VENTRIPOINT DIAGNOSTICS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021

Introduction

The following Management's Discussion & Analysis ("MD&A") of Ventripoint Diagnostics Ltd. ('Ventripoint' or the "Company") 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, being the Management's Discussion & Analysis ("Annual MD&A") for the fiscal year ended December 31, 2020 This 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 MD&A has been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Annual MD&A, the audited annual consolidated financial statements of the Company for the years ended December 31, 2020 and 2019, and the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2021, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the three and six months ended June 30, 2021 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at September 2, 2021, unless otherwise indicated.

The unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2021, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on SEDAR at **www.sedar.com** and on the Company's website at **www.ventripoint.com.**

Caution Regarding Forward-Looking Statements

In the interest of providing current and potential investors in Ventripoint with information regarding the Company's future plans and operations, certain statements and information, which is included or referenced herein, contain "Forward-looking Statements."

Forward-looking Statements include, but are not limited to, statements (collectively, "Statements") with respect to status of technology, development, commercialization, market size, financing, general and

administrative, and beyond. You are cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations they are based on will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown, and risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur.

Although the Company believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking statements included or referenced herein include, but are not limited to, access to future funding (debt and/or equity) as described under the section titled "Liquidity"; general economics, business and market conditions as discussed in "Risks and Uncertainties – Financial"; the regulatory approval process as noted in "Risks and Uncertainties – Regulatory"; and the Company's ability to secure additional capital as discussed in "Risks and Uncertainties – Continued Operations". You are cautioned that the foregoing list of important factors is not exhaustive.

With respect to forward-looking statements contained in this MD&A, we have made several key assumptions including, but not limited to:

- the market for the Company's planned product and service offerings is in excess of $1 billion worldwide and is not subject to decline in the foreseeable future;
- The Company will be able to obtain financing in a timely manner on acceptable terms;
- The current tax and regulatory regimes will remain substantially unchanged;
- The Company will be able to obtain equipment and qualified personnel in a timely manner;
- The Company will successfully market its efficient, accurate and cost-effective heart diagnostic tool that uses standard echo images to deliver functional information about the heart;
- Product and service related approvals will be obtained from all necessary agencies in a timely manner and without unplanned additional costs; and
- The Company will have sufficient resources to implement its strategies in a timely and effective manner.

The forward-looking statements contained or referenced herein are expressly qualified by this cautionary statement made as of this date. The Company disclaims any intention and has no obligation or responsibility, except as required by law, to update or revise any forward-looking statements.

Description of Business

Ventripoint Diagnostics Ltd. (TSXV:VPT, OTCMKTS:VPTDF), headquartered in Toronto, Canada, is a medical device company engaged in the development and commercialization of diagnostic tools to monitor patients with heart disease – a leading cause of death for both men and women worldwide.

The Company is developing a suite of applications for all major heart diseases and imaging modalities, including congenital heart disease, pulmonary hypertension and cardiotoxicity in oncology patients - a multi-billion-dollar market potential. By using images produced from existing medical imaging systems, the Ventripoint Medical System (VMS™) generates accurate heart volumetric measurements and a three-dimensional model in a rapid and inexpensive manner. Ventripoint's solution produces critical heart

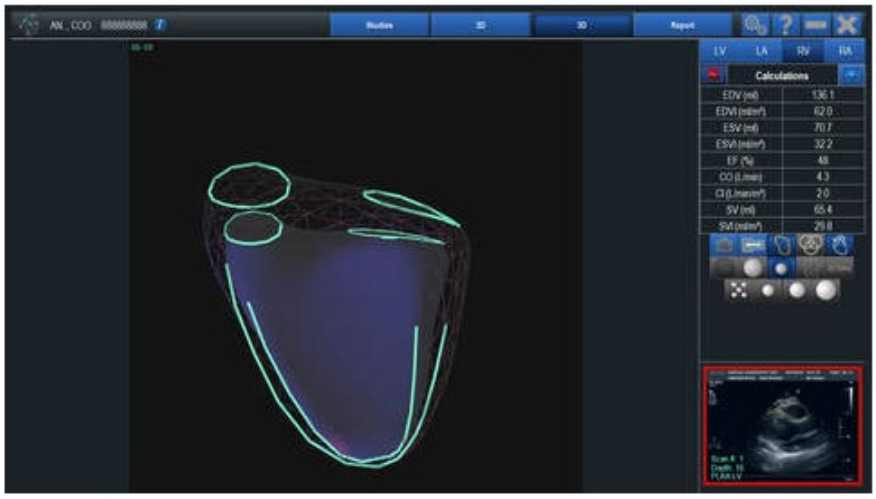
information by processing standard information received from existing medical imaging equipment with its patented and proprietary methods incorporating Knowledge Based Reconstruction (KBR) algorithms and proprietary cardiac databases (sometimes called catalogues). The VMS enables medical professionals to economically obtain accurate three-dimensional models from which critical volume and functional measurements of a patient's heart chambers are derived in only a few minutes more than the time needed for a routine echocardiogram. Measuring volume and function is fundamental in evaluating patients to determine the severity and progression of their disease, assess the effectiveness of treatment, gauge prognosis and decide on the timing of surgical and pharmacological interventions. These key measurements and the 3D model for visual assessment provide medical professionals with some of the critical information necessary for clinical diagnosis and monitoring of their patients.

