

**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
Three and six months ended September 30, 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 November 13, 2019 to provide a meaningful understanding of Burcon NutraScience Corporation's ("Burcon" or the "Company") operations, performance, and financial condition for the three and six months ended September 30, 2019. The following information should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and accompanying notes for the periods ended September 30, 2019 and 2018, which are prepared in accordance with International Accounting Standards (IAS) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (IASB), as well as the audited consolidated annual financial statements for the year ended March 31, 2019. We have prepared this MD&A with reference to National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators. 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

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- 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;

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- 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 273 issued patents worldwide, including 67 issued U.S. patents, and in excess of 269 additional patent applications, 44 of which are U.S. patent applications.

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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 successfully obtained self-affirmed GRAS status for its Peazazz® and Peazac® pea protein products in 2017 and the US-FDA formally acknowledged receipt of Burcon's GRAS notification for Peazazz® and Peazac® in October 2019.

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 quality 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® pea protein 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.

MERIT FUNCTIONAL FOODS CORPORATION

On May 23, 2019, Burcon, through its newly-formed wholly-owned subsidiary, Burcon NutraScience Holdings Corp. ("Burcon Holdings"), entered into a shareholders agreement (the "Shareholders

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Agreement”) with RBT Holdco Ltd. (“RBT Holdco”) and 10039406 Manitoba Ltd. (“Crew Holdco”) (RBT Holdco and Crew Holdco together referred to as the “Partners”) to become shareholders of Merit Functional Foods Corporation (“Merit Foods”) which will develop, build and commission an initial protein production facility (the “Flex Production Facility”) in Western Canada. The Flex Production Facility, which is planned to initially process approximately 20,000 tonnes of peas per year, is expected to be completed in the third quarter of calendar 2020, and will produce, sell, market and distribute Burcon’s Peazazz[®] and Peazac[®] pea proteins, as well as Supertein[®], Puratein[®] and Nutratein[®] canola proteins. Supertein[®] and Nutratein[®] canola proteins are marketed by Merit Foods under the brand names, Puratein[®] HS and Puratein[®]-C, respectively, and Nutratein-PS[™] pea and canola protein blend as MeritPro[™] HS.

Burcon Holdings holds 40%, RBT Holdco holds 40% and Crew Holdco holds 20% of the issued and outstanding shares of Merit Foods. Each of Ryan Bracken and Barry Tomiski (and their respective family) beneficially owns a 50% interest in RBT Holdco. Crew Holdco is wholly-owned by Shaun Crew and his family. Messrs. Bracken, Tomiski and Crew are veterans of the agri-foods industry, most notably demonstrated by the rapid growth and successful sale of Hemp Oil Canada Inc. (“HOCI”). Originally founded by Mr. Crew in 1998, HOCI grew to become the world’s largest producer and processor of bulk hemp foods products and ingredients. Messrs. Bracken, Tomiski and Crew’s association with HOCI ended with the recent acquisition of FHF Holdings Ltd. (the parent company of Manitoba Harvest Hemp Foods including HOCI) by Tilray Inc.

In accordance with the Shareholders Agreement, Burcon Holdings and the Partners made their capital loan advances (the “Initial Capital Loan Advances”) in June 2019 by way of shareholder loans to Merit Foods in the aggregate of \$10.0 million. Pursuant to the Shareholders Agreement, Burcon Holdings and the Partners made further loan advances of \$10.0 million in the form of shareholder loans to Merit Foods in September 2019 (the “Additional Capital Loan Advances”) (the Initial Capital Loan Advances and the Additional Capital Loan Advances, together referred to as the “Merit Shareholder Loans”).

The terms of the Merit Shareholder Loans are under negotiations, but are expected to be unsecured, subordinated to Merit Foods’ secured and unsecured debts, have a term of 15 years and may be repaid by Merit Foods, on a pro-rata basis based on the proportionate share of each shareholder’s loan outstanding in relation to the other shareholders of Merit Foods, without penalty or bonus, applied firstly to the repayment of any accrued and unpaid interest and secondly to the outstanding principal amounts.

