

BLOX LABS INC.

FORM 2A - LISTING STATEMENT

**WITH RESPECT TO A CHANGE OF BUSINESS PURSUANT TO POLICY 8 OF THE
CANADIAN SECURITIES EXCHANGE**

August 22, 2019

BLOX LABS INC.

FORM 2A

Listing Statement

with respect to a change of business under Policy 8 of the Canadian Securities Exchange

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CERTIFICATE OF THE ISSUER

CERTIFICATE OF BEST CANNABIS PRODUCTS INC.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

The information provided in this Listing Statement, including information incorporated by reference, may contain “forward-looking statements” about the New Issuer. In addition, the New Issuer may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the New Issuer that address activities, events or developments that the New Issuer expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by, or that include words such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal” or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance, or business developments. These statements speak only as of the date they are made and are based on information currently available and on the New Issuer’s then current expectations and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

- (a) the progress and the successful and timely completion of the various stages of the licensing process with Health Canada;
- (b) the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest;
- (c) market competition and agricultural advances of competitive products;
- (d) the timing and availability of the New Issuer’s products and acceptance of the Issuer’s products by the market;
- (e) the progress and success of development of the New Issuer’s hemp cultivation business;
- (f) the ability to successfully market, sell and distribute the New Issuer’s products and to expand the New Issuer’s customer base; and
- (g) other risks described in this Listing Statement and described from time to time in the New Issuer’s documents filed with the CSE and with Canadian securities regulatory authorities.

Consequently, all forward-looking statements made in this Listing Statement and other documents provided by the New Issuer are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences or effects. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the New Issuer and/or persons acting on the New Issuer’s behalf may issue. The New Issuer undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, other than as required under securities legislation. For more information concerning the risks associated with any investment in the New Issuer, see Section 17 - *Risk Factors*.

All dollar amounts referenced herein are shown in Canadian dollars, unless otherwise indicated.

1. Glossary

“**AgraFlora**” means AgraFlora Organics International Inc. (formerly PUF Ventures Inc.), a company listed for trading on the CSE under the symbol, AGRA.

“**AgraFlora Loan**” has the meaning ascribed to that term in Section 3 - *General Development of the Business*.

“**AgraFlora LOI**” has the meaning ascribed to that term in Section 3 - *General Development of the Business*.

“**BCBCA**” means the *Business Corporations Act* (British Columbia).

“**BCP**” means Best Cannabis Products Inc.

“**BCP Shareholder**” means a holder of BCP Shares, and “**BCP Shareholders**” shall mean any two or more holders of BCP Shares.

“**BCP Shares**” means the common shares in the capital of BCP.

“**Blox Option**” means an option granted to acquire one or more Blox Shares.

“**Blox Shareholder**” means a holder of Blox Shares, and “**Blox Shareholders**” shall mean any two or more holders of Blox Shares.

“**Blox Shares**” means the common shares in the capital of Blox.

“**Blox Warrant**” means one Blox Share purchase warrant.

“**Cannabis Act**” means the *Cannabis Act* of Canada, Statutes of Canada 2018, c. 16, Assented to 2018-06-21, Bill C-45, an Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts.

“**Cannabis Regulations**” means the regulations made under the Cannabis Act, SOR / 2019-206, for edible cannabis, cannabis extracts and cannabis topicals, published in the Canada Gazette, Part II on June 26, 2019, and will come into force on October 17, 2019, with two main sets of regulations that support the Cannabis Act, being Cannabis Regulations and Industrial Hemp Regulations;

“**CBCA**” means the *Canada Business Corporations Act*.

“**CIPO**” means the Canadian Intellectual Property Office, which covers trademarks, patents, industrial designs and copyright.

“**CPG**” means Consumer Packaged Goods.

“**CSE**” means the Canadian Securities Exchange.

“**DHA**” means David Hyde & Associates Inc. of Almonte, Ontario.

“**Eurofins**” means Eurofins Experchem Laboratories Inc. of Downsview, Ontario.

“**Existing Facility**” has the meaning ascribed to that term under Section 3 - *General Development of the Business*.

“**FDA**” has the meaning ascribed to that term in Section 17 - *Risk Factors*.

“**Final Exchange Bulletin**” means the CSE bulletin issued in connection with the completion of the Transaction and the submission of all required documentation and that evidences CSE approval for the listing of the New Issuer Shares.

“**Founder Loan**” has the meaning ascribed to that term under Section 20 - *Interest of Management and Others in Material Transactions*.

“**Fundamental Change**” has the meaning ascribed to that term under the policies of the CSE, which in brevity, means a fundamental change or change of business of a listed issuer that effectively results in a new issuer; a major acquisition accompanied or preceded by a change of control.

“**Health Canada**” means the department of the government of Canada with responsibility for national public health.

“**IFRS**” means International Financial Reporting Standards.

“**Interest-Only Period**” has the meaning ascribed to that term under Section 4 - *Narrative Description of the Business*.

“**Issuer**” or “**Blox**” means Blox Labs Inc.

“**June 2018 Private Placement**” has the meaning ascribed to that term in Section 10 - *Description of the Securities*.

“**License**” or “**IHL**” means, collectively, the standard cultivation license and the standard processing license expected to be granted to the New Issuer by Health Canada pursuant to the Industrial Hemp Regulations that fall under the Cannabis Act, otherwise known as Industrial Hemp License.

“**Licensed Producer**” means a holder of a standard cultivation license issued by Health Canada pursuant to the Cannabis Act.

“**Listing Statement**” means this Form 2A Listing Statement, filed in connection with Blox’s Fundamental Change.

“**MD&A**” means management’s discussion and analysis.

“**New Facility**” has the meaning ascribed to that term under Section 3 - *General Development of the Business*.

“**New Issuer**” means Sire Bioscience Inc. (formerly Blox), as it exists following the completion of the Transaction.

“**New Issuer Option**” means an option granted to acquire one or more New Issuer Shares.

“**New Issuer Shares**” means the common shares in the capital of the New Issuer.

“**New Issuer Warrant**” means one New Issuer Share purchase warrant.

“**OSC Settlement Agreement**” has the meaning ascribed to that term under Section 13 - *Directors and Officers*.

“**OTCPK**” means the over-the-counter pink sheet financial market.

“**Phase 1**” has the meaning ascribed to that term under Section 4 - *Narrative Description of the Business – Business Objectives*.

“**Phase 2**” has the meaning ascribed to that term under Section 4 - *Narrative Description of the Business – Business Objectives*.

“**PIPEDA**” means the *Personal Information Protection and Electronic Documents Act* (Canada) and has the meaning ascribed to that term in Section 17 - *Risk Factors*.

“**Pooled Shares**” has the meaning ascribed to that term under Section 11 - *Escrowed Securities*.

“**Property**” means the real property of approximately 50 acres acquired by BCP, municipally known as 1000 Country Road 34, Ruthven, Ontario.

“**Related Party**” means an entity or an individual that is related to the reporting entity.

“**Restricted Shares**” has the meaning ascribed to that term under Section 11 - *Escrowed Securities*.

“**SAFEs**” means the instruments containing a future right to shares, entered into between BCP and investors for the purpose of funding BCP’s business operations. See Section 10 – *Description of Securities – Prior Sales*, and Section 22 – *Material Contracts*.

“**Share Exchange Agreement**” means the share exchange agreement between BCP and Blox dated February 28, 2019. See Section 3 - *General Development of the Business*.

“**Stock Split**” has the meaning ascribed to that term in Section 8 - *Consolidated Capitalization*.

“**Transaction**” means the business combination between the Issuer and BCP, pursuant to which the Issuer will issue an aggregate of 234,800,000 Blox Shares to all of the BCP Shareholders in exchange for all of the issued and outstanding BCP Shares, resulting in a change of control of the Issuer.

“**Voluntary Pooling Agreement**” means the voluntary pooling agreement entered into on May 14, 2018, as amended on November 1, 2018, between certain Blox Shareholders holding 18,600,000 Blox Shares. See Section 11 – *Escrowed Securities* and Section 22 – *Material Contracts*.

“**VTB Mortgage**” has the meaning ascribed to that term under Section 4 - *Narrative Description of the Business*.

“**VTB Principal**” has the meaning ascribed to that term under Section 4 - *Narrative Description of the Business*.

2. Corporate Structure

The Issuer’s name is Blox Labs Inc. The head office and registered and records office of the Issuer is located at 213 Sterling Road, Suite 206, Toronto, Ontario, M6R 2B2. The Issuer was incorporated under the BCBCA on April 4, 2014 under the name Big Rock Labs Inc. On November 16, 2017, the Issuer changed its name from Big Rock Labs Inc. to Blox Labs Inc. and changed its CSE trading symbol to “BLOX”. Upon obtaining CSE approval to the Transaction, Blox intends to change its name to Sire Bioscience Inc. and its CSE trading symbol to “SIRE”.

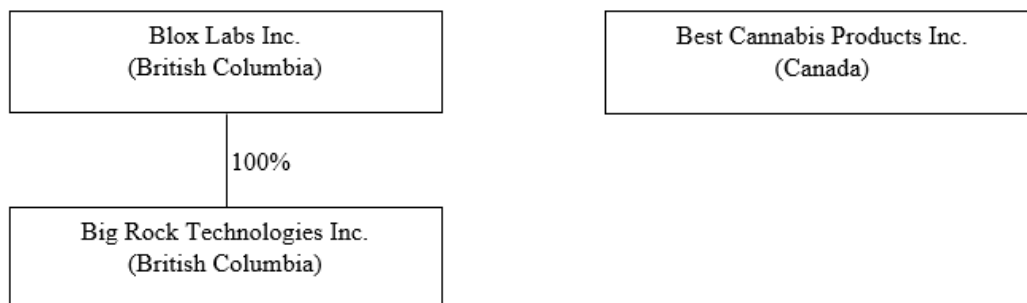
BCP was incorporated under the CBCA on February 6, 2018.

The New Issuer’s name will be Sire Bioscience Inc. The head office and registered office of the New Issuer will be located at 7110 Torbram Road, Mississauga, Ontario, L4T 4B5.

Intercorporate Relationships

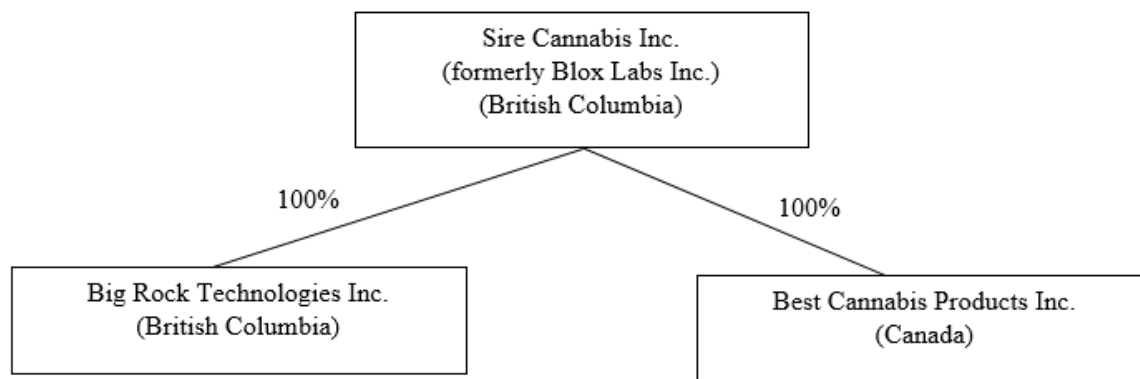
Prior to completion of the Transaction, the Issuer had one wholly-owned subsidiary, Big Rock Technologies Inc. which was incorporated pursuant to the BCBCA on February 13, 2014.

The following organizational charts show the corporate structures of the Issuer and BCP prior to completion of the Transaction:



This Listing Statement is being filed in connection with the Transaction, which constitutes a Fundamental Change, and pursuant to which the Issuer will acquire 100% of the issued and outstanding BCP Shares and BCP will become

a wholly-owned subsidiary of Blox. The following organizational chart shows the corporate structure of the New Issuer upon completion of the Transaction:



3. General Development of the Business

BCP is a Canadian company headquartered in Toronto, Ontario that is backed by a group of successful entrepreneurs who have extensive experience in the areas of manufacturing, logistics and renewable energy. Pursuant to an agreement of purchase and sale dated April 12, 2018, BCP acquired the 50-acre Property for \$6,400,000, which was financed through a combination of capital and the VTB Mortgage. On the Property is a state-of-the-art agricultural facility located in Leamington, Ontario, a preeminent locale for industrial hemp cultivation in Canada, with the potential to accommodate 180,000 square feet of growing capacity and the remainder of the Property comprising 40 acres is proposed for outdoor hemp (the “**Existing Facility**”). The abundant land package would allow for a potential future expansion of up to an additional 1,000,000 square feet of cultivation space (the “**New Facility**”). For more information concerning BCP, the acquisition of the Property and the VTB Mortgage, see Section 4 - *Narrative Description of the Business and Business Objectives* below for details of Phase 1 and Phase 2.

On September 1, 2018, BCP entered into a loan agreement with AgraFlora in the principal amount of \$250,000 (the “**AgraFlora Loan**”). The AgraFlora Loan bears interest at 4% per annum. The interest is capitalized and added to the principal amount of the AgraFlora Loan until the AgraFlora Loan matures in September 2019.

On October 9, 2018, the Issuer executed a letter of intent with BCP, as amended on December 4, 2018 and January 31, 2019, to extend the deadline to execute a definitive agreement to February 28, 2019. Blox and BCP signed the Share Exchange Agreement on February 28, 2019 pursuant to which the Issuer will acquire all of the issued and outstanding BCP Shares by purchasing from the BCP Shareholders all of the issued and outstanding BCP Shares in exchange for 234,800,000 Blox Shares with a value of \$0.05 per Blox Share, constituting the Transaction. The total purchase price to be paid for the BCP Shares is \$11,740,000.

On March 1, 2019, the Issuer announced the Share Exchange Agreement with BCP and provided a summary of the proposed Transaction, subject to shareholder and regulatory approvals, and trading in the Issuer’s shares was halted. The Transaction is not a transaction between Related Parties. The completion of the Transaction constitutes a Fundamental Change and requires CSE approval and majority approval of both the Blox Shareholders and the BCP Shareholders.

Neither the Issuer nor BCP are or were aware of any trends, commitments, events or uncertainties that are expected to materially affect the New Issuer’s business other than as disclosed herein under Section 4 - *Narrative Description of the Business* and Section 17 - *Risk Factors*.

On June 18, 2019, the Issuer announced that it had entered into a letter of intent dated June 14, 2019 with AgraFlora (the “**AgraFlora LOI**”) to negotiate in good faith a definitive agreement whereby AgraFlora and the Issuer intend to enter into a commercial services arrangement (the “**CSA**”) upon completion of the Transaction. AgraFlora is a diversified corporation focused on the international cannabis industry that has expertise in all facets of large-scale cultivation and propagation operations, a comprehensive genetics portfolio, access to industry experts, and is developing one of the world’s largest propagation and cultivation facilities (2.2 Million sq. ft.) in Delta, British

Columbia. Pursuant to the CSA, AgraFlora will be retained to help the Issuer build a best-in-class team of professionals from the hemp, agriculture and pharmaceutical sectors to manage and operate its planned hemp related business. As consideration for AgraFlora entering into the CSA, the Issuer will issue 20,000,000 common shares to AgraFlora at a deemed value of \$0.05 per share, for total consideration of \$1 million, subject to completion of the Transaction with BCP and all regulatory approvals thereto. The shares issued to AgraFlora may be subject to escrow provisions imposed by the CSE. The letter of intent dated January 7, 2019 between the Issuer and AgraFlora that was previously announced on February 20, 2019 has expired in accordance with the terms of the agreement.

As of the date hereof, the Issuer's Board consists of Jeffrey Zanini, Jerry Habuda, Thomas Clarke and Peter Karroll. Mr. Zanini is CEO and Sean McGrath is CFO of the Issuer.

As of the date hereof, BCP's sole director is Brian Polla. For details of BCP's management team, see Section 4 - *Narrative Description of the Business – Management Team of BCP*.

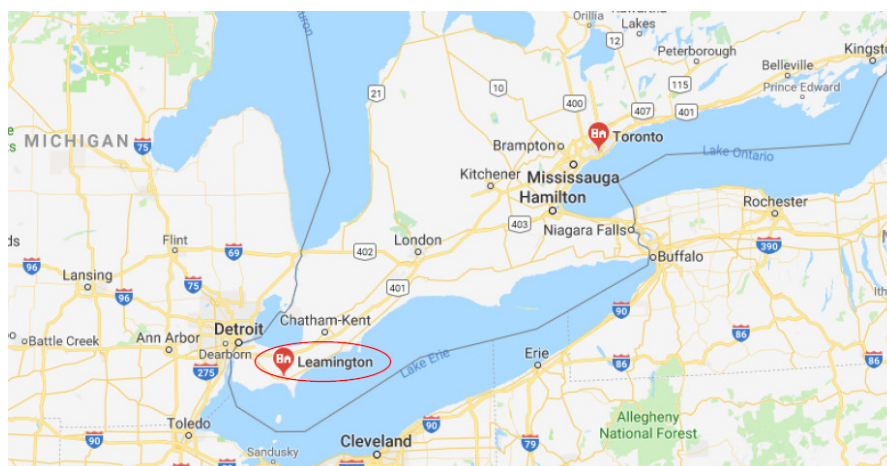
4. Narrative Description of the Business

Summary and Overview

Completion of the Transaction with BCP will result in a change of business of the Issuer, redirecting the New Issuer's resources and changing the nature of its business from technology development to life sciences, with a focus on the cultivation, production and sale of industrial hemp. The New Issuer intends to meet the listing requirements of the CSE as a "Life Sciences" company. The New Issuer plans to complete Phase 1 (as described under *Business Objectives* below) and future phases for hemp and industry-related activities in accordance with Health Canada guidelines. BCP recently obtained its Industrial Hemp License ("IHL") from Health Canada under no. LIC-MAQ20YRUT8-2019.

Many cannabis companies are finding themselves pulled between two markets. On one side is the emerging but uncertain cannabis industry, laden with ongoing legislation issues. On the other side is the promising CBD industry, aided by the passing of the 2018 Farm Bill, which fully legalized hemp and hemp-derived products. The choice that companies face is simple: Do you split focus and resources to dabble in both simultaneously, or do you streamline and focus on one? Cannabis tech company, Alternate Health Corp. (CSE:AHG) is one company that has very clearly defined its stance: The CBD market is the way to go.¹ The New Issuer also plans to take advantage of the hemp and CBD markets in order to create and maintain shareholder value.

BCP was federally incorporated in Canada on February 6, 2018 and is based out of Ruthven, Ontario, located in the southernmost part of Ontario. BCP's registered office is located at 7110 Torbram Road, Mississauga, Ontario, L4T 4B5. BCP's current focus is to become a Licensed Producer of industrial hemp while keeping the Existing Facility running as an agricultural site during the lengthy application process.



BCP's Existing Facility is located on 50 acres at 1000 County Road 34, Ruthven, Ontario, which has received approval of a zoning amendment (64-2018) in May 2018 to add a cannabis or hemp production facility. The Existing Facility

¹ Stockhouse.com, June 21, 2019. Alternate Health Shifts Focus to Burgeoning CBD Market.

has 180,000 square feet of growing capacity, and the remainder of the Property comprising 40 acres is proposed for outdoor hemp cultivation. See *Business Objectives* below for details of Phase 1 and Phase 2.

While awaiting receipt of the IHL, BCP plans to concentrate on strategic partnerships to help establish a recognizable and reputable brand name so as to expose the company's products prior to production. The New Issuer plans to cultivate industrial hemp for the purpose of producing pedigreed seeds, grains, fibers, flowering heads, leaves and branches.

The New Issuer's current hemp business and future business activities are focussed on but not limited to:

- hemp-based vertical integrated business model
- cultivation and propagation*
- edibles*
- CPG trademarks for hemp-based CBD wellness products with 15 trademarks already in for filing with CIPO
- Tissue culture*
- Oils and extractions
- Creams and topicals*
- Animal and pet-related CBD products
- distribution throughout Canada
- potential expansion of hemp processing through additional land parcels
- expansion of CBD hemp products for export into international markets

* denotes additional comments below.

Further, the New Issuer will look to focus on the following:

- **CPG-Branding:** SIRE's "House of Brands" currently has submitted 15 trademarks with CIPO for industry related CPG brands leading to high revenue products and 3rd party royalty arrangements.
- **CBD edibles:** In accordance with Health Canada guidelines and regulations which, at this time suggests October 2019 for legalization, CBD edibles are a rapidly growing sector of the industry, including baked goods, candies and foods.
- **Propagation and Tissue Culture:** Propagation originated by seeding or via cuttings, which is time-consuming, with a high degree of variability in output. Cultivators have nominal control over the genetics of their crop. The propagation period was lessened by using cuttings from mother plants and allowed farmers to clone strains and plants with preferred traits. However, cloning still requires substantial investment to bring a plant to maturity, as farmers deal with disease, pests and infections. Tissue culture, on the other hand, has made improvements in propagation techniques in that it is faster than seedlings and more disease resistant than clones. Plant production becomes more efficient and cost-effective. All tissue cultures start with a small cutting from a sample, which is trimmed, sterilized and fed, and can potentially reproduce hundreds of clones without contamination from the mother.
- **Sublingual tinctures:** A sublingual tincture is CBD oil that generally comes in a small bottle with a dropper. Sublingual products are ingested by placing them under your tongue and allowing the oil to absorb.
- **Vape concentrates:** Vaporizer concentrates, such as CBD oils and waxes, are another common product. These can be used with an electronic device to vaporize and inhale the CBD product.
- **CBD topicals:** CBD topicals include gels, creams and sprays for aches and pains. These products are placed directly on the skin to target a localized region of the body.

Industrial Hemp: Introduction, Global Markets and Trends

The Cannabis Act came into effect in June 2018 in Canada which, among other things, legalized the cultivation and extraction of CBD from hemp. Industrial hemp may only be grown under licence from Health Canada. Because industrial hemp is a controlled substance, every aspect of its handling, production and marketing is controlled by licences issued to the operator. The Cannabis Regulations allow for the controlled production, sale, movement, processing, exporting and importing of industrial hemp and hemp products that conform to conditions imposed by the

Cannabis Regulations. Under the Cannabis Regulations, industrial hemp seeds must be of a variety listed in Health Canada’s List of Approved Cultivars. Plants and plant parts may not contain more than 0.3% THC when sampled and tested in the approved manner. Products made or derived from hemp must not contain more than 10 micrograms of THC per gram.²

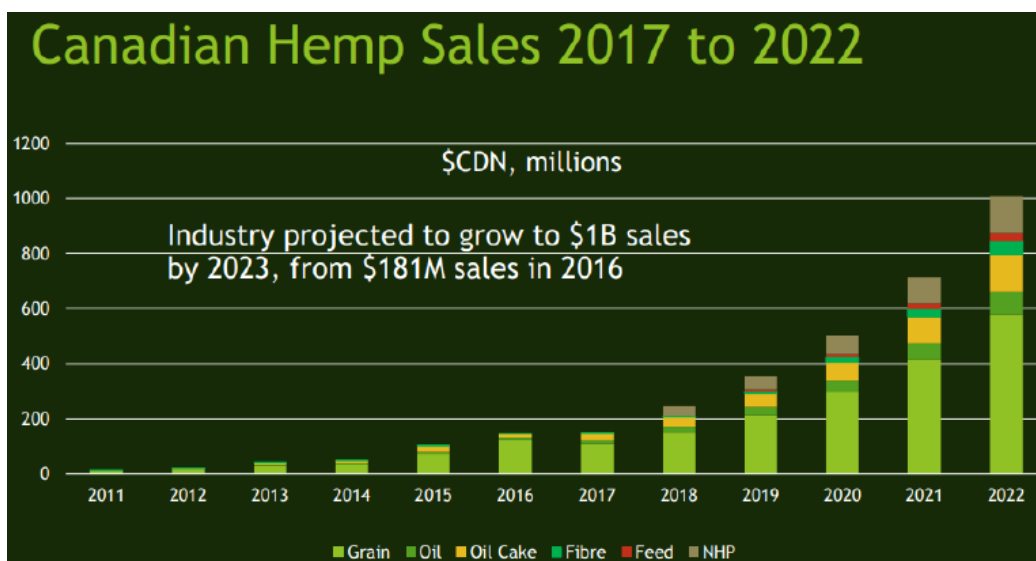
The production of hemp and hemp products is quickly emerging as an industry leader in Canada. There are many uses of hemp, including food products, clothing, textiles, building materials, rope, canvas, paper, fuel and even biocomposites as companies focus on R&D to meet demand. Hemp seed oil is used for health and cosmetics as well as for lubricants, varnishes, and paint. Hemp-based foods are expected to grow in importance within the organic food market as hemp contains a variety of healthy fats and proteins making it a desirable food source. Hemp does not require the use of pesticides and can grow in dry soils but requires lots of nitrogen.

Hemp is also used widely in medical and personal care products as it contains less than 0.3% THC (not enough to produce the “high” normally associated with cannabis) but contains high concentrations of CBD, a non-intoxicating compound that offers potential therapeutic benefits, such as reduction in anxiety and inflammation. The extraction of CBD from hemp is considered a much more economical way of acquiring CBD than from cannabis, and will likely be a large part of the industrial hemp industry due to the significant benefits it offers.

Industrial hemp production already occurs on a large scale in Canada, France, China, and the U.S. The New Issuer believes that it has positioned itself timely in this industry sector to provide optimum shareholder value.

Canada

Industrial hemp production has been in operation since 1998 and Canada is now the second largest producer of hemp in the world after China³. According to Statistics Canada, in 2016 export sales amounted to \$146.5 million while domestic sales during that year were estimated to be \$35 million. In 2017, Canada exported \$93 million in hemp food and fibre alone⁴. Hemp sales are projected to grow significantly in years to come, as shown below⁵.



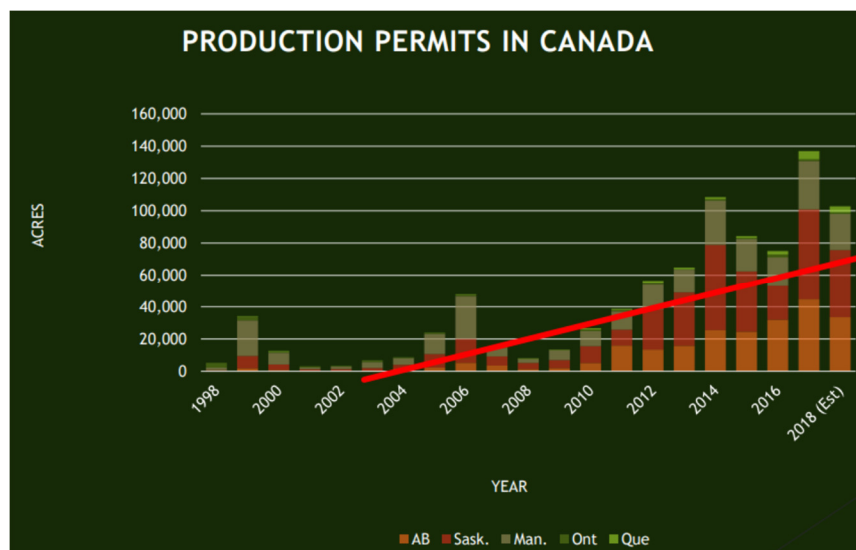
² Ontario Ministry of Agriculture, Food and Rural Affairs FactSheet: <http://www.omafra.gov.on.ca/english/crops/facts/00-067.htm>

³ Canadian Hemp Trade Alliance, no date. Canadian Industrial Hemp Industry: 20 years and growing. <https://seedinnovation.ca/wp-content/uploads/2018/07/Canadian-Industrial-Hemp-Industry-Keanan-Stone-.pdf>

⁴ Agriculture and Agri-Food Canada, September 4, 2018. Growing the Canadian Hemp Sector Through Investment and Cannabis Legislation. <https://www.newswire.ca/news-releases/growing-the-canadian-hemp-sector-through-investment-and-cannabis-legislation-692421531.html>.

⁵ Canadian Hemp Trade Alliance, no date.

Currently, most of the production occurs in the Prairie provinces of Saskatchewan, Alberta, and Manitoba and is primarily used for the production of hemp seed. In 2017, Canada had a total of 138,000 acres permitted for industrial hemp production, with 325 producers licensed in Alberta alone⁶. Interestingly the number of cultivation licences has varied from year to year, with a high of 560 in 2006, and a low of 77 in 2008, before rising to 340 in 2011. Since then, the number of licenses has risen to more than 1830 in 2017.



At this time, hemp containing CBD can be grown by hemp farmers but CBD can only be extracted into oil form by licensed cannabis producers. However this may change in the next round of cannabis regulations in October 2019. There is currently only one licensed cannabis producer that owns a hemp farm in Canada. The hemp industry believes that opportunities presented by CBD could provide up to \$100 million in additional revenue to hemp growers⁷. InnoTech Alberta estimated that the current Canadian hemp market could be worth \$1 billion annually by 2023 and this would significantly increase if Canada took advantage of the profitability of CBD and hemp flowering heads. New hemp regulations could do exactly that and a few companies are planning Canadian hemp expansions.

United States

As of 2018, the U.S. is the world's third largest producer of hemp. Twenty-four states have active production and 41 have removed regulatory barriers to its production⁸. In December 2018, Congress passed the U.S. Farm Bill which officially made production of hemp-derived CBD legal⁹. The Brightfield Group estimates that the hemp-based CBD market could exceed US\$22 billion by 2022¹⁰.

However, most states have not altered their laws to match the new federal rules and local police and prosecutors are unsure of what is actually illegal and legal. In addition, federally, adding CBD to food is considered by the FDA as the same as adding a pharmaceutical drug, yet Colorado allows all parts of hemp to be added to food and Missouri even allows its addition to alcohol, while CBD-containing food is illegal in California, Georgia and New York City.¹¹

⁶ Calgary Herald, November 5, 2018. 'The next canola': Alberta hemp farmers see bright future in wake of Cannabis Act. <https://calgaryherald.com/business/local-business/the-next-canola-alberta-hemp-farmers-see-bright-future-in-wake-of-cannabis-act>.

⁷ Calgary Herald, November 5, 2018.

⁸ Hemp Today, February 18, 2019. U.S. jumps to No. 3 among top hemp growing nations. <https://hemptoday.net/us-third-biggest-hemp-grower/>.

⁹ Financial Post, February 19, 2019. CBD-craze drives Canadian pot firms to hop on the hemp bandwagon. <https://business.financialpost.com/cannabis/cbd-craze-drives-canadian-cannabis-producers-to-hop-on-the-hemp-bandwagon>.

¹⁰ Smith, J., October 31, 2018. CBD market set to take off. BNN Bloomberg, <https://www.bnnbloomberg.ca/cbd-market-set-to-take-off-1.1160309>.

¹¹ New York Times, May 6, 2019. CBD Is Wildly Popular. Disputes Over Its Legality Are a Growing Source of Tension. <https://www.nytimes.com/2019/05/06/us/cbd-cannabis-marijuana-hemp.html>.

China

China is the global hemp production leader in cultivation, processing, manufacturing and exports. In 2017, Chinese domestic sales were approximately \$1.1 billion, which was over a third of the global hemp market¹². China's industry is focused on hemp textiles but also has a fast-growing CBD market. This is perhaps ironic, as cannabidiols are not authorized for consumption in China.¹³

Europe

Europe's leading hemp growers are France¹⁴ and Romania¹⁵ with production areas of approximately 40 000 acres. The total production area for Europe in 2017 was approximately 110 000 acres¹⁶. Since 1994, most of the French hemp crop has been used to make high quality paper used in books, currency, and cigarette rolling paper. However, European producers and manufactures have not been adequately addressing the growing demand for CBD. This may be because the EU's Common Agricultural Policy caps the THC limit at 0.2%, which is lower than the 0.3% limit in North America and Asia¹⁷. To address this, the EU is currently looking at a variety of proposals to increase the THC limit to bring it in line with that in other jurisdictions¹⁸.

Africa

Malawi is now cultivating industrial hemp in a trial program and will potentially legalize its cultivation for fabric and food products¹⁹. In South Africa, it is currently illegal to cultivate hemp but the government is looking at ways to establish a hemp industry.

Varieties²⁰

Industrial hemp varieties tested in Ontario to date have all been of European origin, with the exception of new Ontario-bred varieties such as Anka and Carmen. They come in 2 types: Dioecious, which have male and female flower parts on separate plants (e.g., Kompolti and Unico B), and Monoecious, which have male and female flower parts on the same plant (e.g., Ferimon and Futura). A third type of cultivar, known as Female Predominant, is a dioecious type that has 85%-90% female plants. It is believed this type can produce a higher yield of grain. Most French varieties are hybrid populations of predominantly female types.

Each industrial hemp variety has its own set of characteristics: small or large seed; higher or lower oil content; different oil composition, etc. Varieties grown for fibre may contain from 15%-25% of bast fibres. As markets develop, contracts to grow industrial hemp may specify the exact varieties that will be grown to meet specific market needs.

¹² Globe Newswire, November 1, 2018. China commands over one-third of the total global hemp market. <https://www.globenewswire.com/news-release/2018/11/01/1641275/0/en/China-Commands-Over-One-Third-of-the-Total-Global-Hemp-Market.html>.

¹³ New York Times, May 4, 2019. China cashes in on the cannabis boom. <https://www.nytimes.com/2019/05/04/world/asia/china-cannabis-cbd.html>.

¹⁴ Hemp Today, February 18, 2019.

¹⁵ Hemp Industries Association, 2009. FACTS. <https://web.archive.org/web/20130927042024/http://www.thehia.org/facts.html>.

¹⁶ Hemp Today, February 18, 2019.

¹⁷ Hemp Industry Daily, April 25, 2019. Europe's hemp definition, 'novel foods' designation cloud region's potentially booming CBD market. <https://hempindustrydaily.com/europes-hemp-definition-novel-foods-designation-cloud-regions-potentially-booming-cbd-market/>.

¹⁸ Alexander Beadle, April 12, 2019. European Union Considers Increasing Hemp's THC Limit. <https://www.analyticalcannabis.com/articles/european-union-considers-increasing-hemps-thc-limit-311605>.

¹⁹ CNN, May 7 2018. Africa's weed race? Zimbabwe second country to legalize medicinal marijuana. <https://www.cnn.com/2017/10/09/africa/african-countries-legalize-marijuana/index.html>.

²⁰ Ontario Ministry of Agriculture, Food and Rural Affairs FactSheet: <http://www.omafra.gov.on.ca/english/crops/facts/00-067.htm>.

Only varieties of industrial hemp that are named in the List of Approved Cultivars, published by Health Canada, are approved for planting in Canada. These varieties are known to produce plants containing less than 0.3% THC under normal conditions. The THC level may vary with stage of growth and increase under environmental stress conditions. They mature to fibre in 60-90 days and to grain in 110-150 days. Using home grown or “common” seed is illegal.

Strategy

Upon licensing, the New Issuer will grow approved cultivars and unapproved cultivars with less than 0.3% THC of industrial hemp. An IHL will allow the New Issuer to export hemp seed and viable grain. The New Issuer would be able to sell hemp flowering heads to Licensed Producers for extraction of CBD. The New Issuer would also be able to sell the flowering heads, leaves, and branches of hemp to other cannabis and industrial hemp Licensed Producers. The non-viable grains, bare mature stalks, stalk fiber and roots would be sold to companies which can produce hemp seed oil, hemp protein powder, paper products, etc. The Manitoba Agriculture, Food and Rural Initiatives recommend that hemp farmers line up buyers in advance with a contract and guaranteed market, due to the small amount of farmers and processors and nascence of the industry. This is to avoid getting caught with product that they are unable to sell.

