CO2 GRO Inc.

Interim Management's Discussion and Analysis

Quarterly Highlights

Three months ended March 31, 2021

May 27, 2021

CO2 GRO Inc.

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*This interim management discussion and analysis – quarterly highlights ("**Interim MD&A**") has been prepared based on information available to CO2 GRO Inc. ("**CO2**" or the "**Company**") at May 27, 2021. This Interim MD&A is based on information available to CO2 and updates disclosure previously provided in the Company's Annual and interim MD&A's, up to the date of this Interim MD&A and should be read in conjunction with the Company's unaudited interim consolidated financial statements and the related notes as at and for the three months ended March 31, 2021 and 2020 (the "**Unaudited Interim Consolidated Financial Statements**") and the Company's audited consolidated financial statements for the years ended December 31, 2020 and 2019 (the "**Consolidated Financial Statements**"). Both the Audited Consolidated Financial Statements and the Unaudited Interim Consolidated Financial Statements have been prepared by management in accordance with International Financial Reporting Standards ("**IFRS**") and all amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this Interim MD&A has also been prepared by management and is consistent with the data contained in the Financial Statements. Additional information relating to the Company can be found on SEDAR at www.sedar.com or on the Company's website at www.co2gro.ca.*

Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting.

As the Company is a Venture Issuer (as defined under under *National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings*) ("**NI 52-109**"), the Company and Management are not required to include representations relating to the evaluation, design, establishment and/or maintenance of disclosure controls and procedures ("**DC&P**") and/or ICFR, as defined in NI 52-109, **nor has it completed such an evaluation**. Inherent limitations on the ability of the certifying officers to design and implement on a cost-effective bases DC&P and ICFR for the issuer may result in additional risks of quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

This document may contain "forward-looking statements" which may include, but are not limited to, statements with respect to the future financial or operating performance of CO2 or future events related to CO2 which reflect expectations regarding growth, results of operations, performance, business prospects or opportunities or industry performance or trends for the economic environment in which CO2 operates. These forward-looking statements are not guarantees of future performance and actual results and outcomes may differ materially. Accordingly, readers should not place undue reliance on forward-looking statements. Such factors include, among others: general business, economic, competitive, political and social uncertainties; changes in project parameters as plans continue to be refined; changes in labour costs and other costs of materials, equipment or processes to operate as anticipated; accidents, labour disputes and other risks and delays in obtaining governmental approvals or financing or in the completion of research and development activities.

The forward-looking statements reflect CO2's current internal projections, expectations or beliefs and are based on information currently available to CO2. Often, but not always, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "intend", "plan", "anticipate", "believe", "predict", "potential", "continue", "budget", "schedule", "estimate", "forecast" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Although CO2 has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this Interim MD&A and, unless otherwise required by applicable securities laws, CO2 disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise.

General

CO2 Gro Inc. ("**CO2 GRO**" or the "**Company**") was incorporated under the provisions of the Business Corporations Act (Ontario) on September 17, 2010, and trades on the TSX Venture Exchange ("**TSXV**") under its trading symbol, "**GROW**".

Dissolved CO_2 plant-enrichment platform: CO2 GRO's sole focus is commercializing its patent-licensed CO2 gas infusion technology and its patent-pending US PTO CO2 Delivery Solutions system ("**CO2 Delivery Solutions™"**), both of which form the Company's Dissolved CO2 plant-enrichment platform.

The registered and head office of the Company is located at 40 King Street West, Suite 5800, Toronto, Ontario, M5H 3S1, Canada.

The Unaudited Interim Consolidated Financial Statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities as they fall due in the normal course of business for the foreseeable future. The Company is in the development stage and has not yet realized profitable operations and has relied on non-operational sources of financing to fund operations. CO2 GRO's ability to continue as a going concern is dependent on successfully executing its business plan, which may include the raising of additional funds. The Company will continue to seek additional forms of debt or equity financing, but it cannot provide assurance that it will be successful in doing so. These material uncertainties lend doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness, ultimately, of the use of accounting principles applicable to a going concern. The Unaudited Interim Consolidated Financial Statements do not reflect the adjustments to the carrying amounts of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

The Unaudited Interim Consolidated Financial Statements have been prepared in accordance with *International Accounting Standards ("**IAS**") 34* 'Interim Financial Reporting' using accounting policies consistent with the IFRS issued by the International Accounting Standards Board ("**IASB**") and Interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**"). They consolidate the accounts of the Company and all its subsidiaries. The Company has the following inactive, wholly-owned subsidiaries: Pure Polar Canada Inc., CO2 GRO (US) Inc., BlueOcean Shrimp Products Inc., Asta NutraSciences Inc., BlueOcean Algae Inc., Solutions4CO2 USA, Inc., 70717 Newfoundland and Labrador Limited and its virtually inactive wholly-owned subsidiary, Pure Polar Labs Inc. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

The Company also owns a 50% equity interest in 2453969 Ontario Inc., an inactive joint arrangement. The Company accounts for this arrangement using the equity method in accordance with IFRS 11 *'Joint Arrangements'*.

