LEXAGENE HOLDINGS INC.
Management's Discussion and Analysis
For the Six Months Ended
August 31, 2018

General

This management discussion and analysis of financial position and results of operations ("MD&A) is prepared as at October 29, 2018 and should be read in conjunction with the unaudited interim consolidated financial statements for the six months ended August 31, 2018 and related notes of LexaGene Holdings Inc. ("LexaGene" or the "Company"). These interim consolidated financial statements, including comparatives, have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the condensed interim consolidated financial statements and Management Discussion and Analysis ("MD&A"), is complete and reliable.

All dollar amounts included therein and in the following MD&A are expressed in United States dollars except where noted. This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at www.sedar.com.

Description of Business

The principal business of the Company is to research, develop and commercialize automated pathogen detection devices in the life sciences and diagnostics industries. The Company trades on the TSX Venture Exchange (the "Exchange") under the symbol LXG and on the OTCQB Venture Market in the United States under the symbol LXXGF. Up to May 2015 the Company was a natural resource company engaged in the acquisition, exploration, and evaluation of mineral properties.

Summary of Operations, Events and Future Plans

In March 2017, the Company closed a $1.491M non-brokered private placement.

In December 2017, the Company closed a $3.911M bought deal with an overallotment of $318K conducted by a syndicate of underwriters led by Canaccord Genuity Corp. and including PI Financial Corp. and Echelon Wealth Partners Inc.

The Company used these monies to lease 17,600 square foot of office and R&D space in Beverly, Massachusetts. The Company renovated the R&D space to build a level 2 biosafety laboratory held under negative pressure, which was completed in April 2018. In addition, it built a positive-pressure clean-room for manufacturing reagents for the LX6™ genetic analyzer. These engineering controls are intended to help keep the Company's staff safe and maximize the performance of the Company's technology.

The Company also recently hired 11 Beverly-based employees and 2 Vancouver-based employees, bringing the total headcount of the Company to 15. Some of the Beverly-based strategic hires include the following:

Jeffrey Mitchell MBA was hired to replace Zula Kropivnitski as the Company's Chief Financial Officer. Mr. Mitchell has over two decades of financial and SEC experience. Before joining LexaGene, he worked at Palomar Medical Technologies, which was publicly traded on the NASDAQ. As Palomar's Controller and Director of Finance, he oversaw the company's financial reporting, audits, and financial planning. In 2013, Mr. Mitchell helped orchestrate the sale of Palomar to Cynosure for $294 million. Mr. Mitchell has also served in numerous financial and strategic advisory roles for other medical device, imaging, and diagnostic companies.

Greg Dale was hired as VP of Product Development and Manufacturing. Mr. Dale has developed and manufactured more than a dozen products to date and is listed as an inventor on 28 issued U.S. patents on PCR and microfluidics devices. His medical device and *in-vitro* diagnostics product development experience includes work with instruments, microfluidics, sensors, disposables, reagents, wearables and implantables. Mr. Dale most recently served as Vice President, Product Development, Manufacturing and Quality at Emulate LLC. Prior to Emulate, Mr. Dale served as General Manager and Senior Director of NGS (Next-Generation Sequencing) Engineering at Qiagen, where his team developed the Qiagen GeneReader NGS system using agile development methods. Mr. Dale has a degree in mechanical engineering from Virginia Tech.

Dr. Nathan Walsh was hired as Director of Applications – Bioinformatics. Dr. Walsh has over 20 years' experience interfacing between biology and bioinformatics. His experience with DNA sequence projects includes primer design, next-generation sequencing (NGS), cancer detection, microarrays, and pathway identification. Dr. Walsh most recently served as Head of Informatics at Bio-Rad's Digital Biology Center of Cambridge building a rapid-result next-generation sequencer; prior to that, he served as Senior Director of Informatics and IT to create drug hits from DNA encoded libraries. Dr. Walsh was a post-doctoral fellow at Harvard Medical School and Brigham and Women's Hospital Department of Genetics. He has a biochemistry degree from Brown University and a Ph.D. in biology from MIT.

