



TrustBIX Inc.
(formerly Reco Northern Alberta Inc.)

Management's Discussion and Analysis

Third Quarter Ended June 30, 2019

I. INTRODUCTION & BASIS OF PRESENTATION

The following Management's Discussion and Analysis ("MD&A") relates to the financial position, results of operations and cash flows of TrustBIX Inc. ("TrustBIX", "we", "us" or the "Company" or "Corporation") (formerly Reco Northern Alberta Inc.) for the three months ("third quarter") and nine months ended June 30, 2019 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and related notes for the three and nine months ended June 30, 2019 (the "financial statements") and the MD&A and ViewTrak Technologies Inc. audited consolidated financial statements and related notes for the years ended September 30, 2018 and 2017. The information in this MD&A is current to August 22, 2019, unless otherwise noted.

Unless otherwise stated, financial information in this MD&A is expressed in Canadian dollars and the financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and included in the CPA Canada Handbook – Accounting, Part I. This MD&A provides information on the activities of the Company.

The financial statements include the accounts of the Company and its wholly owned subsidiary ViewTrak Technologies Inc. ("ViewTrak"). All inter-company accounts and transactions have been eliminated.

Management is responsible for the information contained in the MD&A and its consistency with information presented, and the MD&A was reviewed and approved by the Board of Directors ("Board") on August 22, 2019. The financial statements and additional information pertaining to the Company can be found on the System for Electronic Document Analysis and Retrieval ("SEDAR") web site at www.sedar.com.

II. FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking information and reflects the Company's present assumptions regarding future events. These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, levels of activity, performance, and/or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements.

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions used by any of the Company's management, are intended to identify forward-looking statements. Such statements reflect the Company's internal projections, expectations, future growth, performance and business prospects and opportunities and are based on information currently available to the Company. Since they relate to the Company's current views with respect to future events, they are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions

to any of the forward-looking statements contained herein to reflect future results, events or developments except as required by applicable securities legislation, regulations or policies.

III. CORPORATE OVERVIEW

On April 15, 2019 Reco Northern Alberta Inc. (“RNAI”) completed a reverse take-over (the “Transaction”) with ViewTrak Technologies Inc. in connection with a triangular amalgamation (“Amalgamation”) involving the Corporation, ViewTrak, BIXSco Inc. (“BIXSco”), Feedlot Solutions Ltd. (“Feedlot Solutions”) (BIXSco and Feedlot Solutions were subsidiaries of ViewTrak) and 2141987 Alberta Ltd. (“#co”), a wholly owned subsidiary of RNAI created solely for the purpose of effecting the Amalgamation (“the amalgamated companies”), in accordance with the Business Corporations Act (Alberta). As described below, the Company completed a number of steps in the reverse take-over of ViewTrak.

In connection with the Transaction, RNAI:

- completed a consolidation of its issued and outstanding common shares on the basis of one (1) post-consolidation common share for every one hundred (100) pre consolidation issued and outstanding common shares;
- changed its name to “TrustBIX Inc.”;
- listed the common shares of TrustBIX Inc. on the TSX Venture Exchange;
- reconstituted the board of directors effective on the completion of the Amalgamation;
- amended its articles in connection with the share rights of Preferred Series I Shares;
- adopted a new by-law relating to quorum; and
- adopted a stock option plan.

Pursuant to the Amalgamation, TrustBIX on a post-consolidation and name change basis, acquired all of the issued and outstanding common shares and common share purchase warrants of ViewTrak in consideration of common shares and common share purchase warrants of TrustBIX.

At the time of the Transaction, RNAI’s assets consisted primarily of a business license, and it did not have any processes capable of generating outputs; therefore, RNAI did not meet the definition of a business. Accordingly, as RNAI did not qualify as a business in accordance with IFRS 3 Business Combinations, the amalgamation did not constitute a business combination; however, by analogy it has been accounted for as a reverse take-over. Therefore, ViewTrak, the legal subsidiary, has been treated as the accounting parent company, and RNAI, the legal parent, has been treated as the accounting subsidiary.

