August 21, 2020

CO2 GRO Inc.

Interim Management's Discussion and Analysis

Quarterly Highlights

Three months ended June 30, 2020

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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**") as at August 21, 2020. 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 and six months ended June 30, 2020 and 2019 (the "**Unaudited Interim Consolidated Financial Statements**") and the Company's audited consolidated financial statements for the years ended December 31, 2019 and 2018 (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 contains "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. These 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. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements expressed or implied by the forward-looking statements to differ materially from those anticipated in such 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. 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. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

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 includes 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 significant 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., Solutions4CO_2 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'* ("**IFRS 11**").

The Unaudited Interim Consolidated Financial Statements were authorized for issuance by the Board of Directors of the Company on August 21, 2020.

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

Corporate

Novel Coronavirus ("COVID-19")

The Company's operations could be significantly adversely affected by the effects of the ongoing widespread global outbreak of respiratory illness caused by 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 June 30, 2020, the Company had assets totaling $522,239 and a shareholders' equity of $132,461. This compares with assets of $707,341 and a shareholders' equity of $400,035, as at December 31, 2019.

During the quarter ended June 30, 2020, the Company's net assets decreased by $267,574, the result of a decrease in assets of $185,102, supplemented by an increase in liabilities of $82,472. The decrease in assets resulted from a decrease in cash of $279,477 (cash used for operations of $215,933, cash used for investing activities of $65,517, offset by cash provided from financing activities of $2,003) in prepaids of $12,943 and sales taxes recoverable of $11,176. These decreases were offset by increases to accounts receivable of $20,073, inventory of $34,032 and intangibles of $64,349.

The increase in liabilities of $82,472, resulted from an increase to accounts payable and accrued liabilities of $92,489 and increase to CEBA loan (see below) of $27,978. The increases were offset by a decrease in amounts due to related parties of $37,995.

Federal Government of Canada emergency assistance

Due the global outbreak of COVID-19, the federal government of Canada introduced the Canada Emergency Business Account ("**CEBA**"). CEBA provides an interest-free loan ("**CEBA Loan**") of $40,000 to eligible businesses. The CEBA Loan has an initial term that expires on December 31, 2022, throughout which, the CEBA Loan remains interest free. Repayment of $30,000 by December 31, 2022, results in a $10,000 loan forgiveness. In April 2020, the Company applied for and received a CEBA Loan.

Pursuant to IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, the benefit of a government loan at below-market rate is treated as a government grant and measured in accordance with IFRS 9 *Financial Instruments*: the benefit of below-market rate shall be measured as the difference between the initial carrying value of the loan (being the present value of a similar loan at market rates) and the proceeds received. The Company has estimated the initial carrying value of the CEBA Loan at $27,002, using a discount rate of 15%, which was the estimated rate for a similar loan without the interest-free component. The difference of $12,998 will be accreted to the loan liability over the term of the CEBA Loan and offset to other income on the statements of loss and comprehensive loss.

Grant from Ontario Agri-Food Technologies ("OAFT")

In April 2020, the Company received an OAFT grant in the amount of $15,000. The grant was provided by OAFT as reimbursement of 75% of the costs expended (to a maximum of $15,000) for the Company's registered participation at The Global Forum for Innovation in Agriculture, held in the United Arab Emirates. The loan has been recorded as an offset to administrative costs on the statements of loss and comprehensive loss.

Operational update

As at June 30 2020, the Company had signed twenty-two commercial feasibility agreements and has or is in the process of installing CO2 Delivery Solutions™ systems in twenty-two separate plant growth facilities. Typical duration of a commercial feasibility is about six months on about 1000-5000 square feet of grow area.

Closest to further revenue are the fifteen US hemp greenhouses with March 2020 installations that are now completing their one grow cycle feasibility duration. Owners will decide shortly whether to buy their installed systems at a pre-determined price. Two down payments have already been made by the hemp greenhouse owners.

In Q2, 2020, the Company announced the following new commercial feasibility projects in Canada, the United States and Colombia:

Canada:

1) In Ontario with Canbud Distribution Corp. at one of their eight Ontario hemp greenhouses.
2) In Canada at an unnamed licensed Cannabis micro-cultivator.