The Company's KBR method, a form of Artificial Intelligence (AI), allows for the creation of a three-dimensional model of all the chambers of the heart; right and left ventricles, and right and left atria, using images generated from existing 2D and 3D imaging equipment. The Company's technology platform is applicable to all heart diseases. The VMS system is based upon patented and proprietary technology that Ventripoint has licensed on an exclusive basis from the University of Washington. The VMS+3.0 system (hardware and software for 2D echocardiograms) and VMS+3.0 software (software only for 3D echocardiograms and MRI) have US FDA marketing clearance, Health Canada license and European CE Mark for all patients where volumetric information for any of the 4 chambers of the heart is warranted or desired.

Since the commencement of operations, Ventripoint has been committed to commercializing its breakthrough technology to be used as a tool in the diagnosis and management of various heart-related diseases to reduce the cost of healthcare for these patients worldwide.

It is the Company's goal to have the first system on the mass market that addresses the need for an efficient, accurate and cost-effective heart diagnostic tool that uses standard 2D or 3D echocardiography, as well as MRI images to deliver 3D functional information for all 4 chambers of the heart. The ability to sustain the implementation of its commercialization strategies for its VMS is dependent upon the timely receipt of additional and sufficient operating capital.

3D view of Right Ventricle showing End-Systolic and End-Diastolic



Outlook and Overall Performance

Strategy

The Company is still employing direct sales in North America, Europe, and the UK and has begun the search for and engagement of distributors in these markets.

The Company believes the support of thought leaders is the first building block for gaining product acceptance and adoption. Accordingly, the Company has collaborated with leading echocardiologists and institutions, in order to establish luminary sites across Canada, the EU and the USA. To build awareness, VMS+3.0 deployments are designed to produce publications in leading medical journals and presentations at conferences. Internationally ranged hospitals with KOLs have indicated that they will acquire a VMS+ 3.0 once COVID-19 is under control in their region and their hospitals return to normal operations. Based on current information and modelling of COVID cases, the Company is gearing up to supply multiple units in the 3Q and 4Q this year. To continue to build awareness, these VMS+ 3.0 deployments are designed to produce publications in leading medical journals and presentations at conferences.

To remain competitive, the Company has begun work on the next generation of the VMS+ that will incorporate advanced cardiac measurement features to add further clinical value to the VMS+ product thereby improving healthcare outcomes. The primary objective of this new proposed product is to provide a complete echo cardiac analysis package with conventional 2D measurements as well as the 3D measurements currently uniquely provided by the VMS+ using 2D ultrasound. This will provide more quantitative data to clinicians and a visual aid to outline the interrelationships of the heart. These product advances will play a role in helping in the prevention and diagnosis of cardiac disease globally. This is especially relevant today with the need for thorough assessment of cardiac conditions due to COVID-19.