As the acquisition was not considered a business combination, the excess value of consideration paid over the net assets acquired are expensed as a listing fee in the aggregate amount of \$211,096, being the fair value of the common shares of \$113,596 at the time of the Transaction, based on the shares issued in a concurrent financing of the Company’s common shares at the time of the transaction of \$0.50 per share, plus \$97,500 that had been previously expensed and paid during the year ended September 30, 2018. Additional details are provided for in note 1 to the financial statements.

The shareholders of RNAI and Viewtrak approved the above matters at their respective annual and special meetings of the shareholders held on April 15, 2019. The common shares of the Corporation were listed on the TSX Venture Exchange on April 29, 2019 under the trading symbol of “TBIX”.

Under the amalgamation agreement, preferred shares of the amalgamated companies were issued in exchange for preferred shares of the Company on a one-for-one basis and were redeemed on April 30, 2019 in the amount of \$1,808,942.

The Company’s registered office is located at 1700 10175-101 Street NW, Edmonton, Alberta, T5J 0H3.

TrustBIX is domiciled in Canada and its principal office is located at 200, 10607 – 82 Street NW, Edmonton, Alberta, Canada. The Company also has a satellite office in Markham, Ontario.

IV. PRINCIPAL BUSINESS

As an innovative leader, TrustBIX provides agri-food traceability solutions in Canada, United States, China and Mexico. By addressing consumer and agri-food business demands, the Company will become the most trusted and largest source of third-party food traceability and sustainability information globally – Gate to Plate®. The Company’s proprietary, leading-edge and secure distributed ledger platform, Business InfoXchange System (BIX), and its unique use of incentive solutions, is able to deliver independent validation of food provenance and sustainable production practices within the supply chain.

TrustBIX, through its subsidiary ViewTrak, provides livestock information technology, such as Auction Master Pro (“AMP”), Market Master (“MM”), Feedlot Solutions (“FLS”), to serve defined sectors of the livestock industry in North America. ViewTrak has developed solutions for many agricultural technology challenges and works with several species of livestock with a focus on auctions and feedlots in the cattle sector.

The Company also supplies pork probe technology used by the largest pork processor in China to grade and price pork carcasses. The technology is also used by most of the pork processors in Canada and many in Mexico. The Company developed the world’s first electronic lamb grading system¹.

The Company created BIX, the backbone technology for McDonald’s first Verified Sustainable Beef pilot program². The technology was tested in Canada and successfully demonstrated full traceability from “birth to burger”³. BIX is a web-based data exchange platform which provides traceability, with the ability to integrate both existing and new livestock industry software. Traceability, information sharing, transparency and chain of custody are key pieces in the role BIX plays. Working with different parts of the value chain as a value-added traceability provider, BIX is becoming the information backbone of Canada’s beef industry, building a system that unlocks data for everyone - from producers to processors to retailers and lenders.

TrustBIX is engaged in research and development opportunities in blockchain for the BIX platform. Blockchain is a distributed ledger technology designed to enable multiple parties to verify a transaction

¹ <https://www.manitobacooperator.ca/livestock/lamb-co-op-ready-for-spring-launch/>

² <http://www.mcdvsb.com/>

³ <http://cbsapilot.ca/>

and the Company is reviewing several potential applications of blockchain to improve the ways to continue to build client trust and operating efficiencies for participants in the BIX platform.

V. OUTLOOK

Globally, consumers are focusing on food safety, social responsibility and environmental sustainability. Consumers are demanding, and have a right to know, what they are eating and where it comes from. This demand can be addressed through full food supply chain traceability.

Traceability in food production is defined as tracing food through the production and distribution chain to identify risks, protect public health, address acceptable parameters in the production of food, and assist in maintaining the quality and safety of products. Traceability is a way of responding to potential risks that can arise in food thereby helping to ensure that food products are safe for the public to consume. It is vital that when national authorities or participants in the food chain identify a risk, they can trace it back to its source to identify and isolate the problem, thereby preventing contaminated food products from reaching consumers.

