Q3 2019

Management Discussion & Analysis

For the three and nine months ended January 31, 2019
BLOCKStrain Technology Corp. (formerly “Scorpion Resources, Inc.”)

The discussion and analysis of the financial condition and results of operations of the Corporation is prepared as at March 25, 2019 and should be read in conjunction with the unaudited condensed consolidated interim financial statements of BLOCKStrain Technology Corp., and the notes thereto, for the three and nine months ended January 31, 2019, and with the audited consolidated financial statements of BLOCKStrain Technology Group Inc. and the notes thereto, for the year ended April 30, 2018.

All financial information is presented in Canadian dollars, except where otherwise indicated.

MANAGEMENT DISCUSSION AND ANALYSIS

The following management discussion and analysis (MD&A) of the financial condition and results of operations is intended to help the reader understand the current and prospective financial position and operating results of BLOCKStrain Technology Corp. (the "Corporation" or "BLOCKStrain"). The MD&A discusses the operating and financial results for the three and nine months ended January 31, 2019, is dated March 25, 2019, and takes into consideration information available up to that date.

The MD&A is based on the unaudited condensed consolidated interim financial statements of BLOCKStrain for the three and nine months ended January 31, 2019. The MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes for the three and nine months ended January 31, 2019, and the annual consolidated financial statements and related notes of BLOCKStrain Technology Group Inc. ("PrivCo") for the year ended April 30, 2018, prepared in accordance with International Financial Reporting Standards (IFRS). The PrivCo's audited consolidated financial statements have been prepared on the "going concern" basis, which presumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Additional information is available on BLOCKStrain's website (blockstrain.io) and all previous public filings, including the most recent filed Annual Information Form and Information Circular, are available through SEDAR (www.sedar.com). All amounts are denominated in Canadian dollars (CDN$) unless otherwise identified.

FORWARD-LOOKING STATEMENTS

The MD&A contains certain forward-looking statements relating to the Corporation's plans, strategies, objectives, expectations and intentions. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "confident", "might" and similar expressions are intended to identify forward-looking information or statements. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this MD&A. The forward-looking information and statements included in this MD&A are not guarantees of future performance and should not be unduly relied upon. Forward-looking statements are based on current expectations, estimates, and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated and described in the forward-looking statements. Such information and 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 information or statements. In particular, but without limiting the foregoing, this MD&A may contain forward-looking information and statements pertaining to the fluctuations in the demand for the Corporation's services; the ability for the Corporation to attract and retain qualified personnel; the existence of competitors; technological changes and developments; assumptions regarding foreign currency exchange rates and interest rates; the existence of regulatory and legislative uncertainties; the possibility of changes in tax laws and general economic conditions including the capital and credit markets; assumptions made about future performance and operations. The Corporation cautions that the foregoing list of assumptions, risks, and uncertainties is not exhaustive. The forward-looking information and statements contained in this MD&A speak only as of the date of this MD&A and the Corporation assumes no obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.

NON-GAAP MEASURES AND ADDITIONAL GAAP MEASURES

Throughout this document, reference is made to "gross margin", "working capital", and "adjusted EBITDA", which are all non-IFRS measures. Management believes that gross margin, defined as revenue less operating expenses, is a useful supplemental measure of operations. Management believes that working capital, defined as current assets less current liabilities, is an indicator of the Corporation's liquidity and its ability to meet its current obligations. Management believes that Adjusted EBITDA, which normalize earnings to exclude certain amounts (stock-based compensation and listing expenses), is a useful measure for comparing results from one period to another. Readers are cautioned that these non-

IFRS measures may not be comparable to similar measures used by other companies. Readers are also cautioned not to view these non-IFRS financial measures as an alternative to financial measures calculated in accordance with International Financial Reporting Standards ("IFRS").

MARKET PROFILE AND INFORMATION

BLOCKStrain Technology Corp. headquartered in Vancouver, BC, Canada, is a full-service software company that has developed the first integrated blockchain platform that registers and tracks cannabis intellectual property ("IP") from genome to sale. It is proprietary, immutable and cryptographically secure, thereby establishing in a single-source, accurate, validated and permanent accounts for cannabis strains from ownership to market.

With widening legalization of cannabis in Canada and around the world, new challenges and opportunities emerge in order to provide a safe and legal inventory for products that, until recently, were largely available only on the black market. As these products are grown, processed and brought to the shelves, Canada and the global jurisdictions will heavily regulate cannabis and apply new standards and requirements in terms of product testing, quality assurance, tracking and safety.

BLOCKStrain specifically addresses the cannabis industry's unique challenges, including:

- **Mandatory Testing:** BLOCKStrain's platform and lab-testing partners provide an efficient and streamlined process for mandatory testing, including cutting the administrative burdens associated with microbial, chemistry and pesticide testing in order to help, get products safely to market faster;
- **DNA Based Product Validation and Actionable Quality Assurance:** The underlying blockchain technology creates a genetic registry and corresponding genetic fingerprint for electronic product identification, validation, and quality assurance to enable any participant on the platform, including regulators, producers, participants on the entire supply chain (if desired or required) and consumers, to view and track the product from Genome to Sale™; and
- **Intellectual Property:** Third, the BLOCKStrain platform protects the intellectual property of growers and breeders. This is important for the industry's growth as products evolve and develop. For example, if a craft grower creates a popular strain with unique characteristics, the platform will enable intellectual property protection through simple registration of the strain's genome with BLOCKStrain and locking that data into an immutable decentralized ledger. The resulting permanent record will be readily accessible in the event of future disputes, bringing a level of trust to the industry and ensuring associated fees are paid to all applicable parties in the market.

BLOCKStrain's leadership team combines decades of extensive experience across multiple industries, with specific expertise across corporate management, business development, advertising, information technology, including custom enterprise-based software, legal and finance. The team's extensive combined experience, specific expertise in the blockchain sector and its development of the most comprehensive, secure and community-driven cannabis genetics archival platform positions BLOCKStrain for growing opportunities in the multibillion dollar cannabis market and at the forefront to provide the growing needs of the industry.

