QUADRON CAPITAL CORPORATION
INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS
AS AT AND FOR THE NINE MONTHS ENDED JANUARY 31, 2017

Dated: April, 03, 2017

MANAGEMENT'S RESPONSIBILTY FOR FINANCIAL REPORTING

This interim management's discussion and analysis ("MD&A") reports on the operating results and financial condition of Quadron Capital Corporation (the "Company" or "Quadron") for the nine months ended January 31, 2017 and is prepared as at April 03, 2017. This interim MD&A should be read in conjunction with the Company's audited annual financial statements for the years ended April 30, 2016 and 2015 and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"), together with the unaudited condensed interim consolidated financial statements as at and for the nine months ended January 31, 2017, which were prepared in accordance with IFRS and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting (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 interim 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 interim 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 interim 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 April 03, 2017.

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 Capital Corporation (the "Company" or "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 it's registered and records office is located at Suite 885 W Georgia St #2200, 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 in Canada and the US. Quadron's principal focus is on the design and production of automated cannabis extraction and processing equipment which it leases and/or sells to industry participants (via Soma Labs). In addition, the Company distributes ancillary products, such as customized dispensing devices (i.e. vaporizer pens) and branded consumption products (i.e. capsules) along with a variety of packaging options to authorized cannabis industry participants (via Greenmantle). Quadron's subsidiary, Cybernetic, specializes in providing equipment automation services, control solutions and process manufacturing expertise to a variety of industry sectors.

Cannabis extractions and ancillary devices

As consumer preference shifts from dried cannabis to extracted cannabis products, there is growing demand for companies which design, engineer and fabricate specialized cannabis extraction and processing equipment. Few, if any, established industry leaders specialize in manufacturing commercial level extraction, processing, and refining equipment. Quadron designs, manufactures, tests and customizes extraction and processing equipment as well as a variety of consumption devices (hardware) for the cannabis industry. Quadron's industry-leading production standards, processes and recommendations ensure some of the world's finest extracts and products using Quadron's branded extraction systems. The Company is working with an authorized industry participant to install an extraction and processing laboratory, located in the Greater Vancouver area, which is scheduled to begin operations in May 2017 pursuant to an operating lease.

Data from legalized jurisdictions show that consumers are seeking healthier methods for consuming, intaking and ingesting cannabis extracts. Quadron designs and sources ancillary products and devices to effectively deliver these cannabis oil extractions to the patient and consumer. Quadron wholesales and distributes its consumption and delivery devices to authorized producers and processors operating in the cannabis space. These ancillary products and devices include vaporization pens and cartridges, inhalers and capsules, including branded packaging for the products.

The Company's ancillary devices and extraction/processing equipment have been very well received by the market. Revenues and margins have grown from $166,823 with $47,099 gross margin for the year ended April 30, 2016, to $1,639,060 in revenue and $442,083 in gross margin for the nine months ended January 31, 2017, resulting in net loss of $176,887 for the nine months ended January 31, 2017.

Cannabis odor abatement

With the expansion of legalized cannabis production worldwide, cannabis odor control is a serious problem for many cannabis production facilities and their communities. In jurisdictions where cannabis is legalized, most formal complaints against cultivation facilities are odor related. Although cannabis does not emit a toxic smell, as legalization of cannabis increases, regulations around odor abatement will likely also increase under local bylaws and regulations, making odor abatement a priority for cultivators. Facilities that do not adhere to such odor control regulations can be subject to fines, and be required to add odor control technology to their ventilation and filtration equipment. As such, effective odor control goes a long way to creating neighborhood goodwill.

Quadron is responding to this need by working with Odorchem Manufacturing Corp ("Odorchem") to produce high quality non-toxic odor control products for industrial, commercial and residential applications. Pursuant to a three-year services agreement that will provide the Company with up to $1,500,000 in revenue, Quadron is providing research for the scientific development of new odor control processes and formulations for Odorchem. As a complement to the partnership with Odorchem, Quadron will also distribute Odorchem's odor abatement solutions to the cannabis industry.

Cybernetics Acquisition

On March 20, 2017, Quadron acquired Cybernetic Control Systems Inc. Cybernetic provides the Company with automation and process manufacturing expertise to the design and manufacturing of cannabis extraction and processing equipment, as well as ancillary equipment (such as the Odor Elimination System) to service the cannabis industry. The addition of Cybernetic brings in-house the customization, fabrication, and automation of various pieces of equipment for the cannabis industry and for Quadron's use in its leasing operations. Concurrently, Cybernetic will also start the manufacturing and assembly of the mobile extraction units for which Quadron has already received high interest. These capabilities will better serve and fulfill the growing needs of regulated producers and the needs of licensed medical cannabis patients in Canada.

