NanoSphere Health Sciences Inc.

Management Discussion & Analysis

March 31, 2018

The following Management Discussion and Analysis ("MD&A") of NanoSphere Health Sciences Inc. (the "Company" or "NanoSphere") should be read in conjunction with the consolidated financial statements of the Company for the period ended March 31, 2018 which have been prepared in accordance with the International Financial Reporting Standards ("IFRS"). This MD&A includes certain statements that may be deemed "forward looking statements". All statements in this MD&A, other than statements of historical fact, that address future exploration activities and events or developments that the Company expects, are forward looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Additional information can be found on SEDAR at www.sedar.com. This MD&A is dated as of May 30, 2018.

DESCRIPTION OF THE COMPANY

NanoSphere Health Sciences is a biotechnology firm that created the patented NanoSphere Deliver System, a revolutionary platform using nanotechnology in the biodelivery of supplements, nutraceuticals and over-the-counter medications for the cannabis, pharmaceutical and animal health industries, and beyond. NanoSphere Delivery System represents one of the most important developments for advancing the non-invasive and user-friendly delivery of biological agents in over 25 years. The Company trades on the Canadian Securities Exchange under the symbol 'NSHS'.

OVERALL PERFORMANCE

During the period ended March 31, 2018, the Company had a comprehensive loss of $1,012,450 mainly due to the increase in salaries and consulting fees to focus on development of NanoSphere Delivery System, and Investor relations and marketing expense for future product sales.

In March 2018, the Company was formally granted their patent on the NanoSphere Delivery System, protecting the Company's core technology of nanoencapsulation and delivery of bioactive compounds. This patent is a significant milestone for the Company and protects our novel bioactive delivery technology. This patented technology is currently being utilized to produce our first flagship product, Evolve, NanoSerum, which is branded under Evolve Formulas name. The Company is currently developing a new CBD version of the NanoSerum. Which formulation is intended to have therapeutic benefits that help with inflammation, anxiety, pain, sleep, and mood. Additionally, the Company is also developing a transnasal cannabis product, utilizing the NanoSphere Deliver System. The CBD NanoSerum is expected to enter the market in early summer 2018 and the transnasal product is expected to be released into the market in early fall 2018. Evolve NanoSerum is currently sold in over 120 dispensaries in Colorado.

In April 2018, the Company completed and signed its license agreement with Evergreen Biosciences in Colorado to facilitate the sublicense of the Evolve NanoSerum in Colorado, the Company's flagship product. This license will allow the Company to begin to monetize its efforts in the development of its patented nanotechnology with the Evolve NanoSerum, including our upcoming CBD and Intranasal products. In addition to the monetization of our efforts, the Company will begin to be able to recognize revenue under the license agreements and enable the Company to present the sales results of the Evolve NanoSerum on its Statements of Operations.

In May 2018, the Company entered into an additional license agreement with Vertical, to license its patented technology in the states of California and Arizona for the production of the Evolve NanoSerum, as well as our upcoming CBD and Intranasal products.

On November 17, 2017, the Company and Nanosphere Health Sciences LLC ("Nano LLC"), entered in to a Share Exchange Agreement ("SEA") whereby the Company acquired all of the outstanding shares of Nano LLC in consideration for 60,000,000 common shares of the Company. After completion of the SEA, the shareholders of Nano LLC held approximately 71.21% of the Company. Accordingly, Nano LLC is considered to have acquired the Company with the SEA being accounted as a reverse takeover of the Company by Nano LLC shareholders (the "RTO").

SUMMARY OF QUARTERLY RESULTS

	2018	2017				2016		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net Sales	-	-	-	-	-	-	-	-
Net loss	1,012,450	9,285,808	254,595	151,270	217,955	125,553	108,579	119,032
Basic and diluted net loss per share	0.01	0.90	NA	NA	NA	NA	NA	NA

Results of Operations for the three-month period ended March 31, 2018 compared to 2017

The net loss for the three-month period ended March 31, 2018 increased by $813,238 as compared to $292,634 for the three month period ended March 31, 2017. The significant individual items contributing to the decrease in net loss:

- Investor relations and marketing increased by $324,653 as compared to Nil for the three month period ended March 31, 2017 due to the marketing programs to increase our visibility of our products.