CORPORATE PROFILE

Organization

BLOCKStrain Technology Corp. (formerly “Scorpion Resources Inc.”) (the “Corporation” or “BLOCKStrain”) was incorporated under the British Columbia Business Corporations Act on October 19, 2011. The head office and the records and registered office is located at 1820 - 1055 West Hastings Street, Vancouver, B.C., V6E 2E9.

The Corporation acquired all of the issued and outstanding shares of BLOCKStrain Technology Group Inc. (“PrivCo”) (the “Transaction”) (Note 5), a private company incorporated on November 22, 2017, under the laws of British Columbia. The Transaction constituted a reverse takeover of the Corporation by the PrivCo. PrivCo has developed an integrated blockchain platform that registers and tracks intellectual property for the cannabis industry.

Pursuant to the terms of the Share Exchange Agreement, Scorpion issued one common share in the capital of Scorpion to former shareholders of the Corporation in exchange for each outstanding common share in the capital of the Corporation.

Further details of this transaction are described in note 5 of the unaudited condensed consolidated interim financial statements and related notes for the three and nine months ended January 31, 2019 and the Reverse Takeover section of this MD&A.

Operations

BLOCKStrain has developed the first integrated blockchain platform that registers and tracks intellectual property and mandatory testing for the cannabis industry, which is dedicated to making it safe and conformable for breeders and growers, large and small, to protect and release their genetics, strain varieties, and validated testing results into the public domain. BLOCKStrain verification technology tracks the product at every testing point, from Genome to Sale™, so customers can make much more informed decisions about the products they choose, and suppliers can implement actionable quality assurance. The BLOCKStrain registry and verification system gives producers, regulators, and customers everything they need to know, helping support safe and informed choices about all of the cannabis products placed into the supply chain.

BLOCKStrain combines traditional cannabis culture with modern blockchain-technology. By being open and available to everyone, the platform is expected to help shape the future adoption and authenticity of the cannabis industry. Through use of a secure API network, BLOCKStrain will make it easy for testing providers, grow facilities, app and software developers, research groups, and major supply chain platforms to build applications and solutions, thereby helping fuel technology and innovation for the cannabis industry as a whole.

With compliance and regulation being a critical priority for industry participants, BLOCKStrain will be focused on ensuring that applicable regulatory standards are adhered to, while providing real-time visibility of industry operations directly to, and collaboration with, agencies assigned to enforce and regulate cannabis activity nationwide. BLOCKStrain intends to use powerful supply chain and IoT ("Internet of Things") technology to allow for the tracking of cannabis movement from genetics to sale, while providing for the scalability of what is expected to become a globally traded product.

FINANCIAL AND OPERATION HIGHLIGHTS

PrivCo was incorporated on November 22, 2017. As a result, the operations did not start until the third quarter of 2018. PrivCo did not have any activities prior to its date of incorporation and, therefore, does not have comparative figures for the three and nine months ended January 31, 2019.

For the three and nine months ended January 31,	Three Months 2019	Three Months 2018	Nine Months 2019	Nine Months 2018
Revenue	**-**	-	**-**	-
Gross margin [1]	**(58,655)**	-	**(61,342)**	-
Gross margin – percentage [1]	**0.0%**	0.0%	**0.0%**	0.0%
Adjusted EBITDA [1]	**(1,572,311)**	(304,370)	**(7,354,087)**	(304,370)
EBITDA [1]	**(1,601,002)**	(304,370)	**(12,899,763)**	(304,370)
Net loss	**(1,597,593)**	(304,370)	**(12,891,198)**	(304,370)
Comprehensive loss	**(1,597,593)**	(304,370)	**(12,891,198)**	(304,370)

Revenue and Gross margin [1]

- The Corporation's proprietary software is being built to enable BLOCKStrain to serve as a full-service software provider with the first integrated blockchain platform that registers and tracks cannabis intellectual property ("IP") from genome to sale. The genomic based registry is proprietary, immutable, and cryptographically secure, thereby establishing, in a single-source, an accurate, validated, and permanent account for cannabis strains from ownership to market.
- As of the three and nine months ended January 31, 2019 the Corporation has not generated any revenue, but has started to incur expenses that will be charged against gross margin.

Earnings and net earnings [1]

The Corporation's loss was $1,597,593 and $12,891,198 for the three and nine months ended January 31, 2019. The nine months ended January 31, 2019 includes $2,321,019 of listing charges related to the reverse takeover.

For the three and nine months ended January 31, 2019, adjusted EBITDA was $1,572,311 and $7,354,087 respectively, and operating expenses were $1,588,721 and $10,545,055 respectively.

REVERSE TAKEOVER

The Corporation acquired all of the issued and outstanding shares of BLOCKStrain Technology Group Inc. (the "Transaction"). The Transaction constituted a reverse take-over of the Corporation by the shareholders of PrivCo. At the time of the transaction the Corporation did not meet the definition of a business as defined under IFRS 3; therefore, the Transaction is accounted under IFRS 2, where the difference between the consideration given to acquire the Corporation and the net asset value of the Corporation is recorded as a listing expense. As PrivCo is deemed to be the acquirer for accounting purposes, these financial statements present the historical financial information of PrivCo up to the date of the Transaction.

On May 17, 2018, the Transaction closed and the Corporation acquired, on a one for one basis, all issued and outstanding shares of PrivCo in exchange for 38,350,000 of its shares. The acquisition consideration deemed to have been transferred by PrivCo, the legal subsidiary, was in the form of common shares of the Corporation at the date of the transaction and was considered to be listing expenses.

[1] See Non-GAAP measures and additional GAAP measures

Fair value of shares issued (6,854,382 @ $0.30)	$	2,056,315
Fair value of net liabilities		
Prepaid deposits		32,750
Bank indebtedness		(21,270)
Accounts payable		(276,184)
		(264,704)
Listing expense	$	2,321,019

OUTLOOK AND GUIDANCE

This Outlook and Guidance contains forward-looking statements that the Corporation does not intend, and does not assume any obligation, to update, except as required by law. The forward-looking information and statements include:

- The current economic climate and its effect on the Corporation's client base business;
- The Corporation's ability to successfully acquire new customers;
- The Corporation's ability to successfully implement its technology; and
- Management's assumptions regarding the sustainability of recurring revenue streams and the Corporation's expected profitability.

