MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
Years ended March 31, 2019 and 2018

(All amounts following are expressed in Canadian dollars unless otherwise indicated.)

This Management's Discussion and Analysis ("MD&A") has been prepared as at June 28, 2019 to provide a meaningful understanding of Burcon NutraScience Corporation's ("Burcon" or the "Company") operations, performance, and financial condition for the year ended March 31, 2019. The following information should be read in conjunction with the Company's audited consolidated financial statements and related notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC"). Additional information relating to Burcon, including the Company's Annual Information Form ("AIF"), is available on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain "forward-looking statements" and "forward-looking information" as defined under applicable Canadian and U.S. securities laws (collectively, "**forward-looking statements**"). All statements, other than statements of historical fact, are forward-looking statements. When used in this MD&A the words "estimate", "project", "believe", "anticipate", "intend", "expect", "plan", "predict", "may", "should", "will", or the negatives of these words or other variations thereof and comparable terminology are intended to identify forward-looking statements. The forward-looking statements pertain to, among other things:

- continued development of the Company's products and business;
- the Company's growth strategy;
- production costs and pricing of CLARISOY® soy protein, Peazazz® and Peazac® pea proteins, Puratein®, Supertein® and Nutratein® canola proteins and pea protein and canola protein (Nutratein®) blends;
- marketing strategies for the Company's soy, pea and canola proteins as well as pea protein / canola protein blends;
- development of commercial applications for soy, pea and canola protein proteins as well as pea protein / canola protein blends;
- ability to produce proteins in commercial quantities with sufficient grade and quality at cost-effective prices;
- construction, commissioning and operation of production facilities;
- future protection of intellectual property and improvements to existing processes and products;
- regulatory approvals;
- input and other costs; and
- liquidity and working capital.

The forward-looking statements are based on a number of key expectations and assumptions made by management of the Company, including, but not limited to:

- the Company's ability to obtain required regulatory approvals;
- the Company and its joint venture partners' ability to construct, commission and operate its production facility;
- the Company's or its licensing partners' ability to generate new sales;
- the Company's or its licensing partners' ability to produce, deliver and sell the expected product volumes at the expected prices;
- the Company's ability to control costs;
- the Company's ability to obtain and maintain intellectual property rights and trade secret protection;
- market acceptance and demand for the Company's products;
- the successful execution of the Company's business plan;
- achievement of current timetables for product development programs and sales;
- the availability and cost of labour and supplies;
- the availability of additional capital; and
- general economic and financial market conditions.

Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on such forward-looking statements. The forward-looking statements reflect the Company's current views with respect to future events based on currently available information and are inherently subject to risks and uncertainties. Many factors, both known and unknown could cause actual results, performance or achievements to be materially different from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements contained in this MD&A, including, but not limited to:

- the condition of the global economy;
- market acceptance of the Company's products;
- changes in product pricing;
- changes in the Company's customers' requirements, the competitive environment and related market conditions;

- delays in the construction, commissioning and operation of production facilities;
- product development delays;
- changes in the availability or price of labour and supplies;
- the Company's ability to attract and retain business partners, suppliers, employees and customers;
- changing food or feed ingredient industry regulations;
- the regulatory regime;
- the Company's access to funding and its ability to provide the capital required for product development, operations and marketing efforts, and working capital requirements; and
- the Company's ability to protect its intellectual property.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated or expected. The Company cautions readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Although the Company has attempted to identify important factors that could cause actual results to differ materially from forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated, described or intended. The Company disclaims any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect changes in assumptions or the occurrence of anticipated or unanticipated events, except as required by law.

The Company qualifies all the forward-looking statements contained in this MD&A by the foregoing cautionary statements.

OVERVIEW OF THE COMPANY AND ITS BUSINESS

Since 1999, Burcon has developed an extensive portfolio of composition, application, and process patents originating from our core protein extraction and purification technology. Our patented processes utilize inexpensive oilseed meals and other plant-based sources for the production of purified plant proteins that exhibit certain nutritional, functional and nutraceutical profiles. Our products include Peazazz® and Peazac® pea proteins, Puratein®, Supertein® and Nutratein® canola proteins and Nutratein-PS™ and Nutratein-TZ™, Burcon's new pea and canola protein blends. Burcon's CLARISOY® soy protein is under license to Archer Daniels Midland Company. Our products are targeted at the multi-billion-dollar protein ingredient market and are particularly suited to health and wellness applications. Our environmentally-friendly and sustainable technologies have been developed at our own research facility led by our team of highly specialized scientists and engineers. Our patent portfolio currently consists of 262 issued patents worldwide, including 67 issued U.S. patents, and in excess of 265 additional patent applications, 42 of which are U.S. patent applications.

BOARD AND MANAGEMENT CHANGES

On January 15, 2019, Dr. Allan Yap ("Dr. Yap") resigned as Chairman and Chief Executive Officer ("CEO") of the Company. Dr. Lorne Tyrrell, formerly the lead director, was appointed as Chairman and Mr. Johann Tergesen, formerly the chief operating officer, was appointed as CEO.

CHANGE OF SUBSTANTIAL SHAREHOLDER

On September 28, 2018, Firewood Elite Limited ("Firewood)" acquired from PT International Development Corporation Limited, all the issued and outstanding shares in Large Scale Investments Limited ("Large Scale") and Great Intelligence Limited totaling 9,866,568 common shares that represented 22.45% of Burcon's outstanding shares as at the transaction date. Firewood is wholly-owned by Mr. Alan Chan, a director of the Company.

On January 14, 2019, Large Scale announced it had acquired from Dr. Yap 1,566,719 common shares of Burcon. Post-acquisition, Firewood was deemed to own 26.02% of the issued and outstanding shares of Burcon.

NEW PROTEIN BLENDS

On May 23, 2019, Burcon introduced its new pea protein and canola protein blends: Nutratein-PS™ and Nutratein-TZ™. These new protein blends have exceptional functional characteristics, low allergenicity, and a nutritional value that exceed those of the standard pea proteins available on the market today.

Canola is grown for its highly prized oil, with heart-healthy properties and renowned culinary qualities. Up until now, after the pressing the oil from canola, the residual meal has predominantly been sold as animal feed. Burcon's technology unlocks the protein from canola meal for human consumption in the form of highly purified protein ingredients with exceptional functional properties and unique nutritional value. Burcon extracts and purifies two distinctly different canola protein fractions branded under the names Puratein® and Supertein®, both of which achieved US self-affirmed GRAS ("Generally Recognized As Safe") status in 2008, and the US Food and Drug Administration ("US-FDA") formally acknowledged receipt of Burcon's GRAS notification for Puratein® and Supertein® in 2010.

Field peas offer important advantages to consumers, and to farmers as their production is environmentally friendly while being a good source of protein, with numerous applications in dairy-free foods, vegetarian foods, meat analogues, sports and slimming foods, senior nutrition and clinical nutrition products. Burcon's Peazazz® pea protein has exceptionally clean flavour characteristics and is well-suited for use in beverages, dairy alternative products, meal replacements and meat analogues, as well as a variety of other healthy and great tasting food and beverage product applications. Burcon has successfully obtained self-affirmed GRAS status for its Peazazz® and Peazac® pea protein products and has submitted a formal GRAS Notification dossier to the FDA on June 15, 2018. Similar to Burcon's GRAS notification for its canola proteins, the FDA will review Burcon's submission and either respond with further challenge to Burcon's safety claims or respond with a no objection letter. Peas have had a substantial history of consumption for food use by a significant number of consumers. Therefore, Burcon does not expect the regulatory process for Peazazz® to be as extensive as the one undertaken for Burcon's canola proteins.

