QUADRON CANNATECH CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS AT AND FOR THE YEAR ENDED APRIL 30, 2018

Dated: August 28, 2018

MANAGEMENT'S RESPONSIBILTY FOR FINANCIAL REPORTING

This management's discussion and analysis ("MD&A") reports on the operating results and financial condition of Quadron Cannatech Corporation (the "Company" or "Quadron") for the year ended April 30, 2018. This MD&A should be read in conjunction with the Company's audited annual consolidated financial statements for the years ended April 30, 2018 and 2017 and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") (collectively referred to as the "Financial Statements"). Other information contained in these documents has also been prepared by management and is consistent with the data contained in the Financial Statements.

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

APPROVAL

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that this MD&A does not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading considering the circumstances under which it was made, with respect to the periods reported. The Financial Statements together with the other financial information included in this MD&A fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented in this MD&A. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing. The Board of Directors has approved the Financial Statements and MD&A, as well as ensured that management has discharged its financial responsibilities as at August 28, 2018.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These forward-looking statements include but are not limited to statements concerning:

- The Company's success at completing future financings
- The Company's strategies and objectives
- The Company's cost reductions and other financial operating objectives
- The availability of qualified employees for business operations
- General business and economic conditions
- The Company's ability to meet its financial obligations as they become due
- The Company's ability to identify, successfully negotiate and/or finance an acquisition of a new business opportunity
- The positive cash flows and financial viability of new business opportunities
- The Company's ability to manage growth with respect to a new business opportunity
- The Company's tax position, anticipated tax refunds and the tax rates applicable to the Company

Readers are cautioned that the preceding list of risks, uncertainties, assumptions and other factors are not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by these forward-looking statements. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, investors in securities of the Company should not place undue reliance on these forward-looking statements.

OVERVIEW AND OUTLOOK

Quadron was incorporated under the British Columbia Business Corporations Act on November 7, 2011 and became a reporting issuer in British Columbia and Alberta on July 25, 2012, and in Ontario on February 24, 2017. The Company's head office is located at Suite 1600, 609 Granville Street, Vancouver, BC, V7Y 1C3, and its registered and records office is located at Suite 2200, 885 West Georgia Street, Vancouver, BC, V6C 3E8.

The Company operates through its three wholly owned subsidiaries, Soma Labs Scientific Inc. ("Soma Labs"), Greenmantle Products Limited ("Greenmantle"), and Cybernetic Control Systems Inc. ("Cybernetic"). Through its subsidiaries, Quadron provides a variety of products and services structured to address the complex needs and requirements of cannabis industry participants. Quadron continues to develop its line of automated extraction and processing solutions to provide fully integrated extraction and processing facilities, by way of services agreements and sales, which includes equipment, ancillary products and services (via Soma Labs). In addition, the Company distributes ancillary products, such as customized dispensing devices along with a variety of packaging options to authorized cannabis industry participants (via Greenmantle). Cybernetic specializes in providing equipment automation services, control solutions and process manufacturing expertise to a variety of industry sectors.

Cannabis extractions and ancillary devices

Quadron's business is focused on providing a value add service to growers and processors of varying sizes. The market is moving toward extracts as researchers have witnessed early from the US just how fast the oils market is growing. According to data released by the Washington State Liquor and Cannabis Board, sales of cannabis concentrates have increased exponentially in the two years from $3,483,681 in 2014 to $143,282,686 in 2016. An analyst from Mackie Research has estimated that cannabis oil consumption in Canada alone is projected to rise from 284 litres in 2015 to 562,613 litres by 2020, which equates to roughly a C$2.8 billion market segment. Market data collected from Licensed Producers by Health Canada under the Access to Cannabis for Medical Purposes Regulations (ACMPR) as at Q4-2018 indicates that dried cannabis flower shipments increased just 4.2% (compared to the prior quarter), while oils grew 11% (as measured in kilograms).

With very few exceptions, not many companies are in the research and development of automation and modernization of equipment for extraction and processing of cannabis on a commercial production scale. In-house engineering, manufacturing and science-related technology experience gives Quadron a leading edge as a designer, manufacturer, supplier and innovator of safe, compliant and efficient extraction and distillation equipment.

Offering adult consumers alternatives to smoking dried cannabis is consistent with the public health approaches to the regulation of cannabis.