With the launch of their platform, BLOCKStrain offers an easily integrated blockchain solution that tracks cannabis from Genome to Sale™ through the supply chain and provides actionable quality assurance and real-time testing data to the cannabis industry.

The Corporation's technology solution will play a key role in the cannabis industry, servicing both licensed producers and micro cultivators alike. This will be done through the continued development the Corporation's technology, as well as through strategic partnerships with key players in the marketplace and how they will work with BLOCKStrain moving forward.

BLOCKStrain has developed a comprehensive verification system for required tests including: microbial, chemistry and pesticide, and genetics tests for product verification, as well as a supply chain management platform that ensures transparency and quality assurance between all stakeholders. We want to empower producers, regulators and consumers with information regarding what truly is in the cannabis products in the market.

The Corporation has been able to mirror its technology on the front end from an automation point of view, embedding it within laboratories that are conducting microbial, chemistry, pesticide and genetic testing. As such, we have essentially digitized all aspects of the testing process, a crucial point for the integrity of the cannabis industry.

BLOCKStrain's goal is to build a framework for licensed producers ("LPs") as well as micro cultivators that are entering the newly legalized ecosystem, helping them to easily and inexpensively move their products through testing procedures. We then place that testing data on the blockchain for immutability and intellectual property protection, and feed that information through the ecosystem for full visibility into the supply chain. This information remains available to consumers and regulators, so that they can see whether the product is clean, safe, pesticide-free and truly is what it claims to be.

RESULTS OF OPERATIONS

The software built by BLOCKStrain will enable our full-service software company to launch the first integrated blockchain platform that registers and tracks cannabis intellectual property ("IP") from genome to sale. It is proprietary, immutable and cryptographically secure, thereby establishing, in a single-source, an accurate, validated, and permanent account for cannabis strains from ownership to market.

On October 24, 2018, BLOCKStrain announced the formal launch of its proprietary genome tracking software following the collection of WeedMD's cannabis plant DNA. Testing began in November 2018.

With BLOCKStrain's platform, WeedMD is now able to provide consumers with an assurance of quality and can guarantee the provenance of its cannabis products. BLOCKStrain also can create an immutable record for cannabis breeders to protect the strains they develop.

WeedMD initially registered 40 strains out of hundreds developed in-house for Master Strain Certification in order to protect their genetic intellectual property. Products shipped from WeedMD will be verified by a BLOCKStrain Certificate of Authenticity, guaranteeing that consumers are getting the strain they purchased.

As of the three and nine months ended January 31, 2019 the Corporation has not generated any revenue but has started to incur expenses that will be charged against future gross margin.

OPERATING EXPENSES

For the three and nine months ended	**Three Months**		**Nine Months**	
January 31,	**2019**	2018	**2019**	2018
Corporate development costs	**$ 396,995**	$ -	**$ 3,784,737**	$ -
Depreciation	**1,918**	-	**3,119**	-
General and administrative costs	**216,907**	5,142	**788,988**	5,142
Operating costs	**58,655**	-	**61,342**	-
Product development costs	**603,703**	299,188	**1,579,708**	299,188
Salaries, subcontractors, and benefits	**281,852**	-	**1,102,504**	-
Stock-based compensation	**28,691**	-	**3,224,657**	-
Total operating expenses	**$ 1,588,721**	$ 304,330	**$ 10,545,055**	$ 304,330

For the three and nine months ended January 31, 2019, total operating expenses were $1,588,721 and $10,545,055 respectively. For the three and nine months ended January 31, 2018, total operating expenses were $304,330 and consisted of product development costs and travel costs that had begun in December 2017.

Operating costs which consist of materials and supplies for the Corporation's operations were $58,655 and $61,342 for the three and nine months ended January 31, 2019, respectively.

Depreciation was $1,918 and $3,119 for the three and nine months ended January 31, 2019, respectively. This expense is related to the property and equipment purchased by the Corporation for lab testing purposes and is a non-cash expense.

Stock-based compensation expense was $28,691 and $3,224,657 for the three and nine months ended January 31, 2019, respectively. This expense is driven by the timing of the vesting of stock options and is a non-cash expense.

The remaining operating expenses for the three months ended January 31, 2019 were $396,995 for corporate development costs, $216,907 for general and administrative costs, $603,703 for product development costs, and $281,852 for salaries, subcontractors, and benefits. For the nine months ended January 31, 2019, the remaining operating expenses were

$3,784,737 for corporate development costs, $788,988 for general and administrative costs, $1,579,708 for product development costs, and $1,102,504 for salaries, subcontractors, and benefits.

PRODUCT DEVELOPMENT

On January 19, 2018, the Corporation entered into a master services agreement and a statement of work to develop the initial phases of the product development strategy necessary to launch the BLOCKStrain platform. During the three and nine months ended January 31, 2019, the Corporation paid $603,703 and $1,579,708 respectively, to Heated Details to carry out this assignment.

FOREIGN EXCHANGE

For the three and nine months ended	Three Months		Nine Months	
January 31,	**2019**	2018	**2019**	2018
Foreign exchange loss	**$ (12,337)**	$ -	**$ (33,384)**	$ -

Foreign exchange gains and losses are the result of foreign currency fluctuations during the period and the timing of when items are settled. Foreign exchange gains and losses fluctuate quarterly in relation to changes in the US/Canadian and Euro/Canadian exchange rate.

NET EARNINGS, TOTAL COMPREHENSIVE INCOME (LOSS), AND CASH FLOWS

For the three and nine months ended	Three Months		Nine Months	
January 31,	**2019**	2018	**2019**	2018
Adjusted EBITDA (1)	**$ (1,572,311)**	$ (304,370)	**$ (7,354,087)**	$ (304,370)
EBITDA (1)	**(1,601,002)**	(304,370)	**(12,899,763)**	(304,370)
Comprehensive loss	**(1,597,593)**	(304,370)	**(12,891,198)**	(304,370)
Funds used in operations before working capital changes (1)	**(1,569,504)**	(304,370)	**(7,349,964)**	(304,370)
Funds used in operations	**$ (1,438,352)**	$ (75,040)	**$ (7,612,125)**	$ (75,040)

The Corporation’s comprehensive loss was $1,597,593 and $12,891,198 for the three and nine months ended January 31, 2019. The nine months ended January 31, 2019 includes $2,321,019 of listing charges related to the reverse takeover. Compared to the prior year, the variance is due to having a full three months and nine months of expenses in 2019 compared to having only startup product development costs in 2018.