To continue to extend its patent portfolio and thereby strengthen its intellectual property estate, the Company has filed a foundational U.S. provisional patent application for its novel cardiac measurement approach (see NR April 19, 2021). This new measurement technique provides cardiologists with additional

and more precise information about the function of the heart through motion tracking. This invention is as an extension of the Company's existing artificial intelligence (AI) platform, which provides accurate and reliable volumetric measurements for all four chambers of the heart. This new technology tracks the movement of heart and valves through the entire heartbeat and not just at the full and empty points in the cardiac cycle. This dynamic information can help in initial diagnosis and assessing the effectiveness of treatments, as well as the timing of interventions thereby improving clinical outcomes. Cardiovascular diseases continue to be the number 1 cause of death worldwide. Constantly advancing the tools available to clinicians for diagnosing and treating patients is key for the future of healthcare. In August 2021, Ventripoint filed an international patent application under the Patent Cooperation Treaty (PCT) to protect Ventripoint's recent novel improvements to its cardiac measurement technology. Ventripoint is a pioneer in application of artificial intelligence (AI) to heart analysis and this latest application strengthens the company's intellectual property position and coverage for the Ventripoint's flagship products. With this one international patent application, Ventripoint registers its claim to this invention in at least 153 different contracting countries under the PCT. This latest patent application claims a new, improved method of using 2D and 3D echocardiography data for mapping and displaying the anatomical structure and configuration of the heart. A key novel component is the use of templates with predetermined anatomical landmarks so that multiple anatomical features of the heart are aligned simultaneously. This upgrade to Ventripoint's VMS+ products shorten the analysis time for both 2D and 3D echocardiograms and will help clinicians obtain more accurate and reliable results. The patent relates to the method of using 2D and 3D echocardiography data for mapping and displaying the anatomical structure of the heart for all four pumping chambers of the heart

In its ongoing efforts to promote the clinical applications for the VMS+ product, the Company has begun publication on the corporate website of case studies showing meritorious use of the VMS Heart Analysis System in routine clinical practice (see NR April 13, 2021). A series of case studies and white papers will be published over the next several months to showcase various limitations of current clinical practice, which are overcome by the VMS family of products. Coming topics include user experience perspectives, usability of the VMS products, and VMS use in patients infected with COVID-19.

The Company has minimal revenues, so its ability to ensure continuing operations is dependent on its ability to obtain necessary financing to complete its business plan and the development and future profitable sales of its products.

Corporate Highlights

The Company has made significant progress in implementing its development and commercialization plans.

Highlights include:

Collaboration with General Electric Healthcare (GEHC)

The Company has been seeking marketing and distribution channel partners to build awareness and access to potential customers. The Company recently announced (see NR April 27, 2021) a collaboration with General Electric Healthcare (GEHC). Ventripoint has been added as an innovator under GE Healthcare's Edison developer Program, which helps healthcare providers gain access to market-ready applications. As an innovator under this program, our installed base will be enhanced and will drive Ventripoint's commercial growth worldwide by accessing GE Healthcare's global channel.

The collaboration between GE Healthcare and Ventripoint offers the potential to enable the medical technology company's global customers to leverage the advanced 3D image analysis tools from the Ventripoint software applications for studies obtained using GE Healthcare's suite of Vivid cardiac ultrasound products.

The Company is employing direct sales in North America and the EU as well as seeking distribution partners worldwide.

Collaboration to Expand to Companion Animals

The Company has initiated a collaboration to expand the use of the VMS+ to include companion animals (see NR January 10, 2021).

EC Certification

The Company has successfully passed an MDD 93/42/EEC-Annex II audit for EC Certification of their Quality Assurance System (see NR March 9, 2021). This audit involved a comprehensive review of the CE Marking Technical File of the VMS+ 3.0 by its Notified Body for compliance with the Essential Requirements of the European Union. This certification is a requirement for compliance with the EU Medical Devices Directive 93/42/EEC and will allow Ventripoint to continue to sell its products in the 27 Member States of the European Union.

VMS+ 3.0 Showcased at Medical Conferences

In 2021, the Company sponsored and exhibited at the 23rd Annual Canadian Echo Weekend-2021 Digital Edition, which was organized by the Canadian Society of Echocardiography (CSE). The Company had a prominent booth in the virtual exhibit hall and received a high profile._Outcomes from the weekend were: 1. A new application was identified, and a potential lead investigator was engaged, 2. Cardiologists signed up for the forthcoming webinar entitled "Remembering the forgotten ventricle – exploring the benefits of accurate and reliable measurements", 3. The Company was able to advance discussions with key cardiologists to conduct clinical evaluations, where the VMS can uniquely provide better and more timely information. These studies will be initiated once echocardiography services can fully re-open and resume normal operations

The Company also sponsored and exhibited at the 54th Annual Meeting of the Association of European Paediatric and Congenital Cardiology (AEPC) that was held digitally on May 25th-27th, 2021. The AEPC mission is to promote the knowledge and learning in the field of cardiac disease in children. The current overall membership of the Association includes 1500 paediatric cardiologists and other specialists. The event will feature digital platforms with plenaries, parallel sessions, digital posters, and industry exhibitions. Some highlights of the digital conference included sessions on topics such as timing of pulmonary valve replacements, optimal treatment in atrial septum defect in pediatric patients, and value of ultrasound in congenital heart disease. The AEPC 2021 will be showcasing Ventripoint's support by having a digital booth on the AEPC digital platform.

