51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

State the full name of your company and the address of its principal office in Canada.

Auxellence Health Corporation ("**Auxellence**" or the "**Company**")
2922 Mt Seymour Parkway
North Vancouver, BC V7H 1E9

Item 2 Date of Material Change

State the date of the material change.

Effective June 19, 2013

Item 3 News Release

State the date and method(s) of dissemination of the news release issued under section 7.1 of National Instrument 51-102.

The News Release dated July 8, 2013 was disseminated by Stockwatch and TheNewsWire.ca.

Item 4 Summary of Material Change

Provide a brief but accurate summary of the nature and substance of the material change.

On July 8, 2013, the Company announced that it closed the three-cornered amalgamation (the "**Amalgamation**") pursuant to the amalgamation agreement (the "**Amalgamation Agreement**") dated as of May 21, 2013 among the Company, C & C Cosmeceuticals Corp. ("**C&C**"), and 0961896 BC Ltd. ("**0961896BC**"), a wholly-owned subsidiary of the Company incorporated solely for the purpose of completing the Amalgamation, pursuant to which C&C amalgamated with 0961896BC to form a combined entity (the "**Amalco**") and the Company issued 39,825,000 common shares in the capital of the Company to the holders of common shares of C&C on the basis of one and one quarter share of the Company for one share of C&C held by the C&C shareholder. Upon completion of the Amalgamation, Amalco, which kept the name of C&C Cosmeceuticals Corp., became a wholly-owned subsidiary of the Company.
Following the closing of the Amalgamation, the Company has continued its business to the business formerly carried out by C&C, which includes high level online services to solve health problems for people with weight management and skin conditions.
In connection with the Amalgamation, the Company (formerly known as 0924888 B.C. Ltd.) changed its name to "Auxellence Health Corporation." to better reflect the business of the Company.
The Company's auditor will continue to be HLB Cinnamon, Jang Willoughby, Chartered Accountants

Item 5 Full Description of Material Change

Supplement the summary required under item 4 with sufficient disclosure to enable a reader to appreciate the significance and impact of the material change without having to refer to other material. Management is in the best position to determine what facts are significant and must disclose those facts in a meaningful manner. See also item 7.
Some examples of significant facts relating to the material change include: dates, parties, terms and conditions, description of any assets, liabilities or capital affected, purpose, financial or dollar values, reasons for the change, and a general comment on the probable impact on the issuer or its subsidiaries. Specific financial forecasts would not normally be required.

Other additional disclosure may be appropriate depending on the particular situation.

See the attached Schedule A.

5.2 Disclosure for Restructuring Transactions

This item applies to a material change report filed in respect of the closing of a restructuring transaction under which securities are to be changed, exchanged, issued or distributed. This item does not apply if, in respect of the transaction, your company sent an information circular to its securityholders or filed a prospectus or a securities exchange takeover bid circular.
Include the disclosure for each entity that resulted from the restructuring transaction, if your company has an interest in that entity, required by section 14.2 of Form 51-102F5. You may satisfy the requirement to include this disclosure by incorporating the information by reference to another document.

See attached Schedule A.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

If this report is being filed on a confidential basis in reliance on subsection 7.1(2) or (3) of National Instrument 51-102, state the reasons for such reliance.

N/A

Item 7 Omitted Information

State whether any information has been omitted on this basis that it is confidential information. In a separate letter to the applicable regulator or securities regulatory authority marked "Confidential" provide the reasons for your company's omission of confidential significant facts in the Report in sufficient detail to permit the applicable regulator or securities regulatory authority to determine whether to exercise its discretion to allow the omission of these significant facts.

None

Item 8 Executive Officer

Give the name and business telephone number of an executive officer of your company who is knowledgable about the material change and the Report, or the name of an officer through whom such executive officer may be contacted.

Please contact Sydney Au, Chief Executive Officer, at (604) 780-3311

Item 9 Date of Report

July 11, 2013

Schedule A

Caution Relating to Forward Looking Statements

This Material Change Report contains certain "forward looking statements". These statements relate to future events or future performance and reflect our expectations and belief regarding growth, results of operations, performance, business prospects, opportunities or industry performance and trends of Auxellence Health Corporation, C&C Cosmeceuticals Corporation and Amalco. These forward looking statements reflect current internal projections, expectations or beliefs of Auxellence, C&C and Amalco and are based on information available to Auxellence and C&C. In some cases, forward looking statements can be identified by words such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue" or the negative of these words or other comparable terminology. A number of factors could cause actual events or results to differ materially from the results discussed in the forward looking statements. In evaluating these statements, readers should specifically consider various factors, including, but not limited to, the risks and uncertainties discussed under the heading "Risk Factors" and elsewhere in this Material Change Report. Actual results may differ materially from any forward looking statement. Although management of Auxellence and C&C believe that the forward looking statements contained in this Material Change Report are based upon reasonable assumptions, readers cannot be assured that actual results will be consistent with these forward looking statements. These forward looking statements are made as of July 8, 2013, and the management of Auxellence and C&C and the proposed management of the Resulting Issuer (as defined herein) assume no obligation to update or revise them to reflect new events or circumstances.

The Amalgamation

Auxellence is a "reporting issuer" within the meaning of securities laws of British Columbia, Alberta and Ontario. Immediately prior to the Amalgamation, Auxellence had 1,512,684 common shares ("**Auxellence Shares**") issued and outstanding and no shares of any other class are issued and outstanding. Additional information about Auxellence is provided below under the heading "Information Concerning Auxellence Health Corporation".

0961896 BC Ltd., which was incorporated and exists under the *British Columbia Business Corporations Act* ("**BCBCA**"), is a wholly-owned subsidiary of Auxellence, has no assets and conducts no operations, and was organized solely for the purpose of effecting the Amalgamation. Pursuant to the Amalgamation Agreement, C&C and 0961896 BC Ltd. have amalgamated under the provisions of the BCBCA to form Amalco. On June 19, 2013, the date shown on the certificate of amalgamation giving effect to the Amalgamation (the "**Effective Date**"):

(i) each holder ("**C&C Shareholder**") of common shares of C&C ("**C&C Shares**") received 1.25 common shares of Auxellence Health Corporation ("**Auxellence Shares**") in exchange for each one (1) C&C Share;

(ii) Amalco became a wholly-owned subsidiary of Auxellence. The head office of Amalco is at 2922 Mt. Seymour Parkway, North Vancouver, B.C., Canada, V7H 1E9.

As a result of the foregoing combination of Auxellence and C&C (the "**Resulting Issuer**"), Amalco will operate as a wholly owned subsidiary of Auxellence and Auxellence has changed its business to the business previously operated by C&C.

Procedures Effecting the Amalgamation

The Amalgamation was carried out pursuant to Part 9, Division 3 of the BCBCA. The following procedural steps were taken in order for the Amalgamation to be effective:

(a) the board of directors of 0961896 BC Ltd. approved a resolution authorizing the execution and delivery of the Amalgamation Agreement;
(b) the Company, as sole shareholder of 0961896 BC Ltd., approved a resolution (the "**Amalgamation Resolution**") authorizing the Amalgamation pursuant to the Amalgamation Agreement;
(c) the board of directors of C&C approved a resolution authorizing the execution and delivery of the Amalgamation Agreement;
(d) the C&C Shareholders unanimously approved the Amalgamation by written consent resolution;
(e) all conditions precedent to the Amalgamation, as set forth in the Amalgamation Agreement, were satisfied or waived by the appropriate party; and

(f) the amalgamation application in the form prescribed by the BCBCA was filed with the Director.