For the three and nine months ended January 31, 2019, adjusted EBITDA was a negative $1,572,311 and a negative $7,354,087, respectively. Compared to the prior year, the variance is due to having a full three months and nine months of expenses in 2019 compared to having only startup product development costs and travel costs in 2018.

The Corporation’s funds used in operations were $1,438,352 and $7,612,125 for the three and nine months ended January 31, 2019, and mainly covered marketing campaigns and product development. Compared to the prior year, the variance is due to having a full three months and nine months of expenses in 2019 compared to having only startup product development costs and travel costs in 2018.

FINANCIAL AND OPERATING HIGHLIGHTS - QUARTERLY ANALYSIS

BLOCKStrain was incorporated on November 22, 2017, and, as a result, operations did not start until the third quarter of 2018 for the Corporation. The Corporation did not have any activities prior to its date of incorporation and, therefore, does not have comparative figures prior to the third quarter of 2018.

(1) See Non-GAAP measures and additional GAAP measures

		2019 Q3		2019 Q2		2019 Q1		2018 Q4
Revenue	**$**	**-**	$	-	$	-	$	-
Gross margin [(1)]	**$**	**(58,655)**	$	(2,687)	$	-	$	-
Gross margin – percentage [(1)]		**0.0%**		0.0%		0.0%		0.0%
Adjusted EBITDA [(1)]	**$**	**(1,572,311)**	$	(1,598,525)	$	(4,167,857)	$	(223,429)
EBITDA [(1)]		**(1,601,002)**		(2,297,929)		(9,000,832)		(223,429)
Net loss		**(1,597,593)**		(2,295,244)		(8,998,361)		(223,429)
Comprehensive loss	**$**	**(1,597,593)**	$	(2,295,244)	$	(8,998,361)	$	(223,429)

		2018 Q3
Revenue	$	-
Gross margin [(1)]	$	-
Gross margin – percentage [(1)]		0.0%
Adjusted EBITDA [(1)]	$	(304,370)
EBITDA [(1)]		(304,370)
Net loss		(304,370)
Comprehensive loss	$	(304,370)

LIQUIDITY AND CAPITAL RESOURCES

Working capital

"**Working capital**" is used by management and the investment community to analyze the operating liquidity available to the Corporation. Working capital is defined as current assets less current liabilities.

Working capital is derived from the condensed consolidated statements of financial position and is calculated as follows:

As at		**January 31, 2019**		April 30, 2018		Increase (decrease) in Working capital
Current Assets						
Cash and cash equivalents	**$**	**2,526,316**	$	25,109	$	2,501,207
Note receivable		**110,740**		103,178		7,562
Sales tax receivable		**136,620**		3,736		132,884
Prepaid and deposits		**303,986**		30,063		273,923
	$	**3,077,662**	$	162,086	$	2,915,576
Current Liabilities						
Accounts payable and accrued liabilities	**$**	**502,715**	$	114,634	$	388,081
Loan payable		**4,165**		-		4,165
	$	**506,880**	$	114,634	$	392,246
Working capital [(1)]	**$**	**2,570,782**	$	47,452	$	2,523,330

The key driver of the change in working capital was the increase in cash and cash equivalents of $2,501,207 generated from the proceeds of a private placement, less operating expense payments. The increase in sales tax receivable of $132,884 largely relates to a government sales tax refund receivable. The increase in prepaids and deposits relate to the $100,010 deposit towards a subscription agreement with Integral Genomics Inc. (formerly "BC Better Genetics Corporation"), $98,213 of a prepaid advertising expense, $50,412 of prepaid rent, and $24,972 of prepaid insurance expense. These are offset by the increase of $388,081 in accounts payable and accrued liabilities.

[(1)] See Non-GAAP measures and additional GAAP measures

Liquidity

At January 31, 2019, the Corporation had $2,526,316 (April 30, 2018: $25,109) of cash on hand. The Corporation does not have any long-term debt, and, therefore, any liquidity risk relates to its accounts payable and accrued liabilities, as it may encounter difficulty discharging its obligations.

While the Corporation has been able to demonstrate the ability to raise capital to fund its operations to date, it has not yet been able to generate the sales volumes required to create positive cash flows from operations. Whether and when the Corporation will generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to January 31, 2019 is uncertain.

The Corporation considers the items included in capital to include shareholders' equity. The Corporation manages its capital structure and makes adjustments to it in light of changes in economic and business conditions, the financing environment and the risk characteristics of its underlying assets. In order to maintain or adjust its capital structure, the Corporation may issue new shares, new debt, or scale back the size and nature of its operations. The Corporation is not subject to externally imposed capital requirements.

Management intends to regularly review its ongoing level of cash flow from operations, as well as its level of capital resources, and actively manage its affairs. This review will consider factors such as the current economic environment, changes in demand for the Corporation's services, capital spending requirements, foreign exchange rates, working capital needs, and profitability of the Corporation's operations, any of which could materially affect the Corporation's ability to meet its obligations.

Additional financing may be necessary in a variety of circumstances, including the requirement of working capital to ramp up operations required by strong growth, the occurrence of adverse circumstances, fluctuations in foreign currency translation, or the decision to expand geographically into new markets or by acquisition. It is anticipated that the required financing may be raised by bank debt, other forms of debt, or the issue of equity. It is possible that such financing will not be available, or not available on favorable terms.

SHAREHOLDERS' EQUITY

Authorized share capital

Unlimited number of common shares and preferred shares without par value.

Common shares issued

On May 17, 2018 the Transaction (Note 5) was completed and the Corporation acquired, on a one for one basis, all issued and outstanding shares of PrivCo in exchange for 38,350,000 common shares of the Corporation.