Chinese Partnership and Future Development

The Company's joint-venture partner Yutian Medical Shanghai Inc. ("Yutian"). has informed the Company that it has achieved a number of milestones in its pathform development to commercialization.

Yutian has developed a series of products based upon Ventripoint's knowledge-based reconstruction technology under the name QAS™ to specifically meet the demands of the Chinese market using components sourced in China. They have built and obtained a license for a manufacturing facility in Ma-anshan. The QAS (right ventricle only) has received Chinese FDA ("CFDA") approval and the QAS analysis procedure has been added to the provincial medical billing catalog in Anhui Province (a province of 62 million people).

With market clearance obtained, 2020 was a very successful and foundational year for Yutian's marketing efforts in China (see NR February 16, 2021) . They successfully installed the QAS in the hospitals of the top three medical universities in Anhui Province, as well as leading hospitals in the cities of Shanghai (one of the four direct-administered municipalities with 27 million people), Hangzhou (capital city of Zhejiang province with 57 million people), Wenzhou and Zhengzhou (capital city of Henan province with 94 million people). A total of 8 QAS machines are currently operational in China. They have begun a process to have QAS certified for use in COVID patients in China and anticipate its use in ICUs for monitoring COVID patients (see NR March 16, 2021).

Yutian has reported a successful engagement with key opinion leaders in the echocardiography sector in China (see NR March 2, 2021). A training session in the use of the QAS™ has been conducted in China for approximately 60 echocardiologists. The session was offered in cooperation
with one of the leading University Hospitals in China and organized by the China Medical Association, Intensive Care Division. The training included advanced techniques for right-ventricular quantitative analysis using 2D ultrasound, and the approach of the QAS to using artificial Intelligence (AI) to analyze all studies including lower quality images where only sparse data were available.

Yutian has reported Chinese guidelines for the diagnosis and treatment of COVID-19 patients now require the monitoring of righ ventricular function by non-invasive techniques. The QAS™ (VMS™ name in China) provides a safe and convenient solution to meet that requirement. Yutian is actively working with regulatory bodies to have the QAS certified for COVID patients and has been successful in placing the QAS devices in intensive care units (ICUs). The Vice-Director of one of the leading hospitals in Shanghai, an early adopter of this application, thinks that they will need at least 3 QAS machines in their ICU department to be adequately resourced for potential future COVID needs. This innovative application substantially expands the potential market for the QAS in uses beyond echocardiography departments

In addition, Yutian has appointed tier-1 distributors in major regions throughout China and has already signed agreements with minimum sales targets totaling 30 million RMB (~$6M Canadian) for 2021 from this initial group of distributors. Yutian is continuing to expand the distribution network in China and reports the first commercial sale to a tier-1 hospital in China.

Development Funding

The Company will be receiving advisory services and research and development funding of up to $120,000 from the National Research Council of Canada Industrial Research Assistance Program (NRC IRAP) to further enhance cardiac measurement capabilities of the VMS+. (see NR May 4, 2021) This funding is a

continuation of a previously successful NRC IRAP-funded project that resulted in the development of VMS+3.0

Government Assistance

The Company has received approximately $178,963 in government subsidies and funding for the six months ended June 30, 2021

VMS+3.0 Purchase Orders and Commitments to Customers

The Company has purchase orders and has committed to supply ten VMS+3.0 machines with expected revenue of approximately $300,000 in the next 6 months. Some of these purchases will be on a lease and pay-per-use arrangement and so the Company will be building recurring revenue streams with these leading cardiac centres. The Company continues to build its sales funnel by actively marketing the VMS+3.0.

The Company forecasted its cash requirements to approximately $130,000 to $160,000 per month.

