



(formerly Aida Minerals Corp.)

Management Discussion & Analysis (“MD&A”)

For the Six Months Ended June 30, 2018 and 2017

Date of Report: August 22, 2018

The following management's discussion and analysis should be read together with the annual financial statements and accompanying notes for the year ended December 31, 2017 and related notes hereto, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian securities laws that may not be based on historical fact, including, without limitation, statements containing the words "believe", "may", "plan", "will", "estimate", "continue", "anticipate", "intend", "expect" and similar expressions. Forward-looking statements are necessarily based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as the factors we believe are appropriate. Forward-looking statements in this MD&A include but are not limited to statements relating to:

- *our ability to obtain funding for our operations, including funding for acquisition obligations, computer programming, and commercial activities;*
- *the initiation, timing, cost, progress and success of our programming;*
- *our business model and strategic plans;*
- *our ability to advance cash payment system software, and supply chain software into marketable enterprise solutions;*
- *our ability to recruit sufficient programmers;*
- *our ability to achieve profitability;*
- *our ability to establish and maintain relationships with collaborators with acceptable development, regulatory and commercialization expertise and the benefits to be derived from such collaborative efforts;*
- *the implementation of our business model and strategic plans;*
- *our ability to develop and commercialize product candidates;*
- *our ability to protect our intellectual property and operate our business without infringing upon the intellectual property rights of others;*
- *our expectations regarding federal, provincial and foreign regulatory requirements;*
- *whether we will receive, and the timing and costs of obtaining, regulatory approvals in the United States, Canada, the European Union and other jurisdictions;*
- *the actual benefits when compared to our competitors as to the economy and effectiveness of our product candidates;*
- *the accuracy of our estimates of the size and characteristics of the markets that may be addressed by our products and product candidates;*
- *the rate and degree of market acceptance of our future products, if any;*
- *the timing of, and our ability and our collaborators' ability, if any, to obtain and maintain regulatory approvals for our products;*
- *our expectations regarding market risk, including interest rate changes and foreign currency fluctuations;*
- *our ability to engage and retain the employees required to grow our business;*
- *the compensation that is expected to be paid to employees and consultants of the Company;*
- *our future financial performance and projected expenditures;*
- *developments relating to our competitors and our industry, including the success of competing software solutions that are or become available; and*
- *estimates of our expenses, capital requirements and our needs for additional financing.*

Such statements reflect our current views with respect to future events and are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while

considered reasonable by BLOK, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including, but not limited to: (i) obtaining market acceptance of technologies; (ii) obtaining regulatory approvals; (iii) general business and economic conditions; (iv) the availability of financing on reasonable terms; (v) the Company's ability to attract and retain skilled staff; (vi) market competition; (vii) the products and technology offered by the Company's competitors; and (viii) the Company's ability to protect intellectual property and proprietary rights.

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined below under the heading "Financial Instruments and Risks". Should one or more of these risks or uncertainties, or a risk that is not currently known to us materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this MD&A and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

OVERVIEW

BLOK invests in and develops emerging companies in the blockchain technology sector. Building on our solid foundation, BLOK provides capital, technology and management expertise to produce blockchain-enabled business applications.

Blockchain is an open, distributed ledger technology protocol that ensures trust, accuracy and auditability of transactions. Many believe that blockchain will transform the way business is done. Blockchain systems can record transactions between two parties efficiently and in a verifiable and permanent way. Once recorded, the data in any given block is immutable, meaning it cannot be altered retroactively without the alteration of all subsequent blocks by the majority of the network. Blockchain systems are secure, decentralized and eliminate the need for central third parties to verify trust within the transaction. This makes blockchain ideally suited for recording of commercial transactions, inventory management, events, personal identity records, and the traceability of goods amongst producers and the supply chain.

BLOK is in the process of investing in two separate blockchain-enabled business applications.

- Greenstream Networks Inc.;
- FogChain, Inc.

GREENSTREAM NETWORKS INC.

Greenstream is a wholly owned subsidiary of BLOK and is engaged in the development of a blockchain-enabled supply chain integrity platform for the legalized cannabis industry. Greenstream is headquartered in Montreal, Canada and currently has 10 employees and contractors on staff, providing the design, programming, testing and implementation of the software.