Information Concerning Auxellence Health Corporation and its Corporate Structure

Auxellence Health Corporation (formerly 0924888 BC Ltd.) was incorporated on November 9, 2011 under the laws of British Columbia, Canada, as a wholly-owned subsidiary of Haltain Developments Corp. ("**Haltain**") for the purposes of a reorganization of Haltain pursuant to a plan of arrangement ("**Plan of Arrangement**") under the BCBCA.

The Company was incorporated, as a cosmeceutical and nutraceutical marketing company and was focused primarily on the development of C&C Cosmeceuticals Corporation Letter of Intent and business.

Accordingly, until the completion of the Amalgamation, the Company did not have a business, business operations or any material assets other than cash and cash equivalents and had no written or oral agreements in principle for the acquisition of an asset or business other than the Letter of Intent entered into with C&C.

0924888 BC Ltd. entered into an arrangement agreement (the "**Arrangement Agreement**") on November 10, 2011 with its parent company, Haltain Developments Corp. to conduct a corporate restructuring by way of a statutory Plan of Arrangement to transfer Haltain's interest in a letter of intent with C&C Cosmeceuticals Corporation and $2,500 cash to the Issuer. As consideration for the transfer, the Issuer agreed to issue to the shareholders of Haltain the number of shares at the share record distribution date held by the shareholders and multiplied by a conversion factor. The Arrangement Agreement was approved at a special meeting of shareholders of Haltain held on December 9, 2011. The Issuer obtained final approval for the arrangement from the Supreme Court of British Columbia on January 10, 2012. The Issuer subsequently entered into an acquisition and an amalgamation agreement on May 21, 2013 to complete a three cornered amalgamation with C&C Cosmeceuticals Corp. As a condition of the amalgamation the Company, on May 29, 2013, it completed a name change to Auxellence Health Corporation. On June 3, 2012 (the effective date), the Company officially and effectively acquired Haltain's interest in an agreement (the "**C&C Cosmeceuticals Letter of Intent**") and $2,500 from Haltain as part of a plan of arrangement (the "**Arrangement**") pursuant to Division 5 of Part 9 of the BCBCA. On completion of the Arrangement, the Company became a reporting issuer in British Columbia and Alberta.

The Company subsequently completed the three cornered amalgamation on June 19, 2013 and was listed for trading on the Canadian National Stock Exchange (CNSX) under the symbol "AID". Auxellence's authorized share capital consists of an unlimited number of common shares without par value, of which 1,512,684 common shares were issued and outstanding prior to the three cornered amalgamation and 41,337,684 common shares are issued and outstanding subsequent to the amalgamation. No stock options have been issued at the current date. Subsequent to the Company's listing of its shares on the CNSX the Company will also became a reporting issuer in Ontario.

Prior to the Effective Date, Auxellence had no active business operations. Auxellence is now operating as a health technology company aiming to provide high-level online personal health services to consumers of OTC (Over-The-Counter) consumer health products and services. The Issuer will be focusing on consumers searching for skincare (acne) and weight management solutions. . The Company is integrating innovative therapeutic and diagnostic devices along with an Interactive Expert System and Recommender"PRESCRIPTOR" engine to provide a personalized system of diagnostic procedures for unique health solutions customized to each consumer. This technology was initially geared towards selling proprietary formulations of natural skin health and therapeutic products; however, the business model has expanded to provide an unbiased and independent recommendation of any and all manufacturer's products that are submitted to be included and evaluated to potentially be recommended by the Company's system. The Company may also acquire additional licenses to other skincare or consumer health technologies, products and services. Accordingly, the Company's financial success may be dependent upon the extent to which it can develop its skincare cosmeceutical and consumer weight management health technologies, products and services, and the economic viability of acquiring, or developing any such additional product or service offerings. The Company is still in the start up phase and has not begun commercialization.

Auxellence's registered and records office address is 2922 Mt. Seymour Parkway, North Vancouver, BC, V7H 1E9. Auxellence's independent auditor is HLB Cinnamon, Jang, Willoughby, Chartered Accountants, and the Company's transfer agent and registrar is Computershare Trust Company of Canada

During the period from incorporation on November 9, 2011 until the Company's October 31, 2012, year end, Auxellence reported a net loss of $2,500. The loss is mainly attributable to auditing fees of $2,500 accrued to

conduct the year-end audit in preparation for the amalgamation with C&C subsequent to the plan of arrangement. No directors fees or any other material expenses were expended or accrued in maintaining the company.

Additional information about Auxellence is available on SEDAR (www.sedar.com), the System for Electronic Document Analysis and Retrieval used for electronically filing securities related information with the Canadian securities regulatory authorities and is incorporated by reference.

Narrative Description of the Business

The Issuer's business is to provide high-level online services to consumers, providers and suppliers of health care products and services, including refining the effectiveness of prescribing services to the OTC (Over-The-Counter) consumer and natural health industry.

On April 30, 2012, the Issuer entered the Licensing Agreement with Decanex. The Licensing Agreement states that Decanex owns certain proprietary systems, which includes an autonomous biomedical device and an expert software system with a recommender/Prescriptor engine. The Licensing Agreement allows the Issuer to use the systems exclusively in Canada for weight management and for the skin care industry and **non**-exclusively world-wide. In order to provide the system for use by the Issuer, Decanex needs to customize the expert system software & Prescriptor engine to the weight management and skin care industries for the Issuer's use. The Licensing Agreement provides for the payment of a $1,200,000 engineering fee upon delivery of the system with a monthly maintenance fee to be paid by the Issuer to Decanex thereafter. In addition, Decanex will also be involved with sharing revenue with the Issuer based on how the Issuer drives its revenue. The Issuer's principal business pursuant to the License Agreement will be the development of the proposed business models.

The Issuer will provide fee-based subscriptions to use the expert system and Prescriptor engine services to the consumer, which is an online software application. The general public will need to pay for usage of the Autonomous Biomedical device on either a per reading basis or on a monthly subscription basis. In addition, the device can also perform certain therapeutic conditionings which would also be available on a per use basis or on a monthly subscription basis. The device will measure certain physiological vital signs of a person and those reading results will be fed into the Expert System for analysis. The Prescriptor engine will then provide weight management and skin care corrective recommendations/advices. These advices will refer consumers to various brands of OTC health products and therapeutic services that they can purchase without prescription. The Issuer will earn revenue from different suppliers by referring consumers to different OTC consumer health products. The Issuer will work with different manufacturers of these OTC products and earn a referral fee or revenue sharing from website sales. The expert system will simply provide customized weight management and skin care advice to each consumer based on results from the readings of the Biomedical device after being analyzed by the expert system. The Issuer will initially derive revenue from three basic sources: 1) monitoring physiological reading fees paid in relation to usage of the biomedical device, 2) fees for therapeutic conditioning from the biomedical device, and 3) referral fees/revenue sharing from various suppliers of OTC consumer health & natural products. Accordingly, the Issuer's financial success may be dependent upon the extent to which it can successfully develop and execute the business models and the economic viability of acquiring, or developing any such additional products or business models.