The Unaudited Interim Consolidated Financial Statements were authorized for issuance by the Board of Directors of the Company on May 27, 2021.

Any reference in this Interim MD&A to "**note**" is to the corresponding note in the Unaudited Interim Consolidated Financial Statements or the Consolidated Financial Statements, as applicable.

Corporate

Novel Coronavirus ("COVID-19")

As the global pandemic continues to have effects throughout the world, the Company's operations could be significantly adversely affected by the effects of COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

Financial condition

As at March 31, 2021, the Company had assets totaling $1,794,971 and a shareholders' equity of $1,524,198. This compares with assets of $1,330,205 and shareholders' equity of $1,021,496, as at December 31, 2020.

During the quarter ended March 31, 2021, the Company's net assets increased by $1,524,198. Changes to the Company's net assets are detailed as follows:

Item	Change	Explanation of change
	$	
Cash	412,244	Cash used for operating activities of $340,980 less cash used for investing activities of $10,315 offset by cash provided from financing activities of $763,539.
Receivables and sales taxes recoverable	(4,812)	Receivables increased by $6,266 and HST decreased by $11,078.
Prepaid expenses	41,718	The increase is the result of beginning of year prepayments on annualized expenditures.
Inventory	7,000	Increase represents purchase of raw materials.
Intangible assets - Patents	8,616	Minimal increases to capitalized patent costs. Purchases for the quarter of $10,315 less amortization of $1,699
Accounts payable and accrued liabilities	108,601	Decrease in payables due to normal operational variation in timing of payments.
Due to related parties	(54,884)	Increase is the result of unpaid expenses at period end.

Item	Change	Explanation of change
	$	
Deferred revenue	(15,781)	Changes for the period represents amounts received from customers for sales that have not met the Company's revenue recognition criteria.
	502,702	

Operational update

The Company recognizes revenue at the point in time when control is transferred to the customer, which is on shipment or upon completion of installation, depending on the contract (see note 4.15 of the Consolidated Financial Statements).

Revenue, deferred revenue and committed orders

During the first quarter of 2021, the Company reported $17,000 of revenue. As well, as at March 31, 2021, the Company had signed orders (the "**Orders**") not meeting the Company's revenue recognition criteria totaling $97,000, of which, $20,000 was for Order pre-payments, reported as deferred revenue. As sales installations for the Orders are completed and commercial feasibility CO2 Delivery Solutions™ systems are installed and in operation the applicable revenue will be recognized.

Highlights

During the first quarter of 2021, the Company made further progress in signing commercial feasibilities domestically in Leamington Canada, and internationally in France, the Netherlands and South Africa. The Company also sold its fourth and fifth commercial systems in Q1 2021 to licensed Canadian cannabis growers. The fifth sale was to a Licensed Producer for 20,000 square feet of cannabis cultivation area. As of the date of this Interim MD&A, the Company has received two additional Orders, one in Canada and one in the US.

The Company announced that its installed CO2 Delivery Solutions™ added about 20% more commercial pepper yields for HidroExpo in El Salvador over the first ten weeks of harvest. The now completed commercial feasibility was in half of a 107,000 square foot greenhouse. Its success provides a larger commercial sale opportunity to sell CO2 Delivery Solutions™ for multiple facilities as HidroExpo has thirty-six 107,000 square foot greenhouses on site.

Canada's Mexico Trade Commissioners selected the Company to its agriculture technology introduction program held over Q1 2021 that ended in mid-April 2021. This program included twenty qualified meetings with prospective buyers of the Company's CO2 Delivery Solutions™ technology as well as prospective distributors and marketing partners.

In January 2021, the Company announced that Malaysia based CH Green Sdn. Bhd. ("**CH Green**") will be its exclusive marketing partner in Malaysia. This is the Company's sixth international marketing partner arrangement.

Due to increased Q1, 2021 business activity, the Company announced the appointment of Darla Lamphear as head of NA Sales including Mexico. Ms. Lamphear previously ran Eastern US sales for Paul Boers, a greenhouse and systems supplier.

Canada

As at the date of this Interim MD&A, Golden Peak Cannabis, a licensed Cannabis micro-cultivator, purchased an installed CO2 Delivery Solutions™ system that was used for a six-month commercial feasibility. In addition, a licensed cannabis cultivator in BC purchased a system for a 4,000 square foot greenhouse and a fully Licensed Producer purchased a system for their 20,000 square foot indoor facility. The Company also announced commercial feasibilities in the greenhouse vegetables market in Alberta with The Cucumber Man in May 2021 and in Leamington Ontario with Prism Farms.

United States

On May 25, 2021, the Company announced a sale of a CO2 Delivery Solutions™ system to one of its US distributors.