The federal government has laid out a roadmap to have cannabis legalized nationwide by July or August 2018. Greenstream is in the process of developing the Greenstream Network Platform, a technology architecture to address the supply chain management needs for this new regulatory

environment, providing the industry the ability to manage from 'seed to sale'. The Greenstream Network Platform is a permissioned consortium network that will allow Licensed Producers, Retailers, Regulators and other Cannabis industry stakeholders to communicate, interoperate and transfer assets and value through the Canadian cannabis ecosystem.

The Greenstream Network Platform has a number of features and benefits it provides to Cannabis industry stakeholders. It is designed to ensure compliance within the complex regulatory environment, provides powerful industry data and insights and pioneers new standards for the emerging Cannabis industry. The Greenstream Network Platform:

- seamlessly ensures supply chain data integrity
- incorporates a cost-effective and legal payment gateway for the exchange of value and
- includes an identity verification system

The Greenstream Network Platform is being built on leading-edge blockchain platforms including the Hyperledger stack, an open-source, collaborative technology initiative.

The Greenstream Network Platform has been completed to the alpha stage. The Company now moves into its next phase of development including demonstration, testing and gaining feedback from Cannabis industry companies and will require three to four months of transactional testing prior to reaching commercialization stage, which is expected later this year.

SIMPLEBLOCK PAYMENT SYSTEMS

BLOK has entered into an agreement (“LOI”) with Port Mercantile Capital Limited to acquire 100% ownership of SimpleBlock Payment Systems (“SimpleBlock”), an existing mobile banking and payment software platform. Under the terms of the LOI, BLOK will acquire a 100% interest in the SimpleBlock software and source code asset. SimpleBlock is a Fintech software platform (the “Software”) that, together with its associated source code IP, provides proprietary mobile banking services and financial payment and collection solutions. The Company's option to proceed on this application was expired and the Company had written off all of its expenditures.

FOGCHAIN, INC.

BLOK has signed a Memorandum of Understanding (“MOU”) with FogChain, Inc. (“FogChain”), outlining the details of the strategic relationship between the two companies for mutual growth and collaboration. FogChain is a Silicon Valley, California Technology Company led by a highly-experienced Cloud and SaaS team designing a software tool kit for blockchain development and deployment.

The strategic relationship includes the following:

- Co-Development
 - BLOK will become a founding member of the FogChain customer advisory board and will have access to the FogChain development platform for testing. In addition, both parties will collaborate and provide advice to the other with respect to product development, giving both companies access to top-notch strategic, technology and go-to-market expertise.
- Go-To-Market
 - FogChain will work with BLOK to support the US distribution of BLOK's blockchain platforms and software. This includes direct sales, introductions to and support with channel partners, such as Amazon Web Services, IBM BlueMix and Microsoft Azure.
 - In addition, BLOK will assist FogChain with the distribution of the FogChain

- platforms; and as a reseller and/or channel partner. Under the terms of the MOU, BLOK and FogChain will collaboratively support each other's marketing initiatives.
- Mutual Investment
 - To solidify this strategic relationship, each company will take equity investments in the other. This mutual investment will be finalized through a Definitive Agreement (the "Definitive Agreement"). Under the terms of the MOU, BLOK will receive \$500,000 worth of stock in FogChain at a price of \$0.54 per share, following the currently proposed FogChain business combination. This is in addition to the \$100,000 investment BLOK has made into FogChain through the previously announced FogChain private placement, bringing BLOK's total investment to \$600,000. FogChain will be entitled to, but not required to, receive \$500,000 of BLOK's common shares valued on the Closing Date of the Definitive Agreement.

GROWTH STRATEGY

BLOK completed the 100% purchase of outstanding shares of Greenstream Networks Inc. ("Greenstream or GNI") on January 15, 2018 for 7,000,000 shares of BLOK. BLOK has invested over \$500,000 into software development through GNI. The software is to be used to legally process payment to and by the cannabis industry, as well as provide the government, Licensed Producers and industry stakeholders the assurance that they are managing the seed to sale of cannabis within the confines of the regulations enacted by both the Government of Canada and by the individual provinces. Roll out is expected to commence upon completion of testing in December 2018.