SELECTED ANNUAL FINANCIAL INFORMATION[1]

	For the year ended April 30, 2018	For the year ended April 30, 2017	For the year ended April 30, 2016
Loss and comprehensive loss:			
(i) total for the year	($3,146,832)	($1,987,088)	($1,544,618)
(ii) per share	($0.06)	($0.05)	($0.09)
Total assets	$7,314,255	$2,756,659	$2,193,381
Working capital	$5,968,566	$2,043,408	$583,716
Total revenues	$1,683,832	$1,789,188	$166,823
Total long-term financial liabilities	$ Nil	$ Nil	$ Nil

[1] *Financial information prepared in accordance with International Financial Reporting Standards ("IFRS")*

During the year ended April 30, 2017, the Company completed the acquisition of Cybernetic. Following the acquisition, the Company impaired the goodwill acquired with Cybernetic in a non-cash charge of $1,344,713. The Company generated revenues of $1,789,188 in the year ended April 30, 2017. Additionally, the completion of a private placement for $1,742,900 in gross proceeds improved the Company's working capital.

During the year ended April 30, 2018, the Company pursued its core business lines. Financial results for the year reflect a full operational year of Cybernetic. The Company completed two private placements which generated net proceeds of $6,017,243 and received additional proceeds of $1,068,243 for exercised options and warrants.

SUMMARY OF QUARTERLY RESULTS[1]

	4th Quarter Ended April 30, 2018	3rd Quarter Ended January 31, 2018	2nd Quarter Ended October 31, 2017	1st Quarter Ended July 31, 2017
Total revenues	$ 253,429	$ 478,443	$ 435,749	$ 516,211
Income/(Loss) and comprehensive loss	$ (1,534,175)	$ (828,235)	$ (367,602)	$ (416,820)
Income/(Loss) per share (basic and fully diluted)	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.00)
Total assets	$ 7,314,255	$ 8,237,877	$ 3,792,202	$ 2,393,740
	4th Quarter Ended April 30, 2017	**3rd Quarter Ended January 31, 2017**	**2nd Quarter Ended October 31, 2016**	**1st Quarter Ended July 31, 2016**
Total revenues	$ 150,128	$ 986,430	$ 429,180	$ 223,450
Income (loss) and comprehensive income (loss)	$ (1,810,201)	$ (305,569)	$ 148,533	$ (19,851)
Income (loss) per share (basic and fully diluted)	$ (0.04)	$ (0.01)	$ 0.00	$ (0.00)
Total assets	$ 2,756,659	$ 1,590,269	$ 1,713,570	$ 1,937,733

[1] *Financial information prepared in accordance with IFRS*

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED APRIL 30, 2018

The following is an analysis of the Company's operating results for the three months ended April 30, 2018, and includes a comparison against the three months ended April 30, 2017.

Net and comprehensive loss for the three months ended April 30, 2018 amounted to $1,534,175 or $0.02 per share (2017 –$1,810,201 or $0.04 per share). As per below, the Company's operating activity between the two periods has increased following its public listing in February 2017, including the acquisition of Cybernetic. The loss for the three months ended April 30, 2018 included a non-recurring expense of $77,100 for the impairment of certain inventory products and the write-off of an unrecoverable loan receivable in the amount of $145,000. In the prior period, the Company incurred a non-cash impairment expense of $1,344,713 against goodwill.

Sales revenue for the three months ended April 30, 2018 was $253,429 (2017 – $150,128). Revenue during the period was generated by the Company's three wholly owned subsidiaries, Cybernetic, Greenmantle and Soma Labs. Cybernetic was acquired in March of 2017 and therefore its revenues were only partially accounted for during the comparative quarter. Sales revenue during the period increased due to the recognition of a full quarter of sales from Cybernetic, along with increases from both Greenmantle and Soma Labs in comparison to the same period of 2017.

Cost of sales for the three months ended April 30, 2018 was $372,503 (2017 – $89,891). These costs are reflective of the cost of labor involved in providing laboratory, research and development services, the cost of inventory involved in offering ancillary products as part of service agreements and automation work to cannabis industry participants.