The Issuer will focus on two sectors within the health industry: skincare health (acne) and weight management. These two sectors lend themselves well to the Issuer's unique offering, comprising intelligent non-statistical approach to health management. The Issuer's website enables consumers to source health solutions (products and services) based on objective collection and examination of the consumer's own physiological data (personalized care), and receive independent advice provided by the Issuer's recommender *Prescriptor* engine and interactive expert system. The system is designed to serve and find an optimized solution for the consumer's health outcome, while improving CARE (**C**onsumer **A**wareness, **R**eadiness, and **E**ffectiveness).

The Issuer believes the key to making a significant impact in both these sectors is to address what it believes to be the primary market deficiency, which is determining the fundamental missing gap of the consumer's physiological information. This market deficiency has allowed both sectors to evolve into mature, educated, and large markets, with many competitors, yet consumer demand continues to grow and remain unsatisfied. Sophisticated and knowledgeable consumers continue to seek solutions from an overwhelming number of suppliers and numerous product offerings, yet only achieve varying degrees of success.

This unsatisfied demand is due in part to the fact that suppliers have essentially developed a set of solutions specifically effective for target groups. These solutions may be effective, but only statistically relevant to the

target group's physiology so an individual consumer will have a hit or miss outcome, or partially effective result depending on how closely the consumer's individual physiology resembles that of the target group. Another factor to obtaining the desired health outcome is that the consumer has to stay with the product usage or program long enough for it to take effect. The consumer currently has no immediate or short-term indicator as to whether a treatment or program is having the desired effect, or whether it will be effective on a long-term basis, but with the interactive physiological measurements comprising the Issuer's system, the consumer will have immediate feedback.

The Issuer believes that it has licensed and assembled a system that can address the market deficiency of the missing physiological data (the missing gap) in these sectors. By customizing leading edge health hardware and software technologies, and integrating therapeutic and diagnostic (theragnostic) device(s) into a cohesive health assessment platform and expert system, the Issuer's offering is that of a fully interactive and personalized health system.

The use of the Issuer's recommender *Prescriptor* & expert system will provide and utilize a system of diagnostic procedures, resulting in a customized health solution for the user. The recommender *Prescriptor* engine then seeks to find the most effective and optimized solution for the consumer, irrespective of manufacturer (un-gamed recommendations).

A specific manufacturer's solution can be extremely effective for a range of people within a target physiology and as a result develop a large customer following. There are many excellent solutions available in the marketplace as every person has their own unique physiology. However, people generally fall within certain target groups and good solutions often have a wide range of effectiveness and with sufficient marketing will statistically reach the customer base that the solution will serve.

The Issuer recognizes that by eliminating the guesswork of matching up the buyer with the seller of the appropriate and most effective product offering, there would be a tremendous increase in efficiency in the marketplace and value added to the consumer. By embracing a very different and innovative approach to a system that gathers and analyzes the missing key physiological information from the consumer, allowing for a personalized assessment for what should be recommended, the Issuer believes it can readily make a significant impact in a different manner than the current method of (target) marketing until the target consumer is reached on a statistical basis. The expert system and health assessment platform provides the insight to minimize the uncertainty in obtaining the correct optimal solution and assists in matching up the correct supplier's offering with the consumer's needs. In addition, the continual physiological monitoring of the consumer provides immediate confirmation of whether a treatment regimen is working. The Issuer is providing an additional service that separates it from a traditional company that is just marketing a certain product offering. The Issuer is creating additional value by improving efficiencies in the marketplace by brokering the physiological data from the individual consumers (buyers), with the solution or product data from the manufacturers (sellers), within these two sectors of the health industry.

By providing an unbiased health assessment plan and determining the correct personalized (un-gamed & independent) solution for the consumer the Issuer expects to build the trust and goodwill of the Issuer's *Auxellence* brand. In addition to the personalized services, the nature of the business model allows the Issuer to leverage the efficiencies of the Internet by providing users the ability to conveniently and cost- effectively source and purchase the appropriate recommended consumer health products and services online. As previously mentioned, the system can also provide for follow-up reassessment services, and as such could also provide monitoring the safety and efficacy of any purchased products. One of the Issuer's goals is to become the gold standard and hub website for personalized health solutions for weight management and skincare health (acne).

Additional future revenue streams from the website could be expected as the website and expert system would allow the Issuer to provide services to manufacturers to conduct electronic marketing studies, data tests for e-customization, e-detailing of products prior to market launch, and product trials.

By providing the service of brokering the previously missing physiological data between the individual consumers (buyers), and matching it up with the product specifications data from the manufacturers (sellers), the Issuer will be improving both marketplace efficiency and customer health outcomes with its expert system. The Issuer expects to be able to capitalize on its approach as it believes its high-level online health services & recommender *Prescriptor* will help consumers sort through the vast array of products, services and solutions in the weight management and skincare health sectors, so that consumers can avoid the confusion and achieve their desired health outcome(s) with a personalized, timely and cost-effective solution.

Technology

The Issuer will have web facilities incorporating technologies with the ability to automatically monitor and mentor consumers and match demand with supply of products and services. The Issuer has retained rights to the following key technologies:

- Recommender *Prescriptor* engine and interactive expert system customized for natural and OTC health products - prescribes remedies and regimens after consulting with the consumer (non-exclusive worldwide and exclusive use for weight management and skin health (acne) in Canada)

- Autonomous Biomedical Care (ABC) System, for general online self-care, both supervised and unsupervised (non-exclusive worldwide and customized for exclusive use for weight management and skin health (acne) in Canada)

- Theragnostic (therapeutic and diagnostic) medical technologies – **XPX** device (e**X**tended **P**hysical e**X**amination) for physiological interactive health conditioning (non-exclusive worldwide and exclusive use for weight management and skin health (acne) in Canada)

- Manufacturing rights for the XPX theragnostic device (non-exclusive for the Canadian market)

The ability to provide online, fully automated, physiologically interactive services is one main aspect that distinguishes the Issuer from its competition. As technology advances, the Issuer's range of services will grow as the Issuer incorporates the latest scientific and technological advances. This will continue to refine the effectiveness and ease of use of the Issuer's personalized, scalable web based health system in finding solutions to skincare health and weight management for consumers.

