QUADRON CANNATECH CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS AT AND FOR THE NINE MONTHS ENDED JANUARY 31, 2019

Dated: March 26, 2019

MANAGEMENT'S RESPONSIBILTY FOR FINANCIAL REPORTING

This management's discussion and analysis ("MD&A") reports on the operating results and financial condition of Quadron Cannatech Corporation (the "Company" or "Quadron") for the nine months ended January 31, 2019. This MD&A should be read in conjunction with the Company's audited annual consolidated financial statements for the years ended April 30, 2018 and 2017 and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"), together with the unaudited condensed interim consolidated financial statements for the nine months ended January 31, 2019, which were prepared in accordance with IFRS and in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting (collectively referred to as the "Financial Statements"). Other information contained in these documents has also been prepared by management and is consistent with the data contained in the Financial Statements.

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

APPROVAL

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that this MD&A does not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading considering the circumstances under which it was made, with respect to the periods reported. The Financial Statements together with the other financial information included in this MD&A fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented in this MD&A. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing. The Board of Directors has approved the Financial Statements and MD&A, as well as ensured that management has discharged its financial responsibilities as at March 26, 2019.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These forward-looking statements include but are not limited to statements concerning:

- The Company's success at completing future financings
- The Company's strategies and objectives
- The Company's cost reductions and other financial operating objectives
- The availability of qualified employees for business operations
- General business and economic conditions
- The Company's ability to meet its financial obligations as they become due
- The Company's ability to identify, successfully negotiate and/or finance an acquisition of a new business opportunity
- The positive cash flows and financial viability of new business opportunities
- The Company's ability to manage growth with respect to a new business opportunity
- The Company's tax position, anticipated tax refunds and the tax rates applicable to the Company

Readers are cautioned that the preceding list of risks, uncertainties, assumptions and other factors are not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by these forward-looking statements. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, investors in securities of the Company should not place undue reliance on these forward-looking statements.

OVERVIEW AND OUTLOOK

Quadron was incorporated under the British Columbia Business Corporations Act on November 7, 2011 and became a reporting issuer in British Columbia and Alberta on July 25, 2012, and in Ontario on February 24, 2017. The Company is listed on the Canadian Securities Exchange ("CSE") under the trading symbol "QCC". The Company's head office is located at Suite 308 - 9080 University Crescent, Burnaby, BC, V5A 0B7, and its registered and records office is located at Suite 2200, 885 West Georgia Street, Vancouver, BC, V6C 3E8.

The Company operates through its three wholly owned subsidiaries, Soma Labs Scientific Inc. ("Soma Labs"), Greenmantle Products Limited ("Greenmantle"), and Cybernetic Control Systems Inc. ("Cybernetic"). Through its subsidiaries, Quadron provides a variety of products and services structured to address the complex needs and requirements of cannabis industry participants. Quadron continues to develop its line of automated extraction and processing solutions to provide fully integrated extraction and processing facilities, by way of services agreements and sales, which includes equipment, ancillary products and services (via Soma Labs). In addition, the Company distributes ancillary products, such as customized dispensing devices along with a variety of packaging options to authorized cannabis industry participants (via Greenmantle). Cybernetic specializes in providing equipment automation services, control solutions and process manufacturing expertise to a variety of industry sectors.

Cannabis extractions and ancillary devices

Edible cannabis, concentrates and topicals are the fastest growing sector of the legal cannabis industry. As cannabis extracts provide the base ingredient for all cannabis-derivative products, it is not surprising that the market is moving toward extracts.

As the industry matures there is a need for industrial-scale innovation and efficient extraction and processing equipment. Quadron focusses on providing a value-added service to growers and processors of varying sizes through the establishment of turn-key extraction and processing solutions for the cannabis industry, which include proprietary industrial grade equipment, custom-built processing facilities, ancillary products (such as vape-pens) and scientific services.

