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## **BIG ROCK LABS INC.**

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended June 30, 2017 and June 30, 2016

### **INTRODUCTION**

The following Management's Discussion and Analysis ("MD&A") of Big Rock Labs Inc. (the "Company") has been prepared by management in accordance with the requirements of National Instrument 51-102 as of August 29, 2017. This MD&A should be read in conjunction with the unaudited financial statements as at June 30, 2017 and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS"). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

## **FORWARD-LOOKING STATEMENTS**

The following Management's Discussion and Analysis ("MD&A") contains statements which, to the extent that they are not recitations of historical facts, may constitute forward-looking information under applicable Canadian securities legislation. Such forward-looking statements or information include financial and other projections as well as statements regarding the Company's future plans, objectives, performance, revenues, growth, profits, operating expenses or the Company's underlying assumptions. Forward-looking statements and information relating to the Company are based on the beliefs of management as well as assumptions made by and information currently available to us. The words "may", "would", "could", "will", "likely", "expect", "anticipate", "intend", "plan", "forecast", "project", "estimate" and "believe" or other similar words and phrases may identify forward-looking statements or information. Persons reading this MD&A are cautioned that such statements or information are only predictions, and that the Company's actual future results or performance may be materially different. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital and the estimated cost and availability of funding. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Factors that could cause actual events or results to differ materially from those suggested by these forward-looking statements include, but are not limited to: the possibility of development or deployment difficulties or delays; the timing of entering into significant contracts; the performance of the global economy; industry analyst perception of the Company and its vision and future prospects; the success of certain business combinations engaged in by the Company or by its competitors; possible disruptive effects of organizational or personnel changes; new products and standards; risks related to acquisitions and international expansion; reliance on large customers; dependence upon key personnel and hiring; reliance on a limited number of suppliers; risks related to the Company's competition; the Company not adequately protecting its intellectual property; currency exchange rate risk; and including, but not limited to, other factors described in the Company's reports filed on SEDAR, its listing statement and those referred to under the heading "Risks and Uncertainties". In drawing a conclusion or making a forecast or projection set out in the forward-looking information, the Company takes into account the following material factors and assumptions in addition to the above factors: the Company's ability to execute on its business plan; timing of execution of outstanding or potential customer contracts by the Company; sales opportunities available to the Company; the Company's subjective assessment of the likelihood of success of a sales lead or opportunity; the Company's historical ability to generate sales leads or opportunities; and that sales will be completed at or above the Company's estimated margins. This list is not exhaustive of the factors that may affect the Company's forward-looking information. These factors should be considered carefully and readers should not place undue reliance on forward-looking information. All forward-looking statements made in this MD&A are qualified by this cautionary statement and there can be no assurance that actual results or developments anticipated by the Company will be realized. The Company disclaims any intention/obligation to update/revise forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

## **COMPANY OVERVIEW**

### **Background**

Big Rock Labs (“Big Rock” or the “Company”) was incorporated on April 04, 2014 under the Business Corporations Act of British Columbia. The Company owns 100% of Big Rock Technologies Inc. which was incorporated on February 13, 2014 under the Business Corporations Act of British Columbia as well. The head office of the Company is at 119 Spadina Avenue, Suite 1203; Toronto, Ontario M5V 2L1.

Big Rock became a reporting issuer in British Columbia and Alberta on May 29, 2014, pursuant to the closing of a statutory plan of arrangement with Gorilla Minerals Corp. and Big Rock Labs' wholly-owned subsidiary Big Rock Technologies Inc. In addition to being a reporting issuer in British Columbia and Alberta, Big Rock became a reporting issuer in Ontario upon listing on the Canadian Securities Exchange (“CSE”) on June 02, 2014.

Big Rock is an emerging Canadian technology company that specializes in digital product research and development. The Company is currently exploring a change of business and name change. Big Rock is actively targeting strategic acquisitions of high growth companies in emerging industries. The transaction is expected to be completed in 2017. Big Rock had developed Reach, an iOS and Android business networking app that uses geolocation technology to display the professional talent and top trending networking events in each user’s area.

### **Significant Events**

On April 13, 2017 the Company published a news release titled “Big Rock Labs Announces Letter of Intent for Proposed Reverse Takeover and Name Change”.

Big Rock Labs Inc. (the “Company”) had entered into a non-binding Letter of Intent (“LOI”) with respect to a proposed Reverse Takeover (“RTO”) of 1945894 Ontario Ltd. and its wholly owned U.S. subsidiary.