While pea is a good source of protein, its nutritional value falls below that of animal protein such as dairy protein or egg protein, due to its low levels of the amino acids, methionine and cysteine. In contrast, Burcon's canola protein is uniquely rich in these same amino acids. By blending Burcon's pea and canola proteins, Burcon can offer plant protein ingredients with a nutritional value equaling or exceeding that of animal proteins like dairy and egg.

The method accepted by the US-FDA, Food and Agriculture Organization and the World Health Organization for evaluating the nutritional qualify of a protein is referred to the Protein Digestibility Corrected Amino Acid Score ("PDCAAS"), with the highest possible score being 1.0. The protein in cow's milk and eggs are examples of proteins with a PDCAAS of 1.0. Peas have a PDCAAS score of less than 0.8; however, Burcon's blends of pea and canola protein have PDCAAS of 1.0, equaling the gold standard of dairy protein.

Burcon's blend of its Peazazz® and Supertein® canola protein, branded as Nutratein-PS™, has a clean flavour profile with high solubility, making it suitable for fortifying dairy-alternative beverages such as almond milk, or to formulate a stand-alone beverage with a nutritional value consistent with cow's milk. Burcon's blend of its Peazac® pea protein, and Supertein® canola protein, has been branded Nutratein-TZ™, which has functional properties that are ideally suited in the formulation of plant-based meat products such as veggie burgers, or veggie sausages. Both Nutratein products are over 90% pure protein.

PEA AND CANOLA PRODUCTION PLANT, LICENSE AGREEMENT

On May 23, 2019, Burcon, through its newly-formed wholly-owned subsidiary, Burcon Holdings Corp. ("Burcon Holdings"), entered into a shareholders agreement (the "Shareholders Agreement") with two other entities to become shareholders of Merit Functional Foods Corporation ("Merit Foods") (formerly Burcon Functional Foods Corporation), which will own and operate a protein production facility in Western Canada. The protein production facility, which is planned to initially process approximately 20,000 tonnes of peas per year, is expected to be completed in mid-2020, and will produce, sell, market and distribute Burcon's Peazazz® and Peazac® pea proteins, as well as Supertein®, Puratein® and Nutratein® canola proteins.

Burcon currently owns 40% of the issued and outstanding common shares of Merit Foods and the two other parties own 40% and 20%, respectively. Pursuant to the Shareholders Agreement, the parties have agreed to make capital contributions to Merit Foods in the aggregate of $10.0 million on or before July 2, 2019 (the "Initial Capital Contribution"). The parties have agreed to make further contributions of $10.0 million to Merit Foods on or before September 3, 2019 (the "Additional Capital Contribution"). After completion of the 2019 Rights Offering (see next section) on June 25, 2019, Burcon made its Initial Capital Contribution of $4.0 million to Merit Foods on June 28, 2019 and it expects to make its Additional Capital Contribution of $4.0 million to Merit Foods on or before September 3, 2019. In addition, Merit Foods' funding is expected to include support from Canadian and provincial government agencies and organizations. In the event that any of shareholders fails to contribute its respective Additional Capital Contribution (a "Capital Deficiency"), any shareholder under the Shareholders Agreement that has contributed its full proportionate share of the Additional Capital Contribution may make a further capital contribution in the amount of the Capital Deficiency and the proportionate ownership of each shareholder will be adjusted accordingly. If Burcon Holdings only contributes its Initial Capital Contribution and not the Additional Capital Contribution while the remaining shareholders contribute their Initial Capital Contribution, Additional Capital Contribution and any Capital Deficiency, Burcon Holdings's ownership interest in Merit Foods will be reduced to 20%.

On May 23, 2019, Burcon entered into a license agreement (the "License Agreement') with Merit Foods to license the technology required to produce, market and sell Burcon's pulse protein ingredients, including Peazazz® and Peazac® pea proteins and Burcon's canola proteins, Supertein®, Puratein® and Nutratein® (collectively the "Products"). Under the terms of the License Agreement, Merit Foods will have the exclusive rights over Burcon's pulse proteins (including pea) and canola protein technologies across all geographic regions and all product uses (the "License"). Burcon will receive running royalties on the net revenue (as defined in the License Agreement) from the sale of the Products by Merit Foods. Burcon will be responsible for the technology transfer to Merit Foods, and will also provide assistance, under a services agremeent, to support the design, construction and commissioning of the commercial protein production facility.

Merit Foods has agreed to develop, build and commission an initial production facility in Western Canada within a specified amount of time to manufacture the Products. Merit Foods will also, within a specified time period, provide written notice to Burcon to advise whether it will or will not increase its annual production capacity of the Products to develop, build and commission a full commercial scale production facility (the "Full Commercial Production Facility"). If Merit Foods expands production to the Full Commercial Production Facility, the royalty rate will be reduced to a lower percentage rate. The royalty rate may also be reduced if the exclusive license is converted to a non-exclusive license or if a certain Burcon patent does not grant within a specified time.

The License Agreement has a term of the greater of twenty years and the last to expire of Burcon patents that are being used to produce products under the License Agreement. If the Shareholders Agreement is terminated on July 3, 2019 for failure of a party to make its Initial Capital Contribution, either Burcon or Merit Foods may terminate the License Agreement. The License Agreement provides Burcon with the right to convert the exclusive license to a non-exclusive license under certain conditions. As long as the License is exclusive, Burcon will be responsible for the filing, prosecution and maintenance of Burcon patent rights in certain countries.

Over the past two years, Burcon has worked with a number of fast-moving consumer goods companies ("FMCG companies") in order to provide those FMCG companies with samples of Burcon's protein ingredients. Some of the initial investigations by these FMCG companies have evolved into product development projects, and through this work Burcon has developed a valuable measure of confidence over both the demand and pricing for the protein products and by-products that will be produced at Merit Foods' new pea and canola protein production plant. Burcon has engaged Excel Engineering of Fond Du Lac, Wisconsin to assist the Company with the final process design, general site concepts, building structural and architectural systems and project oversight through to commissioning. This engineering work, already underway, is on the critical path of the project timeline and the engineering work completed to-date has facilitated decision-making for the final building and equipment specifications.

RIGHTS OFFERINGS

2019 Rights Offering

On June 25, 2019, the Company completed a rights offering (the "2019 Rights Offering") for 44,083,203 common shares at $0.35 per common share for gross proceeds of $15,429,121 and estimated net proceeds of $15.3 million. Burcon issued to each shareholder as of the record date of May 30, 2019 one transferrable right (the "2019 Rights") for each common share held by such shareholder. Every 2019 Right entitled the holder thereof to purchase one common share in the Company at a price of $0.35 per common share.

The Company's directors, officers and persons controlling over 10% of the common shares of the Company, (collectively, the "Insiders") agreed to exercise at least all of the 2019 Rights they were issued in connection with the 2019 Rights Offering for 14,306,740 common shares, representing 32.5% of the 2019 Rights Offering.