Cannabis oils and concentrates have been strictly regulated by Health Canada under the medical access regulations since 2013. However, notwithstanding the strict regulation of these products, Health Canada reports that demand for legal cannabis oils are already outpacing demand for dried cannabis product: sales of cannabis oils surpassed sales of dried cannabis by 120% (source: https://www.canada.ca/en/health-canada/programs/consultation-strict-regulation-edible-cannabis-extracts-topicals.html)

This is in-line with industry predictions: Mackie Research estimates that cannabis oil consumption in Canada alone will rise - from 284 litres in 2015, to 562,613 litres by 2020 - which equates to roughly a C$2.8 billion market segment. The trend toward concentrates is also supported by data from legalized US-states indicating how fast the oils market is growing.

On December 20, 2018 Health Canada opened a public consultation on the regulation of edible cannabis, extracts and topicals, which will be permitted for legal sale under the *Cannabis Act* no later than October 17, 2019.

With the legalization of oils, edible products and topicals, licensed producers and new applicants are focusing their attention to extraction processes. Efficient extraction equipment, techniques, procedures and formulation are key to developing new cannabis products.

PROPOSED TRANSACTION

Genetic Properties Inc.

On October 24, 2018, the Company entered into a binding letter of intent with Genetic Properties Inc. ("GPI") and its shareholders, pursuant to which the Company will acquire up to a one-third equity interest in GPI (the "LOI"). GPI, a private company based in Toronto, Ontario, is applying for a non-cultivation processing license with Health Canada under the *Cannabis Act* (the "License"). GPI currently owns a free-standing 25,000 square foot state of the art facility, previously used for pharmaceuticals manufacturing.

As part of the build out of the facility, GPI will acquire from Quadron, all equipment required for the deployment of an extraction and processing facility within the GPI building, capable of handling up to one hundred thousand kilograms of cannabis per year.

Once GPI is in receipt of the License, its activities will focus on the commercial production and supply of cannabis derived products such as gel caps, tinctures, oils, vapour oils, edibles, and other permitted consumables as they become legal. GPI intends to enter into a number of extraction and processing supply contracts on a strategic relationship basis.

World Class Extractions Inc.

On March 21, 2019, the Company entered into a binding letter of intent (the "LOI") to proceed with a business combination by way of a statutory plan of arrangement under the Business Corporations Act (British Columbia) with World Class Extractions Inc. ("World Class") (CSE: PUMP). Pursuant to the LOI, World Class has agreed to acquire, either directly or through a wholly-owned subsidiary, all of the issued and outstanding common shares of the Company ("the Arrangement").

Under the terms of the LOI, on completion of the Arrangement, the shareholders of the Company will receive two common shares of World Class (a "World Class Share") for each common shares of the Company held. On closing of the Arrangement, it is expected that the current shareholders of the Company will receive approximately 143,300,894 World Class Shares. Concurrently with the closing of the Arrangement, the holders of options and warrants in the capital of the Company will receive a proportionate number of options and warrants of World Class.

Subsequent to the period ended January 31, 2019, the Company received $500,000 from World Class, bearing interest rate at 4.5% per annum. The loan is due on or before September 26, 2019. The loan is subject to the terms of a letter agreement (the "Letter Agreement") between the Company and World Class dated March 20, 2019. If the Transaction (as defined in the Letter Agreement) does not close, any amounts owing shall be due and payable within 180 days of demand by World Class.

SELECTED ANNUAL FINANCIAL INFORMATION[1]

	For the year ended April 30, 2018	For the year ended April 30, 2017	For the year ended April 30, 2016
Loss and comprehensive loss:			
(i) total for the year	($3,146,832)	($1,987,088)	($1,544,618)
(ii) per share	($0.06)	($0.05)	($0.09)
Total assets	$7,314,255	$2,756,659	$2,193,381
Working capital	$5,968,566	$2,043,408	$583,716
Total revenues	$1,683,832	$1,789,188	$166,823
Total long-term financial liabilities	$ Nil	$ Nil	$ Nil

[1] *Financial information prepared in accordance with International Financial Reporting Standards ("IFRS")*

During the year ended April 30, 2017, the Company completed the acquisition of Cybernetic. Following the acquisition, the Company impaired the goodwill acquired with Cybernetic in a non-cash charge of $1,344,713. The Company generated revenues of $1,789,188 in the year ended April 30, 2017. Additionally, the completion of a private placement for $1,742,900 in gross proceeds improved the Company's working capital.