HIGHLIGHTS

- On April 6, 2017, the Company entered into a Mineral Property Option Agreement (the "Option Agreement"). Under the Option Agreement, the Company had the right to explore and develop the Tay-LP Gold Property, property consisting 413 claims covering a 30 km. long by 4 km. wide, belt of gold prospects (7,880 hectares), located approximately 47 kilometers southwest of Ross River, Yukon Territory. In consideration of the Tay-LP Option Agreement, the Company agreed to issue 200,000 shares to the Optionor. Further consideration consisted of cash payment of \$20,000 by September 3, 2017, and a further \$25,000 on or before December 30, 2017, and further cash payments of \$40,000 on or before December 30, 2018; \$60,000 on or before December 30, 2019; and \$100,000 on or before December 30, 2020. Work commitments were for \$150,000 in 2017; \$250,000 in 2018; \$500,000 in 2019; and \$1,000,000 in 2020. The Optionor will retain a two (2) percent net smelter return upon completion of the terms to acquire 100% of the property, with a \$20,000 per year pre-production Royalty paid on or before December 30, of each year. The Option Agreement was terminated on November 15, 2017.
- On October 6, 2017, the Company announced that it has entered into a non-binding letter of intent (the "LOI") to acquire 100% of 10375977 Canada Inc., a blockchain technology company doing business as Greenstream ("Greenstream"). Under the terms of the deal, the Company acquired all of the issued and outstanding common shares of Greenstream in exchange for the issuance of 7,000,000 common shares of Aida on a pro-rata basis to the shareholders of Greenstream, subject to certain performance-based vesting conditions.
- On November 2, 2017, the Company closed in escrow a non-brokered private placement financing for gross proceeds of \$1,649,936 through the sale of 8,249,680 units (each "Unit") at \$0.20 per unit. Each unit consists of one (1) common share ("Common Share") and one-half (1/2) of one transferable common share purchase warrant ("Warrant"), with each full warrant entitling the holder to acquire one additional Aida common share at an exercise price of \$0.50 per share for a period of twelve (12) months from the closing date, subject to an acceleration

clause (the “Acceleration Clause”). The Acceleration Clause provides that in the event that the Company’s common shares trade at a closing price greater than \$1.00 per share for a period of 10 consecutive trading days at any time after the closing date, the Company may accelerate the expiry date of the Warrants by giving written notice to the holders thereof and in such case the Warrants will expire on the 30th day after the date on which such notice is given by the Company. The finders were paid an aggregate cash sum of \$114,336.00. In addition, the finders were granted an aggregate of 571,680 warrants (the “Finders’ Warrants”) exercisable into 571,680 common shares at a price \$0.50 per share for a term of twelve months (12) from the date of closing, subject to the same terms as the Warrant.

- On November 27, 2017, the Company announced that it was doing the necessary filing to obtain the CSE’s approval to close the acquisition of Greenstream. Upon Closing, the name of the Company was to change from Aida Minerals Inc. to BLOK Technologies Inc. This was approved on January 31, 2018 by the CSE and the Company began trading on the CSE under symbol BLK on February 2, 2018.

On March 1, 2018, the Company announced it had entered into a non-binding letter of intent (“LOI”) with Port Mercantile Capital Limited (“Port Mercantile”), a private Hong Kong corporation, to acquire SimpleBlock Payment Systems (“SimpleBlock”), an existing mobile banking and payment software platform. Under the terms of the LOI, BLOK will acquire a 100% interest in the SimpleBlock software and source code. Payment of \$15,000.00 USD has been made. Additional terms are payment of a \$100,000 USD progress payment within 15 days of verification and delivery of the IP (the “Source Code”) ownership; Payment of \$100,000 USD upon the execution of the Transaction Agreement. Upon execution of these terms, BLOK will own an exclusive license for the deployment of SimpleBlock in the African marketplace. BLOK will further own an option to acquire global rights (minus the licensing rights to the Philippines) for \$1,000,000 USD to be exercised within 18 months of the execution of the Definitive Asset Purchase Agreement. Port Mercantile would be eligible for an additional 1,000,000 bonus common shares of BLOK upon execution of an LOI with an African Financial Institution (“Africa Bank”) with more than twenty (20) full branches within the first 90 days after closing of the Transaction Agreement. The expiry date of the LOI was subsequently extended to June 15, 2018. As of June 15, 2018, the Company’s option to proceed on this application was expired and the Company had written off all of its expenditure.

