitle the holder to acquire one Common Share at an exercise price of \$0.60 per Common Share for a period of two years from the date of issuance. The Warrants will also contain an accelerated expiry provision wherein if the Common Shares of the Company trade over \$0.85 on the TSXV, or on another recognized exchange, for a period of ten consecutive trading days, the Company may provide written notice to the holder that the Warrant will expire 30 days from the date of that notice. Subject to the terms of an agency agreement to be entered into in connection with the Offering, the agents for the Offering are expected to receive a cash commission equal to 7% of the gross proceeds raised by such agents and such number of broker warrants ("Broker Warrants"), that is equal to 7% of the number of Subscription Receipts sold by such broker. Each Broker Warrant will be exercisable to acquire one Common Share at a price of \$0.50 for a period of two years from the date of issuance.

On June 4, 2019, the Company announced that it had received conditional approval from the TSXV for its Qualifying Transaction and the Company entered into a definitive agreement dated May 30, 2019 ("Definitive Agreement") with cannÖgen and the holders of cannÖgen common shares in respect of the Qualifying Transaction. Pursuant to the Definitive Agreement, the Company will acquire all of the outstanding cannÖgen Shares in exchange for issuing an aggregate of 7,500,000 Class A common shares in the capital of the Company.

Upon completion of the Qualifying Transaction, it is the intention of the parties that the resulting issuer will continue to focus on the current business and affairs of cannÖgen and will be an industrial or Technology or Life Sciences Issuer listed on the TSXV.

On September 10, 2018 the Company announced that it has engaged Canaccord Genuity Corp. ("Canaccord Genuity") as lead agent and sole bookrunner in connection with a commercially reasonable efforts private placement of up to 10,000,000 subscription receipts (the "Subscription Receipts") at a price of \$0.50 per Subscription Receipt (the "Issue Price") to raise gross proceeds of a minimum of \$3,000,000 up to a maximum of \$5,000,000 (the "Offering").

Upon completion of the Qualifying Transaction, each Subscription Receipt will automatically convert without any further action on the part of the holder into one common share of the Company.

### Initial Public Offering

On March 15, 2018, the Company successfully completed its initial public offering of 5,000,000 Common Shares of the Company at a price of \$0.10 per Common Share for gross proceeds of \$500,000 (the "IPO"). PI Financial Corp. (the "Agent") acted as the Agent for the IPO and in connection therewith, the Company granted the Agent non-transferable options (the "Agent's Options") which entitle the Agent to purchase 500,000 Common Shares at an exercise price of \$0.10 per Common Share. The Agent's Options will expire 24 months from the date the Common Shares were listed on the TSXV, which was March 15, 2018. In connection with the IPO, the Agent also received a cash commission equal to 10% of the gross proceeds of the IPO, a corporate finance fee and was reimbursed for its legal fees and reasonable expenses, totaling \$73,440. Net proceeds of the IPO were \$426,560.

### Stock Options and Agent's Options

On March 15, 2018, the Company granted options to acquire an aggregate of 760,000 Common Shares at an exercise price of \$0.10 per Common Share to directors and officers of the Company, which will expire five years from the date of grant, vesting immediately. The fair value of the stock options granted was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: risk free interest rate of 2.06%; expected dividend rate of 0%; expected volatility of 88%; expected life of five years; and forfeiture rate of 0%. The fair value of the options was calculated at \$52,445, which was recognized during the period from October 17, 2017 (date in corporation) to September 30, 2018 as share-based payment expense.

On March 15, 2018, the Company granted 500,000 non-transferable stock options to the Agent ("Agent Options") at an exercise price of \$0.10 per Common Share. The Agent's Options will expire 24 months from the date the Common Shares were listed on the TSXV, which was March 15, 2018. The fair value of the stock options granted was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: risk free interest rate of 2.06%; expected dividend rate of 0%; expected volatility of 88%; expected life of two years; and forfeiture rate of 0%. The fair value of the options was calculated at \$23,805, which was recognized as Agent's Option Reserve during the current period.

On April 6, 2018, the Agent exercised 135,775 Agent's options for gross proceeds of \$13,577. \$6,417 was transferred to Share Capital from Agent Option Reserve to recognize the fair value of the options exercised.

### Financial Position

The statement of financial position as at September 30, 2019 indicates a cash position of \$133,757 (September 30, 2018: 408,647).

GST receivable is \$3,349 (September 30, 2018: \$nil).

Prepaid expenses associated with the Qualifying Transaction are \$32,701 (September 30, 2018: \$25,000).

Current liabilities at September 30, 2019 total \$161,116 (September 30, 2018: \$125,794), comprised of legal fees of \$155,195 (September 30, 2018: \$119,519); marketing and promotion of \$1,071 (September 30, 2018: \$1,071); travel and entertainment of \$nil (September 30, 2018: \$2,677); general office and administration \$26 (September 30, 2018 \$27); and transfer agent fees of \$4,824 (September 30, 2018: \$2,500).