During the year ended April 30, 2018, the Company pursued its core business lines. Financial results for the year reflect a full operational year of Cybernetic. The Company completed two private placements which generated net proceeds of $6,017,243 and received additional proceeds of $1,068,243 for exercised options and warrants.

SUMMARY OF QUARTERLY RESULTS[1]

	3rd Quarter Ended January 31, 2019	2nd Quarter Ended October 31, 2018	1st Quarter Ended July 31, 2018	4th Quarter Ended April 30, 2018
Total revenues	$1,891,447	$465,959	$968,783	$253,429
Loss and comprehensive loss	($2,214,828)	($972,099)	($1,137,597)	($1,534,175)
Loss per share (basic and fully diluted)	($0.03)	($0.01)	($0.02)	($0.02)
Total assets	$3,877,650	$5,778,597	$6,501,881	$7,314,255
	3rd Quarter Ended January 31, 2018	**2nd Quarter Ended October 31, 2017**	**1st Quarter Ended July 31, 2017**	**4th Quarter Ended April 30, 2017**
Total revenues	$478,443	$435,749	$516,211	$150,128
Loss and comprehensive loss	($828,235)	($367,602)	($416,820)	($1,810,201)
Loss per share (basic and fully diluted)	($0.01)	($0.01)	($0.00)	($0.04)
Total assets	$8,237,877	$3,792,202	$2,393,740	$2,756,659

[1] *Financial information prepared in accordance with IFRS*

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED JANUARY 31, 2019

The following is an analysis of the Company's operating results for the nine months ended January 31, 2019 and includes a comparison against the nine months ended January 31, 2018.

Net and comprehensive loss for the nine months ended January 31, 2019 amounted to $4,324,524 or $0.06 per share (2018 –$1,612,657 or $0.03 per share). As per below, the Company's operating activity between the two periods has increased during the nine months ended January 31, 2019. The increase in activity relates to the acquisition of Cybernetic, development and sales of its extraction systems.

Sales revenue for the nine months ended January 31, 2019 was $3,326,189 (2018 – $1,430,403). Revenue during the period was generated by the Company's three wholly owned subsidiaries, Cybernetic, Greenmantle and Soma Labs. The increase in sales revenue is primarily due to an increase in sales by all three subsidiaries.

Cost of sales for the nine months ended January 31, 2019 was $2,041,033 (2018 – $958,043). These costs are reflective of the cost of parts and labor to build equipment, the cost of inventory involved in offering ancillary products as part of service agreements and labor and materials in providing equipment automation work. The increase in cost of sales is directly related to the increase in sales revenues.

Gross margin for the nine months ended January 31, 2019 was $1,285,156 or 39% of sales (2018 – $472,360 or 33% of sales). Gross margins fluctuate dependent upon product mix. Gross margins initially decreased during the first two quarters in 2019, as during fiscal 2019 new staffing and the associated learning curve of the business lead to a reduction in gross margin after new business acquisitions. However, a significant enhancement in the inventory and operational controls resulted in the higher gross margins overall for the nine months ended . The Company showed positive gross margins in all divisions.

Accounting and legal expenses for the nine months ended January 31, 2019 were $130,801 (2018 – $83,793). The increase is due to an increase in overall accounting and legal fees during the period for the compliance and reporting and due diligence on proposed acquisitions.

Bad debts expense for the nine months ended January 31, 2019 was $86,063 (2018 - $Nil) to recognize an allowance against balances greater than 365 days in accordance with the Company's provision matrix. The Company is actively pursuing the collection of these accounts and has a low history of collection defaults.

