BluKnight Aquafarms Inc.

Management's Discussion and Analysis

FORM 51-102F1

For the year ended July 31, 2018

November 28, 2018

This management's discussion and analysis provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the year ended July 31, 2018, compared to the year ended July 31, 2017. This report prepared as at November 28, 2018 intends to complement and supplement our financial statements (the "financial statements") as at July 31, 2018 and should be read in conjunction with the financial statements and the accompanying notes.

Our financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation.

Our financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say "we", "us", "our", the "Company" or "BluKnight", we mean BluKnight Aquafarms Inc. as it may apply.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and Management Discussion and Analysis ("MD&A"), is complete and reliable.

All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at www.sedar.com.

OVERVIEW AND DESCRIPTION OF BUSINESS

Description of Business

The Company is a business development services company. It provides business development services to new and emerging businesses, including making introductions to accountants, lawyers, brokers, transfer agents, and various other professionals and service providers to assist companies in raising capital and going public. The Company is a reporting issuer in the provinces of British Columbia and Alberta.

COMPANY HIGHLIGHTS

On September 21, 2017, the Company closed a non-brokered private placement of 17,500,000 units at $0.01 per unit for gross proceeds of $175,000. Each unit consists of a common share and one share purchase warrant, with each whole warrant entitles the holder thereof to acquire an additional common share of the Company at a price of $0.05 per share for a period of 2 years.

On September 21, 2017, the Company closed a non-brokered private placement of 400,000 units at $0.05 per unit for gross proceeds of $20,000. Each unit consists of a common share and one share purchase warrant, with each whole warrant entitles the holder thereof to acquire an additional common share of the Company at a price of $0.05 per share for a period of 2 years.

On September 21, 2017, the Company issued 17,999,000 units at $0.01 per unit, 1,650,000 units at $0.05 per unit and 420,000 units at $0.10 per unit to settle loans payable in the amount of $304,490 (Notes 4 and 6). Each unit consists of a common share and one share purchase warrant, with each whole warrant entitles the holder thereof to acquire an additional common share of the Company at a price of $0.05 per share for a period of 2 years.

OVERALL PERFORMANCE

At July 31, 2018, the Company had not yet achieved profitable operations, had accumulated losses of $619,135 since its inception, and has working capital deficiency of $111,713. The Company incurred losses of $491,386 for the year (2017 - $117,067). The company used $29,260 cash (2017 - $101,107) in operating activities; Used $75,000 cash (2017 - $220,000 in investing activities and raised $101,321 cash (2017 - $324,679) in financing activities.

SELECTED ANNUAL INFORMATION FOR THE PAST THREE YEARS

The following table summarizes selected financial data for the Company for each of the three most recently completed financial years. The information set forth below should be read in conjunction with the Financial Statements. Financial Statements for all years presented are prepared in accordance with IFRS.

	Fiscal Years Ended July 31,		
	2018	**2017**	**2016**
	$	$	$
Total Revenue	-	-	-
Total Assets	9,306	226,452	-
Total non-current financial liabilities	-	-	-
Total liabilities	121,019	346,269	2,750
Net loss for the year	491,386	117,067	10,682
Basic and diluted loss per share	(0.00)	(0.30)	(0.04)

Total assets in 2018 increased as a result of the private placements completed in the current and prior year and debts and services settled for shares in the current year. Net loss has increased from previous years due to increased activity in 2018. In 2017, net loss was made up mainly due to professional fees.

RESULTS OF OPERATIONS

For the year ended July 31, 2018, the Company incurred a loss of $491,386 compared to a loss of $117,067 in the prior year. The increase in net loss is due to an increase in activity as a result of the Company's attempt to explore new business opportunities and strategies.

- The Company recorded consulting and management fees of $126,098 (2017 - $Nil) and $55,050 (2017 - $Nil), respectively. The increase is attributed to increased activity to explore and implement new business opportunities.
- The Company recorded professional fees of $30,398 (2017 - $110,671) is because the Company incurred one time professional fees rendered by consultants in 2017.
- The Company recorded an impairment of loan receivable of $295,000 (2017 - $Nil) as the Company deemed that the loan was unrecoverable.

SUMMARY OF QUARTERLEY RESULTS

The following selected financial data has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements. All dollar amounts are in Canadian dollars.

Quarter Ended	Loss for the period	Loss per Share (Basic & Diluted)	Total Assets	Interest Income
July 31, 2018	$327,765	$0.00	$54,306	$Nil
April 30, 2018	$20,158	$0.00	$302,820	$Nil
January 31, 2018	$40,955	$0.00	$301,831	$Nil
October 31, 2017	$102,508	$0.01	$322,252	$Nil
July 31, 2017	$116,684	$0.30	$226,452	$Nil
April 30, 2017	$83	$0.00	$101,849	$Nil
January 31, 2017	$150	$0.00	$Nil	$Nil
October 31, 2016	$150	$0.00	$Nil	$Nil

The Company incurred a loss of $327,765 in the fourth quarter of 2018, spending $211,081 more than in the same period in the prior year. The main reason for the increase is due to a one time forgiveness of loan receivable for $295,000 with a company with common directors. The Company incurred a loss of $20,158 in the third quarter of 2018, $40,955 in the second quarter of 2018, $102,508 in the first quarter of 2018 and a loss of $327,765 in the fourth quarter of 2017 compared to the smaller losses in the prior quarters. The increase in net loss is due to an increase in expenses as a result of the Company's attempt to implement new business strategies. Over the last few quarters, the decrease in spending is due to the Company being conservative on spending to minimize overhead.