Dr. Manoj Nair was hired as Senior Staff Scientist. Dr. Nair has over 7 years of experience developing and leading teams in the development of molecular diagnostic and pathogen typing assays in compliance with FDA IVD regulations for clinical diagnostics and AOAC guidelines for food safety applications. Before joining LexaGene, Dr. Nair served as Staff Scientist at Beckman Coulter Molecular Diagnostics and Senior Scientist at Roche Molecular Systems, where he developed various qualitative and quantitative diagnostic assays for 510(k) clearance, PMA and CLIA waiver. Dr. Nair is also a trained veterinarian and specialized in the diagnosis and treatment

of animal diseases in his early career. Dr. Nair conducted his postdoctoral studies at the University of Pennsylvania and Albany Medical College, concentrating on host-pathogen interactions in infections caused by bio-threat agents. His doctoral training at the University of Connecticut focused on the molecular pathogenesis of *Cronobacter sakazakii* and its detection in contaminated infant formula.

In 2017, the Company exhibited at multiple conferences, including the International Association for Food Protection conference, the Southwest Veterinary Symposium, and the Association for Molecular Pathology conference.

In 2018, the Company exhibited at the Association of Molecular Pathology conference, the Clinical Virology Symposium, the Association for Public Health Laboratories conference, and the American College of Veterinary Internal Medicine conference.

The Company has performed some market assessment through surveys to determine the demand for the technology under development. One survey was carried out using the Food Safety Magazine's subscriber list, where 50 food safety officers responded – confirming a need for molecular testing in the food industry. The food safety market is expected to reach $13.6 billion by 2018.

Another survey was performed through Ethos Veterinary Health Group. In this survey, the Company recognized the need for faster diagnostics in the veterinary market. LexaGene also engaged Ethos to determine a stack-rank list of pathogens and drug resistant targets that are of most interest to veterinarians. The Company is using this information to guide product development decisions. The market size for veterinary diagnostics is expected to reach $4.2 billion by 2021.

The Company intends on pursuing human clinical diagnostics – otherwise known as the IVD market after it has first gained success in food safety and veterinary diagnostics. In order to sell into the IVD market, LexaGene will be required to seek 510k clearance from the FDA. The size of the infectious disease testing market is expected to reach $19.3 billion by 2022.

In May 2018, the Company's alpha prototype started generating data, detecting *E. coli* and staphylococcus. The Company is working towards optimizing the performance of the prototype, which includes developing more assays to detect additional pathogens, improving its sample preparation cartridge and the associated chemistry to make pathogen capture, lysis, and purification as efficient as possible, adjusting microfluidic protocols, improving master-mix composition, and adjusting the instrument's thermal control for more efficient target amplification. By the time the company starts beta testing, the instrument is expected to be able to screen for up to 22 pathogens at once and will deliver results in about one hour.

The Company has engaged Ethos Veterinary Health Group and Texas A&M Veterinary Medical Diagnostics Laboratory to provide urine samples for testing on the alpha prototype. The Company will use these samples to generate a data set that will be presented at a future conference.

While the Company works on optimizing the alpha's performance the Company is also starting to design the beta prototype. This process is expected to take several months, as each component of the alpha prototype is evaluated to determine if performance, reliability, and cost can be improved.

The Company entered into collaboration with Dr. Hanlee Ji of Stanford University School of Medicine to evaluate combining Dr. Ji's chemistry for next generation sequencing sample preparation with LexaGene's disposable cartridge.

In June 2018, the Board of Directors welcomed Joseph Caruso to the management team. Mr. Caruso is a Medical Device Veteran with over 30 years of industry experience. Mr. Caruso was one of the founding members of the management team of Palomar Medical Technologies, Inc. (NASDAQ:PMTI) (now part of Hologic, Inc.: NASDAQ:HOLX) taking the company public in 1992. As CEO and Chairman of the Board of Directors, Mr. Caruso was instrumental in growing the company from a start up until its sale in 2013 for $294M. Under Mr. Caruso's leadership, Palomar, with offices around the world, developed the first high powered laser hair removal system and helped create the multi-billion dollar cosmetic medical device industry. Mr. Caruso negotiated dozens of acquisitions, license agreements and joint development agreements in his career including with companies such as Johnson and Johnson, Inc. (NYSE:JNJ) and Gillette (now part of Proctor and Gamble Company, Inc.: NYSE:PG).

