CASCADIA BLOCKCHAIN GROUP CORP.

(the "Company")

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended January 31, 2020

The following Management Discussion and Analysis ("MD&A") has been prepared by management as of June 1, 2020, should be read in conjunction with the audited consolidated financial statements and related notes of the Company for the years ended January 31, 2020 and 2019. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are stated in Canadian dollars unless otherwise indicated.

FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking information and statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions as at the date of this MD&A. The words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "interprets", "may", "will" and similar expressions identify forward-looking statements. The forward-looking statements reflect the current beliefs of the management of the Company, and are based on currently available information. Readers are cautioned not to place undue reliance on these statements as they are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, such forward-looking statements. The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

THIS MD&A CONTAINS THE FOLLOWING SECTIONS:

OVERVIEW

Cascadia Blockchain Group Corp. (the "Company" or "Cascadia") was incorporated on November 10, 2011 under the laws of British Columbia, Canada. Cascadia is a blockchain technology company operating in Vancouver, B.C., Canada. Its registered office is located at #530, 355 Burrard Street, Vancouver, British Columbia V6C 2G8. In September 2013, the Company was approved for listing on the Canadian Securities Exchange ("CSE"). The Company's common shares commenced trading on the CSE at the opening of markets on September 12, 2013 under the symbol "CK".

On December 20, 2017, the Company proposed a fundamental change of business to a blockchain company and a change of its name from Cascadia Consumer Electronics Corp. to Cascadia Blockchain Group Corp. The proposed change of business and change of name were approved by the CSE on September 7, 2018. The corresponding listing statement was filed on both the CSE and SEDAR websites.

Subsequent to the year-end, in March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

Subsidiaries

1. Tianjin Bocui Technology Limited

   The Company incorporated a Wholly Foreign Owned Enterprise ("WFOE") in China under the name "Tianjin Bocui Technology Limited" ("Bocui") on October 9, 2015. Among other benefits, WFOEs can give greater control over business ventures in mainland China and avoid a multitude of problematic issues which can potentially result from dealing with a domestic joint venture partner. Bocui is currently inactive.

2. CK Fintech Corp.

   "CK Fintech Corp." ("CK Fintech") is a wholly owned subsidiary incorporated on December 22, 2015. CK Fintech owns the intellectual property of a trading platform to provide various transaction capabilities for selected blockchain technology based digital assets, utility tokens, and cryptocurrencies.

3. Beijing Cascadia Technology Limited

   A Chinese subsidiary "Beijing Cascadia Technology Limited" ("Beijing Cascadia") was incorporated under Bocui on February 17, 2016. This subsidiary developed the digital assets trading platform for CK Fintech and provided software developments services to external customers.

   In January 2018, management of the Cascadia decided to sell all of the equity interest of this wholly owned subsidiary Beijing Cascadia. On February 9, 2018, the Company disposed all of its equity interest in its 100% owned subsidiary Beijing Cascadia in consideration for RMB1 with the assumption of debt of $2,035,322 by the purchaser.

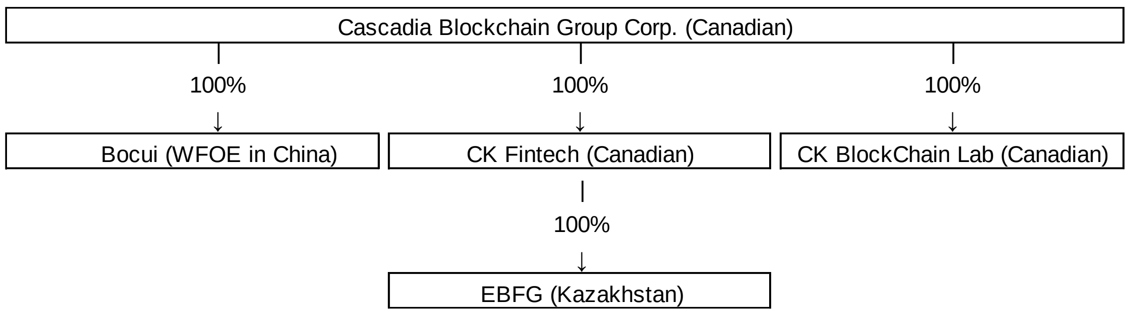
4. CK Blockchain Lab Corp.

   The Company incorporated a wholly owned subsidiary "CK Blockchain Lab Corp." to research and develop blockchain products on September 28, 2017.