- Salaries and consulting increased by $152,962 to $275,855 as compared to $122,893 for the three month period ended March 31, 2017, as the Company continued on developing NanoSphere Deliver System.

LIQUIDITY AND CAPITAL RESOURCES

The Company has no significant revenues to date. In order to manage risk, the Company closely monitors its cash requirements and expenditures. At March 31, 2018 and December 31, 2017, the Company's working capital and deficit were as follows:

		March 31, 2018		December 31, 2017
Working capital	$	2,260,629	$	3,580,346
Deficit		(13,101,207)		(12,106,017)

As at March 31, 2018, the Company has a working capital of $2,260,629. Management is actively reviewing financing opportunities in order to meet working capital requirements for the next fiscal year.

BASIS OF PRESENTATION - INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The annual consolidated financial statements of the Company comply with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in US dollars unless otherwise noted.

RELATED PARTY TRANSACTIONS

The consolidated financial statements include the financial statements of NanoSphere Health Sciences Inc. and its 100% owned subsidiaries.

Key management compensation

During the period ended March 31, 2018, the Company paid or accrued:

Salaries and consulting fees of $37,500 (2017 - $24,000) to manager of the Company, $40,000 (2017 – $21,000) to the Chief Science Officer of the Company, $9,750 (2017 - $19,500) to the Chief Marketing Officer of the Company, $37,500 (2017 - $Nil) to the President of the Company, $28,800 (2017 - $Nil) to Vice President of Finance of the Company, and $7,500 (2017 - $2,500) to the CFO of the Company.

Included in accounts payable and accrued liabilities is $4,089 (2017 - $Nil) due to directors, officers, and companies controlled by directors and officers of the Company that is non-interest bearing and due on demand.

On April 2, 2018, the Company entered into a license agreement with Evergreen Biosciences, LLC to sub-license the Company's patented NanoSphere Delivery technology. Evergreen Biosciences is partially owned by Chief Operating Officer of the Company.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates

Management is required to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation and judgement uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

i. Going concern

The assessment of the Company's ability to continue as a going concern involves critical judgement based on historical experience. Significant judgements are used in the Company's assessment of its ability to continue as a going concern which is described in Note 1 of the financial statements.

ii. Licensing agreement

Subsequent March 31, 2018, the Company entered into two licensing arrangements for the use of proprietary technology. Management concluded that licensing arrangements do not result in control of the licensee, in accordance with IFRS.

CHANGES IN ACCOUNTING STANDARDS NOT YET ADOPTED

IFRS 9 Financial Instruments (Revised) was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing derecognition requirements from IAS 39 Financial instruments: recognition and measurement. The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The impact of IFRS 9 on the Company's financial instruments is not expected to be material.

RISKS AND UNCERTAINTIES

This section discusses factors relating to the business of Company that should be considered by both existing and potential investors. The information in this section is intended to serve as an overview and should not be considered comprehensive and the Company may face risks and uncertainties not discussed in this section, or not currently known to us, or that we deem to be immaterial. All risks to the Company's business have the potential to influence its operations in a materially adverse manner.

The following sets out the principal risks (non-inclusive) faced by the Company.

Financing risks. The Company will be dependent upon the capital markets to raise additional financing in the future, while it establishes a user base for its products. As such, the Company is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to the Company and its management. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and the trading price of the Company's shares on the Exchange.