In accordance to Health Canada rules and regulations, the New Issuer plans to do the processing itself upon acquiring a cannabis processing licence. A cannabis processing licence would allow the New Issuer to extract CBD oil from hemp flowering heads, leaves, and branches. This is the most cost-effective method of extracting CBD. There is currently only one licenced cannabis processor that also has a licence to grow industrial hemp but this number is likely to increase. Once the New Issuer gets complete licensing to produce, the New Issuer will begin production to be ready for the industrial hemp demand push.

BCP engaged industry experts DHA and Eurofins to advise on and assist with modifying and improving the Existing Facility and designing the New Facility to ensure compliance with Health Canada’s standards for facilities to be used in cultivating hemp indoors and outdoors. For more information concerning the engagements with DHA and Eurofins, see Section 22 – *Material Contracts*.

Subject to completion of additional debt or equity financing for Phase 2, operations will involve the development and improvements to the Existing Facility, which will be used exclusively for industrial hemp cultivation and industry-related activities, in accordance with Health Canada regulations. Phase 2 is expected to commence in early 2020. After the second year of production, Phase 2 will be complete and the New Facility will have the production capacity to produce 25,000,000 grams per year of industrial hemp, based on 4 cycles per year. Phase 1 will only have access to 10,000 square feet of the Existing Facility to produce hemp which will leave approximately 5,000,000 grams produced in year one. For further details, see Section 4 – *Narrative Description of the Business – Business Objectives*. For the Issuer’s working capital, see Business Objectives – Working Capital.

The New Issuer intends to cultivate industrial hemp for the purposes of either extraction or to sell the harvested material to other IHL holders for their extraction, pursuant to the requirements of Health Canada. The goal of the New Issuer is to become a dominant industrial hemp producer in Canada by executing the following strategies:

- **Brand strategy:** The New Issuer will have a wide variety of strains to offer to the public to better satisfy niche desires.
- **Product strategy:** By cultivating high CBD hemp strains such as ESTA-1, CRS-1 and Georgina, the New Issuer will be able to provide unique CBD-rich products to the Canadian consumer, which will include oils, topicals, edibles and capsules.
- **Media and Promotional strategy:** Promote the New Issuer through extensive traditional and social media campaigns while still conforming to Division 2, Subdivision A of the Cannabis Act.
- **Customer acquisition strategy:** The New Issuer will aggressively campaign on social media and expand its cannabis education program to health care providers, and assist health care providers in registration and distribution of product to their patients.

Although Canada will become a huge player in this market, the New Issuer wants to have a significant portion of revenue derived from international exports as it represents a much larger consumer market than currently exists in Canada. This will position the New Issuer to be more resistant to regulation and market changes within Canada and allow for more revenue opportunities.

The New Issuer plans to have a flexible and adaptable business strategy in light of uncertainty stemming from evolving regulatory and market conditions. In response to this uncertainty, the New Issuer plans to have multiple product lines, including different hemp-derived products in order to diversify its revenues. While the New Issuer will initially focus on cultivation and sales of dried hemp, it plans to invest time and financial resources into hemp derivatives once revenue is in place from cultivation and hemp sales. A wider product offering and diversified revenues will improve the sustainability of the New Issuer’s operations.

Customer Analysis

Industrial hemp is a new and exciting industry with extreme growth potential. A large portion of the general population is still uneducated on the medicinal benefits and general uses of CBD as a pain relief and anxiety depressant. As legalization comes, more people will be exposed to the product which will essentially increase the number of users in all age groups. Hemp will first be sold to licensed processors, then to sellers for sale to the public.

Once the New Issuer acquires the necessary licensing, hemp processing will occur on site and products will be sold to licensed retailers and processors using extracted CBD in their own products. Eventually, the New Issuer plans to develop its own hemp-based products for sale to the public.

Customer Needs

Hemp is environmentally friendly and does not require the use of pesticides. Hemp is also nutritious and contains a variety of proteins. This means that hemp-based products could be very popular among “health-conscious” consumers. There is a growing demand for hemp-based products within the organic foods market. Hemp is used in a variety of products including animal feed, food, building materials and textiles. Processors of hemp require a licensed cultivator to provide enough hemp to meet their needs.

Competitive Analysis

Below is the SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis for the New Issuer:

Strength	Weakness
<ul style="list-style-type: none"> • Experience Management Team • Experience business Team with financial Knowledge • Green House operations • Strategic Partnerships • Agricultural location • Clean, quality product 	<ul style="list-style-type: none"> • Finding staffing • Establish a recognizable brand. • Current lack of growth capital
Opportunity	Threat
<ul style="list-style-type: none"> • Recreational legalization • Growing industry • Competitors having difficult producing quality product (recalls, shortages) • Global recognition • Significant profit potential 	<ul style="list-style-type: none"> • High number of LP’s • Well-financed and positioned competitors • Delays in LP licensing

Competitors in Canada

As of February 2019, there are 1,226 Licenses in Canada for the possession, cultivation, sale, processing, import and/or export of industrial hemp.²¹ For the purposes of cultivation there are 711 Licenses with 184 in Alberta, 162 in Saskatchewan, and 106 in Quebec. All other provinces have less than 100 cultivation Licenses. These numbers have risen steadily over the years. In order to import industrial hemp, commercial importers must have one of these Licenses and also a valid import permit specific to industrial hemp. Most of the direct competitors in Canada are currently domestic competitors.

During BCP's application process for an IHL, there were currently 115 Licensed Producers to sell medical cannabis across Canada, with Ontario leading with 62. The majority of cannabis companies have hemp and CBD-related divisions.

Marketing Plan

The New Issuer aims to feature secure, safe, extremely high-quality products that will be easily available to consumers through other processors or members of the public.

Products and Services

As previously mentioned, hemp can be used to make a diverse array of products, including food products, clothing and building materials. Various parts of the plant can be used for different things. Hemp seed oil is used in body products and cosmetics but also for lubricants, varnishes, and paint. Hemp seed itself is commonly used in breads, granola and cereal, and ground into milk, which people can easily find at their local grocery store. Hemp-based foods are expected to grow in importance within the organic food market. Hemp stalk and fibres are used to produce clothing, rope, canvas, clothes, paper, and even biofuels. The New Issuer will focus on cultivation and sales of industrial hemp. Once the revenue streams have been developed the New Issuer plans to invest its time and money into extracts to help diversify revenue.

The flowering heads of hemp are rich in CBD and are in demand for the production of medicinal and natural health products. CBD is likely to be used in a variety of natural health products at health food outlets in the future. Producers are particularly interested in including it in beverages such as coffees. While CBD is not water soluble, there is technology that has been perfected to make it water soluble and addable to beverages.²² To sell these types of CBD products, CBD producers need to connect with grocers and mainstream retailers, educate them on CBD, and show them detailed plans in case this new product is recalled. By positioning into mainstream stores, CBD producers will be able to acquire valuable market share before larger beverage and food companies can develop their own CBD products.

It would make sense for the New Issuer to maximize the use of all components of the hemp plant and sell the parts of the plant after harvesting to various buyers for processing. The target is to reach clients with a wide variety of products like oils, topicals, edibles and capsules and any other hemp derivatives that may come into the market. The New Issuer plans to be flexible with its products while adapting to new trends in the market. This will be done in the early stages of the operation. Once the IHL is obtained, CBD can be extracted from hemp flowering heads on-site and sold directly to provincial sellers.

The New Issuer will have an array of different strains to offer to the public to better satisfy niche desires. The New Issuer will cultivate high-CBD hemp strains such as ESTA-1, CRS-1 and Georgina and will be able to provide unique CBD-rich products to the Canadian consumer.

Pricing

During Phase 1, industrial hemp will be grown at a variable cost of \$0.38/lb and sold for approximately \$0.74/lb.

²¹ Health Canada, February 4, 2019. Industrial hemp licensing statistics for 2018. <https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/producing-selling-hemp/about-hemp-canada-hemp-industry/statistics-reports-factsheets-hemp.html>.

²² Marijuana Business Magazine, August 2018. Liquid Gold. <https://mjbizmagazine.com/liquid-gold/>.

Prices of the New Issuer's product will be conservative to create a margin of safety in profit projections. Further analysis in Phase 2 will be conducted to get an estimation of prices and costs for extracts and oils.

Promotional Plan

As more and more Licensed Producers are entering the market every month, it is important to differentiate the New Issuer's products to stand out and dominate market share. The New Issuer's promotional plan will have 8 differentiation strategies. In essence, promote the New Issuer through extensive traditional and social media campaigns while still conforming to Division 2, Subdivision A of the Cannabis Act. The New Issuer will aggressively campaign on social media and expand its educational program to health care providers, and assist health care providers in registration and distribution of product to their patients.

Store-front Advertising: The New Issuer will pay retail stores to have store-front advertising for the New Issuer's brand. Health Canada-approved banners and advertising flyers will be placed inside retail stores to draw attention from potential customers.

Free Shipping: Free shipping will be provided for any consumer that spends more than \$75 through the New Issuer's website.

Personalized Service: Knowledgeable and friendly staff will be trained to help clients select the most beneficial product for their needs. The management team will always be available to talk with customers and potential clients, providing them with years of experience and expertise.

Educational Tools: Brochures, information kits, and workshops will be conducted and given to the public to help educate people on the medicinal benefits of CBD.

Social Enterprises: The New Issuer plans to give back to the community and help out the public in any way that it sees fit.

Distribution Plans

To meet supply of product it will be necessary to establish supply chain partners. The New Issuer will distribute harvested non-viable hemp seed and mature stalk to processors of these materials. Until such time as the New Issuer forms a strategic alliance which would allow the possibility to execute its own extraction business model, the New Issuer will leverage with third party cannabis Licensed Producers to distribute harvested leaves and flowering heads for extraction of CBD. CBD oil could be shipped and sold as-is to other companies for processing into a variety of CBD products or could be processed on site into the New Issuer products. Shipments of hemp materials, hemp-based products, CBD oil, CBD oil-based products will be distributed by truck (for bulk shipments of materials) or via direct mail to door delivery to customers. Hemp-based and CBD-based products can be purchased on the New Issuer's website and shipped directly to the customer's house. The New Issuer will investigate distribution of hemp-based products at stores.

The New Issuer will distribute their processed CBD product via direct mail to door delivery to customers. Patients and recreational users can purchase products through the New Issuer's website and get it shipped directly to their homes.

The New Issuer's logistics will be supported by up-to-date IT systems in warehouse and order management. These systems will be driven by best practices in order fulfillment and process design.

Wholesale

For now, 102 Licensed Producers are approved to distribute cannabis across Canada. Currently, 29 Licensed Producers are approved to sell cannabis in retail stores across Canada. The New Issuer plans to sell its hemp at a wholesale rate to these Licensed Producers.²³

²³ Statistics Canada, 2018, April 26. A snapshot of licensed cannabis producers. Retrieved June 13, 2019, from <https://www150.statcan.gc.ca/n1/pub/13-605-x/2018001/article/54961-eng.htm>.

Although this will be relatively less expensive than the retail rate, the New Issuer's margins will still have a healthy return.

Operation Plan

The New Issuer's analysis concluded that by using a greenhouse model it will be able to significantly reduce energy costs by making use of the sun's energy. The greenhouse is currently constructed in a way to capture rain water and funnel to the soil within the greenhouse. This method of recycling water will help the New Issuer save a copious amount of money on water. In addition, the heat storage system of the greenhouse helps save money on energy and allows the New Issuer to compete on a low-cost basis against other Licensed Producers. Sanitization and quality control standards are going to be carefully monitored throughout the growing, processing, and distribution process. Various strains will have different CBD contents to appeal to a larger variety of consumer groups. The New Issuer predicts having 4 harvests per year with each harvest taking approximately 3 months to grow. Below are the stages of the growth-maturity cycle:

- 1st stage: germination of seeds and gendering plants
- 2nd stage: rooting clones
- 3rd stage: clone/vegetation
- 4th stage: flowering
- 5th stage: processing/trimming
- 6th stage: harvesting
- 7th stage: drying
- 8th stage: quarantine & assessment
- 9th stage: lab testing & quality assurance
- 10th stage: preparation
- 11th stage: vault storage/inventory

Facility

The Existing Facility is located in Leamington, Ontario. This strategically placed location will provide the New Issuer a competitive edge due to its advantageous climate of the southern most part of Ontario. Typically, the weather is about 2-3 degrees warmer than the rest of Ontario and provides a better climate for growing crops. The Existing gram

Facility will be on a plot of 50 acres of land with the greenhouse occupying 180,000 square feet. The Existing Facility was specifically designed to generate maximum efficiency and simplify flow of production.



Security

The New Issuer will have top-of-the-line security to help protect its facility and products from external activities. Its security system and operating procedures will follow all Industrial Hemp Regulations ("IHR"). Physical security will start at the perimeter of the Property and follow "rings of security" principles. Physical barriers will be in place throughout the site to prevent the movements of potential intruders. Building alarms will notify security if any unauthorized entry has been made.

In regards to personnel such as Fire and Police responding to an emergency, the security system has been designed so that they can gain access throughout the facility if a safety/security issue requires them.

The entire perimeter of the greenhouse facility will be fenced off and protected from introducers. These security measures will not only turn away people not allowed on the perimeter but will protect the New Issuer's products in the shipping area and docking area from external forces. Parking and the front door will be behind the fenced area. Access to the fenced area will only be via a key pad with a passcode given to all authorized personnel.

The location of the Existing Facility is in a rural area and is strategically positioned to be away from a dense population centre. The nature of the area will add to the safekeeping of hemp within the facility.



The New Issuer will have key points at the site where cameras will be placed. These points will include locations at the fenced perimeter on the outside of the building. To add to that, there will be additional cameras in every room of the building to ensure security. These cameras will be running 24 hours a day, 7 days a week, to record footage of the facility at all times and allowing the New Issuer and Health Canada to recall any point in time. These cameras will be placed in areas that are clearly visible to discourage any illegal activity from occurring.

Every door in the building will be locked at all times and only authorized personnel with appropriate codes for keypads will be able to have access to specific rooms. Every visitor will have to sign in and sign out when on site to keep track of all individuals entering and exiting the building. Every room will have a passcode or keypad entry required to enter the room. These keypads will be able to track workflow by monitoring when any person in the building entered and left each room. This security measure will allow the New Issuer to easily track who was in a particular room during a contamination/security breach to quickly get to the root of any issues.

Tracking System

Ample Organics is the software that the New Issuer intends to use to track growing conditions within the Existing Facility. This software enables the New Issuer to track all hemp cultivated and produced, from initial planting through to point of sale distribution in order to comply with regulatory requirements to track the cultivation and distribution of hemp and hemp products. The Ample Organics software will be used for generating reports and statistics that the New Issuer will use to communicate its business activities and results of operations to stakeholders. Ample Organics also creates administrative, accounting, and quality assurance modules that can be easily transformed into reports if necessary.

Risk Management Strategy

The following table describes BCP's risk management strategy:

<i>Description</i>	<i>Likelihood</i>	<i>Impact (L, M, H)</i>	<i>Mitigation Plan</i>
Project Specific Risks			
BCP licence process delayed	20%	M	<ul style="list-style-type: none"> Define the expected approval cycle Ensure BCP is positioned for earliest possible approval window Scale back capital cost investments accordingly Focus upon activities that do not require the concerned licence
Health Canada rejects BCP licenses	15%	L	<ul style="list-style-type: none"> Determine exact cause and severity of rejection Institute required changes to remedy situation Define timeline associated with re-application process Scale down capital cost investments and overhead Reapply Focus upon activities that do not require the concerned licence
Security Clearance denied to members of BCP	5%	L	<ul style="list-style-type: none"> Determine cause of denial, if easy to remedy, provide mitigating information to Health Canada and reapply If unable to correct, immediately, reposition in a non-officer capacity Reapply when issue has been mitigated
Smaller commercial producers infiltrate early market with low priced offerings	20%	M	<ul style="list-style-type: none"> Position BCP as best quality available with a completely known and open product profile

Management Team of BCP

The following individuals comprise the current management team of BCP:

Brian Polla, CEO: Mr. Polla has over twenty years of business management experience and is currently an owner and President of a successful manufacturing business that serves international clients. Over the years, he has developed an extensive background in Health and Wellness.

Bernie Li, CFO: Mr. Li has twenty years of experience as an investor and entrepreneur. He co-founded a solar energy company that grew to over 200 employees which operated across North America. He also worked for multiple venture capital funds and became an established name in the industry.

Adrian Burke, Marketing and Sales: Mr. Burke brings 23 years of entrepreneurial and business development experience to the team. His previous focus in the supplement space and his insight to the current state of marketing and distribution will be of great value as the New Issuer positions itself to differentiate its consumer brand offerings. His more notable accomplishments are the 20 year old brand “Fusion Nutrition” and the more recent “Furious” formulation.

Michael Lines, Product Development: Mr. Lines brings 23 years of experience in the natural and traditional consumer-packaged goods industries. His areas of expertise include global sales go-to-market, brand strategy and execution; operations, customer marketing, and organizational development and effectiveness.

Chris Hornung, Cannabis Facility Consultant: Mr. Hornung has over twenty years of experience as an executive and board member for various family-owned businesses in the manufacturing industry. He is a board member of a publicly-traded company that is in the process of becoming a licensed grower of cannabis in the Canadian market. He also has previous experience with the construction and set up of a facility for cannabis grower.

The directors and officers of the New Issuer, following completion of the Transaction, is set out in Section 13 – *Directors and Officers*.

Business Objectives

Mission

The New Issuer plans to develop a brand that provides consumers with a high quality, consistent product with the implementation of numerous social supporting initiatives to service the neighbouring communities of Leamington, Ontario.

Vision

The New Issuer intends to become a leading platform of products and services in the existing industrial hemp industry in Canada and globally.

The New Issuer's business model with respect to the cultivation of industrial hemp consists of growing and selling hemp varieties, as approved by Health Canada, as viable grain to licence holders for processing, as well as selling the fiber to third parties for processing.

The Company will be growing industrial hemp on the Property by utilizing the 40 acres of outdoor space ("**Phase 1**").

Upon completion of Phase 1, the Existing Facility will be retrofitted to accommodate approximately 180,000 square feet of cultivation space and industry related activities ("**Phase 2**"). The Existing facility will allow for a diversified opportunity to execute on vertically integrated industry specific business models that will include the execution of cultivation, manufacturing, distribution and retail. Phase 2 is expected to be completed within two years of the New Issuer's facility becoming operational. Conditional upon the New Issuer receiving the IHL from Health Canada, the New Issuer expects that it will begin cultivation and production within the next 12 months.

Funding Requirements

During a lengthy application process, many companies have been set back significantly due to the amount of money a company spends before actually producing a product and selling it. The Issuer understands that companies that have the ability to withstand long periods of time without receiving income have a better position in the market. BCP plans to continue the production of tomatoes and cucumbers during the application process allowing the Existing Facility to bring in revenue while awaiting IHR approval. This will allow BCP to maximize efficiency during the application process. Once Health Canada approves BCP's application, BCP will remodel its Existing Facility to meet Health Canada's facility standards. BCP will prepare the site for industrial hemp production in accordance with the site requirements of the IHR. BCP will remodel its Existing Facility in two phases before initiating hemp production. The initial funding for Phase 1 will require \$2,000,000. After a year of production, BCP will require additional funding of \$16,000,000 to commence Phase 2. Phase 1 will be funded through the non-brokered private placement that will close concurrently with the completion of the Transaction. Once revenue is secured in Phase 2, we will go back to the public markets to acquire the remaining \$16,000,000 in funding.

Working Capital

As of June 30, 2019, the Issuer had net working capital of \$261,000 for the achievement of its business objectives.

Other Sources of Funds

It is expected that the New Issuer will complete a non-brokered private placement of up to \$5,000,000 concurrently with the completion of the Transaction to finance the New Issuer's application for the IHL and the completion of Phase 1, and provide sufficient working capital going forward. The New Issuer expects that this will be adequate capital for the purposes of completing Phase 1 to the standards required by Health Canada, to support its efforts to produce and sell hemp and for general corporate purposes.

Principal Purpose	Estimated Amount
Non-greenhouse infrastructure build-out costs	\$500,000
Equipment	40,000
Branding and marketing	\$250,000
Research and development	\$250,000
Regulatory – CSE fundamental change and monthly fees	\$18,000
Legal, audit and accounting	\$350,000
Salaries and consulting fees	\$400,000
General and administrative expenses	\$180,000
Subtotal:	\$1,988,000
Unallocated working capital	\$3,012,000
Total:	\$5,000,000

The New Issuer expects that it will require an additional \$16,000,000 for the completion of Phase 2, which it intends to finance through debt, the sale and issuance of equity securities, or a combination thereof in 2020.

The Company will be accessing both domestic and foreign investors in order to complete the necessary financings for Phases 1 and 2. The New Issuer will be utilizing the services of Even Keel Capital Ltd. (“**Even Keel**”) to provide corporate consulting, investor awareness and institutional investor introductions throughout Europe, including Bermuda, the United Kingdom, Germany, Austria and Switzerland. In addition, Even Keel also has access to deal flow and potential acquisition targets through its large network of investment bankers around the world. Blox has already retained the services of Even Keel through a prepaid contract that currently expires on November 30, 2019.

Production, Sales and Operations

The Issuer was previously a technology development company. Following completion of the Transaction and receipt of the IHL, the New Issuer will exclusively cultivate, produce and sell hemp and hemp-related products. As of the date of this Listing Statement, the New Issuer has not begun cultivation or production of any hemp or hemp-related products, nor has it undertaken any research and development programs. It is anticipated that the New Issuer will commence cultivation of hemp immediately upon receipt of the IHL. In order to complete its application for the IHL, Phase 1 must be completed and inspected by Health Canada.

In connection with the acquisition of the Property, BCP entered into a vendor take-back mortgage with the vendor of the Property (the “**VTB Mortgage**”) for a principal amount of \$5,800,000 (the “**VTB Principal**”). The VTB Mortgage bears no interest until July 2019, at which time interest accrues on the amount of any unpaid VTB Principal at a rate of 12.5% per annum. Under the terms of the VTB Mortgage, only interest is payable to the lender in monthly instalments from July 2019 until July 2021 (the “**Interest-Only Period**”). Following the Interest-Only Period, the outstanding VTB Principal amount will become due and payable immediately.

The Cannabis Act permits the outdoor cultivation of hemp. Once the New Issuer has obtained the IHL and both of Phases 1 and 2 are complete, the New Issuer plans to utilize the full land area available on the Property, being approximately 50 acres of fertile land, for outdoor hemp cultivation. Due to extreme winter weather in Canada, outdoor hemp cultivation is seasonal and only one harvest per year is expected to be available for processing and production of dried hemp.

Other

Neither the Issuer nor BCP engage in any lending operations or have any investments policies or restrictions. Neither the Issuer nor BCP, nor any of their subsidiaries, have been the subject of any bankruptcy, receivership or similar proceedings within the previous three fiscal years. Neither the Issuer nor BCP has been party to any material restructuring transactions, other than the Transaction, within the previous three fiscal years.

Neither the Issuer nor BCP has implemented any social or environmental policies that are fundamental to the New Issuer’s operations.

Neither the Issuer nor BCP has any outstanding asset-backed securities.

5. Selected Consolidated Financial Information

Annual Financial Information

The Issuer:

The following selected annual financial information is subject to the detailed information contained in the audited financial statements of the Issuer and notes thereto for the years ended March 31, 2018, 2017 and 2016. The selected financial information is derived from audited financial information for the Issuer attached as Appendix “B” hereto.

	Year ended Mar. 31, 2018 (audited) (\$)	Year ended Mar. 31, 2017 (audited) (\$)	Year ended Mar. 31, 2016 (audited) (\$)
Total assets	550,388	111,034	289,348
Total liabilities	40,418	21,647	58,241
Shareholders' equity	509,970	89,387	231,107
Total long-term debt	-	-	-
Total revenue	50,000	116	1,800
Net income/loss	(276,213)	(141,720)	(335,974)
Net loss per share (basic and diluted)	(0.01)	(0.00)	(0.01)
Common shares outstanding	72,348,003	30,455,003	30,345,003

BCP:

The following selected annual financial information is subject to the detailed information contained in the audited financial statements of BCP for the period from incorporation on February 6, 2018 to September 30, 2018, attached as Appendix “F” hereto.

	Period from incorporation on February 6, 2018 to September 30, 2018 (audited) (\$)
Total assets	6,629,832
Total liabilities	5,608,059
Shareholders' equity	1,021,773
Total long-term debt	5,300,000
Total revenue	-
Net income/loss	(30,228)
Net loss per share (basic and diluted)	(30,228)
Common shares outstanding	118,000,000

Quarterly Financial Information

The Issuer:

The following selected quarterly financial information is subject to the detailed information contained in the financial statements of the Issuer and notes thereto for the previous eight quarters.

	For the Three Months Ending							
	Fiscal 2019			Fiscal 2018				Fiscal 2017
	Dec 31 2018	Sept 30 2018	June 30 2018	March 31 2018	Dec 31 2017	Sept 30 2017	June 30 2017	March 31 2017
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Total revenue	62,500	-	-	-	50,000	-	-	-
Income (Loss) before other items	(417,582)	(445,547)	(608,184)	(172,122)	(114,307)	(8,567)	(33,077)	5,255
Net income (loss)	(428,198)	(492,806)	(587,007)	(121,326)	(113,499)	(8,464)	(32,924)	(8,263)
Net income (loss) per share (basic and diluted)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

There are no restrictions that could prevent the New Issuer from paying dividends. Neither the Issuer nor BCP have declared dividends on the Blox Shares or the BCP Shares. The New Issuer does not have a policy governing the declaration and payment of dividends. The New Issuer may pay dividends if, as and when determined by the board of directors thereof.

The Issuer's financial statements have been prepared in accordance with IFRS.

BCP:

The following selected quarterly financial information is subject to the detailed information contained in the financial statements of BCP and notes thereto for the first quarter ending December 31, 2018.

	For the Three Months Ending Dec 31 2018 (\$)
Total revenue	Nil
Income (Loss) before other items	(72,712)
Net income (loss)	(72,712)
Net income (loss) per share (basic and diluted)	(0.00)

BCP's financial statements have been prepared in accordance with IFRS.

6. Management's Discussion and Analysis

Annual MD&A of the Issuer

See APPENDIX "C" - Management's Discussion and Analysis of Blox for the year ended March 31, 2018.

Interim MD&A of the Issuer

See APPENDIX "E" - Management's Discussion and Analysis of Blox for the nine months ended December 31, 2018.

Interim MD&A of BCP

See APPENDIX "G" - Management's Discussion and Analysis of BCP for the period from incorporation on February 6, 2018 to September 30, 2018, and APPENDIX "I" - Management's Discussion and Analysis of BCP for the six months ended March 31, 2019.

7. Market for Securities

The Blox Shares were listed for trading on the CSE under the symbol, "BLOX". The Blox Shares were also posted on the Börse Frankfurt stock exchange under the symbol "BRIB" and on the OTCPK under the symbol "BLLXF".

Upon completion of the Transaction, it is expected that the New Issuer Shares will be listed for trading on the CSE under the symbol, “SIRE”. The New Issuer will also change its trading symbol on the Börse Frankfurt stock exchange and on the OTCPK .

8. Consolidated Capitalization

At the end of the Issuer’s most recently completed financial year, there were 24,116,001 pre-split Blox Shares issued and outstanding.

On April 17, 2018, the Issuer issued 200,000 Blox Shares at a price of \$0.10 per Blox Share pursuant to an exercise of Blox Warrants, for aggregate proceeds of \$20,000. There were subsequently 24,316,001 Blox Shares issued and outstanding. For additional information concerning the Blox Warrants, see Section 10 - *Description of the Securities*.

On June 14, 2018, the Issuer completed a private placement pursuant to which 14,821,998 Blox Shares were issued at a price of \$0.075 per Blox Share for aggregate gross proceeds of \$1,111,650 (the “**June 2018 Private Placement**”). Following the June 2018 Private Placement, there were 39,137,999 Blox Shares issued and outstanding. For additional information concerning the June 2018 Private Placement, see Section 10 - *Description of the Securities*.

Effective July 4, 2018, the Issuer completed stock split at a ratio of 3:1 whereby Blox Shareholders of record on June 28, 2018 received three Blox Shares in exchange for each Blox Share held (the “**Stock Split**”). The Issuer did not change its name, CUSIP number or trading symbol in connection with the Stock Split. The Blox Shares began trading on a split-adjusted basis effective June 27, 2018. After giving effect to the Stock Split, there were 117,413,997 Blox Shares issued and outstanding.

On November 12, 2018, the Issuer issued 10,000 Blox Shares at a price of \$0.06 per Blox Share pursuant to an exercise of Blox Options, for aggregate proceeds of \$600. There were subsequently 117,423,997 Blox Shares issued and outstanding. For additional information concerning the Blox Options, see Section 10 - *Description of the Securities*.

On February 11, 2019, the Issuer issued 75,000 Blox Shares at a price of \$0.033 per share pursuant to a warrant exercise. There were subsequently 117,498,997 Blox Shares issued and outstanding.

Upon completion of the Transaction, pursuant to which 234,800,000 Blox Shares will be issued to BCP Shareholders in exchange for all of the issued and outstanding BCP Shares, and 100,000,000 Blox Share is expected to be issued in connection with the private placement, there will be 452,298,997 New Issuer Shares issued and outstanding on an undiluted basis and 485,750,997 New Issuer Shares issued and outstanding on a fully-diluted basis. For additional information concerning the Transaction, see Section 3 - *General Development of the Business*.

Upon completion of the Transaction, the VTB Mortgage will become the primary financial liability of the New Issuer. The VTB Mortgage has a principal amount of \$5,800,000 and accrues interest at 12.5% per annum. For additional information concerning the VTB Mortgage, see Section 4 - *Narrative Description of the Business*.

9. Options to Purchase Securities

As at the date of this Listing Statement, a total of 10,880,000 Blox Options were outstanding as follows:

Category of Option Holder	Number of Option Holders	Number of Options	Exercise Price	Grant Date	Expiry Date
Executive officers and past executive officers of the Issuer	2	2,490,000 2,490,000	\$0.04 \$0.06	May 25, 2015 October 17, 2018	May 25, 2023 October 16, 2023
Directors and past directors of the Issuer who are not noted in executive officers above	3	2,250,000 750,000	\$0.04 \$0.06	May 25, 2015 October 17, 2018	May 25, 2023 October 16, 2023
Consultants	7	2,550,000 350,000	\$0.04 \$0.06	May 25, 2015 October 17, 2018	May 25, 2023 October 16, 2023

10. Description of the Securities

Blox Shares

The authorized capital of the Issuer consists of an unlimited number of common shares without par value, of which there are 117,498,997 Blox Shares issued and outstanding. All Blox Shares rank equally as to voting and dividends, and there are no special preference, conversion or redemption rights attached to any of the Blox Shares.

The holders of Blox Shares are entitled to receive notice of and attend all meetings of the shareholders of the Issuer and are entitled to one vote in respect of each Blox Share held at such meetings. In the event of liquidation, dissolution or winding-up of the Issuer, the holders of Blox Shares are entitled to share rateably the remaining assets of the Issuer.

In the event of the liquidation, dissolution or winding-up of the Issuer or other distribution of its assets, the holders of the Blox Shares will be entitled to receive, on a pro rata basis, all of the assets remaining after the Issuer has paid out its liabilities. Distribution in the form of dividends, if any, will be set by the board of directors of the Issuer.

Blox Options

As at the date of this Listing Statement, there were 10,880,000 Blox Options issued and outstanding, each of which will be exchanged for one New Issuer Option upon completion of the Transaction on substantially the same terms as the Blox Options being exchanged. Each New Issuer Option entitles the holder thereof to acquire one New Issuer Share at a weighted average exercise price of \$0.05. Of the Blox Options, 7,290,000 expire on May 25, 2023 and 3,590,000 expire on October 16, 2023.

Blox Warrants

As at the date of this Listing Statement, there were 22,572,000 Blox Warrants issued and outstanding, each of which will be exchanged for one New Issuer Warrant upon completion of the Transaction on substantially the same terms as the Blox Warrants being exchanged. Each New Issuer Warrant entitles the holder thereof to acquire one New Issuer Share at a weighted average exercise price of \$0.05. Of the Blox Warrants, 20,322,000 expire on November 27, 2019 and 2,250,000 expire on October 9, 2020.

Prior Sales

The following table sets forth the number and price at which Blox Shares have been sold by the Issuer within the 12-month period prior to the date of this Listing Statement, excluding any of the Blox Shares to be issued to BCP Shareholders in connection with the completion of the Transaction:

Date Issued	Number of Blox Shares	Issue Price Per Blox Share	Aggregate Issue Price	Reason for Issuance
April 17, 2018	200,000	\$0.10	\$20,000	Warrant Exercise
June 14, 2018	14,821,998	\$0.075	\$1,111,650 ⁽¹⁾	Private placement
July 4, 2018	78,275,998 ⁽²⁾	N/A	N/A	Forward Split
November 12, 2018	10,000	\$0.06	\$600	Option Exercise
February 11, 2019	75,000	\$0.033	\$2,475	Warrant Exercise
TOTAL:	93,382,996		\$1,134,725	

(1) Gross proceeds of \$1,111,649.85 were raised, less \$502.50 in finder's fees paid.

(2) Effective July 4, 2018, the Issuer completed the Stock Split at a ratio of three new Blox Shares for every one old Blox Share, with the effect of an additional 78,275,998 Blox Shares being issued to existing Blox Shareholders.

On June 14, 2018, the Issuer completed the June 2018 Private Placement, pursuant to which 14,821,998 Blox Shares were issued at a price of \$0.075 per Blox Share for aggregate gross proceeds of \$1,111,650. The Issuer paid a total of \$503 in finder's fees in connection with the June 2018 Private Placement.

On October 1, 2018, BCP completed a non-brokered private placement financing whereby it entered into SAFEs with investors for aggregate proceeds of \$1,087,000. Pursuant to the terms thereof, the SAFEs were subsequently converted

into 54,350,000 BCP Shares upon signing of the Share Exchange Agreement at no additional cost to the purchasers thereof. The net proceeds were used to finance payments owing under the VTB Mortgage on the Property and for general working capital purposes.

On October 1, 2018, BCP entered into consulting agreements with various service providers of BCP (the “**Consulting Agreements**”) pursuant to which BCP contracted for management services in the areas of strategic business planning, budgeting and building, financial planning and management assistance. The parties to the Consulting Agreements were issued 55,450,000 BCP Shares as a success fee upon the signing of the Share Exchange Agreement.

On February 28, 2019, BCP completed a non-brokered private placement financing whereby it entered into SAFEs with investors for aggregate proceeds of \$350,000. Pursuant to the terms thereof, the SAFEs were subsequently converted into 7,000,000 BCP Shares upon signing of the Share Exchange Agreement at no additional cost to the purchasers thereof. The net proceeds were used to finance payments owing under the VTB Mortgage on the Property and for general working capital purposes.

Stock Exchange Price

The following table sets out the market price range and trading volumes of the Blox Shares on the CSE for the periods indicated:

Period	High (\$)	Low (\$)	Volume
Quarter ended:			
December 31, 2016	0.30	0.015	113,146
March 31, 2017	0.08	0.08	5,000
June 30, 2017	0.055	0.055	1,000
September 30, 2017	0.055	0.055	74,000
December 31, 2017 ⁽¹⁾⁽²⁾	2.25	0.02	916,701
March 31, 2018	0.84	0.13	1,402,736
June 30, 2018 ⁽³⁾	0.18	0.065	5,499,975
September 30, 2018	0.13	0.045	3,283,635
December 31, 2018	0.08	0.025	15,084,182
March 31, 2019 ⁽⁴⁾	0.085	0.04	24,216,972

- (1) On November 16, 2017, the Issuer changed its name from Big Rocks Labs Inc. to Blox Labs Inc. and commenced trading on the CSE under the new symbol, BLOX, on November 21, 2017.
- (2) On November 22, 2017, the Issuer completed a 2:1 share consolidation of the issued and outstanding Blox Shares and commenced trading on a consolidated basis on November 21, 2017.
- (3) Effective July 4, 2018, the Issuer completed the Stock Split at a ratio of three new Blox Shares for every one old Blox Share and commenced trading on a post-Stock Split basis on June 27, 2018.
- (4) The common shares of the Issuer were halted on March 1, 2019 when the Issuer announced the Transaction with BCP and remains halted as at the date of this Listing Statement.