On May 17, 2018, concurrent with the Transaction, the Corporation issued 35,000,000 common shares for gross proceeds of $10,500,000. The Corporation incurred $342,999 in share issuance costs.

The contributed surplus reserve included in the Shareholders' Equity section of the Statement of Financial Position comprises all unexercised stock options.

	Number of Common Shares		Share Capital
Balance at April 30, 2018	38,350,000	$	575,250
Shares issued for acquisition of the Corporation	6,854,382		2,056,315
Shares issued on private placement	35,000,000		10,500,000
Share issue costs	-		(342,999)
Balance at January 31, 2019	**80,204,382**	**$**	**12,788,566**

Options

The Corporation has adopted a stock option plan where it may issue a maximum of 16,000,000 options. Under the terms of the stock option plan, options may be granted only to: (i) employees, officers, directors, and consultants of the Corporation; and (ii) employees, officers, directors, and consultants of an affiliate of the Corporation.

Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares, and the number of common shares reserved for issuance to all technical consultants will not exceed two percent of the issued and outstanding common shares.

As at January 31, 2019, the Corporation had the following options outstanding and exercisable:

Expiry Date		Exercise Price	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Exercisable
May 18, 2023	$	0.30	4.30	12,600,000	12,525,000
September 28, 2023	$	0.30	4.66	700,000	233,334

The following is a summary of the Corporation’s stock option activity:

	Number of options		Weighted Average Exercise Price
Outstanding at May 1, 2018	-	$	-
Granted	13,450,000		0.30
Cancelled	(150,000)		0.30
Outstanding at January 31, 2019	**13,300,000**	**$**	**0.30**
Exercisable at January 31, 2019	**12,758,334**	**$**	**0.30**

On May 18, 2018, the Corporation issued 12,750,000 stock options to employees and directors of the Corporation. 12,600,000 of these options vest on September 19, 2018, with another 150,000 vesting over a twelve month from the date of the grant. The exercise price of these options is $0.30, and they expire on May 18, 2023. On September 18, 2,750,000 options that were set to vest on September 19, 2018 were extended to vest on January 19, 2019.

On September 28, 2018, the Corporation issued 700,000 stock options to employees of the Corporation. 233,334 of these options vested upon grant, 233,333 will vest on September 28, 2019 and 233,333 will vest on September 28, 2020. The exercise price of these options is $0.30, and they expire on September 28, 2023.

During the period ended January 31, 2019, 150,000 options were cancelled.

During the three and nine months ended January 31, 2019, the Corporation recorded $28,691 and $3,224,657 respectively in stock-based compensation, based on the fair values of stock options granted which were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

For the nine months ended January 31,		**2019**
Risk free interest rate		2.24%-2.30%
Expected volatility		120.05%-123.65%
Expected life		5 years
Expected dividend yield		0%
Exercise price	$	0.30

COMMITMENTS AND CONTINGENCIES

Operating lease

The Corporation has an obligation under an operating lease for its corporate office space as follows. This lease expires in 2023.

Year		**Operating Leases**
2019	$	61,615
2020		68,846
2021		70,515
2022		72,184
2023		55,077
Total	**$**	**328,237**

RELATED PARTY TRANSACTIONS

Summary of key management personnel compensation:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation as a whole. The Corporation has determined that key management personnel consist of members of the Corporation's Board of Directors and corporate officers. The remuneration of directors and key management personnel during the three and nine months ended January 31, 2019 is set out below:

For the three and nine months ended		**Three Months**				**Nine Months**		
January 31,		**2019**		2018		**2019**		2018
Corporate developments costs	**$**	**36,000**	$	-	**$**	**350,354**	$	-
Director fees		**4,500**		-		**9,919**		-
General and administrative costs		**29,389**		-		**102,780**		-
Product development costs		**603,703**		299,188		**1,579,708**		299,188
Salaries, subcontractors, and benefits		**114,000**		-		**327,923**		-
Stock-based compensation		**12,913**		-		**1,110,346**		-
	$	**800,505**	$	299,188	**$**	**3,481,030**	$	299,188

Corporate Development Costs

On June 1, 2018, the Corporation entered into a master services agreement with a company controlled by a director to provide marketing, web development, planning, patent work, administrative services, and facilitation and negotiation services. For the three and nine months ended January 31, 2019, the Corporation incurred fees of $36,000 and $350,354, respectively. As at January 31, 2019, the Corporation was indebted to this company in the amount of $3,729 (April 30, 2018 - $14,644) which was included in accounts payable and accrued liabilities.

Director Fees

For the three and nine months ended January 31, 2019, $4,500 and $9,919 was paid to a director of the Corporation, respectively.

General and Administrative Costs

For the three and nine months ended January 31, 2019, related parties represented $29,389 and $102,780 of general and administrative costs, respectively.

Product Development Costs

On January 19, 2018, the Corporation entered into a master services agreement and a statement of work to develop the initial phases of the product development strategy necessary to launch the BLOCKStrain platform. The Corporation shares a named officer with the service provider. For the three months and nine months ended January 31, 2019, the Corporation incurred fees of $603,703 and $1,579,708, respectively. As at January 31, 2019 and April 30, 2018, the Corporation was not indebted to the provider.

Salaries, Subcontractors, and Benefits

For the three and nine months ended January 31, 2019, a total of $114,000 and $327,923, was paid to the Chief Executive Officer, Chief Financial Officer, Chief Technology officer, and a company related to the Chief Financial Officer for their services, respectively. As at January 31, 2019, $4,200 (April 30, 2018 - $1,366) of expense reimbursements was due to these employees.

Stock-Based Compensation

For the three and nine months ended January 31, 2019, the Chief Executive Officer, Chief Financial Officer, Chief Technology Officer, three directors, and two former directors, incurred stock-based compensation expense of $12,913 and $1,110,346, respectively.

Other

As at January 31, 2019, $20,424 (April 30, 2018 - $nil) of expense reimbursements was due to a former director of the Corporation and was included in accounts payable and accrued liabilities.