The Company expects California based Strong Agronomy Management, Inc. to start its delayed commercial feasibility first announced July 29, 2020 later in Q2 2021. The delay was primarily due to the 2020 California wildfire season that threatened their facilities.

The Dan & Jerry and DeJong's Iowa strawberry greenhouse will begin a second commercial feasibility round shortly. Dan & Jerry's Greenhouses own 1.57 million square feet of US greenhouses in four locations. – see news release dated August 26, 2020.

International

The commercial feasibility in El Salvador lasted about twenty-four weeks of harvest, confirming an approximate 20% pepper yield increase. The Company now expects to enter negotiations shortly with HidroExpo S.A. de C.V.'s ("**HidroExpo**") to determine the number of greenhouses that HidroExpo wishes to have CO2 Delivery Solutions™ installed. Lipman Family Farms, a significant buyer of HidroExpo's pepper crops referred HidroExpo to CO2 GRO Inc. – see news release dated August 26, 2020.

As at the date of this Interim MD&A, the Company also announced its first commercial feasibilities in the UK for a greenhouse tomato grower, Israel with Pharmocann, a licensed Cannabis producer) and South Africa with a macadamia nursery.

Marketing partner agreements

On January 26, 2021, the Company announced an exclusive Marketing Agreement with Malaysia based CH Green to service the Malaysian protected agriculture markets. The initiation of an announced commercial feasibility on various food plants has been delayed due to a full COVID-19 related lockdown.

The Company continues to pursue other Industrial Agriculture Partners with a short term focus on choosing a Mexico marketing partner and independent U.S., Canadian and international greenhouse consultants to represent its CO2 Delivery Solutions™ systems in the protected agriculture marketplace. Mid-term, the Company is targeting countries with the largest protected agriculture footage such as Spain, Italy and Japan.

Commercial feasibility update

Most of the announced 2021 commercial feasibilities to date are yet to be installed. COVID-19 and in some cases other client specific issues or needs have resulted in unavoidable delays in several 2020 feasibilities such as for Colombia greenhouse roses. Overall, since the beginning of late 2019 commercial feasibilities, all installed and operating CO2 Delivery Solutions™ have performed very well, meeting or exceeding customer expectations.

The installed 2020 UAE commercial feasibility produced good results in the first two lettuce crop cycles. However due to COVID-19 and other issues related to the customer's business including a major greenhouse expansion, the restart of this commercial feasibility remains on hold.

The summer 2020 California wildfires delayed the announced commercial feasibility with Strong Agronomy Management, Inc. to later in Q2 2021 at their request.

The Colombia rose commercial feasibility with a global CO2 gas supplier has been further delayed at the request of the greenhouse rose grower and the industrial CO2 gas supplier to later in Q2 2021. The initial start-up delay was over obtaining Colombian Customs clearance that has been resolved.

The travel-related and physical distancing restrictions imposed by COVID-19 have continued to partially affect the Company's pace of developments. However, as shown by commercial feasibility announcements and installations in North America, France, the Netherlands, South Africa, the UK and Israel and a new marketing partnership for Malaysia, material commercial progress continues to be made. Commercial feasibility installations outside of Canada are conducted by sourced local contractors with remote supervision by management.

Changes to outstanding CO2 GRO securities

Common shares, options and warrants

In March 2021, 62,858 common shares were issued on the exercise of the same number of options. The options had an expiry date of January 22, 2022 and an exercise price of $0.14 each, raising proceeds of $8,800. The fair value of the exercised options of $6,028 was transferred from contributed surplus to common shares.

In February 2021, 3,850,000 common shares were issued on the exercise of the same number of warrants. The warrants had an expiry date of December 14, 2022 and an exercise price of $0.12 each, raising proceeds of $462,000. The fair value of the exercised warrants of $154,000 was transferred from reserve for warrants to common shares.

In February 2021, 1,081,061 common shares were issued on the exercise of the same number of options. The options had an expiry date of February 15, 2021 and an exercise price of $0.22 each, raising proceeds of $237,855. The fair value of the exercised options of $54,362 was transferred from contributed surplus to common shares.

Related-party transactions and balances

The Interim Consolidated Financial Statements include balances and transactions with directors and/or officers of the Company and/or corporations related to or controlled by them.

Key management includes those individuals having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. Key management includes the directors, chief executive officer, chief financial officer and vice president of operations. Related-party compensation paid or payable to key management is detailed below:

3 months ended	**March 31, 2021**	March 31, 2020
	$	$
Compensation to key management		-
Consulting fees to key management	**28,185**	44,720
Share-based payments	**983**	46,150

As at March 31, 2021, $57,380 (December 31, 2020 - $2,496) is owed to officers or directors of the Company or entities controlled by them.

Outstanding securities

As at the date of this Interim MD&A, the Company has the following securities outstanding:

Security	**Number outstanding**
Common shares	84,609,718
Options	6,353,891
Warrants	11,611,195