11. Escrowed Securities

On May 14, 2018, the Issuer announced that certain significant shareholders had entered into a voluntary pooling agreement, as amended on November 1, 2018 (the “**Voluntary Pooling Agreement**”), pursuant to which 18,600,000 Blox Shares were voluntarily pooled (the “**Pooled Shares**”), representing approximately 15.8% of the Blox Shares issued and outstanding immediately prior to completion of the Transaction, and 5.2% of the issued and outstanding New Issuer Shares as of the date of this Listing Statement. The resale of the Pooled Shares is restricted for a period of 18 months, effective as of May 8, 2018. No Pooled Shares will be released from the Voluntary Pooling Agreement in any tranches whatsoever during the 18-month period ending November 8, 2019.

In addition to the Pooled Shares, 18,499,314 Blox Shares held by the Issuer’s previous CEO are subject to a mandatory trading restriction (the “**Restricted Shares**”) pursuant to the OSC Settlement Agreement and an Order issued by the

OSC on May 7, 2018 (the “**Order**”). The Restricted Shares represent 15.8% of the Blox Shares issued and outstanding immediately prior to the completion of the Transaction, and 5.2% of the issued and outstanding New Issuer Shares. The resale of the Restricted Shares is for a period of five years pursuant to the OSC Settlement Agreement and the Order, effective as of May 3, 2018. No Restricted Shares will be tradable whatsoever during the five-year period ending May 3, 2023. For more information concerning the OSC Settlement Agreement, see Section 13 - *Directors and Officers*.

Designation of Class of Securities subject to restricted trading ⁽¹⁾	Number of Securities subject to restricted trading	Percentage of Blox Shares ⁽²⁾	Percentage of New Issuer Shares ⁽³⁾
Common shares	37,099,314	31.6%	8.2%

- (1) The New Issuer shares currently subject to trading restrictions are held at the Canadian Depository For Securities Limited.
- (2) Based on the number of Blox Shares issued and outstanding immediately prior to completion of the Transaction, being 117,498,997.
- (3) Based on the number of New Issuer Shares issued and outstanding immediately following the completion of the Transaction, being 452,298,997.

The following securities are subject to escrow pursuant to National Policy 46-201 based on 452,298,997 New Issuer Shares expected to be issued and outstanding upon completion of the Transaction:

Name of Escrow Holder with the New Issuer	Number of New Issuer Shares Subject to Escrow	Percentage of New Issuer Shares	Number of New Issuer Warrants Subject to Escrow
Jeffrey Zanini	7,534,600	1.66%	1,500,000
Brian Polla	23,000,000	5.09%	N/A
Sean McGrath	390,000	0.09%	N/A
Adrian Burke	19,000,000	4.20%	N/A
Brian Nugent	11,200,000	2.48%	N/A
Jerry Habuda	1,600,000	0.35%	N/A

For further details, see table under Section 13 – *Directors and Officers* following completion of the Transaction.

12. Principal Shareholders

Blox

As at the date of this Listing Statement, no persons beneficially owned, directly or indirectly, or exercised control or direction over, voting securities carrying more than 10% of the voting rights attached to the voting securities of the Issuer, other than as follows:

Name	No. of Blox Shares	Percentage ⁽¹⁾	Percentage on a fully diluted basis ⁽²⁾
Harald Seemann	18,499,314	15.7%	12.3%

- (1) Based on 117,498,997 Blox Shares issued and outstanding immediately prior to the completion of the Transaction.
- (2) Based on 150,950,997 Blox Shares issued and outstanding on a fully diluted basis immediately prior to the completion of the Transaction.

BCP

As at the date of this Listing Statement, no persons beneficially owned, directly or indirectly, or exercised control or direction over, voting securities carrying more than 10% of the voting rights attached to the voting securities of BCP.

New Issuer

Upon completion of the Transaction, no persons will beneficially own, directly or indirectly, or exercise control or direction over, voting securities carrying more than 10% of the voting rights attached to the voting securities of the New Issuer.

A total of 37,099,314 New Issuer Shares, representing 8.2% of the issued and outstanding New Issuer Shares will be restricted from trading for between approximately 3 to 45 months. For more information concerning escrowed securities of the New Issuer, see Section 11 - *Escrowed Securities*.

13. Directors and Officers

The following are the directors and executive officers of the Issuer:

Name of Nominee, Province and Country of Ordinary Residence and Positions Held with the Issuer	Occupation, Business or Employment	Blox Shares Beneficially Owned or Controlled, or Directed, Directly or Indirectly⁽¹⁾
Jeffrey Zanini⁽²⁾ Toronto, ON, Canada <i>CEO and Director</i>	CEO, Blox Labs Inc.; Senior Executive, Supply Chain Logistics.	7,534,600 (6.4%)
Sean McGrath Vancouver, BC, Canada <i>CFO</i>	CFO, Blox Labs Inc.; Chartered professional accountant (CPA, CGA). ⁽³⁾	390,000 (0.3%)
Jerry Habuda⁽²⁾ Toronto, ON, Canada <i>Director</i>	Director, AgraFlora; Retired police officer with Toronto Police Department.	600,000 (0.5%)
Thomas Clarke Calgary, AB, Canada <i>Director</i>	Director, Cannabix Technologies Inc.; Professional geologist.	399,999 (0.3%)
Peter Karroll⁽²⁾ Oakville, ON, Canada <i>Director</i>	Director, Marketing and Branding at AgraFlora; Senior Executive, Worldwide Entertainment and Marketing for an international online entertainment brand.	1,200,000 (1.0%)

(1) Based on 117,498,997 Blox Shares issued and outstanding as at date of this Listing Statement.

(2) Member of the Audit Committee.

(3) See biographical information below for additional details concerning Mr. McGrath's occupation history.

The bios for the above persons are found under Section 13 – *Directors and Officers – Management*.

The term of office of each of the current directors expires at the next annual general meeting of the shareholders of the Issuer. Each of the directors noted above will be re-elected as directors to hold office until the next annual meeting of shareholders or until their successors are appointed.

Director	Period Served Since
Jeffrey Zanini	November 8, 2017
Jerry Habuda	March 29, 2018
Thomas Clarke	April 9, 2018
Peter Karroll	May 28, 2018

Following completion of the Transaction, the following persons are expected to be the directors and officers of the New Issuer:

Name of Nominee, Province and Country of Ordinary Residence and Positions to be Held with the New Issuer	Occupation, Business or Employment	New Issuer Shares to be Beneficially Owned or Controlled, or Directed, Directly or Indirectly⁽¹⁾
Jeffrey Zanini ⁽²⁾ Toronto, ON, Canada <i>CEO and Director</i>	CEO, Blox Labs Inc.; Senior Executive, Supply Chain Logistics.	7,534,600 (1.66%)
Brian Polla Toronto, ON, Canada <i>COO and Director</i>	Founder, Best Cannabis Products Inc.	23,000,000 (5.09%)
Sean McGrath Vancouver, BC, Canada <i>CFO</i>	CFO, Blox Labs Inc.; Chartered Professional Accountant (CPA, CGA)	390,000 (0.09%)
Adrian Burke ⁽²⁾ <i>Director</i>	Owner, Fusion Muscle.	19,000,000 (4.20%)
Brian Nugent ⁽²⁾ <i>Director</i>	Owner, Stratford Animal Health and Vitality Systems (an animal/veterinarian pharmaceutical products business).	11,200,000 (2.48%)
Jerry Habuda Toronto, ON, Canada <i>Director</i>	Director, AgraFlora; Retired police officer with Toronto Police Department.	1,600,000 (0.35%)

(1) Based on 452,298,997 New Issuer Shares to be issued and outstanding upon closing of the Transaction.

(2) Proposed Member of the Audit Committee.

On July 4, 2019, the Company entered into a six month management consulting agreement with Jeff Zanini where Mr. Zanini will provide CEO and public company advisory services to the Company.

The bios for the above persons are found under Section 4 - *Narrative Description of the Business – Management Team of BCP*.

Securities Held by Directors and Executive Officers

As at the date of this Listing Statement, the directors and officers of the Issuer held, as a group, 10,014,599 Blox Shares, representing 8.5% of the issued and outstanding Blox Shares.

As at the date of this Listing Statement, the founder and sole director of BCP held 23,000,000 BCP Shares, representing 9.8% of the issued and outstanding BCP Shares. For additional information concerning the principal BCP Shareholder, see Section 12 - *Principal Shareholders*.

Following completion of the Transaction, the directors and officers of the New Issuer will hold, as a group, 62,414,600 New Issuer Shares, representing approximately 13.8% of the issued and outstanding New Issuer Shares.

Board Committees

The board of directors of the Issuer has an audit committee comprised of Peter Karroll (Chair), Jerry Habuda and Jeffrey Zanini, a majority of which are independent members.

Following completion of the Transaction, it is expected that the audit committee of the New Issuer will be comprised of Jeff Zanini, Adrian Burke and Brian Nugent.

Directors and Officers in Bankruptcies or Insolvencies of other Companies

No director or officer of the Issuer or BCP is, or within ten years before the date of this Listing Statement has been a director or an executive officer of any company that, while the person was acting in that capacity, or within a year of that person ceasing to act in the capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors,

or had a receiver, receiver manager or trustee appointed to hold its assets or made a proposal under any legislation relating to bankruptcies or insolvency.

Securities Related Penalties and Sanctions

No director or officer of the Issuer or BCP has been subject to, or entered into a settlement agreement resulting from:

- (a) a court order relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Other Penalties and Sanctions

None of the directors, officers or principal shareholders of the Issuer or BCP are, or have been, subject to any penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision, other than as follows:

Harald Seemann, former CEO of the Issuer and holder of 18,499,314 Blox Shares, representing 5.2% of the issued and outstanding Blox Shares, is subject to a mandatory trading restriction pursuant to the OSC Settlement Agreement and Order. Under the terms of the OSC Settlement Agreement and the Order, Mr. Seemann was reprimanded under the *Securities Act* (Ontario) and agreed to pay an administrative penalty of \$100,000. For a period of five years, Mr. Seemann is prohibited from trading in any securities, including the Restricted Shares, acquiring any securities, may not enjoy the benefit of any exemptions contained in Ontario securities law, and may not act as a director or officer of any issuer. For additional information concerning the OSC Settlement Agreement and the Restricted Shares, see Section 11 - *Escrowed Securities*.

Bankruptcies

None of the directors, officers or principal shareholders, or any personal holding company of such persons of the Issuer or BCP has, within the last 10 years, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his, her or its assets.

Conflicts of Interest

Directors and officers of the Issuer may also serve as directors and/or officers of other companies engaged in the same or a similar line of business as the Issuer from time to time. Accordingly, certain directors and officers of the Issuer may be presented from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm's-length negotiations but only through exercise by the officers and directors of such judgment as is consistent with their fiduciary duties to the Issuer which arise under applicable corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Issuer. It is expected that all conflicts of interest will be resolved in accordance with applicable Canadian corporate statutes. It is expected that any transactions with officers and directors will be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those persons to the Issuer, and, depending upon the magnitude of the transactions and the absence of any disinterested board members, may be submitted to the shareholders for their approval.

Jerry Habuda and Peter Karroll, directors of the Issuer, act as directors and officers of AgraFlora. Under the terms of the AgraFlora LOI, it is intended that the Issuer enter into a definitive CSA upon completion of the Transaction, pursuant to which it is intended that the Issuer will issue 20,000,000 common shares to AgraFlora at a deemed value of \$0.05 per share, for total consideration of \$1 million. For additional information concerning the AgraFlora LOI, see Section 3 - *General Development of the Business*.

The Issuer also has an outstanding debt to AgraFlora as a result of the AgraFlora Loan. For additional information on the AgraFlora Loan, see Section 3 - *General Development of the Business*.

Management

The following is a brief description of each executive officer and director of the Issuer:

Jeffrey Zanini (age 51) has been the CEO and a director of the Issuer since November 8, 2017. Mr. Zanini is an accomplished commercial and operational executive with over two decades of leadership in private and public companies. He has a vast knowledge base with an entrepreneurial spirit. An effective change agent, with several years of experience and expertise in start-up and turnaround businesses and a savvy business sense in forming strategic alliances and executing on playbook strategies. Mr. Zanini is versed in mergers and acquisitions, post-merger acquisition strategies and building best-in-class organizations with a relentless focus on growth and profitability.

Mr. Zanini has global reach with experience leading projects in Europe, Asia and South America during his executive tenure at one of the world's largest logistics and supply chain organizations with revenues in excess of \$18 billion. He is proficient in multinational business climates and is diverse in many facets including sales and marketing, operations and technological advancements. Most recently, Mr. Zanini dedicated four years to a Canadian multinational privately owned company with approximately \$8 billion in sales implementing their international logistics infrastructure, creating successful branding and market positioning, while delivering notable top and bottom line results which brought about a successful spin-off as its own entity.

Mr. Zanini is a graduate and alumni of Sheridan College Business School in Ontario. Mr. Zanini is an independent contractor and devotes approximately 100% of his time to the New Issuer. Mr. Zanini has not entered into a non-competition or non-disclosure agreement with the New Issuer.

Sean McGrath (age 46) has been the CFO of the Issuer since May 8, 2018. Mr. McGrath is a Chartered Professional Accountant (CPA, CGA) who has spent the last 22 years providing financial management and consulting services. Mr. McGrath has worked in the energy, technology and mining sectors, and he has held officer and director roles for several publicly listed companies. Mr. McGrath is currently a director and the CFO of Volt Energy Corp. (TSXV:VOLT) and the CFO of Hillcrest Petroleum Ltd. (TSXV:HRH). Mr. McGrath has previously served as the CFO for Moovly Media Inc. (TSXV:MVY) and Freedom Energy Inc. (TSXV:FREE), a director for Cricket Resources Inc. (TSXV:CKC.H), and a director and the CFO of Natan Resources Ltd. (TSXV:NRL). Mr. McGrath holds a Bachelor of Commerce (Hons) degree from Memorial University of Newfoundland. Mr. McGrath is an independent contractor and devotes approximately 50% of his time to the New Issuer. Mr. McGrath has not entered into a non-competition or non-disclosure agreement with the New Issuer.

Jerry Habuda (age 62) has been a director of the Issuer since March 29, 2018. Mr. Habuda enjoyed a long and distinguished career with the Toronto Police Department and has over 35 years of experience in law enforcement and specialized units. From 1977 to 2012, he served as a police officer with the Toronto Police Department. During his tenure, he was assigned to the Major Crimes Unit, investigating robberies and home invasions. He was assigned to patrol the Toronto Community Housing projects at Jane/Finch to control drug trafficking and gun violence. Mr. Habuda was with the Warrant Unit where he tracked down and arrested wanted criminals. From 1993-1997, he was assigned to the Northwest Drug Squad on undercover and surveillance work, executing narcotic search warrants. Between 2002 and 2004, Mr. Habuda headed the Street Violence Task Force, a special unit designed to curb gun and drug violence that was terrorizing the city at the time. Between 2009 and 2012, he was assigned to the Bail Compliance Unit, which was formed to track dangerous criminals with gun and drug charges while they were out on bail. He has since retired. Mr. Habuda has also been a director of AgraFlora (CSE:AGRA) since May 2016. Mr. Habuda devotes approximately 10% of his time to the New Issuer. Mr. Habuda has not entered into a non-competition or non-disclosure agreement with the New Issuer.

Thomas Clarke (age 44) has been a director of the Issuer since April 9, 2018. Mr. Clarke is an entrepreneur and professional geologist with extensive capital markets experience, having held various directorships with public companies over the past 8 years. Throughout his career, Mr. Clarke has worked for a variety of public and private resource companies on projects in Africa, Canada, Russia and South America. Since returning to Alberta, Mr. Clarke has worked in Alberta's energy sector. He also started two private gold companies and sold their assets to public companies. Mr. Clarke is registered as a Professional Geoscientist "P.Geo" with APEGBC and APEGA. He is also registered as a Professional Natural Scientist in Geoscience with the South African Council for Natural Scientific Professions ("SACNASP"). He studied as an international student at the University of the Witwatersrand in Johannesburg, South Africa where he completed both a Master of Science and Bachelor of Science with Honours in Geology. Mr. Clarke also holds a Bachelor of Science in Geography from the University of Lethbridge in Alberta.

Mr. Clarke devotes approximately 10% of his time to the New Issuer. Mr. Clarke has not entered into a non-competition or non-disclosure agreement with the New Issuer.

Peter Karroll (age 65) has been a director of the Issuer since May 28, 2018. Early in his career Mr. Karroll was involved in the Entertainment industry where he was instrumental in producing and composing Platinum and Gold record albums for recording artists as well as for movies and television. This led to founding an integrated entertainment group that included a music label and an artist management enterprise that managed international recording artists. His recording artists have released albums globally and have appeared on major concert stages worldwide since the early 1990s. Mr. Karroll’s firm later merged with a top tier international online entertainment brand, where he served as Senior Executive in charge of worldwide entertainment and marketing, leading the company to exceptional global growth. During his tenure, Mr. Karroll was a key architect of an integrated brand building campaign that achieved verifiable success. His unique approach to online gaming yielded exceptional revenue and subscription figures in his first year, increasing the online gambling player base by 214%, and net gaming revenues by 242%. In the following two years, Mr. Karroll’s leadership and strategies saw the group handle \$7.3 billion in online transactions and attain net gaming revenues of \$575 million. He also championed substantial growth in international markets by opening offices, networks, and business partner relationships throughout Europe, Asia, South Africa, Russia and South America while opening additional offices in London, New York, Berlin, Toronto, and St. Petersburg. Mr. Karroll structured several television production and distribution deals to expand the brand and co-created sports, mixed martial arts live events, pay per view and television, and a million dollar talent search. He negotiated and executive produced these productions in conjunction with “Spike TV Network”, “ION TV Network”, “Fox Sports Net”, “Fuse Network”, “The Dish Network”, “The Score”, and “The Fight Networks”, as well as international pay per view events via live satellite distributed in America with “In Demand”, and “Shaw Cable”. In Canada, Mr. Karroll set up direct worldwide internet viewing of these pay per view events through Akamai Networks directly from the branded entertainment website. As a result, in 2 years, under Peter’s stewardship, the brand awareness had risen from less than .05% to 42% of target market. Mr. Karroll has also served as Director of Branding and Marketing for AgraFlora since June 2017. Mr. Karroll devotes approximately 10% of his time to the New Issuer. Mr. Karroll has not entered into a non-competition or non-disclosure agreement with the New Issuer.

14. Capitalization

Upon completion of the Transaction, and assuming the \$5 million concurrent private placement is fulfilled, the share capitalization will be set out as follows:

Issued Capital

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
Public Float				
Total outstanding (A)	452,298,997	485,750,997	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	62,414,600	68,794,600	13.79%	14.16%
Total Public Float (A-B)	389,884,397	416,956,397	86.21%	85.84%
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	165,099,314	165,099,314	36.50%	33.99%
Total Tradeable Float (A-C)	287,899,683	320,651,683	63.65%	66.01%

Public Securityholders (Registered)

Instruction: For the purposes of this report, “public securityholders” are persons other than persons enumerated in section (B) of the previous chart. List registered holders only. For clarity, this table excludes insiders of the Issuer.

<i>Class of Security</i> Size of Holding	Number of holders	Total number of securities⁽¹⁾
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	10	7,500
1,000 – 1,999 securities	1	1,000
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	22	88,901,584
TOTAL:	33	88,910,084

(1) The above information obtained from Computershare’s registered shareholders’ list as at November 13, 2018.

Public Securityholders (Beneficial)

Instruction: Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

<i>Class of Security</i> Size of Holding	Number of holders	Total number of securities⁽¹⁾
1 – 99 securities	2	111
100 – 499 securities	21	6,214
500 – 999 securities	14	9,990
1,000 – 1,999 securities	24	33,582
2,000 – 2,999 securities	11	25,700
3,000 – 3,999 securities	18	55,895
4,000 – 4,999 securities	11	48,048
5,000 or more securities	111	18,030,727
TOTAL:	212	18,210,267

(1) The above information was obtained from Broadridge’s Canadian NOBO list dated August 1, 2018.

Non-Public Securityholders (Registered)

Instruction: For the purposes of this report, “non-public securityholders” are persons enumerated in section (B) of the issued capital chart. For clarity, this table excludes insiders of the Issuer.

<i>Class of Security</i> Size of Holding	Number of holders	Total number of securities
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	7	28,513,913
TOTAL:	7	28,513,913

14.2 Provide the following details for any securities convertible or exchangeable into any class of listed securities.

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Stock options granted on May 25, 2018, convertible into Shares at a price of \$0.04 per Share until May 25, 2023.	7,290,000	7,290,000
Stock options granted on October 17, 2018, convertible into Shares at a price of \$0.06 per Share until October 16, 2023.	4,090,000	4,090,000
Warrants issued on November 27, 2017, exercisable at \$0.033 per Share until November 27, 2019.	20,322,000	20,322,000
Warrants issued on October 9, 2020, exercisable at \$0.17 per Share until October 9, 2020.	2,250,000	2,250,000
TOTAL:	33,952,000	33,952,000

14.3 Provide details of any listed securities reserved for issuance that are not included in section 14.2.

N/A.

15. Executive Compensation

Executive Compensation for the Issuer

The most current information in respect of the Issuer's executive compensation and is attached hereto as Appendix "A" – Statement of Executive Compensation.

Executive Compensation for BCP

For the period from incorporation to the date of this Listing Statement, the sole director and executive officer of BCP, Brian Polla, was compensated with BCP Shares, which, at the time of issuance, had nominal value. For additional information concerning Mr. Polla's compensation, see Section 18 - *Promoters*.

16. Indebtedness of Directors and Executive Officers

No director or executive officer of the Issuer, BCP or the New Issuer, and no associate of any such person, is, or has been during the most recently completed financial year, indebted to the Issuer, BCP or the New Issuer. No guarantee, support agreement, letter of credit or other similar arrangement or understanding has been provided by the Issuer, BCP or the New Issuer at any time since the beginning of the most recently completed financial year with respect to any indebtedness of any such person.

17. Risk Factors

AN INVESTMENT IN SECURITIES OF THE RESULTING ISSUER IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK AND SHOULD ONLY BE MADE BY INVESTORS WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT.

Prior to making an investment decision, investors should consider the investment risks set forth below and those described elsewhere in this Listing Statement, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Issuer and BCP consider the risks set forth below to be the most significant, but do not consider them to be all of the risks associated with an investment in securities of the New Issuer. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not to be material in connection with the New Issuer's business, actually occur, the New Issuer's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the New Issuer's securities could decline and investors may lose all or part of their investment.

Risks related to the change of business

The New Issuer's proposed business as a hemp company will be subject to a number of significant risk factors, and an investment in the New Issuer will involve a high degree of risk. Investors should carefully consider each of such risks and all of the information in this Listing Statement before investing in the New Issuer. There can be no assurance that shareholders will realize any gains from or return on their investment in the New Issuer and may lose their entire investment. There is no assurance that the investment objectives of the New Issuer will actually be achieved.

Conditions precedent to the change of business

The change of business remains subject to a number of conditions precedent, including approval of the CSE and majority shareholder approval. There is no assurance that the change of business will receive CSE and majority shareholder approval, that all other conditions precedent will be satisfied or waived, or that the change of business will be completed.

No operating history

The New Issuer nor its management has any history operating in the production and sale of hemp and hemp-related products. The New Issuer is therefore 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 revenues.

There is no assurance that the New Issuer 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 operations.

The New Issuer has not generated any profits or revenues in the periods covered by its financial statements incorporated by reference herein, and, as a result, has only a very limited operating history upon which its business and future prospects may be evaluated. Although the New Issuer expects to generate some revenues from its investments, many of the investments will only start generating revenues in future periods and accordingly, the New Issuer and its investments are therefore expected to remain subject to many of the risks common to early-stage enterprises for the foreseeable future, including challenges related to laws, regulations, licensing, integrating and retaining qualified employees; making effective use of limited resources; achieving market acceptance of existing and future solutions; competing against companies with greater financial and technical resources; acquiring and retaining customers; and developing new solutions. There is no assurance that the New Issuer 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 operations.

Increased costs of being a reporting issuer

As a company with publicly traded securities, the New Issuer will incur significant legal, audit and filing fees. Securities legislation and the rules and policies of the CSE 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 New Issuer's legal and financial compliance costs, and require significant management attention. These costs associated with being a reporting issuer could have a material adverse effect on the business, results of operations and financial condition of the New Issuer.

Licensing risk

The New Issuer's business is dependent on obtaining and maintaining a status as a Licensed Producer. Even if the New Issuer is successful in obtaining the License, there is no guarantee that the New Issuer will retain such status as licensing is beyond the control of the New Issuer; sole discretion lies with Health Canada. The New Issuer must strictly adhere to the regulations and applicable law in order to maintain the License and to secure necessary renewals. There can be no guarantee that Health Canada will extend or renew the License. Failure to comply with the requirements of the License or any failure to maintain its License would have a material adverse effect on the business, financial condition and operating results of the New Issuer.

Time and cost to obtain a License under the Industrial Hemp Regulations

The time and cost required for BCP or any applicant for an IHL under the Industrial Hemp Regulations to build the infrastructure required, to apply for, and to receive, an IHL can be significant. Estimates of the timeframe and costs cannot be reliably determined at this time given that BCP is at the initial application stage in the licensing process. The current backlog of applications experienced by Health Canada and the anticipated timeframe for processing and approval of any application cannot be reliably determined at this time. Failure to obtain or maintain its IHL would have a material adverse effect on the business, financial condition and operating results of the New Issuer.

Facilities

The development and expansion of the New Issuer's future facilities is subject to Health Canada regulatory approvals. The delay or denial of such approvals may have result in the New Issuer not meeting anticipated or future demand when it arises and could therefore have a material adverse effect on the business, results of operations and financial condition of the New Issuer.

Regulatory risks

Successful execution of the New Issuer's business plan is contingent on obtaining all regulatory approvals, where necessary, for the operation of its business. The hemp industry is a relatively new industry and the New Issuer cannot predict the impact of the changes to the compliance regime. Similarly, the New Issuer cannot predict the time required to secure all appropriate regulatory approvals for its business, or the extent of documentation that may be required by governmental authorities. The impact of hemp regulatory compliance regime, any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, products, and sales initiatives and could have a material adverse effect on the business, financial condition, and operating results of the New Issuer. The New Issuer will incur ongoing costs and obligations related to regulatory compliance.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the New Issuer's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the New Issuer's earnings and could make future capital investments or the New Issuer's operations uneconomic. The industry is also subject to numerous legal challenges which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

The New Issuer will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties, or in restrictions on the New Issuer's operations. In addition, changes in regulations, more vigorous enforcement thereof, or other unanticipated events could require extensive changes to the New Issuer's operations, increased compliance costs, or give rise to material liabilities. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse effect on the business, results of operations and financial condition of the New Issuer.

Environmental, health and safety laws

The New Issuer will be subject to environmental, health and safety laws and regulations in each jurisdiction in which the New Issuer operates in. Such regulations govern, among other things, emissions of pollutants into the air, wastewater discharges, waste disposal, the investigation and remediation of soil and groundwater contamination, and the health and safety of the New Issuer's employees. The New Issuer may be required to obtain environmental permits from governmental authorities for certain of its current agricultural facility. If the New Issuer should violate or fail to comply with these regulations or permits, the New Issuer could be fined or otherwise sanctioned by regulators.

As with other companies engaged in similar activities or that own or operate real property, the New Issuer faces inherent risks of environmental liability at its current and historical production sites. Certain environmental laws impose strict and, in certain circumstances, joint and several liability or current or previous owners or operations of real property for the cost of the investigation, removal or remediation of hazardous substances as well as liability for related damages to natural resources. In addition, the New Issuer may discover new facts or conditions that may change its expectations or be faced with changes in environmental laws or their enforcement that would increase its

liabilities. Furthermore, its costs of complying with current and future environmental and health and safety laws, or the New Issuer's liabilities arising from past or future releases of, or exposure to, regulated materials, may have a material adverse effect on the business, results of operations and financial condition of the New Issuer.

Breaches of applicable privacy laws

The New Issuer will be collecting and storing personal information about its clients and will be responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly client lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on the New Issuer's business, financial condition and results of operations.

In addition, there are a number of federal and provincial laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. In particular, the privacy rules under the *Personal Information Protection and Electronic Documents Act* (Canada) ("PIPEDA") protect medical records and other personal health information by limiting their use and disclosure of health information to the minimum level reasonably necessary to accomplish the intended purpose. If the New Issuer was found to be in violation of the privacy or security rules under the PIPEDA or other laws protecting the confidentiality of patient health information, it could be subject to sanctions and civil or criminal penalties, which could increase its liabilities, harm its reputation, and have a material adverse effect on the business, results of operations, and financial condition of the New Issuer.

Anti-money laundering laws and regulations

The New Issuer is subject to a variety of laws and regulations that involve money laundering, financial recordkeeping and proceeds of crime, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), as amended and the rules and regulations thereunder, the *Criminal Code* (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in Canada.

Unfavourable publicity or consumer perception

The New Issuer believes its industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of its products and perceptions of regulatory compliance. Consumer perception of the New Issuer's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the hemp market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the New Issuer's products and the business, results of operations, financial condition and cash flows of the New Issuer. In particular, vaporizers, electronic cigarettes and related products have only recently been developed and the long-term effects have yet to be examined. Currently, there is no way of knowing whether these products are safe for their intended use. If the scientific community were to determine conclusively that use of any or all of these products poses long-term health risks, market demand for these product and their use could materially decline.

The New Issuer's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the New Issuer, the demand for products, and the business, results of operations, financial condition and cash flows of the New Issuer. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of hemp-related products in general, or the New Issuer's products specifically, or associating the consumption of hemp-related products with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed.

Public opinion and support for medical and recreational hemp use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. Damage to the New Issuer reputation can be the result of the actual or perceived occurrence

of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish, and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views in regards to the New Issuer and its activities, whether true or not. Although the New Issuer believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the New Issuer does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations, and an impediment to the New Issuer's overall ability to advance its projects, thereby having a material adverse effect on the business, results of operations and financial condition of the New Issuer.

Results of future clinical research

Research regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of hemp or isolated cannabinoids remains in early stages. There have been relatively few clinical trials on the benefits of hemp or isolated cannabinoids. Future research studies and clinical trials may reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to hemp, hemp-derived products, and hemp-related products which could have a material adverse effect on the demand for the New Issuer's future products with the potential of leading to a material adverse effect on the business, results of operations and financial condition of the New Issuer.

Product liability

As a producer of hemp, hemp-derived products, and hemp-related products, many of which are designed to be ingested by humans, the New Issuer faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the New Issuer's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the New Issuer's products alone or in combination with other medications or substances could occur. The New Issuer may be subject to various product liability claims, including, among others, that the New Issuer's products caused injury or illness, that the New Issuer's products include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the New Issuer could result in increased costs, could adversely affect the New Issuer's reputation with its clients and consumers generally, and could have a material adverse effect on the business, results of operations and financial condition of the New Issuer.

Risks related to product recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, malfunctioning hardware, packaging safety and inadequate or inaccurate labeling disclosure. If any of the New Issuer's future products are recalled due to an alleged product defect or for any other reason, the New Issuer could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The New Issuer may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Product recalls may also lead to increased scrutiny of the New Issuer's operations by regulatory agencies, requiring further management attention and potential legal fees and other expenses. Recall of products could lead to adverse publicity, decreased demand for the New Issuer's products and could have significant reputational and brand damage. Although the New Issuer has planned detailed procedures for testing its products, there can be no assurance that any quality problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. A recall for any of the foregoing reasons could lead to decreased demand for the New Issuer's products and could have a material adverse effect on the business, results of operations and financial condition of the New Issuer.

Risk of low quality hemp

The New Issuer currently operates in an early-stage market which has a small representation of Canadian hemp consumers. Should the New Issuer be unable to grow a quality product to match consumer demand, there could be an adverse impact on the New Issuer's revenues and average price per gram which could have a material adverse effect on the business, results of operations and financial condition of the New Issuer.

Risks inherent in an agriculture business

The New Issuer's business involves the growing hemp, which is an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, including but not limited to, pests, plant diseases, crop failure and similar agricultural risks. The New Issuer plans to grow its products indoors under climate controlled conditions and carefully monitors the growing conditions with trained personnel, and plans to develop outdoor cultivation, and as such natural elements will impact both indoor and outdoor operations. The risks associated with both indoor and outdoor cultivation could have a material adverse effect on the volume, quality and consistency of its products and consequently on the business, results of operations and financial condition of the New Issuer.

Dependence on labour, equipment, parts and components

The ability of the New Issuer to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to key inputs, such as skilled labour, equipment, parts and components. No assurances can be given that the New Issuer will be successful in developing and maintaining its required supply of skilled labour, equipment, parts and components. Any failure to source, attract and retain skilled labour, equipment, parts and components could have a material adverse effect on the business, results of operations and financial condition of the New Issuer.

Reliance on key inputs

The cultivation, extraction and processing of hemp, and derivative or related products is dependent on a number of key inputs and their related costs including raw materials, electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the New Issuer. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the New Issuer might be unable to find a replacement for such source in a timely manner or at all. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the New Issuer.

Reliance on third party suppliers, manufacturers and contractors

The New Issuer intends to maintain a full supply chain for the provision of products and services to the regulated hemp industry. Due to the uncertain regulatory landscape for regulating hemp in Canada, the New Issuer's third-party suppliers, manufacturers and contractors may elect, at any time, to decline or withdraw services necessary for the New Issuer's operations. Disruption of operations at the New Issuer's planned facilities could adversely affect inventory supplies and the New Issuer's ability to meet future product delivery deadlines. As well, loss of its suppliers, service providers or distributors would have a material adverse effect on the New Issuer's business, results of operations and financial condition of the New Issuer.

Constraints on marketing products

The development of the New Issuer's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. If the New Issuer is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, leading to a material adverse effect on the business, results of operations and financial condition of the New Issuer.

Research and market development

Although the New Issuer, itself and through its investments, is committed to researching and developing new markets and products and improving its business plan there can be no assurances that such research and market development activities will prove profitable or that the resulting markets and/or products, if any, will be commercially viable or successfully produced and marketed. The New Issuer must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the hemp industry domestically in Canada and in other international jurisdictions.

Due to the early stage of the regulated hemp industry, forecasts regarding the size of the industry and the sales of products by the New Issuer's investments are inherently difficult to prepare with a high degree of accuracy and

reliability. A failure in the demand for products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the New Issuer's investments, and consequently, the New Issuer, thereby having a material adverse effect on the business, results of operations and financial condition of the New Issuer.

Breaches of security

Given the nature of the New Issuer's future products and the planned concentration of inventory in its facilities, despite meeting or exceeding Health Canada's security requirements, there remains a risk of shrinkage as well as theft. Although the New Issuer has engaged security experts that specialize in the hemp industry, any security breach at one of the New Issuer's facilities could expose the New Issuer to additional liability and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches and may deter potential customers from choosing the New Issuer's products, leading to a material adverse effect on the business, results of operations and financial condition of the New Issuer.

Transportation risk

In order for customers of the New Issuer to receive their product, the New Issuer relies on third party transportation services. This can cause logistical problems with, and delays in, end users obtaining their orders which the New Issuer has no control over. Any delay by third party transportation services may adversely affect the New Issuer's financial performance. Moreover, transportation to and from the New Issuer's facilities is critical. A breach of security during transport could have a material adverse effects on the New Issuer's business, financials and prospects. Any such breach could have a material adverse effect on the business, results of operations and financial condition of the New Issuer.