In July 2018, the Company closed a $5M bought deal with an overallotment of $750K conducted by a syndicate of underwriters led by Canaccord Genuity Corp. and including Echelon Wealth Partners Inc. Gross proceeds to the Company were approximately $5.3M. Each unit consisting of one common share and one –half of one common share purchase warrant. Each whole warrant entitles the holder to purchase, subject to adjustment in certain circumstances, one additional common share at a price of $1.30 per common share until July 11, 2021. The net proceeds of the Offering will be used to accelerate the commercialization and deployment of the Company's Microfluidic technology and for working capital purposes.

In July 2018, the Company announced that it has entered into the beta stage of product development of its flagship pathogen detection system. LexaGene's pathogen detection system is expected to be the first easy-to-use, open-access pathogen detection system. It is designed for use by high value markets including veterinary and human clinical diagnostics, food safety, and general open-access markets such as pharmaceutical, biotechnology, and academic laboratories where there is a need for customizing genetic tests. LexaGene's instrument screens samples for up to 22 pathogens at once, returns results in about 1 hour, and the Company expects to be able to offer testing at price points that are significantly lower than competitor offerings.

In October 2018, the Company unveiled the LX2™ beta prototype design at the American Association of Veterinary Laboratory Diagnosticians (AAVLD) conference. The LX2™ beta prototype is designed to be a low cost, small footprint instrument suited for veterinary clinics as it will take less than a minute to initiate automated sample processing. The LX2™ beta prototype will provide practitioners with the information needed to better treat their patients, while also allowing their practice to assume control over an important incremental revenue stream.

The LX2™ beta prototype will be able to return results in just one hour which is a drastic

improvement over currently used culture methods that require shipping samples to laboratories, where results don't become available for three or more days. LexaGene's solution for faster and more accurate results will improve health outcomes, lower the overall cost of care, and lead to increased profitability for a practice.

Selected Yearly Information

	February 28, 2018	February 28, 2017
Total assets	$ 3,724,167	$ 1,052,274
Working capital	$ 2,707,371	$ 818,138
Loss for the year	$ 4,005,452	$ 4,483,215
Loss per share	$ 0.08	$ 0.17

Selected Quarterly Information

The following selected financial data has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements. All dollar amounts are in United States dollars.

Quarter ended	Net income (loss) for the period	Net income (loss) per share (basic & diluted)	Total assets
August 31, 2018	$ (2,026,264)	$ (0.03)	$ 4,913,268
May 31, 2018	$ (1,869,218)	$ (0.03)	$ 2,339,003
February 28, 2018	$ (1,327,174)	$ (0.03)	$ 3,724,167
November 30, 2017	$ (1,319,312)	$ (0.01)	$ 969,067
August 31, 2017	$ (741,064)	$ (0.01)	$ 1,514,817
May 31, 2017	$ (617,902)	$ (0.01)	$ 1,800,307
February 28, 2017	$ (384,390)	$ (0.01)	$ 1,052,274
November 30, 2016	$ (3,794,738)	$ (0.12)	$ 1,397,947

Results of Operations

Six months ended August 31, 2018

During the six months ended August 31, 2018, the Company recorded net loss of $3,895,482 compared to a net loss of $1,358,966 for the six months ended August 31, 2017. The significant change during the six months ended August 31, 2018 compared to the six months ended August 31, 2017 is due to the Company advancing its operations, which include research and development of pathogen detection devices in the life sciences industry.

Advertising and promotion costs

During the six months ended August 31, 2018 the Company spent $271,811 on advertising and promotion compared to $234,325 during the six months ended August 31, 2017. This increase is due to the Company's efforts on increasing Company awareness and promoting its technologies.

Office and miscellaneous costs

Office and miscellaneous costs have increased to $372,362 for the six months ended August 31, 2018 compare to $19,323 for the same period in 2017 due to the Company opening its new office and lab space in April, 2018.

Research and development costs

Research and development expense during the six months ended August 31, 2018 increased to $652,431 compared to $527,015 for the same period in 2017. The $652,431 was comprised of $377,183 paid to outside engineering and consulting firms and $275,248 related to the purchases of parts and materials as compared to $318,012 paid to outside engineering and consulting firms and $209,003 related to the purchases of parts and materials for the same period in 2017. This increase in research and development costs is primarily from additional spending related to the alpha and beta product designs and advancing the technology and its capabilities.

Share based compensation

For the six months ended August 31, 2018, the Company recorded share based compensation of $1,062,144 compared to $145,891 for the same six month period in 2017. This increase is primarily related to an increase in options and restricted share units granted to new employees during 2018.