5. Eurasia Blockchain Fintech Group Limited

On June 28, 2018, CK Fintech incorporated a wholly owned subsidiary "Eurasia Blockchain Fintech Group Limited" ("EBFG") to establish a foothold to provide blockchain solutions for various organizations.

The detail structure of the Company as at January 31, 2020 is as follows:



The presentation currency of the Company is the Canadian dollar. The functional currency of the Company and its subsidiaries is also the Canadian dollar except for EBFG, which is the Kazakhstani Tenge ("KZT").

DISCONTINUED OPERATIONS AND DISPOSAL OF BUSINESS

To streamline the Company's plan to focus on developing other blockchain projects and improve its balance sheet, in January 2018, management of the Company decided to sell 100% of its equity interest of Beijing Cascadia. On February 9, 2018, the Company completed the sale of Beijing Cascadia in consideration for RMB1 with the assumption of debt of $2,035,322.

Beijing Cascadia was incorporated to facilitate the daily operation and development of a platform to facilitate trading of blockchain related assets for the Company. The development and the testing of the trading platform were completed at the end of 2017. Beijing Cascadia generated $nil revenue for year ended January 31, 2019 and had a net loss of $75,866 for the year ended January 31, 2019 presented as discontinued operation.

SELECTED ANNUAL FINANCIAL INFORMATION

Certain of the following financial information of Cascadia has been derived from, and should be read in conjunction with, the audited consolidated financial statements for the years ended January 31, 2020 and 2019, and the related notes.

	Years Ended January 31		
	2020	**2019**	**2018**
	$	$	$
Total revenues	-	203,226	-
Loss for the year	(458,279)	(3,683,563)	(4,666,272)
Loss per share – basic and diluted	(0.01)	(0.05)	(0.08)
Total assets	1,202,751	1,752,441	7,200,225
Total long-term liabilities	-	-	1,786,571
Shareholder's equity (deficiency)	1,104,412	1,560,238	5,211,114
Cash dividends declared - per share	-	-	-

DISCUSSION OF OPERATIONS

On August 22, 2019, EBFG obtained the cryptocurrency exchange and custodian service conditional license issued by Astana International Financial Centre ("AIFC"). EBFG will be able to commence operations in a live environment after certain conditions are met such as providing written and approved Anti money laundry framework, complying with all IT systems requirements, and obtaining approval from Astana Financial Services Authority ("AFSA"). EBFG is currently at the final stage of completing the development of Eurasia Blockchain eXchange ("EBX") and has commenced internal testing.

On September 22, 2019, the Company announced the appointment of Mr. Di Deng as the Chairman of the Board of Directors (the "Board"), President and Chief Executive Officer ("CEO"). Mr. Xiaochuan Guo, who had been the acting President and CEO, and the director of the Company since April 1st, 2019, resigned from the Company to pursue another opportunity. Also, Mr. Jiasheng Cheng resigned as the director and Chairman of the audit committee of the Company to focus on his role as the CEO of a private company. Hanxuan Wu has been appointed as a director and the chairwoman of the audit committee to fill the vacancy created by Mr. Jiasheng Cheng's resignation. The new Board now comprises of Mr. Di Deng, Ms. Hanxuan Wu and Ms. Shanshan Zhu.

On October 7, 2019, the Company announced the appointment of Mr. Eason Chen as the interim Chief Financial Officer ("CFO") and Corporate Secretary. Mr. Garry Wong resigned from the position of CFO and Corporate Secretary but remained at the Company as a senior advisor.

In May 2020, the Company granted five unrestricted common shares of EBFG to Mr. Tilektes Adambekov, who has been serving EBFG as a director since 2018. Cascadia's ownership in EBFG has changed from 100.00% to 95.24% after granting the shares to Mr. Adambekov.

The Company currently headquarters in Vancouver, Canada and has an office in Nur-Sultan, Kazakhstan.