Shareholders' equity is comprised of share capital of \$519,848 (September 30, 2018: \$519,848), option reserves of \$69,833 (September 30, 2018: \$69,833) and an accumulated deficit of \$581,620 (September 30, 2018: \$281,828).

As at September 30, 2018, the Company had working capital of \$8,061 (September 30, 2019: \$307,853).

The weighted average number of Common Shares outstanding, basic and diluted, as at September 30, 2019 was 5,135,775 (September 30, 2018: 2,928,253).

## Results of Operations

During the year ended September 30, 2019, the Company reported a net loss of \$299,792 (the period from October 17, 2019 (date of incorporation) to September 30, 2018: \$281,828) (\$0.06 basic and diluted loss per share (the period from October 17, 2017 (date of incorporation) to September 30, 2018: \$0.10).

## Summary of Quarterly Results

The following table presents selected quarterly financial information of the Company for the seven completed quarters of operation (2018: Q1 covers the period from October 17, 2017 (date of incorporation) to December 31, 2017) prepared in accordance with IFRS and expressed in Canadian Dollars.

	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	-	-	-	-	-	-	-	-
Net loss and comprehensive loss	110,324	23,128	77,504	88,836	101,791	70,656	64,437	44,944
Basic and diluted loss per share	0.01	0.01	0.01	0.02	0.05	0.03	0.14	-

Share-based payments impacts expenses and net and comprehensive loss as follows: Q2 2018: \$52,445.

The Company's significant accounting policies are set out in Note 3 of the audited financial statements for the year ended September 30, 2019.

## Analysis of Quarterly Results

For the period ended:	Notes	Year Ended	October 17,	Three Months Ended	
		September	2017	September 30	
		30, 2019	(date of	2019	2018
			incorporation)		
			to		
			September 30,		
			2018		
		\$		\$	\$
<b>General and administrative expenses</b>					
Bank service charges		1,251	745	401	625
Foreign exchange		73	-	25	-
General office and administration		-	1,153	-	1,153
Marketing and promotion		-	5,394	(1,412)	174
Professional fees	a)	237,825	153,208	62,645	119,180
Share-based payments	b)	-	52,445	-	52,445
Transaction costs	c)	41,053	25,000	-	-
Transfer agent, listing and filing fees	d)	18,049	41,434	6,071	35,145
Travel and entertainment		1,541	2,449	1,541	2,449

- a) Professional fees to September 30, 2019 consist of legal fees of \$188,607 (September 30, 2018: \$147,853) and accounting fees of \$49,218 (September 30, 2018: \$5,355) incurred as a result of prospectus filing, the IPO and conditional approval of the Qualifying Transaction.

- b) Share-based payments – recognizes the fair value of the grant of stock options on March 15, 2018.
- c) Transaction costs - during the period from October 17, 2017 (date of incorporation) to September 30, 2018, the Company advanced \$25,000 to cannÖgen as a non-refundable deposit to assist with Qualifying Transaction costs. (See “Overall performance – Proposed transaction” above)
- d) Transfer agent, listing and filing fees – fees incurred for prospectus filing as well as the IPO.

### Liquidity & Capital Resources

The Company has financed its operations to date through the issuance of Common Shares.

	September 30,	
	2019	2018
	\$	\$
Working capital	8,061	307,853
Deficit	581,620	281,828

During the year ended September 30, 2019, net cash used in operating activities was \$234,918 (period from October 17, 2017 (date of incorporation) to September 30, 2018: \$136,490), comprised of a loss of \$299,792 (period from October 17, 2017 (date of incorporation) to September 30, 2018: \$281,828), net of share-based payments of \$nil (period from October 17, 2017 (date of incorporation) to September 30, 2018: \$52,445), accounts receivable of \$3,349 (period from October 17, 2017 (date of incorporation) to September 30, 2018: \$nil) and an increase in accounts payable and accrued liabilities of \$68,223 (period from October 17, 2017 (date of incorporation) to September 30, 2018: \$92,893).

Cash used in financing activities was \$39,972, comprised of share issuance costs of \$32,901, and deferred financing costs of \$7,071. During the period from October 17, 2017 (date of incorporation) to September 30, 2018, cash from financing activities totaled: \$545,137 which is comprised of shares issued for cash of \$643,577 less share issuance costs of \$73,440 and deferred financing costs of \$25,000.

The Company does not expect its current capital resources to be sufficient to cover its operating costs and future research and development expenditures through the next twelve months. As such, the Company will seek to raise additional capital and believes it will be able to do so, but recognizes the uncertainty attached thereto. If the Company is unable to obtain additional financing, management may be required to further curtail certain discretionary expenses. Funding requirements may vary from those planned due to a number of factors, including the progress on research and development initiatives.

### Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements that would potentially affect current or future operations or the financial condition of the Company.

### Related Party Transactions

During the period from October 17, 2017 (date of incorporation) and September 30, 2018, the Company paid legal fees of \$4,354 to a law firm in which one of the directors is a partner.

Included in accounts payable is \$28 due to officers and directors of the Company. These accounts are unsecured, non-interest bearing and due on demand.