Of the net proceeds of the 2019 Rights Offering, $2,565,022 has been used to repay the convertible note and accrued interest to Large Scale and $1,607,183 has been used to repay the Loan and accrued interest to Large Scale. Burcon also made its Initial Capital Contribution of $4.0 million to Merit Foods on June 28, 2019 and intends to make its Additional Capital Contribution of $4.0 million to Merit Foods on or before September 3, 2019.

<u>2018 Rights Offering</u>

On February 13, 2018, the Company completed a rights offering (the "2018 Rights Offering") for 6,114,361 common shares at $0.57 per common share for gross proceeds of $3,485,186, and net proceeds of $3,361,132. Burcon issued to each shareholder one right (the "2018 Right") for each common share held by such shareholder. Every four 2018 Rights entitled the holder thereof to purchase one common share in the Company at a price of $0.57 per common share.

Subject to certain conditions, Dr. Yap agreed to provide a standby guarantee (the "Standby Commitment") to purchase such common shares that were available to be purchased, but not otherwise subscribed for, that would have resulted in a minimum of 4,728,397 common shares being issued under the 2018 Rights Offering. As more than 50% of the 2018 Rights Offering was subscribed, Dr. Yap was not required to fulfill his obligations under the Standby Commitment. As consideration for the Standby Commitment, Dr. Yap was entitled to receive share purchase warrants (the "Standby Warrants") to acquire up to 1,182,099 common shares at an exercise price of $0.69 per common share that would be exercisable up to February 13, 2020. In accordance with the policies of the TSX, the issuance of the Standby Warrants to Dr. Yap was subject to shareholder approval, which was granted at Burcon's annual general meeting ("AGM") held on September 8, 2018. The Standby Commitment Agreement gave rise to a financial asset and liability, which were initially recorded at fair value as a derivative asset and liability of $53,904, respectively, with the change in the fair value to be recorded through profit and loss. As noted above, Dr. Yap was not required to fulfill his obligations under the Standby Commitment, and therefore the change in the fair value of the derivative asset of $53,904 has been recognized as a financing expense during fiscal 2018. The Standby Warrants were issued after they were approved at the AGM. Burcon estimated the value of the Standby Warrants to be $199,118 using the Black-Scholes option pricing model and has recorded $145,214, being the amount by which the fair value of the Standby Warrants exceeded the value of the derivative liability, as financing expense during this year.

Pursuant to the terms of the Standby Warrants, the exercise price is required to be adjusted upon certain events, including rights offerings. Upon completion of the 2019 Rights Offering, the exercise price of the Standby Warrants was adjusted to $0.45 per share.

CONVERTIBLE NOTE

The Company has a convertible note (the "Note") with Large Scale for the principal amount of $2.0 million (the "Principal Amount"). The Note bears interest at 8% per annum, compounded monthly. The Principal Amount and accrued interest will be payable on the earlier of May 12, 2019, the occurrence of an event of default as set out in the Note (the "Maturity Date"), or voluntary prepayment by the Company.

Large Scale may convert the Principal Amount in whole or in part at $4.01 per share into common shares of the Company at any time commencing on or after July 1, 2016 and up to and including the Maturity Date. Pursuant to the terms of the Note, the conversion price was adjusted upon completion of Burcon's rights offering completed in 2016 to $3.99 per share and further adjusted upon the completion of Burcon's rights offering in 2018 to $3.94 per share.

Burcon has the right, before the Maturity Date, upon written notice to Large Scale of not less than thirty days, to prepay in cash all or any portion of the Principal Amount by paying to Large Scale an amount equal to the Principal Amount to be prepaid multiplied by 110%. The payment of the Principal Amount and all accrued and unpaid interest thereon will be subordinated in right of payment to any amount owing in respect of secured indebtedness of the Company. Subject to the consent of Large Scale, Burcon may pay any interest that is due and payable under the Note through the issuance of common shares at a conversion price equal to the volume weighted average trading price of the common shares on the TSX for the five trading days immediately prior to the date such interest is due and payable.

The conversion option was recorded as a derivative liability. Under the terms of the Note, there are certain conditions where the conversion price may be adjusted. Therefore, in accordance with IFRS, an obligation to issue shares for a price that is not fixed must be classified as a derivative liability and measured at fair value, with changes recognized in change in fair value of conversion option in the consolidated statement of operations and comprehensive loss.

The conversion and prepayment options were recorded as a net derivative liability and measured at fair value, with changes in fair value recorded in the consolidated statement of operations and comprehensive loss. The fair value of the conversion and prepayment options was estimated based on a methodology for pricing convertible bonds using the Partial Differential Equation Method, with the following initial assumptions: expected volatility of 63%; expected dividend per share of nil; risk-free rate of 0.60%, entity-specific credit spread, and expected life of 3 years. The assumptions as at March 31, 2018 were as follows: expected volatility of 99%, expected dividend per share of nil; risk-free rate of 1.63%, initial entity-specific credit spread adjusted by the movement in the option adjusted spread of the Canada High Yield Index, and expected life of 1.1 years. The initial fair value of the net derivative liability was estimated as $189,705 as at the issue date of the Note. As at March 31, 2018, the fair value of the net derivative liability was estimated to be $5,384 and the change (decrease) in fair value of the derivative liability of $89,508 was recorded for the year ended March 31, 2018. As the valuation assumptions did not change significantly from March 31, 2018 to March 31, 2019, no change in the fair value of the derivative liability was recorded for the year ended March 31, 2019.

On May 21, 2019, the Company and Large Scale amended (the "Amendment") the Note's Maturity Date to June 21, 2019. The Amendment also provides Large Scale with the right to offset any amounts due to it under the Note against any obligations of Large Scale to pay for subscription proceeds of any rights offering that Burcon may conduct.

In connection with the 2019 Rights Offering, Large Scale exercised its right to offset the amounts due under the Note against its obligations to pay for subscription proceeds under the 2019 Rights Offering. The offset was completed on June 25, 2019, which included the principal amount and accrued interest of $2,565,022.

SHORT-TERM LOAN

On November 13, 2018, the Company entered into a loan agreement with Large Scale to provide Burcon with an unsecured loan for up to $1.0 million (the "Loan"). On March 27, 2019, Burcon and Large Scale amended the loan (the "Loan Amendment") to increase the principal amount available to $1.5 million. Burcon paid a commitment fee of 1%, or $15,000, on the principal amount available under the Loan. The Loan Amendment also provides the Lender with the right to offset any amount due to it under the Note against any obligations of the Lender to pay for subscription proceeds of any rights offering that Burcon may conduct. The Loan bears interest at 18% per annum on the amount drawn, and 3% per annum on the undrawn portion. The amounts drawn on the Loan and the accrued interest will be payable on the earlier of June 3, 2019, the occurrence of an event of default as set out in the Loan, or voluntary prepayment by the Company. As at March 31, 2019, $1.25 million of this Loan was outstanding. Subsequent to the year-end, the Company drew down a further $250,000 under the Loan.