REVIEW OF FINANCIAL RESULTS

2020 FOURTH QUARTER RESULT

	Three Months Ended January 31,		Variance
	2020	2019	$
REVENUE	**$ -**	$ -	-
EXPENSE			
Salaries and benefits	**193,678**	217,734	(24,056)
Consulting and professional fees	**53,911**	150,621	(96,710)
Travel	**11,601**	42,234	(30,633)
Rent	**3,077**	25,840	(22,763)
Office and miscellaneous	**1,039**	41,165	(40,126)
Provision for expected credit losses	**-**	359,534	(359,534)
Listing and transfer agent expenses	**4,286**	3,385	901
Amortization	**6,525**	1,016	5,509
Bank charges and interest	**1,738**	4,469	(2,731)
OPERATING LOSS	**$ (275,855)**	$ (845,998)	570,143
OTHER INCOME (LOSS)			
Interest income	**164**	315	(151)
Foreign exchange gain	**11,922**	(7,252)	19,174
Recovery (loss) from change in fair value of cryptocurrency	**(52,343)**	918,680	(971,023)
Gain/(loss) on disposal of cryptocurrency	**42,909**	(2,535,861)	2,578,770
LOSS FOR THE YEAR	**$ (273,203)**	$ (2,470,116)	2,196,913
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will be reclassified to net income / loss:			
Foreign currency translation adjustments from foreign subsidiary	**(13,300)**	-	(13,300)
COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	**$ (286,503)**	$ (2,470,116)	2,183,613

During the three months ended January 31, 2020, the Company reported a net loss of $273,203 (2019: $2,470,116). The details are listed as in the table.

1. a decrease of $24,056 of payroll expense from $217,734 in the three months ended January 31, 2019 to $193,678 in the same period in 2020 was due to resignation of a senior officer of the Company in October 2019;
2. a decrease of $96,710 of consulting and professional expense from $150,621 in the three months ended January 31, 2019 to $53,991 in the same period in 2020 was due to the reduced number of consultants and also the decrease in legal fee in 2020;
3. a decrease of $30,633 of travel expense in the three months ended January 31 from $42,234 in 2019 to $11,601 in the same period in 2020 due to management's effort to reduce travelling activities by using video conferences in 2020;
4. a decrease of $22,763 in rent from $3,077 in the three months ended January 31, 2020 compared to $25,840 for the same period ended 2019, is due to the close of Toronto office in April 2019 and decrease of rental in Vancouver office since April 2019 and the new office rented in Kazakhstan in September 2020 is accounted for as a Right of Use ("ROU") asset under *IFRS 16 Leases*;

5. a decrease of $40,126 of office and miscellaneous expense from $41,165 in the three months ended January 31, 2019 to $1,039 in the same period in 2020, mainly due to the reduction in marketing expenses in 2020 fiscal year;
6. provision for expected credit losses in the three months ended January 31, 2020 is $nil compared to the losses of $359,534 in the same period in 2019 due to the provision of the accounts receivable related to a licensing arrangement and other receivables in 2019;
7. foreign exchange gain of $11,922 for the three months ended January 31, 2020 compared to $7,252 loss for the three months ended January 31, 2019, due to the appreciation of the US dollar held by the Company during the three months ended January 31, 2020;
8. losses of $52,343 in fair value of cryptocurrency was recorded in the three months ended January 31, 2020 compared to $918,680 gain in the same period of 2019, due to the decrease in market price of bitcoins ("BTCs") and the number of bitcoins reduced as at January 31, 2020 compared to January 31, 2019;
9. $42,909 gain on disposal of cryptocurrency in fair value of cryptocurrency for the three months ended January 31, 2020 is related to the sale of 6 BTCs and payment of 4.32 BTCs as consulting fee for the three months ended January 31, 2020;
10. a loss of $13,300 of other comprehensive income from the operation of EBFG due to the currency translation adjustments, while it is $nil in three months ended January 31, 2019.

2020 YEAR END RESULT

During the year ended January 31, 2020, the Company reported a net loss of $458,279, compared to a net loss of $3,683,563 in the same period in 2019. The details are listed in the table as below.

	Years Ended January 31, 2020	2019	Variance $
REVENUE	**$ -**	$ 203,226	(203,226)
EXPENSE			
Salaries and benefits	**$ 823,902**	$ 765,507	58,395
Consulting and professional fees	**230,344**	382,750	(152,406)
Travel	**59,822**	315,655	(255,833)
Rent	**45,984**	82,106	(36,122)
Office and miscellaneous	**29,554**	209,887	(180,333)
Provision for expected credit losses	**-**	461,147	(461,147)
Listing and transfer agent expenses	**22,515**	27,613	(5,098)
Amortization	**13,008**	3,552	9,456
Bank charges and interest	**7,282**	9,796	(2,514)
OPERATING LOSS	**(1,232,411)**	(2,054,787)	822,376
OTHER INCOME (LOSS)			
Interest income	**1,257**	315	942
Foreign exchange gain	**2,808**	92,528	(89,720)
Recovery (loss) from change in fair value of cryptocurrency	**469,474**	(772,472)	1,241,946
Gain/(loss) on disposal of cryptocurrency	**300,593**	(2,535,861)	2,836,454
Gain on disposal of business	**-**	1,662,580	(1,662,580)
LOSS FROM CONTINUING OPERATIONS	**(458,279)**	(3,607,697)	3,149,418
DISCONTINUED OPERATIONS			
Loss from discontinued operations	**-**	(75,866)	75,866
LOSS FOR THE YEAR	**$ (458,279)**	$ (3,683,563)	3,225,284
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will be reclassified to net income / loss:			
Foreign currency translation adjustments from foreign subsidiary	**2,453**	-	2,453
Foreign exchange from discontinued operations	**-**	(28,492)	28,492
Reclassification to net income of cumulative translation adjustments related to business disposal	**-**	61,179	(61,179)
COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	**$ (455,826)**	$ (3,650,876)	3,195,050