Consulting fees for the nine months ended January 31, 2019 were $177,899 (2018 – $172,750). The fees are related to management's efforts to source additional business opportunities to enhance and supplement the amalgamated entities' current business model.

Depreciation expense for the nine months ended January 31, 2019 was $126,857 (2018 – $59,493). Depreciation is the amortization of the cost of the extraction equipment, its related components and computer equipment.

Development and research expense for the nine months ended January 31, 2019 was $2,038,719 (2018 – $59,505). The increase is due to increased staffing and material costs, as the Company works to develop, commercialize and enhance its product lines.

General and administrative expenses for the nine months ended January 31, 2019 were $503,103 (2018 – $366,782). The current period increase is primarily related to the Company investing in staffing and infrastructure to expand its ability to continue developing its current products, service sales and operations.

Management fees for the nine months ended January 31, 2019 were $97,555 (2018 – $78,000). These expenses include fees paid to an external company for accounting services, corporate secretarial services and administrative maintenance of the Company's books and records. Management fees also includes amounts paid to the current CFO.

Marketing and research expenses for the nine months ended January 31, 2019 were $210,993 (2018 – $323,988). These expenses include costs involved in the marketing of the Company's products and services to potential customers.

Remuneration and benefits expenses for the nine months ended January 31, 2019 were $1,066,757 (2018 – $586,888). These expenses are for wages paid to employees of Soma Labs and Cybernetic who are responsible for product development, customer service, inventory control, laboratory maintenance and sales management.

Rent expense for the nine months ended January 31, 2019 was $325,576 (2018 - $109,584). The increase is due to the leasing of new facilities to support corporate offices, operations, sales and development.

Share-based payments expense for the nine months ended January 31, 2019 was $660,184 (2018 – $153,739) for stock options that vested during the period.

RISKS AND UNCERTAINTIES

Lack of Dividend Policy

The Company does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends from the Company will remain subject to the discretion of the Company's Board of Directors and will depend on results of operations, cash requirements and future prospects of the Company and other factors.

Possible Dilution to Present and Prospective Shareholders

The Company's plan of operation, in part, contemplates the accomplishment of business negotiations by the issuance of cash, securities of the Company, or a combination of the two, and possibly, incurring debt. Any transaction involving the issuance of previously authorized but unissued common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

Dependence of Key Personnel

The Company strongly depends on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term. As the Company's operations expand, additional general management resources will be required. These personnel will be central to the Company's ability to locate and develop business opportunities.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The British Columbia Business Corporations Act ("BCBCA") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Litigation

The Company and/or its directors may become subject to a variety of civil or other legal proceedings, with or without merit.

LIQUIDITY AND CAPITAL RESOURCES

The Company defines capital that it manages as cash and equity (consisting of issued common shares). The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, to fund existing operations and to search for new business opportunities in order to provide returns to its shareholders. The Company does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the business. The Company manages and adjusts its capital structure as a result of changes in economic conditions.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital requirements or debt covenants. There was no change to the Company's approach to capital management during the nine months ended January 31, 2019.

As at January 31, 2019, the Company had working capital of $3,181,957 (April 30, 2018 – $5,968,566) including cash and cash equivalents that totaled $923,134 (April 30, 2018 - $4,336,172). As at January 31, 2019, the Company had three sources of revenue; the first being the provision of research and laboratory services to the biotech and bioceutical industries, the second source being the sale of ancillary products and equipment to cannabis industry participants, and the third being the provision of automation controls and services through Cybernetic; these revenue streams will further reduce the Company's liquidity risk. The future success of the Company is dependent on the growth of the existing businesses of its subsidiaries. The Company may incur further losses as it grows its existing business and as it pursues other complementary business opportunities. The closing of previous financings positions the Company to continue the planned expansion of its activities and to continue to pursue other complementary business opportunities. However, the Company may require additional financing to accomplish its long term strategic objectives. There can be no certainty of the Company's ability to raise additional financing if needed. If the Company is unable to finance itself, and its revenue streams are insufficient to maintain operations, it is possible that the Company will be unable to continue as a going concern.