Distribution Agreements

The Company announced in April a collaboration with General Electric Healthcare (GEHC). Ventripoint has been added as an innovator under GE Healthcare's Edison Developer Program, which helps healthcare providers gain access to market-ready applications. As an innovator under this program, our installed base will be enhanced and will drive Ventripoint's commercial growth worldwide by accessing GE Healthcare's global channel.

The collaboration between GE Healthcare and Ventripoint offers the potential to enable the medical technology company's global customers to leverage the advanced 3D image analysis tools from the Ventripoint software applications for studies obtained using GE Healthcare's suite of Vivid cardiac ultrasound products.

Commercialization

The Company has sold or has new orders and commitments for a total of 19 VMS+3.0 devices. New orders have not been fulfilled due to the temporary restrictions of hospitals as they deal with the COVID-19 pandemic. To date, the Company has installed six VMS+3.0 machines in cardiac centres in North America, one in UK, and one in Europe. The Company has sold and delivered three VMS+3.0 machines to its Chinese partners for demonstration and research use and received full payment. In addition, Yutian has built and installed 8 QAS machines (see Chinese Partnership section above) in China. The Company has also delivered one VMS+3.0 for 3D-echo – its software-only product, to a major European centre. This was the first sale of this product, which is able to analyze 3D echocardiograms from all major ultrasound machines.

Current Focus for Clinical Applications

On February 23, 2021, the Company reported announcing the commencement of a new clinical study to measure atrial volumes and ejection fractions in children with suspected valvular disease. The study is being conducted by cardiologists in the Department of Pediatrics, Division of Pediatric Cardiology at the University of Alberta in collaboration with the Mazankowski Heart Institute and Stollery Children's Hospital. There is a real need for a reliable, accurate and simple procedure to assess valvular function especially

between the atria and ventricles of the heart. Left atrial enlargement is an indicator of diastolic dysfunction due to congenital or acquired left heart disease, volume overload due to left to right shunting, a marker of severity of mitral stenosis and regurgitation, and a risk factor for atrial arrhythmias. Right atrial volume is a known marker for right ventricular diastolic dysfunction and severity of tricuspid regurgitation or stenosis. The VMS+3.0 is uniquely able to measure volumes for all 4 chambers of the heart using 2D ultrasound and so can provide regular monitoring of children throughout their early years as the heart grows. This information is critical to determine the need and timing for therapeutic interventions. This study aims to demonstrate the capabilities of the VMS+3.0 in assessing the performance and function of the left and right atria in combination with the ventricle assessment. For comparison purposes, the children will also be assessed by 3D ultrasound, as well as MRI, when possible.

GE Healthcare Collaboration

Ventripoint has been added as an innovator under GE Healthcare's Edison Developer Program, which helps healthcare providers gain access to market-ready applications. As an innovator under this program, our installed base will be enhanced and will drive Ventripoint's commercial growth worldwide by accessing GE Healthcare's global channel.

The collaboration between GE Healthcare and Ventripoint offers the potential to enable the med- ical technology company's global customers to leverage the advanced 3D image analysis tools from the Ventripoint software applications for studies obtained using GE Healthcare's suite of Vivid cardiac ultrasound products.

Off-Balance-Sheet Arrangements

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Proposed Transactions

The Company routinely evaluates various business development opportunities which could entail optioning properties, direct acquisitions, trades and/or divestitures. In this regard, the Company is currently in discussions with various parties, but no definitive agreements with respect to any proposed transactions have been entered into as of the date of this MD&A. There can be no assurances that any such transactions will be concluded in the future.

Discussion of Operations

Three months Ended June 30, 2021 Compared With Three months Ended June 30, 2020

The Company's net loss totaled $529,174 for the three months ended June 30, 2021, with basic and diluted loss per share of $0.00. This compares with a net loss of $322,998 with basic and diluted loss per share of $0.00 for the three months ended June 30, 2020. The increase in net loss was principally because:

- For the three months ended June 30, 2021, general and administrative expenses was $696,261, compared to $218,753 for the three months ended June 30, 2020. The increase in general and administrative was primarily due higher share-based compensation and increased investor relations.

- For the three months ended June 30, 2021, research and development expenses was $109,030, compared to $66,052 for the three months ended June 30, 2020. The increase in research and development was primarily due salaries and external consultants with specialized knowledge in product testing and regulatory.

- For the three months ended June 30, 2021, sales and marketing expenses was $86,018, compared to $41,539 for the three months ended June 30, 2020. The increase in sales and marketing was due higher share-based compensation and media setup and management.