In connection with the 2019 Rights Offering, Large Scale exercised its right to offset the amounts due under the Loan against its obligations to pay for subscription proceeds under the 2019 Rights Offering. The offset was completed on June 25, 2019 for a portion of the Loan principal of $1,436,629. The balance of the loan principal and accrued interest of $170,555 was repaid to Large Scale in cash on June 28, 2019.

After repayment of the amounts due under the Loan, the Note, and the investment in Merit Foods, the net proceeds from the 2019 Rights Offering will continue to be used by Burcon for its research and development program, further strengthen and expand its intellectual property portfolio and for general working capital.

CLARISOY®

Through its Soy Agreement with Burcon, ADM has an exclusive license to produce, market and sell CLARISOY® soy protein worldwide. In November 2016, ADM confirmed that it had fully commissioned the first full-scale CLARISOY® production facility at its North American headquarters in Decatur, Illinois.

CLARISOY® 100 is a transparent, isolated soy protein and enables 100 percent soluble protein fortification in beverage applications with a pH below 4.0. CLARISOY® 150 is specially processed for use in beverage systems with a pH of less than 4.0 with cloud systems or beverages neutralized to a pH of 7.0 or higher. Due to its clean flavor and high solubility in higher pH ranges, CLARISOY® 150 allows for greater use of soy protein in mildly flavored neutral beverages such as meal replacement and weight management products. The new product enables beverage manufacturers to formulate up to 10 grams of protein per serving.

After ADM's acquisition of WILD Flavors GmbH in 2014, it formed a new business unit, WILD Flavors and Specialty Ingredients, which includes ADM's own specialty ingredients food and wellness division. The CLARISOY® portfolio is being produced, marketed and sold by this new business unit. Their marketing activities were supported by CLARISOY® samples produced at ADM's semi-works plant for market-building activities, and for product development by ADM's global customer base.

Since the launch of CLARISOY® 100, ADM has launched several CLARISOY® variants. The following table summarizes the CLARISOY® product lines marketed by ADM:

Product Line	Product Characteristics	Transparent	Applications
CLARISOY® 100	High viscosity	Yes	Low pH beverage systems
CLARISOY® 110	Low viscosity	Yes	Low pH shots High protein meal replacement beverages Collagen replacement
CLARISOY® 120	Agglomerated High viscosity	Yes	Powdered Low Protein Low pH beverages
CLARISOY® 150	High viscosity	No	Low pH beverage systems Coffee creamers
CLARISOY® 170	High viscosity	No	Neutral pH for dairy protein replacement
CLARISOY® 180	Low viscosity	No	Neutral pH for high protein replacement beverages

Among the variations of CLARISOY® ADM has developed, ADM is currently focusing on marketing CLARISOY® as an economical, high-quality plant-based dairy alternative that provides greater cost stability and comparable nutrition. ADM's team has developed and demonstrated products to showcase CLARISOY®'s ability to deliver reliable performance in a wide range of applications, including fortifying vegan applications with a dairy-free protein source without compromising taste.

For the sixth year in a row, ADM featured CLARISOY® at the 2018 Institute of Food Technologists Food Expo in Chicago, IL, since the initial launch in 2013. ADM demonstrated a non-dairy take on cheese tea, a sweet and salty treat that's trending in Asia and making its way to the U.S., by complementing oolong tea with a creamy frothy topping using CLARISOY®.

ADM also highlighted the features and functions of CLARISOY® in coffee creamer and beverages at the Food Ingredients Asia trade show in 2017 held in Bangkok, Thailand.

ADM has launched an energy drink suitable for vegans made with CLARISOY® that is available in US and European markets.

These products demonstrate the use of CLARISOY® in products that are aligned with consumer trends that favour health and nutrition, with a focus on plant-based ingredients.

Burcon has not received any significant royalty revenues from ADM's sales of CLARISOY®. During the year ended March 31, 2019, Burcon recorded royalty revenues of $40,177 (2018 - $49,014). While ADM has announced that it has successfully commissioned the first full-scale commercial CLARISOY® production facility, the timing and amount of future sales and royalties cannot be ascertained at this time.

Patenting work continued to further strengthen the CLARISOY® patent portfolio.

Other

During fiscal 2018, Burcon applied for accreditation from Health Canada's Office of Controlled Substances to conduct research for the future commercial production of purified cannabinoid extracts. Burcon has submitted an application for a Controlled Drugs and Substances Dealers License to Health

Canada and intends to also pursue partnering opportunities with growers and suppliers of hemp and cannabis input materials. As of the date of this MD&A, Burcon has been advised by Health Canada that, due to high volume of applications, its application is still in the initial screening stage.

Burcon continued work to further the development of a new plant-based protein process, as well as limited research work on protein extraction from various plant sources to explore potential new commercial and patenting opportunities. Burcon's extraction and purification technologies are versatile and may be adapted to process a range of oilseed and non-oilseed meals to produce specialty proteins, such as flax and hemp. The demand for plant-based proteins continues to grow and Burcon believes there may be niche market opportunities for its specialty protein ingredients.

INTELLECTUAL PROPERTY

Burcon's patent strategy is to seek protection for new technologies as well as further protecting current technologies. Over the years, Burcon has filed patent applications in various countries over its inventions. Burcon's patent applications can be grouped into three categories:

- Applications to protect additional novel protein extraction and purification technologies;
- Applications to protect the uses of Puratein®, Supertein®, Nutratein®, CLARISOY® and Peazazz® for example, as functional food and beverage ingredients; and
- Applications to protect the "signature characteristics" of Puratein®, Supertein®, Nutratein®, CLARISOY® and Peazazz® and other plant proteins.

During the year, Burcon was granted a patent covering the technologies for the production of Peazazz® pea protein and one for the production of CLARISOY® soy protein. Burcon continued the maintenance and prosecution of its patent applications.

Burcon currently holds 67 U.S. issued patents over its canola, soy, pea and flax protein processing technologies and canola protein applications, as well as patents covering composition of matter. In addition, Burcon has a further 42 patent applications currently filed with the US Patents and Trademark Office.

Burcon has also filed applications for most of its inventions internationally under the Patent Cooperation Treaty of the World Intellectual Property Organization. Together with patents issued in other countries, Burcon now holds a total of 262 issued patents covering inventions that include the 67 granted U.S. patents. Currently, Burcon has over 265 additional patent applications that are being reviewed by the respective patent offices in various countries.

SUMMARY OF OPERATING RESULTS

Years ended March 31 (in thousands of dollars, except share and per-share amounts)

	Year ended March 31	
	2019	**2018**
Royalty income	40	49
Loss for the year	(4,777)	(5,623)
Basic and diluted loss per share	(0.11)	(0.15)
Total assets	2,463	5,439
Total long-term liabilities	-	2,231
Weighted average shares outstanding (thousands)	43,942	38,615

RESULTS OF OPERATIONS

As at March 31, 2019, Burcon has not yet generated any significant revenues from its technology. For the year ended March 31, 2019, the Company recorded a loss of $4,777,377 ($0.11 per share), as compared to $5,622,785 ($0.15 per share) last year. Included in the loss amounts for the year ended March 31, 2019 is $253,148 (2018 - $488,241) of stock-based compensation (non-cash) expense, interest expense of $324,259 (2018 - $265,509), change in fair value of convertible note derivative liability of $nil (2018 - $89,508), amortization of property and equipment of $100,248 (2018 - $147,590), financing expense of $145,214 (2018 – recovery of $44,093), unrealized foreign exchange gain of $2,261 (2018 – loss of $15,773), and loss on disposal of property and equipment of $nil (2018 – $476).