On April 26, 2017 the Company published a news release titled “Big Rock Labs Terminates Letter of Intent for Proposed Reverse Takeover and Name Change”.

Based on current market conditions of the oil & gas market, the transaction was not in the best interests of Big Rock shareholders. The Company’s Board of Directors will continue to pursue an RTO or a similar transaction with a suitable candidate.

At the Company’s annual general and special meeting (the “Meeting”) on June 23, 2017 in Toronto, 77.05% of all issued and outstanding shares and 99.99% of the shares voted at the Meeting voted in favour of all resolutions as recommended by management, including the share consolidation authorization. The auditor Collins Barrow Toronto LLP was appointed again for the ensuing year. Full disclosure of the details are provided in the Company’s Information Circular.

### **Financings**

Between October 5 and October 9, 2015, the Company raised gross proceeds of \$300,000 through the issuance of 1,500,000 units at a price of \$0.20 per unit. Each unit consists of one common share and one warrant exercisable to purchase one additional common share at a price of \$0.26 per share for a period of 5 years after the issuance date on October 9, 2015. The Company incurred issuance costs of

\$125 which have been recognized as a deduction from the common shares and warrants. The shares and any warrant shares issued upon exercise of the warrants are subject to a four months and one day resale restriction following the date of distribution under applicable Canadian provincial securities laws.

There are no compensatory plans or arrangements with respect to the executive officers resulting from the resignation, retirement or any other termination of employment of the officer's employment or from a change of named executive officers' responsibilities following a Change of Control. The Issuer has not granted any termination or change of control benefits. In case of termination of named executive officers, common law and statutory law applies.

## SELECTED FINANCIAL INFORMATION

	<b>Period ended June 30, 2017</b>	<b>Period ended June 30, 2016</b>
Working capital	\$56,463	\$185,869
Current assets	\$78,616	\$225,149
Total liabilities	\$22,153	\$39,280
Share capital	\$640,562	\$640,562
Accumulated deficit	\$1,314,560	\$1,185,154

## RESULTS OF OPERATIONS

For the three months period ended June 30, 2017, the Company incurred losses of \$32,924, which mainly resulted from Professional fees and Other expenses.

### Summary of Quarterly Results

Results are summarized in the following table:

	<b>3 Months ended June 30, 2017</b>	<b>3 Months ended June 30, 2016</b>
Net loss	\$32,924	\$45,238
Loss per share	\$0.01	\$0.01
Revenue	-	\$116
Total assets	\$78,616	\$225,149

### Liquidity and Capital Resources

As at June 30, 2017, the assets of the Company were represented by \$76,090 cash held on hand as well as HST receivable of \$2,526. The Company has to rely upon the sale of equity securities, primarily through private placements for cash, for general operating activities. Completed private placement arrangements are described in the **Financings** section above. The Company has not pledged any of its assets as security for loans, or otherwise is not subject to any debt covenants. Based

on current information, the Company anticipates that its working capital is sufficient to meet its expected ongoing obligations for the coming year.

#### Transactions with Related Parties

\$3,000 were paid as key management compensation during this period.

#### Outstanding Share Data

On June 30, 2017 the Company had 20,230,000 shares of its common stock issued and outstanding. There were 600,000 options and 1,500,000 warrants to purchase the Company's common stock outstanding. The stock options have an exercise price of \$0.30 and expire on May 12, 2019. The 1,500,000 warrants have an exercise price of \$0.26 and expire on October 9, 2020.

#### Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

### **SIGNIFICANT ACCOUNTING POLICIES**

All significant accounting policies adopted by the Company have been described in the notes to the unaudited financial statements for the period ended June 30, 2017.

#### New accounting standards and interpretations

Certain new accounting standards and interpretations have been published; however, these are not mandatory for the June 30, 2017 reporting period. Management believes that these standards and interpretations will have no material impact on the financial statements.

### **RISKS AND UNCERTAINTIES**

#### Uninsured or Uninsurable Risk

The Company may become subject to liability for risks against which the Company cannot insure or against which the Company may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for the Company's usual business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on the Company's financial position and operations.

#### Conflicts of Interest Risk

Certain of the Company's directors and officers are, and may continue to be, involved in other business ventures in the technology industry through their direct and indirect participation in corporations, partnerships, joint ventures, etc. that may become potential competitors of the products the Company intends to provide. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from the Company's interests. In accordance with the Business Corporations Act of British Columbia, directors who have a material interest in any person who is a party to a material contract or where a proposed material contract is required, subject to certain exceptions, have to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the

officers are required to act honestly and in good faith with a view to the Company's best interests. However, in conflict of interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavorable to us.