### **Proposed Transactions**

All current transactions are fully disclosed in the condensed interim financial statements for the year ended September 30, 2019.

### **Accounting Standards Not Yet Implemented**

A new accounting standard has been issued. This standard has been assessed to not have a significant impact on the Company's financial statements:

(a) IFRS 16, *Leases*

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as required by IAS 17 and instead introduces a single lessee accounting model. The standard is effective for years beginning on or after January 1, 2019.

The Company has initially assessed that there will be no material reporting changes as a result of adopting the above new standard; however, enhanced disclosure requirements are expected.

### **Financial Instruments & Other Instruments**

(a) Fair values

Financial instruments recognized at fair value on the consolidated statements of financial position must be classified in one of the following three fair value hierarchy levels:

Level 1 – measurement based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;

Level 2 – measurement based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability; or

Level 3 – measurement based on inputs that are not observable (supported by little or no market activity) for the asset or liability.

As at September 30, 2019, the Company's financial instruments are comprised of cash and cash equivalents and accounts payable and accrued liabilities. With the exception of cash and cash equivalents and accounts receivables, all financial instruments held by the Company are measured at amortized cost.

(b) Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents and short-term investments. The Company limits its exposure to credit loss by placing its cash and cash equivalents and short-term investments with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

At September 30, 2019, the Company had cash and cash equivalents of \$133,757 available to apply against short-term business requirements and current liabilities of \$161,116. All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of September 30, 2019.

(d) Other price risk

Other price risk is the risk that future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

**Changes in Accounting Policies**

The Company has not made any changes to accounting policies during the year ended September 30, 2019. Refer to note 3 in the audited financial statements for the year ended September 30, 2019.

**Risks and Uncertainties**

The following are risk factors associated with the Company:

- a) the Company was only recently incorporated, has not commenced commercial operations and has no assets other than cash. It has no history of earnings, and shall not generate earnings or pay dividends until at least after completion of the Qualifying Transaction;
- b) investment in the Common Shares of the Company highly speculative given the proposed nature of the Company's business and its present stage of development;
- c) the directors and officers of the Company will only devote a portion of their time to the business and affairs of the Company and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time.
- d) there can be no assurance that an active and liquid market for the Company's Common Shares exists and an investor may find it difficult to resell its Common Shares;
- e) until completion of a Qualifying Transaction, the Company is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;
- f) the Company has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Company will be able to identify a suitable Qualifying Transaction;
- g) even if a proposed Qualifying Transaction is identified, there can be no assurance that the Company will be able to successfully complete the transaction;
- h) completion of the Qualifying Transaction is subject to a number of conditions including acceptance by the TSXV and, in the case of a Non Arm's Length Qualifying Transaction (as such term is defined in the policies of the TSXV) , Majority of the Minority Approval (as such term is defined in the policies of the TSXV);
- i) unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed Non Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Company of fair value for the Common Shares;

- j) upon public announcement of a proposed Qualifying Transaction, trading in the Common Shares was halted and will remain halted for an indefinite period of time, typically until a Sponsor (as such term is defined in the policies of the TSXV) has been retained and certain preliminary reviews have been conducted. The Common Shares will be reinstated to trading before the TSXV has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Company completing the proposed Qualifying Transaction;
- k) trading in the Common Shares may be halted at other times for other reasons, including for failure by the Company to submit documents to the TSXV in the time periods required;
- l) the TSXV will generally suspend trading in the Company's Common Shares or delist the Company in the event that the TSXV has not issued a Final Exchange Bulletin within 24 months from the date of listing;
- m) neither the TSXV nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction;
- n) in the event that management of the Company resides outside of Canada or the Company identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service of notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts. A director of the Company currently resides outside of Canada;
- o) the Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Company and this may result in further dilution to an investor, which dilution may be significant and which may also result in a change of control of the Company; and
- p) subject to prior acceptance by the TSXV, the Company may be permitted to loan or advance up to an aggregate of \$250,000 of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Company will be able to recover that loan.

As a result of these factors, this Offering is only suitable to investors who are willing to rely solely on management of the Company and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the Common Shares.

#### **Other MD&A Requirements**

##### **Information available on SEDAR**

As specified by National Instrument 51-102, the Company advises readers of this MD&A that important additional information about the Company is available on the SEDAR website – [www.sedar.com](http://www.sedar.com).

##### **Disclosure by Venture Issuer**

An analysis of the material components of the Company's general and administrative expenses is disclosed in the financial statements to which this MD&A relates.

**Outstanding Share Data**

Common Shares issued and outstanding as at September 30, 2019 are described in detail in Note 6 to the audited financial statements for the year ended September 30, 2019.

As at the date of this document, January 28, 2020, the Company had the following number of securities outstanding:

<b>Number of Shares</b>	<b>\$</b>	<b>Number of Options</b>	<b>Exercise Price (\$)</b>	<b>Expiry Date</b>
7,735,775	519,848			
		760,000	0.10	March 15, 2023
		364,225	0.10	March 15, 2020