- For the three months ended June 30, 2021, the Company recorded a gain of $361,269 in the warrant revaluation adjustment, compared to a loss of $4,774 for the three months ended June 30, 2020. These adjustments were in the fair market value of outstanding Derivative Warrants. The valuation of warrants fluctuates based on changes in the average remaining life and exercise prices of the warrants and in interest rates.

Six months Ended June 30, 2021 Compared With Six months Ended June 30, 2020

The Company's net loss totaled $1,970,471 for the six months ended June 30, 2021, with basic and diluted loss per share of $0.02. This compares with a net loss of 744,440 with basic and diluted loss per share of $0.01 for the six months ended June 30, 2020. The increase in net loss was principally because:

- For the six months ended June 30, 2021, general and administrative expenses was $1,452,202, compared to $520,732 for the six months ended June 30, 2020. The increase in general and administrative was primarily due higher share-based compensation and an increase in investor relations.

- For the six months ended June 30, 2021, research and development expenses was $198,039, compared to $115,767 for the six months ended June 30, 2020. The increase in research and development was primarily due salaries, external consultants with specialized knowledge in product testing and regulatory and product cost.

- For the six months ended June 30, 2021, sales and marketing expenses was $130,520, compared to $77,586 for the six months ended June 30, 2020. The increase in sales and marketing was due higher share-based compensation, media setup and management and sponsor ship.

- For the six months ended June 30, 2021, the Company recorded a loss of $229,087 in the warrant revaluation adjustment, compared to a gain of $11,022 for the six months ended June 30, 2020. These adjustments were in the fair market value of outstanding Derivative Warrants. The valuation of warrants fluctuates based on changes in the average remaining life and exercise prices of the warrants and in interest rates.

Liquidity and Financial Position

The activities of the Company, principally the development and commercialization of diagnostic tools to monitor patients with heart disease, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options and debt financing. There is no assurance that debt financing and equity capital will be available to the Company in the amounts or at the times desired or on terms that are acceptable to the Company, if at all.

Cash used in operating activities was $1,289,657 for the six months ended June 30, 2021, compared to $487,310 for the six months ended June 30, 2020. Operating activities for the six months ended June 30, 2021, were affected by net loss of $1,970,471 plus adjustments of $880,143 and the negative change in non-cash working capital balances of $199,329 primarily related to the decrease in accounts payables and accrued liabilities and decrease in amounts receivable.

Cash provided by financing activities was $4,212,464 for the six months ended June 30, 2021, compared to $620,581 in the six months ended June 30, 2020. Financing activities for the six months ended June 30, 2021 primarily included $3,939,116 for the exercise of warrants.

Cash used in investing activities was $4,257 for the six months ended June 30, 2021, compared to $3,763 in the six months ended June 30, 2020 as a result of additions to equipment.

At June 30, 2021, the Company had $3,459,673 in cash and cash equivalents (December 31, 2020 - $526,026).

The Company has minimal revenues and therefore must utilize its funds obtained from the equity financing and other financing transactions to maintain its capacity to meet ongoing the commercialization of VMS+ 3.0.

As of June 30, 2021, and to the date of this MD&A, the cash resources of the Company are held with the Canadian Imperial Bank of Commerce and Royal Bank of Canada.

The Company's use of cash at present occurs, and in the future will occur, principally in two areas, namely, funding of its general and administrative expenditures and funding of its development and commercialization activities. For fiscal 2021, the Company's expected operating expenses are estimated to average $150,000 per month for recurring operating costs. The Company has no development commitments on its property interests over the next 12 months. Management may reassess its planned expenditures based on the Company's working capital resources, the scope work required to advance exploration on its projects and the overall condition of the financial markets.

The Company's working capital of $2,333,141 at June 30, 2021, (December 31, 2020 - working capital deficiency of $1,108,586), and is sufficient to satisfy current liabilities and general and administrative costs for it to continue operations for the twelve-month period ending June 30, 2022 (see "Outlook and Overall Performance" above).

Recent Accounting Pronouncements

New Accounting Standards Adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2021 Many are not applicable or do not have a significant impact to the Company and have been excluded.

New Standards Not Yet Adopted And Interpretations Issued But Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 01, 2022. Many are not applicable or do not have a significant impact to the Company and have been excluded.

Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses.