Share Price Volatility and Price Fluctuations. The market price for the Common Shares of the Company could be subject to wide fluctuations. Factors such as government regulation, interest rates, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the Company. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Key personnel risks. The Company's business development efforts are dependent to a large degree on the skills and experience of certain of its key personnel. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

History of Net Losses; Accumulated Deficit; Lack of Revenue from Operations. The Company has incurred net losses to date. Its deficit as of March 31, 2018 was $13,101,207. The Company does not have a history of sales operations and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

Change in Law, Regulations and Guidelines. The Company's business is subject to a variety of laws, regulations and guidelines relating to marketing, acquisition, manufacture, management, transportation, storage, sale and disposal of medical marijuana but also laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Changes to such laws, regulations and guidelines may cause adverse effects to the Company's operations. On February 24, 2016, the Federal Court released its decision in the case of Allard et al v. Canada, declaring that the Marijuana for Medical Purposes Regulations ("MMPR"), as it was drafted, was unconstitutional in violation of the plaintiffs' rights under section 7 of the Charter of Rights and Freedoms. On August 24, 2016, the Access to Cannabis for Medical Purposes

Regulations ("ACMPR") came into force, replacing the MMPR as the regulations governing Canada's medical cannabis regime which permits patients to produce a limited amount of cannabis for their own medical purposes or to designate a person to produce a limited amount of cannabis. The ACMPR could potentially decrease the size of the market for the Company's business, and potentially materially and adversely affect the Company's business, its results of operations and financial condition.

Unfavourable Publicity or Consumer Perception. The success of the medical marijuana industry may be significantly influenced by the public's perception of marijuana's medicinal applications. Medical marijuana is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to medical marijuana will be favourable. The medical marijuana industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for medical marijuana is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of medical marijuana may have a material adverse effect on our operational results, consumer base and financial results.

Political and Economic Instability. The Company may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of

inflation. Changes in medicine and agriculture development or investment policies or shifts in political attitude in certain countries may adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people and water use. The effect of these factors cannot be accurately predicted.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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.

The fair value of the Company's receivables, accounts payable and accrued liabilities, approximate carrying value, which is the amount recorded on the consolidated statement of financial position. Cash and receivables, under the fair value hierarchy are based on level one quoted prices in active markets for identical assets or liabilities.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in the United States. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company's secondary exposure to risk is on its other receivables. This includes GST receivable of $12,136 from the Government of Canada. Management believes that the credit risk concentration with respect to receivables is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

All of the contractual maturities of the Company's non-derivative financial liabilities are within one year of the financial statement end date.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash is minimal.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable and accounts payable and accrued liabilities that are denominated in US Dollars (USD). Based on management's knowledge and experience of the financial markets, the Company believes that 10% fluctuation in the USD against the Canadian dollar would affect net loss for the period by approximately $86,000.

c) Price risk

The Company is exposed to price risks with respect to equity and commodity 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. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

The risks that the Company will realize a loss as a result to a change in equity or commodity prices are minimal.

Sensitivity Analysis

The carrying amount of cash, receivables, and accounts payable and accrued liabilities approximates their fair value due to their short-term nature. The Company does not have significant exposure to changing interest rates.

Based on management's knowledge and experience of the financial markets, the Company believes the following movement is "reasonably possible".

The Company has cash, receivable and accounts payable denominated in USD and are exposed to risk from changes in the USD. A 10% fluctuation in the USD against the Canadian dollar would affect net loss for the period by approximately $86,000.

Capital management

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance current production of the Company's patented NanoSphere Delivery System and development of future products utility system. Capital is comprised of the Company's shareholders' equity. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on management to sustain future development and commercialization of the business. The Company will continue to assess sources of financing available and to assess the potential for collaboration with interested partners with a view to managing its current financial resources in the interest of sustaining the long-term viability of the Company's operations.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the stage of the Company, is reasonable.

OUTSTANDING SHARE DATA

Common shares, options, warrants and convertible securities outstanding as at the date of this report**:**

Security	Outstanding
Common Shares	96,555,563
Options	1,205,000
Warrants	8,091,773

SUBSEQUENT EVENT

Subsequent to March 31, 2018, the Company granted 3,165,555 stock options to directors, officers and consultants of the Company exercisable at $0.65.

PROPOSED TRANSACTIONS

The Company has no proposed transactions other than already disclosed.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

OTHER INFORMATION

Additional information on the Company is available on SEDAR at www.SEDAR.COM