SARATOGA ELECTRONIC SOLUTIONS INC.

Management's Discussion and Analysis

For the Nine-month Period Ended December 31, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Saratoga Electronic Solutions Inc. ("Saratoga" or the "Company") was prepared in accordance with Regulation 51-102 "Respecting Continuous Disclosure Obligations" and should be read in conjunction with the condensed consolidated interim financial statements and related notes thereto of the Company for the nine-month periods ended December 31, 2014 and 2013. The Company files its condensed consolidated interim financial statements, press releases and other required disclosure documents on the SEDAR database at www.sedar.com.

The Company prepares its condensed consolidated interim financial statements on the basis of International Financial Reporting Standards ("IFRS"). Except where otherwise indicated, all financial information reflected herein is expressed in Canadian dollars.

This MD&A may contain information and declarations on the future performance of the Company that are by nature forward looking. These declarations reflect management's expectations regarding future events based on assumptions and uncertainties that are subject to the risk factors identified in the "Risks and Uncertainties" section of this MD&A. Readers are hereby cautioned.

The condensed consolidated interim financial statements and MD&A of the Company in respect of the nine-month periods ended December 31, 2014 and 2013 were reviewed and approved by the Board of Directors of the Company on February 5, 2015.

OVERVIEW

The Company is incorporated under the *Canada Business Corporations Act* and is listed on the TSX Venture Exchange under the symbol "SAR". The Company is headquartered in Montreal, Quebec, Canada.

The address of the registered office is 2975 Hochelaga, Montreal, QC, H1W 1G1.

Business Overview

The Company, through its wholly-owned subsidiary 9261-5277 Québec Inc. ("Quebec Inc."), earned rental income on the leasing of some office space in its property at 2975 Hochelaga, Montreal, QC, H1W 1G1 which is where the head office of the Company is located. This property was sold at year end March 31, 2014 and the Company no longer has any commercial operations. Furthermore, on September 26, 2014, the Company sold all the shares of Québec Inc. to Osiris Blindé (2010) Inc.

Strategic alternatives

Since the earlier disposition of its automated teller machine business, Saratoga has been carrying out a review of its strategic alternatives, which review has culminated with the approval of a non-binding letter of intent with Abba Medix Corp. by the board of directors of Saratoga.

Abba Medix Corp. LOI

On September 12, 2014 the Company entered into a non-binding letter of intent (the "LOI") with Abba Medix Corp. ("Abba Medix"), and its shareholders, all of which are at arm's length to Saratoga, which outlines the general terms and conditions of a proposed transaction pursuant to which Saratoga will acquire all of the issued and outstanding shares of Abba Medix in exchange for shares of Saratoga (the "Transaction").

Prior to completion of the Transaction, Saratoga will file an application to have its common shares (the "Saratoga Shares") delisted from the NEX board of the TSX Venture Exchange (the "TSXV"), and Saratoga intends to make an application to the Canadian Securities Exchange (the "CSE") for the listing of the Saratoga Shares on the CSE. Trading in the Saratoga Shares was halted as a result of this announcement. Provided that the CSE accepts Saratoga for listing and Saratoga meets the applicable listing requirements, it is anticipated that the Saratoga Shares will only resume trading upon the completion of the Transaction and the approval of the CSE. As the Transaction will only be completed following the delisting of the Saratoga Shares from the NEX board of the TSXV, the TSXV will not be reviewing the terms and conditions of the Transaction nor any materials that may be delivered to shareholders in connection therewith.

About Abba Medix

Abba Medix is an Ontario corporation established in 2013 to capitalize on the changing rules governing medical marijuana production in Canada. On April 1, 2014, Health Canada eliminated the ability of the approximately 37,000 Canadians currently licensed to possess marijuana for medicinal use to grow their own marijuana or have it grown on their behalf. From this point forward, these users must purchase medical marijuana from commercial suppliers licensed by Health Canada.