The Company's financial statements have been prepared in accordance with IFRS under the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than a process of forced liquidation. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

A summary of the Company's cash flows during the nine months ended January 31, 2019 and 2018 is as follows:

		2019		2018
Cash flows used in operating activities	**$**	**(4,044,763)**	$	(1,947,376)
Cash flows provided by (used in) investing activities		**377,700**		(597,470)
Cash flows provided by financing activities		**254,025**		6,861,356
Change in cash for the period		**(3,413,038)**		4,316,510
Cash, beginning of the period		**4,336,172**		1,394,397
Cash, end of the period	**$**	**923,134**	$	5,710,907

Cash flows used in operating activities were $4,044,763 for the nine months ended January 31, 2019 compared to $1,947,376 during the nine months ended January 31, 2018. The increased use of cash is primarily attributable to marketing to attract new customers, research and development of potential new product lines, purchasing of inventory and increase in staffing all related to an expected further expansion of the Company's revenue.

Cash flows provided by investing activities were $377,700 for the nine months ended January 31, 2019 compared to cash used in investing activities of $597,470 for the nine months ended January 31, 2018. Cash outflows were the result of the purchase of new equipment. Cash inflows were the result of the sale of assets.

Cash flows provided by financing activities were $254,025 for the nine months ended January 31, 2019 compared to $6,861,356 for the nine months ended January 31, 2018. Cash inflows were provided by the issuance of common shares.

SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE

a) Authorized

Unlimited common shares without par value

Unlimited Series A and Series B preferred shares without par value

Unlimited Series A preferred shares without par value – Nil outstanding

Unlimited Series B preferred shares without par value – Nil issued and outstanding at January 31, 2019 (April 30, 2018 - Nil). During the year ended April 30, 2018, 2,050,000 Series B preferred shares became convertible into common shares of the Company on a one-for-one basis. This is presented as an obligation to issue shares of $53,625 as at April 30, 2018, and 2,050,000 common shares were issued on August 14, 2018. The balance of the preferred shares was cancelled without further consideration.

b) Private placements

As at the date of this MD&A, the Company had 71,650,447 (January 31, 2019 – 71,650,447) issued and outstanding common shares.

On January 18, 2018, the Company completed a private placement for aggregate gross proceeds of $5,000,000. The placement consisted of 7,142,858 units of the Company at a price of $0.70 per unit. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable at a price of $0.83 until January 18, 2020, subject to accelerated expiry in the event that the Company's common shares close at a price of $1.50 or higher for ten consecutive trading days. The Company issued 428,571 brokers' warrants valued at $131,765 and paid finder's fees of $364,497. Each broker warrant is exercisable into one Unit at $0.70 until January 18, 2019.

On October 31, 2017, the Company completed a non-brokered private placement for aggregate gross proceeds of $1,451,600. The placement consisted of 7,258,000 units of the Company at a price of $0.20 per unit. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant is exercisable at a price of $0.30 until October 31, 2020, subject to accelerated expiry in the event that the Company's common shares close at a price of $0.50 or higher for ten consecutive trading days. The Company issued 349,300 brokers' warrants valued at $28,275 and paid finder's fees of $69,860. Each broker warrant is exercisable at $0.20 per share until October 31, 2018.

	Number of Shares	Amount
Balance, April 30, 2018	**68,330,323**	**$12,628,334**
Exercise of warrants and broker warrants	1,270,124	255,937
Share Issuance – conversion of Series B preferred shares	2,050,000	53,625
Balance, as at January 31, 2019 and the date of this MD&A	**71,650,447**	**$12,937,896**

c) Stock options

The Company has adopted a Stock Option Plan under which the Board of Directors may, from time to time, in its discretion, and in accordance with regulatory policies, grant to directors, officers, employees and consultants of the Company, options to purchase Company shares, provided that the number of Company Shares reserved for issuance, together with those to be issued pursuant to options previously granted, does not exceed 10% of the issued and outstanding Company shares at the time of the grant. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis, or 2% if the optionee is a consultant. All Options granted to a Participant under the Plan will become vested on the Grant Date, or at such other time as may be established by the Board of Directors at the time of the grant in compliance with requirements of the Exchange. The Expiry Date for each Option shall be set by the Board of Directors at the time of issue of the Option and shall not be more than ten years after the Grant Date.