Gross margin for the three months ended April 30, 2018 was a loss of $119,074 (2017 – positive margin of $60,237 or 40% of sales). Gross margins fluctuate dependent upon product mix. During the period the Company increased staffing, with the learning curve temporarily weighing on gross margin. The Company expects to show positive gross margins in all divisions going forward.

Accounting and legal expenses for the three months ended April 30, 2018 were $110,798 (2017 – $82,688). The increase is due to higher periodic accounting and legal fees.

Consulting fees for the three months ended April 30, 2018 were $111,550 (2017 – $54,000). The fees are related to management's efforts to source additional business opportunities to enhance and supplement the amalgamated entities' current business model.

Depreciation expense for the three months ended April 30, 2018 was $89,753 (2017 – $16,776). Depreciation is the amortization of the cost of the extraction equipment, its related components and computer equipment.

Development and research expense for the three months ended April 30, 2018 was $75,569 (2017 – $1,091). The increase is due to increased staffing.

General and administrative expenses for the three months ended April 30, 2018 were $138,659 (2017 – $35,738). The current period increase is primarily related to the Company investing in staffing and infrastructure to expand its ability to service customers.

Management fees for the three months ended April 30, 2018 were $22,500 (2017 – $22,500). These expenses include fees paid to an external company for accounting services and administrative maintenance of the Company's books and records.

Marketing and research expenses for the three months ended April 30, 2018 were $109,931 (2017 – $22,626). These expenses include costs involved in the marketing of the Company's products and services to potential customers.

Remuneration and benefits expenses for the three months ended April 30, 2018 were $133,569 (2017 – $87,878). These expenses are for wages paid to employees of Soma Labs and Cybernetic who are responsible for customer service, inventory control, laboratory maintenance and sales management.

Rent expense for the three months ended April 30, 2018 was $45,681 (2017 - $Nil). The increase is primarily due to the acquisition of Cybernetic.

Share-based payments expense for the three months ended April 30, 2018 was $332,713 (2017 – $169,940) for stock options that vested during the period.

RESULTS OF OPERATIONS FOR THE YEAR ENDED APRIL 30, 2018

The following is an analysis of the Company's operating results for the year ended April 30, 2018, and includes a comparison against the year ended April 30, 2017.

Net and comprehensive loss for the year ended April 30, 2018 amounted to $3,146,832 or $0.06 per share (2017 – $1,987,088 or $0.05 per share). As per below, the Company's operating activity between the two periods has increased following its public listing in February 2017, including the acquisition of Cybernetic. The loss for the year ended April 30, 2018 included a non-recurring expense of $77,100 for the impairment of certain inventory products and the write-off of an unrecoverable loan receivable in the amount of $145,000. In the prior year, the Company incurred a non-cash impairment expense of $1,344,713 against goodwill.

Sales revenue for the year ended April 30, 2018 was $1,683,832 (2017 – $1,789,188). Revenue during the period was generated by the Company's three wholly owned subsidiaries, Cybernetic, Greenmantle and Soma Labs. Cybernetic was acquired in March of 2017 and therefore only a small portion of its revenues in 2017 were accounted for during the period. Sales revenues declined during the period due to decreases in sales from both Greenmantle and Soma Labs as the Company focused on the commercialization of certain extraction equipment, but were offset by an increase in sales revenues attributed by Cybernetic.

Cost of sales for the year ended April 30, 2018 was $1,330,546 (2017 – $1,286,868). These costs are reflective of the cost of labor involved in providing laboratory, research and development services, the cost of inventory involved in offering ancillary products as part of their service agreements and automation work to cannabis industry participants.

Gross margin for the year ended April 30, 2018 was $353,286 or 21% of sales (2017 - $502,320 or 28% of sales). Gross margins will fluctuate dependent upon product mix.

Accounting and legal expenses for the year ended April 30, 2018 were $194,591 (2017 – $187,585).

Consulting fees for the year ended April 30, 2018 were $284,300 (2017 – $185,094). The fees related to management's efforts to source additional business opportunities to enhance and supplement the amalgamated entities' current business model. The increase is primarily due to an increase in project management.

Depreciation expense for the year ended April 30, 2018 was $149,246 (2017 – $59,863). Depreciation is the amortization of the cost of the extraction equipment, its related components and computer equipment. In fiscal 2017, the Company sold assets previously under lease reducing the Company's depreciation burden. In 2018, the asset base of the Company increased significantly and therefore increased the depreciation expense.