Abba Medix filed an application with Health Canada in November of 2013 to obtain a license to produce and distribute marijuana under the federal *Marihuana for Medical Purposes Regulations* (the "License"). Abba Medix has secured a 45,000 square foot facility to support its production plan and has invested over $1,000,000 in the first phase of the plan that includes 15,000 square feet of production space. Abba Medix will continue to build out the facility as production demand increases.

While there can be no guarantee as to the successful outcome of Abba Medix's application for the License nor as to the timeframe within which such application will be

processed by Health Canada, it is Abba Medix's goal to create one of the most technologically advanced and secure facilities in Canada in compliance with applicable rules and regulations.

The Proposed Transaction

The transaction terms outlined in the LOI are non-binding on the parties and the LOI is expected to be superseded by a definitive agreement (the "Definitive Agreement") to be signed between the parties. The Transaction is subject to regulatory approval and standard closing conditions, including the approval of the Definitive Agreement by the directors of Saratoga and the shareholders of Abba Medix.

Under the terms of the LOI, it is expected that Saratoga will issue approximately 32,000,000 Saratoga Shares in exchange for all of the issued and outstanding shares of Abba Medix held by the founding shareholders. Based on the foregoing, it is expected that the current holders of Saratoga Shares will hold approximately 36.6% of the outstanding Saratoga Shares following completion of the Transaction and the founding shareholders of Abba Medix will hold 63.4% of the outstanding Saratoga Shares following completion of the Transaction.

It is contemplated that Abba Medix may complete one or more private placements of its securities to investors prior to the closing of the Transaction. A further press release prior to the resumption of trading will provide additional details of any such private placements and their impact on the number of Saratoga Shares to be issued to such investors as part of the Transaction.

As of the date hereof, there are 18,461,300 Saratoga Shares outstanding.

Contemporaneously with the closing of the Transaction, the shareholders of Abba Medix shall enter into an escrow agreement pursuant to which they will be restricted from selling their Saratoga Shares for the first three years following the closing of the Transaction, with 25% of their shares being released from escrow on each of the third and fourth anniversaries of the closing of the Transaction, and the remaining 50% of their shares being released on the fifth anniversary.

Going concern

The condensed consolidated interim financial statements have been prepared on the going concern basis, which presumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company has incurred substantial recurring losses to date and has an accumulated deficit of $2,107,337 at December 31, 2014. In addition, the Group has sold all its commercial operating business.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

The Group's ability to continue as a going concern is dependent upon its ability to complete the Transaction. There is no assurance that the Company will be able to materialize its plan.

The condensed consolidated interim financial statements have been prepared on a going concern basis and do not include any adjustments to the amounts and classifications of the assets and liabilities that might be necessary should the Group be unable to achieve its plan to find new investing opportunities given that the majority shareholder of the Company has attested to provide all funding necessary for the Company to continue as a going concern. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the consolidated statements of financial position classifications used. The impact on the consolidated financial statements could be material.

Quarterly results

Quarter	Revenues	Net income (loss)	Net earnings (loss) per share - basic and diluted
	$	$	$
Year ended March 31, 2015			
Third Quarter	-	(44,199)	(0.00239)
Second Quarter	-	981,881	0.05319
First Quarter	-	(16,934)	(0.00092)
Year ended March 31, 2014			
Fourth Quarter	-	(24,788)	(0.00135)
Third Quarter	4,768	(408,761)	(0.02214)
Second Quarter	4,767	(47,844)	(0.00259)
First Quarter	4,767	(63,938)	(0.00346)
Year ended March 31, 2013			
Fourth Quarter	5,767	(71,099)	(0.00385)

Note: For comparative purpose, the total revenue, net income (loss) and EPS in this chart included continuing and discontinued operations.

The following table summarizes certain financial data related to the Company and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three-month and nine-month periods ended December 31, 2014, 2013 and 2012.