On May 23, 2019, Burcon entered into a licence agreement (the “Licence 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 Licence Agreement, Merit Foods has the exclusive rights over Burcon’s pulse proteins (including pea) and canola protein technologies across all geographic regions and all product uses (the “Licence”). Burcon will receive running royalties on the net revenue (as defined in the Licence Agreement) from the sales of the Products by Merit Foods. Burcon will be responsible for the technology transfer to Merit Foods and is also providing assistance, under a services agreement, 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

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Commercial Production Facility, the royalty rate will be reduced to a lower percentage rate. The royalty rate may also be reduced if the exclusive licence is converted to a non-exclusive licence or if a certain Burcon patent does not grant within a specified time.

The Licence 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. The Licence Agreement provides Burcon with the right to convert the exclusive licence to a non-exclusive licence under certain conditions. As long as the Licence is exclusive, Burcon is responsible for the filing, prosecution and maintenance of Burcon patent rights in certain countries.

Burcon accounts for its investment in Merit Foods using the equity method of accounting. Burcon's initial investment of \$0.40 in the capital stock of Merit Foods was initially recorded at cost and the \$8 million loans to Merit Foods, which forms part of the net investment in Merit Foods, were initially recorded at fair value. For the three and six months ended September 30, 2019, Burcon recorded \$95,742, and \$142,504, respectively, as its share of Merit Foods' losses.

During the current quarter, Merit Foods completed the purchase of the land, on which the Flex Production Facility will be constructed. Merit Foods has now expanded the size of the Flex Production Facility from 65,000 square feet to 88,000 square feet and it will be the only commercial facility in the world with the capability to produce food grade canola proteins. The design of the facility will enable Merit Foods to scale its initial throughput by up to five times the initial capacity when the time is right.

Merit Foods has placed purchase orders for long lead-time processing equipment that will be incorporated into the Flex Production Facility and initiated collaboration discussions with several strategic food and beverage companies. In addition, Merit Foods has added key hires and is well into the process of building out its management team. Merit's management, together with Burcon's technical and engineering team in Winnipeg, plus third-party engineers and consultants, are working on the development of the Flex Production Facility.

Merit Foods debuted the company and its plant-based protein product portfolio of pea, non-GMO canola and MeritPro™, and brand at SupplySide West trade show on October 16 – 19, 2019 in Las Vegas, Nevada. At the show, Merit sampled almond milk prepared with Peazazz® and MeritPro HS™.

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 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.

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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 Loan Advance of \$4.0 million to Merit Foods in the first quarter and its Additional Capital Loan Advance of \$4.0 million to Merit Foods in the current quarter.

2018 Rights Offering

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. Subject to certain conditions, Dr. Allan Yap ("Dr. Yap"), the Company's former Chairman and Chief Executive Officer, 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 50%, or 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 received 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. 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 an expense during fiscal 2019.

Pursuant to the terms of the Standby Warrants, the exercise price was adjusted upon the completion of the 2019 Rights Offering from \$0.69 per share to \$0.45 per share. Burcon has recorded a warrant valuation adjustment of \$85,421 during the first quarter of this fiscal year.

CONVERTIBLE NOTE

The Company had a convertible note (the "Note") with Large Scale Investments Limited ("Large Scale"), a wholly owned subsidiary of Firewood Elite Limited ("Firewood"), for the principal amount of \$2.0 million (the "Principal Amount"). Firewood, through its shareholdings in Large Scale and Great Intelligence Limited ("Great Intelligence"), has significant influence over the Company, and is wholly owned by Mr. Alan Chan, a director of the Company.

The Note bore interest at 8% per annum, compounded monthly. The Principal Amount and accrued interest were 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. Under the Note, Large Scale could convert the Principal Amount in whole or in part at \$4.01 per share into common shares of the Company 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 that completed in 2016 to \$3.99 per share and further adjusted upon the completion of Burcon's 2018 Rights Offering to \$3.94 per share.

Burcon had 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

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and all accrued and unpaid interest thereon would be subordinated in right of payment to any amount owing in respect of secured indebtedness of the Company.

On May 21, 2019, the Company and Large Scale amended (the "Amendment") the Note's Maturity Date to June 21, 2019. The Amendment also provided 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. The total amount offset under the Note included the principal amount and accrued interest of \$2,565,022.