TrustBIX has a track record of creating incentive solutions to encourage collaboration and participation through the whole supply chain (“Incentive Solutions”). The Company’s web-based data exchange platform, BIX, has the ability to integrate both existing and new industry software for supply chain traceability, while protecting data security and individual privacy.

Each incentive solution addresses one or more needs and has its own business model and revenue stream. As payments flow through the BIX system, TrustBIX will collect transaction fees. The more products being processed, the more revenue generated for both upstream industry participants as well as for the Company.

Currently, there are two Incentive Solutions underway:

Canadian Beef Sustainability Acceleration Pilot (CBSA) update:

In the third quarter, the TrustBIX team focused largely on the CBSA pilot and continued to work hard with industry partners to drive awareness and participation in the pilot. The efforts have yielded very impressive results and the CBSA has been extended through 2019 due to industry demand.

Canada is the first country in the world to deliver certified sustainable beef through the supply chain. The Canadian Roundtable for Sustainable Beef (CRSB), comprised of industry leaders (including Canadian Cattlemen’s Association, JBS, Cargill, McDonald’s, Costco, Ducks Unlimited and World Wildlife Fund), set the guidelines of what indicators are used to measure sustainability. To encourage participation, TrustBIX worked with Cargill to create CBSA. Today, TrustBIX is collaborating with companies such as Cargill, McDonald’s, Loblaws, Original Joe’s, Swiss Chalet and Cactus Club to drive money back to every operation that produced certified sustainable cattle, throughout the entire supply chain.⁴

⁴ www.CBSApilot.ca

Since the CBSA began in 2017, participants have been paid financial incentives. An incentive of \$18.22/head/operation was recently paid to participants for the second quarter of Year 2 of the pilot.

Recent announcements have further confirmed the drive to find sustainable beef solutions in Canada. On August 8, 2019, the Huffington Post wrote that while the fast-food industry has recently embraced plant-based burger patties, instead of jumping on the vegan craze, McDonald's is doubling down on their beef focus.⁵

On August 13, 2019, the CRSB announced that Harvey's Restaurants has partnered with them and is now sourcing a portion of their beef for their Original Burger according to CRSB's sustainability standards.⁶

These announcements may not immediately be reflected in revenue, but they are indications that consumers are looking for more sustainable options in the marketplace and the Canadian beef Industry is supportive in producing certified sustainable beef. The Company is excited about the growth of the program and being part of the building of trust in sustainable beef supply, as the chain of custody and data analysis provider.

TrustBIX will continue to work with Cargill and all the other participants to continue to grow adoption until this pilot becomes a marketing program.

Financial Interest Notification System (FINS) update

FINS is an incentive solution to assist producers to manage their business, as well as reduce the risk of cattle lending for bank and other financial institutions. Utilization of FINS to track animals provides the producers a way to manage their business and can give lenders access to cattle inventory that is used as collateral for loans, which would then allow lenders to reward the participating producers through higher leverage (increase loan amounts) and lower loan interest rates. The Company would be paid a transaction fee, based on cattle managed or financed.

The preliminary results have been positive and the TrustBIX team continues to work with both the producers and the lenders.

2019/2020 Focus

TrustBIX's focus for 2019 and 2020 continues to be:

- **Expand** – the number of Incentive Solutions offered through the BIX platform;
- **Expand** – the number of participants using the existing Beef (CBSA) and FINS Incentive Solutions;
- **Enhance** – capabilities and types of data that can be collected by the BIX platform;
- **Enhance** – integration of Incentive Solutions and the BIX platform with other third-party agri-business platforms; and
- **Explore** – thoughtful expansion into other global markets.

