LIFESTYLE DELIVERY SYSTEMS INC.
(FORMERLY KARIANA RESOURCES INC.)

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

June 30, 2015

GENERAL

The following information, prepared as of August 31, 2015, should be read in conjunction with the condensed interim consolidated financial statements statements of Lifestyle Delivery Systems Inc. (formerly Kariana Resources Inc.) (the "Company" or "LDS") for the three and six month period ended June 30, 2015 and audited consolidated financial for the fiscal year ended December 31, 2014. The condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

During the period ended June 30, 2015, the Company's critical accounting estimates and significant accounting policies have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in Canadian dollars unless noted otherwise.

The risk factors identified in previous management's discussion and analysis (the "MD&A") have also remained substantially unchanged but the risk factor of future financings has assumed a greater importance to the Company in view of the current economic climate and stock market volatility. Management has assessed and will continue to address the implications of recent events in order to ensure that LDS can continue to achieve its long term objectives.

As of January 1, 2011, the Company adopted IFRS and the following disclosure, and associated condensed interim consolidated financial statements, are presented in accordance with the International Accounting Standard 34, Interim Financial Reporting.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements contained in the foregoing management discussion & analysis (the "MD&A") constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below.

DESCRIPTION OF BUSINESS

The Company was incorporated on September 14, 2010 pursuant to the *Business Corporations Act,* British Columbia. The Company's principal business activity is technologies that produce oral delivery system that can be used for energy elixirs, herbal remedies and a smokeless alternative option to medical and recreational users of cannabis. The Company's shares trade on the Canadian Securities Exchange under the trading symbol "LDS" and also on OTCQB under the trading symbol "LDSYF".

On May 1, 2015, the Company acquired all the issued and outstanding common stock of Canna Delivery Systems Inc. ("Canna") and changed its name to "Lifestyle Delivery Systems Inc." under the British Columbia Business Corporations Act (the "Transaction"). Canna, incorporated under the State of Nevada on November 25, 2014, is now one of the wholly-owned subsidiaries of LDS.

CHANGES IN MANAGEMENT

On May 1, 2015, Brad Eckenweiler was appointed to the board of directors of the Company and was appointed as the CEO of the Company on May 22, 2015.

The Company's Board of Directors now consists of following: Savio Chiu, Herrick Lau, Brad Eckenweiler, and David Velisek.

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June 30, 2015

OVERALL PERFORMANCE

The following discussion of the Company's financial performance is based on the condensed interim consolidated financial statements for the three and six months ended June 30, 2015.

The statements of financial position as of June 30, 2015 indicate a cash position of $178,716 (2014 - $189,928) and total current assets of $435,242 (2014 - $391,946). The increase in total current assets was mainly due to the completion of a private placement for the total gross proceeds of $775,314 during the quarter.

At June 30, 2015, current liabilities total $237,601 (2014 - $241,464) and long-term liabilities total $29,925 (2014 – $160,125). Shareholders' equity is comprised of share capital of $3,676,374 (2014 - $1,338,336), reserves of $102,140 (2014 - $102,140), equity portion of convertible debenture of $18,411 (2014 – $19,891), obligation to issue shares of $84,750 (2014 – nil), accumulated other comprehensive income of $10,971 (2014 – nil) and accumulated deficit of $1,937,157 (2014 - $1,470,010) for a net equity of $1,955,489 (2014 – $(9,643)).

Working capital, which is current assets less current liabilities, is $197,642 at June 30, 2015 compared to $150,482 at December 31, 2014. Management believes that there is sufficient working capital to maintain its day-to-day operations.

During the period ended June 30, 2015, the Company reported a net loss of $467,147 ($0.09 basic and diluted loss per share) compared to a net loss of $99,113 ($0.03 basic and diluted loss per share) during the period ended June 30, 2014. Losses in the period ended June 30, 2015 represent revenue of $30,688 (2014 – nil), operating expenses of $498,880 (2014 – $99,459) and interest income and foreign exchange gain of $1,045 (2014 – $346).

The weighted average number of common shares outstanding for the six month period ended June 30, 2015 was 5,289,657 (2014 –3,204,608).