Information about critical judgments in applying accounting policies and assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in the consolidated financial statements includes the assumptions and model used to estimate share-based compensation and the valuation of warrants and other derivative liabilities, the capitalization and expensing of development costs, the impairment of assets which requires judgement in determining if the facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the allocation of revenues between amounts recognized upon installation and amounts deferred and recognized over the initial warranty period, the designation of the Canadian dollar as the Company's functional currency, and factors considered in inventory obsolescence.

Reported amounts and note disclosure reflect the anticipated measures management intends to take. Actual results could differ from those estimates. The above estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Related Party Transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Related party transactions conducted in the normal course of operations are measured at the amount established and agreed to by the related parties.

(a) Remuneration of directors and key management personnel of the Company was as follows:

	Three months Ended		Six months Ended	
	June 30, 2021 $	June 30, 2020 $	June 30, 2021 $	June 30, 2020 $
Salaries, fees and short term benefits	60,000	60,000	120,000	130,000
Share-based payments	19,716	2,352	49,484	5,338
Total	**79,716**	**62,352**	**169,484**	**135,338**

Executive Officers and Directors participate in the Stock Option Plan and the DSU Plan. Officers also participate in the Company's health plan. Directors receive monthly and meeting fees for their service.

(b) Other transactions of directors and key management personnel of the Company was as follows:

- In February 2020, two directors of the Company purchased $300,000 of Convertible Debentures II. During the three and six months ended June 30, 2021, the Company expensed $nil and $3,295, respectively in interest on the convertible debentures to these directors (three and six months ended June 30, 2020 - $4,862 and $7,747, respectively).

- For the three and six months ended June 30, 2021, the Company expensed $33,394 and $46,572, respectively (three and six months ended June 30, 2020 - $15,160 and $20,363, respectively) to Marrelli Support Services Inc. ("Marrelli") for: Victor Hugo to act as the Chief Financial Officer of the Company; and for bookkeeping services. Victor Hugo is an employee of Marrelli. These services were incurred in the normal course of operations for general accounting and financial reporting matters.

- On January 12, 2021, the Company granted common share options to directors and an officer with an exercise price of $0.10 per share, with a maturity date of 10 years, and 75,000 vested immediately, and 325,000 is vesting equally over 3 years.

- On January 13, 2021, directors of the Company converted $250,000 of the February 6, 2020 convertible debt into 3,333,332 shares.

- On February 16, 2021, a director of the Company exercised 100,000 options at an exercise price of $0.10, with an expiry date of January 12, 2031.

- On February 19, 2021, an officer and director of the Company exercised 466,799 warrants at an exercise price of $0.10, with an expiry date of February 6, 2022.

- On February 23, 2021, the Company issued to an officer and directors of the Company, 5,833 shares for debt for final interest on convertible debt.

- On May 5, 2021, an officer and director of the Company exercised 312,500 warrants at an exercise price of $0.50, with an expiry date of May 22, 2022.

- As at June 30, 2021, $313,789 (December 31, 2020 - $571,432) was included in accounts payable and accrued liabilities due to related parties.

Disclosure of Internal Controls

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements; and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

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 MD&A for the fiscal year ended December 31, 2020, available on SEDAR at **www.sedar.com**.

Additional Funding Requirements

The Company's success in raising new operating capital has enabled it to finalize its VMS+ development and implement initial commercialization strategies. The Company will require additional operating capital to sustain and grow the level of its operations and to further implement its commercialization strategies. The Company is in discussions with multiple parties related to its financing, development and commercialization efforts to secure sufficient additional capital and resources for commercialization of its VMS+ technology and to achieve cash flow break-even. The need, success and timing of additional financings and/or strategic relationships cannot be projected with any certainty and their ultimate success is necessary for the Company to continue operations and to achieve it's near term commercial and development milestones.

Continued Operations

Without sufficient additional capital being secured in a timely manner, Company operations may have to be curtailed; the result of which could render the Company unable to pursue commercialization of its products and services, or to continue its operations.

There is no certainty whether the Company will generate significant revenues or attain profitable operations in the near future and there can be no assurance that it will achieve profitability in the future, as it incurred a loss of $1,441,297 and had a negative cash flow from operating activities of $1,289,657 for the six months ended June 30, 2021, and has accumulated $41,837,653 of losses as at June 30, 2021 (December 31, 2020 - accumulated losses of $38,867,182). As a result, there is a material uncertainty which creates significant doubt regarding the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on its raising of future required capital, bringing its products to market and achieving and maintaining profitable operations. The outcome of these matters cannot be predicted at this time.

