CO2 GRO Inc.

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Interim Management's Discussion and Analysis

Quarterly Highlights

Three months ended June 30, 2021

August 30, 2021

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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 GRO**" or the "**Company**") at August 30, 2021. This Interim MD&A is based on information available to the Company 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, 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 GRO 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 the Company 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 GRO's current internal projections, expectations or beliefs and are based on information currently available to the Company. 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 GRO 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 GRO 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. 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 CO_2 gas infusion technology and its patent-pending US PTO CO2 Delivery Solutions system ("**CO2 Delivery Solutions™"**), both of which form the Company's Dissolved CO_2 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., 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'*.

The Unaudited Interim Consolidated Financial Statements were authorized for issuance by the Board of Directors of the Company on August 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 June 30, 2021, the Company had assets totaling $1,590,026 and a shareholders' equity of $1,294,701. This compares with assets of $1,330,205 and shareholders' equity of $1,021,496, as at December 31, 2020.

During the quarter ended June 30, 2021, the Company's net assets decreased by $229,497. Changes to the Company's net assets are detailed as follows:

Item	Change	Explanation of change
	$	
Cash	(241,183)	Cash used for operating activities of $206,205 less cash used for investing activities of $10,315 less cash used for financing activities of $23,873.
Receivables and sales taxes recoverable	40,145	Receivables increased by $43,248, a result of increase sales recognition and HST decreased by $3,103.
Prepaid expenses	(13,147)	The decrease is the result of normal pro-rata expensing of annualized expenditures.
Intangible assets - Patents	9,240	Minimal increases to capitalized patent costs. Purchases for the quarter of $11,105 less amortization of $1,865.
Accounts payable and accrued liabilities	(46,723)	Decrease in payables due to normal operational variation in timing of payments.
Due to related parties	23,873	Decrease is the result of payment of expenses from the prior period.
Deferred revenue	(1,702)	Changes for the period represents amounts received from customers for sales that have not met the Company's revenue recognition criteria.
	(229,497)	

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 the Company's revenue recognition policy, disclosed in note 4.15 of the Consolidated Financial Statements).

Revenue, deferred revenue and committed orders

During the second quarter of 2021, the Company reported $91,660 of revenue versus $16,597 of revenue during the first quarter of 2021. As well, as at June 30, 2021, the Company had signed purchase orders (the "**Orders**") not yet meeting the Company's revenue recognition criteria totaling $50,625, of which, $21,828 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 second quarter of 2021, the Company made significant progress in sales of CO2 Delivery Solutions™ systems having sold five during the quarter. This is a record sales achievement by the Company and indicates very good progress in business development. One system was to a Canadian License Producer ("LP") for $65,500 achieved without a commercial feasibility, one to an existing customer to be installed in a second *Cannabis* facility they operate, one to Golden Peaks *Cannabis* at the nine-month mark of a one-year commercial feasibility, one in BC and one to a US distributor.

In addition, during the second quarter the Company made further progress signing four more commercial feasibilities one with a medical *Cannabis* grower in Israel and three with tomato growers, one in Alberta and two in the United Kingdom ("UK") in conjunction with Rika Biotech, a UK-based CO2 GRO Marketing partner. Three of the grower facilities total 1,731,000 square feet of greenhouse space while the fourth customer required its name and facility details be withheld for competitive reasons.

The Company is currently in negotiations with HidroExpo S.A. de C.V. ("**HidroExpo**") in El Salvador to determine next steps after the completion of a Commercial Feasibility in Q2 2021. HidroExpo grows bell peppers in 36 hectares of greenhouses for export to the U.S. through a number of distributors including Lipman Family Farms.

The Company signed a non-exclusive memorandum of understanding with Rancho Nexo to market and sell CO2 Delivery Solutions™ technology to the close to six billion square feet of protected agriculture in Mexico.

Canada

As of the reporting date, the Company also announced a commercial feasibility CO2 Delivery Solutions™ system with a Canadian *Cannabis* LP. The grower has requested their name and details of their facility not be disclosed for competitive reasons. The Company has press-released that this LP is significant.

As of the reporting date the Company announced a commercial feasibility CO2 Delivery Solutions™ system with a Canadian *Cannabis* Licensed Cultivator.

The Company was selected to participate in the virtual trade mission presented by the Ontario Ministry of Economic Development, Job Creation and Trade (MEDJCT) in collaboration with the Toronto Regional Board of Trade to be held later in Q3 2021. This Provincial program targets arranging a highly selective series of B-2-B meetings in conjunction with a Mexico consultant for selected Ontario Cleantech companies. Prospective buyers of the Company's CO2 Delivery Solutions™ technology are targeted. The Company's non-exclusive Mexico marketing partner Rancho Nexo is participating in this selection process.