- On March 8, 2018, the Company made a Strategic Investment (“Investment”) into FogChain, Inc. (“FogChain”), developing a strategic relationship between the two companies for mutual growth and collaboration. FogChain is located in Silicon Valley, California. Under the terms of this strategic relationship, BLOK has made an initial investment of \$100,000 as part of a private placement for subscription receipts of FogChain. For BLOK, this Investment is the first phase of a multifaceted relationship giving the Company access to leading edge developer tools and co-development of Blockchain-enabled software. FogChain will provide BLOK Tech access to tier 1 channel partner networks in the United States for technology product distribution. Both companies over the next few months will further solidify their relationship by exploring deal flow and joint marketing initiatives leading to presentations to each company’s board to advance the relationship. The Investment also gives BLOK Tech preferred access into emerging companies in Silicon Valley where FogChain has its headquarters and access to blockchain developers and engineers.

SUMMARY OF QUARTER RESULTS

The following table sets out selected quarterly information for each of the Company's most recent eight completed quarters.

Quarter ended	Revenue	Net Loss	Net loss per share (basic and diluted)
	\$	\$	\$
June 30, 2016	-	(142,539)	(0.01)
September 30, 2016	-	(155,465)	(0.01)
December 31, 2016	-	(392,939)	(0.02)
06/31/2017	-	(106,141)	(0.01)
June 30, 2017	-	(178,264)	(0.01)
September 30, 2017	-	(94,124)	(0.01)
December 31, 2017	-	(598,319)	(0.02)
March 31, 2018	-	(1,410,509)	(0.07)
June 30, 2018	-	(2,066,817)	(0.05)

DISCUSSION OF OPERATIONS

Comparison of results of operations of the three months ended June 30, 2018 and 2017

	June 30, 2018	June 30, 2017
	\$	\$
Revenue		
Rent Income	-	6,000
Expenses		
Advertising & communications	263,231	5,684
Bank and interests	5,583	46,061
Consulting fees	1,105,887	58,422
Due Diligence	-	-
Financing fees	-	-
General and administrative	26,143	14,289
Management fees	148,500	27,000
Professional fees	77,979	120
Rent	16,794	27,478
Share-based compensation	106,818	-
Software development	240,419	-
Transfer agent and filing fees	32,459	8,641
Travel expenses	43,004	-
Loss before other items below	2,066,817	181,695
Other items:		
Foreign exchange loss (gain)	-	(3,431)
Loss in acquisition	-	-
	-	-
Net loss and comprehensive loss	2,066,817	178,264
Total Comprehensive Loss for the Period	2,066,817	178,264

- Advertising & communication increased by \$257,547 due to increase business activities

- Consulting fees increased by \$1,047,465 due to one incentive shares issue to numerous consultants.
- Management fees increased by \$121,500 due to increase of management fees.
- Share-based compensation increased by \$106,818 due to the issues of stock options.
- Software development increased by \$240,419 due to new business development from Greenstream subsidiary.

Comparison of results of operations of the six months ended June 30, 2018 and 2017

	June 30, 2018	June 30, 2017
	\$	\$
Revenue		
Rent Income	-	10,400
	-	10,400
Expenses		
Advertising & communications	467,375	20,105
Bank and interests	5,583	70,346
Consulting fees	1,270,768	60,822
Due Diligence	-	7,410
Financing fees	20,000	-
General and administrative	61,591	29,535
Management fees	186,000	55,000
Professional fees	126,179	120
Rent	40,008	55,253
Share-based compensation	106,818	-
Software development	388,361	-
Transfer agent and filing fees	37,692	10,791
Travel expenses	76,433	2,819
Loss before other items below	2,786,808	301,801
Other items:		
Foreign exchange loss (gain)	518	(17,396)
Loss in acquisition	690,000	-
	690,000	-
Net loss and comprehensive loss	3,477,326	284,405
Total Comprehensive Loss for the Period	3,477,326	284,405