COVID19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. 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 and its operations in future periods.

Prior period restatement

The Company is restating its June 30, 2021 comparative period statement of loss and comprehensive to correct financing costs recorded on convertible debentures and the revaluation adjustment on its derivative warrants.'

The Company is restating its comparative period to account for the amendment of Debenture (see note 10(b)). The Amendment was treated as an extinguishment of the old debenture and recognition of a new debenture with a gain on modification of $35,329 recognized in the statement of profit and loss.

Subsequent to June 30, 2020, the Company determined that a bonus accrual of $17,000 should be reflected in the three and six months ended June 30, 2020, the Company impaired its inventory, resulting in an increase in general and administrative cost of $42,757 and the benefit of $10,000 on the CEBA loan to be recorded as Other Income.

Subsequent to June 30, 2020, the Company reclassified the foreign exchange variance of its US subsidiary to Other comprehensive income.

Line item on the restated consolidated statements of loss and comprehensive loss

Six months ended June 30, 2020	**Previously reported**	**Adjustment**	**Reclass**	**Restated**
General and administrative	$477,975	$42,757	$ -	520,732
Total operating expenses	(671,328)	(42,757)	-	(714,085)
Finance cost	(429,804)	320,943	-	(108,861)
Warrant liabilities revaluation adjustment	(56,778)	67,800	-	11,022
Gain on modification of convertible debentures	-	35,329	-	35,329
Other Income	53,516	10,000	-	63,516
Impairment on inventory	-	(21,207)	-	(21,207)
Foreign currency differences	(7,444)	-	(2,710)	(10,154)
Adjustments	(1,111,838)	370,108	(2,710)	(744,440)
Total loss	**(1,111,838)**	**370,108**	**(2,710)**	**(744,440)**
Other comprehensive income Currency translation	-	-	2,710	2,710
Total loss and comprehensive loss	**(1,111,838)**	**370,108**	**-**	**(741,730)**

Line item on the restated consolidated statements of loss and comprehensive loss (continued)

Three months ended June 30, 2020	**Previously reported**	**Adjustment**	**Reclass**	**Restated**
General and administrative	$ 213,597	$ 5,156	$ -	218,753
Total operating expenses	(321,188)	(5,156)	-	(326,344)
Finance cost	(66,831)	2,587	-	(64,244)
Warrant liabilities revaluation adjustment	4,774	-	-	4,774
Other Income	53,516	10,000	-	63,516
Foreign currency differences	23,171	-	(23,871)	(700)
Adjustments	(306,558)	7,431	(23,871)	(322,998)
Total loss	**(306,558)**	**7,431**	**(23,871)**	**(322,998)**
Other comprehensive income Currency translation	-	-	23,871	23,871
Total loss and comprehensive loss	**(306,558)**	**7,431**	**-**	**(299,127)**

Line item on the restated consolidated statements of cash flows

Six months ended June 30, 2020	Previously reported	Adjustment	Reclass	Restated
Net (loss) for the year	$(1,111,838)	$370,108	$(2,710)	$(744,440)
Adjustments for :				
Derivative liabilities revaluation adjustment	56,778	(67,800	-	(11,022)
Impairment of inventory	-	21,207	-	21,207
Gain on modification of debenture	-	(35,329)	-	(35,329)
Accretion of debentures payable	386,126	(337,643)	-	48,183
CEBA loan benefit included in income other income	-	(10,000)	-	(10,000)
Changes in non-cash working capital items				
Inventory	(25,756)	-	25,756	-
Amounts payable and other liabilities	66,502	34,000	-	100,502
Net cash used in operating activities	**$(484,599)**	**$(25,757)**	**$23,046**	**$(487,310)**

Line items on the restated consolidated statements of changes in shareholders' deficit:

Equity portion of convertible debentures	$236,400	($118,400)		$118,000
Modification on convertible debt	246,000	(407,892)	-	(407,892)
Currency translation adjustment	-	-	2,710	2,710
Net loss for the period	(1,111,838)	370,108	(2,710)	(744,440)

Subsequent events

Subsequent to June 30, 2021, the Company granted 850,000 options to consultants and a Director of the Corporation at an exercise price of $0.30 for a term of one year and vesting from immediately to over 9 months.