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, April 30, 2017	**3,750,000**	**$0.16**
Granted	3,305,000	0.40
Exercised	(1,525,000)	0.11
Balance, April 30, 2018	**5,530,000**	**$0.32**
Granted	875,000	0.25
Cancelled	(942,500)	0.37
Balance, January 31, 2019	**5,462,500**	**$0.38**
Granted	1,490,000	0.20
Cancelled	(250,000)	0.20
Balance as at the date of this MD&A	**6,702,500**	

A summary of the Company's stock options as at January 31, 2019 are as follows:

Grant Date	Number of Options outstanding	Number of Options exercisable	Weighted Average Exercise Price	Expiry date	Weighted Average Remaining contractual life (years)
February 1, 2017	350,000	350,000	$0.20	February 1, 2022	3.01
February 21, 2017	1,750,000	1,750,000	0.20	February 21, 2022	3.06
March 9, 2018	2,487,500	885,000	0.40	March 9, 2023	4.10
October 15, 2018	875,000	218,750	0.25	October 15, 2023	4.71
Total	**5,462,500**	**3,203,750**	**$0.38**		**3.80**

d) Warrants

A summary of the Company's warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, April 30, 2017	**9,846,000**	**$0.20**
Issued	10,771,858	0.65
Exercised	(4,222,250)	0.20
Balance, April 30, 2018	**16,395,608**	**$0.50**
Exercised	(517,500)	0.20
Expired	(5,158,750)	0.20
Balance, January 31, 2019 and the date of this MD&A	**10,719,358**	**$0.65**

A summary of warrants outstanding are as follows:

Issue Date	Number of Warrants outstanding	Exercise price	Expiry date
October 31, 2017	3,576,500	$0.30	October 31, 2020
January 18, 2018	7,142,858	$0.83	January 18, 2020
	10,719,358		

e) Broker Warrants

A summary of the Company's broker warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, April 30, 2017	**183,750**	**$0.20**
Issued	777,871	0.48
Exercised	(267,715)	0.20
Expired	(10,500)	0.20
Balance, April 30, 2018	**683,406**	**$0.51**
Exercised	(23,624)	0.20
Expired	(659,782)	0.07
Balance, January 31, 2019 and the date of this MD&A	**-**	**-**

RELATED PARTY TRANSACTIONS

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Summary of expenses incurred:

Type of Service	Nature of Relationship	January 31, 2019	January 31, 2018
Accounting fees	Zara Kanji & Associates, a company with which the CFO is associated	**$ 11,748**	$ -
Consulting fees	Chamberland & Associates, a company with which the President is associated.	**111,000**	-
Legal fees	Cassels Brock & Blackwell LLP, a law firm of which a former director of the Company is a partner	**76,363**	37,203
Management fees	Emprise Capital Corp., a company with former director in common with the Company and Zara Kanji & Associates, a company with which the CFO is associated	**75,500**	78,000
Remuneration and benefits	CEO, Tamas Jozsa, a director, and Kieran Forristal, former VP of Finance	**228,750**	135,000
Share-based payments	To current and former officers and directors of the Company	**354,211**	110,043
Total		**$ 857,572**	$ 360,246

Summary of amounts payable to related parties:

Type of Service	Nature of Relationship	January 31, 2019	April 30, 2018
Consulting fees	Former VP of Finance	**$ 11,500**	$ 45
Legal fees	Cassels Brock & Blackwell LLP, a law firm of which a former director of the Company is a partner	**9,111**	20,254
Management fees	Emprise Capital Corp., a company with former director in common with the Company and Zara Kanji & Associates, a company with which the CFO is associated	**9,450**	525
Operating fees	Chamberland & Associates, a company with which the President of a significant	**26,653**	16,097
Administrative expenses	CEO and Kieran Forristal, former VP of Finance	**1,643**	-
Accounting fees	Zara Kanji & Associates, a company with which the CFO is associated	**5,000**	-
Due to related parties		**$ 63,357**	$ 36,921

Included in accounts receivable as at January 31, 2019 is $Nil (April 30, 2018 - $201,879) due from a private company owned by Leo Chamberland, related to transactions incurred prior to his appointment as President of the Company, in March 2018.