Development and research expense for the year ended April 30, 2018 was $135,074 (2017 – $117,753). The slight increase was due to an increase in staffing in Soma Labs.

General and administrative expenses for the year ended April 30, 2018 were $505,441 (2017 – $61,435). The increase is primarily related to an increase in Soma Labs' infrastructure in its working space to expand its ability to service customers and the acquisition of Cybernetic.

Investor relations expenses for the year ended April 30, 2018 were $73,242 (2017 – $30,000) as the Company has engaged support following the listing on the CSE in February 2017.

Management fees for the year ended April 30, 2018 were $100,500 (2017 – $90,000). These expenses include fees paid to an external company for accounting services and administrative maintenance of the Company's books and records.

Marketing expenses for the year ended April 30, 2018 were $433,919 (2017 – $46,285). These expenses include costs involved in the marketing of the Company's products and services to potential customers.

Remuneration and benefits expenses for the year ended April 30, 2018 were $720,457 (2017 – $192,198). These expenses are for wages paid to employees of Soma Labs and Cybernetic who are responsible for customer service, inventory control, laboratory maintenance and sales management.

Rent expense for the year ended April 30, 2018 was $155,265 (2017 - $Nil). The increase was due to new rental space in Soma Labs and the acquisition of Cybernetic.

Share-based payments expense for the year ended April 30, 2018 was $486,452 (2017 – $169,940) for stock options vested during the year.

RISKS AND UNCERTAINTIES

Lack of Dividend Policy
The Company does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends from the Company will remain subject to the discretion of the Company's Board of Directors and will depend on results of operations, cash requirements and future prospects of the Company and other factors.

Possible Dilution to Present and Prospective Shareholders
The Company's plan of operation, in part, contemplates the accomplishment of business negotiations by the issuance of cash, securities of the Company, or a combination of the two, and possibly, incurring debt. Any transaction involving the issuance of previously authorized but unissued common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

Dependence of Key Personnel
The Company strongly depends on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term. As the Company's operations expand, additional general management resources will be required. These personnel will be central to the Company's ability to locate and develop business opportunities.

Conflicts of Interest
Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The British Columbia Business Corporations Act ("BCBCA") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Litigation

The Company and/or its directors may become subject to a variety of civil or other legal proceedings, with or without merit.

LIQUIDITY AND CAPITAL RESOURCES

The Company defines capital that it manages as cash and equity (consisting of issued common shares). The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, to fund existing operations and to search for new business opportunities in order to provide returns to its shareholders. The Company does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the business. The Company manages and adjusts its capital structure as a result of changes in economic conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital requirements or debt covenants. There was no change to the Company's approach to capital management during the year ended April 30, 2018

As at April 30, 2018, the Company had working capital of $5,968,566 (April 30, 2017 – $2,043,408) including cash and cash equivalents that totaled $4,336,172 (April 30, 2017 - $1,394,397). As at April 30, 2018, the Company had three sources of revenue; the first being the provision of research and laboratory services to the biotech and bioceutical industries, the second source being the sale of ancillary products and equipment to cannabis industry participants, and the third being the provision of automation controls and services through Cybernetic; these revenue streams will further reduce the Company's liquidity risk. The future success of the Company is dependent on the growth of the existing businesses of its subsidiaries. The Company may incur further losses as it grows its existing business and as it pursues other complementary business opportunities. The closing of previous financings positions the Company to continue the planned expansion of its activities and to continue to pursue other complementary business opportunities. However, the Company may require additional financing to accomplish its long term strategic objectives. There can be no certainty of the Company's ability to raise additional financing if needed. If the Company is unable to finance itself, and its revenue streams are insufficient to maintain operations, it is possible that the Company will be unable to continue as a going concern.

The Company's financial statements have been prepared in accordance with IFRS under the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than a process of forced liquidation. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

A summary of the Company's cash flows during the year ended April 30, 2018 and 2017 is as follows:

		2018		2017
Cash flows used in operating activities	**$**	**(3,410,508)**	$	(441,200)
Cash flows used in investing activities		**(733,203)**		(388,513)
Cash flows provided by financing activities		**7,085,486**		1,560,150
Change in cash for the year		**2,941,775**		731,437
Cash, beginning of the year		**1,394,397**		662,960
Cash, end of the year	**$**	**4,336,172**	$	1,394,397

Cash flows used in operating activities were $3,410,508 for the year ended April 30, 2018 compared to $441,200 during the year ended April 30, 2017. The increased use of cash is primarily attributable to marketing to attract new customers, research and development of potential new product lines, purchasing of inventory and increase in staffing all related to an expected further expansion of the Company's revenue.