Industry competition

The regulated hemp market is rapidly evolving and competitive. In particular, the New Issuer faces strong competition from both existing and emerging companies that offer similar products. Some of its current and potential competitors may have longer operating histories, greater financial, marketing and other resources and larger customer bases than the New Issuer has. Given the rapid changes affecting the global, national, and regional economies generally and the industry, in particular, the New Issuer may not be able to create and maintain a competitive advantage in the marketplace. The New Issuer's success will depend on its ability to keep pace with any changes in such markets, especially in light of legal and regulatory changes. Its success will depend on the New Issuer's ability to respond to, among other things, changes in the economy, market conditions, and competitive pressures. For instance, to become and remain competitive, the New Issuer will require research and development of new products and technology, marketing and brand strategy, sales and support. Any failure by the New Issuer to anticipate or respond adequately to such changes could have a material adverse effect on the business, results of operations and financial condition of the New Issuer.

Inability to protect intellectual property

The New Issuer may have certain proprietary intellectual property, including but not limited to brands, trademarks, trade names, patents and proprietary processes. The New Issuer will rely upon copyrights, patents, trade secrets, unpatented proprietary know-how and continuing innovation to protect the intangible property, technology and information that is considered important to the development of the New Issuer's business. The New Issuer will rely on various methods to protect its proprietary rights, including confidentiality agreements with consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of confidential information. Despite efforts to protect intangible property rights, unauthorized parties may attempt to copy or replicate intangible property, technology or processes. There can be no assurances that the steps taken by the New Issuer to protect its intangible property, technology and information will be adequate to prevent misappropriation or independent third-party development of the New Issuer's intangible property, technology or processes. It is likely that other companies can duplicate a production process similar to the New Issuer. Other companies may also be able to materially duplicate the New Issuer's proprietary plant strains. To the extent that any of the above would occur, revenue could be negatively affected, and in the future, the New Issuer may have to litigate to enforce its intangible property rights, which could result in substantial costs and divert management's attention and other resources.

The New Issuer's ability to successfully implement its business plan depends in part on its ability to obtain, maintain and build brand recognition using its trademarks, service marks, trade dress, domain names and other intellectual property rights, including the New Issuer's names and logos. If the New Issuer's efforts to protect its intellectual

property are unsuccessful or inadequate, or if any third party misappropriates or infringes on its intellectual property, the value of its brands may be harmed, which could have a material adverse effect on the New Issuer's business and might prevent its brands from achieving or maintaining market acceptance.

The New Issuer may be unable to obtain registrations for its intellectual property rights for various reasons, including refusal by regulatory authorities to register trademarks or other intellectual property protections, prior registrations of which it is not aware, or it may encounter claims from prior users of similar intellectual property in areas where it operates or intends to conduct operations. This could harm its image, brand or competitive position and cause the New Issuer to incur significant penalties and costs.

Any of the foregoing risks related to the New Issuer's intellectual property could have material adverse effect on the business, results of operations and financial condition of the New Issuer.

Trade Secrets may be difficult to protect

The New Issuer's success depends upon the skills, knowledge and experience of its scientific and technical personnel, consultants and advisors, as well as contractors. Because the New Issuer will be operating in a highly competitive industry, it will rely in part on trade secrets to protect its proprietary products and processes. However, trade secrets are difficult to protect. The New Issuer will enter into confidentiality or non-disclosure agreements with its corporate partners, employees, consultants, outside scientific collaborators, developers and other advisors. These agreements will generally require that the receiving party keep confidential, and not disclose to third parties, confidential information developed by the receiving party or made known to the receiving party by the New Issuer during the course of the receiving party's relationship with the New Issuer. These agreements will also generally provide that inventions conceived by the receiving party in the course of rendering services to the New Issuer will be its exclusive property, and the New Issuer will then enter into assignment agreements to perfect its rights.

These confidentiality, inventions and assignment agreements, where in place, may be breached and may not effectively assign intellectual property rights to the New Issuer. The New Issuer's trade secrets also could be independently discovered by competitors, in which case the New Issuer would not be able to prevent the use of such trade secrets by its competitors. The enforcement of a claim alleging that a party illegally obtained and was using the New Issuer's trade secrets could be difficult, expensive and time consuming and the outcome could be unpredictable. The failure to obtain or maintain meaningful trade secret protection could adversely affect the New Issuer's competitive position and have a material adverse effect on the business, results of operations and financial condition of the New Issuer.

Changing consumer preferences

As a result of changing consumer preferences, many innovative products attain financial success for a limited period of time. Even if the New Issuer's products find retail success, there can be no assurance that any of its products will continue to see extended financial success. The New Issuer's success will be significantly dependent upon its ability to develop new and improved product lines. Even if it is successful in introducing new products or developing its current products, a failure to gain consumer acceptance or to update products with compelling content could cause a decline in its products' popularity that could reduce revenues and harm the New Issuer's business, operating results and financial condition. Failure to introduce new features and product lines and to achieve and sustain market acceptance could result in the New Issuer being unable to meet consumer preferences and generate revenue which would have a material adverse effect on the business, results of operations and financial condition of the New Issuer.

The New Issuer's success depends on its ability to attract and retain customers. There are many factors which could impact the New Issuer's ability to attract and retain customers, including but not limited to the New Issuer's ability to continually produce desirable and effective product, the successful implementation of the New Issuer's customer acquisition plan and the continued growth in the aggregate number of potential customers. The New Issuer's failure to acquire and retain customers could have a material adverse effect on the business, results of operations and financial position of the New Issuer.

Reliance on a single location

The New Issuer's future production is expected to take place at facilities located on the Property. Adverse changes or developments affecting the facilities could have a material adverse effect on the New Issuer's ability to produce its

products and therefore have a material adverse effect on the business, results of operations and financial condition of the New Issuer.

Additional financing

The building and operation of the New Issuer's facilities and business are capital intensive. In order to execute the anticipated growth strategy, the New Issuer will require additional equity and/or debt financing to support on-going operations, to undertake capital expenditures, and/or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the New Issuer when needed or on terms which are acceptable. Failure to obtain sufficient financing could have a material adverse effect on the business, results of operations and financial condition of the New Issuer.

Liquidity and future financing risk

The New Issuer may require additional financing to fund future operations and expansion plans. The New Issuer 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 New Issuer's ability to secure any required financing to sustain its operations will depend in part upon prevailing capital market conditions, as well as the New Issuer's business success. There can be no assurance that the New Issuer will be successful in the New Issuer's efforts to secure any additional financing or additional financing on terms satisfactory to the New Issuer's management. If additional financing is raised by issuing common shares in the New Issuer's authorized capital, control of the New Issuer may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the New Issuer may be required to scale back its business plan or cease operating which may have a material adverse effect on the business, results of operations and financial condition of the New Issuer.

Going concern risk

The New Issuer'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 New Issuer'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 New Issuer 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 New Issuer 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 New Issuer will be dependent upon the capital markets to raise additional financing in the future, while the New Issuer establishes a user and customer base for its products. Access to financing can be negatively impacted by a global economic downturn. As such, the New Issuer is subject to liquidity risks in meeting the New Issuer'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 New Issuer's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the New Issuer and its management. If uncertain market conditions persist, the New Issuer's ability to raise capital could be jeopardized, which could have a material adverse effect on the business, results of operations and financial condition of the New Issuer.

Operating risk and insurance coverage

The New Issuer will have insurance to protect its assets, operations, and employees. While the New Issuer believes its insurance coverage will address all material risks to which it is exposed, such insurance is subject to coverage limits and exclusions. In addition, no assurance can be given that such insurance will be adequate to cover the New Issuer's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. Failure to obtain adequate insurance coverage could have a material adverse effect on the business, results of operations and financial condition of the New Issuer.

Uninsured or uninsurable risk

The New Issuer may become subject to liability for risks against which the New Issuer cannot insure or against which the New Issuer 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 New Issuer's usual business activities. Payment of liabilities for which the New Issuer does not carry insurance may have a material adverse effect on the business, results of operations and financial condition of the New Issuer.

Risks related to the New Issuer Shares

The future price of the New Issuer Shares will vary depending on factors unrelated to the New Issuer's performance or intrinsic value. In recent years, the securities markets in Canada and the U.S. have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continued fluctuations in price will not occur. It may be anticipated that any quoted market for the common shares will be subject to market trends generally, notwithstanding any potential success of the New Issuer in creating revenues, cash flows or earnings.

Speculative nature of investment risk

An investment in the New Issuer Shares carry a high degree of risk and should be considered as a speculative investment by purchasers. The New Issuer has not paid dividends, and is unlikely to pay dividends in the immediate or near future. The New Issuer is in the development phase of its business. The New Issuer's operations are not yet sufficiently established such it can mitigate the risks associated with its planned activities. Failure to mitigate such risks may lead to a material adverse effect on the business, results of operations and financial condition of the New Issuer.

Dividend risk

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

Share price volatility risk

The New Issuer's common shares are listed for trading on the CSE. External factors outside of the New Issuer'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 New Issuer 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 New Issuer's common shares.

Conflicts of interest

Certain of the New Issuer's directors and officers are, and may continue to be, involved in other business ventures through their direct and indirect participation in corporations, partnerships, joint ventures, or other endeavours, that may become potential competitors of the products the New Issuer 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 New Issuer's interests. In accordance with the BCBCA, 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 New Issuer's best interests. However, in conflict of interest situations, the New Issuer'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 New Issuer. Circumstances may arise that may be resolved in a manner that is unfavorable to us. Failure to manage conflicts of interest could have a material adverse effect on the business, results of operations and financial condition of the New Issuer.

18. Promoters

Brian Polla is the founder of BCP, and is the only promoter of BCP. Prior to completion of the Transaction, Mr. Polla owned 23,000,000 BCP Shares, representing approximately 9.8% of the issued and outstanding BCP Shares. Upon completion of the Transaction and as of the date of this Listing Statement, Mr. Polla will own 23,000,000 New Issuer Shares, representing approximately 4.9% of the issued and outstanding New Issuer Shares. Mr. Polla is to receive repayment of the Founder Loan in the amount of approximately \$100,000 from the New Issuer. For more information concerning the Founder Loan, see Section 20 - *Interest of Management and Others in Material Transactions*.

19. Legal Proceedings

Neither the Issuer nor BCP is a party to any legal proceedings.

20. Interest of Management and Others in Material Transactions

During the period from the incorporation of BCP to the date of this Listing Statement, Mr. Brian Polla, founder and promoter of BCP loaned approximately \$100,000 (the “**Founder Loan**”) to BCP for working capital and general administrative expenses. The Founder Loan bears no interest and is to be repaid within one year upon the completion of the Transaction.

21. Auditors, Transfer Agents and Registrars

Auditors

The auditor of the Issuer is RSM Canada LLP, Chartered Professional Accountants and Licensed Public Accountants, at 11 King Street West, Suite 700, Toronto, Ontario, M5H 4C7.

The auditor of BCP is ND LLP, Chartered Accountants at 60 Byng Avenue, No. 912, Toronto, Ontario, M2N 7K3.

It is expected that the auditor of the New Issuer will be RSM Canada LLP, Chartered Professional Accountants and Licensed Public Accountants, at 11 King Street West, Suite 700, Toronto, Ontario, M5H 4C7.

Transfer Agent

The transfer agent and registrar of the Blox Shares is Computershare Investor Services Inc., at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1. It is expected that the transfer agent and register of the New Issuer Shares will be Computershare.

22. Material Contracts

The Issuer and BCP entered into the following material contracts within two years of the date of this Listing Statement:

1. Agreement for project management services dated March 6, 2018, between BCP and Eurofins, pursuant to which BCP contracted for the compilation, organization, technical writing and submission of an application to become a Licensed Producer, with an estimated cost of \$36,000 before additional work, which will cost \$175 per hour.
2. Agreement of purchase and sale for the Property and the VTB Mortgage thereon dated April 12, 2018, between BCP and the vendors thereof, pursuant to which the Property was acquired by BCP and a mortgage over the Property granted to the vendors of the Property. For more information concerning the acquisition of the Property and the VTB Mortgage, see Section 4 - *Narrative Description of the Business*.
3. Loan agreement dated September 1, 2018, between PUF Ventures Inc., which was subsequently renamed AgraFlora, and BCP, pursuant to which AgraFlora advanced \$250,000 to BCP for general working capital and administrative purposes. For additional information concerning the AgraFlora Loan, see Section 3 - *General Development of the Business*.

4. Voluntary Pooling Agreement dated May 14, 2018, as amended on November 1, 2018, between the Issuer and each of Toni Seemann, Wolfgang Seemann, Vika Ross and Ingrid Seemann. For more information concerning the Voluntary Pooling Agreement, see Section 11 - *Escrowed Securities*.
5. SAFEs dated as of October 1, 2018 between BCP and various investors, pursuant to which BCP raised an aggregate \$1,087,000 and issued 54,350,000 BCP Shares on the signing of the SEA.
6. Consulting Agreements pursuant to which BCP contracted for management services in the areas of strategic business planning, budgeting and building, financial planning and management assistance, and in consideration for which BCP issued a total of 55,450,000 BCP Shares on the signing of the Share Exchange Agreement.
7. Agreement for consulting and security advisory services dated November 2, 2018, between BCP and DHA, pursuant to which BCP contracted for physical security design planning and design with respect to the Existing Facility and the New Facility, with a projected cost of approximately \$13,000.
8. Agreement for consulting and security advisory services dated January 8, 2019, between BCP and DHA, pursuant to which BCP contracted for physical security design planning and design with respect to the proposed outdoor cultivation operation on the Property, with a projected cost of approximately \$13,000.
9. SAFEs dated as of February 27, 2019 and February 28, 2019 between BCP and various investors, pursuant to which BCP raised an aggregate \$350,000 and issued 7,000,000 BCP Shares on the signing of the Share Exchange Agreement.
10. Share Exchange Agreement dated February 28, 2019 between the Issuer, BCP and all of the BCP Shareholders. For more information concerning the Share Exchange Agreement, see Section 3 - *General Development of the Business*.

23. Interest of Experts

No person whose profession or business gives authority to a statement made by such person and who is named in this Listing Statement has received or will receive a direct or indirect interest in the Property of the Issuer or any related person of the Issuer. As at the date hereof, the aforementioned persons do not beneficially own, directly or indirectly, any securities of the Issuer. In addition, none of the aforementioned persons nor any director, officer or employee of any of the aforementioned persons, is or expected to be elected, appointed or employed as a director, senior officer, promoter or employee of the Issuer.

24. Other Material Facts

There are no material facts of the Issuer not disclosed in this Listing Statement.

25. Financial Statements

The audited consolidated financial statements of the Issuer for the years ended March 31, 2018 and 2017, together with the accompanying MD&A are attached hereto as Appendices “B” and “C”, respectively.

The condensed interim consolidated financial statements of the Issuer for the nine month period ended December 31, 2018, together with the accompanying MD&A are attached hereto as Appendices “D” and “E”, respectively.

The audited financial statements of BCP for the period from incorporation on February 6, 2018 to September 30, 2018 together with the accompanying MD&A are attached hereto as Appendix “F” and “G”, respectively.

The interim financial statements of BCP for the six month period ended March 31, 2019 together with the accompanying MD&A are attached hereto as Appendix “H” and Appendix “I”.

The pro forma consolidated financial statements attached hereto as Appendix “J”.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Blox Labs Inc. hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Blox Labs Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario, this 22nd day of August, 2019.

“Jeffrey Zanini”

Jeffrey Zanini,
CEO

”Sean McGrath”

Sean McGrath,
CFO

“Jerry Habuda”

Jerry Habuda,
Director

“Thomas Clarke”

Thomas Clarke,
Director

CERTIFICATE OF THE TARGET

The foregoing contains full, true and plain disclosure of all material information relating to Best Cannabis Products Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Brampton, Ontario, this 22nd day of August, 2019.

“Brian Polla”

Brian Polla
CEO, Director, Promoter

APPENDIX “A”



BLOXLabs

Blox Labs Inc.

213 Sterling Road, Suite 206
Toronto, ON M6R 2B2

STATEMENT OF EXECUTIVE COMPENSATION FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

STATEMENT OF EXECUTIVE COMPENSATION

Under this heading, the Corporation is including the disclosure required by Form 51-102F6V *Statement of Executive Compensation – Venture Issuer*.

Definitions

For the purpose of this Statement of Executive Compensation:

“CEO” means an individual who acted as chief executive officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

“CFO” means an individual who acted as chief financial officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

“NEO” or “named executive officer” means each of the following individuals:

(a) a CEO;

(b) a CFO;

(c) Blox’s most highly compensated individual acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(5) of National Instrument 51-102, for that financial year; and

(d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year;

Summary Compensation Table Excluding Compensation Securities

The following table summarizes the compensation excluding compensation securities paid to each of the NEOs and the Board of Directors of Blox for the last two completed financial years:

Name and Principal Position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of All Other Compensation (\$)	Total Compensation (\$)
Jeffrey Zanini ⁽¹⁾ <i>Director and CEO</i>	2018	9,000 ⁽²⁾	Nil	Nil	Nil	Nil	9,000 ⁽²⁾
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Jerry Habuda ⁽³⁾ <i>Director</i>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Harald Seemann ⁽⁴⁾ <i>Former Director and CEO</i>	2018	48,000	Nil	Nil	Nil	Nil	48,000
	2017	60,000	Nil	Nil	Nil	Nil	60,000
Jens Brandt ⁽⁵⁾ <i>Former CFO</i>	2018	24,000	Nil	Nil	Nil	Nil	24,000
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Philip Morrison ⁽⁶⁾ <i>Former Director</i>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Stephane Bigue ⁽⁷⁾ <i>Former Director</i>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	12,159	Nil	Nil	Nil	Nil	12,159
Matthew Kaine ⁽⁸⁾ <i>Former CFO</i>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	6,000	Nil	Nil	Nil	Nil	6,000

(1) Mr. Zanini has served as a director of Blox since November 8, 2017 and CEO since March 29, 2018.

(2) Blox incurred management fees payable to Jeffrey Zanini Consulting, a company wholly owned by Mr. Zanini.

(3) Mr. Habuda has served as a director of Blox since March 29, 2018.

(4) Mr. Seemann resigned as a director and CEO of Blox on March 29, 2018.

(5) Mr. Brandt resigned as CFO of Blox on May 7, 2018.

(6) Mr. Morrison resigned as a director of Blox on April 9, 2018.

(7) Mr. Bigue resigned as a director of Blox on November 8, 2017.

(8) Mr. Kaine resigned as CFO of Blox on August 8, 2016.

Stock Options and Other Compensation Securities

No compensation securities were granted or issued to each NEO and director of Blox in the financial year ended March 31, 2018 for services provided or to be provided to the Company.

Exercise of Compensation Securities by Directors and NEOs

No securities were exercised by each NEO and director of Blox in the financial year ended March 31, 2018.

Stock Option Plans and Other Incentive Plans

All of Blox's officers, directors, employees and consultants are eligible to participate the Stock Option Plan. The Stock Option Plan is the only security based compensation plan that Blox currently has in place. The Stock Option Plan provides a long-term incentive designed to focus and reward eligible participants for enhancing total shareholder return over the long-term both on an absolute and relative basis. The Stock Option Plan promotes an ownership perspective among and encourages the retention of key employees and consultants. Additionally, it provides an incentive to enhance shareholder value by furthering Blox's growth and profitably.

The Stock Option Plan provides for the issuance of stock options to acquire up to that number that is 10% of the issued and outstanding common shares of Blox as at the date of the respective grant. A copy of the Stock Option Plan is available for review at (a) www.sedar.com and (b) at the registered and records office of Blox, Suite 310 – 318 Homer Street, Vancouver, BC V6B 2V2.

Options are normally recommended by management and approved by the Board of Directors upon the commencement of an individual's employment with Blox based on the individual's level of responsibility within the organization and their contribution to Blox's success. Additional grants may be made periodically to ensure that the number of options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within Blox. Previous grants are taken into account when considering new grants.

The use of options by Blox results in a significant portion of senior officer compensation being "**at risk**" and directly linked to the achievement of business results and long-term value creation for Blox's shareholders. As at March 31, 2018, there were 450,000 (pre 3 for 1 share split, effective June 27, 2018)(the "**Share Split**") stock options outstanding and exercisable at \$0.20 per option and expires on May 12, 2019. On May 23, 2018, 450,000 (pre Share Split) stock options were subsequently cancelled.

Employment, Consulting and Management Agreements

Jeffrey Zanini has a management agreement with Blox whereby he is compensated at a rate of \$3,000 per month to provide CEO services through his wholly owned company, Jeffrey Zanini Consulting.

Oversight and Description of Director and NEO Compensation

The board of directors determines, by way of discussions at meetings, the compensation to be paid to the executive officers of Blox. Blox at this time does not have a formal compensation program with specific performance goals or similar conditions; however, the performance of each executive is considered along with Blox's ability to pay compensation and its results of operation for the period. Blox does not use any benchmarking in determining compensation or any element of compensation.

Blox's executive compensation is currently comprised of a base fee, salary or equity based compensation. Base fees or salaries are intended to provide current compensation and a short-term incentive for each NEO to meet the Company's goals, as well as to remain competitive with the industry. Base fees or salaries are compensation for job responsibilities and reflect the level of skills, expertise and capabilities demonstrated by each NEO. Any salary determined for the NEOs is dependent upon Blox's finances as well as the performance of each of the NEOs. Blox does not use peer groups to determine its compensation paid to NEOs.

Pension Disclosure

Blox does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth details of all Blox's equity compensation plans as of March 31, 2018:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights ⁽¹⁾	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	450,000 (Options)	\$0.20	6,784,800 ⁽²⁾
Equity compensation plans <u>not</u> approved by security holders	N/A	N/A	N/A
Total	450,000		

(1) Options are exercisable into underlying common shares of Blox on a one-for-one basis.

(2) Based on 72,348,003 (post Share Split) common shares issued and outstanding as at March 31, 2018.

ADDITIONAL INFORMATION

Additional information relating to Blox is available at www.sedar.com.

Shareholders may contact Blox at its head office by mail at 206 – 213 Sterling Road, Toronto, ON M6R 2B2, to request copies of Blox's financial statements and related Management's Discussion and Analysis (the "MD&A"). Financial information is provided in the audited financial statements and MD&A for Blox for the year ended March 31, 2018.

Unless otherwise indicated, all share capital, option and share-based awards, and pricing information presented in this Statement of Executive Compensation have been adjusted for Blox's three-for-one stock split effective June 27, 2018.

APPENDIX "B"

BLOX LABS INC.

(formerly Big Rock Labs Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended March 31, 2018 and 2017

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Blox Labs Inc. (formerly Big Rock Labs Inc.)

We have audited the accompanying consolidated financial statements of Blox Labs Inc. (formerly Big Rock Labs Inc.) and its subsidiary, which comprise the consolidated statements of financial position as at March 31, 2018 and 2017 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Blox Labs Inc., and its subsidiary as at March 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements, which indicates the existence of material uncertainties that may cast significant doubt about the company's ability to continue as a going concern.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
July 26, 2018
Toronto, Ontario

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BLOX LABS INC.
(formerly Big Rock Labs Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	March 31, 2018	March 31, 2017
ASSETS		
Current		
Cash and cash equivalents	\$ 387,233	\$ 110,049
HST receivable	14,179	985
Short-term investment (Note 4)	148,976	-
Total Assets	\$ 550,388	\$ 111,034
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 40,418	\$ 21,647
SHAREHOLDERS' EQUITY		
Share capital (Note 5(a))	1,106,495	640,562
Warrants (Note 5(c))	524,830	293,967
Contributed surplus (Note 5(b))	436,494	436,494
Deficit	(1,557,849)	(1,281,636)
Total Shareholders' Equity	509,970	89,387
Total Liabilities and Shareholders' Equity	\$ 550,388	\$ 111,034

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 10)

Approved and authorized by the Board of Directors on July 26, 2018.

On behalf of the Board:

/s/ "Jeffrey Zanini"
Jeffrey Zanini
Director

/s/ "Peter Karroll"
Peter Karroll
Director

See accompanying notes to the consolidated financial statements

BLOX LABS INC.
(formerly Big Rock Labs Inc.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the Years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

	March 31, 2018	March 31, 2017
Revenue	\$ 50,000	\$ 116
Expenses		
Professional and consulting fees	124,723	38,850
Research and development fees	85,999	985
CSE fees	7,100	6,000
Marketing	23,958	12,399
General and administrative	25,293	24,776
Management fees	111,000	60,000
	378,073	143,010
Loss before other items	(328,073)	(142,894)
Other items		
Interest and other income	2,884	1,174
Change in fair value of short-term investment (Note 4)	48,976	-
Net loss and comprehensive loss for the year	\$ (276,213)	\$ (141,720)
Basic and diluted loss per share	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding – Basic and diluted	44,408,469	30,345,003

See accompanying notes to the consolidated financial statements

BLOX LABS INC.
(formerly Big Rock Labs Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit	Total
Balance, March 31, 2016	30,345,003	\$ 640,562	\$ 293,967	\$ 436,494	\$ (1,139,916)	\$ 231,107
Loss for the year	-	-	-	-	(141,720)	(141,720)
Balance, March 31, 2017	30,455,003	\$ 640,562	\$ 293,967	\$ 436,494	\$ (1,281,636)	\$ 89,387
Private placement (Note 5(a))	42,000,000	465,800	230,896	-	-	696,696
Warrant exercise (Note 5(c))	3,000	133	(33)	-	-	100
Loss for the year	-	-	-	-	(276,213)	(276,213)
Balance, March 31, 2018	72,348,003	\$ 1,106,495	\$ 524,830	\$ 436,494	\$ (1,557,849)	\$ 509,970

See accompanying notes to the consolidated financial statements

BLOX LABS INC.
(formerly Big Rock Labs Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

	March 31, 2018	March 31, 2017
Operating Activities		
Loss for the year	\$ (276,213)	\$ (141,720)
Adjusted for item not involving cash:		
Change in fair value of short-term investment	(48,976)	-
Changes in non-cash working capital items:		
HST receivable	(13,194)	5,228
Accounts payable and accrued liabilities	18,771	(36,594)
	(319,612)	(173,086)
Investing Activity		
Acquisition of short-term investment	(100,000)	-
Financing Activities		
Proceeds from private placement, net of issuance costs	696,696	-
Proceeds from exercise of share purchase warrants	100	-
	696,796	-
Increase/(Decrease) in cash during the year	277,184	(173,086)
Cash and cash equivalents, beginning of the year	110,049	283,135
Cash and cash equivalents, end of the year	\$ 387,233	\$ 110,049
Supplemental disclosure of cash flow information:		
Cash received during the year for interest	\$ 2,884	\$ 1,174
Cash received during the year for taxes	\$ -	\$ 13,684

See accompanying notes to the consolidated financial statements

BLOX LABS INC.
(formerly Big Rock Labs Inc.)
Notes to the Consolidated Financial Statements
For the Years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

Blox Labs (“BLOX” or the “Company”) was incorporated on April 4, 2014 under the Business Corporations Act of British Columbia. Effective November 16, 2017, the Company changed its name from Big Rock Labs Inc. to Blox Labs Inc. The head office of the Company is located at 213 Sterling Road, Suite 206; Toronto, Ontario M6R 2B2.

Blox Labs Inc. is a technology development company focused on creating software solutions driven by emerging trends in Blockchain, Smart Contracts and Decentralized Applications.

Going Concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the year ended March 31, 2018, the Company generated \$50,000 (2017 - \$116) in revenue from operations, and had working capital of \$509,970 (2017 - \$89,387), had a net loss of \$276,213 (2017 - \$141,720) and an accumulated deficit of \$1,557,849 (2017 - \$1,281,636). The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. These consolidated financial statements do not reflect adjustments that would be necessary if the going concern basis was not appropriate. Consequently, adjustments would then be necessary to the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used. Such adjustments, if required, could be material.

2. Basis of Preparation

Statement of Compliance

The Company’s consolidated financial statements have been prepared in accordance with and using accounting policies in full compliance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and the interpretations of the IFRS Interpretations Committee (“IFRIC”).

The accounting policies applied in the preparation of the consolidated financial statements for the years ended March 31, 2018 and 2017 are set out below.

BLOX LABS INC.
(formerly Big Rock Labs Inc.)
Notes to the Consolidated Financial Statements
For the Years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

2. Basis of Preparation (continued)

Basis of Presentation

The consolidated financial statements, presented in Canadian dollars, have been prepared on a historical cost basis, except for cash flow information and certain financial assets that are measured at fair value as explained in the significant accounting policies set out in Note 3.

The functional currency of the Company and Big Rock Technologies Inc., a wholly-owned subsidiary, is the Canadian dollar, which is the presentation currency of the consolidated financial statements.

On November 22, 2017, the Company completed a consolidation of its common shares at a ratio of one new share for every two old shares. Subsequent to March 31, 2018, the Company completed a forward split of its common shares at a ratio of three new shares for every one old share. Consequently, all share and per share amounts in these financial statements have been restated to reflect these adjustments to share capital.

Basis of Consolidation

The consolidated financial statements include the accounts of Blox Labs Inc., and its wholly-owned subsidiary, Big Rock Technologies Inc.

The subsidiary is controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases.

All entities, over which the Company has control, specifically when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity, are fully consolidated.

Intercompany balances and transactions, and unrealized gains arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

Significant Accounting Estimates and Judgements

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results could differ from those estimates.

Significant estimates are as follows:

- inputs used in accounting for share-based payment transactions and in valuation of options and warrants included in shareholders' equity, including volatility; and
- valuation of short-term investments.

BLOX LABS INC.
(formerly Big Rock Labs Inc.)
Notes to the Consolidated Financial Statements
For the Years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

3. Significant Accounting Policies

The significant accounting policies used in the preparation of these consolidated financial statements set out below have been applied consistently in all material respects.

Cash and Cash Equivalents

The Company's cash and cash equivalents consists of amounts held in its corporate bank accounts and in Guaranteed Investment Certificates that are cashable on demand.

Loss Per Share

Basic losses per share are computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted losses per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. No potentially dilutive securities were issued during the year. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

Share-based Payment Transactions

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees and consultants. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Revenue

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. Revenue from developing software applications is recognized as earned, based on the basis of the percentage of completion method where the revenue is reconcilable to services performed as a proportion of total services to be completed. Where the stage of completion at the reporting date cannot be reliably measured, revenue is recognized only to the extent of the expenses recognized that are recoverable. Foreseeable losses, if any, are recognized in the year or period in which the loss is determined

BLOX LABS INC.
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Notes to the Consolidated Financial Statements
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3. Significant Accounting Policies (continued)

Share Capital

Common shares are classified as equity. Transaction and other incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. In situations where the Company issues units, the value of the units is bifurcated based on their relative fair value of the share and warrant value. The fair value of the warrant is determined by using the Black-Scholes pricing model. The value assigned to the warrant is included as a separate reserve of the Company's equity.

Research and Development

Research costs are charged to the statement of loss and comprehensive loss when incurred. Development costs are expensed in the year incurred unless they meet the criteria under IFRS for deferral and amortization. Amortization commences with the successful commercial production or use of the product or process.

Investment Tax Credits

Investment tax credits ("ITCs") arising from research and development are recognized when their realization is reasonably assured. ITCs earned with respect to current expenditures for qualified research and development activities are included in the statement of loss and comprehensive loss as a reduction of research and development costs. ITCs associated with capital expenditures are reflected as reductions in the carrying amounts of the assets. During the year ended March 31, 2018, \$Nil (2017 - \$13,684) was included as a reduction to research and development costs.

Financial Assets and Liabilities

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial assets in the following three categories depending on the purpose for which the instruments were acquired: Financial assets at fair value through profit or loss ("FVTPL"), available for sale ("AFS") financial assets or loans and receivable.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the year.

Held to maturity assets, loans and receivables, and other liabilities are subsequently measured at amortized cost using the effective interest rate method.

BLOX LABS INC.
(formerly Big Rock Labs Inc.)
Notes to the Consolidated Financial Statements
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3. Significant Accounting Policies (continued)

Financial Assets and Liabilities (continued)

Available for sale assets are subsequently measured at fair value with the changes in fair value recorded in other comprehensive income (loss), except for equity instruments without a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost.

Financial liabilities are classified as financial liabilities at FVTPL or other financial liabilities, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are measured initially at fair value. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

Transaction costs associated with FVTPL financial assets and liabilities are expensed as incurred, while transactions costs associated with all other financial assets and liabilities are included in the initial carrying amount of the asset or liability.

The Company has classified its cash and cash equivalents as loans and receivables, short-term investment as FVTPL and accounts payable and accrued liabilities as other financial liabilities.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of the available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. The Company does not have any derivative financial assets or liabilities.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The Company categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs used in the measurement.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.

Level 2: This level includes valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1. Derivative instruments in this category are valued using models or other standard valuation techniques derived from observable market inputs.

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3. Significant Accounting Policies (continued)

Financial Assets and Liabilities (continued)

Level 3: This level includes valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the instruments' fair value.

The Company has classified its short term investment as FVTPL using Level 1 and Level 2 of the fair value hierarchy for the shares and warrants, respectively.

Income taxes

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be recovered.

New Accounting Standards and Interpretations

At the date of authorization of these consolidated financial statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods.

The following standards have been issued for annual periods beginning on or after January 1, 2018 but are not yet effective:

IFRS 9, Financial instruments

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. This new standard replaces International Accounting Standards ("IAS") 39, Financial Instruments: Recognition and Measurement. IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces a new impairment model for financial assets and new rules for hedge accounting.

IFRS 9 requires financial assets to be classified into one of three measurement categories on initial recognition: FVTPL, fair value through OCI and amortized cost. Measurement and classification of financial assets is dependent on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The new standard retains most of the existing requirements for financial liabilities.

IFRS 9 introduces a new impairment model for financial assets. This new model may result in the earlier recognition of credit losses as it requires the Company to account for expected credit losses from the time the financial instruments are first recognized.

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3. Significant Accounting Policies (continued)

New Accounting Standards and Interpretations (continued)

The Company has not yet completed its evaluations of the effect of adopting this standard and amendment, and the impact it may have on its consolidated financial statements.

IFRS 15, Revenue from Contracts with Customers

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. This new standard is based on the principle that revenue should be recognized to depict the transfer of goods or services to customers at an amount that the entity expects it will be entitled to in exchange for those goods.

IFRS 15 introduces a new five step model for the recognition of revenue based on when control of a good or service transfers to a customer. The notion of control replaces the existing notion of risks and rewards and could result in changes in the timing of revenue recognition for certain contracts.

The Company has not yet completed its evaluations of the effect of adopting this standard and amendment, and the impact it may have on its consolidated financial statements.

The following standard has been issued for annual periods beginning on or after January 1, 2019 but is not yet effective:

IFRS 16, Leases

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. This new standard replaces the existing leasing guidance in IAS 17, Leases.

IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the asset being leased. For those contracts determined to meet the definition of a lease, IFRS 16 requires a lessee to recognize on the balance sheet a lease asset along with the associated lease liability which reflects future lease payments, similar to current finance lease accounting. There are limited exceptions for leases with a term of less than 12 months or leases of assets which have a very low value. As a result of the adoption of IFRS 16, operating leases which were previously only recognized on the consolidated statement of income (loss) will be recognized on the consolidated statement of financial position.

The Company has not yet completed its evaluations of the effect of adopting this standard and amendment, and the impact it may have on its consolidated financial statements.