Principal Services

Through the Issuer's comprehensive health technologies and automated sales and marketing website platform, the Issuer expects to provide aspects of the following services to varying degrees:

1. Identify consumers' underlying health needs, (personal health assessments) – the Issuer has designed a system of diagnostic procedures and remote physiological examinations using a group of innovative technologies - Autonomous Biomedical Care (ABC) Health Services

2. Health solutions recommender *Prescriptor* and expert system for prescribing / mentoring / coaching optimized solutions for skin health (acne) issues

3. Health solutions recommender *Prescriptor* and expert system for prescribing / mentoring / coaching solutions for weigh management issues

4. Brokering the shopping process to match the products and services required based on the consumer's health profile and physiology

5. Consulting and market research services - augment third party manufacturers' marketing strategy, product development, e-customization*, e-detailing*

*According to the IMS Health Report, pharmaceutical customization is a $50-billion-dollar-a-year industry. Customization and detailing comprise the portion of the pharmaceutical sales organization that provides information on new pharmaceutical products through face-to-face meetings with health care providers. Customization is vital to ensure the success of new products as it sets the tone for the pre-launch of those products and can help increase the present market share of existing products. The pharmaceutical manufacturer must then make the consumer and the provider aware of the products, the method of administration, side effects and a myriad of other information. The Issuer's expert systems have the means to automatically assess and monitor the needs of consumers and providers in the highly dynamic environment of modern health care as it provides virtual physician-assisted marketing of and sales of health products. The Issuer believes that health care providers traditionally targeted by pharmaceutical companies will be more inclined to make a positive commitment to customization and detailing when dealing with an independent physician–inspired expert system that provides instant remote monitoring and physiological data feedback to them, as opposed to receiving information from a

pharmaceutical sales representative. The Issuer offers the manufacturers the ability to expand on the benefits of the standard method of customization and detailing, with this crucial difference: highly personalized OTC pharmaceutical customization and prescribing products at point of sale.

Business Objectives

The Issuer's business objectives are to:

• Establish a portal for consumers of health solutions, products & services specializing in skin health (acne) and weight management.
• Serving 3,000 accounts (paying monthly dues for using the *Prescriptor*) within 12 months of launching the website

To achieve these two primary business objectives the Issuer will have to ensure that sufficient funding will be in place to complete the following:

Milestones		Target Date	Cost
1	Complete customization of Prescriptor expert system and beta testing of the XPX theragnostic device	Nov 30th,2013	$1,200,000
2	Customize website to the Issuer's Auxellence brand for skincare and weight management	Nov 30th,2013	$150,000
3	Distribution of the first 500 units/systems	March 31st,2014	$200,000
TOTAL			$1,550,000

Marketing Strategy
• The Issuer's marketing strategy is the core of its general strategy:

Focusing initially on skin health and weight management sectors in Canada, the Issuer's referral HUB website business and marketing model is effective in leveraging the industries' many existing solutions and helps the consumer make sense of what will work most effectively for the individual. The Issuer's technology identifies the buyer's unique body physiology, and health information (the missing gap) and the expert system and recommender *Prescriptor* assesses the numerous excellent therapeutic remedies and solutions from all manufacturers in the database and correctly matches the appropriate vendor's offering with the consumer's health needs. The *Prescriptor* recommendations may consist of referring a blend of products, and services, (including our own XPX therapeutic device services), allowing many opportunities for both revenue sharing and direct sales revenues.

• The Issuer will utilize personal contacts within the pharmaceutical, biotech, and medical device industry to start up the business.

• All marketing material will be designed and created by the Issuer.

• Live presentations and FAQ sessions will be arranged by the Issuer.

Pricing Strategy
The Issuer has developed a pricing strategy that provides a solid profit for the Issuer, while providing good value for its client companies incorporating the following elements:

1. Flexibility of both pay-as-you-go and monthly subscription service
2. Satisfaction guaranteed
3. Competitive rates for therapeutic solutions
4. Free "beta trial" services
5. Discounts for high-volume clients
6. Package discounts for multiple services or purchases.

Promotion Strategy

The Issuer depends on its extensive network of suppliers and partners within the health care community. As the technology and its client industries change, the Issuer will change its strategies. The following is a list of the three primary initial promotion strategies of the Issuer:

1. Publications and tradeshows in scientific and trade fields
2. Public demonstrations in selected schools (physicians, surgeons, dentists, nurses, medics)
3. Social media

Competitive Analysis

Currently, there is no physiologically interactive prescription service of consumer health products and services that we know of. However, in the field of skin health and weight management there is a plethora of doctors, dentists, pharmacists, and nurses who write or otherwise control millions of prescriptions yearly. In addition, there are many companies such as Olay, Neutrogena, Clearasil, Proactiv, Pantothen, Exposed Skincare, dermatologist offices, etc. and many large established companies that are highly respected in the skincare health market. For the weight management sector there are many companies such as Weight Watchers, Jenny Craig, TV infomercials, natural health product manufacturers, doctor's offices, etc. that are also trying to connect with our target consumers.

Due to the fact that the markets for consumer health products and services for both skin health (acne $2.8 billion prescription market only, source: "Research & Markets May 2010"), and weight management (in the U.S. alone exceeds $60 billion, source: "Marketdata Research") are enormous, highly competitive, mature, underserved, and growing, we believe that these elements will contribute to the growth and demand for the services of the Issuer. There currently is an identified gap or need which still is not being properly addressed. That gap is the missing actionable, effective physiological information between the buyer being able to determine an optimal solution and sourcing the appropriate seller. This is addressed with our advanced series of diagnostic technologies, innovative examination & delivery system. The unbiased expert system and recommender *Prescriptor* advises on the optimal effective solution for the consumer, regardless of supplier. This inserts the Auxellence website as the center or HUB to enable individuals to accurately treat their skin health (acne) and weight management (cardio-metabolic) health issues.

The big pharmaceutical companies have tried to penetrate both sectors, but the underlying issues do not lend themselves to a pharmacological solution. Arguably, the fitness industry has done more for these two markets and with greater success than Big Pharma. With a change of strategy and tactics, to utilizing innovative medical hardware and software technologies, we believe we can position the Auxellence brand to become a key player in the marketplace.

Competition also comes in several other forms.

With competition intensifying in the world's health care markets, being the first to market can be crucial to securing a product's success. In the article *Survey: Strategic issues facing the pharmaceutical industry*, printed in *Pharmaceutical Representative*, dated April 17, 2001, 150 senior pharmaceutical and biotechnology industry executives in the United States and Canada rated time-to-market for new products and making strategic alliances as number one and three, respectively, out of a list of twenty-three of the most important issues that face the pharmaceutical, biotech and medical device industries.

At present, even the pharmaceutical industry is using net techniques to keep the rising cost of marketing their products to the consumer and related professionals. Pharmaceutical companies are actively seeking to form strategic alliances with physicians both individually and collectively. "When industry leaders tell you that timely development of new products is the top key issue for the fifth consecutive year, you can be sure they're pulling out all the stops to get differentiated products to the market ahead of the competition," said Erik Rule. Andersen Consulting produced the report *How Much are Marketing and Sales Capabilities Really Worth? What Every Pharmaceutical Executive Should Know*. This report illustrates that within the pharmaceutical market, product differentiation overall is very small, so any differentiation must be driven through marketing and sales. The report shows that "42% [of the difference in operating margin] is explained by marketing and sales capabilities performance." The report continues, "There are lots of me-too products in the market with very little differentiation. It is the job of marketing and sales to drive the differentiation." The pharmaceutical industry is feeling the pure economic pressure of the markets. Even the large pharmaceutical companies strive to reduce sales

and marketing expenses while increasing their sales, which forces them to try new methods, which translates into additional competition for the Issuer.