	Three-month period			Nine-month period		
	December 31, 2014 (unaudited)	December 31, 2013 (unaudited)	December 31, 2012 (unaudited)	**December 31, 2014 (unaudited)**	December 31 30, 2013 (unaudited)	December 31, 2012 (unaudited)
	$ (except for share information)	$ (except for share information)	$ (except for share information)	**$ (except for share information)**	$ (except for share information)	**$** (except for share information)
Total assets	**12,538**	1,297,868	1,677,863	**12,538**	1,297,868	1,677,863
Revenue	**-**	4,767	7,937	**-**	14,302	36,492
Income (loss) before net finance costs, income taxes	**(44,050)**	(449,565)	316,256	**922,876**	(559,546)	212,256
Net finance expense	**149**	2,039	347	**2,128**	3,840	3,383
Income (loss) before income taxes	**(44,199)**	(451,604)	315,909	**920,748**	(563,386)	208,873
Income tax expense (recovery)	**-**	(42,843)	(7,180)	-	(42,843)	(7,180)
Comprehensive income (loss)	**(44,199)**	(408,761)	323,089	**920,748**	(520,543)	216,053
Earnings (loss) per share basic and diluted	**0.00239**	(0.022114)	0.01750	**0.04987**	(0.02820)	0.01170
Weighted average number of common shares outstanding						
Basic and diluted	**18,461,300**	**18,461,300**	**18,461,300**	**18,461,300**	18,461,300	18,461,300

Results of operations

Revenues

Revenues based on continuing operating activities information for the three-month period ended December 31, 2014 are $Nil compared to the three-month period ended December 31, 2013 of $4,767, a year over year decrease of $4,767 (100.00%).

Revenues based on continuing operating activities information for the nine-month period ended December 31, 2014 are $Nil compared to the nine-month period ended December 31, 2013 of $14,302, a year over year decrease of $14,302 (100.00%).

Administrative expenses

Administrative expenses from continuing operating activities for the three-month period ended December 31, 2014 were $44,050, compared to $32,794 for the three-month period ended December 31, 2013. Administrative expenses increased year-over-year by $11,256 (34.32%). This year-over-year increase of $11,256 is explained by a decrease in taxes and licenses of $9,339 (100.00%), in utilities of $8,391 (100.00%) and in other administration expenses of $1,244 (3.79%), offset by an increase in professional fees of $30,230 (279.39%).

Administrative expenses from continuing operating activities for the nine-month period ended December 31, 2014 were $102,946, compared to $137,371 for the nine-month period ended December 31, 2013. Administrative expenses decreased year-over-year by $34,425 (25.06%). This year-over-year decrease of $34,425 is explained by a decrease in insurance $5,639 (100.00%), in office salaries of $3,154 (38.68%), in taxes and licenses of $27,935 (99.70%), in utilities of $13,544 (92.56%) and in other administration expenses of $1,979 (5.75%), offset by an increase in professional fees of $17,742 (22.43%).

Depreciation of property, equipment

Depreciation of property, plant and equipment from continuing operating activities for the nine-month period ended December 31, 2014 decreased to $Nil from $26,877 for the nine-month period ended December 31, 2013, representing a year-over-year decrease of $26,877 (100.00%).

Money remittance costs recovery

Money remittance costs recovery from continuing operating activities of $Nil for the nine-month period ended December 31, 2014, compared to money remittance costs recovery of $2,963 for the nine-month period ended December 31, 2013, representing a year-over-year decrease in costs recovery of $2,963 (100.00%). All money remittance operations were ceased in November 2013.

Sales taxes assessment

Sales taxes assessment from continuing operating activities of $Nil for the nine-month period ended December 31, 2014, compared to sales taxes assessment of $412,563 for the nine-month period ended December 31, 2013, representing a year-over-year decrease in costs recovery of $412,563 (100.00%). In December 2012, Quebec Inc. claimed ITCs, for the three prior years, on fees charged to it by a supplier for the housing fees related to automated banking machines. Quebec Inc. took the position that it was eligible to make this claim following a recent court ruling that clarified the current legislation defining "financial service" in the Income Tax Act in a situation where an intermediary provides

on-premises space allowing a third party to render financial services to its clients. The tax authorities audited the Company in the year ended March 31, 2014 and denied the Company's position and requested that the ITCs be refunded.