Cybernetic provides technical services and equipment for process automation, and has an existing client list of over forty (40) companies in various industry sectors including bioenergy, solar, wind, hops, algae oils, hydroponics and automated growing, aquaculture, and more. This breadth of knowledge, and experience and wide ranging industry coverage brings a diversification of revenue to the Quadron portfolio, in addition to new revenues through the maturation and growth of the cannabis industry.

Listing

On February 24, 2017, the Company started trading on the Canadian Securities Exchange (the "CSE") under the trading symbol "QCC".

AMALGAMATION

Effective January 8, 2016, Quadron acquired all the issued and outstanding share capital of Soma Labs. As consideration, Quadron issued 17,422,500 common shares and 2,000,000 preferred shares in exchange for all common and preferred shares of Soma Labs issued and outstanding immediately prior to the completion of the amalgamation. The Company also issued one warrant for each Soma Labs warrant held immediately prior to the date of the completion of the amalgamation (4,361,250 warrants issued). The warrants had an original value, and value on reissuance, of $nil.

The Acquisition has been accounted for as an asset acquisition. The Acquisition is not considered a reverse takeover. Soma Labs' results of operations are included in the Company's consolidated results from January 8, 2016, onwards.

The net assets of Soma Labs had a fair value of $586,347, on January 8, 2016, as follows:

Cash	**$ 300,658**
Receivables	**28,228**
GST recoverable	**22,785**
Prepaid expenses	**137,500**
Promissory note- Odorchem	**450,000**
Equipment	**270,373**
Loan payable to Quadron	**(250,000)**
Amounts payable to related parties	**(63,409)**
Accounts payable and accrued liabilities	**(309,788)**
	$ 586,347

The fair value of the common and preferred shares issued in connection with this amalgamation was $1,742,250. The excess of $1,155,903 over the fair value of Soma Labs' net assets was allocated as a share-based payment in the year ended April 30, 2016.

SELECTED ANNUAL FINANCIAL INFORMATION[1]

	For the year ended April 30, 2016	For the year ended April 30, 2015	For the year ended April 30, 2014
Loss and comprehensive loss:			
(i) total for the year	($1,544,618)	($34,800)	($19,651)
(ii) per share[2]	($0.09)	($0.00)	($0.00)
Total assets	$2,193,381	$2,822	$9,160
Working capital (deficiency)	$583,716	$(10,481)	$4,319
Total revenues	$166,823	$ Nil	$ Nil
Total long-term financial liabilities	$ Nil	$ Nil	$ Nil

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

[2] *Per share information has been retroactively adjusted to reflect the August 1, 2014 3.4 new common shares for 1 old common share split*

The annual financial results reflect the Company's minimal levels of activity during the 2014 and 2015 years ended April 30th as management conducted due diligence on potential new business ventures. During the year ended April 30, 2016, Quadron amalgamated with Soma Labs; through Soma Labs, Quadron entered a three-year services agreement with Odorchem which is expected to provide total revenue of up to $1,500,000 to Quadron. A large portion of the comprehensive loss for the year ended April 30, 2016 can be attributed to a one-time share-based payment of $1,155,903 which was the excess of the fair value of the Quadron shares issued upon amalgamating with Soma Labs over the fair value of Soma Lab's net assets. In addition to the amalgamation, Quadron incorporated Greenmantle through which it created a cannabis-related product division that acts as a distribution channel which sources and sells ancillary devices (i.e. vaporizer pens) and other products and equipment to cannabis industry participants. Through Soma Labs, Quadron acquired extraction and processing equipment that it plans to lease and/or sell to licensed 3rd parties operating in the cannabis industry. During the year ended April 30, 2016 Quadron generated $166,823 in gross revenue.