Travel expenses

Travel expense increased to $230,280 during the six months ended August 31, 2018 as compared to $83,239 in the same period in 2017. This increase is primarily due to promoting the Company in both the United States and Canada as well as attending multiple conferences in the United States, Canada and Europe.

Wages and salaries

For the six months ended August 31, 2018, wages and salaries expense increased to $1,175,606 as compared to $180,014 for the same period in 2017. This increase is directly attributed to the company increasing its headcount at its new office and lab space.

These increases were partially offset by a decrease in consulting fees by $19,016 as the Company did not require the same level of consulting services due to the hiring of employees.

Three months ended August 31, 2018

During the three months ended August 31, 2018, the Company recorded net loss of $2,026,264 compared to a net loss of $741,064 for the three months ended August 31, 2017. The significant change during the three months ended August 31, 2018 compared to the three months ended August 31, 2017 is due to the Company advancing its operations, which include research and development of pathogen detection devices in the life sciences industry.

Advertising and promotion costs

During the three months ended August 31, 2018 the Company spent $122,719 on advertising and promotion compared to $151,676 during the three months ended August 31, 2017. These costs are due to the Company's efforts on increasing Company awareness and promoting its technologies.

Office and miscellaneous costs

Office and miscellaneous costs have increased to $205,916 for the three months ended August 31, 2018 compare to $12,948 for the same period in 2017 due to the Company opening its new office and lab space in April 2018.

Research and development costs

Research and development expense during the three months ended August 31, 2018 increased to $272,156 compared to $267,950 for the same period in 2017. This increase in research and development costs is primarily from additional spending related to the alpha product design and advancing the products capabilities.

Share based compensation

For the three months ended August 31, 2018, the Company recorded share based compensation of $548,466 compared to $65,832 for the same three month period in 2017. This increase is primarily related to an increase in options and restricted share units granted to new employees during 2018.

Travel expenses

Travel expense increased to $77,593 during the quarter ended August 31, 2018 as compared to $47,963 in the same period in 2017. This increase is due to promoting the Company in both the United States and Canada as well as attending multiple conferences in the United States, Canada and Europe.

Wages and salaries

For the three months ended August 31, 2018, wages and salaries expense increased to $685,435 as compared to $89,940 for the same period in 2017. This increase is directly attributed to the company increasing its headcount at its new office and lab space.

Financial Condition, Liquidity and Capital Resource

The Company's working capital as of August 31, 2018 was $3,785,872 including cash of $3,923,207 compared to a working capital of $2,707,371 including cash of $2,648,354 as of February 28, 2018.

The Company's business currently does not generate positive cash flows from sales. The Company is reliant on equity financing to provide the necessary cash to continue research and development of the instrument described in the Summary of Operations, events and Future Plans section of this

management discussion and analysis. There can be no assurance that equity financings will be available to the Company in the future with terms that are satisfactory to the Company.

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

Commitment

The Company has an operating lease agreement for their office and laboratory premises. Commitments in respect of these lease agreements are as follows:

	2018	2017
Not more than one year	$ 384,797	$ -
Later than one year and not later than five years	1,157,561	-
Later than five years	1,059,248	-
	$ 2,601,606	$ -

Related Party Transactions

Key management includes personnel having the authority and responsibility for planning, directing and controlling the Company and includes the directors and current executive officers. Expenses incurred for key management compensation are summarized as:

	Three months ended August 31,		Six months ended August 31,	
	2018	2017	2018	2017
Salaries and benefits	$ 357,202	$ 30,852	$ 507,400	$ 120,926
Administration	-	11,644	-	22,773
Consulting	-	6,348	-	18,218
Share based compensation	387,263	56,445	478,804	127,288
	$ 744,465	$ 105,289	$ 986,204	$ 289,205

As at August 31, 2018, $nil (February 28, 2018 - $nil) was payable to directors and/or officers and/or companies controlled by officers of the Company.

All related party balances are non-interest bearing, unsecured and have no fixed terms of repayment and have been classified as current.

Financial Instruments and Risk Management

LexaGene is active in the biotechnology industry, which means it is exposed to a number of risks. There is a financial risk as the continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. The Company has incurred operating losses since its inception and has experienced negative operating cash flows.

The Company is dependent upon its current management and if the services of such personnel were withdrawn for any reason, this could have a material adverse impact on the Company's operating activities.