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(Expressed in Canadian Dollars)

4. Short-Term Investment

Short-term investment is recorded at fair value and consists of 2,000,000 units held in Sonoro Energy Ltd., a Canadian publicly traded corporation, with an acquisition cost of \$100,000. Each unit consists of a common share and a share purchase warrant wherein each share purchase warrant is exercisable into an additional common share at \$0.10 for a period of two years from the date of closing, March 28, 2018. The warrants have been valued using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.88%
Expected volatility	70%
Dividend yield	Nil
Expected life	2 years
Forfeiture rate	Nil
Exercise price	\$0.10
Share price	\$0.06

Purchased on March 26, 2018, the Company has classified its short-term investment as fair value through profit or loss and recorded an unrealized gain of \$48,976 (2017 – \$Nil) during the year ended March 31, 2018.

5. Equity Instruments

a) Share capital

Authorized: An unlimited number of common shares without par value.
Issued: 72,348,003 common shares

Transactions

On November 27, 2017, the Company completed a non-brokered private placement financing wherein it issued 42,000,000 units for gross proceeds of \$700,000. Each unit consists of a common share and one half of a common share purchase warrant. Each whole warrant is exercisable into an additional common share at a price of \$0.033 per share and expiring two years after the date of closing. In connection with the private placement, the Company incurred \$3,304 of transaction costs which have been allocated to share capital and warrants based on their respective fair values.

The Company issued 3,000 common shares pursuant to the exercise of share purchase warrants for gross proceeds of \$100. The value of the warrants was determined to be \$33 which has been recorded as a transfer from warrants to share capital on the statement of financial position.

BLOX LABS INC.
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Notes to the Consolidated Financial Statements
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5. Equity Instruments (continued)

b) Stock option plan and stock-based compensation

Under the Company's current Stock Option Plan (the "Plan"), the Company may grant stock options to the Company's directors, officers, employees and consultants, or a corporation wholly owned by such directors, officers, employees and consultants. The aggregate number of shares reserved for issuance under the Plan is up to 10% of the number of outstanding common shares, which was 72,348,003 as at March 31, 2018. The exercise price of options granted is subject to a minimum price of \$0.10 per share and must meet or exceed the closing market price of the shares on the trading day immediately preceding the grant of the option.

The continuity of the Company's stock options is as follows:

	Number of Stock Options	Weighted Average Exercise Price (\$)
Balance, April 1, 2016	1,350,000	0.20
Cancelled	(450,000)	0.20
Balance, March 31, 2017	900,000	0.20
Cancelled	(450,000)	0.20
Balance, March 31, 2018	450,000	0.20

The following table summarizes the stock options outstanding and exercisable as at March 31, 2018:

Number of Options Outstanding	Number of Options Exercisable	Weighted Average Exercise Price (\$)	Expiry Date	Weighted Average Remaining Contractual Life (yrs)
450,000	450,000	0.20	May 12, 2019	1.12

c) Warrants

The continuity of the Company's share purchase warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, April 1, 2016	2,895,000	0.29
Expired	(645,000)	0.67
Balance, March 31, 2017	2,250,000	0.17
Issued	21,000,000	0.03
Exercised	(3,000)	0.03
Balance, March 31, 2018	23,247,000	0.05

BLOX LABS INC.
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5. Equity Instruments (continued)

c) Warrants (continued)

The following table summarizes the share purchase warrants outstanding as at March 31, 2018:

Number of Warrants	Weighted Average Exercise Price (\$)	Expiry Date	Weighted Average Remaining Contractual Life (yrs)
2,250,000	0.17	October 9, 2020	2.53
20,997,000	0.03	November 27, 2019	1.66
23,247,000	0.05		1.74

The Company issued 21,000,000 share purchase warrants in connection with a non-brokered private placement of units on November 17, 2017. Each warrant entitles the holder to acquire a common share of the Company at \$0.033 and expiring two years after the date of closing. The share purchase warrants were determined to have a fair value of \$230,896 based on an allocation using the Black-Scholes option pricing model with the following assumptions:

	2018
Risk-free interest rate	1.43%
Expected volatility ¹	306%
Dividend yield	Nil
Expected life	2 years
Forfeiture rate	Nil
Exercise price	\$0.033
Share price	\$0.33

¹ Expected volatility is based on historical volatility.

6. Financial Instruments

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

Credit risk

The Company's cash and cash equivalents are 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.

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not currently exposed to foreign exchange risk.

6. Financial Instruments (continued)

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.

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.

Fair value

The carrying value of the cash and cash equivalents and accounts payable and accrued liabilities approximates their fair value, due to the short-term maturities of these instruments. The fair value of short-term investment is measured using both level 1 and level 2 of the fair value hierarchy.

Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes to market prices (other than those arising from interest rate or currency risk) whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or segment. The Company's short-term investment consists of common shares in Sonoro Energy Ltd. which is a publicly traded corporation on the Canadian Securities Exchange. Consequently, there is a risk that the fair value of this investment will fluctuate due to future price changes.

7. Capital Risk 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 expects its capital resources will be sufficient to carry its operations through the current operating period. The Company is not subject to externally imposed capital requirements.

BLOX LABS INC.
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Notes to the Consolidated Financial Statements
For the Years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

8. Income Taxes

a) Current Income Taxes

A reconciliation of income taxes at statutory rates is as follows:

	March 31, 2018	March 31, 2017
Net loss for the year	\$ (276,213)	(141,720)
Expected tax recovery at a combined federal and provincial rate of 26.50% (2017 - 26.50%)	(73,196)	(37,556)
Non-deductible expenses	330	1,016
Adjustment to prior year non-capital losses	-	45,646
Tax benefit not recognized and other	72,866	(9,106)
Deferred income tax recovery	\$ -	-

b) Deferred Taxes

Significant components of the Company's deferred income tax assets (not recognized) after applying enacted corporate income tax rates are as follows:

	March 31, 2018	March 31, 2017
Non-capital loss carryforwards	\$ 225,685	\$ 140,410
Other temporary differences	(6,922)	5,121
Net deferred income tax asset not recognized	\$ 218,763	\$ 145,531

At March 31, 2018 and 2017, management considers that it is not probable that these losses will be utilized and accordingly the deferred tax asset has not been recognized.

At March 31, 2018, the Company has Canadian non-capital losses of \$851,641 which, if not utilized to reduce income in future periods, expire through 2038.

9. Related Party Transactions

	March 31, 2018	March 31, 2017
Key management compensation	\$ 111,000	\$ 78,159

As at March 31, 2018, \$18,429 (2017 – \$Nil), was owing to key management for management fees and reimbursement of corporate expenses. Key management includes the senior officers and directors of the Company.

BLOX LABS INC.
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Notes to the Consolidated Financial Statements
For the Years ended March 31, 2018 and 2017
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10. Subsequent Events

Subsequent to March 31, 2018, the Company:

- a) completed a non-brokered private placement wherein it issued 44,465,994 common shares for gross proceeds of \$1,111,650.
- b) issued 600,000 common shares pursuant to the exercise of share purchase warrants for gross proceeds of \$20,000.
- c) cancelled 450,000 stock options exercisable at \$0.20 per share
- d) granted 7,290,000 stock options exercisable at \$0.04 per share until May 25, 2023.
- e) completed a forward split of its common shares at a ratio of three new shares for every one old share, Note 2.

APPENDIX “C”



BLOX Labs

MANAGEMENT’S DISCUSSION AND ANALYSIS

Year ended March 31, 2018

Report Date – July 26, 2018

BLOX LABS INC.

Management's Discussion & Analysis

Year Ended March 31, 2018

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") of Blox Labs Inc. ("Blox" or the "Company") has been prepared by management in accordance with the requirements of National Instrument 51-102. This MD&A should be read in conjunction with the audited annual financial statements for the years ended March 31, 2018 and 2017 and the related notes thereto.

The following information has been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). All financial results are expressed in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

Additional information relating to the Company, including the financial statements are available on the Blox website at www.bloxlabs.ca or on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com.

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".

BLOX LABS INC.

Management's Discussion & Analysis

Year Ended March 31, 2018

FORWARD-LOOKING STATEMENTS (continued)

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 and obligation to update and revise forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

COMPANY OVERVIEW

Blox was incorporated on April 4, 2014 under the Business Corporations Act of British Columbia as Big Rock Labs Inc. and changed its name to Blox Labs Inc. on November 16, 2017. The Company owns 100% of Big Rock Technologies Inc. which was incorporated on February 13, 2014 under the Business Corporations Act of British Columbia. The head office of the Company is located at Suite 206 - 213 Sterling Road; Toronto, Ontario M6R 2B2.

The Company is listed for trading on the Canadian Securities Exchange (the "CSE") under the symbol "**BLOX**" and on the Frankfurt stock exchange in Germany under the symbol "**BR1B**". Blox is a technology development company focused on creating best-in-class software solutions driven by emerging trends in Blockchain, Smart Contracts and Decentralized Applications. Blox is helping customers with solutions for business problems from proofs of concept through execution. The Company is currently piloting blockchain solutions for supply chain management and improvement as well as other areas. Blox is actively targeting partnerships and strategic acquisitions of growth companies.

On November 22, 2017, the Company completed a consolidation of its common shares at a ratio of one new share for every two old shares. On July 4, 2018, the Company completed a forward split of its common shares at a ratio of three new shares for every one old share. Consequently, all share and per share amounts in this MD&A have been restated to reflect these adjustments to share capital.

BLOX LABS INC.

Management's Discussion & Analysis

Year Ended March 31, 2018

BUSINESS DEVELOPMENT

In light of the rapid rate of change at which technology and specifically software development is advancing, the Company's Board of Directors is of the view that in order to stay relevant in this competitive landscape, the assessment and inclusion of blockchain applications to its current and future portfolio of technology products is of sound and prudent business strategy.

CannaBLOX

In December 2017, the Company entered into an agreement with Liberty Leaf Holdings Ltd. ("Liberty Leaf") to develop a blockchain-based smart contracts ledger for the legalized cannabis industry. The cannaBLOX Blockchain software will aim to ease and obliterate logistical bottlenecks, ensure product safety and quality of supply, minimize fraud and potential criminal activity, and assist with taxation and regulatory compliance across various levels of government within the legalized Cannabis marketplace. Phase 1 development of cannaBLOX has begun and will include, among other things, refining project scope and modelling itemization, an environmental scan of the Canadian Cannabis landscape, cannaBLOX branding, and the completion of a Blockchain Whitepaper.

In a recent request for public feedback from the Government of British Columbia, IBM submitted a proposal suggesting the use of Blockchain technology as a means by which to track and document transactions across the Cannabis supply chain. In a November article from Bloomberg, IBM stated: "This type of transparency would bring a new level of visibility and control to the provincial regulators."

PetroBLOX

In May 2018, the Company entered into a partnership with Sonoro Energy Ltd. and has commenced development of PetroBLOX, a blockchain-based smart-contract supply chain management platform for the global oil and gas industry. Through the utilization of best-in-class smart contracts and decentralized application technologies, PetroBLOX will aim to enable and enhance workflow, maximize project management efficiency, and increase the level of transparency in the global exploration and production ("E&P") space. With applications to both the upstream and downstream verticals of the oil and gas sector, PetroBLOX will endeavour to assist and ease bottlenecks ranging from permitting, planning and procurement to rig mobilization and demobilization, all the way through to end-product commodity trading. Phase 1 development of PetroBLOX has begun and will include, among other things, refining project scope and modelling itemization, an environmental scan of the E&P industry status quo, PetroBLOX branding, and the completion of a blockchain white paper.

INVESTMENT

In March 2018, the Company acquired 2,000,000 units of Sonoro Energy Ltd., a Canadian publicly traded corporation, for an acquisition cost of \$100,000. Each unit consists of a common share and a share purchase warrant wherein each share purchase warrant is exercisable into an additional common share at \$0.10 for a period of two years from the date of closing.

BLOX LABS INC.

Management's Discussion & Analysis

Year Ended March 31, 2018

SELECTED QUARTERLY INFORMATION

The table below summarized information reported for the most recent eight quarterly periods:

	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
	(\$)	(\$)	(\$)	(\$)
Total assets	550,388	732,946	70,637	78,616
Total liabilities	40,418	98,446	22,638	22,153
Revenue	-	50,000	-	-
Net loss	(121,326)	(113,499)	(8,464)	(32,924)
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)

	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
	(\$)	(\$)	(\$)	(\$)
Total assets	111,034	182,642	199,919	225,149
Total liabilities	21,647	84,992	25,696	39,280
Revenue	-	-	-	116
Net loss	(8,263)	(76,573)	(11,646)	(45,238)
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)

Significant variations in the most recent eight quarters are discussed below:

- a) During the quarter ended December 31, 2017, revenue increased to \$50,000 due to the CannaBLOX contract with Liberty Leaf Holdings Ltd. In addition, total assets increased in the period due to the completion of a non-brokered equity financing for gross proceeds of \$700,000.
- b) During the quarters ended December 31, 2017 and March 31, 2018, net loss increased due to increased consulting fees incurred in the development of the CannaBLOX project as well as a newly initiated market awareness program for the Company.

BLOX LABS INC.

Management's Discussion & Analysis

Year Ended March 31, 2018

SELECTED ANNUAL INFORMATION

Selected annual information for the years ended March 31, 2018, 2017 and 2016 is presented below:

	2018	2017	2016
	(\$)	(\$)	(\$)
Total assets	550,388	111,034	289,348
Total liabilities	40,418	21,647	58,241
Shareholders' equity	509,970	89,387	231,107
Revenue	50,000	116	1,800
Net loss	(276,213)	(141,720)	(335,974)
Loss per share	(0.01)	(0.00)	(0.01)

RESULTS OF OPERATIONS**Three Month Period Ended March 31, 2018**Revenues

The Company did not generate any revenue during the three month period ended March 31, 2018 ("Current Quarter") or in the three month period ended March 31, 2017 ("Prior Quarter").

Expenses

The Company's expenses for the Current Quarter increased by \$177,377 relative to the Prior Quarter. This was due primarily to increased consulting fees incurred in developing the CannaBLOX ledger for Liberty Leaf. Furthermore, the Company incurred fees in connection with a new market awareness campaign for the Company.

Year Ended March 31, 2018Revenues

The Company generated total revenue of \$50,000 during for the year ended March 31, 2018 ("Current Year") as compared to \$116 in the year ended March 31, 2017 ("Prior Year"). The increase is a result of the CannaBLOX development agreement with Liberty Leaf. The Company has refocused its business model and it has generated new revenue streams.

Expenses

The Company's expenses for the Current Year increased by \$235,063. This was due primarily to increased consulting fees incurred in developing the CannaBLOX ledger for Liberty Leaf. Furthermore, the Company incurred fees in connection with a new market awareness campaign for the Company.

BLOX LABS INC.

Management's Discussion & Analysis

Year Ended March 31, 2018

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital position of \$509,970 as at March 31, 2018, compared to \$89,387 as at March 31, 2017. The improvement in working capital deficiency was a result of the completion of a non-brokered private placement in November 2017.

During the year ended March 31, 2018, the Company reported a net loss of \$276,213 due to the fact that revenue currently generated does not exceed the Company's operating expenses. Consequently, the Company reported a cash outflow from operations of \$319,612 for the year ended March 31, 2018. The Company's ability to meet its obligations as they fall due and to continue to operate as a going concern is dependent upon the continued financial support of its creditors, access to equity financial markets and ultimately, the attainment of profitable operations. As a result, the Company completed an additional non-brokered private placement in June 2018 wherein it raised \$1,111,650.

The Company has successfully utilized both debt and equity financing in the past, but there is no assurance that such funding will be available in the future or if it is that it will be on terms that are acceptable. Management anticipates that its working capital is sufficient to meet its expected ongoing obligations for the coming year. However, if the Company requires additional capital and is unable to obtain acceptable financing, it will experience liquidity problems and management expects that it will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. Any additional equity financing may involve substantial dilution

OUTSTANDING SHARE DATA**Issued and**

As at the Report Date, there are 117,413,997 common shares issued and outstanding.

Stock Options

As at the Report Date, there are 7,290,000 stock options outstanding and exercisable at \$0.04 until May 25, 2023.

Share Purchase Warrants

As at the Report Date, the total number of share purchase warrants outstanding are summarized below:

Number of warrants	Exercise Price	Expiry Date
	(\$)	
20,397,000	0.033	November 27, 2019
2,250,000	0.17	October 9, 2020
22,647,000	0.05	

BLOX LABS INC.

Management's Discussion & Analysis

Year Ended March 31, 2018

RELATED PARTY TRANSACTIONS

The following summarizes the Company's related party transactions during the years ended March 31, 2018 and 2017:

	2018	2017
	(\$)	(\$)
Key management compensation:		
Consulting fees paid or accrued to Jeff Zanini, Chief Executive Officer ("CEO") of the Company	9,000	-
Consulting fees paid or accrued to Harald Seemann, former CEO of the Company	48,000	60,000
Consulting fees paid or accrued to Jens Brandt, former Chief Financial Officer ("CFO") of the Company	24,000	-
Consulting fees paid to Stephane Bigue, former director of the Company	-	12,159
Consulting fees paid to Matthew Kaine, former CFO of the Company	-	6,000
Other related party payments:		
Consulting fees paid or accrued to Vika Ross, the spouse of the former CEO of the Company	30,000	-
	111,000	78,159

As at March 31, 2018, a total of \$18,429 (2017 - \$Nil) was included in accounts payable and accrued liabilities owing to the former CEO of the Company for consulting fees and reimbursable expenses.

SUBSEQUENT EVENTS

Subsequent to March 31, 2018, the Company:

- a) completed a non-brokered private placement wherein it issued 44,465,994 common shares at \$0.025 per share for gross proceeds of \$1,111,650.
- b) issued 600,000 common shares pursuant to the exercise of share purchase warrants at \$0.033 per share for gross proceeds of \$20,000.
- c) cancelled 450,000 stock options exercisable at \$0.20 per share.
- d) granted 7,290,000 stock options exercisable at \$0.04 per share until May 25, 2023.
- e) completed a forward split of its common shares at a ratio of three new shares for every one old share.

BLOX LABS INC.

Management's Discussion & Analysis

Year Ended March 31, 2018

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Significant accounting policies used by Blox are disclosed in note 3 to the March 31, 2018 audited annual consolidated financial statements. Preparing financial statements in accordance with IFRS requires management to make certain judgments and estimates. Changes to these judgments and estimates could have a material effect on the Company's financial statements and financial position. There were no changes to Blox's critical accounting estimates during the year ended March 31, 2018.

NEW ACCOUNTING STANDARDS

The following standards and amendments to standards have been issued for annual periods beginning on or after January 1, 2018 but are not yet effective:

IFRS 9, Financial instruments

This new standard replaces International Accounting Standards ("IAS") 39, Financial Instruments: Recognition and Measurement. IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces a new impairment model for financial assets and new rules for hedge accounting.

IFRS 9 requires financial assets to be classified into one of three measurement categories on initial recognition: FVTPL, fair value through OCI and amortized cost. Measurement and classification of financial assets is dependent on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The new standard retains most of the existing requirements for financial liabilities.

IFRS 9 introduces a new impairment model for financial assets. This new model may result in the earlier recognition of credit losses as it requires the Company to account for expected credit losses from the time the financial instruments are first recognized.

The adoption of this standard is not expected to have a material impact on the Company's financial statements.

IFRS 15, Revenue from Contracts with Customers

This new standard is based on the principle that revenue should be recognized to depict the transfer of goods or services to customers at an amount that the entity expects it will be entitled to in exchange for those goods.

IFRS 15 introduces a new five step model for the recognition of revenue based on when control of a good or service transfers to a customer. The notion of control replaces the existing notion of risks and rewards and could result in changes in the timing of revenue recognition for certain contracts

The adoption of this standard is not expected to have a material impact on the Company's financial statements.

BLOX LABS INC.

Management's Discussion & Analysis

Year Ended March 31, 2018

NEW ACCOUNTING STANDARDS (continued)

The following standard has been issued for annual periods beginning on or after January 1, 2019 but is not yet effective:

IFRS 16, Leases

This new standard replaces the existing leasing guidance in IAS 17, Leases.

IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the asset being leased. For those contracts determined to meet the definition of a lease, IFRS 16 requires a lessee to recognize on the balance sheet a lease asset along with the associated lease liability which reflects future lease payments, similar to current finance lease accounting. There are limited exceptions for leases with a term of less than 12 months or leases of assets which have a very low value. As a result of the adoption of IFRS 16, operating leases which were previously only recognized on the statement of earnings will be recognized on the consolidated statement of financial position.

The Company has not yet assessed the potential impact of the application of this standard.

The following standard has been issued for annual periods beginning on or after January 1, 2021 but is not yet effective:

IFRS 17, Insurance Contracts

IFRS 17 is a new standard that requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4, *Insurance Contracts*, and related interpretations.

The Company has not yet assessed the potential impact of the application of this standard.

BLOX LABS INC.

Management's Discussion & Analysis

Year Ended March 31, 2018

RISKS AND UNCERTAINTIES**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.

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.

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.

BLOX LABS INC.

Management's Discussion & Analysis

Year Ended March 31, 2018

RISKS AND UNCERTAINTIES (continued)**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.

BLOX LABS INC.

Management's Discussion & Analysis

Year Ended March 31, 2018

RISKS AND UNCERTAINTIES (continued)**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 CSE 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.

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 expects its capital resources will be sufficient to carry its operations through the current operating period. The Company is not subject to externally imposed capital requirements.

FINANCIAL INSTRUMENTS

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

Credit risk

The Company's cash and cash equivalents are 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.

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not currently exposed to foreign exchange risk.

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.

BLOX LABS INC.

Management's Discussion & Analysis

Year Ended March 31, 2018

FINANCIAL INSTRUMENTS (continued)**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.

Fair value

The carrying value of the cash and cash equivalents and accounts payable and accrued liabilities approximates their fair value, due to the short-term maturities of these instruments. The fair value of short-term investment is measured using level 1 of the fair value hierarchy.

Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes to market prices (other than those arising from interest rate or currency risk) whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or segment. The Company's short-term investment consists of common shares in Sonoro Energy Ltd. which is a publicly traded corporation on the Canadian Securities Exchange. Consequently, there is a risk that the fair value of this investment will fluctuate due to future price changes.

OFF-BALANCE SHEET ARRANGEMENTS

As at the Report Date, the Company did not have any off-balance sheet debt nor did it have any transactions, arrangements, obligations (including contingent obligations) or other relationships with any unconsolidated entities or other persons that may have material current or future effect on financial conditions, changes in the financial conditions, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenue or expenses.

COMMITMENTS

As at the Report Date, the Company had no commitments.

OUTLOOK

Blox is focused on creating best-in-class software solutions driven by emerging trends in Blockchain, Smart Contracts and Decentralized Applications. Blox is helping customers with solutions for business problems from proofs of concept through execution. The Company's recent projects, CannaBLOX and PetroBLOX, have demonstrated the efficacy of the Company's business plan. Consequently, Blox is actively targeting additional partnerships and strategic acquisitions of growth companies.

BLOX LABS INC.

Management's Discussion & Analysis

Year Ended March 31, 2018

ADDITIONAL DISCLOSURE**Name Change**

On November 22, 2017, the Company changed its name from Big Rock Labs Inc. to Blox Labs Inc., and it changed its CSE trading symbol from "BLA" to "BLOX".

Board and Management Changes

Mr. Stephane Bigue resigned as director of the Company in November 2017, and Jeff Zanini was appointed to the Board of Directors. Mr. Zanini has more than 25 years of experience as a senior executive in supply chain logistics. He has a record for building best-in-class organizations with a relentless focus on growth strategies and profitability.

Mr. Zanini subsequently accepted the position of Chief Executive Officer after the resignation of Harald Seemann in March 2018. Jerry Habuda was concurrently appointed to the Board of Directors of the Company to replace Mr. Seemann. Mr. Habuda enjoyed a long and distinguished career with the Toronto police department and has over 35 years of experience in law enforcement and specialized units.

In April 2018, Philip Morrison resigned as a director of the Company, and he was replaced by Thomas Clarke. Mr. Clarke is registered as a professional geoscientist with APEGBC and APEGA. He is also registered as a professional natural scientist in geoscience with the South African Council for Natural Scientific Professions.

In May 2018, Sean McGrath accepted the position of Chief Financial Officer following the resignation of Jens Brandt. Mr. McGrath is a chartered professional accountant (CPA, CGA) who has spent the last 20 years providing financial management and consulting services to publicly traded companies.

Peter Karroll was appointed to the Board of Directors of the Company in May 2018. Mr. Karroll has a distinguished record of achievement in leadership roles with numerous companies over the last 25 years, primarily in the entertainment industry.

Shareholder Lock-Up

In May 2018, certain major shareholders entered into voluntary pooling agreements, representing 18,600,000 common shares of the Company. These voluntarily pooled shares represent approximately 16% of the current issued and outstanding share capitalization of the Company. The terms of the pooling agreement will restrict resale of the shares for a period of 18 months, effective May 8, 2018. There will be no shares released in any tranches whatsoever during the 18 month period. In addition to the voluntarily pooled shares as noted above, under regulatory order, 18,499,314 common shares of the Company that are held by the former CEO have been subject to mandatory trading restriction for a period of 60 months, effective as of May 7, 2018. These additionally restricted shares represent a further 16% of the current issued and outstanding share capitalization of the Company. As a result, a total of approximately 32% of the currently issued and outstanding share capitalization of the company has been restricted from trading for between 18 and 60 months.

Additional information relating to the Company and its regulatory filings is available on the Company's website at www.bloxlabs.ca and under the Company's profile on SEDAR at www.sedar.com.

BLOX LABS INC.

Management's Discussion & Analysis

Year Ended March 31, 2018

CORPORATE INFORMATION

Legal Counsel

Segev LLP
Suite 310 – 318 Homer Street
Vancouver, BC V6B 2V2

Auditor

RSM Canada LLP
Suite 700 - 11 King Street West
PO Box 27
Toronto, ON M5H 4C7

Officers

Jeff Zanini – *Chief Executive Officer*
Sean McGrath – *Chief Financial Officer*

Listings

Canadian Securities Exchange: **BLOX**
Frankfurt Stock Exchange: **BR1B**

Board of Directors

Jeff Zanini – *Chief Executive Officer*
Peter Karroll – *Independent*
Thomas Clarke – *Independent*
Jerry Habuda – *Independent*

Transfer Agent

Computershare Canada
100 University Avenue, 8th Floor
Toronto, ON M5J 2Y1

Head Office

206 – 213 Sterling Road
Toronto, ON M6R 2B2
Tel: (416) 262-0871

APPENDIX "D"



Condensed Interim Consolidated Financial Statements

Nine Month Period Ended

December 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management. The Company's independent auditor has not performed a review of these interim financial statements.

Blox Labs Inc.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	December 31, 2018	March 31, 2018
	(\$)	(\$)
ASSETS		
Current assets		
Cash	327,330	387,233
HST and other receivables	15,330	14,179
Prepaid expenses (Note 6)	233,742	-
Short-term investment (Note 4)	108,976	148,976
	<u>685,378</u>	<u>550,388</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	39,097	40,418
Shareholders' equity		
Share capital (Note 7)	2,244,660	1,106,495
Contributed surplus (Note 7)	949,248	436,494
Warrants (Note 7)	518,233	524,830
Deficit	(3,065,860)	(1,557,849)
	<u>646,281</u>	<u>509,970</u>
	<u>685,378</u>	<u>550,388</u>

Nature of Operations and Going Concern (Note 1)

On behalf of the Board:

"Jeff Zanini"

Jeff Zanini - Director

"Jerry Habuda"

Jerry Habuda - Director

See accompanying notes to the condensed interim consolidated financial statements

Blox Labs Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three Month Period Ended December 31, 2018	Three Month Period Ended December 31, 2017	Nine Month Period Ended December 31, 2018	Nine Month Period Ended December 31, 2017
	(\$)	(\$)	(\$)	(\$)
Revenue	62,500	50,000	62,500	50,000
Expenses				
General and administrative	4,622	4,200	18,367	10,312
Management fees (Note 6)	39,054	63,000	131,509	63,000
Marketing and promotion	23,580	2,750	111,958	2,750
Professional and consulting fees (Note 6)	161,157	92,207	664,549	124,739
Rent	6,330	-	18,990	-
Reasearch and development	11,724	-	52,259	-
Stock-based compensation	223,800	-	513,300	-
Transfer and filing fees	9,815	2,150	22,881	5,150
	480,082	164,307	1,533,813	205,951
Loss before other items	(417,582)	(114,307)	(1,471,313)	(155,951)
Other items				
Change in fair value of short-term investments (Note 4)	(10,000)	-	(40,000)	-
Interest income	784	808	1,902	1,064
Other income	(1,400)	-	1,400	-
Loss and comprehensive loss for the period	(428,198)	(113,499)	(1,508,011)	(154,887)
Basic and diluted loss per common share:	(0.00)	(0.00)	(0.01)	(0.00)
Weighted average common shares outstanding:				
Basic	117,419,432	50,888,478	105,253,817	37,217,727
Diluted	117,419,432	50,888,478	105,253,817	37,217,727

See accompanying notes to the condensed interim consolidated financial statements

Blox Labs Inc.

Condensed Interim Consolidated Statement of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Share capital		Contributed Surplus	Warrants	Deficit	Total
	Number of Shares	Amount (\$)				
Balance at March 31, 2017	30,345,003	640,562	436,494	293,967	(1,281,636)	89,387
Loss and comprehensive loss for the period	-	-	-	-	(154,887)	(154,887)
Balance at December 31, 2017	30,345,003	640,562	436,494	293,967	(1,436,523)	(65,500)
Share issuance - private placement	42,000,000	465,800	-	230,896	-	696,696
Share issuance - warrant exercise	3,000	133	-	(33)	-	100
Loss and comprehensive loss for the period	-	-	-	-	(121,326)	(121,326)
Balance at March 31, 2018	72,348,003	1,106,495	436,494	524,830	(1,557,849)	509,970
Share issuance - private placement	44,465,994	1,111,650	-	-	-	1,111,650
Share issuance - warrant exercise	600,000	26,597	-	(6,597)	-	20,000
Share issuance - option exercise	10,000	1,146	(546)	-	-	600
Share issuance costs	-	(1,228)	-	-	-	(1,228)
Vesting of stock options	-	-	513,300	-	-	513,300
Loss and comprehensive loss for the period	-	-	-	-	(1,508,011)	(1,508,011)
Balance at December 31, 2018	117,423,997	2,244,660	949,248	518,233	(3,065,860)	646,281

See accompanying notes to the condensed interim consolidated financial statements

Blox Labs Inc.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	Nine Month Period Ended December 31, 2018	Nine Month Period Ended December 31, 2017
	(\$)	(\$)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net income for the period	(1,508,011)	(154,887)
Items not affecting cash		
Change in fair value of short-term investment	40,000	-
Stock-based compensation	513,300	-
Changes in non-cash working capital items:		
HST and other receivables	(1,151)	(1,541)
Prepaid expenses	(233,742)	-
Accounts payable and accrued liabilities	(1,321)	506
	(1,190,925)	(155,922)
FINANCING ACTIVITIES		
Proceeds from private placement	1,111,650	-
Proceeds from exercise of options and warrants	20,600	-
Share issuance costs	(1,228)	-
	1,131,022	-
Change in cash during the period	(59,903)	(155,922)
Cash - beginning of period	387,233	110,049
Cash - end of period	327,330	(45,873)

Supplemental Cash Flow Information (Note 10)

See accompanying notes to the condensed interim consolidated financial statements

Blox Labs Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Nine Month Period Ended December 31, 2018

(Expressed in Canadian dollars)

1. Nature of Operations and Going Concern

Blox Labs Inc. (the “Company” or “Blox”) was incorporated on April 4, 2014 under the laws of the province of British Columbia. The Company changed its name from Big Rock Labs Inc. to Blox Labs Inc. on November 16, 2017. The Company’s offices are located at Suite 206, 213 Sterling Road, Toronto, Ontario, Canada, M6R 2B2. Blox is a technology development company focused on creating best-in-class software solutions driven by emerging trends in Blockchain, Smart Contracts and Decentralized Applications (DApps). The Company’s shares are traded on the Canadian Securities Exchange (“CSE”) under the symbol “BLOX”.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company had cash of \$327,330, working capital of \$646,281 and a cumulative deficit of \$3,065,860 as at December 31, 2018.

The above conditions cast significant doubt on the Company’s ability to continue as a going concern. The Company’s continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. If for any reason, the Company is unable to maintain cash flows and continue as a going concern, then this could result in adjustments to the amounts and classifications of assets and liabilities in the Company’s consolidated financial statements and such adjustments could be material.

2. Basis of Preparation

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounts Standards (“IAS”) 34, “Condensed Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The accounting policies applied in these condensed interim financial statements are consistent with those stated in the Company’s most recent annual audited financial statements, except for any new standards and amendments adopted (Note 3). Accordingly, these condensed interim financial statements should be read in conjunction with the Company’s annual financial statements for the year ended March 31, 2018.

On November 22, 2017, the Company completed a consolidation of its common shares at a ratio of one new share for every two old shares. On July 4, 2018, the Company completed a share split of its common shares at a ratio of three new shares for every one old share. Consequently, all share and per share amounts in these condensed interim consolidated financial statements have been restated to reflect these adjustments to share capital.

These condensed interim consolidated financial statements were approved by the Board of Directors of the Company on March 1, 2019.

Blox Labs Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Nine Month Period Ended December 31, 2018

(Expressed in Canadian dollars)

3. Summary of Significant Accounting Policies

During the period ended December 31, 2018, the Company adopted the following accounting standards:

IFRS 9, Financial Instruments – Classification and Measurement

IFRS 9 is a new standard on financial instruments that will replace IAS 39, *Financial Instruments: Recognition and Measurement*.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

IFRS 15, Revenue from Contracts with Customers

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service*.

The adoption of these standards did not have a material impact on the Company's financial statements.

4. Short-term Investment

Short-term investment is recorded at fair value and consists of 2,000,000 units held in Sonoro Energy Ltd., a Canadian publicly traded corporation, with an acquisition cost of \$100,000. Each unit consists of a common share and a share purchase warrant wherein each share purchase warrant is exercisable into an additional common share at \$0.10 for a period of two years from the date of closing.

The Company has classified its short-term investment as fair value through profit or loss and recorded an unrealized loss of \$40,000 (2017 – \$Nil) during the nine month period ended December 31, 2018.

5. Accounts Payables and Accrued Liabilities

	December 31, 2018	March 31, 2018
	(\$)	(\$)
Trade payables	20,097	2,469
Related party payables (Note 6)	4,000	18,429
Accrued liabilities	15,000	19,520
	<u>39,097</u>	<u>40,418</u>

Blox Labs Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Nine Month Period Ended December 31, 2018

(Expressed in Canadian dollars)

6. Related Party Transactions

The following summarizes the Company's related party transactions during the nine month periods ended December 31, 2018 and 2017. Key management personnel included the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and directors and officers and companies controlled or significantly influenced by them:

	December 31, 2018	December 31, 2017
	(\$)	(\$)
Management and consulting fees paid or accrued to officers and directors of the Company	236,253	63,000
Share-based compensation vested for incentive stock options issued to directors and officers of the Company	392,384	-
	<u>628,637</u>	<u>63,000</u>

As at December 31, 2018, a total of \$34,091 (March 31, 2018 - \$Nil) was included in prepaids for management fees paid in advance to the CEO of the Company.

As at December 31, 2018, a total of \$4,000 (March 31, 2018 - \$18,429) was included in accounts payable and accrued liabilities owing to the directors and officers or corporations controlled by directors and officers of the Company for management fees and

7. Share Capital*Authorized share capital*

The Company's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preference shares without par value.

Issued share capital

There are no preferred shares issued or outstanding.