From the continuous operation:

1. A decrease of $203,226 of revenue for the year ended January 31, 2020 compared to the year ended 2019, due to the cease of the licensing agreement related to the Company's exchange platform in 2019;
2. an increase of $58,395 of salary and benefits expense in the year ended January 31 from $765,507 in 2019 to $823,902 in 2020, due to the vacation and severance payments related to the termination of employment of a senior officer left in October 2019;
3. a decrease of $152,406 of consulting and professional fees for the year ended January 31 from $382,750 in 2019 to $230,344 for the same period in 2020, due to the decrease of number of consultants hired in 2020;

4. a decrease of $255,833 of travel expense for the year ended January 31 from $315,655 in 2019 to $59,822 for the same period in 2020, due to reduced travelling activities in 2020 fiscal year;
5. a decrease of $36,122 of rental expense for the year ended January 31 from $82,106 in 2019 to $45,984 for the same period in 2020, is due to the close of Toronto office in April 2019 and decrease of rental in Vancouver office since April 2019 and the new office rented in Kazakhstan in September 2020 is accounted for as a Right of Use ("ROU") asset under *IFRS 16 Leases*;
6. a decrease of $180,333 of office and miscellaneous expense in the year ended January 31 from $209,887 in 2019 to $29,554 in 2020, mainly due to management's effort to reduce non-essential expenses such as marketing and entertainment expenses in 2020 fiscal year;
7. provision for expected credit losses in the three months ended January 31, 2020 is $nil compared to the losses of $461,147 in the same period in 2019 due to the provision of the accounts receivable related to a licensing arrangement and other receivables in 2019;
8. a decrease of $5,098 of listing and transfer agent expenses in the year ended January 31 of $22,515 in 2020 from $27,613 in 2019 due to one-off expenses related to the name and business change application fee in 2019;
9. a gain of $2,808 in foreign exchange gain for the year ended January 31, 2020 compared to $92,528 gain for 2019, due to the appreciation of the US dollar held by the Company during the year ended January 31, 2020 and 2019;
10. $469,474 of gain in fair value of cryptocurrency was recorded in the year ended January 31, 2020 compared to $772,472 loss in 2019, due to the increase of bitcoin price as at January 31, 2020 compared to January 31, 2019;
11. $300,593 gain on disposal of cryptocurrency in fair value of cryptocurrency for the year ended January 31, 2020 is related to the sale of 28 BTCs, and payment of 10.21 BTCs as consulting fee;
12. a gain of $2,453 of other comprehensive income from the operation of EBFG due to the currency translation adjustments in 2020, while it is $nil in year ended January 31, 2019.

From discontinued operation:

Beijing Cascadia was disposed on February 9, 2018, the operation results for the year ended January 31, 2019 included a short period of 8 days, and results the followings,

13. loss from discontinued operation in 2019 for $75,866, while it is nil in 2020;
14. loss from discontinued operation in 2019 for foreign currency exchange translation of Chinese Renminbi and Canadian dollars for $28,492, while it is nil in 2020;
15. gain from discontinued operation in 2019 for reclassification to net earnings of cumulative translation adjustments for $61,179, while it is nil in 2020.

SUMMARY OF QUARTERLY RESULTS

The following financial information for the Company has been derived from the Company's financial statements for the Company's most recent 8 quarters.