#### Key Personnel Risk

The Company's success will depend on its directors and officers to develop the Company's business and manage its operations, and on the Company's ability to attract and retain key technical, sales and marketing staff or consultants. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on the Company's business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that the Company will be able to attract or retain key personnel in the future, which may adversely impact the Company's operations. There are no compensatory plans or arrangements with respect to the executive officers resulting from the resignation, retirement or any other termination of employment of the officer's employment or from a change of named executive officers' responsibilities following a Change of Control. The Issuer has not granted any termination or change of control benefits. In case of termination of executive officers, common law and statutory law applies.

#### Speculative Nature of Investment Risk

An investment in the Company's common shares carries a high degree of risk and should be considered as a speculative investment by purchasers. The Company has not paid dividends, and is unlikely to pay dividends in the immediate or near future. The Company is in the development phase of its business. The Company's operations are not yet sufficiently established such it can mitigate the risks associated with its planned activities.

#### Liquidity and Future Financing Risk

The Company may require additional financing to fund future operations and expansion plans. The Company plans to raise further funds to carry out its business plan, but it does not yet have a commitment from anyone to invest the funds. The Company's ability to secure any required financing to sustain its operations will depend in part upon prevailing capital market conditions, as well as the Company's business success. There can be no assurance that the Company will be successful in the Company's efforts to secure any additional financing or additional financing on terms satisfactory to the Company's management. If additional financing is raised by issuing common shares in the Company's authorized capital, control of the Company may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its business plan or cease operating.

#### Going Concern Risk

The Company's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financing or in achieving profitability. The financial statements do not give

effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

### Global Economy Risk

A potential economic slowdown and downturn of global capital markets can make the raising of capital by equity or debt financing more difficult. The Company will be dependent upon the capital markets to raise additional financing in the future, while the Company establishes a user and customer base for its products. Access to financing can be negatively impacted by a global economic downturn. As such, the Company is subject to liquidity risks in meeting the Company's development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Company and its management. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and the trading price of the Company's common shares on the Canadian Securities Exchange ("CSE").

### Dividend Risk

The Company has not paid dividends in the past and does not anticipate paying dividends in the near future. The Company plans to retain potential earnings to finance further growth and, when appropriate, retire debt.

### Share Price Volatility Risk

The Company's common shares are listed for trading on the CSE. External factors outside of the Company's control such as announcements of quarterly variations in operating results, revenues and costs, and sentiments toward technology sector stocks may have a significant impact on the market price of the Company's common shares. Global stock markets, including the CSE, have from time to time experienced extreme price and volume fluctuations that have often been unrelated to the operations of particular companies. The same applies to companies in the technology sector. There can be no assurance that an active or liquid market will develop or be sustained for the Company's common shares.

### Increased Costs of Being a Publicly Traded Company

As a company with publicly-traded securities, the Company will incur significant legal, audit and filing fees. Securities legislation and the rules and policies of the Exchange require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information, all of which will significantly increase the Company's legal and financial compliance costs.

## **Financial Instruments**

### Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The Company does not have any financial instruments measured at fair value on the consolidated statements of financial position.

## **Capital Management**

The Company defines its capital as shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to explore all strategic options and to maintain a flexible capital structure for its projects for the benefit of its stakeholders.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash.

The Company is not subject to externally imposed capital requirements.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

### 1) Fair value

The carrying value of cash and cash equivalents, as well as accounts payable and accrued liabilities approximates their fair value because of the relatively short-term nature of these instruments.

### 2) Credit risk

The Company's cash is largely held in large Canadian financial institutions. The Company maintains cash deposits with Schedule A financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

### 3) Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will



fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

#### 4) Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise additional funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The Company intends to meet its current obligations in the following year with funds to be raised through private placements, shares for debt, loans and related party loans.

## CONTINGENCIES

There are no contingent liabilities.

## DIRECTORS AND OFFICERS

As of the date of this report, August 29, 2017, the Company's directors and officers are the following:

### Directors:

Harald Seemann

Jens Brandt

Philip Morrison

Stephane Bigue

### Officers:

Harald Seemann – Chief Executive Officer

Jens Brandt – Chief Financial Officer

**Approved and authorized by the Board of Directors on August 29, 2017.**

**On behalf of the Board:**

*/s/ "Harald Seemann"*

**Harald Seemann**  
**Director**

*/s/ "Jens Brandt"*

**Jens Brandt**  
**Director**