As at January 31, 2019, a note receivable (Note 7) of $110,740 (April 30, 2018 - $103,178) was due from a company controlled by directors of the Corporation.

Spark Digital Technologies

In conjunction with the BLOCKStrain Technology Group Inc. letter of intent ("LOI") executed on January 4, 2018, the Corporation advanced $100,000 to Spark Digital Technologies ("Spark") for one year which bears interest at 10% per annum. At the option of the Corporation, the advance is convertible into equity securities of Spark or may be set off against the amount payable before the initial license fee as contemplated by the LOI. During the three and nine months ended January 31, 2019, the Corporation recorded $2,520 and $7,561 in interest income from this source, which was included in other income.

NON-GAAP MEASURES DEFINITIONS

This MD&A contains references to certain financial measures and associated per share data that do not have any standardized meaning as prescribed by IFRS and may not be comparable to similar measures presented by other companies. These financial measures are computed on a consistent basis for each reporting period and include EBITDA, Adjusted EBITDA, Adjusted net earnings, and working capital.

These non-GAAP measures are identified and defined as follows:

"**EBITDA**" is a measure of the Corporation's operating profitability. EBITDA provides an indication of the results generated by the Corporation's principal business activities prior to how these activities are financed, assets are depreciated and amortized or how the results are taxed in various jurisdictions.

EBITDA is derived from the condensed consolidated statements of operations and comprehensive income (loss) and is calculated as follows:

For the three and nine months ended January 31,	Three Months 2019	Three Months 2018	Nine Months 2019	Nine Months 2018
Net loss	**$ (1,597,593)**	$ (304,370)	**$ (12,891,198)**	$ (304,370)
Depreciation	**1,918**	-	**3,119**	-
Interest income	**(5,327)**	-	**(11,684)**	-
EBITDA	**$ (1,601,002)**	$ (304,370)	**$ (12,899,763)**	$ (304,370)

"**Adjusted EBITDA**" is used by management and investors to analyze EBITDA (as defined above) prior to the effect of foreign exchange, other income and expenses, and share-based payment expense. Adjusted EBITDA is not intended to represent net earnings as calculated in accordance with IFRS. Adjusted EBITDA provides an indication of the results generated by the Corporation's principal business activities prior to how these activities are financed, assets are depreciated, amortized and impaired, the impact of foreign exchange, how the results are taxed in various jurisdictions, effects of share-based payment expenses, and normalized other expenses not recurring in nature.
Adjusted EBITDA is calculated as follows:

For the three and nine months ended January 31,	Three Months 2019	Three Months 2018	Nine Months 2019	Nine Months 2018
EBITDA	**$ (1,601,002)**	$ (304,370)	**$ (12,899,763)**	$ (304,370)
Plus:				
Stock-based compensation	**28,691**	-	**3,224,657**	-
Listing expense	**-**	-	**2,321,019**	-
Adjusted EBITDA	**$ (1,572,311)**	$ (304,370)	**$ (7,354,087)**	$ (304,370)

ADDITIONAL GAAP MEASURES DEFINITIONS

"**Funds provided by operations**" is used by management and investors to analyze the funds generated by the Corporation's principal business activities prior to consideration of working capital, which is primarily made up of highly liquid balances. This balance is reported in the Condensed Consolidated Statements of Cash Flows and is included in the cash provided by operating activities section.

"**Gross margin**" is used by management and investors to analyze overall and segmented operating performance. Gross margin is not intended to represent an alternative to net earnings or other measures of financial performance calculated in accordance with IFRS. Operating income is calculated from the condensed consolidated statements of operations and comprehensive income (loss) and from the segmented information contained in the notes to the condensed consolidated financial statements. Gross margin is defined as revenue less cost of goods sold.

"**Gross margin percentage**" is used by management and investors to analyze overall and segmented operating performance. Gross margin percentage is calculated from the condensed consolidated statements of operations and comprehensive income (loss) and from the segmented information in the notes to the condensed consolidated financial statements. Gross margin percentage is defined as gross margin divided by revenue.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Corporation is exposed to risks that arise from its use of financial instruments. This note describes the Corporation's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these condensed consolidated interim financial statements.

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Corporation's risk management objectives and policies and retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Corporation's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Corporation's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Credit Risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Corporation consist primarily of cash and cash equivalents and trade receivables.

The carrying amount of financial assets represents the maximum credit exposure. All cash is held at a Canadian Chartered Bank.

b) Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation. If future cash flows are uncertain, the liquidity risk increases.

The Corporation monitors its risk of shortage of funds by monitoring the maturity dates of existing financial liabilities. The Corporation's financial liabilities are comprised of accounts payable and accrued liabilities, and loan payable. The Corporation anticipates it will have adequate liquidity to fund its financial liabilities through its existing working capital and equity issues. Furthermore, a portion of liabilities are expected to be settled in common shares of the Corporation, thereby mitigating liquidity risk. However, there is no assurance that the Corporation will have sufficient cash flow to be able to discharge its future financial liabilities.

c) Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The Corporation considers this risk to be immaterial. There is no interest payable on the loan payable and is, therefore, not subject to cash flow interest rate risk.

d) Exchange Rate Risk

Exchange rate risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Corporation's operations and financial results. The Corporation incurs certain expenses in US dollars and is exposed to foreign exchange rate fluctuation. These expenses are subject to exchange rate risk.

CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES

The Corporation makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

New Standards and Interpretations Adopted

New standard IFRS 15 *Revenue from Contracts with Customers*

The Corporation has adopted IFRS 15, Revenue from Contracts with Customers ("IFRS 15") effective April 30, 2018 on a retrospective basis and applied the transitional provisions, so that any adjustments would be recorded in opening retained earnings at April 30, 2018.

IFRS 15 supersedes IAS 18– Revenue, IAS 11 – Construction Contracts, and other revenue related interpretations. The standard outlines the principles that must be applied to measure and recognize revenue and the related cash flows. Revenue is recognized at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 will be applied using the following five steps:

1. Identify the contract(s) with a customer
2. Identify the performance obligation in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligation in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

The Corporation has concluded that the recognition and measurement of the sale of products in all contracts is consistent with the current revenue recognition practice and therefore does not expect any transitional adjustment.