	For the Three Months Ended							
	Fiscal 2020				Fiscal 2019			
	Jan 31, 2020	Oct 31, 2019	Jul 31, 2019	Apr 30, 2019	Jan. 31, 2019	Oct. 31, 2018 (restated)*	Jul 31, 2018 (restated)*	Apr. 30, 2018 (restated)*
	$	$	$	$	$	$	$	$
Income (loss) from continuous operations	(273,203)	(530,964)	371,743	(25,855)	(2,470,116)	(1,338,828)	(915,289)	1,116,536
Loss from discontinued operations	-	-	-	-	-	-	-	(75,866)
Net income (loss)	(273,203)	(530,964)	371,743	(25,855)	(2,470,116)	(1,338,828)	(915,289)	1,040,670
Earning (loss)								
Per share - basic	(0.00)	(0.01)	0.01	(0.00)	(0.03)	(0.02)	(0.01)	0.01
per share - diluted	(0.00)	(0.01)	0.01	(0.00)	(0.03)	(0.02)	(0.01)	0.01

* Income from continuous operations for the three months ended April 30, 2018 has been restated from $1,248,165 to $1,116,536 and loss from continuous operations, for the three months ended July 31, 2018 has been restated from $893,515 to $915,289, respectively. The licensing fees for the first three months was waived according to the three-year license agreement. The licensing fee was originally recognized as revenue using straight-line method since February 19, 2018 based on the three-year term. However, the Company concluded the three-year agreement should be treated as a month-to-month contract for accounting purpose and no revenue should be recognized during the first three months. Therefore, revenue was reduced by $131,629 for the three months ended April 30, 2018 and $21,774 for the three months ended July 31, 2018.

The significant gain from continuing operation during the three months ended April 30, 2018 was mainly due to the disposal of business, Beijing Cascadia, on February 9, 2018.

The significant loss from continuing operation during the three months ended October 31, 2018 and July 31, 2018 was mainly due to the loss related to change in fair value of cryptocurrency.

The significant loss from continuing operation during the three months ended January 31, 2019 was mainly due to the loss in disposal of cryptocurrency in year ended January 31.

For the discontinued operation, the loss is related to the operation in Beijing Cascadia.

LIQUIDITY AND CAPITAL RESOURCES

Historically the Company has been successful in raising capital through private placements to finance day-to-day operation and expansion. The Company continually reviews operational results and expenditures to ensure adequate liquidity to support its growth strategy while maintaining the current operation. However, there is no guarantee that the Company will have access to future capital or the ability to generate positive cash flows.

As at January 31, 2020, the Company had a cash balance of $393,126 compared to a cash balance of $1,267,970 as at January 31, 2019. The Company had a working capital surplus of $1,058,316 as at January 31, 2020 compared to the working capital surplus of $1,555,863 as at January 31, 2019. Among which, the Company has 60.98 bitcoins with fair value of $753,403 as at January 31, 2020. The Company has no debt as at January 31, 2020.

GOING CONCERN

The Company's ability to continue as a going concern and to realize assets and discharge its liabilities in the normal course of business is dependent upon its generating profitable operations, obtaining additional financing or maintaining continued support from its shareholders and creditors, and identifying and acquiring other businesses or assets in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The salaries and benefits compensation to key management personnel of the Company was $484,655 for the year ended January 31, 2020 (2019: $331,821).

Key management includes directors, the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Company.

Included in accounts payable and accrued liabilities was $43,633 (January 31, 2019 - $274,036) due to directors and officers of the Company.

These transactions are in the normal course of operations and are measured at the exchange amount established and agreed to by the related parties.

DIRECTORS AND OFFICERS

Di Deng	Chairman of the Board of Directors, President and Chief Executive Officer (appointed on September 20, 2019)
Hanxuan Wu	Director and Chairwoman of Audit Committee (appointed on September 20, 2019)
Shanshan Zhu	Director
Eason Chen	Interim Chief Financial Officer (appointed on October 7, 2019)
Rachel Wang	Chief Executive Officer (resigned on March 30, 2019)
Garry Wong	Chief Financial Officer (resigned on October 7, 2019)
Galen Cheng	Independent Director and Chairman of Audit Committee (resigned on September 20, 2019)
Xiaochuan Guo	Acting Chief Executive Officer and Director (resigned on September 20, 2019)

OUTSTANDING SHARE DATA AS AT JANUARY 31, 2020 AND JUNE 1, 2020

	Number Outstanding (#)	Exercise Price ($)	Expiry Date
Common shares	71,977,438		
Common shares issuable on exercise:			
Stock options	140,000	0.12	March 15, 2021
Warrants	10,951,400	0.10	November 27, 2020
Warrants	28,500,000	0.12	March 24, 2021

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and revenues and expenses for the periods reported. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Judgements are choices in accounting policies and disclosures which management believes are supported by facts and circumstances existing at the date of the condensed interim consolidated financial statements.