⁵https://www.huffingtonpost.ca/entry/mcdonalds-canada-big-mac-burgers_ca_5d4ae621e4b0066eb70b144e

⁶ <https://crsb.ca/news/harveys/>

TrustBIX’s efforts were further rewarded with the recent important announcement by Innovation, Science and Economic Development Canada (ISED) that \$49.5 million was awarded to Alberta Innovates and its partners in the Strategic Innovation Fund competition.⁷ TrustBIX is one of the core partners.

The network of companies will be called the Canadian Agri-Food Automation and Intelligence Network (CAAIN).⁸ Hubert Lau has been appointed to the interim board of directors, and both he and Tom Ogaranko, Chief Innovation Officer of TrustBIX, will be part of the working group to assist with immediate deliverables to meet ISED’s requirements.

The exact financial benefit to TrustBIX is yet to be determined. However, this announcement has already brought national and international attention to the Company as well as the BIX platform.

VI. RESULTS OF OPERATIONS

Results for the three months ended June 30, 2019 and 2018

	Three Months Ended June 30,	
	2019	2018
	\$	\$
Revenue	411,306	312,940
Expenses	1,141,245	705,376
Other income (expenses)	3,214	(157)
Net loss and comprehensive loss	(726,725)	(392,593)
Basic and diluted loss per share	(0.03)	(0.80)

Revenue

Gross revenue for the third quarter increased to \$411,306 from \$312,940 in 2018. Some existing Market Master customers upgraded to AMP software and new customers switched to AMP from competing software, resulting in licence revenue increase to \$44,483 from \$34,304 in 2018.

⁷ <https://albertainnovates.ca/transforming-farming-through-innovation/>

<https://www.canadiancattlemen.ca/2019/07/24/TrustBIX-inc-to-share-in-49-5-million-investment/>

<http://www.ic.gc.ca/eic/site/125.nsf/eng/00032.html>

⁸ <https://caain.albertainnovates.ca/>

Hardware and installation revenue increased to \$128,896 from \$66,718 in 2018, as customers' older equipment was replaced with new equipment. Within hardware and installation revenue, BIX revenue decreased to \$nil from \$39,899 in 2018 as the quarterly reporting was delayed by a business partner.

Professional and development services increased to \$36,453 compared to \$10,404 in 2018, as additional custom work was done for certain customers transitioning to AMP software.

Maintenance revenue remained at the same level of \$201,474 (2018 - \$201,514).

Expenses

Selected expense variances for the third quarter 2019 are explained below:

Wages and benefits increased to \$405,328 from \$200,551 in 2018 due to the hiring of a number of key individuals needed to fulfill the Company's next level of growth and improve the speed to market of BIX pilot projects, as well as increases to certain employee salaries (first in several years). In addition, \$102,872 (2018 - \$nil) of stock-based compensation was expensed in the quarter.

Consulting expenses increased to \$229,689 from \$140,853 in 2018 as two new senior executives joined the Company on a contract basis.

Professional fees increased to \$209,774 from \$197,687 in 2018 as the Company incurred fees to complete the Transaction and concurrent financing during the period.

Hardware costs and supplies increased to \$85,688 from \$50,946 in 2018 resulting from the increase in hardware and installation sales in the quarter.

Office and administrative expenses increased to \$75,314 from \$34,850 in 2018. During the quarter, executive training costs increased, office rent increased as a subtenant moved out to enable the Company to have additional space for new employees and operations, and additional meals and entertainment expenses were incurred due to increased travel and business development.

Travel, trade shows and conferences increased to \$73,218 from \$42,160 in 2018 as a result of attending additional industry specific conferences and meetings with potential new customers in Canada, US and China for continued business development.

Advertising and promotion increased to \$24,697 from \$5,650 as the Company incurred costs to create a new logo and obtain new business cards and brochures.