Cash flows used in investing activities were $733,203 for the year ended April 30, 2018 compared to $388,513 for the year ended April 30, 2017. Cash flows used were the result of the purchase of new equipment in the amount of $733,203 (2017 - $435,361).

Cash flows provided by financing activities were $7,085,486 for the year ended April 30, 2018 compared to $1,560,150 for the year ended April 30, 2017. Cash flows used were provided by the private placements completed in October 2017 and January 2018, warrant exercises, and option exercises.

SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE

a) Authorized

Unlimited common shares without par value

Unlimited Series A and Series B preferred shares without par value

Unlimited Series A preferred shares without par value – Nil outstanding

Unlimited Series B preferred shares without par value – Nil issued and outstanding at April 30, 2018 (2017 - 6,150,000). During the year ended April 30, 2018, 2,050,000 Series B preferred shares became convertible into common shares of the Company on a one-for-one basis. This is presented as an obligation to issue shares, as at April 30, 2018. The balance of the preferred shares will be cancelled without further consideration.

b) Private placements

As at the date of this MD&A, the Company had 71,626,823 (68,330,323 – April 30, 2018) issued and outstanding common shares.

On January 18, 2018, the Company completed a private placement for aggregate gross proceeds of $5,000,000. The placement consisted of 7,142,858 units of the Company at a price of $0.70 per unit. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable at a price of $0.83 until January 18, 2020, subject to accelerated expiry in the event that the Company's common shares close at a price of $1.50 or higher for ten consecutive trading days. The Company issued 428,571 brokers' warrants valued at $131,765 and paid finder's fees of $364,497. Each broker warrant is exercisable into one Unit at $0.70 until January 18, 2019.

On October 31, 2017, the Company completed a non-brokered private placement for aggregate gross proceeds of $1,451,600. The placement consisted of 7,258,000 units of the Company at a price of $0.20 per unit. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant is exercisable at a price of $0.30 until October 31, 2020, subject to accelerated expiry in the event that the Company's common shares close at a price of $0.50 or higher for ten consecutive trading days. The Company issued 349,300 brokers' warrants valued at $28,275 and paid finder's fees of $69,860. Each broker warrant is exercisable at $0.20 per share until October 31, 2018.

On February 21, 2017, the Company completed a non-brokered private placement for aggregate gross proceeds of $1,712,100. The placement consisted of 8,560,500 common shares of the Company at a price of $0.20 per common share. The Company issued 183,750 brokers warrants as a finders' fee in connection with the private placement, valued at $14,161, and paid finder's fees of $36,750. Each broker warrant was exercisable at $0.20 per share until February 21, 2018.

	Number of Shares	Amount
Balance, April 30, 2017	**47,914,500**	**$ 5,559,489**
Share issuance – private placement, net of costs	14,400,858	5,857,203
Exercise of warrants	4,489,965	924,241
Exercise of options	1,525,000	287,400
Balance, April 30, 2018	**68,330,323**	**$ 12,628,333**
Exercise of warrants	1,246,500	249,300
Share Issuance – conversion of Series B preferred shares	2,050,000	53,625
Balance, as at the date of this MD&A	**71,601,823**	**$ 12,931,258**

c) Stock options

The Company has adopted a Stock Option Plan under which the Board of Directors may, from time to time, in its discretion, and in accordance with regulatory policies, grant to directors, officers, employees and consultants of the Company, options to purchase Company shares, provided that the number of Company Shares reserved for issuance, together with those to be issued pursuant to options previously granted, does not exceed 10% of the issued and outstanding Company shares at the time of the grant. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis, or 2% if the optionee is a consultant. All Options granted to a Participant under the Plan will become vested on the Grant Date, or at such other time as may be established by the Board of Directors at the time of the grant in compliance with requirements of the Exchange. The Expiry Date for each Option shall be set by the Board of Directors at the time of issue of the Option and shall not be more than ten years after the Grant Date.