SUMMARY OF QUARTERLY RESULTS[1]

	3rd Quarter Ended January 31, 2017	**2nd Quarter Ended October 31, 2016**	**1st Quarter Ended July 31, 2016**	**4th Quarter Ended April 30, 2016**
Total revenues	$ 986,430	$ 429,180	$ 223,450	$ 159,523
Income/(Loss) and comprehensive loss	$ (305,569)	$ 148,533	$ (19,851)	$ (1,450,161)
Income/(Loss) per share (basic and fully diluted)	$ (0.01)	$ 0.00	$ (0.00)	$ (0.04)
Total assets	$ 1,590,269	$ 1,713,570	$ 1,937,733	$2,193,381
	3rd Quarter Ended January 31, 2016	**2nd Quarter Ended October 31, 2015**	**1st Quarter Ended July 31, 2015**	**4th Quarter Ended April 30, 2015**
Total revenues	$ 7,300	$ nil	$ nil	$ nil
Income (loss) and comprehensive income (loss)	$ (64,621)	$ (28,282)	$ (1,554)	$ 2,289
Income (loss) per share (basic and fully diluted)	$ (0.00)	$ (0.00)	$ (0.00)	$ 0.00
Total assets	$ 2,975,613	$ 78,850	$ 2,844	$ 2,822

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

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JANUARY 31, 2017

The following is an analysis of the Company's operating results for the three months ended January 31, 2017, and includes a comparison against the three months ended January 31, 2016.

Net and comprehensive loss for the three months ended January 31, 2017 amounted to $305,569 or $0.01 per share (2016 – $64,621 or $0.01 per share) based on a weighted average number of common shares outstanding of 36,500,000 (2016 - 7,800,000).

Sales revenue for the three months ended January 31, 2017 was $986,430 (2016 – $7,300). This revenue was generated from a contract with Odorchem to provide laboratory, research and development services, through a lease of certain extraction equipment and through the sale of other products and equipment to cannabis industry participants.

Cost of sales for the three months ended January 31, 2017 was $971,136 (2016 – $2,713). These costs are reflective of the cost of labor involved in providing laboratory, research and development services and the cost of inventory involved in the sale of ancillary devices to cannabis industry participants.

Gross Margin for the three months ended January 31, 2017 was $15,294 or 1.6% of sales (2016 - $4,587 or 62.8% of sales). Gross margins will fluctuate dependent upon product mix, however, during this three month period the Company made the decision to liquidate some client specific, branded, inventory below cost. This resulted in a one-time loss of approximately $203,000, which significantly reduced the Company's gross margin for the period.

Accounting and legal expenses for the three months ended January 31, 2017 were $63,997 (2016 – $32,609). The expense for the current period was for audit fees paid to have Soma Lab's records audited to April 30, 2015 which was a requirement of filing a prospectus with the BCSC.

Bank charges for the three months ended January 31, 2017 were $1,186 (2016 – $130). These fees related to the maintenance of the Company's bank account and charges for wire payments made to vendors.

Consulting fees for the three months ended January 31, 2017 were $65,000 (2016 – $10,375). The fees 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 January 31, 2017 was $4,270 (2016 – $7,408). Depreciation is the amortization of the cost of the extraction equipment its related components and computer equipment purchased during the same three months of previous year.

Development and research expenses for the three months ended January 31, 2017 were $100,000 (2016 - $nil). These expenses include costs in researching and developing new extraction processing equipment and ancillary products that can be used by licensed cannabis industry participants.

Filing fees for the three months ended January 31, 2017 were $14,577 (2016 - $375). These amounts reflect the cost of maintaining a public company.

General and administrative expenses for the three months ended January 31, 2017 were $6,502 (2016 – $6,026).

Management fees for the three months ended January 31, 2017 were $22,500 (2016 – $8,500). 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 three months ended January 31, 2017 were $9,949 (2016 – $nil). These expenses include costs involved in the marketing of the Company's products to potential and advertising.

Remuneration and benefits expenses for the three months ended January 31, 2017 were $39,053 (2016 – $nil). These expenses are for wages paid to employees of Soma Labs who are responsible for customer service, inventory control, laboratory maintenance and sales management.

Interest income for the three months ended January 31, 2017 was $6,171 (2016 – $1,560). This interest income was generated from the outstanding promissory note from Odorchem valued at $450,000 with an interest rate of 5.5% per year.

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED JANUARY 31, 2017

The following is an analysis of the Company's operating results for the nine months ended January 31, 2017, and includes a comparison against the nine months ended January 31, 2016.

Net and comprehensive loss for the nine months ended January 31, 2017 amounted to $176,887 or $0.00 per share (2016 – $94,457 or $0.01 per share) based on a weighted average number of common shares outstanding of 36,500,000 (2016 - 7,800,000).