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 International Financial Reporting Standards ("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, 2019 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, 2019, the fair value of the net derivative liability was estimated to be \$5,384. Upon the offset by Large Scale of its obligations to pay for subscription proceeds under the 2019 Rights Offering, the net derivative liability was expensed as financing expense during the first quarter of this fiscal year.

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. The Loan Amendment provided 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. During the three months ended June 30, 2019, the Company drew down \$250,000 to the maximum principal amount available under the Loan.

The Loan bore interest at 18% per annum on the amount drawn, and 3% per annum on the undrawn portion. Burcon paid Large Scale a commitment fee of 1%, or \$15,000, on the principal amount available under the Loan. The amounts drawn on the Loan and the accrued interest was 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.

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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 \$1,436,629 against the principal amount. The balance of the balance of the principal amount of \$63,371 and accrued interest of \$107,173 was repaid to Large Scale in cash on June 28, 2019.

NEW DIRECTOR APPOINTMENT

In July 2019, Burcon appointed Mr. Calvin Chi Leung Ng as a director of its board. Mr. Ng is a director of Large Scale and Great Intelligence. Mr. Ng is the group legal counsel for ITC Properties Limited, a real estate property development and investment company. Mr. Ng has over 20 years' experience of advising on and executing corporate and commercial transactions in law firms and private sectors.

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 has 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

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Product Line	Product Characteristics	Transparent	Applications
			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®. For the three and six months ended September 30, 2019, Burcon recorded royalty revenues of \$7,055 and \$22,691, respectively, (2018 - \$7,496 and \$14,277). While ADM has announced that it has successfully commissioned the first full-scale commercial CLARISOY® production facility, 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 subsequently modified its intentions regarding potential cannabis research opportunities to focus instead on cannabis protein extraction and intends to pursue partnering opportunities with growers and suppliers of hemp and cannabis input materials accordingly. Burcon expects to provide an update regarding these activities before the end of the current fiscal year.

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,

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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.

Subsequent to the quarter-end, Burcon received a notice of allowance for a patent covering the technologies for the production of CLARISOY[®] soy protein. Burcon continued the maintenance and prosecution of its patent applications during the three and six months ended September 30, 2019.

Burcon currently holds 67 U.S. issued patents over its canola, soy, pea and flax protein processing technologies and canola and soy protein isolate applications, as well as canola and soy patents covering composition of matter. In addition, Burcon has a further 44 patent applications currently filed with the U.S. Patent and Trademark Office.

As of the date of this MD&A, Burcon's patents and patent applications cover over 50 distinct inventions. 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 273 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.

RESULTS OF OPERATIONS

As at September 30, 2019, Burcon has not yet generated any significant revenues from its technology. For the three and six months ended September 30, 2019, the Company recorded a loss of \$697,637 and \$2,029,617, respectively, (\$0.01 and \$0.03 per share), as compared to \$1,301,255 and \$2,377,238 (\$0.03 and \$0.05 per share) for the same periods last year. Included in the six-month loss amounts are the following non-cash items: stock-based compensation expense of \$57,175 (2018 - \$132,793), share of loss in Merit Foods of \$142,504 (2018 - \$nil), warrant valuation adjustment of \$85,420 (2018 - \$nil), change in fair value of convertible note derivative liability of \$5,384 (2018 - \$nil), amortization of property and equipment of \$19,215 (2018 - \$59,055), unrealized foreign exchange loss of \$153 (2018 - gain of \$951), interest expense of \$nil (2018 - \$137,781) and loss on disposal of equipment of \$747 (2018 - \$nil).

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)

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	Three months ended Sep. 30,		Six months ended Sep. 30	
	2019	2018	2019	2018
Salaries and benefits	129	284	379	571
Laboratory operation	21	50	78	138
Rent	10	22	29	44
Analyses and testing	-	12	11	34
Amortization of property and equipment	1	27	13	58
Travel and meals	-	2	6	6
	161	397	516	851

During the three and six months ended September 30, 2019, the Company recorded inventory that would be saleable to Merit Foods as samples to its potential customers. This contributed to a decrease of about \$91,000 and \$137,000 in the WTC's operating expenses as compared to the same periods of fiscal 2019. In addition, in July 2019 the Company determined it had met all the criteria of deferring development costs ("DDC") with respect to its pea and canola proteins and has capitalized about \$190,000 from R&D costs to deferred development costs. After taking into account the R&D expenditures that have been capitalized to inventory and DDC, salaries and benefits increased by about \$62,000 and \$57,000, respectively, for the three and six months ended September 30, 2019, due mainly to salary increases and offset by lower stock-based compensation expense. Equipment rental expenditures also decreased by about \$14,000 for the six months ended September 30, 2019, due to the testing of equipment in fiscal 2019. In addition, analyses and testing expenses also decreased by about \$12,000 for the six months ended September 30, 2019.