- Advertising & communication increased by \$442,270 due to market promotion campaigns in the US and Europe relating to the letter of intent and subsequent to year end closing of Greenstream Networks Inc.
- Finance fees are increased by \$20,000 due to preparation of annual general meeting.
- Management fees increased by \$131,500 due to increase of management fees.

- Software development cost is increased by \$388,361 due to new business development from Greenstream subsidiary.
- Loss in acquisition of \$690,000 is from the acquisition of Greenstream due to the change of fair value of market share.

Sources and Uses of Cash

Sources and Uses of Cash	June 30, 2018	June 30, 2017
	\$	\$
Cash used in operating activities	(5,765,775)	(305,522)
Cash used in investing activities	(18,457)	(10)
Cash provided by financing activities	5,442,785	311,799
Net (decrease) increase in cash and cash equivalents	(410,000)	8,422

As at June 30, 2018, the Company has \$227,543 in cash compared to \$568,990 as at December 31, 2017. The Company has working capital of \$3,308,845 compared to \$565,025 as at December 31, 2017.

The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. Management believes that the Company will require additional working capital to meet its primary business objectives over the next 12 months.

Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the funding through future equity issuances and through short term borrowing in order to fund ongoing operations and to meet its obligations. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on its results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources that is material to investors.

RELATED PARTY TRANSACTIONS

	June 30, 2018	June 30, 2017
	\$	\$
CEO	30,000	37,000
CFO	30,000	18,000
Director	15,000	-

	June 30, 2018	December 31, 2017
	\$	\$
AP - CEO	7,221	-
AP - CFO	61,666	21,443
AP - Director	2,625	2,625
Due from Subsidiary	1,400,000	-

All related party transactions were in the ordinary course of business and were measured at their exchange amount as agreed between the related parties

OUTSTANDING SHARE CAPITAL

	June 30, 2018	Changes	August 22, 2018
Common shares issued	62,384,302	-	62,384,302
Stock options issued	2,535,000	-	2,535,000
Warrants issued	18,292,982	-	18,292,982
Fully diluted	83,212,284	-	83,212,284

PROPOSED TRANSACTIONS

FOGCHAIN, INC.

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- Go-To-Market
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 - In addition, BLOK will assist FogChain with the distribution of the FogChain platforms; and as a reseller and/or channel partner. Under the terms of the MOU, BLOK and FogChain will collaboratively support each other’s marketing initiatives.
- Mutual Investment
 - To solidify this strategic relationship, each company will take equity investments in the other. This mutual investment will be finalized through a Definitive Agreement (the “Definitive Agreement”). Under the terms of the MOU, BLOK will receive \$500,000 worth of stock in FogChain at a price of \$0.54 per share, following the currently proposed FogChain business combination. This is in addition to the \$100,000 investment BLOK has made into FogChain through the previously announced FogChain private placement, bringing BLOK’s total investment to \$600,000. FogChain will be entitled to, but not required to, receive \$500,000 of BLOK’s common shares valued on the Closing Date of the Definitive Agreement.

CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

New Standards Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended June 30, 2018, and have not been applied in preparing these financial statements.

New standard IFRS 9, “*Financial Instruments*”
 IFRS 15 “*Revenue from Contracts with Customers*”
 IFRS 16 “*Leases*”

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s financial statements.

FINANCIAL INSTRUMENTS AND RISKS

	Fair Value Measurements Using			Balance, \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	165,825	–	–	168,825

The fair values of other financial instruments, which include amounts receivable, accounts payable and accrued liabilities, promissory notes and due from (to) related parties approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consists of GST receivable due from the Government of Canada and a receivable from a public company. The carrying amount of financial assets represents the maximum credit exposure.