Research and Development (R&D) expense, net of government grants, increased to \$24,333 from \$3,342 in 2018 as the Company engaged in blockchain research activities. Prior development costs were capitalized, net of government grants, as they met the criteria for capitalization under IAS 38. The Company secured \$200,000 of Industrial Research Assistance Program (IRAP) funding for the further development of blockchain within the BIX platform from April 1, 2018 to March 30, 2019, and \$150,000 from April 1, 2019 to March 20, 2020.

Amortization and depreciation decreased to \$23,722 from \$28,017 in 2018 as intangible assets are amortized on a declining balance basis and no new assets have been added to the pool in the quarter.

Bad debts recovery in the quarter increased to (\$13,521) compared to \$nil in 2018, as a result of collection of bad debts set up in the prior quarter.

Results for nine months ended June 30, 2019 and 2018

	Nine Months Ended June 30,	
	2019	2018
	\$	\$
Revenue	1,182,792	1,191,649
Expenses	3,849,622	1,608,821
Other income (expenses)	(69,809)	2,680
Net loss and comprehensive loss	(2,736,639)	(414,492)
Loss per share - basic and diluted	(0.17)	(0.76)

Revenue

Gross revenue for the nine months decreased to \$1,182,792 from \$1,191,649 in 2018.

Licence revenue decreased to \$73,954 from \$135,168 in 2018 as there were fewer customers upgrading from Market Master to AMP and new customers in the nine-month period.

However, there were customers who required new hardware to replace aging equipment, and accordingly, revenue from hardware and installation increased to \$336,087 from \$295,236 in 2018. Within hardware and installation, revenue from BIX decreased to \$13,690 from \$54,410 as the Company earned revenue for services rendered and completed for a large client in the prior year.

Professional and development services decreased to \$116,029 compared to \$125,867 in 2018, as there was a significant project completed in the prior year.

Maintenance revenue increased to \$656,722 compared to \$635,378 in 2018 resulting from new AMP customers in the nine-months period.

Expenses

Selected expense variances for the nine months ended June 30, 2019 are explained below:

Wages and benefits increased to \$1,693,870 from \$471,267 in 2018 due to the hiring of a number of key individuals needed to fulfill the Company's next level of growth and improve the speed to market of BIX pilot projects, as well increases to certain employee salaries. In addition, \$678,422 of stock-based compensation was expensed in the nine months ended June 30, 2019.

Consulting expenses increased to \$602,509 from \$492,833 in 2018 as two new senior executives joined the Company on a contract basis.

Professional fees increased to \$737,436 from \$240,415 in 2018 largely resulting from the Company incurring more legal fees associated with the Transaction.

Hardware costs and supplies increased to \$200,998 from \$155,771 in 2018 resulting from the increase in hardware and installation sales for the nine months.

Office and administrative expenses increased to \$206,018 from \$113,672 in 2018. During the nine-month period, executive training costs increased, office rent increased as a subtenant moved out to enable the Company to have additional space for new employees and operations, and additional meals and entertainment expenses were incurred due to increased travel and business development.

Travel, trade shows and conferences increased to \$205,530 from \$81,521 in 2018 as a result of attending additional industry specific conferences and meetings with potential new customers in Canada, US and China for continued business development.

Advertising and promotion increased to \$55,384 from \$11,000 as the Company incurred costs to create a new logo and obtain new business cards and brochures. In addition, the Company sponsored more agriculture-related promotional events.

Research and Development (R&D) expense, net of government grants, increased to \$71,243 from \$3,342 in 2018 as the Company engaged in blockchain research activities. Prior development costs were capitalized, net of government grants, as they met the criteria for capitalization under IAS 38. The Company secured \$200,000 of Industrial Research Assistance Program (IRAP) funding for the further development of blockchain within the BIXS platform from April 1, 2018 to March 30, 2019, and \$150,000 from April 1, 2019 to March 20, 2020.

Amortization and depreciation increased to \$66,821 from \$31,027 for the nine-month period. Intangible assets are largely development costs of the BIX technology. Amortization of these costs commenced in third quarter of 2018.