Andersen Consulting surveyed 68 senior marketing and sales executives representing 18 large pharmaceutical companies in North America. The finding illustrates the pressure that the industry is experiencing. The difference between an average performance-operating margin and the high performance-operating margin is 42%. That is not much of a difference, until one realizes that this is a multi-billion dollar industry, and if the Issuer could simply improve its marketing and sales capability by 30%, that would translate into an additional $135 million in operating margin. The pharmaceutical industry generates $93.6 billion annually.

Possibly, the greatest competition comes from the pharmaceutical industry itself. The competitive pressure within the industry provides the perfect climate for the Issuer to launch its services. The industry has to make marketing and strategic alliance decisions so quickly that entire markets are being ignored and these markets, when combined, are huge. For example, currently there is no customization to the thousands of physician assistants and nurse practitioners. Research indicates that there are approximately 650,000 physicians in the United States; however, there is at least twice that same number of physician assistants and nurse practitioners in the United States. The Issuer expects to be able to provide e-customization and e-detailing services for the manufacturers of OTC health products to reach both consumers and health professionals.

The Issuer has identified four companies that are in various stages of developing web based systems for consumer-oriented shopping support. These companies are:

- WebMD.com;
- EveryDayHealth.com;
- Google.com (when used for searching symptoms and remedies);
- IBM (planned use of Watson-based expert systems)

These businesses are not focused on customization and do not offer means of "making the case" for using a certain health product. The difference is significant to the Issuer as a company specializing in consumer health solutions, since it has the ability to reach the genuine decision maker, recommend product offerings directly to the consumer, after conducting a comprehensive physiological assessment. The Issuer's expert systems have strong credibility when making a recommendation because they use the best available evidence for the particular case. This ability will translate into increased sales and a more refined prescription pattern of recommending the right health products.

Overall, there is a rapidly increasing pressure to merge diagnostics and therapy [i] to meet the demand for "precision medicine" [ii, iii, iv]. Big Pharma focuses on molecular theragnostics, involving a bewildering array of tools, such as bioinformatics, genomics, proteomics, and functional genomics. The magnitude of the task makes success unlikely within the next decade. Although many assume the existence of a 'clear vision' for the molecular theragnostics revolution, the investing picture is much murkier in reality. Revenues are not profitable and are unlikely to become so anytime soon [v]. New breeds of high-cost diagnostics are entering a commercial and regulatory environment that isn't designed for them [vi]. Further, even if successful, the current approach is unlikely to meet the demand for "precision medicine" in managing conditions that affect one's wellness (overall health), fitness (weight management for loss or gain), and beauty (skin health). Yet, it is precisely these "ordinary" medical conditions that command the greatest interest in the general population – and the Issuer's Auxellence brand intends to satisfy it.

[i] Critical care medicine 37, S50 (2009) doi:10.1097/CCM.0b013e3181921349
[ii] The Lancet 378, 1678 (2011) doi:10.1016/S0140-6736(11)61725-X
[iii] The New England Journal of Medicine (2012) doi:10.1056/NEJMp1114866
[iv] The National Academies Press (2011) "Toward Precision Medicine"
[v] Nature Biotechnology 24, 930 (2006) doi:10.1038/nbt0806-930
[vi] Nature Biotechnology 24, 931 (2006) doi:10.1038/nbt0806-931

SELECTED FINANCIAL INFORMATION

SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Auxellence Health Corporation (formerly 0924888 B.C. LTD.)
Statement of Financial Position
(Expressed in Canadian dollars)

	October 31, 2012 $
Assets	
Current	
Subscriptions receivable	1
Total Assets	**1**
Liabilities and Shareholders' Deficiency	
Current Liabilities:	
Accrued liabilities	2,500
	2,500
Shareholders' Deficiency:	
Capital stock (Note 5)	1
Deficit	(2,500)
	(2,499)
Total Liabilities and Shareholders' Deficiency	**1**

Auxellence Health Corporation (formerly 0924888 B.C. LTD.)
Statement of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

		From Incorporation Date on November 9, 2011 to October 31, 2012
Expenses		
Professional fee	**$**	**2,500**
Net loss and total comprehensive loss for the period		**2,500**
Basic and diluted loss per common share	**$**	**-**
Weighted average number of common shares outstanding		**1**

The information above has been extracted from the audited financial statements of 0924888 BC Ltd. for the period from incorporation on November 9, 2011 to October 31, 2012.

See the Issuer's management's discussion and analysis below for the period ended October 31, 2012 for a full discussion of the above data, including, among other matters, the comparability of data and changes in accounting policies.

C&C Cosmeceuticals Corp.
Statement of Financial Position
(Expressed in Canadian dollars)

	June 30, 2012 $
Assets	
Intangible properties (Note 3(j) & Note 4)	**300,000**
Total Assets	**300,000**
Liabilities and Shareholders' Equity	
Current Liabilities:	
Accounts payable (Note 9)	534
Accrued liabilities	2,500
Investor deposits	250,000
	253,034
Shareholders' Equity:	
Capital stock (Note 5)	50,000
Deficit	(3,034)
	46,966
Total Liabilities and Shareholders' Equity	**300,000**

C&C Cosmeceuticals Corp.
Statement of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

		From Incorporation Date on July 20, 2011 to June 30, 2012
Expenses		
Advertising and promotion	**$**	**51**
Professional fee		**2,983**
Net loss and total comprehensive loss for the period	**$**	**3,034**
Basic and diluted loss per common share	**$**	**(0.001)**
Weighted average number of common shares outstanding		**2,205,202**

The information above has been extracted from the audited financial statements of C&C Cosmeceuticals Corp. for the period from incorporation on July 20, 2011 to June 30, 2012.

PROFORMA

Auxellence Health Corporation (formerly0924888 BC Ltd.)
C&C Cosmeceuticals Corp.
Pro Forma Combined Statement of Financial Position
(Unaudited)

October 31, 2012 and June 30, 2012

AUXELLENCE HEALTH CORPORATION (formerly 0924888 BC LTD.)
C&C COSMECEUTICALS CORP.
Pro Forma Combined Statement of Financial Position
(Unaudited)

	0924888 BC Ltd. October 31, 2012	C&C Cosmeceuticals Corp. June 30, 2012	Pro Forma Adjustments Dr. / (Cr.)	Note 2	Pro Forma Combined
Assets					
Current					
Cash and cash equivalents	$ 1	$ -	$ 461,000	(a)	$ 130,000
			130,000	(a)	
			152,500	(a)	
			(736,000)	(a)	
			120,000	(b)	
			2,500	(a)	
			(1)	(a)	
	1	-	129,999		130,000
Intangible properties	-	300,000	736,000	(a)	1,036,000
	$ 1	$ 300,000	$ 865,999		$ 1,166,000
Liabilities And Shareholders' Equity					
Current					
Accounts payable and accrued liabilities	$ 2,500	$ 3,034	$ -		$ 5,534
Investor deposits	-	250,000	461,000	(a)	-
			(562,500)	(a)	
			(148,500)	(a)	
	2,500	253,034	(250,000)		5,534
Long term notes payable	-	-	148,500	(a)	268,500
			120,000	(b)	
Shareholders' Equity					
Share capital	1	50,000	562,500	(a)	895,000
			130,000	(a)	
			152,500	(a)	
			(1)	(a)	
			2,500	(a)	
			(2,500)	(a)	
Retained earnings (deficit)	(2,500)	(3,034)	2,500	(a)	(3,034)
	(2,499)	46,966	1,115,999		1,160,466
	$ 1	$ 300,000	$ 865,999		$ 1,166,000

See accompanying notes to the pro forma combined financial statements.