Sales revenue for the nine months ended January 31, 2017 was $1,639,060 (2016 – $7,300). This revenue was generated from a contract with Odorchem to provide laboratory, research and development services, through a lease of certain extraction equipment and through the sale of other products and equipment to cannabis industry participants.

Cost of sales for the nine months ended January 31, 2017 was $1,196,977 (2016 – $2,713). These costs are reflective of the cost of labor involved in providing laboratory, research and development services and the cost of inventory involved in the sale of ancillary devices to cannabis industry participants.

Gross Margin for the nine months ended January 31, 2017 was $442,083 or 27.0% of sales (2016 - $4,587 or 62.8% of sales). Gross margins will fluctuate dependent upon product mix, however, during this nine month period the Company made the decision to liquidate some client specific, branded, inventory below cost. This resulted in a one-time loss of approximately $203,000, which significantly reduced the Company's gross margin for the period.

Accounting and legal expenses for the nine months ended January 31, 2017 were $104,897 (2016 – $57,709). The expense for the current period was for audit and legal fees associated with filing a prospectus with the BCSC.

Bank charges for the nine months ended January 31, 2017 were $4,936 (2016 – $130). These fees related to the maintenance of the Company's bank account and charges for wire payments made to vendors.

Consulting fees for the nine months ended January 31, 2017 were $131,094 (2016 – $10,375). The fees related to management's efforts to secure additional business opportunities to enhance and supplement the amalgamated entities' current business model.

Depreciation expense for the nine months ended January 31, 2017 was $43,087 (2016 – $7,408). Depreciation is the amortization of the cost of the extraction equipment its related components and computer equipment purchased during the same nine months of the previous year.

Development and research expenses for the nine months ended January 31, 2017 were $116,662 (2016 - $nil). These expenses include costs in researching and developing new extraction processing equipment and ancillary products that can be used by licensed cannabis industry participants.

Filing fees for the nine months ended January 31, 2017 were $17,639 (2016 - $2,054). These amounts reflect the cost of maintaining a public company and overall these costs have remained consistent.

General and administrative expenses for the nine months ended January 31, 2017 were $25,697 (2016 – $6,083). These expenses are significantly higher in the current period due to the finalization of the Acquisition in the previous year and the incorporation of Greenmantle where general and administrative expenses incurred by Soma Labs and Greenmantle are now included as part of the amalgamated entity's financial activity.

Management fees for the nine months ended January 31, 2017 were $67,500 (2016 – $11,500). 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 nine months ended January 31, 2017 were $23,659 (2016 – $nil). These expenses include costs involved in the marketing of the Company's products to potential customers and advertising.

Remuneration and benefits expenses for the nine months ended January 31, 2017 were $104,320 (2016 – $nil). These expenses are for wages paid to employees of Soma Labs who are responsible for customer service, inventory control, laboratory maintenance and sales management.

Interest income for the nine months ended January 31, 2017 $20,521 (2016 – $1,560). This interest income was generated from the outstanding promissory note from Odorchem valued at $450,000 with an interest rate of 5.5% per 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 be 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 the 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 nine months ended January 31, 2017.

As at January 31, 2017, the Company had working capital of $1,301,066 (April 30, 2016 – $583,716) including cash and cash equivalents that totaled $467,477 (April 30, 2016 - $662,960). As at January 31, 2017, the Company had two sources of revenue; the first being the provision of research and laboratory services to the biotech and bioceutical industries, and the second source being the sale of ancillary products and equipment to cannabis industry participants; both 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 position 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.

Prior to the acquisition of Soma Labs by Quadron, Soma Labs advanced $450,000 to Odorchem by way of a Promissory Note ("Note"). Interest accrues on the Note at the simple rate of 5.5% per annum and is payable on the maturity date, November 5, 2017. During the quarter ended January 31, 2017, $100,000 of the principle and all of the interest was offset against the Note for design and engineering work Odorchem provided to Quadron. On March 20, 2017, $350,000, representing the balance owing under the Note was extinguished as part of the acquisition of Cybernetic.

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 nine months ended January 31, 2017 and 2016 is as follows:

		2017		2016
Cash flows used in operating activities	**$**	**(525,133)**	$	(215,113)
Cash flows used in investing activities		**258,150**		50,658
Cash flows used in financing activities		**71,500**		1,127,750
Change in cash for the period		**(195,483)**		963,295
Cash, beginning of the period		**662,960**		1,583
Cash, end of the period	**$**	**467,477**	$	964,878

Cash flows used in operating activities were $525,133 for the nine months ended January 31, 2017 compared to $215,113 during the nine months ended January 31, 2016. The increased use of cash was primarily due to the Company's amalgamation with Soma Labs and the incorporation of its wholly-owned subsidiary Greenmantle in Q3 2016. Cash was expended to pay for inventory, new employees and the management required to run the new divisions of the Company. Cash was also expended for marketing to attract new customers to its product lines and for research of potentially new product lines.