Nine month period ended December 31, 2018

- a) the Company issued 600,000 common shares pursuant to the exercise of share purchase warrants for gross proceeds of \$20,000. The value of the warrants was determined to be \$6,597 which has been recorded as a transfer from warrants to share capital on the statement of financial position.
- b) the Company issued 44,465,994 common shares pursuant to a non-brokered private placement for gross proceeds of \$1,111,650. Transaction costs totaling \$1,228 were paid in connection with the financing.
- c) the Company issued 10,000 common shares pursuant to the exercise of stock options for gross proceeds of \$600. The value of the options was determined to be \$546 which has been recorded as a transfer from contributed surplus to share capital on the statement of financial position

Blox Labs Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Nine Month Period Ended December 31, 2018

(Expressed in Canadian dollars)

7. Share Capital (continued)*Issued share capital* (continued)Year ended March 31, 2018

- a) The Company issued 42,000,000 common shares pursuant to a non-brokered private placement of units for gross proceeds of \$700,000.
- b) The Company issued 3,000 common shares pursuant to the exercise of share purchase warrants for gross proceeds of \$100.

Restricted Shares

In May 2018, certain shareholders of the Company entered into voluntary pooling agreements, representing 18,600,000 common shares of the Company. Pursuant to the terms of the pooling agreement, these shares are restricted from resale until November 8, 2019.

Stock options

Under the Company's current Stock Option Plan (the "Plan"), the Company may grant stock options to the Company's directors, officers, employees and consultants, or a corporation wholly owned by such directors, officers, employees and consultants. The aggregate number of shares reserved for issuance under the Plan is up to 10% of the number of outstanding common shares. The exercise price of options granted are subject to a minimum price of \$0.10 per share and must exceed the closing market price of the shares on the trading day immediately preceding the grant of the option.

The continuity of the Company's stock options is as follows:

	Number of Stock Options	Weighted Average Exercise Price
		(\$)
Balance, March 31, 2017	900,000	0.20
Cancelled	(450,000)	0.20
Balance, March 31, 2018	450,000	0.20
Cancelled	(450,000)	0.20
Exercised	(10,000)	0.06
Granted	11,390,000	0.05
Balance, December 31, 2018	11,380,000	0.05

On May 25, 2018, the Company granted 7,290,000 stock options exercisable at \$0.04 per share with a fair value of \$289,500. The options were fully vested on the grant date, and the Company expensed \$289,500 as share-based compensation.

On October 17, 2018, the Company granted 4,100,000 stock options exercisable at \$0.06 per share with a fair value of \$223,800. The options were fully vested on the grant date, and the Company expensed \$223,800 as share-based compensation.

Blox Labs Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Nine Month Period Ended December 31, 2018

(Expressed in Canadian dollars)

7. Share Capital (continued)*Stock options (continued)*

The options granted during the nine month period ended December 31, 2018 were valued using the Black-Scholes option pricing model under the following assumptions:

	May 25, 2018	October 17, 2018
Risk-free interest rate	2.07%	2.41%
Expected life of options	5 yrs	5 yrs
Volatility	239%	239%
Expected Dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil
Weighted average fair value	\$0.04	\$0.05

The following table summarizes the stock options outstanding and exercisable as at December 31, 2018:

Number of Options Outstanding	Number of Options Exercisable	Weighted Average Exercise Price (\$)	Expiry Date	Weighted Average Remaining Contractual Life (yrs)
7,290,000	7,290,000	0.04	May 25, 2023	4.40
4,090,000	4,090,000	0.06	October 16, 2023	4.79
11,380,000	11,380,000	0.05		4.54

Warrants

The continuity of the Company's share purchase warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, March 31, 2017	2,250,000	0.17
Issued	21,000,000	0.03
Exercised	(3,000)	0.03
Balance, March 31, 2018	23,247,000	0.05
Exercised	(600,000)	0.03
Balance, December 31, 2018	22,647,000	0.05

Blox Labs Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Nine Month Period Ended December 31, 2018

(Expressed in Canadian dollars)

7. Share Capital (continued)*Warrants (continued)*

The Company issued 21,000,000 share purchase warrants in connection with a non-brokered private placement completed on November 27, 2017. Each warrant entitles the holder to acquire a common share of the Company at \$0.033 until November 27, 2019.

The following table summarizes the share purchase warrants outstanding as at December 31, 2018:

Number of Warrants	Weighted Average Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life
	(\$)		(yrs)
2,250,000	0.17	October 9, 2020	1.78
20,397,000	0.03	November 27, 2019	0.91
22,647,000	0.05		0.99

8. Financial Risk Management

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

Credit risk

The Company's cash and cash equivalents are 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.

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not currently exposed to foreign exchange risk.

Blox Labs Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Nine Month Period Ended December 31, 2018

(Expressed in Canadian dollars)

8. Financial Risk Management (continued)*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.

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.

Fair value

The carrying value of the cash and cash equivalents and accounts payable and accrued liabilities approximates their fair value, due to the short-term maturities of these instruments. The fair value of short-term investment is measured using both level 1 and level 2 of the fair value hierarchy.

Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes to market prices (other than those arising from interest rate or currency risk) whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or segment. The Company's short-term investment consists of common shares in Sonoro Energy Ltd. which is a publicly traded corporation on the Canadian Securities Exchange. Consequently, there is a risk that the fair value of this investment will fluctuate due to future price changes.

9. Segmented Information

The Company operates in one segment being software development driven by emerging trends in Blockchain.

Blox Labs Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Nine Month Period Ended December 31, 2018

(Expressed in Canadian dollars)

10. Supplemental Cash Flow Information

	December 31, 2018	December 31, 2017
	(\$)	(\$)
Non-cash investing and financing activities:		
Value of exercised share purchase warrants transferred to share capital.	6,597	-
Value of exercised stock options transferred to share capital.	546	-

11. Subsequent Events

Subsequent to December 31, 2018, the Company:

- a) entered into a definitive share exchange agreement (the "Agreement") with Best Cannabis Products Inc. ("BCP"), pursuant to which Blox can acquire all of the outstanding securities in BCP in exchange for the issuance of 234,800,000 common shares of the Company. The transaction is subject to a number of conditions precedent including, but not limited to, completion of a concurrent financing of up to \$5,000,000 and CSE approval.
- b) issued 75,000 common shares pursuant to the exercise of share purchase warrants for gross proceeds of \$2,500.
- c) entered into a non-binding letter of intent ("LOI") with AgraFlora Organics International Inc. ("AgraFlora") to negotiate in good faith a definitive agreement whereby AgraFlora and Blox intend to form a joint venture company to build a best-in-class team of professionals from the cannabis, agriculture and pharmaceutical sectors to manage and operate state-of-the-art agricultural greenhouse facilities.

The LOI also includes the management of the Leamington cannabis greenhouse to be acquired in the BCP transaction whereby AgraFlora would receive a management services fee and 57,091,440 special warrants in Blox, subject to a 19.99% ownership limitation and the satisfaction of certain milestones.

APPENDIX "E"



MANAGEMENT'S DISCUSSION AND ANALYSIS
Nine Month Period ended December 31, 2018

Report Date – March 1, 2019

BLOX LABS INC.

Management's Discussion & Analysis
Nine Month Period Ended December 31, 2018

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") of Blox Labs Inc. ("Blox" or the "Company") has been prepared by management in accordance with the requirements of National Instrument 51-102. This MD&A should be read in conjunction with the condensed interim consolidated financial statements for the nine month period ended December 31, 2018 and the audited annual financial statements for the years ended March 31, 2018 and 2017 and the related notes thereto.

The following information has been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). All financial results are expressed in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

Additional information relating to the Company, including the financial statements are available on the Blox website at www.bloxlabs.ca or on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com.

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".

BLOX LABS INC.

Management's Discussion & Analysis

Nine Month Period Ended December 31, 2018

FORWARD-LOOKING STATEMENTS (continued)

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 and obligation to update and revise forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

COMPANY OVERVIEW

Blox was incorporated on April 4, 2014 under the Business Corporations Act of British Columbia as Big Rock Labs Inc. and changed its name to Blox Labs Inc. on November 16, 2017. The Company owns 100% of Big Rock Technologies Inc. which was incorporated on February 13, 2014 under the Business Corporations Act of British Columbia. The head office of the Company is located at Suite 206 - 213 Sterling Road; Toronto, Ontario M6R 2B2.

The Company is listed for trading on the Canadian Securities Exchange (the "CSE") under the symbol "**BLOX**" and on the Frankfurt stock exchange in Germany under the symbol "**BR1B**". Blox was a technology development company focused on creating best-in-class software solutions driven by emerging trends in Blockchain, Smart Contracts and Decentralized Applications. However, on February 28, 2019, the Company entered into a definitive share exchange agreement pursuant to which Blox can acquire all of the issued and outstanding securities of Best Cannabis Products Inc. ("BCP"), a private Canadian company is engaged in the cannabis sector, in exchange for the issuance of 234,800,000 common shares of the Company. The transaction will function as a reverse takeover and result in a change of business for the Company.

On November 22, 2017, the Company completed a consolidation of its common shares at a ratio of one new share for every two old shares. On July 4, 2018, the Company completed a forward split of its common shares at a ratio of three new shares for every one old share. Consequently, all share and per share amounts in this MD&A have been restated to reflect these adjustments to share capital.

BLOX LABS INC.

Management's Discussion & Analysis
Nine Month Period Ended December 31, 2018

REVERSE TAKEOVER – BEST CANNABIS PRODUCTS INC.

On February 28, 2019, the Company entered into a definitive share exchange agreement (the "Agreement") with BCP pursuant to which Blox can acquire all of the issued and outstanding securities of BCP in exchange for the issuance of 234,800,000 common shares of the Company.

BCP is a Canadian company headquartered in Toronto, Ontario that is backed by a group of successful entrepreneurs who have extensive experience in the areas of manufacturing, logistics and renewable energy. BCP recently completed a private financing round and has secured a state of the art agricultural facility (the "Existing Facility") in Leamington, Ontario – a preeminent locale for cannabis cultivation in Canada. The current facility consists of 180,000 square feet of cultivation space and is situated on 50 acres of land. BCP has engaged industry experts David Hyde and Associates along with Eurofins to assist with the implementation and compliance with the Licensed Producer application process. BCP is in the process of submitting its final Licensed Producer application under the Cannabis Act. Further, BCP is in active discussions with other Canadian Licensed Producer cannabis companies as potential partners for an expansion site location. Although, there can be no assurance that the current active discussions will lead to the solidification of a partnership.

The Agreement outlines the terms and conditions pursuant to which BLOX will acquire all of the outstanding securities of BCP. The transaction will function as a reverse takeover and result in a change of business for the Company. The transaction is subject to a number of conditions precedent including, but not limited to, completion of a minimum concurrent financing of up to \$3,000,000 ("Transaction Financing") and CSE approval.

BCP Business Objectives

The Existing Facility will be developed to suit cannabis cultivation and production in two phases. Upon completion of the first phase of development and improvements to the Existing Facility ("**Phase 1**"), the Existing Facility will be retrofitted to accommodate approximately 10,000 square feet of cultivation space. Based on the cultivation space available after completion of Phase 1, it is estimated that the New Issuer will be capable of producing approximately 5,000,000 grams of dried cannabis per year.

Upon completion of the second phase of development and improvements to the Existing Facility ("**Phase 2**"), the Existing Facility will be retrofitted to accommodate approximately 180,000 square feet of cultivation space. Phase 2 is expected to be completed within two years of the Existing facility becoming operational, at which time it is estimated that BCP will be capable of cultivating and producing 25,000,000 grams of dried cannabis per year. Conditional upon BCP receiving the License from Health Canada, BCP expects that it will begin cultivation and production within the next 12 months. After completing Phase 1 and Phase 2 and obtaining the License, BCP anticipates that the Existing Facility will have the potential to generate \$48,000,000 in earnings before taxes per annum once the Existing Facility is in full production.

BLOX LABS INC.

Management's Discussion & Analysis
Nine Month Period Ended December 31, 2018

AGRAFLORA JOINT VENTURE

On January 7, 2019, as amended on February 18, 2019, the Company executed a letter of intent ("LOI") with AgraFlora Organics International Inc. ("AgraFlora") to negotiate in good faith a definitive agreement whereby AgraFlora and Blox intend to form a joint venture company to build a best-in-class team of professionals from the cannabis, agriculture and pharmaceutical sectors to manage and operate state-of-the-art agricultural greenhouse facilities.

The LOI contemplates that AgraFlora is to be named the manager of the Leamington cannabis greenhouse and will receive the following compensation assuming Blox completes its acquisition of BCP within a specified timeframe:

- (i) a management services fee of 4% of the total cost of annual operations; and
- (ii) a total of 57,091,440 special warrants ("**Special Warrants**") priced at a deemed value of \$0.05 per Special Warrant (for a total value of \$2,854,572).

The Special Warrants are comprised of Series A, Series B and Series C with each series containing 19,030,480 Specials Warrants. Each Special Warrant is convertible, subject a conversion limitation of AgraFlora Organics not owning more than 19.99% of Blox at any time, into one common share in the capital of Blox on the basis certain conditions and milestones being met including the completion of the acquisition of BCP by Blox.

AgraFlora will also provide services and resources related to propagation and genetics, greenhouse design and operation and large-scale cultivation to the Leamington cannabis project. In addition, AgraFlora will contribute rights relating to its existing cannabis operations and non-exclusive brands currently being sold in Canada.

The management contract of the Leamington cannabis greenhouse between AgraFlora and Blox is conditional upon the completion of the acquisition of BCP by Blox.

BLOX LABS INC.

Management's Discussion & Analysis

Nine Month Period Ended December 31, 2018

TECHNOLOGY BUSINESS

Prior to the Company's change of business into the Cannabis sector, the Company's focus was on creating best-in-class software solutions driven by emerging trends in Blockchain, Smart Contracts and Decentralized Applications. Specific projects included:

CannaBLOX

In December 2017, the Company entered into an agreement with Liberty Leaf Holdings Ltd. ("Liberty Leaf") to develop a blockchain-based smart contracts ledger for the legalized cannabis industry. The CannaBLOX Blockchain software will aim to ease and obliterate logistical bottlenecks, ensure product safety and quality of supply, minimize fraud and potential criminal activity, and assist with taxation and regulatory compliance across various levels of government within the legalized Cannabis marketplace. Phase 1 development of CannaBLOX has begun and will include, among other things, refining project scope and modelling itemization, an environmental scan of the Canadian Cannabis landscape, CannaBLOX branding, and the completion of a Blockchain Whitepaper.

In a recent request for public feedback from the Government of British Columbia, IBM submitted a proposal suggesting the use of Blockchain technology as a means by which to track and document transactions across the Cannabis supply chain. In a November article from Bloomberg, IBM stated: "This type of transparency would bring a new level of visibility and control to the provincial regulators."

PetroBLOX

In May 2018, the Company entered into a partnership with Sonoro Energy Ltd. and has commenced development of PetroBLOX, a blockchain-based smart-contract supply chain management platform for the global oil and gas industry. Through the utilization of best-in-class smart contracts and decentralized application technologies, PetroBLOX will aim to enable and enhance workflow, maximize project management efficiency, and increase the level of transparency in the global exploration and production ("E&P") space. With applications to both the upstream and downstream verticals of the oil and gas sector, PetroBLOX will endeavour to assist and ease bottlenecks ranging from permitting, planning and procurement to rig mobilization and demobilization, all the way through to end-product commodity trading. Phase 1 development of PetroBLOX has begun and will include, among other things, refining project scope and modelling itemization, an environmental scan of the E&P industry status quo, PetroBLOX branding, and the completion of a blockchain white paper.

BLOX LABS INC.

Management's Discussion & Analysis

Nine Month Period Ended December 31, 2018

SELECTED QUARTERLY INFORMATION

The table below summarized information reported for the most recent eight quarterly periods:

	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
	(\$)	(\$)	(\$)	(\$)
Total assets	685,378	931,315	1,476,843	550,388
Total liabilities	39,097	81,236	133,733	40,418
Revenue	62,500	-	-	-
Net loss	(428,198)	(492,806)	(587,007)	(121,326)
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)

	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
	(\$)	(\$)	(\$)	(\$)
Total assets	732,946	70,637	78,616	111,034
Total liabilities	98,446	22,638	22,153	21,647
Revenue	50,000	-	-	-
Net loss	(113,499)	(8,464)	(32,924)	(8,263)
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)

Significant variations in the most recent eight quarters are discussed below:

- a) During the quarter ended June 30, 2018, the total assets of the Company increased due to the completion of an equity financing for gross proceeds of \$1,111,650. In addition, the net loss for the period increased due to the contracting of additional consultants to expand the Company's operations and market exposure.
- b) During the quarter ended December 31, 2017, revenue increased to \$50,000 due to the CannaBLOX contract with Liberty Leaf Holdings Ltd. In addition, total assets increased in the period due to the completion of a non-brokered equity financing for gross proceeds of \$700,000.
- c) During the quarters ended December 31, 2017 and March 31, 2018, net loss increased due to increased consulting fees incurred in the development of the CannaBLOX project as well as a newly initiated market awareness program for the Company.

BLOX LABS INC.

Management's Discussion & Analysis
Nine Month Period Ended December 31, 2018

SELECTED ANNUAL INFORMATION

Selected annual information for the years ended March 31, 2018, 2017 and 2016 is presented below:

	2018	2017	2016
	(\$)	(\$)	(\$)
Total assets	550,388	111,034	289,348
Total liabilities	40,418	21,647	58,241
Shareholders' equity	509,970	89,387	231,107
Revenue	50,000	116	1,800
Net loss	(276,213)	(141,720)	(335,974)
Loss per share	(0.01)	(0.00)	(0.01)

RESULTS OF OPERATIONS**Three Month Period Ended December 31, 2018**Revenues

The Company generated revenue of \$62,500 during the three month period ended December 31, 2018 ("Current Quarter") versus \$50,000 in the three month period ended December 31, 2017 ("Prior Quarter"). The blockchain sector is in the early stages of development so identifying customers and generating revenue has been inconsistent.

Expenses

The Company's expenses for the Current Quarter increased by \$315,775 relative to the Prior Quarter. This was due primarily to stock-based compensation incurred in the Current Quarter as the Company granted 4,100,000 stock options that vested immediately. Furthermore, the Company incurred additional consulting fees in connection with a new market awareness campaign for the Company.

Nine Month Period Ended December 31, 2018Revenues

The Company generate revenue of \$62,500 during the nine month period ended December 31, 2018 ("Current Period") versus \$50,000 in the nine month period ended December 31, 2017 ("Prior Period"). The blockchain sector is in the early stages of development so identifying customers and generating revenue has been inconsistent.

Expenses

The Company's expenses for the Current Period increased by \$1,327,862 relative to the Prior Period. This was due primarily to increased consulting fees incurred in connection with a new market awareness campaign for the Company. Finally, a total of \$513,300 was recorded as stock-based compensation in connection with the granting of incentive options during the Current Period.

BLOX LABS INC.

Management's Discussion & Analysis
Nine Month Period Ended December 31, 2018

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital position of \$646,281 as at December 31, 2018, compared to \$509,970 as at March 31, 2018. The improvement in working capital was directly related to the equity financing completed in June 2018 for gross proceeds of \$1,111,650.

During the nine month period ended December 31, 2018, the Company reported a net loss of \$1,508,011. Furthermore, the Company reported a cash outflow from operations of \$1,190,925 for the period. The Company's ability to meet its obligations as they fall due and to continue to operate as a going concern is dependent upon the continued financial support of its creditors, access to equity financial markets and ultimately, the attainment of profitable operations.

The Company has successfully utilized both debt and equity financing in the past, but there is no assurance that such funding will be available in the future or if it is that it will be on terms that are acceptable. Management anticipates that its working capital is sufficient to meet its expected ongoing obligations for the coming year. However, if the Company requires additional capital and is unable to obtain acceptable financing, it will experience liquidity problems and management expects that it will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. Any additional equity financing may involve substantial dilution

OUTSTANDING SHARE DATA**Issued and**

As at the Report Date, there are 117,498,997 common shares issued and outstanding.

Stock Options

As at the Report Date, the total number of stock options outstanding are summarized below:

Number of Options	Exercise Price	Expiry Date
	(\$)	
7,290,000	0.04	May 25, 2023
4,090,000	0.06	October 16, 2023
11,380,000	0.05	

Share Purchase Warrants

As at the Report Date, the total number of share purchase warrants outstanding are summarized below:

Number of Warrants	Exercise Price	Expiry Date
	(\$)	
20,322,000	0.033	November 27, 2019
2,250,000	0.17	October 9, 2020
22,572,000	0.05	

BLOX LABS INC.

Management's Discussion & Analysis
Nine Month Period Ended December 31, 2018

INVESTMENT

In March 2018, the Company acquired 2,000,000 units of Sonoro Energy Ltd., a Canadian publicly traded corporation, for an acquisition cost of \$100,000. Each unit consists of a common share and a share purchase warrant wherein each share purchase warrant is exercisable into an additional common share at \$0.10 for a period of two years from the date of closing.

RELATED PARTY TRANSACTIONS

The following summarizes the Company's related party transactions during the nine month periods ended December 31, 2018 and 2017:

	2018	2017
	(\$)	(\$)
<i>Key management compensation:</i>		
Consulting fees paid or accrued to Jeff Zanini, Chief Executive Officer ("CEO") of the Company	119,509	-
Consulting fees paid or accrued to Harald Seemann, former CEO of the Company	16,000	60,000
Consulting fees paid or accrued to Jens Brandt, former Chief Financial Officer ("CFO") of the Company	12,000	3,000
Consulting fees paid to Sean McGrath, CFO of the Company	73,744	-
Consulting fees paid or accrued to Curtis Ingleton, Chief Technology Officer ("CTO") of the Company	10,000	-
Consulting fees accrued to Jerry Habuda, a director of the Company	5,000	-
Consulting fees paid to Peter Karroll, a director of the Company	10,000	-
Share-based compensation vested for incentive stock options issued to directors and officers of the Company	392,384	-
	628,637	63,000

As at December 31, 2018, a total of \$34,091 (March 31, 2018 - \$Nil) was included in prepaids for management fees paid in advance to Jeff Zanini, CEO of the Company.

As at December 31, 2018, a total of \$4,000 (March 31, 2018 - \$Nil) was included in accounts payable and accrued liabilities owing to Curtis Ingleton, CTO of the Company, for consulting fees.

As at December 31, 2018, a total of \$Nil (March 31, 2018 - \$18,429) was included in accounts payable and accrued liabilities owing to Harald Seemann, former CEO of the Company, for consulting fees and reimbursable expenses.

BLOX LABS INC.

Management's Discussion & Analysis

Nine Month Period Ended December 31, 2018

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Significant accounting policies used by Blox are disclosed in note 3 to the March 31, 2018 audited annual consolidated financial statements. Preparing financial statements in accordance with IFRS requires management to make certain judgments and estimates. Changes to these judgments and estimates could have a material effect on the Company's financial statements and financial position. There were no changes to Blox's critical accounting estimates during the nine month period ended December 31, 2018.

SUBSEQUENT EVENTS

Subsequent to December 31, 2018, the Company:

- a) entered into a definitive share exchange agreement (the "Agreement") with Best Cannabis Products Inc. ("BCP"), pursuant to which Blox can acquire all of the outstanding securities in BCP in exchange for the issuance of 234,800,000 common shares of the Company. The transaction is subject to a number of conditions precedent including, but not limited to, completion of a concurrent financing of up to \$5,000,000 and CSE approval.
- b) issued 75,000 common shares pursuant to the exercise of share purchase warrants for gross proceeds of \$2,500.
- c) entered into a non-binding letter of intent ("LOI") with AgraFlora Organics International Inc. ("AgraFlora") to negotiate in good faith a definitive agreement whereby AgraFlora and Blox intend to form a joint venture company to build a best-in-class team of professionals from the cannabis, agriculture and pharmaceutical sectors to manage and operate state-of-the-art agricultural greenhouse facilities.

The LOI also includes the management of the Leamington cannabis greenhouse to be acquired in the BCP transaction whereby AgraFlora would receive a management services fee and 57,091,440 special warrants in Blox, subject to a 19.99% ownership limitation and the satisfaction of certain milestones.

NEW ACCOUNTING STANDARDS

The Company adopted the following standards effective April 1, 2018:

IFRS 9, Financial instruments

This new standard replaces International Accounting Standards ("IAS") 39, Financial Instruments: Recognition and Measurement. IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces a new impairment model for financial assets and new rules for hedge accounting.

BLOX LABS INC.

Management's Discussion & Analysis

Nine Month Period Ended December 31, 2018

NEW ACCOUNTING STANDARDS (continued)

IFRS 9 requires financial assets to be classified into one of three measurement categories on initial recognition: FVTPL, fair value through OCI and amortized cost. Measurement and classification of financial assets is dependent on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The new standard retains most of the existing requirements for financial liabilities.

IFRS 9 introduces a new impairment model for financial assets. This new model may result in the earlier recognition of credit losses as it requires the Company to account for expected credit losses from the time the financial instruments are first recognized.

IFRS 15, Revenue from Contracts with Customers

This new standard is based on the principle that revenue should be recognized to depict the transfer of goods or services to customers at an amount that the entity expects it will be entitled to in exchange for those goods.

IFRS 15 introduces a new five step model for the recognition of revenue based on when control of a good or service transfers to a customer. The notion of control replaces the existing notion of risks and rewards and could result in changes in the timing of revenue recognition for certain contracts

The adoption of these standards did not have a material impact on the Company's financial statements.

The following standard has been issued for annual periods beginning on or after January 1, 2019 but is not yet effective:

IFRS 16, Leases

This new standard replaces the existing leasing guidance in IAS 17, Leases.

IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the asset being leased. For those contracts determined to meet the definition of a lease, IFRS 16 requires a lessee to recognize on the balance sheet a lease asset along with the associated lease liability which reflects future lease payments, similar to current finance lease accounting. There are limited exceptions for leases with a term of less than 12 months or leases of assets which have a very low value. As a result of the adoption of IFRS 16, operating leases which were previously only recognized on the statement of earnings will be recognized on the consolidated statement of financial position.

The Company has not yet assessed the potential impact of the application of this standard.

BLOX LABS INC.

Management's Discussion & Analysis
Nine Month Period Ended December 31, 2018

NEW ACCOUNTING STANDARDS (continued)

The following standard has been issued for annual periods beginning on or after January 1, 2021 but is not yet effective:

IFRS 17, Insurance Contracts

IFRS 17 is a new standard that requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4, *Insurance Contracts*, and related interpretations.

The Company has not yet assessed the potential impact of the application of this standard.

RISKS AND UNCERTAINTIES**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.

BLOX LABS INC.

Management's Discussion & Analysis
Nine Month Period Ended December 31, 2018

RISKS AND UNCERTAINTIES (continued)**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.

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 favorable 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").

BLOX LABS INC.

Management's Discussion & Analysis
Nine Month Period Ended December 31, 2018

RISKS AND UNCERTAINTIES (continued)**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 CSE 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.

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 expects its capital resources will be sufficient to carry its operations through the current operating period. The Company is not subject to externally imposed capital requirements.

FINANCIAL INSTRUMENTS

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

Credit risk

The Company's cash and cash equivalents are 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.

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not currently exposed to foreign exchange risk.

BLOX LABS INC.

Management's Discussion & Analysis
Nine Month Period Ended December 31, 2018

FINANCIAL INSTRUMENTS (continued)**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.

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.

Fair value

The carrying value of the cash and cash equivalents and accounts payable and accrued liabilities approximates their fair value, due to the short-term maturities of these instruments. The fair value of short-term investment is measured using level 1 of the fair value hierarchy.

Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes to market prices (other than those arising from interest rate or currency risk) whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or segment. The Company's short-term investment consists of common shares in Sonoro Energy Ltd. which is a publicly traded corporation on the Canadian Securities Exchange. Consequently, there is a risk that the fair value of this investment will fluctuate due to future price changes.

OFF-BALANCE SHEET ARRANGEMENTS

As at the Report Date, the Company did not have any off-balance sheet debt nor did it have any transactions, arrangements, obligations (including contingent obligations) or other relationships with any unconsolidated entities or other persons that may have material current or future effect on financial conditions, changes in the financial conditions, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenue or expenses.

COMMITMENTS

As at the Report Date, the Company had no commitments.

OUTLOOK

Blox is focused on creating maximum value for its shareholders. As a result, the Company has been reviewing opportunities outside of its existing blockchain solutions business. The result of those efforts is the execution of an agreement with BCP for a potential merger to form a new company in the Cannabis sector. (Refer to Reverse Takeover – Best Cannabis Products Inc.)

BLOX LABS INC.

Management's Discussion & Analysis
Nine Month Period Ended December 31, 2018

ADDITIONAL DISCLOSURE**Name Change**

On November 22, 2017, the Company changed its name from Big Rock Labs Inc. to Blox Labs Inc., and it changed its CSE trading symbol from "BLA" to "BLOX".

Board and Management Changes

Mr. Stephane Bigue resigned as director of the Company in November 2017, and Jeff Zanini was appointed to the Board of Directors. Mr. Zanini has more than 25 years of experience as a senior executive in supply chain logistics. He has a record for building best-in-class organizations with a relentless focus on growth strategies and profitability.

Mr. Zanini subsequently accepted the position of Chief Executive Officer after the resignation of Harald Seemann in March 2018. Jerry Habuda was concurrently appointed to the Board of Directors of the Company to replace Mr. Seemann. Mr. Habuda enjoyed a long and distinguished career with the Toronto police department and has over 35 years of experience in law enforcement and specialized units.

In April 2018, Philip Morrison resigned as a director of the Company, and he was replaced by Thomas Clarke. Mr. Clarke is registered as a professional geoscientist with APEGBC and APEGA. He is also registered as a professional natural scientist in geoscience with the South African Council for Natural Scientific Professions.

In May 2018, Sean McGrath accepted the position of Chief Financial Officer following the resignation of Jens Brandt. Mr. McGrath is a chartered professional accountant (CPA, CGA) who has spent the last 20 years providing financial management and consulting services to publicly traded companies.

Peter Karroll was appointed to the Board of Directors of the Company in May 2018. Mr. Karroll has a distinguished record of achievement in leadership roles with numerous companies over the last 25 years, primarily in the entertainment industry.

In August 2018, Curtis Ingleton accepted the position of Chief Technology Officer ("CTO") with Blox. Due to the proposed change of business to the Cannabis sector, Mr. Ingleton was terminated from the role of CTO in December 2018.

BLOX LABS INC.

Management's Discussion & Analysis
Nine Month Period Ended December 31, 2018

ADDITIONAL DISCLOSURE (continued)

Shareholder Lock-Up

In May 2018, certain major shareholders entered into voluntary pooling agreements, representing 18,600,000 common shares of the Company. These voluntarily pooled shares represent approximately 16% of the current issued and outstanding share capitalization of the Company. The terms of the pooling agreement will restrict resale of the shares for a period of 18 months, effective May 8, 2018. There will be no shares released in any tranches whatsoever during the 18 month period. In addition to the voluntarily pooled shares as noted above, under regulatory order, 18,499,314 common shares of the Company that are held by the former CEO have been subject to mandatory trading restriction for a period of 60 months, effective as of May 7, 2018. These additionally restricted shares represent a further 16% of the current issued and outstanding share capitalization of the Company. As a result, a total of approximately 32% of the currently issued and outstanding share capitalization of the company has been restricted from trading for between 18 and 60 months.

CORPORATE INFORMATION

Legal Counsel

Segev LLP
Suite 310 – 318 Homer Street
Vancouver, BC V6B 2V2

Auditor

RSM Canada LLP
Suite 700 - 11 King Street West
PO Box 27
Toronto, ON M5H 4C7

Officers

Jeff Zanini – *Chief Executive Officer*
Sean McGrath – *Chief Financial Officer*

Listings

Canadian Securities Exchange: **BLOX**
Frankfurt Stock Exchange: **BR1B**
OTC: **BLLXF**

Board of Directors

Jeff Zanini – *Chief Executive Officer*
Peter Karroll – *Independent*
Thomas Clarke – *Independent*
Jerry Habuda – *Independent*

Transfer Agent

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100 University Avenue, 8th Floor
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APPENDIX "F"

BEST CANNABIS PRODUCTS INC.

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of BEST CANNABIS PRODUCTS INC.

We have audited the accompanying financial statements of BEST CANNABIS PRODUCTS INC. (the "Company") which comprise the statement of financial position as at September 30, 2018, and the statement of loss and comprehensive loss, cash flows, and changes in equity for the period from the date of formation on February 6, 2018 to September 30, 2018, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian Generally Accepted Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of BEST CANNABIS PRODUCTS INC. as at September 30, 2018, and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 of the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

ND LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Toronto, ON
February 28, 2019

BEST CANNABIS PRODUCTS INC.

STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2018

(Expressed in Canadian dollars)

	<i>Notes</i>	2018
		(\$)
ASSETS		
Current		
Cash		118
HST receivable		10,812
Other receivable	7	4,698
		15,628
Long-term		
Property, plant and equipment	4	6,614,322
TOTAL ASSETS		6,629,950
LIABILITIES		
Current		
Accounts payable and accrued liabilities	7	57,264
Loan payable	5	250,795
		308,059
Long-term		
Secured loan	6	5,300,000
		5,608,059
SHAREHOLDERS' EQUITY		
Share capital	8	118
Contributed surplus	8	1,052,000
Deficit		(30,227)
		1,021,891
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,629,950

Nature of Operations and Going Concern (Note 1)

Subsequent Event (Note 13)

Approved by: "Brian Polla" (Director)

The accompanying notes are an integral part of these financial statements.

BEST CANNABIS PRODUCTS INC.

STATEMENT OF LOSS AND COMPREHENSIVE LOSS

FOR THE PERIOD FROM INCORPORATION ON FEBRUARY 6, 2018 TO SEPTEMBER 30, 2018

(Expressed in Canadian dollars)

	<i>Notes</i>	2018
		(\$)
EXPENSES		
Advertising and promotion		19,235
General and administrative		5,598
Professional fees		3,000
Insurance		1,599
Finance costs	5	795
		<u>30,227</u>
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		(30,227)
BASIC AND DILUTED LOSS PER SHARE		(0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		118,000,000

The accompanying notes are an integral part of these financial statements.

BEST CANNABIS PRODUCTS INC.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE PERIOD FROM INCORPORATION ON FEBRUARY 6, 2018 TO SEPTEMBER 30, 2018

(Expressed in Canadian dollars)

	Number of Shares	Share Capital (\$)	Contributed Surplus (\$)	Deficit (\$)	Total (\$)
Balance at February 6, 2018	-	-	-	-	-
Incorporation shares (Note 8)	118,000,000	118	-	-	118
SAFE (Note 8)	-	-	1,052,000	-	1,052,000
Comprehensive loss for the period	-	-	-	(30,227)	(30,227)
Balance at September 30, 2018	118,000,000	118	1,052,000	(30,227)	1,021,891

The accompanying notes are an integral part of these financial statements.

BEST CANNABIS PRODUCTS INC.

STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM INCORPORATION ON FEBRUARY 6, 2018 TO SEPTEMBER 30, 2018

(Expressed in Canadian dollars)

	2018
	(\$)
OPERATING ACTIVITIES	
Loss for the period	(30,227)
Items not affecting cash:	
Finance expense	795
Changes in non-cash working capital items:	
HST receivable	(10,812)
Other receivable	(4,698)
Accounts payable and accrued liabilities	57,264
Cash flows provided by operating activities	12,322
INVESTING ACTIVITIES	
Acquisition of property, plant and equipment	(1,314,322)
Cash flows used in investing activities	(1,314,322)
FINANCING ACTIVITIES	
Common shares issued	118
Proceeds from SAFEs	1,052,000
Proceeds from loan payable	250,000
Cash flows provided by financing activities	1,302,118
CHANGE IN CASH	118
CASH, BEGINNING OF PERIOD	-
CASH, END OF PERIOD	118

Supplemental Cash Flow Information (Note 12)

The accompanying notes are an integral part of these financial statements.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON FEBRUARY 6, 2018 TO SEPTEMBER 30, 2018

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Best Cannabis Products Inc. (the “Company”) was incorporated on February 6, 2018 under the Canada Business Corporations Act. The Company’s head office is located at 7110 Torbram Rd, Mississauga, ON, L4T 4B5. The Company’s principal business activity is to engage in the investment, production of and sale of cannabis upon making application and receiving the requisite licenses mandated under the Cannabis Act of Canada.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the period ended September 30, 2018, the Company incurred a net loss of \$30,227 and had a working capital deficiency of \$292,431. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. These financial statements do not reflect adjustments that would be necessary if the going concern basis was not appropriate. Consequently, adjustments would then be necessary to the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used. Such adjustments, if required, could be material.