1. BASIS OF PRESENTATION

The accompanying pro forma combined statement of financial position has been prepared by management of 0924888 BC Ltd. ("0924888BC") and C&C Cosmeuticals Corp. ("C&C"), for illustrative purposes only, to show the effect of the proposed reverse takeover transaction (the "Transaction") between 0924888BC and C&C, on the basis of the assumptions described in Note 2 below. All financial amounts are shown in Canadian dollars.

This pro forma combined statement of financial position has been derived from the audited financial statements of 0924888BC as at and from incorporation date on November 9, 2011 to October 31, 2012, and the audited financial statements of C&C as at and from incorporation date on July 20, 2011 to June 30, 2012. C&C is considered as the acquirer under the Transaction.

The pro forma combined statement of financial position has been prepared in accordance with International Financial Reporting Standards. The unaudited pro forma combined statement of financial position is not necessarily indicative of the financial position of 0924888BC on the date of completion of the proposed Transaction.

2. PRO FORMA ADJUSTMENTS AND ASSUMPTIONS

(a) 0924888BC entered into an agreement with C&C (the "Agreement") to set out the terms and conditions on which 0924888BC will acquire all of the issued and outstanding securities of C&C from C&C security holders pursuant to a three-cornered amalgamation in consideration for securities of 0924888BC on a 1.25 share for 1 share basis, which Transaction will constitute a reverse takeover of 0924888BC by C&C shareholders.

The adjustments also take into consideration of all equity and debt financings raised by C&C subsequent to its first year ended June 30, 2012:

- The Company received an additional $461,000 advance from Sydney Au, the president and the sole director of C&C. Together with the existing $250,000 investor deposit from Sydney Au as at June 30, 2012, the Company issued a total of 22,500,000 common shares at $0.025 per share for proceeds of $562,500. $562,500 of advance and investor deposits from Sydney Au was used towards payment for subscription of these 22,500,000 shares with the remaining balance of $148,500 recorded as loan payable to shareholders. On May 1, 2013, the Company converted this shareholder loan payable into an 18 month promissory note payable to Sydney Au.

- On September 28th, 2012, the Company closed and issued a non-brokered private placement of 650,000 common shares at $0.20 per share for proceeds of $130,000. No finder's fee was paid on this private placement.

- On December 31, 2012, the Company closed and issued a non-brokered private placement of 510,000 common shares at $0.25 per share for proceeds of $152,500. No finder's fee was paid on this private placement.

- Payment of additional $736,000 to Decanex towards payment for the customization of the license agreement.

The adjustments also take into consideration of the spin-off of 0924888BC from its parent company, Haltain Developments Corp.("Haltain") subsequent to its first year ended October 31, 2012:

- The incorporator share of $1 was cancelled.
- 0924888BC received $2,500 and the LOI assigned from Haltain and issued 1,512,684 common shares of 0924888BC to the shareholders of Haltain as of record date of May 13, 2013.

Under the Agreement, assuming the minimum amount of debenture financing has been raised sufficiently to meet listing requirement, 0924888BC will issue an aggregate of 39,700,000 0924888BC shares to C&C Shareholders on a 1.25 0924888BC share for each C&C share. On this basis, it is expected that on closing of the Transaction, the outstanding shares of 0924888BC will be held as to 96.3% by C&C shareholders, and as to 3.7% by current 0924888BC shareholders.

The fair value of net assets of 0924888BC as at October 31, 2012, prior to the reverse takeover ("RTO") were:

Cash	$ 2,500
Payable	($ 2,500)
Net liabilities assumed	($ -)

(b) It is a condition to completion of the Transaction that 0924888BC and C&C raise long term debenture financing an aggregate of at least $120,000 in connection with the Transaction. The pro forma combined statement of financial position assumes that the 0924888BC & C&C debenture financing has been completed.

3. SHARE CAPITAL

Share capital as at October 31, 2012 in the unaudited pro forma consolidated statement of financial position is comprised of the followings:

	Number of Shares	Amount
Authorized		
Unlimited common shares without par value		
Issued		
0924888 common share outstanding as at October 31, 2012	1	$ 1
Cancellation of 0924888 incorporator share	(1)	(1)
0924888 common shares issued on completion of Plan of Arrangement	1,512,684	2,500
C&C common shares outstanding as at June 30, 2012	8,000,000	50,000
C&C common shares issued subsequent to June 30, 2012	23,760,000	845,000
0924888 common shares upon RTO	(1,512,684)	(2,500)
RTO	1,512,684	-
Effective stock split for C&C at 1.25 shares for each old share	7,940,000	-
Common shares outstanding after RTO	41,212,684	895,000

Annual MD&A

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE PERIOD ENDED OCTOBER 31, 2012

FORM 51-102F1

Date and Subject of Report

The following Management Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of Auxellence Health Corporation (formerly 0924888 BC Ltd. or "0924888BC")) ("Auxellence" or the "Company") for the period ended October 31, 2012. The MD&A should be read in conjunction with the audited financial statements for the period ended October 31, 2012. The MD&A has been prepared effective May 30, 2013.

SCOPE OF ANALYSIS

The following is a discussion and analysis of Auxellence (formerly 0924888BC), which was incorporated on November 9, 2011, under the laws of the Province of British Columbia. The Company's head office is located at 2922 Mt. Seymour Pky, North Vancouver, BC. The Company reports its financial results in Canadian dollars and under IFRS. As a result of a recently completed Plan of Arrangement, it acquired a Letter of Intent to merge with C&C Cosmeceuticals Corporation ("C&C") through a business combination (the "C&C LOI")**.**

FORWARD LOOKING STATEMENTS

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words 'believes,' 'expects,' 'anticipates,' 'estimates,' 'intends,' 'plans,' 'forecasts,' or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties, including, but not limited to, those identified in the Risk Factors section. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether written or oral that may be made by or on the Company's behalf.

General

Auxellence (formerly 0924888BC) was incorporated in British Columbia on November 9, 2011 as a wholly-owned subsidiary of a reporting issuer, Haltain Developments Corp. ("Haltain"). The Company has not yet commenced commercial operations as of October 31, 2012.

On May 21, 2013, the Company acquired the C&C LOI and $2,500 from Haltain as part of the Plan of Arrangement. The Company has not commenced any commercial operations other than acquiring the C&C LOI from Haltain.

AUXELLENCE'S (formerly 0924888BC) Business

Auxellence (formerly 0924888BC), after combining with C&C, will be operating as a health technology company providing high-level online personal health solutions to customers of OTC (Over-The-Counter) consumer health products and services in the skincare (acne) and weight management sectors. Accordingly, Auxellence's (formerly 0924888BC) financial success may be dependent upon the extent to which it can develop its business objectives and the economic viability of commercializing any such technologies and additional opportunities.