Unless otherwise specified, amounts payable to related parties referred to above are non-interest bearing, unsecured, receivable or payable on demand, and have arisen from the provision of services as described above.

FINANCIAL INSTRUMENTS

a) Fair value risk

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, loan receivable, GST recoverable, accounts payable and accrued liabilities and amounts payable to related parties.

The Company's financial instruments with the exception of cash and cash equivalents approximate their fair value due to their short-term maturities. The Company's other financial instrument, cash and cash equivalents under the fair value hierarchy is based on Level 1 quoted prices in active markets for identical assets or liabilities.

b) Market risk

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and price risk and are disclosed as follows:

(i) Currency risk

Currency risk is the risk of change in profit or loss that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company has only a nominal amount of assets or liabilities denominated in foreign currencies and engaged in very few transactions denominated in a foreign currency; therefore, its exposure to foreign exchange risk is limited.

(ii) Interest rate risk

The Company is not exposed to interest rate risk because it does not have any assets or liabilities that are affected by changes in interest rates except for cash and cash equivalents which poses an insignificant risk exposure to changes in interest rates.

(iii) Price risk

The Company has limited exposure to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

c) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

All the Company's cash and cash equivalents are held through a Canadian chartered bank and accordingly, the Company's exposure to credit risk is considered to be limited. The Company's GST recoverable are refunds due from the Government of Canada and the exposure to credit risk on these amounts are considered to be limited.

The Company's current accounts receivable consists of amounts due from various customers (amounts considered fully collectible); however, the maximum exposure to credit risk is equal to the carrying value of accounts receivable. The business models of the Company's respective segments require analysis of credit risk specific to each business line. The Company's historic rate of bad debts is low. Sales in the premium disposable vaporizer pens and related materials and sale and rental of extraction and processing equipment and provision of research and laboratory services are made to targeted clients on a contractual basis thereby reducing collection risk. Sale of automation control solution equipment is made to a more diversified group and could increase collection risk marginally. The Company's experience has been that some larger contracts require the ability to make installment payments to adapt to the cash-based nature of the industry and challenges with banking systems. These contracts continue to pay down trade receivables and do not negatively impact the collectability of the Company's aged receivables. While there is no financing component to these contracts, the Company will review the incorporation of such terms in the future to enhance its financial performance in the industry's context.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables are assessed primarily on days past due combined with the Company's knowledge of past bad debts. At 365 days, the Company applies a 100% allowance against receivables for which no current allowance is currently required. As at January 31, 2019, the Company has recognized an allowance for doubtful accounts and corresponding bad debts expense of $86,063.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At January 31, 2019, the Company has a cash and cash equivalents balance of $923,134 to settle current liabilities of $516,782. The Company manages its liquidity risk by attempting to maintain sufficient cash and cash equivalents balances to enable settlement of transactions on the due date. Accounts payable and accrued liabilities and amounts payable to related parties are all current. As the Company has limited sources of revenue, it may require additional financing to accomplish its long term strategic objectives.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and they include:

(i) Income taxes

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods. Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

(ii) Stock options and warrants

Determining the fair value of warrants and stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of shareholders' equity.

(iii) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of inventory includes cost of purchase (purchase price, import duties, transport, handling, and other costs directly attributable to the acquisition of inventories), and other costs incurred in bringing the inventories to their present location and condition. Net realizable value for inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions are made in profit or loss in the period for any difference between book value and net realizable value.