United States:

3) In Michigan at Sunshine Lands LLC's 30,000 square foot greenhouses.

International

4) In Colombia at a large rose greenhouse in collaboration with a global CO2 gas supplier.

Commercial feasibility projects announced in thus far in Q3 2020:

U.S.

1) In California with Strong Agronomy Management, Inc., one of the largest nurseries in the State.
2) In Florida with the owner of the largest Southeast US hydroponic greenhouse built to date (120,000 square feet).

In the UAE, an ongoing commercial feasibility first installed in March 2020 at a 75,000 square foot hydroponic greenhouse UAE is recommencing a third grow cycle on seven lettuce varieties using CO2 Delivery Solutions™ system. The two-month pause post the completion of the second lettuce grow cycle was due mainly to COVID-19 related restart delays. The UAE grower can buy or lease a full-size CO2 Delivery Solutions system any time after the third lettuce grow cycle is completed.

During the quarter, the Company continued to add independent U.S. and Canadian greenhouse consultants to represent its CO2 Delivery Solutions™ systems in the indoor plant grow facility marketplace during the quarter. All have contracts specifying commissions based upon net-profit sharing.

Revenue for the 3 months ended June 30, 2020, of $34K was mainly for second installments paid upon installation of fifteen CO2 Delivery Solutions™ systems at fifteen hemp greenhouses in Missouri, US.

In March 2020, the Company initiated a cost control program designed to reduce operating expenditures by about 60%. Employees (excluding management, which do not receive salaries) have been placed on temporary lay-off and consultants have agreed to fee deferrals. In addition, three sales representatives have agreed to an enhanced commission structure in lieu of monthly cash draws. This cost containment program continued through Q2, 2020 and continues in Q3, 2020.

With the travel-related and physical distancing restrictions imposed by COVID-19, the Company is physically restricted within the markets for which it already has a foothold: North America, the UAE, Colombia and Israel. The Company's regional sales representatives and regional contracting partners continue to work on business development initiatives. When travel constraints relax, the Company intends to pursue local sales and system support partners in the Netherlands for its global greenhouse technology expertise and extensive floriculture industry as well as Spain which has the largest footprint of greenhouses globally. The Company feels that at this stage of its development there are many business development opportunities in North America, the UAE, Israel and Columbia to support the achievement of EBITDA positive status by the end of 2020.

On August 14, 2020, the Company closed a $1.38M fully subscribed non-brokered private placement with US based Ospraie Ag Sciences LLC ("**OAS**") being the majority participant. The proceeds from the Offering will be used to significantly increase business development activities; enhance and grow its Ag Industrial partnerships, its sales and technical force, fund identified value creating R&D projects and for working capital and general corporate purposes.

In addition, OAS' Tom Wiltrout has joined the Company's Board of Directors. Mr. Wiltrout's entire career has been in the agriculture industry with 35 years at Dow AgroSciences LLC where he was a strategic leader developing the global seeds business. Currently, Mr. Wiltrout serves on the Board of Directors of Agricultural Alumni Seed Improvement Association, Inc., Innovative Seeds Solutions, LLC, and Remington Holding, LLC.

Changes to outstanding CO2 GRO securities

Common shares

In August 2020, the Company completed a private placement (the "**Offering**") raising gross proceeds of $1,379,843. The Offering consisted of 11,498,695 units (each a "**Unit**") at $0.12 per Unit, with each Unit consisting of 1 common share and 1 common-share purchase warrant (each a "**Warrant**"). Each Warrant is exercisable for $0.15 into 1 common share for a period of 18 months after issuance.

Options

In July 2020, the Company issued 1,200,000 options to participants of the Company's stock option plan. The options are exercisable at 0.15 each over a period of 3 years.

Related-party transactions and balances

The Unaudited 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	**June 30, 2020**	June 30, 2019
	$	$
Compensation to key management	**-**	-
Consulting fees to key management	**22,500**	22,500
Share-based payments	**30,405**	97,327

As at June 30, 2020, $99,738 (December 31, 2019 - $137,733) 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	79,615,699
Options	6,775,958
Warrants	15,461,195