New standard IFRS 9 Financial Instruments

The Corporation has adopted IFRS 9, Financial Instruments (IFRS 9) effective April 30, 2018 on a retrospective basis and applied the transitional provisions, so that any adjustments would be recorded in opening retained earnings at April 30, 2018. IFRS 9, addresses the classification, measurement and recognition of financial assets and financial liabilities. The adoption of IFRS 9 supersedes the guidance relating to the classification and measurement of financial instruments in IAS 39, Financial Instruments: Recognition and Measurement (IAS 39).

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: (i) those measured at fair value through profit and loss, (ii) those measured at fair value through other comprehensive income and (iii) those measured at amortized cost. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the IFRS 9 requirements are similar to those of IAS 39. The main distinction is that, in cases where the fair value option is chosen for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

IFRS 9 introduces a single expected credit loss model for calculating impairment for financial assets, which is based on changes in credit quality since initial recognition. The adoption of the expected credit loss impairment model did not have a significant impact on the Corporation's condensed consolidated interim financial statements and did not result in a transitional adjustment.

The Corporation has no hedges on its condensed consolidated interim financial statements for the reporting period.

The Corporation has concluded that the adoption of IFRS 9 did not require any transitional adjustments to the classification or measurement of the Corporation's financial assets and financial liabilities.

BUSINESS RISKS

You should carefully consider the following risks and uncertainties in addition to other information in BLOCKStrain's filing statement dated May 10, 2018 with respect to the Transaction in evaluating the Corporation and its business. The market in which the Corporation competes is very competitive and changes rapidly. New risks may emerge from time to time and management may not be able to predict all of them or be able to predict how they may cause actual results to be different from those expected. References to "BLOCKStrain" below refer to the Corporation and its affiliates as at the date hereof.

Limited Operating History and History of Losses

BLOCKStrain has only recently commenced commercial operations and has cash, accounts receivable, a note receivable, sales tax receivable, prepaids and deposits, and property and equipment as assets. BLOCKStrain has no history of earnings and has not yet generated any revenue. As such, it is subject to many of the risks common to early-stage enterprises, including: under-capitalization; cash shortages; limitations with respect to personnel, financial, and other resources; and lack of revenue. Although BLOCKStrain anticipates generating revenue in the future, it is also incurring substantial expenses in the establishment of its business. The success of the Corporation will ultimately depend on its ability to generate cash from its business. There is no assurance that the future expansion of the business will be sufficient to raise the required funds to continue the development of its business. There is no assurance that the Corporation will be successful in achieving a return on shareholders' investment, and the likelihood of success must be considered in light of the early stage of its operations.

Service Interruptions

BLOCKStrain intends to serve customers from third-party data center hosting facilities located in British Columbia and Alberta. Any damage to, or failure of, BLOCKStrain's systems could result in interruptions to its service. As BLOCKStrain continues to add data centers and add capacity in existing data centers, it may move or transfer its data and its customers' data. Despite precautions taken during this process, any unsuccessful data transfers may impair the delivery of its services. Further, any damage to, or failure of, BLOCKStrain's systems generally could result in interruptions in its service. Interruptions in BLOCKStrain's service may reduce revenue, cause it to issue credits or pay penalties, cause customers to terminate their subscriptions and materially adversely affect its renewal rates and ability to attract new customers.

It is also expected that BLOCKStrain's business might be harmed if its customers believe its service is unreliable. BLOCKStrain intends to replicate and back-up customer data as part of its disaster recovery plans. However, these plans may not be successful in all circumstances. The Corporation will not control the operation of any third party facilities it may use. All of the facilities it operates or utilizes would to be vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures and similar events. They may also be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct. Despite precautions taken at these facilities, the occurrence of a natural disaster or an act of terrorism, a decision to close any facility without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions in BLOCKStrain's service. Even with its disaster recovery arrangements, BLOCKStrain's service could be interrupted and its business and financial condition could be materially adversely affected.

Need for Continued Development of Technology

The success of BLOCKStrain's platform will be dependent on the accuracy, proper use and continuing development of its technological systems, including its business systems and operational platforms. Its ability to effectively use the information generated by its information technology systems, as well as its success in implementing new systems and upgrades, may affect its ability to: conduct business with its clients, including delivering services and solutions; manage its inventory and accounts receivable; purchase, sell, ship and invoice its products and services efficiently and on a timely basis; and maintain its cost-efficient operating model while expanding its business in revenue and in scale.

Ability to Generate Profits

There can be no assurance that BLOCKStrain will generate net profits in future periods. Further, there can be no assurance that it will be cash flow positive in future periods. In the event that BLOCKStrain fails to achieve profitability, the value of its shares may decline. In addition, if BLOCKStrain is unable to achieve or maintain positive cash flows, it will be required to seek additional funding, which may not be available on favourable terms, or at all.

Regulatory Uncertainty

The legal global cannabis industry is still in its infancy and is dependent on the regulatory environment, including federal, state and local laws. BLOCKStrain's business and achievement of its business objectives will be dependent, in part, on compliance with regulatory requirements enacted by governmental authorities for the collection and tracking of data related to the cannabis sector. While BLOCKStrain expects that its business model will be perceived to be viable and compliant with applicable regulatory requirements, there is no guarantee that its platform will be adopted or utilized. To the extent that there are changes to existing regulations, the adoption and use of BLOCKStrain's platform may be adversely affected.

In addition to the above, in jurisdictions such as the United States, the conflict between federal and state legislation could have a material adverse impact on BLOCKStrain's business. BLOCKStrain's management has determined that, at this time, it will only operate in Canada and, in the future, will only enter regulated markets where there is an alignment between all levels of government and in which the TSX Venture Exchange (the "**TSXV**") has approved it conducting operations. However, there can be no assurance that the regulatory environment will remain favourable to the conduct of BLOCKStrain's business. Further, even within Canada, different provinces and local governmental authorities will have different regulatory requirements and it is possible that BLOCKStrain's platform may not be compatible with those requirements. This variability may be difficult and/or ineffective to manage from both a technological and cost standpoint. In the event that BLOCKStrain's business is determined to be non-compliant with certain applicable regulatory requirements, its business and financial condition could be materially adversely affected.