Cash flows used in investing activities were $258,150 for the nine months ended January 31, 2017 compared to $50,658 for the nine months ended January 31, 2016. Cash flows used were the result of the purchase of the new equipment and the sale of the existing equipment.

Cash flows used in financing activities were $71,500 for the nine months ended January 31, 2017 compared to $1,127,750 for the nine months ended January 31, 2016.

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:

There are 2,000,000 Series A preferred shares issued and outstanding as at January 31, 2017 and the date of this report. Subject to the Company achieving $1,000,000 in earnings before interest, taxes, depreciation and amortization (the "Financial Milestone") for the year ending April 30, 2017, each preferred share will automatically convert into one common share of the Company. If the Company fails to achieve the Financial Milestone, it may, at any time after the date that the Company files the financial statements, purchase any or all of the preferred shares held by any one holder at a price per preferred share of CAD $0.0001.

On March 20, 2017, as part of the Cybernetic Acquisition, there were 1,537,500 Series B preferred shares issued which may be convertible up to an additional 6,150,000 common shares of Quadron, upon Cybernetic meeting certain revenue milestones, of up to $2,500,000, for the year ended April 30, 2018.

b) Subscription receipts

As at January 31, 2017, the Company had received $71,500 by way of the issuance of 357,500 subscription receipts at a deemed price of $0.20 per subscription receipt, which was held in trust pending completion of a non-brokered private placement.

On February 21, 2017, the Company closed the non-brokered private placement for aggregate gross proceeds of $1,712,100. The placement consisted of 8,560,550 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 February 2017 private placement share issuance. Each warrant is exercisable at $0.20 per share and expiry February 21, 2018.

c) Share issuances

As at January 31, 2017, the Company had 36,500,000 issued and outstanding.

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 common share.

On March 20, 2017, the Company closed the acquisition of Cybernetic Control Systems Inc. Pursuant to the acquisition, the shareholders of Cybernetic received an aggregate of 2,700,000 common shares of Quadron at a deemed price of $0.25 per share, in consideration for all of the issued and outstanding share capital in Cybernetic. Up to an additional 6,150,000 common shares of Quadron may be issued to Cybernetic shareholders, upon Cybernetic meeting certain revenue milestones, of up to $2,500,000, for the year ended April 30, 2018. The purchase price also includes the offset of $350,000 representing the promissory note (See Note 7) owing to Quadron. The initial 2,700,000 common shares issued in connection with the acquisition are subject to a hold period expiring July 18, 2017.

	Number of Shares	Amount
Balance, April 30, 2016 and January 31, 2017	**36,500,000**	**$ 2,990,000**
Share issuance – private placement	8,560,500	1,712,100
Share issuance – acquisition[1]	2,700,000	675,000
Exercise of warrants	89,000	17,800
Balance, as at the date of this MD&A	**47,849,500**	**5,394,900**

[1]As per the acquisition, an additional 6,150,000 common shares of Quadron may be issued to Cybernetic shareholders, upon Cybernetic meeting certain revenue milestones, of up to $2,500,000, for the year ending April 30, 2018.

d) Stock options

During the year ended April 30, 2016 the Company 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, 2016	**1,400,000**	**$ 0.10**
Granted	-	-
Balance, January 31, 2017	**1,400,000**	**$ 0.10**
Granted	2,350,000	0.20
Balance, as at the date of this MD&A	**3,750,000**	**$ 0.16**

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	Weighted Average Exercise Price	Expiry date	Weighted Average Remaining contractual life (years)
February 15, 2016	1,400,000	1,400,000	$ 0.10	February 15, 2021	3.88
February 7, 2017	350,000	350,000	$ 0.20	February 7, 2022	4.86
February 21, 2017	2,000,000	2,000,000	$ 0.20	February 21, 2022	4.90
Total	**3,750,000**	**1,400,000**	**$ 0.16**		**4.52**

e) Warrants

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

	Number of warrants outstanding	Weighted average exercise price
Balance, April 30, 2016 and January 31, 2017	10,000,000	$ 0.20
Exercised	(89,000)	0.20
Balance, as at the date of this MD&A	**9,911,000**	**$ 0.20**