Trends

Other than as disclosed in this MD&A, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

General Development and Auxellence's (formerly 0924888BC) Business History

Auxellence (formerly 0924888BC) was incorporated in British Columbia on November 9, 2011 as a wholly-owned subsidiary of a reporting issuer, Haltain Developments Corp. The Company has not yet commenced commercial operations as of October 31, 2012. During 2012, Haltain obtained final court approval to complete a plan of arrangement (the **"Arrangement")** pursuant to Division 5 of Part 9 of the Business Corporation Act (British Columbia) with its wholly-owned subsidiary Auxellence (formerly 0924888BC). Under the Arrangement, the Company is to acquire $2,500 and all of Haltain's interest in an agreement to merge with C&C through a business combination, in exchange for common shares (the **"Auxellence (formerly 0924888BC) Shares**") of the Company, which Auxellence (formerly 0924888BC) Shares are to be distributed to Haltain shareholders pursuant to the Arrangement. On closing of the Arrangement, each Haltain shareholder, as of the share distribution record date received one new common share in the capital of Haltain (the **"New Haltain Shares")** and its *pro-rata* share of the Auxellence (formerly 0924888BC) Shares as distributed under the Arrangement for each Haltain common share (the **"Haltain Shares")** held by such person at the share distribution record date (determined to be as of May 13, 2013).

On May 21, 2013, the Company acquired the C&C LOI and $2,500 from Haltain as part of the Arrangement. The Company has not commenced any commercial operations other than acquiring the C&C LOI from Haltain.

On completion of the Arrangement, the Company will be a reporting issuer in the province of British Columbia, Ontario and Alberta, the shareholders of which are the holders of Haltain Shares as of the share distribution record date.

Auxellence's (formerly 0924888BC) Business History

The Company was formed to as a consumer marketing company to sell proprietary natural skincare cosmeceuticals products through the development of the proposed business combination with C&C Cosmeceuticals Corporation. This has taken on a larger scope as C&C has evolved into a health technology company providing high-level online personal health solutions to customers of OTC (Over-The-Counter) consumer health products and services in the skincare (acne) and weight management sectors. The Company is integrating innovative therapeutic and diagnostic devices along with an Interactive Expert System and Recommender"PRESCRIPTOR" engine to provide a personalized system of diagnostic procedures for unique health solutions customized to each consumer. This technology was initially geared towards selling proprietary formulations of natural skin health and therapeutic products; however, the business model has expanded to provide an unbiased and independent recommendation of any and all manufacturer's products that are submitted to be included and evaluated to potentially be recommended by the Company's system. The Company may also acquire additional licenses to other skincare or consumer health technologies, products and services. Accordingly, the Company's financial success may be dependent upon the extent to which it can develop its skincare cosmeceutical and consumer weight management health technologies, products and services, and the economic viability of acquiring, or developing any such additional product or service offerings. The Company is still in the start up phase and has not begun commercialization.

RESULTS OF OPERATIONS

As at October 30, 2012, the Company was still a wholly-owned subsidiary of Haltain and the Arrangement was not completed until after the year end. There was no operation for its period ended October 30, 2012. As of the date of this discussion, the Company had issued 1,512,684 of its common shares to shareholders of Haltain as the record date of May 13, 2013, completed the Arrangement and become a reporting issuer.

During the period ended October 30, 2012, the Company accrued $2,500 as audit fees. There was no other expense incurred by the Company during this period.

SELECTED ANNUAL INFORMATION

The following financial data, which has been prepared in accordance with IFRS, is derived from the Company's financial statements. These sums are being reported in Canadian dollars and did not change as a result of the adoption of policies concerning financial instruments.

	Year ended		
	October 30, 2012	October 30, 2011	September 30, 2010
Total Revenue	$ --	$ --	$ --
Interest income	--	--	--
Expenses	2,500	--	--
Net loss	(2,500)	--	--
Total assets	--	--	--
Total long-term liabilities	--	--	--
Net loss per share (basic and diluted)	--	--	--

SELECTED QUARTERLY INFORMATION

The following table summarized the results of operations for the four most recent quarters as the Company was only incorporated since November 9, 2011.

	Three months ended			
	October 30 2012	July 31 2012	April 30 2012	January 31 2012
Total Revenue	$ --	$ --	$ --	$ --
Interest income	--	--	--	--
Expenses	2,500	--	--	--
Net loss	(2,500)	--	--	--
Net loss per share and diluted loss per share	--	--	--	--

LIQUIDITY

(a) The Company has entered into a definitive agreement with C&C to complete the merger.

The Company is a start-up health technology company and therefore has no regular source of income, other than interest income it may earn on funds invested in short-term deposits. As a result, its ability to conduct operations, including the development of its website and customization of health technologies and the evaluation and acquisition of additional health technologies, is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that the Company will be able to do so.

(b) Other than as set forth herein, there are no expected fluctuations in the Company's liquidity, taking into account demands, commitments, events or uncertainties.

(c) The Company does not currently have any liquidity risks associated with financial instruments.

(d) The Company is expected to have a working capital deficiency if it does not complete the proposed financing upon completion of the planned acquisition of C&C. The Company expects to meet its liquidity need through additional equity financing(s).

(e) There are no balance sheet conditions or income or cash flow items that may affect the Company's liquidity.

(f) The Company does not presently have any subsidiaries.

(g) There are currently no defaults or arrears by the Company on:

(i) dividend payments, lease payments, interest or principal payment on debt;

(ii) debt covenants; and

(iii) redemption or retraction or sinking fund payments.

CAPITAL RESOURCES

(a) There are no known trends or expected fluctuations in the Company's capital resources, including expected changes in the mix and relative cost of such resources.

(b) Subsequent to the period ended October 30, 2012 and April 30, 2013, the Company conducted a convertible debt financing to obtain sufficient working capital to meet listing requirements.

OFF BALANCE SHEET ARRANGEMENTS

As at October 30, 2012, the Company had no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

Except for the transformation of its business plan into a strategic plan and a tactical plan, the Company does not have any proposed transactions to discuss at this time. The Company has already completed a definitive business combination agreement with C&C. Please refer to the "General Development and Auxellence's (formerly 0924888) Business History" section from above.

TRANSACTIONS WITH RELATED PARTIES

a) As at October 31, 2012, accrued liabilities of $Nil were owed to Ron Ozols, the president and a director of the Company. During the period ended October 31, 2012, the Company did not incur or accrue any consulting fees to Ron Ozols.

These transactions above are in the normal course of operations and are measured at the exchange value which represents the amount of consideration established and agreed to by the related parties.

OUSTANDING SHARE DATA

Authorized: unlimited common shares without par value
unlimited preferred shares without par value

Issued and Outstanding:

	Number of Shares	Amount ($)
Common shares issued for cash	1	1
Balance as at October 31, 2012	1	1

As at date of this discussion, the Company has completed the Plan of Arrangement and issued 1,512,684 common shares in exchange for $2,500 cash and the C&C LOI. The Company currently has 1,512,684 common shares outstanding.

Stock Options:

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors. As at and during the period ended October 31, 2012, no option was granted or outstanding.

CONTINGENCIES

Except for the commitments mentioned in the section on Liquidity in subsection (b), there is no other contingency outstanding as of date of this discussion.