Blockchain Related Risks

The use of blockchain technology for enterprise applications is in its early stages. While numerous use cases have been developed to demonstrate the efficiency, security and viability of blockchain technology, it is still largely unproven. There are risks that the underlying blockchain protocols and methodologies will not be scalable or sustainable in industry-wide applications. As a new and largely unregulated industry, changes in or more aggressive enforcement of laws and regulations around blockchain could adversely impact companies involved in the industry. Failure or delays in obtaining necessary approvals, or changes in government regulations and policies and practices could have an adverse impact on BLOCKStrain's future cash flows, earnings, results of operations and financial condition. Further, governmental agencies could shut down or restrict the use of blockchain platforms or blockchain based technologies. This could lead to a loss or interruption in business for BLOCKStrain.

Intellectual Property Risk

BLOCKStrain's activities may infringe on patents, trademarks or other intellectual property rights owned by others. If BLOCKStrain is required to defend itself against intellectual property rights claims, it may spend significant time and effort and incur significant litigation costs, regardless of whether such claims have merit. If BLOCKStrain is found to have infringed on the patents, trademarks or other intellectual property rights of others, it may also be subject to substantial claims for damages or a requirement to cease the use of such disputed intellectual property, which could have an adverse effect on its operations. Such litigation or claims and the consequences that could follow could distract management of BLOCKStrain from the ordinary operation of its business and could increase costs of doing business, resulting in a negative impact on the business, financial condition, or results of operations of the Corporation.

Evolving Business Model

As digital assets and blockchain technologies become more widely available, management expects the services and products associated with them to evolve. As a result, to stay current with the industry, BLOCKStrain's business model may need to evolve as well. From time to time, BLOCKStrain may modify aspects of its business model relating to its product mix and service offerings. It cannot offer any assurance that these or any other modifications will be successful or will not result in harm to the business. BLOCKStrain may not be able to manage growth effectively, which could damage its reputation, limit its growth and negatively affect its operating results. Such circumstances would have a material adverse effect on the Corporation's ability to continue as a going concern, which would have a material adverse effect on its business, prospects and operations, and harm BLOCKStrain's investors.

Network Security Risks

BLOCKStrain expects to obtain, transmit and store confidential user information in connection with its services. These activities are subject to the laws and regulations of Canada and other jurisdictions. The requirements imposed by these laws and regulations, which often differ materially among the many jurisdictions where BLOCKStrain intends to offer services, are designed to protect the privacy of personal information and to prevent that information from being inappropriately disclosed. BLOCKStrain expects to rely on a variety of technologies to secure its systems. Despite the implementation of network security measures, its infrastructure will potentially be vulnerable to computer break-ins and similar disruptive problems. Advances in computer capabilities, new discoveries in the field of cryptography or other events or developments, including improper acts by third parties, may result in a compromise or breach of the security measures that the Corporation uses to protect its systems. BLOCKStrain could also suffer from an internal security breach.

Computer viruses, break-ins or other security problems could lead to misappropriation of proprietary information and interruptions, delays or cessation in service to BLOCKStrain users. If internal BLOCKStrain personnel or a third party were to misappropriate, misplace or lose corporate information, including financial and account information, customers' personal information, or source code, its business may be harmed. BLOCKStrain may be required to expend significant capital and other resources to protect against these security breaches or losses or to alleviate problems caused by these breaches or losses. If third parties gain improper access to BLOCKStrain's systems or databases or those of its partners or contractors, they may be able to steal, publish, delete or modify confidential customer information. A security breach could expose BLOCKStrain to monetary liability, and lead to inquiries, fines, or penalties.

TSXV Restrictions on Business

BLOCKStrain has undertaken to the TSXV that it will only conduct the cannabis related business currently being conducted and, unless prior written approval of the TSXV is obtained, will not engage in any cannabis related business outside of Canada. This could adversely affect BLOCKStrain's ability to expand its business into other areas and may prevent it from expanding into new areas of business when its competitors that are not listed on the TSXV may not have such restrictions. Such restrictions could materially and adversely affect BLOCKStrain's growth, business, financial condition and results of operations.

Reliance on Key Personnel

BLOCKStrain's success depends in large measure on certain key personnel and the contributions of these individuals to its immediate operations are likely to be of central importance. The loss of the services of such key personnel could have a material adverse effect on the Corporation. In addition, the competition for qualified personnel in the blockchain industry is intense and there can be no assurance that BLOCKStrain will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity, and good faith of BLOCKStrain's management.

Management of Complex Software Implementation Projects

The successful deployment of BLOCKStrain's software will depend on managing complex implementation projects. A variety of factors may result in complex deployments being delayed, cancelled or failing, including: the inherent complexity of modern software; difficulty staffing the project with qualified personnel; difficulty managing a project in which the customer and multiple vendors must work together effectively; unrealistic deadlines; inability to realistically limit the scope of the project; problems with third party systems, software or services; inaccurate or faulty data; and insufficient time and investment spent in the planning and design phases of the project. As a result, BLOCKStrain may not be able to successfully manage deployments of its software which could harm its reputation, be costly to correct, delay revenues, and expose it to litigation.

Conflicts of Interest

Certain directors and officers of BLOCKStrain are also directors and officers of other companies. In addition, they may devote time to other outside business interests, so long as such activities do not materially or adversely conflict with their duties to the Corporation. The interests of these persons could conflict with those of BLOCKStrain. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of BLOCKStrain board of directors, a director who has such a conflict will abstain from voting for or against the approval of any such matter. In accordance with applicable laws, the directors of BLOCKStrain will be required to act honestly, in good faith, and in the best interests of BLOCKStrain.

Competition

BLOCKStrain expects to compete with other blockchain platforms focused on the cannabis sector. Market and financial conditions, and other conditions beyond BLOCKStrain's control, may make it more attractive to invest in other financial vehicles which could limit the market for BLOCKStrain's shares.

Other Information

Additional information about the Corporation is available under BLOCKStrain's profile on SEDAR at www.sedar.com.