COMPARISON RESULTS OF OPERATIONS

Current Quarter

During the quarter ended June 30, 2015, the Company reported a net loss of $344,029 ($0.03 basic and diluted loss per share). The net loss of $344,029 (2014 - $42,309) was mainly due to consulting fees of $116,711 (2014 - $17,087), interest accretion from the convertible debenture of $12,694 (2014 – $5,896), accounting fees of $30,594 (2014 - $2,000), legal fees of $17,191 (2014 - $5,432), meals and travel expenses of $35,426 (2014 - $482), office and general of $40,914 (2014 – 2,271), research and development of $41,616 (2014 – nil), and transfer agent and filing fees of $25,733 (2014 - $4,421). The Company also recorded amortization expense on Technology of $49,647 (2014 - $nil). During the quarter ended June 30, 2015 expenses were offset by foreign exchange gain of $638 (2014 - nil) and interest income of $29 (2014 - $280).

The increased operating expenses during the quarter were due to the increase in consulting fees, amortization, meals and travel expenses, office and general, research and development and transfer agent and filing fees related to the acquisition of Canna.

During this quarter, $30,688 revenue was recognized from an annual license fee received from a licensee pursuant to the license agreement between Canna and a licensee dated for reference June 25, 2015.

Year-to-Date

During the period ended June 30, 2015, the Company reported a net loss of $467,147 (2014 - $99,113) and a basic and diluted loss per share of $0.09 (2014 - $0.03). The net loss of $467,147 was mainly due to consulting fees of

$156,298 (2014 - $49,940), meals and travel expenses of $37,288 (2014 - $2,523), accretion expense of $33,015 (2014 – $5,896), accounting fees of $55,594 (2014 - $12,200), amortization of the Technology of $49,647 (2014 – nil), legal fees of $47,191 (2014 – $5,432), office and general expenses of $41,716 (2014 - $3,135), research and development of $41,616 (2014 – nil), transfer agent and filing fees of $31,657 (2014 - $15,333). During the period ended June 30, 2015 expenses were offset by foreign exchange gain of $638 (2014 - nil) and interest income of $407 (2014 - $346).

The increase in amortization of $49,647 from nil in June 30, 2014 was due to the amortization of the Technology that was acquired from Canna on May 1, 2015.

The increase in accretion expense from $5,896 to $33,015 was due the convertible debentures, convertible promissory note from fiscal year 2014, and interest paid upon the conversion of the convertible promissory note.

The increase in consulting fees to $156,298 from $49,940 was due to an increase in fees the Company incurred for financial advisory services provided by Baron Global Financial Canada Ltd, a company with director in common; increased fees for investor relations services; consulting fees paid or incurred to the CEO; and fees paid to other marketing and operation consultants.

During the period, $30,688 of revenue was recognized from an annual license fee received from a licensee pursuant to the license agreement between Canna and a licensee dated for reference June 25, 2015.

The increased operating costs during the period ended June 30, 2015 were mainly associated with the acquisition of Canna.

As the Company is a company without significant revenue, it will continue to require funds to meet its ongoing day-to-day operating requirements and will have to continue to rely on equity and debt financing during the year. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular year or if available, that it can be obtained on terms satisfactory to the Company.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited financial information of the Company for the eight most recently completed quarters. This information is derived from unaudited quarterly financial statements prepared by management. These financial data are prepared in accordance with IFRS.

	Qtr 2 June 30, 2015	**Qtr 1 March 31, 2015**	**Qtr 4 December 31, 2014**	**Qtr 3 September 30, 2014**	**Qtr 2 June 30, 2014**	**Qtr 1 March 31, 2014**	**Qtr 4 December 31, 2013**	**Qtr 3 September 30, 2013**
Revenue	$30,688	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	$344,029	$123,118	$210,371	$118,619	$42,309	$56,804	$72,965	$83,580
Basic and diluted loss per share	$0.03	$0.01	$0.06	$0.04	$0.01	$0.02	$0.02	$0.03
Total assets	$2,223,015	$382,177	$391,946	$548,474	$548,765	$43,447	$70,023	$187,761
Working Capital	$197,641	$63,766	$150,482	($44,874)	$73,743	$11,512	$68,316	$141,282

Net Loss

Overall, management, consulting, accounting, legal, research and development, and accretion expense are the major components that caused variances in net losses from quarter to quarter.

During the quarter ended June 30, 2015, operating expenses incurred were $375,384, which mainly consisted of accounting fees of $30,594 relating to fiscal year 2014 audit, tax returns and preparation of the filing statement for the acquisition of Canna, amortization of $49,647, legal fees of $17,191, consulting fees of $116,711, research and development of $41,616 and accretion expense of $12,694.

During the quarter ended March 31, 2015, expenses incurred were $123,496, which mainly consisted of accrued accounting fees of $25,000 relating to fiscal year 2014 audit and preparation of the filing statement for the acquisition of Canna, accrued legal fees of $30,000 in relation to the acquisition of Canna and the private placement, consulting fees of $39,587, and accretion expense of $20,321.