Significant areas requiring the use of management estimates include:

- The amount of expected credit loss of receivables.

Critical accounting judgements are accounting policies that have been identified as being complex or involve subjective judgments or assessments with a significant risk of material adjustment in the next fiscal year.

Significant judgement areas include:

- The classification of cryptocurrency as intangible assets;
- The ability of the Company to continue as a going concern; and
- Revenue recognition for new customer.

FINANCIAL INSTRUMENTS

The Company classifies its cash and cash equivalents as financial asset measured at FVTPL, accounts receivable and other receivables (excluding GST recoverable) as financial assets measured at amortized cost, its accounts payable and loans payable as financial liabilities measured at amortized cost. The carrying amount of financial assets and liabilities carried at amortized cost is a reasonable approximation of their fair value due to the relatively short period to maturity of these financial instruments.

Fair value

The following table summarizes the carrying values of the Company's financial instruments:

	January 31, 2020	January 31, 2019
	$	$
Financial assets at fair value through profit or loss (i)	**393,126**	1,267,970
Financial assets measured at amortized cost (ii)	**2,944**	136
Financial liabilities measured at amortized cost (iii)	**98,339**	192,203

(i) Cash and cash equivalents
(ii) Accounts receivable and other receivables - excluding GST recoverable
(iii) Accounts payable and lease liability

Financial instruments measured at fair value on a recurring basis are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and cash equivalents are classified as Level 1. There were no transfers into or out of Level 2 or Level 3 during the year ended January 31, 2020.

Financial risk management

The Company's financial risks arising from its financial instruments are market risk, credit risk, liquidity risk and interest rate risk. The Company's exposure to these risks and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists of currency risk, which is the risk that exposes the Company to financial risk related to the fluctuation in exchange rates.

The Company's expenses are mainly denominated in Canadian dollars for operations. As the Company has significant amount of GIC in US dollars, it also faces exchange rate fluctuation relative to the US dollar. Significant change in the currency exchange rates between the Canadian dollars relative to the US dollar could both have effect on the Company's results of operations, financial position and / or cash flow. If the US dollar appreciates / depreciates 5%, the Company's net income would increase / decrease and deficit would decrease / increase by approximately $6,689, which arises primarily from the Company's US account.

Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company's credit risk with respect to its cash is minimal as it is held with a large financial institution. The Company's maximum exposure to credit risk for the components of the consolidated statement of financial position at January 31, 2020 and 2019 is the carrying value of each class of financial assets disclosed in the condensed interim consolidated financial statements.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at January 31, 2020, the Company had a working capital surplus of $1,058,313 (2019 - $1,555,863). All of the Company's financial liabilities are classified as current.

Interest rate risk

The Company is exposed to insignificant interest rate risk on its GIC because the GIC balance is not material. The Company has no interest-bearing debt. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

Standard effective for annual periods beginning on or after January 1, 2019

The Company has adopted these standards on February 1, 2019.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces 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. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee recognizes a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees is required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees is also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee generally recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Company has applied IFRS 16 on its effective date of February 1, 2019 retrospectively, with the cumulative effect of initially applying the standard as an adjustment to retained earnings and no restatement of comparative information. Upon adoption, the Company elected to apply the available exemptions as permitted by IFRS 16 to recognize a lease expense on a straight-line basis for short-term leases and low value assets. The Company has also elected to apply the practical expedient whereby leases whose term ends within 12 months of the date of initial application would be accounted for in the same way as short-term leases. Therefore, the Company did not recognize any right of use assets or associated lease liabilities upon adoption of IFRS 16 and as such, the adjustment to retained earnings was $nil and there was no change to the Company's consolidated statements of financial position as at February 1, 2019.

IFRIC 23 Uncertainty over Income Tax Treatments

The Company has applied IFRIC 23 on its effective date of February 1, 2019 with retrospective application. IFRIC 23 clarifies the recognition and measurement requirements when there is uncertainty over income tax treatments. The effect of uncertain tax treatments is recognized at the most likely amount or expected value. The adoption of IFRIC 23 did not affect the Company's financial results or disclosures.

ADDITIONAL INFORMATION

Additional information concerning the Company and its operations is available on SEDAR at www.sedar.com.

APPROVAL

The Board of Directors of Cascadia Blockchain Group Corp. has approved the contents of this management discussion and analysis on June 1, 2020.