The following provides a comparative analysis of significant changes in major expenditures items.

Research and development expenses

Components of research and development ("R&D") expenditures are as follows:
(in thousands of dollars)

	Year ended March 31,	
	2019	**2018**
Salaries and benefits	1,143	1,260
Laboratory operation	285	358
Amortization of property and equipment	98	146
Rent	88	87
Analyses and testing	64	55
Travel and meals	15	30
	1,693	1,936

A significant portion of R&D expenses is comprised of salaries and benefits. Included in salaries and benefits is stock-based compensation ("SBC") expense of about $119,000 (2018 - $219,000). The decrease in SBC expense is due mostly to higher valuations of options granted in previous years. The decrease of about $17,000 in the cash portion of salaries and benefits over last year is mainly due to an employee terminated last year, offset by the return of an employee who was on leave last year.

Laboratory operation expenses decreased by $73,000 from last year, mostly due to higher equipment rental expenses from testing various equipment during fiscal 2018.

Intellectual property expenses
(in thousands of dollars)

	Year ended March 31,	
	2019	**2018**
Patent fees and expenses	1,216	1,738
Trademark	2	1
	1,218	1,739

Burcon's patent strategy is to seek protection for new technologies as well as further protecting current technologies. Patent expenditures for the year ended March 31, 2019 decreased by $522,000 over last year. In an effort to conserve cash resources, the Company has been deferring maintenance fees and limiting prosecution activities, where possible. As a result, maintenance fees decreased by $139,000. In addition, three patent applications were granted in Europe and incurred $196,000 in registration fees during fiscal 2018, as compared to $22,000 for the current year.

From inception, Burcon has expended $18.2 million on patent legal fees and disbursements to strengthen its patent portfolio in various countries of the world and file patent applications for new inventions.

General and administrative ("G&A") expenses
(in thousands of dollars)

	Year ended March 31,	
	2019	**2018**
Salaries and benefits	956	1,158
Office supplies and services	191	181
Financing expense	190	(39)
Professional fees	116	215
Other	79	80
Investor relations	67	231
Travel and meals	52	77
Transfer agent and filing fees	31	60
	1,682	1,963

Salaries and benefits

Included in salaries and benefits is stock-based compensation expense of approximately $134,000 (2018 – $269,000). The decrease in SBC expense is due mostly to higher valuations of options granted in previous years.

The cash portion of salaries and benefits decreased by about $47,000 over last year due mainly to the termination of an employee during the year and lower directors fees from less meetings held as compared to last year and also to certain directors fees being included in financing expense related to the Loan.
Investor relations

Investor relations expenses decreased by $164,000 from last year due mostly to the delisting from the Nasdaq (see Nasdaq Listing section), which eliminated the Nasdaq annual fee of $101,000. In addition, Burcon did not incur U.S. investor relations consulting fees this year, as compared to $39,000 during fiscal 2018.

Professional fees

Professional fees decreased by about $99,000 from last year due mainly to decreases in consulting fees of $35,000 and a reduction in external audit and review fees of $43,000 due to the suspension of U.S. reporting obligations (see Nasdaq Listing section). Legal fees also decreased by $21,000 due mostly to fees incurred that related to discussion with potential partners during fiscal 2018.

Financing expense

Burcon recorded $40,000 of financing expenses related to the Loan this year, including a commitment fee of $15,000 paid to Large Scale. Burcon also recorded non-cash financing expense of $145,000 following the issuance of the Standby Warrants, being the amount by which the fair value of the Standby Warrants value of the derivative liability exceeded the Standby Commitment.

During fiscal 2018, Burcon recorded a credit of $98,617 to financing expense, being the amount by which the value of the derivative liability from the Standby Commitment from the rights offering that completed in 2016 that exceeded the fair value of the related Standby Warrants. As noted in the 2018 Rights Offering section, Dr. Yap was not required to fulfill his obligations under the Standby Commitment, and therefore the change in the fair value of the derivative asset of $53,904 was recognized as a financing expense during fiscal 2018.

LIQUIDITY AND FINANCIAL POSITION

Conditions do exist, as described in the Consolidated Financial Statements that cast significant doubt over the Company's ability to continue as a going concern. As at March 31, 2019, the Company had not earned significant revenues from its technology, had an accumulated deficit of $93.7 million (March 31, 2018 - $88.9 million). During the year ended March 31, 2019, the Company incurred a loss of $4.8 million (2018 - $5.6 million) and had negative cash flow from operations of $4.1 million (2018 - $4.6 million). The Company has relied on equity financings, private placements, rights offerings, other equity transactions, issuance of convertible debt and debt financing to provide the funds necessary to undertake its research and development activities. At March 31, 2019, the Company had cash and cash equivalents of $489,215. On June 25, 2019, the Company completed the 2019 Rights Offering for estimated net proceeds of $15.3 million. After repayment of the Note and the Loan and related accrued interest, the Initial Capital Contribution to Merit Foods and the expected Additional Capital Contribution by the Company to Merit Foods by September 3, 2019, management estimates the remaining net proceeds from the 2019 Rights Offering to be sufficient to fund its operations to June 2020. The estimated date excludes proceeds from outstanding convertible securities and royalty revenues that may be derived from ADM's CLARISOY® full-scale commercial facility. If Burcon does not receive sufficient royalties from ADM under the Soy Agreement, Burcon will require additional capital beyond this date to meet its business objectives, although there is no assurance that additional financing will be available on acceptable terms, if at all.

During the year ended March 31, 2019, Burcon recorded royalty revenues of approximately $40,000. As noted above, ADM confirmed in November 2016 that it had successfully commissioned the first full-scale CLARISOY® production facility. However, the timing and amount of future royalty revenues that may be derived from the full-scale commercial facility cannot be ascertained at this time.

The net cash used in operations during the year ended March 31, 2019, was approximately $4,147,000, as compared to $4,624,000 last year. The decrease of $477,000 is mainly attributed to decreases in intellectual property, investor relations, equipment rental, professional fees and R&D and G&A salaries, offset by increases in financing expenses and a decreases in the Manitoba investment tax credit and changes in non-cash working capital items.

At March 31, 2019, Burcon had negative working capital of $3.5 million (March 31, 2018 – positive working capital of $2.9 million). In addition to the decrease in cash and cash equivalents of $2.9 million from March 31, 2018, the classification of the Note and the related accrued interest of $2.5 million from non-current to current liabilities in the year, as well as the Loan and related accrued interest of $1,296,000, offset by a decrease in accounts payable and accrued liabilities of $171,000 contributed to the decrease of $6.4 million in working capital from March 31, 2018 to March 31, 2019. As at March 31, 2019, Burcon was not committed to significant capital expenditures. Burcon has made its Initial Capital Contribution $4.0 million to Merit Foods on June 28, 2019 and expects to make the Additional Capital Contribution of $4.0 million by September 3, 2019. Burcon may incur up to $250,000 in additional capital expenditures if modifications or further upgrades are required to the Peazazz® semi-works production facility. Burcon will continue to defer the prosecution of certain non-strategic patent applications and also the maintenance fees for certain non-core patent applications. This does not affect the strength of Burcon's patent portfolio. Burcon expects to incur $1.5 million in patent expenditures for the next fiscal year.

FINANCIAL INSTRUMENTS

The Company's financial instruments are its cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, the Loan and the Note, as well as the derivative liability related to the Note.

Credit risk

The financial instruments that expose the Company to a concentration of credit risk are cash and cash equivalents and amounts receivable. The Company's cash and cash equivalents may comprise interest-bearing savings instruments with Canadian chartered banks. The Company limits its exposure to credit loss by placing its cash and cash equivalents with two Canadian chartered banks.

Interest rate risk

All of the Company's financial instruments are non-interest bearing except for cash and cash equivalents that earn interest at variable market rates, the Note and the Loan that bear interest at fixed interest rates. Burcon's cash and cash equivalents are held at two Canadian chartered banks to maximize interest and to diversify risk. For the year ended March 31, 2019, the weighted average interest rate earned on the Company's cash and cash equivalents was 1.68% per annum (2018 – 1.15% per annum). The impact of a 1% strengthening or weakening of interest rate on the Company's cash and cash equivalents at March 31, 2019 is estimated to be a $5,000 increase or decrease in interest income per year.

Liquidity risk

The Company manages liquidity risk through the management of its capital structure. It also manages liquidity risk by monitoring actual and forecasted cash flows taking into account current and planned operations. The Company's estimated minimum contractual undiscounted cash flow requirements for its financial liabilities as at March 31, 2019 was $4,447,460, all of which is due within the next 12 months. Conditions do exist, as described in the Liquidity and Financial Position section above and in the consolidated financial statements that cast significant doubt over the Company's ability to continue as a going concern.

Fair value

The fair value of the Company's short-term financial assets and financial liabilities, including cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities and the Loan approximates their carrying values due to the short-term maturities of these financial instruments.

The fair value of the conversion option and prepayment option related to the Note, included in the derivative liability, is a level 3 fair value. The methods and assumptions used to determine the fair value are described in the convertible note section above.

The fair value of the Note approximates the carrying value as at March 31, 2019 given the risk-free rate and the credit spread of the Company have not changed substantially since the issue date of the Note.

The carrying values and fair values of financial instruments, by class, are as follows as at March 31, 2019 and 2018:

(in thousands of dollars)

As at March 31, 2019

	At fair value through profit or loss	Financial assets at amortized cost	Financial liabilities at amortized cost	Fair value
	$	$	$	$
Financial assets				
Cash and cash equivalents	-	489	-	489
Amounts receivable	-	127	-	127
Total	**-**	**616**	**-**	**616**
Financial liabilities				
Accounts payable and accrued liabilities	-	-	633	633
Short-term loan	-	-	1,250	1,250
Convertible note	-	-	1,991	1,991
Accrued interest	-	-	564	564
Derivative liability	5	-	-	5
Total	**5**	**-**	**4,438**	**4,443**

As at March 31, 2018

	At fair value through profit or loss	Financial assets at amortized cost	Financial liabilities at amortized cost	Fair value
	$	$	$	$
Financial assets				
Cash and cash equivalents	-	3,421	-	3,421
Amounts receivable	-	154	-	154
Total	**-**	**3,575**	**-**	**3,575**
Financial liabilities				
Accounts payable and accrued liabilities	-	-	804	804
Convertible note	-	-	1,906	1,906
Accrued interest	-	-	325	325
Derivative liability	59	-	-	59
Total	**59**	**-**	**3,035**	**3,094**

Currency risk

The Company has not hedged its exposure to currency fluctuations. As at March 31, 2019 and 2018, the Company is exposed to currency risk through the following assets and liabilities denominated in U.S. dollars:

		March 31, 2019		March 31, 2018
U.S. Dollars (in thousands)				
Cash and cash equivalents	$	48	$	389
Amounts receivable		9		6
Accounts payable and accrued liabilities		(28)		(100)
Net exposure	$	29	$	295
Canadian dollar equivalent (in thousands)	$	39	$	381

Based on the above net exposure at March 31, 2019, a 10% appreciation or depreciation of the U.S. dollar against the Canadian dollar would have resulted in an increase/decrease of approximately $4,000 (March 31, 2018 - $38,000) in the Company's loss from operations.

OUTSTANDING SHARE DATA

As at March 31, 2019, Burcon had 43,941,536 common shares outstanding, 3,953,739 stock options that are convertible to an equal number of shares at a weighted average exercise price of 3.46 per share, 1,182,099 share purchase warrants that are convertible to an equal number of common shares at an exercise price of $0.69 per share, and a convertible note that may be converted into 507,614 common shares at an exercise price of $3.94 per common share.

As at the date of this MD&A, Burcon had 88,166,406 common shares outstanding, 3,812,072 stock options that are convertible to an equal number of shares at a weighted average exercise price of 3.57 per share and 1,182,099 share purchase warrants that are convertible to an equal number of common shares at an exercise price of $0.45 per share.

QUARTERLY FINANCIAL DATA

(Derived from unaudited interim financial statements. All figures in thousands of dollars, except per-share amounts)

	Three months ended			
	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
Revenue, foreign exchange gain, interest and other income	105	34	15	24
Loss for the period	(1,245)	(1,155)	(1,301)	(1,076)
Basic and diluted loss per share	(0.03)	(0.03)	(0.03)	(0.02)

	Three months ended			
	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Revenue, foreign exchange gain, interest and other income	146	24	35	34
Loss for the period	(1,401)	(1,509)	(1,287)	(1,426)
Basic and diluted loss per share	(0.03)	(0.04)	(0.03)	(0.04)

Included in the first, second and fourth quarter of last year is a gain of $73,000, $16,000, and $1,000, respectively, for the change in the fair value of the derivative liability related to the Note. Included in the first, second and third and fourth quarter of this year, and the first, second, third and fourth quarter loss of last year and the fourth quarter loss of fiscal 2018 are $68,000, $65,000, $60,000, $60,000, $126,000, $134,000, $98,000 and $130,000, respectively, of stock-based compensation expense.

Included in the second and fourth quarter of this year, the first and second quarter of last year are foreign exchange losses of $5,000, $6,000, $19,000 and $28,000, respectively. Included in the first and third quarter of this year, the third and fourth quarters of last year, are foreign exchange gains of $6,000, $12,000, $3,000 and $14,000, respectively. Included in the second quarter of this year and the second quarter of last year is non-cash financing expense of $145,000 and a credit of $99,000, respectively, related to the difference between the fair value of the standby warrants issued and the derivative liability pursuant to the rights offerings. Included in the fourth quarter of last year is non-cash financing expense of $54,000 related mostly to the derivative asset that was written off when the guarantor of the 2018 rights offering was not required to fulfill his obligations under the rights offering.

RELATED PARTY TRANSACTIONS

Burcon engaged Burcon Group Limited, a company that is controlled by PT International (see Change in Substantial Shareholder section) for the following related party transactions:

Included in general and administrative expenses (office supplies and services and other expenses) for the year ended March 31, 2019 is $75,006 (2018 - $76,299) for office space and equipment rental.