Finance costs

Finance costs from continuing operating activities for the three-month period ended December 31, 2014 decreased to $149 from $2,039 for the three-month period ended December 31, 2013, representing a year-over-year decrease of $1,890 (92.69%).

Finance costs from continuing operating activities for the nine-month period ended December 31, 2014 decreased to $2,128 from $3,840 for the nine-month period ended December 31, 2013, representing a year-over-year decrease of $1,712 (44.58%).

Total comprehensive income (loss)

The Company realized a net comprehensive loss for the three-month period ended December 31, 2014 of $44,199, compared to a net comprehensive loss for the three-month period ended December 31, 2013 of $408,761, representing an decrease in net comprehensive loss of $364,562 (89.19%).

The Company realized a net comprehensive income for the nine-month period ended December 31, 2014 of $920,748, compared to a net comprehensive loss for the nine-month period ended December 31, 2013 of $520,543, representing an increase in net comprehensive income of $1,441,291 (276.88%).

Earnings (loss) per share

The loss per share - basic and diluted for the three-month period ended December 31, 2014 was $0.00239, compared to a loss per share - basic and diluted of $0.02214 for the three-month period ended December 31, 2013, calculated on a basic and diluted weighted average number of 18,461,300 outstanding common shares at December 31, 2014 and December 31, 2013.

The earnings per share - basic and diluted for the nine-month period ended December 31, 2014 was $0.04987, compared to a loss per share - basic and diluted of $0.02820 for the nine-month period ended December 31, 2013, calculated on a basic and diluted weighted average number of 18,461,300 outstanding common shares at December 31, 2014 and December 31, 2013.

CHANGE IN FINANCIAL POSITION

The following table summarizes certain financial data related to the Company and should be read in conjunction with the Company's audited consolidated financial statements for the three-month and nine-month period ended December 31, 2014 and 2013.

	Three-month period ended		**Nine-month period ended**	
	December 31, 2014 (unaudited)	December 31, 2013 (unaudited)	**December 31, 2014 (unaudited)**	December 31, 2013 (unaudited)
	$	**$**	**$**	**$**
Cash flow generated (used) in operating activities of continuing operations	**(1,362)**	49,489	**696,672**	(96,653)
Cash flow used in investing activities from continuing activities	**-**	-	**(7,048)**	-
Cash flow used in financing activities from continuing operations	**-**	-	**(690,000)**	-
Net increase (decrease) in cash	**(1,362)**	49,489	**(376)**	(96,653)

Operating activities

Cash flows used in operating activities of continued operations were $1,362 for the three-month period ended December 31, 2014, compared to cash flows generated of $49,489 for the three-month period ended December 31, 2013. The decrease of $50,851 (102.75%) in cash flows generated in operating activities of continuing operations is primarily attributable to an decrease in loss of $364,562 (89.19%), to a decrease in generated items not involving cash of $8,959 (100.00%) and a decrease in generated cash flow in non-cash working capital items of $406,454 (90.47%).

Cash flows generated in operating activities of continued operations were $696,672 for the nine-month period ended December 31, 2014, compared to cash flows used of $96,653 for the nine-month period ended December 31, 2013. The increase of $793,325 (820.80%) in cash flows generated in operating activities of continuing operations is primarily attributable to a increase in income of $1,441,291 (276.88%), to an increase in used items not involving cash of $1,052,698 (3,916.72%) and an increase in generated cash flow in non-cash working capital items of $404,732 (101.94%).

Investing activities

Cash flows used in investing activities of continued operations were $7,048 for the nine-month period ended December 31, 2014, compared to $Nil for the nine-month period

ended December 31, 2013. The increase of $7,048 (100.00%) in cash flows used in investing activities of continuing operations is primarily attributable to the sale of the Company's wholly-owned subsidiary 9261-5277 Québec Inc. to Osiris Blindé (2010) Inc.