Other Expenses

Finance costs increased to \$83,492 from \$5,854 in 2018 due to accretion of the liability component of preferred shares that were redeemed in the period.

Interest income increased to \$11,605 from \$nil in 2018 as the Company earned interest on share subscription proceeds.

Selected quarterly information

The following selected financial data is derived from the unaudited interim condensed consolidated financial statements.

Description	June 30, 2019 \$	March 31, 2019 \$	December 31, 2018 \$	September 30, 2018 \$	June 30, 2018 \$	March 31, 2018 \$	December 31, 2017 \$	September 30, 2017 \$
Revenue	411,306	348,105	423,381	333,962	312,940	465,065	413,644	544,264
(Loss) income before other income (expenses)	(729,939)	(791,327)	(1,145,564)	(739,586)	(392,436)	13,672	(38,408)	(294,536)
Net (loss) income	(726,725)	(786,684)	(1,223,230)	(830,710)	(392,593)	11,351	(33,250)	(294,536)
Basic and diluted (loss) earnings per share	(0.03)	(0.05)	(0.12)	(0.23)	(0.80)	0.07	(0.03)	(0.51)

The above selected quarterly information reflects the revised quarters ended December 31, 2017 and March 31, 2018 as described in note 12 in the financial statements.

The Company has incurred losses over the past several quarters relating to costs associated with the completion of the Transaction and the investment in the growth of the Company, including additional personnel and market and product development.

Consolidated Statements of Financial Position

The following selected financial data is derived from the unaudited condensed consolidated interim statements of financial position:

Description	June 30, 2019 \$	September 30, 2018 \$
Total assets	2,818,393	1,723,342
Total non-current liabilities	-	-
Distributions or dividends	-	-

Cash

Cash consists of cash on hand and deposits held with banks. On June 30, 2019, the Company held cash and bank balances of \$2,418,056 (September 30, 2018 - \$1,089,777). The significant increase in cash is due to the capital raised from the private placements. During the third quarter, as part of the Transaction, the Company received gross proceeds of \$4,000,000 from the concurrent financing and redeemed preferred shares in the amount of \$1,808,942.

Trade and other accounts receivable

Accounts receivable consists primarily of trade accounts receivable from the sale of software licences, hardware and installation, maintenance, and professional and development services. In the third quarter, the accounts receivable balance increased to \$123,873 compared to the September 30, 2018 balance of \$113,938. This results largely from the increase in software licence and hardware installation revenue.

Intangible assets

The intangible assets, net of government assistance (IRAP), decreased to \$136,735 from \$192,213 in September 30, 2018 due to amortization in the period. During the period, no government assistance was capitalized as it did not meet the criteria for capitalization under IAS 38.

Accounts payable

Accounts payable increased to \$765,718 at June 30, 2019 from \$456,720 at September 30, 2018 largely a result of the Company incurring more professional fees associated with the Transaction.

Shareholders' Equity (Deficiency)

This section should be read in conjunction with Notes 1 and 6 of the unaudited interim condensed consolidated June 30, 2019 financial statements.

During the third quarter, the Company undertook a number of steps to complete the Transaction and a private placement, which consisted of the issuance of 8,000,000 units at a subscription price of \$0.50 per unit. Each unit consisted of one common share and one-half of a warrant priced at \$0.75 per share. Gross proceeds of \$4,000,000 were received. The gross proceeds have been allocated between share capital – issued and warrants in the amounts of \$3,331,771 (net of share issue costs of \$240,036) and \$399,426 (net of share issue costs of \$28,767), respectively. Each common share purchase warrant provides the holder the right to acquire one additional common share at an exercise price of \$0.75 and expires after two years. The fair value of the warrants in the amount of \$428,193 was determined using the Black-Scholes option pricing model.

Outstanding Share Data

As at August 22, 2019 there were 25,249,701 common shares, 10,593,320 warrants and 3,079,997 share options outstanding.