A summary of warrants outstanding are as follows:

Issue Date	Number of Warrants outstanding	Weighted Avg. Exercise Prices	Expiry date	Weighted Avg. Remaining contractual life (years)
January 8, 2016	4,332,250	$ 0.20	August 24, 2018[1]	1.40
November 6, 2015	3,260,000	$ 0.20	August 24, 2018[1]	1.40
December 31, 2015	2,318,750	$ 0.20	August 24, 2018[1]	1.40
	9,911,000	$ 0.20		1.40

[1] Subsequent to the end of the period, on February 24, 2017, the Company completed a Going Public Transaction and as a result under the terms of the warrants, each warrant's expiry date reverted to a period expiring 18 months from the date of the Going Public Transaction. All other terms of the warrants remained unchanged.

f) Broker Warrants

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

	Number of warrants outstanding	Weighted average exercise price
Balance, April 30, 2016 and January 31, 2017	**-**	**-**
Granted	183,750	$0.20
Balance, as at the date of this MD&A	**183,750**	**$ 0.20**

A summary of broker warrants outstanding are as follows:

Issue Date	Number of Warrants outstanding	Weighted Avg. Exercise Prices	Expiry date	Weighted Avg. Remaining contractual life (years)
February 21, 2017	183,750	$ 0.20	February 21, 2018	0.90
	183,750	$ 0.20		0.90

On February 21, 2017, the Company issued 183,750 brokers warrants as a finders' fee in connection with the February 2017 private placement share issuance. Each warrant is exercisable at $0.20 per share and expiry February 21, 2018.

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	For the nine-month period ended January 31, 2017	2016
Consulting fees[1]	To an officer, and to a company with a director in common with the Company	**$ 22,600**	$ 10,000
Legal fees	To a law firm, a partner of which is a director of the Company	**60,427**	52,609
Management fees	To a company with officers and directors in common with the Company	**67,500**	11,500
Remuneration and benefits[1]	To an officer of the Company	**52,500**	-
Total		**$ 203,027**	$ 74,109

[1]Key management personnel

Summary of amounts due to related parties:

Type of Service	Nature of Relationship	January 31, 2017	April 30, 2016
Consulting fees[1]	To an officer, director and to a company that has a director in common with the Company	**$ -**	$ 18,310
Loans payable	To a company that has a director in common with the Company	**-**	1,650
Management fees	To a company with officers and directors in common with the Company	**525**	8,400
Legal Fees[1]	To law firms that a director of the Company was and/or is a partner in	**78,288**	15,130
Administrative expenses	To a company with an officer and director in common with the Company	**-**	9,200
Due to related parties		**$ 78,813**	$ 52,690

[1]Key management personnel

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, promissory note, 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 and with respect to the promissory note due to its market value and interest rate. The Company's other financial instrument, cash, is classified as fair value through profit or loss under the fair value hierarchy based on level one 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 its contract with Odorchem (considered fully collectible) and various other customers (amounts considered fully collectible); however, these receivables do pose a moderate credit risk. The promissory note is secured by a General Security Agreement and the exposure to credit risk on this note is limited.

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 January 31, 2017, the Company has a cash and cash equivalents balance of $467,477 to settle current liabilities of $276,956. 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 are all current. As the Company has limited sources of revenue, it may require additional financing to accomplish its long term strategic objectives. On February 21, 2017, the Company closed a non-brokered private placement for aggregate gross proceeds of $1,712,100. The placement consisted of 8,560,550 common shares of the Company at a price of $0.20 per common share.

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 (deficiency).

(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) 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.

CHANGES IN ACCOUNTING POLICIES

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

NEW ACCOUNTING PRONOUNCEMENT ADOPTED

The following amendment to existing standards has been adopted by the Company effective May 1, 2016:

- IAS 1 – Presentation of financial statements – clarifies guidance on materiality, presentation of subtotals, structure of financial statements and disclosure of accounting policies.

The adoption of this standard did not have an impact on the financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS

A number of new IFRS standards, amendments to standards and interpretations are not yet effective for the year ended October 31, 2016, and have not been applied in preparing these financial statements. None of these is expected to have an effect on the Company's financial statements:

- IFRS 9 - New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018.
- IFRS 15 - New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers, effective for annual periods beginning on or after January 1, 2018.

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.