Financing activities

Cash flows used in financing activities of continuing activities were $690,000 (100.00%) for the nine-month period ended December 31, 2014, compared to cash flows used in financing activities of continuing activities of $Nil for the nine-month period ended December 31, 2013. This increase of $690,000 (100.00%) in used financing activities is mainly explained by an increase in redemption of preferred shares held by non-controlling interest of $705,000 (100.00%), offset by cash flows generated in loan payable to director of $15,000 (100.00%). The Company's principal shareholder and Chief Executive Officer Georges Durst loaned the Company $15,000, this amount of $15,000 was used to increase the Company's cash flow.

Sale of Group entity 9261-5277 Québec Inc.

On September 26, 2014, the Company entered into a share purchase agreement to sell all of the shares of Québec Inc. The following balances were excluded from the consolidated statements of financial position as a result of such sale:

	December 31, 2014
	$
Cash	7,049
Trade and other receivables	62,378
Funds held in trust	38,000
Income taxes recoverable	5,897
Trade and other payables	6,261
Sales taxes payable	44,911
Non-controlling interest	440,000
Share capital	647,973
	1,025,821

This transaction has been treated as a non-cash transaction on the consolidated statements of cash flows.

Consolidated statements of financial position

The total assets of the Company amounted to $12,538 as at December 31, 2014, compared to $1,292,128 as at March 31, 2014, representing a decrease of $1,279,590 (99.03%). This decrease $1,279,590 of is mainly explained by a decrease in cash of $376 (6.01%), in cash held in Trust of $1,200,000 (100.00%), in trade and other receivables of $15,313 (100.00%), in trade receivables from related parties of $52,976 (100.00%) and in

income taxes recoverable of $17,585 (100.00%), offset by the increase in sales taxes receivable of $6,660 (100.00%),

The Company's current liabilities decreased by $407,365 (73.96%) as at December 31, 2014 to $143,422, compared to $550,787 as at March 31, 2014. The decrease of $407,365 in current liabilities is mainly explained by the increase in loan payable to director of $15,000 (100.00%), in trade payables of $71,819 (141.93%) and in trade payable to related parties of $484 (8.77%), off-set by a decrease in sales taxes payable of $494,668 (100.00%).

Deficiency attributable to Shareholders'

Deficiency attributable to shareholders' of $130,884 as at December 31, 2014, compared to an deficiency attributable to shareholders' of $403,659 as at March 31, 2014, a decrease in deficiency attributable to shareholders' of $272,775 (67.58%).

Issued and outstanding share capital

As of February 5, 2015, the Company has a weighted average of 18,461,300 issued and outstanding voting participating common shares.

Furthermore, the Company had previously granted stock options under the Company's share compensation plan to the Company's officers, directors and employees. All options have expired as of July 28, 2014.

The Company has two series of preferred shares and is authorized to issue an unlimited number of these shares.

As of February 5, 2015 the Company has not issued any preferred shares.

Non-controlling interest

The non-controlling interest of the Company amounted to $Nil as at December 31, 2014, compared to $1,145,000 as at March 31, 2014, representing a decrease of $1,145,000 (100.00%). This decrease of $1,145,000 is mainly explained by the redeemed 705,000 Class 'D' preferred shares of Québec Inc. in the amount of $705,000 and of the 440,000 Class 'D' preferred shares of Québec Inc. excluded from the condensed consolidated statements of financial position as a result of the sale of Québec Inc.

RELATED PARTY TRANSACTIONS

The Company has entered into the following transactions with related parties:

Companies with common directors

The Company leased office space to Saratoga Multi-Média Inc., a company related to the Company's principal shareholder and Chief Executive Officer Georges Durst, pursuant to a ten year lease. During the nine-month period ended December 31, 2014, the Company realized rental income of $Nil (2013 - $7,332) from such lease, and, as at December 31, 2014, the Company had a related account receivable of $Nil (2013 - $24,334). This lease was terminated in December 2013.