FOURTH QUARTER

The Company incurred a loss of $327,765 in the fourth quarter of 2018, spending $110,529 less on professional fees than in the same period a year ago.

	Quarter ended July 31,	
	2018	**2017**
	$	$
Consulting and management fees	15,435	-
Office & Miscellaneous	1,280	3,759
Professional fees	10,000	110,529
Rent	4,500	-
Transfer agent and filing fees	1,250	2,396
Travel	300	-
Loan receivable impairment	295,000	-
Net loss for the quarter	(327,765)	(116,684)
Basic and diluted loss per share	(0.00)	(0.30)

TRANSACTIONS WITH RELATED PARTIES

As at July 31, 2018 the Company owed $104,937 (July 31, 2017 - $15,410) to related parties, included in accounts payable. As at July 31, 2018 the Company owed $1,510 (July 31, 2017 - $108,179) to directors and officers that were included in loans payable by the Company. As at July 31, 2018, included in loans receivable by the Company was an amount of $nil (July 31, 2017 - $220,000) due from a private company controlled by the former CEO.

During the year ended July 31, 2018, the Company issued 11,800,000 units at $0.01 per unit to settle several loans payable to current and former directors and/or officers of the Company in the amount of $118,000.

During the year ended July 31, 2018, the Company paid and/or accrued accounting, management, consulting fees and rent of $101,798 (2017 - $5,450) to a company controlled by a director of the Company.

During the year ending July 31, 2018, the Company paid and/or accrued management and consulting fees and rent of $50,500 (2017 - $Nil) to the Chief Financial Officer of the Company.

During the year ended July 31, 2018, Mr. John Meekison resigned as Director and CFO and Torbjorn Skulstad resigned as CEO. On December 8, 2017, Mr. Joel Dumaresq was appointed as a director and CEO of the Company and Theo Van Der Linde was appointed as the CFO of the Company.

SIGNIFICANT JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- The determination of the functional currency of the parent company and its subsidiaries.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation relate to the fair value measurements for financial instruments and stock-based compensation and other equity-based payments, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

New accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the IFRIC that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company has not yet assessed the impact, if any, that the new amended standards will have on its financial statements or whether to early adopt any of the new requirements. The following standard will be effective for annual periods beginning on or after August 1, 2018:

IFRS 9, Financial Instruments: Classification and Measurement, effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning August 1, 2018. The Company is currently evaluating the potential impact of the adoption of IFRS 9.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital deficiency at July 31, 2018 was $111,713 (July 31, 2017 – deficiency of $119,817) including cash of $633 (July 31, 2017 - $3,572). The Company does not currently have an active business generating positive cash flows. The Company is reliant on equity or debt financing or shareholder loans to provide the necessary cash to acquire or participate in an active business. There can be no assurance that equity or debt financings will be available to the Company in the future that will be obtained on terms satisfactory to the Company.

As at July 31, 2018, the Company wrote off a loan receivable to $nil (July 31, 2017 - $220,000) from a private company controlled the former CEO. The loan is unsecured, non-interest bearing and due on demand.

As at July 31, 2018, the Company owed loans of $1,510 (July 31, 2017 - $324,679) to various parties in non-arm's length deals. The loans are unsecured, non-interest bearing and due on demand.

FINANCIAL INSTRUMENTS AND RISKS

Fair Values

The fair values of cash and equivalents, loan receivables, accounts payables and loan payable approximate their book values because of the short-term nature of these instruments.

FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

(a) ***Financial Risk Management***

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company considers the fluctuations of financial markets and seeks to minimize potential adverse effects on financial performance.

(b) ***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 process.

Credit Risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash and receivables. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The Company's receivables consist primarily of tax receivables due from federal government agencies. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. 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.

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. Such fluctuations may be significant.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Foreign currency risk

The Company is not exposed to foreign currency risk on fluctuations in exchange rates.

Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

OTHER INFORMATION

Off Balance Sheet Items

The Company has no off-balance sheet arrangements.

Contingencies

The Company is not aware of any contingencies or pending legal proceedings.

Additional share information

At November 28, 2018 the Company had the following number of securities issued and outstanding:

Securities	Number	Exercise Price	Expiry Date
Common shares	38,365,601		
Share purchase warrants	37,969,000	$0.05	September 21, 2019
Fully diluted share capital	**76,334,601**		

Additional disclosure for venture issuers without significant revenue

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's statement of loss and comprehensive loss and note disclosures contained in its financial statements for the year ended July 31, 2018. These statements are available on SEDAR - Site accessed through www.sedar.com.

Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at www.sedar.com. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

Cautionary Statement on Forward Looking Information

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements.