BluKnight Aquafarms Inc.

Management's Discussion and Analysis

For the six-months ended January 31, 2020

March 31, 2020

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 period ended January 31, 2020, compared to the period ended January 31, 2019. This report prepared as at March 31, 2020 intends to complement and supplement our condensed interim financial statements (the "financial statements") as at January 31, 2020 and should be read in conjunction with the condensed interim financial statements and the accompanying notes. Readers are also advised to read the Company's audited financial statements and accompanying notes for the year ended July 31, 2019, which have been prepared in accordance with International Financial Reporting Standards.

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. The Company is investigating new business opportunities.

COMPANY HIGHLIGHTS

The Company obtained loans of $92,500 during the six-month period ending January 31, 2020. During the year ending July 31, 2019 the Company received forgiveness of debts of $139,297 mainly from related parties. The Company redeemed a loan of $12,500 during the six month period ending January 31, 2020.

OVERALL PERFORMANCE

At January 31, 2020, the Company had not yet achieved profitable operations, had accumulated losses of $578,350 since its inception, and has negative working capital of $70,928. The Company incurred losses of $38,004 for the six-month period (2019 - $24,284) before other items. The company used $68,074 cash (2019 - $9,736) in operating activities; Used $Nil (2018 - $NIL) cash in investing activities and raised a net of $80,000 cash (2019 - $9,500) in financing activities.

RESULTS OF OPERATIONS

For the six-month period ended January 31, 2020, the Company incurred a loss of $36,581 compared to an income of $115,013 in the prior period. The gain in the prior year is attributable to the Company receiving forgiveness of debts of $139,297.

- The Company recorded consulting and management fees of $23,522 (2019 - $7,500). The increase is attributed to the Company's ongoing search for new business opportunities and consulting activity to develop the business of the Company.
- The Company recorded professional fees of $11,743 (2019 - $11,008) includes accounting and legal fees. The increase is attributed to the Company's increased spending on accounting fees.
- The Company recorded transfer agent and filing fees of $1,901 (2019 - $1,205) as the Company had recorded annual filing fees in the previous quarter.
- The Company recorded rent of $725 (2019 - $4,500) as the Company recorded decreased rental charges.

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	Gain/Loss for the period	Gain/Loss per Share (Basic & Diluted)	Total Assets	Interest Income
January 31, 2020	$13,145	$0.00	$12,287	$Nil
October 31, 2019	$23,436	$0.00	$355	$Nil
July 31, 2019	$36,754	$0.00	$4,433	$Nil
April 30, 2019	$893	$0.00	$10,312	$Nil
January 31, 2019	$136,199	$0.00	$10,330	$Nil
October 31, 2018	$21,186	$0.00	$10,242	$Nil
July 31, 2018	$327,765	$0.00	$9,306	$Nil
April 30, 2018	$20,158	$0.00	$302,820	$Nil

During the Quarter ending January 2020, the Company incurred a loss of $13.145 compared to the quarter ending January 31, 2019 where the Company incurred a gain of $136,199. The main reason for the gain, compared to the same period in the current year, is because the company received forgiveness of debts of $139,297. During October 2019, the Company incurred a loss of $23,436 compared to $21,186 in the same period the prior year. The main reason for these small losses, compared to the same period in the prior year

SUMMARY OF QUARTERLEY RESULTS (Cont'd)

versus other periods, is because the company attempt to preserve cash. The Company incurred a loss of $327,765 in the fourth quarter of 2018, spending $291,011 more than in the same period in the 2019 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. Over the last few quarters, the decrease in spending is due to the Company being conservative on spending to minimize overhead.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital position at January 31, 2019 was a deficiency of $70,928 (July 31, 2019 – deficiency $34,347) including cash of $12,287 (July 31, 2018 - $361). 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 January 31, 2020, the Company owed loans of $80,000 (July 31, 2018 - $Nil) to various parties in non-arm's length deals. The loans are unsecured, non-interest bearing and due on demand.

TRANSACTIONS WITH RELATED PARTIES

As at January 31, 2020 the Company owed $Nil (July 31, 2019 - $28,000) to related parties, included in accounts payable. As at January 31, 2019 the Company owed $80,000 (July 31, 2019 - $Nil) to directors and officers and companies controlled by directors that were included in loans payable by the Company.

During the six-month period ended January 31, 2020, the Company paid and/or accrued accounting, management, consulting fees and rent of $27,922 (2018 - $16,500) to companies controlled by directors of the Company.

During the six-month period ended January 31, 2020, the Company paid and/or accrued management and consulting fees and rent of $Nil (2018 - $3,000) to the former Chief Financial Officer of the Company.

During the year ended July 31, 2019, a company controlled by a director of the Company, as well as the former Chief Financial Officer of the Company forgave debts of $139,297.

PROPOSED TRANSACTIONS

There is no material proposed transactions to report on.

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.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS (Cont'd)

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

In preparing these condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited financial statements for the year ended July 31, 2019, with exception to the new accounting standards adopted by the Company discussed below.

The preparation of condensed interim consolidated financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's condensed interim financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

IFRS 9 – Financial Instruments

IFRS 9 was issued by the International Accounting Standards Board ("IASB") in November 2009 and October 2010 and replaced IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, FVTPL and amortized cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative hosts not within the scope of the standard. IFRS 9 introduces an 'expected credit loss' model for the impairment of financial assets. The measurement of the Company's financial assets and liabilities will not significantly change on transition to IFRS 9. Additionally, the Company is exposed to minimal expected credit losses due to the fact that it has an insignificant amount of accounts receivable. The Company has adopted the amendments to IFRS 9 in its financial statements for the annual period beginning on August 1, 2018 with no resulting adjustments

IFRS 15 – Revenue with Contracts

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It has replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Company has adopted the amendments to IFRS 15 in its financial statements for the annual period beginning on August 1, 2018 with no resulting adjustments

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION (CONTINUED)

IFRS 16 Leases

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduced a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Company has adopted the amendments to IFRS 16 in its financial statements for the annual period beginning on August 1, 2018 with no resulting adjustments

Changes in accounting standards

The following is an overview of new accounting standards that the Company will be required to adopt in future years. The Company does not expect to adopt any of these standards before their effective dates. The Company does not expect that the adoption of will have a material impact on its condensed interim condensed financial statements and will continue to evaluate the impact of IFRS on its condensed interim financial statements.

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.

(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.

FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

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.

COVID-19 risk

The outbreak of the COVID-19 pandemic has impacted the Company's plans and activities. The Company may face disruption to operations, travel and trade restrictions and impact on economic activity in affected countries or regions can be expected and can be difficult to quantify. Such pandemics or diseases represent a serious threat to maintaining a skilled workforce industry and could be a major health-care challenge for the Company. There can be no assurance that the Company's personnel will not be impacted by these pandemic diseases and ultimately that the Company would see its workforce productivity reduced or incur increased medical costs/insurance premiums as a result of these health risks. In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, Government response actions, business closures and business disruptions, can all have an impact on the Company's operations and access to capital. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets may reduce resource prices, share prices and financial liquidity and thereby that may severely limit the financing capital available.

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.

OTHER INFORMATION

Additional share information

At March 31, 2020, 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	-	-	-
Fully diluted share capital	**38,365,601**		

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 interim condensed financial statements for the period ended January 31, 2020. 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.