For the year ended March 31, 2019, included in general and administrative expenses (management fees) are $142 (2018 - $520) for administrative services provided to the Company. At March 31, 2019, $22 (2018 - $20) of this amount is included in accounts payable and accrued liabilities. For the year ended March 31, 2019, included in interest and other income is $14,896 (2018 - $13,188) for legal and accounting services provided by the Company. At March 31, 2019, $670 (2018 - $413) of this amount is included in amounts receivable.

During the year ended March 31, 2019, the Company recorded a commitment fee of $15,000 (2018 - $nil) as financing expense in connection with the Loan.

Following shareholder approvals received at the AGM held on September 6, 2018, 1,182,099 share purchase warrants were issued to Dr. Yap, with an estimated fair value of $199,117. The Company recorded $145,213 representing the amount by which the value of the derivative liability exceeded the fair value of the Standby Warrants, as financing expense.

Following shareholder approvals received at the AGM held on September 7, 2017, 497,677 share purchase warrants issuable under the standby commitment for the 2016 rights offering were issued to PT International and Dr. Yap, with an estimated fair value of $4,103. The Company recorded $98,617, representing the amount by which the value of the derivative liability exceeded the fair value of the standby warrants, as a credit to financing expense during fiscal 2018.

Of the 388,011 standby warrants issued under the 2015 rights offering that expired on April 30, 2017, 198,429 were issued to PT International.

CRITICAL ACCOUNTING ESTIMATES

The consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standard Board (IASB) and interpretations issued by the IFRS IC.

The preparation of consolidated financial statements in accordance with IFRS requires management to apply judgment when making estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, the reported amount of expenses during the reporting period, and disclosures made in the accompanying notes to the financial statements. Actual results could differ from those estimates.

The significant areas where management's judgment is applied is in determining the fair value of stock-based compensation as well as the derivative liability related to the standby commitment from the 2018 Rights Offering and the derivative liability related to the Note (see notes 5 and 7 to the consolidated financial statements for assumptions used by management) and the recoverable amount of goodwill.

NEWLY ADOPTED ACCOUNTING STANDARDS AND AMENDMENTS

IFRS 15 - Revenue from Contracts with Customers

Effective April 1, 2018, the Company has adopted IFRS 15 – Revenue from Contracts with Customers. The standard supersedes IAS 18 - Revenue, IAS 11 - Construction Contracts, and related interpretations. This standard addresses revenue recognition and establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Once the ADM Agreement became an exclusive license it was considered to be a sale of the intellectual property, IFRS 15 requires that Burcon has to record the transaction price based on expected proceeds to be received. However, any variable consideration elements of the price should only be recognised to the extent that it is highly probable that a significant reversal in the amount of the cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. As the amount of royalty revenues to be received from ADM cannot be ascertained at this time the Company continues to recognize revenue once notification from ADM regarding the quarterly royalties has been received.

The Company elected to apply IFRS 15 using a modified retrospective approach. However, for the reasons discussed above, the adoption of IFRS 15 resulted in no impact on the financial statements of the Company, as the timing of revenue recognition was unchanged.

IFRS 9 - Financial Instruments and IFRS 7 – Financial Instruments: Disclosures

Effective April 1, 2018, the Company has adopted IFRS 9 Financial Instruments. IFRS 9 supersedes IAS 39 Financial Instruments: Recognition and Measurement. The standard makes changes to the previous guidance on the classification and measurement of financial assets and liabilities and introduces an expected credit loss model for the impairment of financial assets.

The Company applied IFRS 9 retrospectively; however, the adoption of IFRS 9 did not require any adjustments to the classification or measurement of the Company's financial assets and financial liabilities. The adoption of the new expected credit loss model under IFRS 9 had only a negligible impact on the carrying amount of our financial assets on the transition date given the Company has no history of bad debt expenses.

ACCOUNTING STANDARDS ISSUED AND NOT YET EFFECTIVE

IFRS 16 - Leases

In January 2016, the IASB issued IFRS 16, Leases, which requires, among other things, companies to recognize some leases previously recorded as operating leases in the same manner as a financing lease. The required adoption date is January 1, 2019, with early adoption permitted. The Company has reviewed its leases and since it does not have any long-term leases and only a limited number of minor leases, the new standard will not have a material impact on the consolidated financial statements. The Company will apply the standard on a modified retrospective basis in the first quarter of fiscal 2020.

NASDAQ LISTING

During fiscal 2018, the Nasdaq Stock Market LLC ("Nasdaq") notified the Company that it did not meet certain continued listing requirements, including the minimum bid price requirement and the shareholders' equity requirement and that the Company would be subject to delisting if such requirements were not met within a certain time period. As part of its appeal with Nasdaq Hearings Panel (the "Panel"), Burcon received notification that the Panel granted approval of Burcon's request to transfer its listing to the Nasdaq Capital Market from the Nasdaq Global Market, effective February 7, 2018. The continued listing of the Company's common shares on the Nasdaq Capital Market was subject to certain conditions, including closing the 2018 Rights Offering and having shareholders' equity of over US $2.5 million and providing the Panel with updates on how it plans to continue to maintain compliance with the continued listing requirements of the Nasdaq Capital Market. The Company expected that it would be granted an additional 180-day grace period to regain compliance with the Nasdaq's minimum bid price requirement.

As the 2018 Rights Offering was not fully subscribed, the Company was not eligible for the additional 180-day grace period to regain compliance with the minimum bid price requirement. After careful consideration, the board of directors of Burcon determined that it was in the overall best interest of the Company to withdraw the appeal of the delisting. The decision was based on several factors, including the board's assessment of the probability of the Company regaining compliance with the continued listing requirements, an analysis of the benefits of continued listing weighed against the onerous regulatory burden and significant costs associated with maintaining continued listing, and the fact that the Nasdaq Capital Market only provided a secondary trading platform as the Company has no intention of raising capital in the US market. On April 24, 2018, the Company informed the Panel that it would withdraw its appeal of the delisting. Burcon's shares suspended trading on the Nadsaq Capital Market effective at the open of business on April 27, 2018.

The Company filed a Form 25 (Notification of Removal from Listing and/or Registration under Section 12(b) of the Securities Exchange Act of 1934) with the United States Securities and Exchange Commission (the "SEC") on June 4, 2018 to delist the Company's common shares from the Nasdaq Capital Market and to deregister its common shares under Section 12(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The delisting became effective on June 14, 2018 and the deregistration became effective on September 3, 2018. The Company also filed a Form 15 on June 15, 2018 with the SEC to suspend its reporting obligations under Section 15(d) of the Exchange Act. The Company's reporting obligations with the SEC were suspended upon the filing of the Form 15 and shall remain suspended for as long as the Company continues to meet the criteria for such suspension on the first day of any subsequent fiscal year. The Company's common shares are quoted for trading in the United States on the OTC Pink Open Market operated by OTC Markets Group, under the ticker "BUROF".

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Chief Executive Officer and Chief Financial Officer, as well as other executives, have designed disclosure control and procedures ("DC&P"), or have caused them to be designed under their supervision, to provide reasonable assurance that material information relating to the Company has been made known to them. The officers have evaluated the effectiveness and design of its DC&P as at March 31, 2019 and have determined these controls to be effective.

