CO2 GRO Inc.

Interim Management's Discussion and Analysis

Quarterly Highlights

Three months ended March 31, 2020

May 22, 2020

CO2 GRO Inc.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS
QUARTERLY HIGHLIGHTS
Three months ended March 31, 2020

*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 May 22, 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 months ended March 31, 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. (formerly, Solutions4CO_2 (SJVB) Limited) and 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 Unaudited Interim Consolidated Financial Statements were authorized for issuance by the Board of Directors of the Company on May 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 a widespread global outbreak of a contagious disease, including the recent 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 March 31, 2020, the Company had assets totaling $472,275 and a shareholders' equity of $173,791. This compares with assets of $707,341 and a shareholders' equity of $400,035, as at December 31, 2019.

During the quarter ended March 31, 2020, the Company's net assets decreased by $226,244, the result of a decrease in assets of $235,065, offset by a decrease in liabilities of $8,821. The decrease in assets resulted from a decrease in cash of $302,199 (cash used for operations of $177,258, cash used for investing activities of $51,636 and cash used for financing activities of $73,305) and a decrease to prepaids of $14,459. These decreases were offset by increases to accounts receivable of $13,515, inventory of $11,700, sales taxes recoverable of $5,102 and intangibles of $51,276.

The decrease in liabilities of $8,821, resulted from an increase to accounts payable and accrued liabilities of $64,482 offset by a decrease in amounts due to related parties of $73,303.

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.

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.

Operational update

In Q1, 2020, the Company announced that Dotz Nano Inc. would be its second strategic alliance partner in the Middle East area, representing its patent-pending CO2 Delivery Solutions™ in Israel. The Company continued to add independent U.S. and Canadian greenhouse consultants to represent its CO2
Delivery Solutions™ in the greenhouse marketplace during the quarter.

In March 2020, the Company installed its first commercial feasibility system with Gulf Cryo Holding Group ("**Gulf Cryo**"), a major Middle East industrial gas producer, at a 75,000 square foot UAE lettuce greenhouse and met with other potential customers. Gulf Cryo is representing the Company's technology for an initial two-year period in six Middle East countries plus Egypt and Turkey.

Revenue for the 3 months ended March 31, 2020, of $41,295 was recorded towards the installation of fifteen CO2 Delivery Solutions™ systems at hemp greenhouses in Missouri, US. In April 2020, the Company announced the completion of these commercial system installations. Upon successful completion of one grow cycle commercial feasibility per site and satisfaction of other agreement conditions, the Company anticipates additional revenues from these hemp greenhouse growers from further system purchases.

During the first quarter of 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.

With the travel-related and physical distancing restrictions imposed by COVID-19, the Company is more intensely focused on expansion and growth opportunities within the markets for which it already has a foothold: North America, the UAE 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.

To-date, the Company has signed twenty-one commercial feasibility agreements and has installed CO2 Delivery Solutions™ systems in nineteen separate plant-grow facilities. These growers are US-based and Canadian-based hemp, Canadian cannabis and UAE lettuce-based producers. In May 2020, the Company announced that its second Canadian cannabis and first Canadian hemp greenhouse commercial feasibilities will proceed for installing its systems.

Changes to outstanding CO2 GRO securities

Common shares

There was no change to the Company's outstanding common shares during the quarter ended March 31, 2020, or up to the date of the Interim MD&A.

Options

In January 2020, 945,000 options were issued. The Black-Scholes option pricing model was used to estimate the fair value of the issued options. The weighted average assumptions used were as follows: risk-free interest rate of 1.12%; expected volatility of 164.8%; expected life of 2.0 years; expected dividends of $nil and weighted average common share price of $0.18. The grant-date fair value of these options was estimated at $117,000.

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	**March 31, 2020**	March 31, 2019
	$	$
Compensation to key management	**-**	-
Consulting fees to key management	**22,500**	22,500
Share-based payments	**41,249**	146,060

As at March 31, 2020, $64,430 (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	68,117,004
Options	5,300,598
Warrants	3,962,500