Intellectual property expenses
(in thousands of dollars)

	Three months ended Sep. 30,		Six months ended Sep. 30	
	2019	2018	2019	2018
Patent fees and expenses	188	307	548	509
Trademark	2	-	3	1
	190	307	551	510

As noted in the R&D section, the Company began deferring costs related to its pea and canola technology, including the related patent fees and expenses. During the current quarter, Burcon deferred about \$300,000 of patent fees and expenses for its pea and canola patent portfolio to deferred development costs.

Burcon's patent strategy is to seek protection for new technologies as well as further protecting current technologies. To conserve cash resources, the Company has been deferring maintenance fees and limiting prosecution activities, where possible. However, the maintenance fees are paid when ultimately due. After taking into account the capitalized patent fees and expenses, patent legal fees and expenses increased by \$181,000 and \$340,000, respectively, for the three and six months ended September 30, 2019. Of the increases, \$107,000 and \$224,000 were due to maintenance fees for the three and six-month periods. Higher activity also resulted in higher fees for the canola, pea and soy patent portfolios.

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From inception, Burcon has expended approximately \$19.1 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)

	Three months ended Sep. 30,		Six months ended Sep. 30	
	2019	2018	2019	2018
Salaries and benefits	217	217	444	469
Professional fees	57	21	124	41
Investor relations	43	29	64	49
Office supplies and services	40	43	81	85
Travel and meals	30	22	44	25
Other	21	21	41	40
Transfer agent and filing fees	14	6	18	26
Financing expense	-	150	89	150
	422	509	905	885

Salaries and benefits

Included in salaries and benefits for the three and six months ended September 30, 2019 is stock-based compensation expense of \$17,000 and \$33,000, respectively, (2018 –\$28,000 and \$61,000). The higher expense incurred in the first quarter of last year is due to options granted that had a higher valuation.

The balance of the increases is due mostly to the hiring of an administrative employee in the current quarter.

Professional fees

Professional fees increased by \$36,000 and \$83,000 for the three and six months ended September 30, 2019, respectively, over the same periods last year. The increase is attributable to higher legal fees of \$30,000 incurred in the second quarter for negotiations with potential strategic partners. The increase for the six-month period is also due to the write-off of about \$33,000 of engineering consulting costs incurred in prior years that have been determined not to be usable for the Flex Production Facility, as well as the reduction of the fiscal 2018 audit fees due to the suspension of U.S. reporting obligations, which was recorded in the first quarter of fiscal 2019.

Financing expense

As noted in the 2018 Rights Offering section, Burcon recorded \$85,000 in the first quarter of this year related to the revaluation of the Standby Warrants issued from the 2018 Rights Offering.

Burcon recorded a non-cash financing expense of \$145,000 in the second quarter of fiscal 2019 following the issuance of the Standby Warrants from the 2018 Rights Offering.

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LIQUIDITY AND FINANCIAL POSITION