The Company leased office space to Maison du Jazz Inc., a company related to the Company's principal shareholder and Chief Executive Officer Georges Durst, pursuant to a ten year lease. During the nine-month period ended December 31, 2014, the Company realized rental income of $Nil (2013 - $6,970) from this lease, and, as at December 31, 2014, the Company had a related account receivable of $Nil (2013 - $28,642). This lease was terminated in December 2013.

Directors and key management personnel

During the nine-month period ended December 31, 2014, the Company paid director's fees in the amount of $6,000 (2013 – $1,500) and during the year ended March 31, 2014, the Company paid director's fees in the amount of $5,500 (2013 – $5,500) resulting in accounts payable and accrued liabilities in the amount of $6,000 (Georges Durst $2,500 (2013 - $500), Donald Seal $2,500 (2013 - $500) and Martin Fontaine $1,000 (2013 - $500).

The Company paid key management compensation in the amount of $Nil for the nine-month period ended December 31, 2014 (2013 - $6,654) to Georges Durst. These compensations were associated with his role as president and chief executive officer of the Company and resulted in accounts payable and accrued liabilities as at December 31, 2014 of $Nil (2013 – $5,405).

OUTLOOK

The Company as entered into the "LOI" with Abba Medix in connection with in a proposed transaction pursuant to which Saratoga will acquire all of the issued and outstanding shares of Abba Medix in exchange for Saratoga Shares. The Group's ability to continue as a going concern is dependent upon its ability to complete the proposed transaction. There is no assurance that the Company will be able to materialize its plan.

Off Balance Sheet Arrangements

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

Statement of compliance

The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the company and the notes thereto. The unaudited condensed consolidated interim financial statements have not been subject of a review or an audit by the company's auditors and have been approved by the Board of directors on February 5, 2015.

Basis of measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis.

These condensed consolidated interim financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS34.

Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Group's functional currency.

Accounting Policies

These condensed consolidated interim financial statements have been prepared in accordance with IFRS. The Company's IFRS accounting policies presented in note 3 to the audited financial statements for the reporting year ended March 31, 2014 have been applied consistently and for the comparative information for the reporting of the nine-month period ended December 31, 2014.

New standards, interpretations and amendments adopted during year

During the year, the Group adopted the following new or amended IFRS standards and Interpretations of IFRS ("Interpretations") that became mandatory for application. The adoption of these new or amended IFRS standards and Interpretations did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial periods.

- *IFRS 2 – Share-based payment*
- *IFRS 7 – Financial instruments: disclosures and IAS 32 Financial instruments: presentation*
- *IAS 24 – Related party disclosures*
- *IAS 36 – Impairment of assets*
- *IAS 39 – Financial Instruments: Recognition and measurement*
- *IFRIC 21 – Levies*

More information on new standards, interpretations and amendments adopted during year is available in note 3 of the consolidated financial statements at March 31, 2014.

Recent accounting pronouncements and amendments not yet effective

The Group has not yet applied the new *IFRS 9 – Financial instruments* that has been issued as at December 31, 2014 but is not yet effective. The Company does not plan to early adopt this new standard.

More information on the future accounting changes is available in note 3 of the consolidated financial statements at March 31, 2014.

Critical accounting estimates, judgements and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities at the date of the consolidated financial statements and reported amount of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events or actions that are believed to be reasonable under the circumstances. The actual results may differ from these estimates, judgments and assumptions.

The key sources of information about judgments, estimates and assumptions uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

- Trade and other receivables valuation - the recoverability of trade receivables;
- Estimated useful lives – the estimated useful lives of property, equipment and intangible assets and the related depreciation;

- Income taxes valuation – the provision for income tax recovery and the composition of deferred tax assets and liabilities;
- Share-based payments – the inputs used in accounting for share-based payment expense;
- Impairment – the assessment on events or changes in circumstances that indicate that carrying value of property and equipment may not be recoverable; and
- Contingencies – the input used in determining the various contingencies.