(iv) Equipment

The estimated useful lives of assets are reviewed by management and adjusted if necessary. To estimate equipment's useful life, management must use its experience with the same or similar assets, review engineering estimates and industry practices for similar pieces of equipment and apply statistical methods to assist in its determination of useful life.

(v) Determination of fair value of Quadron preferred shares

The valuation of the Company's preferred shares required management to make certain estimates regarding the probability of Cybernetic achieving revenue milestones.

CHANGES IN ACCOUNTING POLICIES

Except for the adoption of IFRS 9 and IFRS 15, the accounting policies applied in the condensed interim consolidated financial statements for the nine months ended January 31, 2019 are the same as those applied in the most recent audited annual consolidated financial statements as at and for the year ended April 30, 2018 and reflect all the adjustments necessary for fair presentation in accordance with IAS 34.

New standards and interpretations adopted

IFRS 9 *Financial Instruments*

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39").

The Company has adopted IFRS 9 retrospectively as of May 1, 2018. Changes in accounting policies resulting from the adoption of IFRS 9 do not have a material impact on the Company's consolidated financial statements.

Classification and measurement of financial assets and financial liabilities

IFRS 9 replaces the guidance in IAS 39, on the classification and measurement of financial assets. IFRS 9 eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivable.

Financial assets will be classified into one of two categories on initial recognition:

- Financial assets measured at amortized cost; or
- Financial assets measured at fair value.

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition. For financial assets measured at amortized cost, these assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

The Company's financial assets previously carried as loans and receivables are now classified as amortized cost without material impact to carrying values.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an expected credit loss ("ECL") model. Using the simplified approach for trade receivables, the Company will measure loss allowances for trade and other receivables at an amount equal to lifetime ECLs. ECLs are a probability-weighted estimate of credit losses.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses on trade and other receivables are presented as bad debts expense in the statement of loss and comprehensive loss, similar to the presentation under IAS 39.

The Company has determined that the application of IFRS 9's impairment requirements as at May 1, 2018 does not result in any additional impairment allowances.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued with the intent of significantly enhancing consistency and comparability of revenue recognition practices across entities and industries. IFRS 15 replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretation. The new standard establishes a single, principles-based five-step model to be applied to all contracts with customers and introduces new and enhanced disclosure requirements.

The Company has adopted the modified retrospective approach which allows the cumulative impact of the adoption to be recognized in retained earnings as of May 1, 2018 and that the comparative figures will not be restated. Changes in accounting policies resulting from the adoption of IFRS 15 do not have a material impact on the Company's consolidated financial statements.

Revenue recognition

The Company's revenue is comprised of sales of its respective service and products lines as detailed in segmented information. Revenues are recognized when the Company satisfies its performance obligation by transferring control of its product to a customer. Control is considered to be transferred at the time the customer receives the product or the service is fulfilled delivered. All transaction prices are determined through negotiations with customers based on market rates.

RECENT ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company.

- IFRS 16: A new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lease accounting model. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 and is anticipated to be adopted without material impact to the consolidated financial statements.

DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his/her interest and abstain from voting in the matter(s). In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

On October 15, 2018, Robert Chisholm resigned as the CFO of the Company, and Zara Kanji was appointed as the CFO of the Company.

On December 11, 2018, Scott Ackerman resigned as a director of the Company, and Chand Jagpal was appointed as a director of the Company.

On January 31, 2019, Doug McFaul and Jeff W. Durno resigned as directors of the Company.

On February 12, 2019, the Company appointed Larry Anderson and David Beck as directors of the Company.

Current Directors and Officers of the Company are as follows:
Leo Chamberland, President
Rosy Mondin, CEO and Director
Zara Kanji, CFO
Chand Jagpal, Director
Larry Anderson, Director
David Beck, Director

OFF-BALANCE SHEET ARRANGEMENTS

The Company currently has no off-balance sheet arrangements.

ADDITIONAL INFORMATION

Additional information relating to the Company is available at www.sedar.com.