Foreign Exchange Rate

Foreign exchange risk is the risk that the Company’s financial instruments will fluctuate in value as a result of movements in foreign exchange rates. Foreign exchange risk arises from purchase transactions.

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 market interest rates. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. Fluctuations in market interest rates do not have a significant impact on the Company’s results of operations due to the short term to maturity of the investments held.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

Additional risk factors

Volatility of Market Price

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies has experienced substantial volatility in the past. This volatility may affect the ability of holders of Common Shares to sell their securities at an advantageous price. Market price fluctuations in the Common Shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Common Shares.

Financial markets historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Common Shares may be materially adversely affected.

Positive Return in an Investment in the Common Shares of the Company is Not Guaranteed

There is no guarantee that an investment in the Company will earn any positive return in the short term or long term. A purchase of the shares involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the Common Shares is appropriate only for purchasers who have the capacity to absorb a loss of some or all of their investment.

Dilution

The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares and Class A preferred shares. The Company's shareholders do not have preemptive rights in connection with any future issuances of securities by the Company. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of stock options under the Company's stock option plan and upon the exercise of outstanding warrants.

Negative Cash Flow from Operations

During the periods ended June 30, 2018 and December 31, 2017, the Company had negative cash flows from operating activities. To the extent that the Company has negative cash flow in any future period, the net proceeds from future financings may be used to fund such negative cash flow from operating activities.

Dependence on Key Personnel

The Company strongly depends on the business and technical expertise of its management and it is unlikely that this dependence will decrease in the near term. Loss of the Company's key

personnel could slow the Company's ability to innovate, although the effect on ongoing operations would be manageable as experienced key operations personnel could be put in place. As the Company's operations expand, additional general management resources will be required.

If the Company expands its operations, the ability of the Company to recruit, train, integrate and manage a large number of new employees is uncertain and failure to do so would have a negative impact on the Company's business plans.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the *Business Corporations Act* (British Columbia) (the "BCBCA") in dealing with conflicts of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and in the best interest of the Company.

Intellectual Property

Our success depends on our ability to protect our proprietary rights and operate without infringing the proprietary rights of others; we may incur significant expenses or be prevented from developing and/or commercializing products as a result of an intellectual property infringement claim.

Our success will depend in part on our ability and that of our corporate collaborators to obtain and enforce patents and maintain trade secrets.

The intellectual and proprietary rights of technology companies, including us, is highly uncertain and involves complex legal and technical questions for which legal principles are not firmly established. The degree of future protection for our proprietary rights, therefore, is highly uncertain. In this regard there can be no assurance that patents filed will result in successful attempts. In addition, there may be issued patents and pending applications owned by others directed to technologies relevant to our or our corporate collaborators' research, development and commercialization efforts. There can be no assurance that our or our corporate collaborators' technology can be developed and commercialized without a license to such patents or that such patent applications will not be granted priority over patent applications filed by us or one of our corporate collaborators.

Our commercial success depends significantly on our ability to operate without infringing the patents and proprietary rights of third parties, and there can be no assurance that our and our corporate collaborators' technologies and products do not or will not infringe the patents or proprietary rights of others.

There can be no assurance that third parties will not independently develop similar or alternative technologies to ours, duplicate any of our technologies or the technologies of our corporate collaborators or our licensors, or design around the patented technologies developed by us, our corporate collaborators or our licensors. The occurrence of any of these events would have a material adverse effect on our business, financial condition and results of operations.

Litigation may also be necessary to enforce patents issued or licensed to us or our corporate collaborators or to determine the scope and validity of a third party's proprietary rights. We could incur substantial costs if litigation is required to defend ourselves in patent suits brought by third parties, if we participate in patent suits brought against or initiated by our corporate collaborators or if we initiate such suits, and there can be no assurance that funds or resources would be available in the event of any such litigation. An adverse outcome in litigation or an interference to determine priority or other proceeding in a court or patent office could subject us to significant liabilities, require disputed rights to be licensed from other parties or require us or our corporate

collaborators to cease using certain technology or products, any of which may have a material adverse effect on our business, financial condition and results of operations.

The reader is encouraged to review the Company's statutory filings on www.sedar.com.