During the quarters ended December 31, 2014, September 30, 2014, and June 30, 2014, the major expenses of the Company were related to accretion expense from the convertible debentures. In total $110,470 was recognized as accretion expense during these periods.

During the quarter ended March 31, 2014, the major expenses of the Company were related to consulting fees of $32,853.

During the quarter ended December 31, 2013, the major expenses of the Company were attributable to the management fees of $30,000 and consulting fees of $67,407.

During the quarter ended September 30, 2013, the major expenses of the Company were associated with the management fees of $40,000 and consulting fees of $31,897.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2015, the Company's cash and cash equivalents balance was $178,716 (2014 – $189,928) and the Company had a working capital of $197,641 (2014 - $150,482). As at June 30, 2015, the Company has share capital of $3,676,374 (2014 – $1,338,336) representing 24,809,061 (2014 – 8,206,250) common shares, reserves of $102,140 (2014 – $102,140), obligation to issue shares of $84,750 (2014 – nil), and an accumulated deficit of $1,937,157 (2014 – $1,470,010).

The Company generated only minimal revenues from its operations and is dependent on the equity markets as its source of additional operating working capital.

Until the Company is able to increase its revenue from the main business activities, through entering into additional license agreements for its Technology, the Company will have to continue to rely on equity and debt financing. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

CONTRACTUAL OBLIGATIONS

A summary of our contractual obligations at June 30, 2015 is detailed in the table below.

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 Year	1 – 3 Years	4 – 5 Years	After 5 Years

Accounts Payable, Accrued and other Liabilities	$267,526	$237,601	$29,925	N/A	N/A
Total	$267,526	$237,601	$29,925	**N/A**	**N/A**

Management believes that the Company has sufficient cash to meet its current obligation for the next twelve months.

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.

TRANSACTIONS WITH RELATED PARTIES

Services provided by:		June 30, 2015	June 30, 2014
Corporate advisory services	a	$82,500	$67,500
Management consulting fees	b	$44,900	-

a) On April 1, 2014, the Company entered into an agreement with Baron Global Financial Canada Ltd. ("Baron") that is related by way of a common director of the Company for a one year term for $12,500 per month. Baron provided corporate advisory services to the Company.

On April 1, 2015, the Company entered into an agreement with Baron for a one year term for $15,000 per month.

On May 1, 2015, the Company settled $130,200 debt with Baron by converting the debt payable into shares of the Company at a conversion price of $0.15 per share. A total of 868,000 shares of the Company were issued.

b) Management consulting fees consist of the following:

- $16,360 (2014 – nil) in consulting fees paid or accrued to Mariscos Del Mar, a company controlled by Brad Eckenweiler, the CEO and director of the Company;
- $16,360 (2014 – nil) in consulting fees paid or accrued to FindTec, Inc., a company controlled by Brent Inzer, the former president, CFO and director of Canna; and
- $12,270 (2014 – nil) in consulting and administrative fees paid or accrued to Da Costa Management Corp., a company controlled by John da Costa, the former director of Canna.

c) On February 27, 2015, Canna entered into a promissory note with a director of LDS for US$25,000 accruing interest at 6% per annum until March 26, 2015, when entire loan and interest were to be repaid in the amount of US$25,125. Based on provisions of the note payable, if Canna failed to make the balloon payment on March 26, 2015, the total outstanding balance would be subject to a 10% late fee.

Canna did not make the necessary payment on March 26, 2015. On May 15, 2015, Canna repaid the note payable to a director of LDS. The payment totalled US$27,750 and consisted of US$25,000 in principle, US$250 in accrued interest, and US$2,500 penalty associated with the late repayment of the note payable.

Related Party Payable:

	June 30, 2015	December 31, 2014
Baron Global Financial Canada Ltd.	$69,300	$160,125
Brad Eckenweiler, CEO	$44,412	-

Baron has agreed not to seek repayment of $29,925 until March 1, 2016.

PROPOSED TRANSACTIONS

The Company does not currently have any proposed transactions approved by the Board of Directors. All current transactions are fully disclosed in the condensed interim consolidated financial statements for the six month period ended June 30, 2015.

SIGNIFICANT ACCOUNTING POLICIES AND CRITIAL ACCOUNTING ESTIMATES

All significant accounting policies and critical accounting estimates are fully disclosed in Note 2 of the audited consolidated financial statements for the year ended December 31, 2014.