Fair Values

The fair values of cash, receivables, short-term loan and trade payables approximate their book values because of the short-term nature of these instruments.

(a) *Financial Risk Management*

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company considers the fluctuations of financial markets and seeks to minimize potential adverse effects on financial performance.

(b) *Financial Instrument Risk Exposure*

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

Credit Risk
Credit risk is the risk of a financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash and receivables. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The Company's receivables consist of tax receivables due from federal government agencies and a short-term loan. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Historically, the Company's main source of funding has been the issuance of equity securities for cash, primarily through private placement offerings to accredited investors and institutions. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity financing, or that such access will be timely and in the amounts necessary to fund the Company's activities. There are many conditions beyond the Company's control which have a direct impact on the level of investor interest in the purchase of Company securities.

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Such fluctuations may be significant.

(i) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(ii) Foreign currency risk

Currency risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign currency exchange rates. The Company is exposed to currency risk through financial assets and liabilities denominated in currencies other than the Canadian dollar, the Company's presentation currency.

The Company's financial instruments denominated in currencies that are not the United States dollar as at August 31, 2018 are as follows:

	CAD$	US$ Equivalent
Cash	$ 4,185,049	$ 3,205,787
Accounts payable and accrued liabilities	(165,664)	(126,898)
Net Exposure	$ 4,019,385	$ 3,078,889

Based on the US$ denominated exposure as at August 31, 2018, a 10% change in the US/CAD exchange rates would impact the Company's net loss for six months ended August 31, 2018, by approximately $83,000.

(iii) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

(c) Technical Risk

The alpha prototype is now functional. As expected with an alpha prototype, additional optimization is required to make the technology competitive with other automated technologies. These improvements are being built into the beta prototype, which is currently under design. Although the technology is functional, some risk remains regarding optimizing the instrument's performance and integrating new components to generate an instrument that is competitive with other technologies. Furthermore, although we are confident the instrument will effectively process simple matrices (e.g. water, buffer, enrichment broth, etc.), we are less confident the initial sample preparation cartridge will effectively process more complex matrices such as milk, blood, and fat-containing liquids. The Company will need to test each of these different matrices to determine performance. It is likely that specialized cartridges will need to be built to effectively process

these more challenging matrices. It is also possible that customers frequently processing some matrices may require their instrument to be serviced more frequently.

(d) Life sciences Market Risk

LexaGene's technology offers some advantages that are not available in other sample-to-answer instruments. Most notably, the ability to process large volumes of fluid and the ability to customize genetic screens. The Company believes these features are strong selling points that will result in user adoption. However, the Company is only in the Alpha Prototype development stage, so it only has a rough estimate of the expected list price of the instrument and the cost per test. These estimates are likely to change as more information is gathered during Beta Prototype development. The final price point of LexaGene's instrument and tests, as well as its performance compared to competitor instruments will affect user adoption. If these factors are not favorable for LexaGene, there is a possibly the Company will generate little to no sales. The Company has engaged Ethos Veterinary Health Group to perform market research in veterinary diagnostics, and has completed a survey of food safety officers regarding the need for LexaGene's technology in the food market. The information gained through these efforts will be used to guide the Company's business development strategy and product marketing strategy leading up to commercial launch.

Contingencies

The Company is not aware of any contingencies or pending legal proceedings as of October 29, 2018.

Additional share information

The Company is authorized to issue an unlimited number of common shares without par value. As at October 29, 2018, the Company has 66,136,853 common shares issued and outstanding.

Warrants

The Company has the following warrants outstanding and exercisable as at October 29, 2018:

Number of Warrants	Exercise Price	Expiry Date
105,000	CAD$ 0.08	June 20, 2019
150,800	CAD$ 0.25	October 4, 2018
5,156,033	CAD$ 0.60	March 13, 2020
2,691,180	CAD$ 1.45	December 19, 2020
166,800	CAD$ 1.45	January 22, 2021
2,875,000	CAD$ 1.30	July 11, 2021
402,500	CAD$ 1.00	July 11, 2021

At October 29, 2018, the weighted average remaining contractual life of warrants outstanding was 1.97 years, with a weighted average exercise price of CAD$0.99.