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, April 30, 2017	**3,750,000**	**$ 0.16**
Granted	3,305,000	0.40
Exercised	(1,525,000)	0.11
Balance, April 30, 2018 and as at the date of this MD&A	**5,530,000**	**$ 0.32**

A summary of the Company's stock options as at the date of this MD&A are as follows:

Grant Date	Number of Options outstanding	Number of Options exercisable	Exercise Price	Expiry date
February 1, 2017	350,000	350,000	$ 0.20	February 1, 2022
February 21, 2017	1,875,000	1,625,000	0.20	February 21, 2022
March 9, 2018	3,305,000	851,250	0.40	March 2, 2023
Total	**5,530,000**	**2,826,250**		

d) Warrants

A summary of the Company's warrant activity is as follows:

	Number of warrants outstanding	Weighted average exercise price
Balance, April 30, 2017	**9,846,000**	**$ 0.20**
Exercised	(4,222,250)	0.20
Issued	10,771,858	0.65
Balance, April 30, 2018	**16,395,608**	**$ 0.50**
Exercised	(1,246,500)	0.20
Expired	(4,429,750)	0.20
Balance, as at the date of this MD&A	**10,719,358**	**$ 0.65**

A summary of warrants outstanding are as follows:

Issue Date	Number of Warrants outstanding	Exercise Prices	Expiry date
October 31, 2017	3,576,500	0.30	October 31, 2020
January 18, 2018	7,142,858	0.83	January 18, 2020
	10,719,358		

e) Broker Warrants

A summary of the Company's warrant activity is as follows:

	Number of warrants outstanding	Weighted average exercise price
Balance, April 30, 2017	**183,750**	**$0.20**
Issued	777,871	0.48
Exercised	(267,715)	0.20
Expired	(10,500)	0.20
Balance, April 30, 2018 and as at the date of this MD&A	**683,406**	**$0.51**

A summary of broker warrants outstanding are as follows:

Issue Date	Number of Warrants outstanding	Exercise Prices	Expiry date
October 31, 2017	254,835	$ 0.20	October 31, 2018
January 18, 2018[1]	428,571	0.70	January 18, 2019
	683,406		

(1) Warrants convert into a Unit consisting of one common share and warrant is exercisable at a price of $0.83 until January 18, 2020.

RELATED PARTY TRANSACTIONS

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Summary of expenses incurred:

Type of Service	Nature of Relationship	2018	2017
Consulting fees	To a private company for which Rosy Mondin, CEO is a director in common	**$ -**	$ 30,100
Consulting fees	Chamberland & Associates, a company with which the President of a significant subsidiary is associated.	**115,500**	-
Legal fees	Cassels Brock & Blackwell LLP, a law firm of which a director of the Company is a partner	**107,500**	97,483
Management fees	Emprise Capital Corp., a company with officers and directors in common with the Company	**100,500**	90,000
Remuneration and benefits	CEO and Kieran Forristal, VP of Finance	**180,000**	90,000
Share-based payments	To officers and directors of the Company	**269,286**	82,561
Total		**$ 772,786**	$ 390,144

Summary of amounts payable to related parties:

Type of Service	Nature of Relationship	2018	2017
Consulting fees	VP of Finance	**$ 45**	$ 45
Management fees	Emprise Capital Corp.	**525**	525
Legal Fees	Cassels Brock & Blackwell LLP	**20,254**	52,182
Operating costs	Chamberland & Associates, a company with which the President of a significant subsidiary is associated.	**16,097**	-
Administrative expenses	CEO and VP of Finance	**-**	1,090
Due to related parties		**$ 36,921**	$ 53,842

On November 5, 2015, the Company's subsidiary Soma Labs, advanced $450,000 to Odorchem Manufacturing Corp. ("Odorchem") by way of a Promissory Note ("Note"). During the year ended April 30, 2017, $100,000 of the principal and interest accrued to date was offset against the Note for design and engineering work Odorchem provided to Quadron. During the year ended April 30, 2017, $26,310 in interest was accrued and presented as interest income. On March 20, 2017, the balance owing under the Note was extinguished as part of the acquisition of Cybernetic.