FINANCIAL INSTRUMENTS

All financial assets and financial liabilities are initially recorded at fair value and designated upon inception into one of the following categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Held-to-maturity instruments, loans and receivables and financial liabilities not at fair value through profit and loss are measured at amortized cost using the effective interest rate method.

The Company has implemented the following classifications for its financial instruments:

a) Cash has been classified as FVTPL;
b) Short-term investments have been classified as FVTPL;
c) Receivables and loan receivable have been classified as loans and receivables; and
d) Accounts payables and accrued liabilities and convertible debentures have been classified as financial liabilities not at fair value through profit and loss.

Assets measured at fair value on a recurring basis were presented on the Company's balance sheet as at June 30, 2015 as follows:

	Fair Value Measurements Using				
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, June 30, 2015 $	Balance, December 31, 2014 $
Cash	178,716	-	-	178,716	189,928
Short-term investment	66,500	-	-	66,500	11,500

The Company's financial instruments are exposed to a number of financial and market risks, including credit, liquidity, interest rate and currency risks. The Company may, or may not, establish from time to time active policies to manage these risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of its operations would warrant such hedging activities.

Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash and short term investment with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

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 manages liquidity risk through the management of its capital structure.

Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest-bearing assets in relation to cash at banks and GIC carried at floating interest rates with reference to the market. The Company's operating cash flows are substantially independent of changes in market interest rates. The Company has not used any financial instrument to hedge potential fluctuations in interest rates. The exposure to interest rate risk for the Company is considered minimal. The Company has no interest bearing borrowings.

The policies to manage interest rate risk have been followed by the Company during the prior year and are considered to be effective.

Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

OTHER MD&A DISCLOSURE REQUIREMENTS

Disclosure of Outstanding Share Data

The Company's issued and outstanding share capital as at the date of this report is as follows:
(1) Authorized: Unlimited common shares without par value.
(2) As at the date of this MD&A, the Company has 24,809,061 common shares, 132,500 options, and 7,662,811 warrants issued and outstanding.

Additional Disclosure For Junior Issuers

The Company has expensed the following material cost components:

	Period ended June 30, 2015 $	Period ended June 30, 2014 $
Accounting fees	55,594	12,200
Accretion expense	33,015	5,896

Amortization	49,647	-
Consulting fees	156,298	49,940
Transfer agent and filing fees	31,657	15,333
Legal fees	47,191	5,432
Research and development	41,616	-

Accounting fees of $55,594 (2014 - $12,200) were associated with fiscal 2014 audit fee, tax returns and other accounting fees related to the preparation of the filing statement for the acquisition of Canna.

Accretion expense of $33,015 (2014 – $5,896) was related to the convertible debenture, convertible promissory note and interest for the convertible promissory note that closed in fiscal year 2014.

Amortization expense of $49,647 (2014 – nil) was related to the amortization of Technology that was acquired from Canna on May 1, 2015.

Consulting fees of $156,298 (2014 – $49,940) included financial, investor relations, marketing and business development advisory fees.

Transfer agent and filing fees of $31,657 (2014 - $15,333) were associated with regulatory filings with CSE, securities commission and monthly transfer agent services, and filing fees in regards to the acquisition of Canna.

Legal fees of $47,191 (2014 - $5,432) were associated with legal fees in relation to the private placement.

Research and development costs of $41,616 (2014 – nil) were associated with expenses incurred in developing and improving Canna's Technology.

FUTURE ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for the June 30, 2015 reporting period. The following standards are assessed not to have any impact on the Company's financial statements:

RISKS AND UNCERTAINTIES

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many common risks to new and developing enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders' investment.

The Company has minimal source of operating cash flow and no assurance that additional funding will be available to it for further research and development of its Technology when required. Although the Company has been successful in the past in obtaining financing through related party advances and notes payable, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further research and development of its Technology.

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

SUBSEQUENT EVENTS

In July 2015, Canna entered into another non-exclusive license agreement (the "Second License Agreement"). Pursuant to the Second License Agreement, the Canna agreed to license the Technology an annual fee of US$25,000. In addition to the annual fee the Licensee will be responsible for sourcing cannabis ingredients for use in production process as well as any ongoing packaging and non-cannabis ingredients costs. The license has a one year renewable term and restrictive conditions on formulation, manufacturing, packaging and distribution methods. The necessary equipment must be leased from Canna and can only be used for the purposes of producing the licensed products.

ADDITIONAL INFORMATION

Additional information about the Company is available for viewing on SEDAR at www.sedar.com.