Stock Options

The Company has the following options outstanding and exercisable as at October 29, 2018:

Options Outstanding	Options Exercisable	Exercise Price	Expiry Date
500,000	275,000	CAD$ 0.36	July 27, 2020
1,125,000	618,750	CAD$ 0.33	July 27, 2020
270,000	108,000	CAD$ 1.05	March 12, 2021
1,360,000	143,500	CAD$ 1.15	February 20, 2022
75,000	-	CAD$ 1.27	May 16, 2022
100,000	-	CAD$ 0.97	December 26, 2022

At October 29, 2018, the weighted average remaining contractual life of options outstanding was 2.71 years, with a weighted average exercise price of CAD$ 0.75.

On July 25, 2017, the Company adopted an Omnibus Incentive Plan, where a fixed number (7% of outstanding shares at time of adoption) of Restricted Share Units (RSUs) and Incentive Stock Options (ISOs) authorized for issuance totaled 3,530,905 RSUs and ISOs.

In February 2018, 1,360,000 stock options were granted to directors and consultants of the Company to purchase common shares at a price of CAD$1.15 per common share. The stock options vest at 10% after six months from the grant date, and 15% every six months thereafter, expiring on August 20, 2022.

On May 16, 2018, the Company granted stock options to purchase 75,000 common shares at a price of CAD$1.27 per common share and 100,000 common shares at a price of CAD$0.97 per share. No stock options were exercised.

On August 30, 2018, the Company amended its Omnibus Incentive Plan and increased the number of Common Shares reserved for issuance as share incentive options under the Company's Omnibus Plan dated July 25, 2017, as amended and restated July 12, 2018, by an additional 1,077,793 Common Shares, to a total of 4,608,698 Common Shares under the Omnibus Plan.

During the three and six month periods ended August 31, 2018, the Company recorded compensation expense related to stock options of $226,061 (2017 - $80,059) and $235,484 (2017 - $145,891), respectively.

At October 29, 2018, 1,145,250 stock options are exercisable.

Restricted share units

The Company has the following restricted share units outstanding as at October 29, 2018:

Number of Restricted Share Units	Expiry Date
315,000	September 12, 2020
1,327,500	February 21, 2021
295,000	May 16, 2021
120,000	December 26, 2021
650,000	April 19, 2022

On July 25, 2017, the Company adopted an Omnibus Incentive Plan, where a fixed number (7% of outstanding shares at time of adoption) of Restricted Share Units (RSUs) and Incentive Stock Options (ISOs) authorized for issuance totaled 3,530,905 RSUs and ISOs.

In February 2018, the Company granted 1,475,000 restricted share units to a director and consultants with the trigger dates for the RSUs is 10% after six months from the grant date, and 15% every six months thereafter, expiring on February 21, 2021.

In May 2018, the Company granted 295,000 restricted share units to employees with the trigger dates for the RSUs is 10% after six months from the grant date, and 15% every six months thereafter, expiring on May 16, 2021.

In June 2018, the Company granted 120,000 restricted share units to a director with the trigger dates for the RSUs is 10% after six months from the grant date, and 15% every six months thereafter, expiring on December 26, 2021.

On August 30, 2018, the Company amended its Omnibus Incentive Plan and increased the number of Common Shares reserved for issuance as restricted share units under the Company's Omnibus Plan dated July 25, 2017, as amended and restated July 12, 2018, by an additional 1,077,793 Common Shares, to a total of 4,608,698 Common Shares under the Omnibus Plan.

On October 19, 2018, the Company granted 650,000 restricted share units to employees and a consultant with the trigger dates for the RSUs as 10% after six months from the grant date, and 15% every six months thereafter, expiring on April 19, 2022.

During the year ended February 28, 2018 the Company recorded a total of $98,615 in share-based compensation related to restricted share units. The weighted average fair values at the measurement date of 315,000 RSUs and 1,475,000 RSUs granted were CAD$1.05 ($0.82) and CAD$1.170 ($0.91) respectively, based on the TSX-V market price of the Company's shares on the date RSUs were granted.

During the three and six month periods ended August 31, 2018, the Company recorded compensation expense related to RSUs of $287,567 (2017 - $nil) and $181,027 (2017 - $nil), respectively.

Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at www.sedar.com. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

Cautionary Statement on Forward Looking Information

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve 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 any future results, performance, or achievements expressly stated or implied by such forward-looking statements. Such factors include, among others, the following: product development technical risks, life sciences market risks, fluctuation in the equity markets that affect the Company's ability to raise capital, government regulations, competition, litigation risks, and commercial viability risks.