Conditions do exist, as described in the condensed consolidated interim financial statements that cast significant doubt over the Company's ability to continue as a going concern. As at September 30, 2019, the Company had not earned significant revenues from its technology, had an accumulated deficit of \$95.8 million (March 31, 2019 - \$93.7 million). During the six months ended September 30, 2019, the Company incurred a loss of \$2.0 million (2018 - \$2.4 million) and had negative cash flow from operations of \$1.7 million (2018 - \$2.3 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. On June 25, 2019, the Company completed the 2019 Rights Offering for net proceeds of \$15.3 million. At September 30, 2019, the Company had cash and cash equivalents of \$1.8 million. Management estimates the cash resources to be sufficient to fund its operations to March 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 six months ended September 30, 2019, Burcon recorded royalty revenues of \$23,000 (2018 - \$14,000). As noted above, ADM confirmed in November 2016 that it had successfully commissioned the first full-scale CLARISOY® production facility. However, 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 six months ended September 30, 2019, was \$1,730,000, as compared to \$2,271,000 in the same period last year. The decrease in the net cash used in operations of \$541,000 is mainly attributed to changes in non-cash working capital items that contributed to \$368,000 of the decrease, higher interest and other income of \$185,000 and R&D expenses of \$234,000 that were capitalized to inventory and deferred development costs, offset by increases in intellectual property expenses of \$40,000, interest expense of \$117,000 and G&A expenses of \$109,000.

At September 30, 2019, Burcon had working capital of \$1.6 million (March 31, 2019 – negative working capital of \$3.5 million). As at September 30, 2019, Burcon was not committed to significant capital expenditures. Burcon may incur up to \$350,000 in additional capital expenditures if modifications or further upgrades are required to the Peazazz® semi-works production facility. Burcon is continuing to limit the prosecution of certain patent applications and defer the maintenance fees for certain non-core patent applications. This does not affect the strength of Burcon's patent portfolio. Burcon expects to expend up to \$950,000 in patent expenditures for the balance of this fiscal year.

FINANCIAL INSTRUMENTS

The Company's financial instruments are its cash and cash equivalents, amounts receivable, investment in Merit Foods, and accounts payable and accrued liabilities.

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.

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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, and the loan to Merit Foods that bears interest at a fixed interest rate. Burcon's cash and cash equivalents are held at two Canadian chartered banks to maximize interest and to diversify risk. For the three and six months ended September 30, 2019, the weighted average interest rate earned on the Company's cash and cash equivalents was 2.19% and 2.15% per annum, respectively, (2018 – 1.77% and 1.66% per annum). The impact of a 1% strengthening or weakening of interest rate on the Company's cash and cash equivalents at September 30, 2019 is estimated to be a \$18,000 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 September 30, 2019 is \$807,066, 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 approximates their carrying values due to the short-term maturities of these financial instruments.

The fair value of the investment in Merit Foods approximates the carrying value as at September 30, 2019 given the risk profile of Merit Foods has not changed substantially since the issue date of the loan to Merit Foods.

The carrying values and fair values of financial instruments, by class, are as follows as at September 30, 2019 and March 31, 2019:

(in thousands of dollars)

As at September 30, 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	-	1,798	-	1,798
Amounts receivable	-	398	-	398
Investment in Merit Functional Foods Corp.	-	7,858	-	7,858
Total	-	10,054	-	10,054

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Financial liabilities

Accounts payable and accrued liabilities	-	-	807	807
Total	-	-	807	807

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

Currency risk

The Company has not hedged its exposure to currency fluctuations. As at September 30, 2019 and March 31, 2019, the Company is exposed to currency risk through the following assets and liabilities denominated in U.S. dollars:

	September 30, 2019	March 31, 2019
U.S. Dollars (in thousands)		
Cash and cash equivalents	13	48
Amounts receivable	5	9
Accounts payable and accrued liabilities	(50)	(28)
Net exposure	(32)	29
Canadian dollar equivalent (in thousands)	(42)	39

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Based on the above net exposure at September 30, 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, 2019 - \$4,000) in the Company's loss from operations.

OUTSTANDING SHARE DATA

As at September 30, 2019 and 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 \$3.60 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			
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Revenue, foreign exchange gain, interest and other income	172	27	105	34
Loss for the period	(697)	(1,332)	(1,245)	(1,155)
Basic and diluted loss per share	(0.01)	(0.03)	(0.03)	(0.03)

	Three months ended			
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Revenue, foreign exchange gain, interest and other income	15	24	146	24
Loss for the period	(1,301)	(1,076)	(1,401)	(1,509)
Basic and diluted loss per share	(0.03)	(0.02)	(0.03)	(0.04)

Included in the first quarter of this year and the second and fourth quarter of fiscal 2018 is a gain of \$5,000, \$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 and second quarters of this year, and the first, second and third and fourth quarter of fiscal 2019, and the third and fourth quarter loss of fiscal 2018 are \$17,000, \$33,000, \$68,000, \$65,000, \$60,000, \$60,000, \$98,000 and \$130,000, respectively, of stock-based compensation expense.