United States

As of the reporting date the Company reported a commercial feasibility CO2 Delivery Solutions™ system with a floriculture grower. The grower has requested their name and details of their facility not be disclosed for competitive reasons.

Also, as of the reporting date the Company announced a commercial feasibility of a CO2 Delivery Solutions™ system in an Arizona-based greenhouse. According to Horticulture Daily, Arizona is the second largest greenhouse market after California and as such represents a significant opportunity for the Company.

International

The commercial feasibility success at a pepper greenhouse in El Salvador has led to current negotiations to agree to a roll-out of commercial systems sales at HidroExpo's greenhouses over the next several years.

As of the reporting date, the Company announced its first commercial feasibility in Japan with a high-tech controlled environment agriculture ("**CEA**") grower. This is the first commercial feasibility in Japan and the first with a CEA grower marking a major milestone for the Company. According to Cuesta Roble, the protected ag market in Japan is approximately 5 billion square feet which is almost on par with Mexico and Spain, the second and third largest markets in the world and it is the first with a CEA grower, a segment of the global protected ag market that is growing quickly.

Marketing partner agreements

In August 2021, the Company announced that Spain-based Jose Andres Garcia Munoz will be its non-exclusive marketing partner in Spain. This is the Company's seventh international marketing partner arrangement.

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

Commercial feasibility update

Overall, since the beginning of late 2019, commercial feasibilities that have been installed are performing satisfactorily.

Most of the announced 2021 commercial feasibilities to-date are still in the process of being installed while some from 2020 have experienced chronic delays. COVID-19 and in some cases other client-specific issues or supply chain and delivery needs have resulted in unavoidable delays in several 2020 and 2021 feasibilities . As of 30-June-2021, the installed Commercial Feasibilities are: Prism Farms, Plant Advanced, Mountain View.

The installed 2020 UAE commercial feasibility produced higher yield and decreased cycle times in the first two lettuce crop cycles. However, due to COVID-19 and other issues related to the customer's business, the restart of this commercial feasibility remains on hold.

The Colombia rose commercial feasibility with a global CO_2 gas supplier has been further delayed at the request of the greenhouse rose grower and the industrial CO_2 gas supplier to later in Q3 2021. The initial start-up delay was over obtaining Colombian Customs clearance that has been resolved. The grower wishes to initiate the commercial feasibility at the same time as their new crop is planted to obtain data on the CO2 Delivery Solutions™ systems performance over the whole crop cycle.

The Dan & Jerry and DeJong's Iowa strawberry greenhouse is converting back to flower crops so the second commercial feasibility round will be delayed until the conversion is completed. Dan & Jerry's Greenhouses own 1.57 million square feet of US greenhouses in four locations representing a significant opportunity for the Company.

California-based Strong Agronomy Management, Inc. has requested to postpone the start of its commercial feasibility to spring 2022 due to the ongoing 2021 California wildfire season, labor shortages, COVID-19 related backlogs and other logistical challenges facing the economy in general.

The second round of the Florida leafy greens hydroponic greenhouse commercial feasibility is on hold as the customer is realigning its business operations in 2021.

As Malaysia remains in COVID lockdown, an announced pepper greenhouse commercial feasibility by the Company's partner CH Greens SDF. BHD. has yet to start.

As shown by our expanding commercial feasibility announcements and direct commercial installation sales in the second quarter of 2021, material commercial progress is being made. Commercial feasibility installations outside of Canada are conducted by our marketing partners with sourced local contractors and remote supervision by management.

Changes to outstanding CO2 GRO securities

Common shares, options and warrants

There was no securities activity during the quarter ended June 30, 2021.

In July 2021, 30,000 options with expiry date of January 2, 2022 and an exercise price of $0.14 each, were exercised raising proceeds of $4,200.

In August 2021, 50,000 options with expiry date of September 9, 2021 and an exercise price of $0.15 each, were exercised raising proceeds of $7,500.

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 Sales and Strategic Partnerships. Related-party compensation paid or payable to key management is detailed below:

3 months ended	**June 30, 2021**	June 30, 2020
	$	$
Consulting fees to key management	**49,500**	22,500
Share-based payments	**197,964**	30,405

As at June 30, 2021, $33,507 (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	84,689,718
Options (exercisable – 5,263,891)	6,273,891
Warrants	11,611,195