Included in accounts receivable as at April 30, 2018 is an amount of $201,879 (2017 - $Nil) due to a private company owned by Leo Chamberland related to transactions incurred prior to his appointment as President of Soma in March 2018.

Unless otherwise specified, amounts due to related parties referred to above are non-interest bearing, unsecured, receivable or payable on demand, and have arisen from the provision of services as described above.

FINANCIAL INSTRUMENTS

a) Fair value risk

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, loan receivable, GST recoverable, accounts payable and accrued liabilities and amounts payable to related parties.

The Company's financial instruments with the exception of cash and cash equivalents approximate their fair value due to their short-term maturities. The Company's other financial instrument, cash and cash equivalents under the fair value hierarchy is based on Level 1 quoted prices in active markets for identical assets or liabilities.

b) Market risk

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and price risk and are disclosed as follows:

(i) Currency risk

Currency risk is the risk of change in profit or loss that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company has only a nominal amount of assets or liabilities denominated in foreign currencies and engaged in very few transactions denominated in a foreign currency; therefore, its exposure to foreign exchange risk is limited.

(ii) Interest rate risk

The Company is not exposed to interest rate risk because it does not have any assets or liabilities that are affected by changes in interest rates except for cash and cash equivalents which poses an insignificant risk exposure to changes in interest rates.

(iii) Price risk

The Company has limited exposure 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.

c) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

All the Company's cash and cash equivalents are held through a Canadian chartered bank and accordingly, the Company's exposure to credit risk is considered to be limited. The Company's GST recoverable are refunds due from the Government of Canada and the exposure to credit risk on these amounts are considered to be limited.

The Company's current accounts receivable consists of amounts due from various customers (amounts considered fully collectible); however, the maximum exposure to credit risk is equal to the carrying value of accounts receivable.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At April 30, 2018, the Company has a cash and cash equivalents balance of $4,336,172 to settle current liabilities of $543,072 (of which $424,594 are cash-based liabilities). The Company manages its liquidity risk by attempting to maintain sufficient cash and cash equivalents balances to enable settlement of transactions on the due date. Accounts payable and accrued liabilities and amounts payable to related parties are all current. As the Company has limited sources of revenue, it may require additional financing to accomplish its long term strategic objectives.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and they include:

(i) Income taxes

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods. Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of

when those deferred tax assets are likely to reverse and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

(ii) Stock options and warrants

Determining the fair value of warrants and stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of shareholders' equity.

(iii) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of inventory includes cost of purchase (purchase price, import duties, transport, handling, and other costs directly attributable to the acquisition of inventories), and other costs incurred in bringing the inventories to their present location and condition. Net realizable value for inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions are made in profit or loss in the period for any difference between book value and net realizable value.

(iv) Goodwill impairment

The Company assesses the impairment of goodwill on an annual basis. Assessing impairment of goodwill and intangible assets with indefinite lives requires significant judgement including making estimates with regards to the amounts and timing of future cash flows and the discount rates used to value such cash flows.

(v) Equipment

The estimated useful lives of assets are reviewed by management and adjusted if necessary. To estimate equipment's useful life, management must use its experience with the same or similar assets, review engineering estimates and industry practices for similar pieces of equipment and apply statistical methods to assist in its determination of useful life.

(vi) Determination of fair value of Quadron preferred shares

The valuation of the Company's preferred shares required management to make certain estimates regarding the probability of Cybernetic achieving revenue milestones.

CHANGES IN ACCOUNTING POLICIES

There has been no material impact on these financial statements from changes in accounting standards during the period.

RECENT ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018. IFRS 9 is anticipated to be adopted without material impact to the consolidated financial statements.

- IFRS 15: Revenue from contracts with customers, which covers principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The effective date of the standard is annual reporting periods beginning on or after January 1, 2018, with earlier application permitted. The Company has not early adopted IFRS 15. An assessment has been completed on the sale of the Company's products. These sales will not be significantly affected by IFRS 15 as the products are sold on a standalone basis. The Company did not identify any further impacts of the new revenue recognition policy.

- IFRS 16: A new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lease accounting model. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 and is anticipated to be adopted without material impact to the consolidated financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company currently has no off-balance sheet arrangements.

ADDITIONAL INFORMATION

Additional information relating to the Company is available at www.sedar.com.