These officers are also responsible for designing and maintaining internal controls over financial reporting ("ICFR"), or have caused them to be designed under their supervision, to provide reasonable assurance regarding the reliability of the Company's ICFR. They have evaluated and determined these internal controls and procedures over financial reporting as at March 31, 2019 and concluded they are effective. They have also concluded that there were no significant changes in the ICFR that occurred during the year ended March 31, 2019 that could have materially affected, or are reasonably likely to materially affect, the Company's DC&P and ICFR.

RISKS AND UNCERTAINTIES

The Company is subject to a number of risks and uncertainties that can significantly affect its financial condition and future operations. Key risks are outlined below. In addition, a detailed explanation of the risk factors which we face is provided in our AIF for the year ended March 31, 2019 under the section titled "Risk Factors", which is incorporated by reference herein. The AIF is available at www.sedar.com.

Patents and proprietary rights – Burcon's success will depend, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing on the proprietary rights of others or having others infringe on its rights. Burcon has filed applications for most of its inventions internationally under the Patent Cooperation Treaty of the World Intellectual Property Organization. As at the date of this MD&A, Burcon has been granted a total of 262 patents in various countries covering a number of key processes and uses of Burcon's soy, pea, canola and flax protein products as functional food and beverage ingredients. Of those patents, 67 have been granted in the United States. Although Burcon expends significant resources and efforts to patent its discoveries and innovations, there can be no assurance that our patent applications will result in the issuance of patents, or any patents issued to

Burcon will provide it with adequate protection or any competitive advantages, or that such patents will not be successfully challenged by third parties. Burcon cannot be assured that competitors will not independently develop products similar to the Company's products or manufacture products designed to circumvent the exclusive patent rights granted to the Company. Further, Burcon may need to incur significant expenditures in prosecuting claims against others whom it believes are infringing on its rights and by defending claims of intellectual property infringement brought by its competitors and others.

Development and commercialization – In November 2016, Burcon announced that ADM had successfully commissioned the first full-scale commercial CLARISOY® production facility. There can be no assurance that ADM will be able to successfully market and sell the products produced from this facility to provide meaningful royalties to Burcon. Burcon is dependent on ADM to commercialize its CLARISOY® soy protein. In addition, Burcon has not commercialized any of its other products, and accordingly, has not begun to market, sell or generate significant revenues from these products. There can be no assurance that any of these products will meet applicable food regulatory standards, obtain regulatory approvals in countries where such approvals have yet to be sought, be capable of being produced in commercial quantities at reasonable costs, be successfully marketed, or that the investment made in such potential products will be recouped through sales or related royalties. With the exception of CLARISOY® soy protein, none of Burcon's potential products are commercially available as a food ingredient for human consumption. While Burcon has announced its plans to build a commercial protein production facility in partnership with an investor group to commercialize its pea and canola proteins, there is no assurance that Merit Foods will be successful and achieve its production plans. The commercialization of its products may be delayed or unsuccessful. Even if Merit Foods commercializes the Products, its business strategy may not be successful. The rising popularity of pea proteins has resulted in more companies entering the market to produce pea proteins that could compete with Burcon's Peazazz® pea protein.

History of operating losses and financing requirements– Burcon has accumulated net losses of approximately $93.7 million from its date of incorporation through March 31, 2019. While ADM has successfully commissioned the first full-scale commercial CLARISOY® production facility, Burcon has not yet reported significant cash royalty revenue. Although Burcon expects to receive royalty payments from ADM pursuant to the Soy Agreement, the timing and amount of these future royalty payments cannot be ascertained at this time. In the absence of a definitive time for when sales of products will be significant, Burcon expects such losses to increase as it continues to commercialize its products, its research and development and product and its product application trials. Burcon expects to continue to incur substantial losses for the foreseeable future. Merit Foods has not yet commenced construction of the planned production facility for Burcon's pea and canola proteins, therefore it will be some time before product sales of pea and canola protein will occur. There is no assurance that the production facility will be built on time or within budget or that Burcon will be able to make the transition to commercial production. Burcon cannot predict if it will ever achieve profitability and, if it does, it may not be able to sustain or increase its profitability. The commercial success of any of Burcon's products will depend on whether they receive public and industry acceptance as a food ingredient and dietary supplement, and whether they may be sold at competitive prices or are able to obtain sufficient royalty revenue from licensing, which adequately exceeds Burcon's production or business costs.

Developing Burcon's products and conducting product application trials is capital intensive. Since acquiring its subsidiary in October 1999, Burcon has raised gross proceeds of approximately $90.3 million from the sale or issuance of equity securities, $2.0 million from the issuance of a convertible note and $1.5 million from the issuance of debt. Burcon will need to raise additional capital to fund operations and application trials, continue research and development for commercial production of its products, generate data to support regulatory recognition in Canada, the European Union and the United States, where necessary, and to commercialize its products. As at March 31, 2019, Burcon had approximately $489,000 in cash and cash equivalents. On June 25, 2019, the Company completed the 2019 Rights Offering for gross proceeds of $15.4 million and estimated net proceeds of $15.3 million. After repayment of the Note, the Loan and the related accrued interest, the Initial Capital Contribution of $4.0 million to Merit Foods and the expected Additional Capital Contribution of $4.0 million, Burcon believes that it has sufficient capital to fund the current level of operations through June 2020. Although Burcon has sufficient funds to operate until June 2020, it will need to raise additional capital on acceptable terms in order for the Company to meet its business objectives and fund its operations. If Burcon is unable to raise additional funds when it needs them, it may be required to delay, reduce or eliminate some or all of its development programs and some or all of its product application trials. Therefore, conditions do exist, as described in the Liquidity and Financial Position section above and in the Consolidated Financial Statements that cast significant doubt over the Company's ability to continue as a going concern. Although the inherent risk in investing in early stage companies such as Burcon may make it difficult for the Company to obtain capital and financing for its operations. There can be no assurance that additional financing may be available on acceptable terms, if at all.

OUTLOOK

For the coming year, Burcon's primary objective is to work with Merit Foods to build and commission the pea protein and canola protein production facility.

Pea, Canola and Pea / Canola Blends

Burcon will focus on working with its joint venture partners to develop the business of Merit Foods with a view to develop, construct and commission an initial production facility to produce Burcon's pea and canola proteins. Burcon will continue to operate the Winnipeg Technical Centre to produce product samples to support the business of Merit Foods, including supplying food and beverage makers with commercial quantities for product development, consumer trials and regional product launches.

Burcon will conduct further research to develop additional applications for Peazazz® and Peazac® pea proteins, as well as Supertein®, Puratein® and Nutratein® canola proteins into food products.

Burcon will also take steps to pursue regulatory approval of Burcon's Supertein®, Puratein® and Nutratein® canola proteins in Canada.

Soy

Burcon will continue to support ADM with its commercialization of CLARISOY® soy protein products.

Burcon will continue to refine its protein extraction and purification technologies, develop new technologies and related products. Burcon intends to conduct research to develop extraction and purification technologies for the production of highly-purified cannabis-derived products, if the respective license is granted by Health Canada. In addition, Burcon will work to strengthen and expand its intellectual property portfolio. Burcon will also explore opportunities for acquiring or licensing into Burcon, novel technologies that will complement or enhance Burcon's intellectual property portfolio and business initiatives.