2. BASIS OF PREPARATION

Statement of Compliance

These audited financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and the interpretations of the IFRS Interpretations Committee.

The financial statements were authorized for issue by the Board of Directors on February 28, 2019.

Basis of Presentation

The financial statements have been prepared on a historical cost basis, except for cash flow information.

The functional and presentation currency of the Company is the Canadian dollar.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON FEBRUARY 6, 2018 TO SEPTEMBER 30, 2018

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

Significant Accounting Estimates and Judgments

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and assumptions 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.

Significant estimates include the allocation of the purchase price for the land and green house.

Significant judgments are as follows:

(i) Going concern

The assessment of the Company's ability to execute its strategy by effectively operating the Company involves judgment. Management closely monitors the operations and cash flows in the Company. Further information regarding going concern is outlined in Note 1.

(ii) Income taxes

Management exercises judgment to determine the extent to which deferred tax assets are recoverable, and can therefore be recognized in the statements of financial position and comprehensive income or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified at fair value through profit or loss) are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified at fair value through profit or loss are recognized immediately in profit or loss.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON FEBRUARY 6, 2018 TO SEPTEMBER 30, 2018

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Instruments (continued)

Financial assets and financial liabilities are measured subsequently as described below. The Company does not have any derivative financial instruments.

Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments; and
- Available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

- *Financial assets at fair value through profit or loss* – Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The Company currently does not hold financial assets in this category.
- *Loans and receivables* – Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method less any provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash, and other receivable fall into this category of financial instruments.
- *Held-to-maturity investments* – Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity. The Company currently does not hold financial assets in this category.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON FEBRUARY 6, 2018 TO SEPTEMBER 30, 2018

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Instruments (continued)

- *Available-for-sale financial assets* – Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company currently does not hold financial assets in this category.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the financial asset and all substantial risks and rewards are transferred.

Financial liabilities

For the purpose of subsequent measurement, financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities upon initial recognition.

- *Financial liabilities at fair value through profit or loss* – Financial liabilities at fair value through profit or loss include financial liabilities that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. Liabilities in this category are measured at fair value with gains or losses recognized in profit or loss.
- *Other financial liabilities* – Other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process. The Company's accounts payable and accrued liabilities, loan payable and secured loan fall into this category of financial instruments.

A financial liability is derecognized when it is extinguished, discharged, cancelled, or expired.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON FEBRUARY 6, 2018 TO SEPTEMBER 30, 2018

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Non-Financial Assets

At each reporting period the carrying amounts of the Company's non-financial assets, are reviewed for indicators of impairment. If indicators exist, the recoverable amount of the asset is estimated. Property, plant and equipment are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For purposes of assessing impairment, property, plant and equipment are grouped into cash generating units ("CGUs") defined as the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows of other assets or groups of assets.

If the carrying amount exceeds the recoverable amount, the asset or CGU is recorded at its recoverable amount with the reduction recognized in net income (loss) as an impairment expense. The recoverable amount is the greater of the value in use or fair value less costs of disposal ("FVLCD"). Fair value is the amount the asset could be sold for in an arm's length transaction. The value in use is the present value of the estimated future cash flows of the asset from its continued use. The fair value less costs of disposal considers the continued development of a property and market transactions in a valuation model. The Company uses the present value of the cash generating unit's estimated future cash flows in its fair value model. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

Impairments are reversed in subsequent periods when there has been an increase in the recoverable amount of a previously impaired asset or CGU and these reversals are recognized in net income (loss). The recovery is limited to the original carrying amount less depreciation that would have been recorded had the asset not been impaired.

Share Capital

Common shares are classified as equity. Transaction and other incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

The Company issued Simple Agreements For Future Equity ("SAFE") arrangements during the period. After analyzing the nature of the instruments under IAS 32, management determined that the classification should be entirely to equity as the instruments have no cash settlement component and will only be settled in equity. The details of the different scenarios for equity issued to the SAFE holders can be found in note 8.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON FEBRUARY 6, 2018 TO SEPTEMBER 30, 2018

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Plant and Equipment

Property, plant and equipment comprise of a greenhouse which is being built for its intended use as of September 30, 2018, office equipment, furniture and fixtures, and tools required for creating a greenhouse capable of producing cannabis.

All items of property and equipment are initially recorded at cost. Subsequent to recognition, property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for capital work-in-progress. Cost include expenditures that are directly attributable to the creation or acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are or are to be located. Borrowing costs for qualifying assets that are directly attributable to acquisition, construction or production of an asset are included in the cost of that asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income when incurred.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The periods generally applicable are as follows:

	Useful life
Greenhouse	4%, declining balance
Greenhouse equipment	20%, declining balance

The residual value, depreciation method and the useful life of each asset are reviewed at each year-end, with the effect of any changes in estimates accounted for on a prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Fully depreciated property and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON FEBRUARY 6, 2018 TO SEPTEMBER 30, 2018

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per Share

Basic earnings/loss per share is computed by dividing the net income or loss by the weighted average number of shares outstanding during the year.

Diluted losses per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock.

Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences:

- liabilities arising from initial recognition of goodwill for which amortization is not deductible for tax purposes;
- liabilities arising from the initial recognition of an asset/liability other than in a business combination which, at the time of the transaction, does not affect either the accounting or the taxable profit; and
- liabilities arising from undistributed profits from investments where the entity is able to control the timing of the reversal of the difference and it is probable that the reversal will not occur in the foreseeable future.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON FEBRUARY 6, 2018 TO SEPTEMBER 30, 2018

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxes (continued)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- Receivables and payables that are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

New Standards Not Yet Effective

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below. This listing is of standards and interpretations issued which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become mandatorily effective.

The following standards have been issued for annual periods beginning on or after January 1, 2018 but are not yet effective:

BEST CANNABIS PRODUCTS INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON FEBRUARY 6, 2018 TO SEPTEMBER 30, 2018

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Standards Not Yet Effective (continued)

IFRS 9, Financial instruments

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. This new standard replaces International Accounting Standards (“IAS”) 39, Financial Instruments: Recognition and Measurement. IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces a new impairment model for financial assets and new rules for hedge accounting.

IFRS 9 requires financial assets to be classified into one of three measurement categories on initial recognition: FVTPL, fair value through OCI and amortized cost. Measurement and classification of financial assets is dependent on the entity’s business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The new standard retains most of the existing requirements for financial liabilities.

IFRS 9 introduces a new impairment model for financial assets. This new model may result in the earlier recognition of credit losses as it requires the Company to account for expected credit losses from the time the financial instruments are first recognized.

The adoption of this standard is not expected to have a material impact on the Company’s financial statements.

IFRS 15, Revenue from Contracts with Customers

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. This new standard is based on the principle that revenue should be recognized to depict the transfer of goods or services to customers at an amount that the entity expects it will be entitled to in exchange for those goods.

IFRS 15 introduces a new five step model for the recognition of revenue based on when control of a good or service transfers to a customer. The notion of control replaces the existing notion of risks and rewards and could result in changes in the timing of revenue recognition for certain contracts.

The adoption of this standard is not expected to have a material impact on the Company’s financial statements.

The following standard has been issued for annual periods beginning on or after January 1, 2019 but is not yet effective:

BEST CANNABIS PRODUCTS INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON FEBRUARY 6, 2018 TO SEPTEMBER 30, 2018

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Standards Not Yet Effective (continued)

IFRS 16, Leases

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. This new standard replaces the existing leasing guidance in IAS 17, Leases.

IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the asset being leased. For those contracts determined to meet the definition of a lease, IFRS 16 requires a lessee to recognize on the balance sheet a lease asset along with the associated lease liability which reflects future lease payments, similar to current finance lease accounting. There are limited exceptions for leases with a term of less than 12 months or leases of assets which have a very low value. As a result of the adoption of IFRS 16, operating leases which were previously only recognized on the consolidated statement of income (loss) will be recognized on the consolidated statement of financial position.

The Company has not yet assessed the potential impact of the application of this standard.

4. PROPERTY, PLANT AND EQUIPMENT

	<u>Land</u> (\$)	<u>Property</u> (\$)	<u>Total</u> (\$)
Cost			
As at February 6, 2018	-	-	-
Additions	1,500,000	5,114,322	6,614,322
At September 30, 2018	1,500,000	5,114,322	6,614,322

The Company entered into a purchase and sale agreement (“PSA”) on April 12, 2018 to purchase land and a greenhouse in Leamington, Ontario for total proceeds of \$6,400,000. The proceeds are payable as follows:

- \$200,000 in cash on acceptance (Paid);
- \$400,000 in cash on July 13, 2018 (the “Completion date”) (Paid);
- \$5,800,000 pursuant to a secured loan under a vendor take back arrangement (Note 6).

The purchase price for the assets acquired under the PSA have been allocated pursuant to their relative fair values as at the date of acquisition, adjusted for the fair value of the secured loan.

As at September 30, 2018 no amortization was recognized as the property is not ready for its intended use.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON FEBRUARY 6, 2018 TO SEPTEMBER 30, 2018

(Expressed in Canadian dollars)

5. LOAN PAYABLE

On September 1, 2018, the Company borrowed \$250,000 under an unsecured loan with AgraFlora Organics International Inc. that bears interest at 4% per annum and is repayable on or before September 1, 2019.

During the period ended September 30, 2018, the Company incurred \$795 in interest expense. At September 30, 2018, a total of \$250,795 of loan principal and accrued interest was outstanding.

6. SECURED LOAN

On July 13, 2018, the Company entered into a secured loan agreement for \$5,800,000 as part of a vendor take back arrangement in connection with the acquisition of land and a greenhouse in Leamington, Ontario (Note 4). The loan, which is secured by the land and greenhouse assets, bears no interest in the first year and at a rate of 12.5% in the remaining three years. Principal repayments of \$500,000 are due on August 13, 2018 and December 13, 2018, and the balance of the loan principal is due on July 13, 2023. Interest is repayable in monthly installments beginning in year two.

During the period ended September 30, 2018, the Company repaid \$500,000 in principal. At September 30, 2018, a total of \$5,300,000 of loan principal and accrued interest was outstanding.

7. RELATED PARTY TRANSACTIONS

Key management personnel included the Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”), and directors and officers and companies controlled or significantly influenced by them.

There was no key management compensation paid or accrued during the period ended September 30, 2018.

As at September 30, 2018, a total of \$5,878 was included in accounts payable and accrued liabilities owing to the CEO of the Company for reimbursable expenses. These liabilities are non-interest bearing and payable on demand.

As at September 30, 2018, a total of \$4,698 was owing from a corporation controlled by the CEO of the Company for a non-interest bearing cash advance that is repayable on demand.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON FEBRUARY 6, 2018 TO SEPTEMBER 30, 2018

(Expressed in Canadian dollars)

8. SHARE CAPITAL

Authorized:

Unlimited number of Common shares without par value.

Unlimited number of Preferred shares without par value.

Issued

The Company issued one common share on incorporation for proceeds of \$1.

SAFE

During the period ended September 30, 2018, the Company issued a Simple Agreement for Future Equity ("SAFE") to various investors for gross proceeds of \$1,052,000. The agreements allow holders to convert this instrument into common shares of the Company under different scenarios:

- a) Equity Financing: If the Company sells shares at a fixed pre-money valuation of \$20,000,000 or more generating gross proceeds of at least \$10,000,000, then investors will receive the number of shares equal to their subscription amount divided by the Conversion price (defined as the price per share equal to valuation cap of \$8,000,000 divided by the corporation capitalization) or price per share of shares sold multiplied by the 20% discount rate, whichever results in a greater number of shares.
- b) Liquidity Event: If there is a change in control or a closing of the Company's first commitment underwritten Initial Public Offering, then investors will receive shares equal to their subscription amount divided by the Liquidity Price.
- c) Dissolution Event: If there is a voluntary termination of operations, general assignment for the benefit of the Company's creditors or any other liquidation, dissolution or winding up of the Company, then investors will receive an amount equal to their subscription amount in preference to any distribution of any assets of the Company to common shareholders.

If none of the above events occur, the agreements will terminate on February 28, 2019 and the Company will automatically issue to the investor the agreed upon number of shares equal to their subscription amount divided by the conversion price.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON FEBRUARY 6, 2018 TO SEPTEMBER 30, 2018

(Expressed in Canadian dollars)

9. CAPITAL MANAGEMENT

The Company considers its capital resources to be the shareholders' deficiency, comprising share capital and deficit. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, and development of its cannabis business. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is primarily dependent on external financing to fund its activities. In order to carry out the planned property development and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed using best efforts.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended September 30, 2018. The Company is not subject to externally imposed capital requirements.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Risk Management

The Company classifies its other financial assets and other financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, other receivable, accounts payable and accrued liabilities, loan payable and secured loan.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON FEBRUARY 6, 2018 TO SEPTEMBER 30, 2018

(Expressed in Canadian dollars)

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Company has classified its cash and other receivable as loans and receivables; and accounts payable and accrued liabilities, loan payable and secured loan as other financial liabilities. The fair value of cash, other receivable and accounts payable and accrued liabilities and loan payable approximate their book values because of the short-term nature of these instruments.

The carrying amount of the secured loan approximate its fair value as the interest rate was negotiated between the Company and an arm's length third party.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit risk

The Company's credit risk is primarily attributable to other receivables. The Company has minimal collection risk related to these receivables and expects to collect the outstanding receivables in the normal course of operations. At September 30, 2018, the maximum credit exposure is the carrying amount of the other receivable of \$4,698.

The Company has no significant concentration of credit risk arising from operations.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest rate risk

The Company is not exposed to interest rate risk. The Company does not have significant variable interest bearing assets or liabilities that are tied into market rates.

Liquidity risk

The Company's approach to managing liquidity risk is to use its best efforts to have sufficient liquid capital to meet its current liabilities as they come due. At September 30, 2018, the Company had a working capital deficiency of \$292,431.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON FEBRUARY 6, 2018 TO SEPTEMBER 30, 2018

(Expressed in Canadian dollars)

11. INCOME TAXES

a) Provision for Income Taxes

A reconciliation of the combined income taxes at statutory rates and the Company's effective income tax expense is as follows:

	2018
	(\$)
Income (loss) for the period	(30,227)
Expected income tax expense (recovery) at 26%	(7,900)
Change in unrecognized deductible temporary differences	7,900
Income tax expense (recovery)	-

b) Deferred Income Taxes

The Company's unused tax losses for which no deferred tax asset is recognized totals \$7,900.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

12. SUPPLEMENTAL CASH FLOW INFORMATION

	2018
	(\$)
Non-cash investing and financing activities:	
Secured loan issued to acquire property, plant and equipment	5,300,000

BEST CANNABIS PRODUCTS INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON FEBRUARY 6, 2018 TO SEPTEMBER 30, 2018

(Expressed in Canadian dollars)

13. SUBSEQUENT EVENTS

Subsequent to September 30, 2018, the Company:

- a) issued additional SAFE agreements for gross proceeds of \$385,000.
- b) converted all of the outstanding SAFE agreements into 61,350,000 common shares of the Company.
- c) issued 55,450,000 common shares to settle certain outstanding liabilities totaling \$1,109,000.
- d) entered into a definitive share exchange agreement (“SEA”) with Blox Labs Inc. (“Blox”) wherein Blox will acquire all of the issued and outstanding securities of the Company in exchange for the issuance of 234,800,000 common shares of Blox to the shareholders of the Company. Blox is a technology company headquartered in Toronto, Ontario and is publicly listed on the Canadian Securities Exchange under the trading symbol “BLOX”.

APPENDIX “G”

BEST CANNABIS PRODUCTS INC.

MANAGEMENT’S DISCUSSION AND ANALYSIS

Period Ended September 30, 2018

Report Date – February 28, 2019

BEST CANNABIS PRODUCTS INC.

Management's Discussion & Analysis

Period Ended September 30, 2018

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") of Best Cannabis Products Inc. ("BCP" or the "Company") has been prepared by management in accordance with the requirements of National Instrument 51-102. This MD&A should be read in conjunction with the audited financial statements for the period from incorporation on February 6, 2018 to September 30, 2018 and the related notes thereto.

The following information has been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). All financial results are expressed in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

Additional information relating to the Company, including the financial statements are available on the Blox website at www.bloxlabs.ca or on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com.

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 not described in this MD&A.

BEST CANNABIS PRODUCTS INC.

Management's Discussion & Analysis

Period Ended September 30, 2018

FORWARD-LOOKING STATEMENTS (continued)

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 and obligation to update and revise forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

COMPANY OVERVIEW

BCP was incorporated on February 6, 2018 under the Canada Business Corporations Act. The Company's head office is located at 7110 Torbram Rd, Mississauga, ON, L4T 4B5. The Company's principal business activity is to engage in the investment, production of and sale of cannabis upon making application and receiving the requisite licenses mandated under the Cannabis Act of Canada.

BCP is a Canadian company headquartered in Toronto, Ontario that is backed by a group of successful entrepreneurs who have extensive experience in the areas of manufacturing, logistics and renewable energy. BCP recently completed a private financing round and has secured a state of the art agricultural facility (the "Existing Facility") in Leamington, Ontario – a preeminent locale for cannabis cultivation in Canada. The current facility consists of 180,000 square feet of cultivation space and is situated on 50 acres of land. BCP has engaged industry experts David Hyde and Associates along with Eurofins to assist with the implementation and compliance with the Licensed Producer application process. BCP is in the process of submitting its final Licensed Producer application under the Cannabis Act. Further, BCP is in active discussions with other Canadian Licensed Producer cannabis companies as potential partners for an expansion site location. Although, there can be no assurance that the current active discussions will lead to the solidification of a partnership.

The Company intends to raise equity capital in conjunction with a public listing through a reverse takeover transaction with Blox Labs Inc. ("Blox").

BEST CANNABIS PRODUCTS INC.

Management's Discussion & Analysis

Period Ended September 30, 2018

REVERSE TAKEOVER – BLOX LABS INC.

On February 28, 2019, the Company entered into a definitive share exchange agreement ("SEA") with Blox, pursuant to which Blox can acquire all of the issued and outstanding securities of BCP in exchange for the issuance of 234,800,000 common shares of Blox to the shareholders of BCP. The result of this transaction would be a reverse takeover of Blox by the shareholders of BCP.

Blox is a Canadian company incorporated on April 4, 2014 under the Business Corporations Act of British Columbia. Blox is listed for trading on the Canadian Securities Exchange (the "CSE") under the symbol "**BLOX**" and on the Frankfurt stock exchange in Germany under the symbol "**BR1B**". Blox was a technology development company prior to this proposed business combination.

The Agreement outlines the terms and conditions pursuant to which Blox and BCP will undertake due diligence with the aim of working towards finalization of deal structure and, if warranted, the execution of a definitive merger or amalgamation agreement to be signed on or before January 31, 2019 (or such other date as may be mutually agreed by the parties).

BUSINESS OBJECTIVES

The Existing Facility will be developed to suit cannabis cultivation and production in two phases. Upon completion of the first phase of development and improvements to the Existing Facility ("**Phase 1**"), the Existing Facility will be retrofitted to accommodate approximately 10,000 square feet of cultivation space. Based on the cultivation space available after completion of Phase 1, it is estimated that the New Issuer will be capable of producing approximately 5,000,000 grams of dried cannabis per year.

Upon completion of the second phase of development and improvements to the Existing Facility ("**Phase 2**"), the Existing Facility will be retrofitted to accommodate approximately 180,000 square feet of cultivation space. Phase 2 is expected to be completed within two years of the Existing facility becoming operational, at which time it is estimated that BCP will be capable of cultivating and producing 25,000,000 grams of dried cannabis per year. Conditional upon BCP receiving the License from Health Canada, BCP expects that it will begin cultivation and production within the next 12 months. After completing Phase 1 and Phase 2 and obtaining the License, BCP anticipates that the Existing Facility will have the potential to generate \$48,000,000 in earnings before taxes per annum once the Existing Facility is in full production.

SELECTED QUARTERLY INFORMATION

Quarterly information is not available on the Company.

BEST CANNABIS PRODUCTS INC.

Management's Discussion & Analysis

Period Ended September 30, 2018

SELECTED ANNUAL INFORMATION

Selected annual information for the years ended September 30, 2018, 2017 and 2016 is presented below:

	2018	2017	2016
	(\$)	(\$)	(\$)
Total assets	6,629,950	N/A	N/A
Total liabilities	5,608,059	N/A	N/A
Shareholders' equity	1,021,891	N/A	N/A
Revenue	-	N/A	N/A
Net loss	(30,227)	N/A	N/A
Loss per share	(30,227)	N/A	N/A

BCP was only incorporated on February 6, 2018 so there is no comparative data for the years ended 2017 or 2016.

RESULTS OF OPERATIONS**Period Ended September 30, 2018**Revenues

The Company generate no revenue during the period ended September 30, 2018 ("Current Period"), and there is no comparative information as the Company was only incorporated during the Current Period on February 6, 2018.

Expenses

The Company's expenses for the Current Period consisted primarily of administrative and consulting fees designed to create investor awareness of the Company. There is no comparative information as the Company was only incorporated during the Current Period on February 6, 2018.

LIQUIDITY AND CAPITAL RESOURCES

The Company had no cash and a working capital deficiency of \$292,431 as at September 30, 2018. The Company has funded acquisitions and operations through the issuance of Simple Agreements for Future Equity ("SAFE") and a vendor takeback agreement associated with the purchase of the Existing Facility.

During the period ended September 30, 2018, the Company reported a net loss of \$30,227. Furthermore, the Company reported a cash inflow from operations of \$12,322 for the period. The Company's ability to meet its obligations as they fall due and to continue to operate as a going concern is dependent upon the continued financial support of its creditors, access to equity financial markets and ultimately, the attainment of profitable operations.

BEST CANNABIS PRODUCTS INC.

Management's Discussion & Analysis

Period Ended September 30, 2018

LIQUIDITY AND CAPITAL RESOURCES (continued)

The Company has successfully utilized both debt and equity financing in the past, but there is no assurance that such funding will be available in the future or if it is that it will be on terms that are acceptable. Management anticipates that its working capital is not sufficient to meet its expected ongoing obligations for the coming year and, as a result, has entered into the proposed reverse takeover transaction with Blox. However, if the Company is unable to obtain acceptable financing to achieve its business objectives, then it will experience liquidity problems and management expects that it will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. Any additional equity financing may involve substantial dilution.

OUTSTANDING SHARE DATA**Issued and**

As at the Report Date, there are 234,800,000 common shares issued and outstanding.

Stock Options

As at the Report Date, there are no stock options outstanding.

Share Purchase Warrants

As at the Report Date, there are no stock options outstanding.

SAFEs

During the period ended September 30, 2018, the Company issued a SAFE to various investors for gross proceeds of \$1,052,000. The agreements allow holders to convert this instrument into common shares of the Company under different scenarios:

- a) **Equity Financing:** If the Company sells shares at a fixed pre-money valuation of \$20,000,000 or more generating gross proceeds of at least \$10,000,000, then investors will receive the number of shares equal to their subscription amount divided by the Conversion price (defined as the price per share equal to valuation cap of \$8,000,000 divided by the corporation capitalization) or price per share of shares sold multiplied by the 20% discount rate, whichever results in a greater number of shares.
- b) **Liquidity Event:** If there is a change in control or a closing of the Company's first commitment underwritten Initial Public Offering, then investors will receive shares equal to their subscription amount divided by the Liquidity Price.
- c) **Dissolution Event:** If there is a voluntary termination of operations, general assignment for the benefit of the Company's creditors or any other liquidation, dissolution or winding up of the Company, then investors will receive an amount equal to their subscription amount in preference to any distribution of any assets of the Company to common shareholders.

If none of the above events occur, the agreements will terminate on February 28, 2019 and the Company will automatically issue to the investor the agreed upon number of shares equal to their subscription amount divided by the conversion price.

BEST CANNABIS PRODUCTS INC.

Management's Discussion & Analysis

Period Ended September 30, 2018

OUTSTANDING SHARE DATA (continued)

Subsequent to September 30, 2018, the Company issued additional SAFEs for gross proceeds of \$387,000.

All of the outstanding SAFEs were converted into 61,350,000 common shares on February 28, 2019.

RELATED PARTY TRANSACTIONS

Key management personnel included the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and directors and officers and companies controlled or significantly influenced by them.

There was no key management compensation paid or accrued during the period ended September 30, 2018.

As at September 30, 2018, a total of \$5,878 was included in accounts payable and accrued liabilities owing to the CEO of the Company for reimbursable expenses. These liabilities are non-interest bearing and payable on demand.

As at September 30, 2018, a total of \$4,698 was owing from a corporation controlled by the CEO of the Company for a non-interest bearing cash advance that is repayable on demand.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Significant accounting policies used by BCP are disclosed in note 3 to the September 30, 2018 audited financial statements. Preparing financial statements in accordance with IFRS requires management to make certain judgments and estimates. Changes to these judgments and estimates could have a material effect on the Company's financial statements and financial position. There were no changes to BCP's critical accounting estimates during the period ended September 30, 2018.

SUBSEQUENT EVENTS

Subsequent to September 30, 2018, the Company

- a) issued additional SAFE agreements for gross proceeds of \$385,000.
- b) converted all of the outstanding SAFE agreements into 61,350,000 common shares of the Company.
- c) issued 55,450,000 common shares to settle certain outstanding liabilities totaling \$1,109,000.
- d) entered into a definitive share exchange agreement ("SEA") with Blox Labs Inc. ("Blox") wherein Blox will acquire all of the issued and outstanding securities of the Company in exchange for the issuance of 234,800,000 common shares of Blox to the shareholders of the Company. Blox is a technology company headquartered in Toronto, Ontario and is publicly listed on the Canadian Securities Exchange under the trading symbol "BLOX".

BEST CANNABIS PRODUCTS INC.

Management's Discussion & Analysis

Period Ended September 30, 2018

NEW ACCOUNTING STANDARDS

The Company adopted the following standards effective April 1, 2018:

IFRS 9, Financial instruments

This new standard replaces International Accounting Standards (“IAS”) 39, Financial Instruments: Recognition and Measurement. IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces a new impairment model for financial assets and new rules for hedge accounting.

IFRS 9 requires financial assets to be classified into one of three measurement categories on initial recognition: FVTPL, fair value through OCI and amortized cost. Measurement and classification of financial assets is dependent on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The new standard retains most of the existing requirements for financial liabilities.

IFRS 9 introduces a new impairment model for financial assets. This new model may result in the earlier recognition of credit losses as it requires the Company to account for expected credit losses from the time the financial instruments are first recognized.

IFRS 15, Revenue from Contracts with Customers

This new standard is based on the principle that revenue should be recognized to depict the transfer of goods or services to customers at an amount that the entity expects it will be entitled to in exchange for those goods.

IFRS 15 introduces a new five step model for the recognition of revenue based on when control of a good or service transfers to a customer. The notion of control replaces the existing notion of risks and rewards and could result in changes in the timing of revenue recognition for certain contracts

The adoption of these standards did not have a material impact on the Company's financial statements.

The following standard has been issued for annual periods beginning on or after January 1, 2019 but is not yet effective:

IFRS 16, Leases

This new standard replaces the existing leasing guidance in IAS 17, Leases.

IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the asset being leased. For those contracts determined to meet the definition of a lease, IFRS 16 requires a lessee to recognize on the balance sheet a lease asset along with the associated lease liability which reflects future lease payments, similar to current finance lease accounting. There are limited exceptions for leases with a term of less than 12 months or leases of assets which have a very low value. As a result of the adoption of IFRS 16, operating leases which were previously only recognized on the statement of earnings will be recognized on the consolidated statement of financial position.

The Company has not yet assessed the potential impact of the application of this standard.

BEST CANNABIS PRODUCTS INC.

Management's Discussion & Analysis

Period Ended September 30, 2018

NEW ACCOUNTING STANDARDS (continued)

The following standard has been issued for annual periods beginning on or after January 1, 2021 but is not yet effective:

IFRS 17, Insurance Contracts

IFRS 17 is a new standard that requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4, *Insurance Contracts*, and related interpretations.

The Company has not yet assessed the potential impact of the application of this standard.

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 expects its capital resources will not be sufficient to carry its operations through the current operating period, and accordingly will need to raise additional capital. The Company is not subject to externally imposed capital requirements.

OFF-BALANCE SHEET ARRANGEMENTS

As at the Report Date, the Company did not have any off-balance sheet debt nor did it have any transactions, arrangements, obligations (including contingent obligations) or other relationships with any unconsolidated entities or other persons that may have material current or future effect on financial conditions, changes in the financial conditions, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenue or expenses.

COMMITMENTS

As at the Report Date, the Company had no commitments.

OUTLOOK

BCP is focused on creating maximum value for its shareholders through development of a profitable company in the Cannabis sector. The Company also plans to fund this development and simultaneously offer its shareholders liquidity through a "go-public" event and associated equity financing. (Refer to Reverse Takeover - Blox Labs Inc.)

APPENDIX "H"

BEST CANNABIS PRODUCTS INC.

FINANCIAL STATEMENTS

**FOR THE SIX MONTH PERIOD ENDED
MARCH 31, 2019**

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INDEPENDENT PRACTITIONERS REVIEW ENGAGEMENT REPORT

To the Shareholders of BEST CANNABIS PRODUCTS INC.

We have reviewed the accompanying financial statements of Best Cannabis Products Inc. that comprise the balance sheet as at March 31, 2019, and the statements of income, retained earnings and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Best Cannabis Products Inc. as at March 31, 2019, and the results of its operations and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

ND LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Toronto, ON
July 9, 2019

BEST CANNABIS PRODUCTS INC.

STATEMENT OF FINANCIAL POSITION

(Expressed in Canadian dollars)

	March 31, 2019 (Reviewed) (\$)	September 30, 2018 (Audited) (\$)
ASSETS		
Current		
Cash	21,765	118
HST receivable	28,702	10,812
Other receivable (Note 7)	51,956	4,698
	102,423	15,628
Long-term		
Property, plant and equipment (Note 4)	6,630,149	6,614,322
TOTAL ASSETS	6,732,572	6,629,950
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	254,503	57,264
Loans payable (Note 5)	306,112	250,795
	560,615	308,059
Long-term		
Secured loan (Note 6)	4,900,000	5,300,000
	5,460,615	5,608,059
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	2,546,118	118
Contributed surplus (Note 8)	-	1,052,000
Deficit	(1,274,161)	(30,227)
	1,271,957	1,021,891
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,732,572	6,629,950

Nature of Operations and Going Concern (Note 1)

Approved by: "Brian Polla" (Director)

The accompanying notes are an integral part of these financial statements.

BEST CANNABIS PRODUCTS INC.
STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars - Reviewed)

	Three Month Period Ended March 31, 2019	Six Month Period Ended March 31, 2019	Period from Incorporation (February 6, 2018) to March 31, 2018
EXPENSES			
Advertising and promotion	9,501	53,073	-
Travel	-	17,410	-
General and administrative	49,109	57,134	-
Consulting fees	1,109,000	1,109,000	-
Professional fees	-	2,000	-
Finance costs	3,612	5,317	-
	62,222	1,243,934	-
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(62,222)	(1,243,934)	-
BASIC AND DILUTED LOSS PER SHARE	(0.01)	(0.01)	0.00
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	159,528,889	138,536,264	118,000,000

The accompanying notes are an integral part of these financial statements.

BEST CANNABIS PRODUCTS INC.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian dollars - Reviewed)

	Number of Shares	Share Capital (\$)	Contributed Surplus (\$)	Deficit (\$)	Total (\$)
Balance at February 6, 2018	-	-	-	-	-
Incorporation shares (Note 8)	118,000,000	118	-	-	118
SAFEs (Note 8)	-	-	1,052,000	-	1,052,000
Comprehensive loss for the period	-	-	-	(30,227)	(30,227)
Balance at September 30, 2018	118,000,000	118	1,052,000	(30,227)	1,021,891
SAFEs (Note 8)	-	-	385,000	-	385,000
Conversion of SAFEs	61,350,000	1,437,000	(1,437,000)	-	-
Shares issued to settle debt	55,450,000	1,109,000	-	-	1,109,000
Comprehensive loss for the period	-	-	-	(1,243,934)	(1,243,934)
Balance at March 31, 2019	234,800,000	2,546,118	-	(1,274,161)	1,271,957

The accompanying notes are an integral part of these financial statements.

BEST CANNABIS PRODUCTS INC.

STATEMENT OF CASH FLOWS

(Expressed in Canadian dollars - Reviewed)

	Six Month Period Ended March 31, 2019 (\$)	Period from Incorporation (February 6, 2018) to March 31, 2018
OPERATING ACTIVITIES		
Loss for the period	(1,243,934)	-
Items not affecting cash:		
Finance expense	5,317	-
Changes in non-cash working capital items:		
HST receivable	(17,890)	-
Other receivable	(47,258)	-
Accounts payable and accrued liabilities	1,306,239	-
Cash flows used in operating activities	2,474	-
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(15,827)	-
Cash flows used in investing activities	(15,827)	-
FINANCING ACTIVITIES		
Incorporation shares issued for cash	-	118
Repayment of secured loan	(400,000)	-
Proceeds from loan payable	50,000	-
Proceeds from SAFEs	385,000	-
Cash flows provided by financing activities	(35,000)	118
CHANGE IN CASH	21,647	118
CASH, BEGINNING OF PERIOD	118	-
CASH, END OF PERIOD	21,765	118

The accompanying notes are an integral part of these financial statements.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2019

(Expressed in Canadian dollars - Reviewed)

1. NATURE OF OPERATIONS AND GOING CONCERN

Best Cannabis Products Inc. (the “Company”) was incorporated on February 6, 2018 under the Canada Business Corporations Act. The Company’s head office is located at 7110 Torbram Rd, Mississauga, ON, L4T 4B5. The Company’s principal business activity is to engage in the investment, production of and sale of cannabis upon making application and receiving the requisite licenses mandated under the Cannabis Act of Canada.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the period ended March 31, 2019, the Company incurred a net loss of \$1,243,934 and had a working capital deficit of \$458,192. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. These financial statements do not reflect adjustments that would be necessary if the going concern basis was not appropriate. Consequently, adjustments would then be necessary to the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used. Such adjustments, if required, could be material.

2. BASIS OF PREPARATION

Statement of Compliance

The financial statements of the Company for the period ended March 31, 2019 have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively, “IFRS”) as issued by the International Accounting Standards Board (“IASB”), in particular IAS 34, interim reporting, and interpretations of the International Financial Reporting Committee (“IFRIC”).

The financial statements were authorized for issue by the Board of Directors on July 15, 2019.

Basis of Presentation

The financial statements have been prepared on a historical cost basis, except for cash flow information.

The functional and presentation currency of the Company is the Canadian dollar.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2019

(Expressed in Canadian dollars - Reviewed)

2. BASIS OF PREPARATION (continued)

Significant Accounting Estimates and Judgments

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and assumptions 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.

Significant estimates include the allocation of the purchase price for the land and green house.

Significant judgments are as follows:

(i) Going concern

The assessment of the Company's ability to execute its strategy by effectively operating the Company involves judgment. Management closely monitors the operations and cash flows in the Company. Further information regarding going concern is outlined in Note 1.

(ii) Income taxes

Management exercises judgment to determine the extent to which deferred tax assets are recoverable, and can therefore be recognized in the statements of financial position and comprehensive income or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company adopted all of the requirements of IFRS 9 – Financial Instruments (“IFRS 9”) as of June 1, 2018. IFRS 9 replaces IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2019

(Expressed in Canadian dollars - Reviewed)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Instruments (continued)

The following is the Company's new accounting policy for financial instruments under IFRS 9:

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are classified as FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income/loss.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is classified as FVTPL.