Included in the second and fourth quarter of fiscal 2019 are foreign exchange losses of \$5,000 and \$6,000, respectively. Included in the first and third quarter of fiscal 2019, the third and fourth quarters of fiscal 2018, are foreign exchange gains of \$6,000, \$12,000, \$3,000 and \$14,000, respectively. Included in the first quarter of this year is a valuation adjustment of \$85,000 from the change in exercise price of the warrants issued under the 2018 Rights Offering. Included in the second quarter of fiscal 2019 is non-cash financing expense of \$145,000 related to the difference between the fair value of the standby

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warrants issued and the derivative liability pursuant to the 2018 Rights Offering. Included in the fourth quarter of fiscal 2018 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 related by virtue of common directors, for the following related party transactions:

Included in general and administrative expenses (office supplies and services and other expenses) for the three and six months ended September 30, 2019 is \$18,752 and \$37,503, respectively, (2018 - \$18,752 and \$37,503) for office space rental.

For the three and six months ended September 30, 2019, included in general and administrative expenses (management fees) is \$29 and \$488, respectively, (2018 - \$nil and \$120) for administrative services provided. At September 30, 2019, \$nil (March 31, 2019 - \$22) of this amount is included in accounts payable and accrued liabilities. For the three and six months ended September 30, 2019, included in interest and other income is \$3,931 and \$8,190, respectively, (2018 - \$2,830 and \$5,949) for legal and accounting services provided by the Company. At September 30, 2019, \$1,560 (March 31, 2019 - \$670) of this amount is included in amounts receivable.

Burcon has a services agreement (the "Services Agreement") with Merit Foods to provide technical, administrative and general management services, research and analytical services and sample production services based on rates set out in the Services Agreement. For the three and six months ended September 30, 2019, included in interest and other income is \$166,459 and \$167,419 (2018 - \$nil) for technical services provided and sample production by the Company to Merit Foods, of which \$117,901 was included in amounts receivable at September 30, 2019 (March 31, 2019 - \$nil).

Burcon had the Loan and Note with Large Scale, a company that is wholly owned by Firewood. For the three and six months ended September 30, 2019, included in interest expense is \$nil and \$56,502, respectively, (2018 - \$69,652 and \$137,781) related to the Note and \$nil and \$60,756, respectively, (2018 - \$nil) related to the Loan. Included in accrued interest as at September 30, 2019 is \$nil (March 31, 2019 - \$517,833) for the Note and \$nil (March 31, 2019 - \$46,418) for the Loan.

Upon completion of the 2019 Rights Offering, the exercise price for the share purchase warrants issued to Dr. Yap was adjusted from \$0.69 per share to \$0.45 per share. The Company recorded \$85,421 as a valuation adjustment during the first quarter of fiscal 2020.

CRITICAL ACCOUNTING ESTIMATES

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as issued by the International Accounting Standard Board (IASB) on a basis consistent with those accounting policies followed in the most recent annual consolidated financial statements, except as discussed below.

The preparation of condensed consolidated interim 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

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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 and goodwill.

NEWLY ADOPTED ACCOUNTING STANDARDS

Effective April 1, 2019, the Company has adopted *IFRS 16, - Leases*, which requires, among other things, leases to recognize leases traditionally recorded as operating leases in the same manner as a financing lease.

The Company applied IFRS 16 on a modified retrospective basis and it did not have a significant impact on the consolidated financial statements.

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 Nasdaq 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 will become effective ninety days from June 4, 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

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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 controls 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.

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.

There have been no significant changes in the DC&P and ICFR that occurred during the six months ended September 30, 2019 that could have materially affected, or are reasonably likely to materially affect, such controls.

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 273 patents in various countries covering a number of key processes and uses of Burcon's 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

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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 \$95.7 million from its date of incorporation through September 30, 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 September 30, 2019, Burcon had approximately \$1.8 million in cash and cash equivalents. Burcon believes that it has sufficient capital to fund the current level of operations through March 2020. Although Burcon has sufficient funds to operate until March 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

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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 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.