VII. OFF-BALANCE SHEET ARRANGEMENTS

The Company did not have any off-balance sheet arrangements at June 30, 2019 or September 30, 2018 and does not currently, as of the date of this MD&A, have any off-balance sheet arrangements.

Transactions with related parties

Related party transactions, including key management compensation, are provided in Note 7 of the financial statements. These transactions were in the normal course of business and have been valued at amounts which were consideration established and agreed to by the related parties. No ongoing

contractual or other commitments resulted from the transactions, other than the key management compensation.

VIII. ACCOUNTING PRONOUNCEMENTS

IFRS 9 – Financial Instruments (“IFRS 9”)

The Company adopted this standard on October 1, 2018, with the only impact being with respect to revising the Company’s impairment methodology for its trade and other receivables. The Company applied the simplified approach to measure expected credit losses, which used the lifetime expected credit loss allowance for all trade receivables. The adoption of this standard did not have a material impact on the June 30, 2019 interim financial statements.

IFRS 15 - Revenue from Contracts with Customers (“IFRS 15”)

The Company adopted this standard on October 1, 2018 and considered such factors as customer contracts with unique revenue recognition considerations, the nature and type of goods and services offered, the degree to which contracts include multiple performance obligations or variable consideration, and the pattern in which revenue is currently recognized, among other considerations to recognize revenue.

The adoption of the standard did not have a material impact on the consolidated financial statements and as a result no transition adjustments were required.

New accounting standard not yet adopted

The Company has not yet adopted IFRS 16, Leases, which requires lessees to recognise a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts. There is an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. The standard is effective for annual periods beginning on or after January 1, 2019 and the Company is assessing the impact of this standard.

IX. CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts that are reported in the financial statements and accompanying note disclosures. Although these estimates and assumptions are based on management’s best estimate of current events, actual results may be different from the estimates.

Impairment of financial assets

The Company regularly reviews its outstanding balances of receivables to assess impairment. In determining whether an impairment loss should be recorded in the consolidated statements of loss and comprehensive loss for the period, the Company makes judgments as to whether there are any observable data indicating there is a measurable decrease in customers estimated future cash payments.

Management uses estimates based on historical collection experience for assets with similar credit risk characteristics and objective evidence of impairment similar to those in the portfolio when determining future expected defaults.

Impairment of non-financial assets

At each consolidated statement of financial position date, management reviews the carrying value of its non-financial assets, other than inventories and deferred income tax assets, to determine whether there is any indication of impairment. If any such indication exists, the asset is then tested for impairment by comparing the estimated recoverable amount to the carrying value. Judgment and estimation are required in management's identification of indications of impairment and in determining the recoverable amount.

Changing the assumptions selected by management could significantly affect the Company's impairment evaluation and hence its results.

Share-based compensation and warrants

The Company uses the Black-Scholes option pricing model to determine the fair value of share-based payments and warrants issued pursuant to equity offerings. Inputs to the model are subject to various estimates relating to the Company's future share price, volatility, interest rates and expected life of the options and warrants issued. These inputs are estimated based on industry and other benchmarking historical figures. Changing the assumptions selected by management, in particular the Company's share price and volatility, could significantly affect the fair value of the share-based payments and warrants.

Separate from the fair value calculation, the amount recognized as share-based compensation expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are met. If the Company estimates that it is not probable that the non-market vesting conditions will be met, no expense is recognized. Assessment of probability of the non-market vesting condition is re-evaluated at each consolidated statement of financial position date.

X. RISKS AND UNCERTAINTIES

The Company needs to continue to effectively manage resources, increase revenue from existing products, and improve operational processes and efficiency in order to achieve overall growth and profitability. Failure to increase revenue may negatively impact the Company's ability to achieve overall profitability. In the third quarter, the Company raised additional capital through a concurrent financing of \$4,000,000.