Financial Instruments

Under IFRS, financial instruments are classified into one of the six categories: financial assets at fair value through profit or loss, held to maturity investments, loans and receivables, available-for-sale financial assets, financial liabilities through profit or loss and other liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

		December 31, 2014	March 31, 2014
		$	$
Loans and receivables	(2)	**12,538**	1,274,543
Other financial liabilities	(3)	**143,422**	550,787

(1) Includes loan receivable from a private company
(2) Includes cash, trade and other receivables, trade receivables from related parties and funds held in trust and sales taxes recoverable.
(3) Includes trade payables, trade payable to related parties, loan payable to director and sales taxes payable.

All financial instruments carried at fair value are categorized in three categories, defined below:

Level 1- Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2- Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
Level 3- Inputs that are not based on observable market data

During the nine-month period ended December 31, 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements. No transfers between any levels of the fair value hierarchy took place in the equivalent comparative period. There were no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

The Company examines the various financial risks to which its operations are exposed. These risks may include credit risk, liquidity risk, currency risk and interest risk. Management reviews these risks on a periodic basis and when material, they are reviewed and monitored by the Board of Directors.

Fair Value

The carrying values of cash, trade and other receivables, trade receivables from related parties, funds held in trust, loan receivable from a private company, trade payables, trade payables to related parties and sales taxes payable approximate their fair values due to the short-term maturity of these instruments.

Credit risk

Financial instruments that potentially subject the Company to credit risk consist primarily of cash held with banks as well as credit exposure on outstanding receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The Company manages credit risk from receivables by continuously monitoring the financial position of its customers and provides allowances for potentially uncollectible receivables.

Liquidity risk

Liquidity risk arises through an excess of financial obligations over available financial assets at any point of time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company had a negative working capital of $130,884 as of December 31, 2014. The maximum exposure to liquidity risk is equal to the carrying value of the financial liabilities. All financial liabilities are short-term in nature and are repayable within 12 months.

The following are the contractual maturities of financial liabilities as at December 31, 2014:

	Carrying amount	Contractual cash flows	3 months or less	3-12 months	1-4 years
	$	$	$	$	$
Loan payable to director	15,000	(15,000)	(15,000)	-	-
Trade and other payables	122,422	(122,422)	(122,422)	-	-
Trade and other payables related parties	6,000	(6,000)	(6,000)	-	-

While the Company continues to seek alternative financing arrangements, it is not possible to predict whether these efforts will be successful. Moreover, there is no guarantee that the amount of working capital available will be sufficient to support the

future working capital needs of the Company, or that the Company would be able, if required, to gain access to additional working capital.

Risk factors

New investment risk

If the Company decides to pursue new business investment opportunities, it may require additional capital which may entail the issuance of shares and the sale of debt and equity securities. However, there can be no assurance that the Company will be able to raise the required capital to pursue such business opportunities.

INFORMATION COMMUNICATION CONTROLS AND PROCEDURES

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian IFRS.

TSX Venture Exchange-listed companies are not required to provide representations in their annual and interim filings relating to the establishment and maintenance of DC&P and ICFR, as defined in National Instrument 52-109. In particular, the certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a TSX Venture Exchange-listed issuer to design and implement on a cost effective basis DC&P and ICFR as defined in National Instrument 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

FORWARD-LOOKING STATEMENTS

This report release contains certain forward-looking statements concerning our future operations, economic performance and financial condition. These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks, uncertainties and assumptions. Consequently, all of the forward-looking statements in this report are qualified by these cautionary statements. We undertake no obligation and do not intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable law.

This MD&A was prepared on February 5, 2015. Additional information about the Company is available under the Company's profile on the SEDAR website.

(signed) Georges A. Durst
Chief Executive Officer

(signed) Richard Vallée C.A., ICD.D
Chief Financial Officer