Impairment

An "expected credit loss" impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2019

(Expressed in Canadian dollars - Reviewed)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Instruments (continued)

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities are classified as other financial liabilities and carried on the statement of financial position at amortized cost.

As at May 31, 2019, the Company does not have any derivative financial liabilities.

The following table summarizes the classification categories for the Company's financial assets and liabilities.

Financial Assets	IAS 39	IFRS 9
Cash	Held-for-trading (FVTPL)	FVTPL
Financial Liabilities	IAS 39	IFRS 9
Accounts payable and accrued liabilities	Other financial liabilities (Amortized cost)	Amortized cost
Loan Payable	Other financial liabilities (Amortized cost)	Amortized cost
Secured Loan	Other financial liabilities (Amortized cost)	Amortized cost

Share Capital

Common shares are classified as equity. Transaction and other incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

The Company issued Simple Agreements for Future Equity ("SAFE") arrangements during the period. After analyzing the nature of the instruments under IAS 32, management determined that the classification should be entirely to equity as the instruments have no cash settlement component and will only be settled in equity. The details of the different scenarios for equity issued to the SAFE holders can be found in note 8.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2019

(Expressed in Canadian dollars - Reviewed)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Non-Financial Assets

At each reporting period the carrying amounts of the Company's non-financial assets, are reviewed for indicators of impairment. If indicators exist, the recoverable amount of the asset is estimated. Property, plant and equipment are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For purposes of assessing impairment, property, plant and equipment are grouped into cash generating units ("CGUs") defined as the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows of other assets or groups of assets.

If the carrying amount exceeds the recoverable amount, the asset or CGU is recorded at its recoverable amount with the reduction recognized in net income (loss) as an impairment expense. The recoverable amount is the greater of the value in use or fair value less costs of disposal ("FVLCD"). Fair value is the amount the asset could be sold for in an arm's length transaction. The value in use is the present value of the estimated future cash flows of the asset from its continued use. The fair value less costs of disposal considers the continued development of a property and market transactions in a valuation model. The Company uses the present value of the cash generating unit's estimated future cash flows in its fair value model. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

Impairments are reversed in subsequent periods when there has been an increase in the recoverable amount of a previously impaired asset or CGU and these reversals are recognized in net income (loss). The recovery is limited to the original carrying amount less depreciation that would have been recorded had the asset not been impaired.

Loss per Share

Basic earnings/loss per share is computed by dividing the net income or loss by the weighted average number of shares outstanding during the year.

Diluted losses per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2019

(Expressed in Canadian dollars - Reviewed)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Plant and Equipment

Property, plant and equipment comprise of a greenhouse which is being built for its intended use as of March 31, 2019, office equipment, furniture and fixtures, and tools required for creating a greenhouse capable of producing cannabis.

All items of property and equipment are initially recorded at cost. Subsequent to recognition, property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for capital work-in-progress. Cost include expenditures that are directly attributable to the creation or acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are or are to be located. Borrowing costs for qualifying assets that are directly attributable to acquisition, construction or production of an asset are included in the cost of that asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income when incurred.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The periods generally applicable are as follows:

	Useful life
Greenhouse	4%, declining balance
Greenhouse equipment	20%, declining balance

The residual value, depreciation method and the useful life of each asset are reviewed at each year-end, with the effect of any changes in estimates accounted for on a prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Fully depreciated property and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2019

(Expressed in Canadian dollars - Reviewed)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences:

- liabilities arising from initial recognition of goodwill for which amortization is not deductible for tax purposes;
- liabilities arising from the initial recognition of an asset/liability other than in a business combination which, at the time of the transaction, does not affect either the accounting or the taxable profit; and
- liabilities arising from undistributed profits from investments where the entity is able to control the timing of the reversal of the difference and it is probable that the reversal will not occur in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2019

(Expressed in Canadian dollars - Reviewed)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxes (continued)

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- Receivables and payables that are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

New Standards Not Yet Effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become mandatorily effective.

The following standard has been issued for annual periods beginning on or after January 1, 2019 but is not yet effective:

IFRS 16, Leases

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. This new standard replaces the existing leasing guidance in IAS 17, Leases.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2019

(Expressed in Canadian dollars - Reviewed)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Standards Not Yet Effective (continued)

IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the asset being leased. For those contracts determined to meet the definition of a lease, IFRS 16 requires a lessee to recognize on the balance sheet a lease asset along with the associated lease liability which reflects future lease payments, similar to current finance lease accounting. There are limited exceptions for leases with a term of less than 12 months or leases of assets which have a very low value. As a result of the adoption of IFRS 16, operating leases which were previously only recognized on the statement of income (loss) will be recognized on the statement of financial position. The Company has not yet assessed the potential impact of the application of this standard.

4. PROPERTY, PLANT AND EQUIPMENT

	<u>Land</u>	<u>Property</u>	<u>Total</u>
	(\$)	(\$)	(\$)
Cost			
As at February 6, 2018	-	-	-
Additions	1,500,000	5,114,322	6,614,322
At September 30, 2018	1,500,000	5,114,322	6,614,322
Additions	-	15,827	15,827
At March 31, 2019	1,500,000	5,130,149	6,630,149

The Company entered into a purchase and sale agreement (“PSA”) on April 12, 2018 to purchase land and a greenhouse in Leamington, Ontario for total proceeds of \$6,400,000. The proceeds are payable as follows:

- \$200,000 in cash on acceptance (Paid);
- \$400,000 in cash on July 13, 2018 (the “Completion date”)(Paid);
- \$5,800,000 pursuant to a secured loan under a vendor take back arrangement (Note 6).

The purchase price for the assets acquired under the PSA have been allocated pursuant to their relative fair values as at the date of acquisition, adjusted for the fair value of the secured loan.

As at March 31, 2019 no amortization was recognized as the property is not ready for its intended use.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2019

(Expressed in Canadian dollars - Reviewed)

5. LOANS PAYABLE

AGRA Loan

On September 1, 2018, the Company borrowed \$250,000 under an unsecured loan with AgraFlora Organics International Inc. that bears interest at 4% per annum and is repayable on or before September 1, 2019.

During the period ended March 31, 2019, the Company incurred \$5,838 in interest expense. At March 31, 2019, a total of \$255,838 of loan principal and accrued interest was outstanding.

BLOX Loan

On March 6, 2019, the Company borrowed \$50,000 under an unsecured loan with Blox Labs Inc. that bears interest at 8% per annum and is repayable on or before June 30, 2019.

During the period ended March 31, 2019, the Company incurred \$274 in interest expense. At March 31, 2019, a total of \$50,274 of loan principal and accrued interest was outstanding.

6. SECURED LOAN

On July 13, 2018, the Company entered into a secured loan agreement for \$5,800,000 as part of a vendor take back arrangement in connection with the acquisition of land and a greenhouse in Leamington, Ontario (Note 4). The loan, which is secured by the land and greenhouse assets, bears no interest in the first year and at a rate of 12.5% in the remaining three years. Principal payments of \$500,000 are due August 13, 2018 and December 13, 2018, and the balance of the loan principal is due on July 13, 2023. Interest is repayable in monthly installments beginning in year two.

During the period ended March 31, 2019, the Company repaid \$400,000 in principal. At March 31, 2019, a total of \$4,900,000 of loan principal and accrued interest was outstanding.

7. RELATED PARTY TRANSACTIONS

Key management personnel included the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and directors and officers and companies controlled or significantly influenced by them.

There was no key management compensation paid or accrued during the period ended March 31, 2019.

As at March 31, 2019, a total of \$143,630 (September 30, 2018 - \$5,878) was included in accounts payable and accrued liabilities owing to the CEO and other board members of the Company for reimbursable expenses. These liabilities are non-interest bearing and payable on demand.

As at March 31, 2019, a total of \$51,956 (September 30, 2018 - \$4,698) was owing from a corporation controlled by the CEO of the Company for a non-interest bearing cash advance that is repayable on demand.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2019

(Expressed in Canadian dollars - Reviewed)

8. SHARE CAPITAL

Authorized:

Unlimited number of Common shares without par value.

Unlimited number of Preferred shares without par value.

Issued

Six Month Period Ended March 31, 2019

The Company issued 55,450,000 common shares in settlement of \$1,109,000 of outstanding liabilities.

The Company issued 61,350,000 common shares upon the conversion of \$1,437,000 in outstanding SAFEs.

Period Ended September 30, 2018

The Company issued 118,000,000 common shares on incorporation for proceeds of \$118

SAFES

Six Month Period Ended March 31, 2019

During the period ended March 31, 2019, the Company issued a Simple Agreement for Future Equity ("SAFE") to various investors for gross proceeds of \$385,000. The agreements allow holders to convert this instrument into common shares of the Company under different scenarios:

- a) Equity Financing: If the Company sells shares at a fixed pre-money valuation of \$20,000,000 or more generating gross proceeds of at least \$10,000,000, then investors will receive the number of shares equal to their subscription amount divided by the Conversion price (defined as the price per share equal to valuation cap of \$8,000,000 divided by the corporation capitalization) or price per share of shares sold multiplied by the 20% discount rate, whichever results in a greater number of shares.
- b) Liquidity Event: If there is a change in control or a closing of the Company's first commitment underwritten Initial Public Offering, then investors will receive shares equal to their subscription amount divided by the Liquidity Price.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2019

(Expressed in Canadian dollars - Reviewed)

8. SHARE CAPITAL (continued)

Dissolution Event: If there is a voluntary termination of operations, general assignment for the benefit of the Company's creditors or any other liquidation, dissolution or winding up of the Company, then investors will receive an amount equal to their subscription amount in preference to any distribution of any assets of the Company to common shareholders.

If none of the above events occur, the agreements will terminate on February 28, 2019 and the Company will automatically issue to the investor the agreed upon number of shares equal to their subscription amount divided by the conversion price.

Period Ended September 30, 2018

During the period ended September 30, 2018, the Company issued a SAFE to various investors for gross proceeds of \$1,052,000.

9. CAPITAL MANAGEMENT

The Company considers its capital resources to be the shareholders' deficiency, comprising share capital and deficit. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, and development of its cannabis business. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is primarily dependent on external financing to fund its activities. In order to carry out the planned property development and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed using best efforts.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended March 31, 2019. The Company is not subject to externally imposed capital requirements.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2019

(Expressed in Canadian dollars - Reviewed)

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Risk Management

The Company classifies its other financial assets and other financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, other receivable, accounts payable and accrued liabilities, loan payable and secured loan.

The Company has classified its cash and other receivable as loans and receivables; and accounts payable and accrued liabilities, loan payable and secured loan as other financial liabilities. The fair value of cash, HST receivable, other receivable and accounts payable and accrued liabilities and loan payable approximate their book values because of the short-term nature of these instruments. The fair value of the secured loan was determined using the market interest rate which would be available to the Company at the balance sheet date.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit risk

The Company's credit risk is primarily attributable to other receivable and HST receivable. The Company has minimal collection risk related to these receivables and expects to collect the outstanding receivables in the normal course of operations. At March 31, 2019, the maximum credit exposure is the carrying amount of the receivables totalling \$80,658.

BEST CANNABIS PRODUCTS INC.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2019

(Expressed in Canadian dollars - Reviewed)

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Company has no significant concentration of credit risk arising from operations.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest rate risk

The Company is not exposed to interest rate risk. The Company does not have significant variable interest bearing assets or liabilities that are tied into market rates.

Liquidity risk

The Company's approach to managing liquidity risk is to use its best efforts to have sufficient liquid capital to meet its current liabilities as they come due. At March 31, 2019, the Company had a working capital deficit of \$458,192.

11. INCOME TAXES

a) Provision for Income Taxes

A reconciliation of the combined income taxes at statutory rates and the Company's effective income tax expense is as follows:

	2019
	(\$)
Income (loss) for the period	(1,243,934)
Expected income tax expense (recovery) at 26%	(323,423)
Non-deductible expenditures	4,143
Change in unrecognized deductible temporary differences	319,280
Income tax expense (recovery)	-

b) Deferred Income Taxes

The Company's unused tax losses for which no deferred tax asset is recognized totals \$327,180.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

APPENDIX “T”

BEST CANNABIS PRODUCTS INC.

MANAGEMENT’S DISCUSSION AND ANALYSIS

Six Month Period Ended

March 31, 2019

Report Date – July 15, 2019

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") of Best Cannabis Products Inc. ("BCP" or the "Company") has been prepared by management in accordance with the requirements of National Instrument 51-102. This MD&A should be read in conjunction with the interim financial statements for the six month period ended March 31, 2019 and the audited financial statements for the period from incorporation on February 6, 2018 to September 30, 2018 and the related notes thereto.

The following information has been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). All financial results are expressed 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 not described in this MD&A.

FORWARD-LOOKING STATEMENTS (continued)

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 and obligation to update and revise forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

COMPANY OVERVIEW

BCP was incorporated on February 6, 2018 under the Canada Business Corporations Act. The Company's head office is located at 7110 Torbram Rd, Mississauga, ON, L4T 4B5. The Company's principal business activity is to engage in the cultivation, production of and sale of hemp pursuant to the Industrial Hemp Regulations mandated under the Cannabis Act of Canada.

BCP is a Canadian company headquartered in Toronto, Ontario that is backed by a group of successful entrepreneurs who have extensive experience in the areas of manufacturing, logistics and renewable energy. Pursuant to an acquisition agreement dated April 12, 2018, BCP acquired a state-of-the-art agricultural facility located on a 50 acre parcel of land in Leamington, Ontario (the "Property"), a preeminent locale for industrial hemp cultivation in Canada. The Property has the potential to accommodate 180,000 square feet of growing capacity and the remainder of the Property comprising 40 acres is proposed for outdoor hemp cultivation. The abundant land package would also allow for a potential future expansion of up to an additional 1,000,000 square feet of cultivation space.

The Company received its Industrial Hemp License ("IHL") from Health Canada effective June 28, 2019. This cultivation license has an initial term of two years and is subject to the Industrial Hemp Regulations.

The Company intends to raise equity capital of up to \$5,000,000 in conjunction with a public listing through a reverse takeover transaction with Blox Labs Inc. ("Blox").

REVERSE TAKEOVER – BLOX LABS INC.

On February 28, 2019, the Company entered into a definitive share exchange agreement ("SEA") with Blox, pursuant to which Blox can acquire all of the issued and outstanding securities of BCP in exchange for the issuance of 234,800,000 common shares of Blox to the shareholders of BCP. The result of this transaction would be a reverse takeover of Blox by the shareholders of BCP.

Blox is a Canadian company incorporated on April 4, 2014 under the Business Corporations Act of British Columbia. Blox is listed for trading on the Canadian Securities Exchange (the "CSE") under the symbol "**BLOX**" and on the Frankfurt stock exchange in Germany under the symbol "**BR1B**". Blox was a technology development company prior to this proposed business combination.

BUSINESS OBJECTIVES

Mission

The Company plans to develop a brand that provides consumers with a high quality, consistent product with the implementation of numerous social supporting initiatives to service the neighbouring communities of Leamington, Ontario.

Vision

The Company intends to become a leading platform of products and services in the existing industrial hemp industry in Canada and globally.

The Company's business model with respect to the cultivation of industrial hemp consists of growing and selling hemp varieties, as approved by Health Canada, as viable grain to licence holders for processing, as well as selling the fiber to third parties for processing.

The Company will be growing industrial hemp on the Property by utilizing the 40 acres of outdoor space ("**Phase 1**").

Upon completion of Phase 1, the existing greenhouse ("Facility") will be retrofitted to accommodate approximately 180,000 square feet of cultivation space and industry related activities ("**Phase 2**"). The Facility will allow for a diversified opportunity to execute on vertically integrated industry specific business models that will include the execution of cultivation, manufacturing, distribution and retail. Phase 2 is expected to be completed within two years of the Facility becoming operational. As BCP has recently received its IHL from Health Canada, it is anticipated the Company will begin cultivation and production within the next 12 months.

Funding Requirements

As BCP is now in possession of its IHL, it will remodel its Facility to meet Health Canada's facility standards. BCP will prepare the site for industrial hemp production in accordance with the site requirements of the IHL. BCP will remodel its Facility in two phases before initiating hemp production. The initial funding for Phase 1 will require \$2,000,000. After a year of production, BCP will require additional funding of \$16,000,000 to commence Phase 2. Phase 1 will be funded through the non-brokered private placement that will close concurrently with the completion of the Transaction. Once revenue is secured in Phase 2, the Company will go back to the public markets to acquire the remaining \$16,000,000 in funding.

SELECTED QUARTERLY INFORMATION

The table below summarized information reported for the most recent quarterly periods:

	March 31, 2019	December 31, 2018
	(\$)	(\$)
Total assets	6,732,572	6,651,194
Total liabilities	5,460,615	5,702,015
Revenue	Nil	Nil
Net loss	(1,171,222)	(72,712)
Loss per share	(0.01)	(0.00)

Quarterly information is not available on the Company prior to the quarter ended December 31, 2018.

SELECTED ANNUAL INFORMATION

Selected annual information for the years ended September 30, 2018, 2017 and 2016 is presented below:

	2018	2017	2016
	(\$)	(\$)	(\$)
Total assets	6,629,950	N/A	N/A
Total liabilities	5,608,059	N/A	N/A
Shareholders' equity	1,021,891	N/A	N/A
Revenue	-	N/A	N/A
Net loss	(30,227)	N/A	N/A
Loss per share	(30,227)	N/A	N/A

BCP was only incorporated on February 6, 2018 so there is no comparative data for the years ended 2017 or 2016.

RESULTS OF OPERATIONS

Three Month Period Ended March 31, 2019

Revenues

The Company generated no revenue during the three month period ended March 31, 2019 ("Current Quarter") or the period ended March 31, 2018 ("Comparative Period").

Expenses

The Company's expenses for the Current Quarter consisted primarily of consulting fees incurred in connection with the RTO transaction with Blox and for brand development. There were no expenses incurred in the Comparative Period as the Company was only incorporated on February 6, 2018.

RESULTS OF OPERATIONS (continued)

Three Month Period Ended March 31, 2019

Revenues

The Company generated no revenue during the six month periods ended March 31, 2019 ("Current Period") or the Comparative Period.

Expenses

The Company's expenses for the Current Quarter consisted primarily of consulting fees incurred in connection with the RTO transaction with Blox and for brand development. There were no expenses incurred in the Comparative Period as the Company was only incorporated on February 6, 2018.

LIQUIDITY AND CAPITAL RESOURCES

The Company had \$21,765 in cash and a working capital deficiency of \$458,192 as at March 31, 2019. The Company has funded acquisitions and operations through short term loans, the issuance of Simple Agreements for Future Equity ("SAFE") and a vendor takeback agreement associated with the purchase of the Facility.

During the six month period ended March 31, 2019, the Company reported a net loss of \$1,243,934. Furthermore, the Company reported a cash inflow from operations of \$2,474 for the period. The Company's ability to meet its obligations as they fall due and to continue to operate as a going concern is dependent upon the continued financial support of its creditors, access to equity financial markets and ultimately, the attainment of profitable operations.

The Company has successfully utilized both debt and equity financing in the past, but there is no assurance that such funding will be available in the future or if it is that it will be on terms that are acceptable. Management anticipates that its working capital is not sufficient to meet its expected ongoing obligations for the coming year and, as a result, has entered into the proposed reverse takeover transaction with Blox. However, if the Company is unable to obtain acceptable financing to achieve its business objectives, then it will experience liquidity problems and management expects that it will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. Any additional equity financing may involve substantial dilution

OUTSTANDING SHARE DATA

Issued and Outstanding

As at the Report Date, there is are 234,800,000 common shares issued and outstanding.

Stock Options

As at the Report Date, there are no stock options outstanding.

Share Purchase Warrants

As at the Report Date, there are no stock options outstanding.

OUTSTANDING SHARE DATA (continued)

Safes

During the period ended September 30, 2018, the Company issued a SAFE to various investors for gross proceeds of \$1,052,000. The agreements allow holders to convert this instrument into common shares of the Company under different scenarios:

- a) **Equity Financing:** If the Company sells shares at a fixed pre-money valuation of \$20,000,000 or more generating gross proceeds of at least \$10,000,000, then investors will receive the number of shares equal to their subscription amount divided by the Conversion price (defined as the price per share equal to valuation cap of \$8,000,000 divided by the corporation capitalization) or price per share of shares sold multiplied by the 20% discount rate, whichever results in a greater number of shares.
- b) **Liquidity Event:** If there is a change in control or a closing of the Company's first commitment underwritten Initial Public Offering, then investors will receive shares equal to their subscription amount divided by the Liquidity Price.
- c) **Dissolution Event:** If there is a voluntary termination of operations, general assignment for the benefit of the Company's creditors or any other liquidation, dissolution or winding up of the Company, then investors will receive an amount equal to their subscription amount in preference to any distribution of any assets of the Company to common shareholders.

If none of the above events occur, the agreements will terminate on February 28, 2019 and the Company will automatically issue to the investor the agreed upon number of shares equal to their subscription amount divided by the conversion price.

In February 2019, the Company issued additional SAFEs for gross proceeds of \$385,000.

All of the outstanding SAFEs were converted into 61,350,000 common shares on February 28, 2019.

RELATED PARTY TRANSACTIONS

Key management personnel included the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and directors and officers and companies controlled or significantly influenced by them.

There was no key management compensation paid or accrued during the six month period ended March 31, 2019.

As at March 31, 2019, a total of \$143,630 (September 30, 2018 - \$5,878) was included in accounts payable and accrued liabilities owing to the CEO and other board members of the Company for reimbursable expenses. These liabilities are non-interest bearing and payable on demand.

As at March 31, 2019, a total of \$51,956 (September 30, 2018 - \$4,698) was owing from a corporation controlled by the CEO of the Company for a non-interest bearing cash advance that is repayable on demand.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Significant accounting policies used by BCP are disclosed in note 3 to the March 31, 2019 interim financial statements. Preparing financial statements in accordance with IFRS requires management to make certain judgments and estimates. Changes to these judgments and estimates could have a material effect on the Company's financial statements and financial position. There were no changes to BCP's critical accounting estimates during the period ended March 31, 2019.

SUBSEQUENT EVENTS

Subsequent to March 31, 2019, the Company

- a) borrowed \$20,000 from Blox pursuant to a promissory note that bears interest at 8% per annum and matures on September 30, 2019.
- b) received its Industrial Hemp License issued by Health Canada.

NEW ACCOUNTING STANDARDS

The following standard has been issued for annual periods beginning on or after January 1, 2019 but is not yet effective:

IFRS 16, Leases

This new standard replaces the existing leasing guidance in IAS 17, Leases.

IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the asset being leased. For those contracts determined to meet the definition of a lease, IFRS 16 requires a lessee to recognize on the balance sheet a lease asset along with the associated lease liability which reflects future lease payments, similar to current finance lease accounting. There are limited exceptions for leases with a term of less than 12 months or leases of assets which have a very low value. As a result of the adoption of IFRS 16, operating leases which were previously only recognized on the statement of earnings will be recognized on the consolidated statement of financial position.

The Company has not yet assessed the potential impact of the application of this standard.

The following standard has been issued for annual periods beginning on or after January 1, 2021 but is not yet effective:

IFRS 17, Insurance Contracts

IFRS 17 is a new standard that requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4, *Insurance Contracts*, and related interpretations.

The Company has not yet assessed the potential impact of the application of this standard.

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 expects its capital resources will not be sufficient to carry its operations through the current operating period, and accordingly will need to raise additional capital. The Company is not subject to externally imposed capital requirements.

OFF-BALANCE SHEET ARRANGEMENTS

As at the Report Date, the Company did not have any off-balance sheet debt nor did it have any transactions, arrangements, obligations (including contingent obligations) or other relationships with any unconsolidated entities or other persons that may have material current or future effect on financial conditions, changes in the financial conditions, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenue or expenses.

COMMITMENTS

As at the Report Date, the Company had no commitments.

OUTLOOK

BCP is focused on creating maximum value for its shareholders through development of a profitable company in the Hemp sector. The Company also plans to fund this development and simultaneously offer its shareholders liquidity through a "go-public" event and associated equity financing. (Refer to Reverse Takeover - Blox Labs Inc.)

APPENDIX "J"

Blox Labs Inc.

Pro Forma Consolidated Financial Statements

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

December 31, 2018

BLOX LABS INC.

Pro Forma Consolidated Statement of Financial Position

As at March 31, 2019

(Unaudited)

(Expressed in Canadian Dollars)

	Blox as at December 31, 2018	BCP as at March 31, 2019	Notes	Pro Forma Adjustments	Pro Forma Consolidated
	(\$)	(\$)		(\$)	(\$)
ASSETS					
Current assets					
Cash	327,330	21,765	4(b)	5,000,000	
			4(b)	(350,000)	
			4(c)	(95,000)	4,904,095
HST and other receivables	15,330	80,658		-	95,988
Prepaid expenses	233,742	-		-	233,742
Short-term investment	108,976	-		-	108,976
	<u>685,378</u>	<u>102,423</u>		<u>4,555,000</u>	<u>5,342,801</u>
Goodwill	-	-	4(a)	6,752,819	
			4(d)	(6,752,819)	-
Property, plant and equipment	-	6,630,149		-	6,630,149
	<u>685,378</u>	<u>6,732,572</u>		<u>4,555,000</u>	<u>11,972,950</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)					
Current liabilities					
Accounts payable and accrued liabilities	39,097	254,503		-	293,600
Loan payable	-	306,112		-	306,112
	<u>39,097</u>	<u>560,615</u>		<u>-</u>	<u>599,712</u>
Secured loan	-	4,900,000		-	4,900,000
	<u>39,097</u>	<u>5,460,615</u>		<u>-</u>	<u>5,499,712</u>
Shareholders' equity (deficiency)					
Share capital	2,244,660	2,546,118	4(a)	(2,244,660)	
			4(a)	5,871,200	
			4(b)	5,000,000	
			4(b)	(350,000)	13,067,318
Contributed surplus	949,248	-	4(b)	(949,248)	
			4(a)	563,500	563,500
Warrants	518,233	-	4(a)	(518,233)	
			4(a)	964,400	964,400
Deficit	(3,065,860)	(1,274,161)	4(a)	3,065,860	
			4(c)	(95,000)	
			4(d)	(6,752,819)	(8,121,980)
	<u>646,281</u>	<u>1,271,957</u>		<u>4,555,000</u>	<u>6,473,238</u>
	<u>685,378</u>	<u>6,732,572</u>		<u>4,555,000</u>	<u>11,972,950</u>

BLOX LABS INC.

Pro Forma Consolidated Statement of Loss and Comprehensive Loss

For the Nine Month Period Ended December 31, 2018

(Unaudited)

(Expressed in Canadian Dollars)

	Blox Nine Month Period Ended December 31, 2018	BCP Period from April 1, 2018 to March 31, 2019	Notes	Pro Forma Adjustments	Pro Forma Consolidated
	(\$)	(\$)		(\$)	(\$)
Revenue	62,500	-		-	62,500
Expenses					
Advertising and promotion	111,958	72,308		-	184,266
Finance costs	-	6,112		-	6,112
General and administrative	18,367	62,732		-	81,099
Insurance	-	1,599		-	1,599
Management fees	131,509	-		-	131,509
Professional and consulting fees	664,549	1,114,000	4(c)	77,000	1,856,549
Rent	18,990	-		-	18,990
Research and development	52,259	-		-	52,259
Stock-based compensation	513,300	-		-	513,300
Transfer and filing fees	22,881	-	4(c)	18,000	40,881
Travel	-	17,410		-	17,410
	<u>1,533,813</u>	<u>1,274,161</u>		<u>95,000</u>	<u>2,903,974</u>
Loss before other items	(1,471,313)	(1,274,161)		(95,000)	(2,841,474)
Other items					
Change in fair value of short-term investments	(40,000)	-		-	(40,000)
Interest income	1,902	-		-	1,902
Other income	1,400	-		-	1,400
	<u>(1,508,011)</u>	<u>(1,274,161)</u>		<u>(95,000)</u>	<u>(2,878,172)</u>
Loss and comprehensive loss					
					<u>(0.01)</u>
Loss per share					

NOTE 1 – BASIS OF PRESENTATION

Blox Labs Inc. (“Blox” or the “Company”) was incorporated under the Business Corporations Act (British Columbia) on April 4, 2014. The Company is publicly traded on the Canadian Securities Exchange (“CSE”) under the trading symbol “BLOX”. Its registered and head offices are located at Suite 206 – 213 Sterling Road, Toronto, Ontario, M6R 2B2. On February 28, 2018, the Company entered into a definitive share exchange agreement (“SEA”) to complete an arm’s length business combination (the “Transaction”) with Best Cannabis Products Inc. (“BCP”), a private held corporation formed under the laws of Canada Business Corporations Act that is engaged in the business of producing and selling cannabis.

The unaudited pro forma consolidated financial statements of Blox as at and for the nine month period ended December 31, 2018 have been prepared by the management of the Company in accordance with International Financial Reporting Standards (“IFRS”), for illustrative purposes only, after giving effect to the Transaction between Blox and BCP. The unaudited pro forma consolidated financial statements has been prepared from information derived from and should be read in conjunction with the following:

1. The audited consolidated financial statements of Blox as at and for the year ended March 31, 2018;
2. The audited financial statements of BCP as at and for the period ended September 30, 2018;
3. The unaudited condensed interim financial statements of BCP as at and for the six month period ended March 31, 2019; and
4. The unaudited condensed interim consolidated financial statements of Blox as at and for the nine month period ended December 31, 2018.

As a result of the Transaction, the former shareholders of BCP will acquire control of the Company, and the Transaction will be accounted for as a reverse take-over that is accounted for in accordance with IFRS 3, Business Combinations. BCP is deemed to be the acquiring company and its assets and liabilities, equity and historical operating results are included at their historical carrying values, and the net assets of Blox will be recorded at fair value as at the date of the Transaction. Any portion of the purchase price that exceeds the fair value of the net identifiable assets of the Company has been classified as goodwill on the consolidated statement of financial position. Transaction costs that were incurred in connection with the Transaction, other than costs associated with the financing, have been expensed as incurred.

It is management’s opinion that the unaudited pro forma consolidated financial statements include all adjustments necessary for the fair presentation, in all material respects, of the transactions described in Note 3 in accordance with IFRS applied on a basis consistent with Blox’s and BCP’s accounting policies.

The unaudited pro forma consolidated statement of financial position is intended to reflect the financial position of the Company as if the transactions had been effected on December 31, 2018. The unaudited pro forma consolidated statement of loss and comprehensive loss are intended to reflect the results of operations of the Company as if the transactions had been effected on April 1, 2018. The unaudited pro forma consolidated financial statements are not necessarily indicative of the financial position or results of operations which would have occurred if the transaction had actually occurred on December 31, 2018 or April 1, 2018, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited pro forma consolidated financial statements have been compiled using the significant accounting policies as set out in the audited financial statements of the Company as described in note 3 to the audited financial statements for the year ended March 31, 2018.

NOTE 3 – BUSINESS COMBINATION

On February 28, 2019, Blox and BCP entered into a share exchange agreement whereby Blox will acquire all of the issued and outstanding common shares of BCP. The principal terms of the agreement are as follows:

- Prior to the closing of the transaction the Company shall complete an arm's-length private placement of common shares (the "Transaction Financing") for gross proceeds of up to \$5,000,000, at a price of \$0.05 per share;
- Upon closing of the Transaction, each BCP common share shall be acquired by the Company in consideration for a common share of the Company equaling 234,800,000 common shares of the Company; and

The completion of the Transaction is subject to a number of conditions, including receipt of applicable regulatory and shareholder approvals and completion of the Transaction Financing. There can be no assurance that the Transaction will be completed as proposed or at all.

NOTE 4 – PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

The unaudited pro forma consolidated statement of financial position has been presented giving effect to the following assumptions and pro forma adjustments:

a) Reverse Takeover

The Transaction constitutes a reverse takeover of Blox so the unaudited pro forma consolidated statement of financial position is presented as a continuation of the financial statements of BCP. Accordingly, the assets and liabilities of BCP are included in the unaudited pro forma consolidated statement of financial position at their historic cost values as at December 31, 2018. While the transactions represent business combination in accordance with IFRS 3 Business Combinations no adjustments have been made to reflect fair values of net assets acquired. The difference between consideration and the carrying value of net assets has been recognized as excess goodwill with no allocation to any potential intangible assets. The historical values of Blox's share capital, contributed surplus, warrant reserve and deficit are eliminated. Blox will issue 234,800,000 common shares in exchange for all of the common shares of BCP. The common shares, stock options and warrants deemed to be issued by BCP for the acquisition of Blox are recorded as additional amounts in shareholders' equity and are set out as follows along with a summary of the fair value of net identifiable assets acquired.

The purchase price is allocated as follows:

	<u>Amount</u>
	(\$)
Fair value of Blox shares (117,423,997 common shares at \$0.05 per share)	5,871,200
Fair value of share purchase warrants ⁽¹⁾	964,400
Fair value of stock options ⁽²⁾	<u>563,500</u>
	7,399,100
Net assets (liabilities) of the Company:	
Cash	327,330
HST and other receivable	15,330
Prepaid expenses	233,742
Short-term investment	108,976
Accounts payable and accrued liabilities	<u>(39,097)</u>
	646,281
Goodwill	<u>6,752,819</u>
	<u>7,399,100</u>

NOTE 4 – PRO FORMA ASSUMPTIONS AND ADJUSTMENTS (continued)

- (1) The fair value of the share purchase warrants has been estimated at \$964,400 using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	1.86%	Share price	\$0.05
Expected volatility	279%	Strike price	\$0.05
Expected dividend yield	0%	Expected term	1.00 yr
Expected forfeiture rate	0%	Fair value per warrant	\$0.04

- (2) The fair value of the stock options has been estimated at \$563,500 using the Black-Scholes option pricing model with the following assumptions:

Risk free interest rate	1.88%	Share price	\$0.05
Expected volatility	240%	Strike price	\$0.05
Expected dividend yield	0%	Expected term	4.54 yr
Expected forfeiture rate	0%	Fair value per option	\$0.05

b) Transaction Financing

The Company shall complete a non-brokered private placement of 100,000,000 common shares for estimated gross proceeds of \$5,000,000 wherein each share will be issued at a price of \$0.05

In connection with the Transaction Financing, it is estimated that finders' fees totaling \$350,000 will be paid in cash representing 7% of the gross proceeds raised from their efforts.

c) Transaction Costs

Direct transaction costs are estimated to total \$95,000 with respect to legal, audit and accounting related, and filing fees. These costs have been expensed.

d) Impairment of Goodwill

Due to the discontinuance of the Company's operations in the technology sector, impairment indicators were identified, and a full impairment of \$6,752,819 was recorded against the Goodwill created under the RTO transaction.

NOTE 5 – PRO FORMA SHARE CAPITAL

The number of shares issued and outstanding after giving effect to the assumptions and pro forma adjustments discussed in Note 4 is as follows:

	Note	Number of Shares	Amount (\$)
Blox shares issued and outstanding at December 31, 2018		117,423,997	2,244,660
Common shares issued pursuant to Transaction Financing	4(b)	100,000,000	5,000,000
Share issuance costs		-	(350,000)
BCP common shares issued and outstanding (post-SAFE and debt conversions)		234,800,000	2,546,118
Adjustment for Transaction		(234,800,000)	(2,244,660)
Common shares issued to BCP in connection with the Transaction	4(a)	234,800,000	-
Acquisition of Blox at fair value		-	5,871,200
		<u>452,223,997</u>	<u>13,067,318</u>

NOTE 6 – INCOME TAXES

The pro forma effective statutory Canadian income tax rate applicable to the consolidated operations subsequent to the completion of the Transaction is approximately 26%.