Financial instruments and other instruments

The Company's financial instruments consist of cash, restricted cash, accounts receivable, accounts payable and accrued liabilities and preferred share liability. The carrying value of these instruments approximates their fair value due to the immediate or short-term maturity of these financial instruments.

Financial risk management

The Companies activities are exposed to a variety of financial risks, including liquidity risk, market risk and currency risk. The overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential effects on the Company's financial performance. Risk management is carried out by financial management in conjunction with overall corporate governance.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

At June 30, 2019, the Company had a working capital of \$1,598,636 compared to working capital deficiency of (\$1,661,639) in September 30, 2018. The working capital significantly improved as the Company raised additional capital, including \$4,000,000 by completing the concurrent financing in the third quarter. The funds will be used to address liquidity needs of the Company for its planned growth. The raised funds will also be used to engage professional services such as legal and auditing services, to recruit more IT developers, and for the anticipated increases in expenses related to marketing, travel and hiring additional personnel to handle the anticipated transactions of the BIX platform.

Management anticipates that the Company will continue expanding the revenue base from the BIX platform in the near future. The Company will also continue to increase capital expenditures and incur significant marketing and travel expenses associated with increasing industry adoption of the BIX platform.

The Company has no plans to finance the planned growth through debt financing nor to declare dividends.

Market Risk

Market risk is the risk that changes in market prices, including foreign exchange rates and interest rates, will affect the fair value of recognized assets and liabilities, future cash flows or the Company's results of operations. To contend with changes in market prices, the Company constantly reviews its current and planned expenditures to ensure it has adequate resources to continue operations. The Company primarily sells goods in Canada, China and the United States and attempts to limit its exposure by transacting in the local currency, and therefore, limiting exposure to foreign exchange rates.

Currency Risk

The Company is subject to fluctuations in the value of the Canadian dollar relative to the U.S. dollar in the normal course of business. A portion of cash flows are realized in U.S. dollars and as such, fluctuations in the exchange rate between the Canadian dollar and U.S. dollar may have an effect on financial results.

Transactions denominated in foreign currencies are recorded at the rate of exchange on the transaction date. Monetary assets and liabilities are translated into Canadian dollars at the rate of exchange prevailing at the balance sheet date, with any resulting gain or loss being included in earnings. This exposure primarily relates to U.S. and China customers of ViewTrak. Based on the Company's foreign currency exposure, varying the foreign exchange rates to reflect a 10% strengthening of the US dollar would have increased net loss by \$10,916 and 10% weakening of the US dollar would have decreased net loss by (\$10,916) assuming all other variables remain constant.

The following table presents the Company's exposure to the US dollar:

	June 2019 \$	September 2018 \$
Cash	19,299	142,382
Accounts receivable	89,856	62,590
	<hr/>	<hr/>
CA\$ - US\$	0.7641	0.7725

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash, restricted cash, cash equivalents, and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash, restricted cash and cash equivalents with a high-credit quality financial institution. The Company also monitors the aged accounts receivable list to identify and manage collection of amounts owed to the Company.

XI. SUBSEQUENT EVENTS

The following subsequent events have taken place between June 30, 2019 and the date of this MD&A and should be read in conjunction with note 11 to the third quarter unaudited interim condensed consolidated financial statements:

Exercise of stock options and warrants

Subsequent to June 30, 2019, 233,333 options were exercised at a price of \$0.15 per share, 20,000 options at a price of \$0.50 per share and 73,346 warrants at a price of \$0.30 per share for total proceeds of \$67,004.

\$49.5 million awarded to Alberta Innovates and its partners in Strategic Innovation Fund competition

On July 22, 2019 Alberta Innovates announced it will be partnering with organizations including the Vineland Research and Innovation Centre, Olds College, MDA Systems Ltd., Linamar Corp., Lakeland College, DOT Technology Corporation, and TrustBIX and will share \$49.5 million in funding to bring together the private sector, academia and research institutions to drive automation and digitization of Canada's agricultural sector. The Company anticipates this will have a positive impact on cashflow and working capital.