SUBSEQUENT EVENTS

Subsequent to the period ended October 31, 2012, the Company has completed the Plan of Arrangement and issued 1,512,684 common shares in exchange for $2,500 cash and the C&C LOI. Such shares were also re-distributed to shareholders of Haltain as of the record date of May 13, 2013.

Subsequent to the period ended October 31, 2012, the Company completed the amalgamation with C&C.

Subsequent to the period ended October 31, 2012, the Company changed its name to Auxellence Health Corporation.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In 2010, the Canadian Institute of Chartered Accountants (“CICA”) Handbook was revised to incorporate International Financial Reporting Standards (“IFRS”), and requires publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. The Company was incorporated on November 9, 2011. Accordingly, these financial statements are prepared in accordance and in compliance with International

Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency. The financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

a) Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgements and estimates. The financial statements include judgements and estimates which, by their nature, are uncertain. The impacts of such judgements and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods. Accounts which require management to make material estimates and significant assumptions in determining amounts recorded include valuation of share-based transactions and provision for deferred income tax.

Judgments made by management that have the most significant effect on the financial statements are discussed in Notes to the audited Financial Statement October 31, 2012 in paragraphs 3d), 3e), 3f), 3i) and 3(m).

b. Cash and cash equivalents

Cash and cash equivalents are comprised of cash in banks, and all short-term investments that are highly liquid in nature, cashable, and have an original maturity date of three months or less. As at October 31, 2012, there is $Nil included as cash equivalents.

c. Shared-based payments

Pursuant to the Company's option plan ("Option Plan"), the Company may grant stock options to directors, officers and employees for the purchase of the capital stock of the Company. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

d. Deferred income taxes

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect

on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a deferred income tax asset will be recovered, the deferred income tax assets is reduced. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

e. Financial instruments

Financial instruments are defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

Financial instruments at fair value through profit or loss (FVTPL).

Financial instruments are classified as FVTPL when they are held for trading. A financial instrument is held for trading if it was acquired for the purpose of selling in the near term. Financial instruments classified as FVTPL are stated at fair value with any changes in fair value recognized in earnings for the period.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, these financial assets are recorded at amortized cost using the effective interest method less any impairment.

Available-for-sale financial assets

Available-for-sale are non-derivative financial assets that are designated as available-for-sale or that are not classified in any other financial asset categories. Subsequent to initial recognition, changes in fair value, other than impairment losses, are recognized in other comprehensive income (loss) and presented in the fair value reserve in shareholders' equity. When the financial assets are sold or an impairment write-down is required, losses accumulated in the fair value reserve recognized in shareholders' equity are included in profit or loss.

Financial liabilities

Financial liabilities are initially recorded at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The Company's accounts payable, accrued liabilities and due to related parties are classified as financial liabilities.

Transaction costs incurred on initial recognition of financial instruments classified as loans and receivables and other financial liabilities are included in the initial fair value amount.

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire. Financial liabilities are derecognized only when the Company's obligations are discharged, cancelled or they expire.

The Company has classified its financial instruments as follows:

Financial Instrument	Classification

Cash and cash equivalents	FVTPL
Subscription receivable	Loan and receivable
Accounts payable	Other liabilities
Accrued liabilities	Other liabilities

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

f. Impairment

i) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred income tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cost flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Impairment losses are recognized in net income (loss).

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized.

ii) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net income (loss)

and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income (loss).

g. Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Other comprehensive income (loss) consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income (loss) measures net earnings for the period plus other comprehensive income (loss). Amounts reported as other comprehensive income (loss) are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income (Loss). The Company has not had other comprehensive income (loss) since inception and accordingly, a statement of comprehensive income (loss) has not been presented.

h. Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average share outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

i. Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The increase in the obligation due to the passage of time is recognized as finance expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

j) Future changes in accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after January 1, 2013 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the summary below. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

IFRS 9, Financial Instruments, replaces the current standard IAS 39, Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, and special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRSs. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

In addition, there have been amendments to existing standards, including IAS 27 and IAS 28. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

k. Segment reporting

A reportable segment, as defined by 'IFRS 8 Operating Segments', is a distinguishable business or geographical component of the Company, which are subject to risks and rewards that are different from those of other segments. The Company considers its primary reporting format to be business segments. The Company considers that it has only one reportable segment, being the consumer health products and services segment.

RISKS AND UNCERTAINTIES

Health Technology Industry

The health technology industry involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the development of a technology may result in substantial rewards, marketing will also play a significant role in developing the Company and its level of success. Major expenses may be required to establish the technology to be accepted in the marketplace. It is impossible to ensure that the current technologies and market strategy planned by the Company will result in a profitable commercial

sales. Whether the Company will be commercially viable depends on a number of factors, some of which are the particular attributes of the industry the technology is geared toward and the existing infrastructure, as well as competitors strategies and market factors. Some of these are cyclical and government regulations, including regulations relating to medical devices and consumer health products.

The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. Health technology operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the health industry and the high technology industry. Although adequate precautions to minimize risk will be taken, operations are subject to hazards that are unforeseeable or beyond the Company's control and their consequent liability.

Some of these risks include the following:

The Company will be largely dependent on the success of its website which has not yet launched and management cannot be certain that its website will be successfully commercialized.

The Company currently has no products for sale and cannot guarantee that it will ever have marketable products or services. The company plans to launch its website once it has obtained sufficient channel partners to offer appropriate specialized customization for OTC health products and services.

Risks in design, development and manufacture of a consumer health product which may have an adverse affect on a person's health.

If a significant portion of these development efforts are not successfully completed, required regulatory approvals are not obtained, or any approved products are not commercially successful, the Company's business, financial condition, and results of operations may be materially harmed

The Company's product candidates may never achieve market acceptance even if the Company obtains regulatory approvals.

The Company's activities are directed towards the skincare (acne) and weight management sectors of the consumer health industry. There is no certainty that the expenditures to be made by the Company as described herein will result in market acceptance of the Company's product or service offerings. There is aggressive competition within the skincare health (acne) and weight management marketplace. The Company will compete with other interests, many of which have greater financial resources than it will have for marketing towards target consumers. Significant capital investment is required to achieve commercialization from the current start-up and development stage of the Company.

Government Regulation

The consumer health products industry is subject to various federal, and provincial laws and regulations on, standards, claims, safety, efficacy and other matters. Regulatory approvals by government agencies on the Company's products or may be withheld or not granted at all and if granted may be subject to recalls which would materially affect the Company.

Although the Company's activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail development, production, manufacture, product claims,

marketing or commercialization. Amendments to current laws and regulations governing operations and activities of the consumer health industry or more stringent implementation thereof could have a substantial adverse impact on the Company.

Uninsured Risks

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include key person insurance as the Company heavily relies on its officers.

Conflicts of Interest

Certain directors of the Company also serve as directors and/or officers of other companies involved in other business ventures. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Negative Operating Cash Flows

As the Company is at the early stage start-up stage it may continue to have negative operating cash flows. Without the injection of further capital and the development of revenue streams from its business, the Company may continue to have negative operating cash flows until it can be sufficiently developed to commercialize.

Risks Related as a Going Concern

The ability of the Company to continue as a going concern is uncertain and dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. Management of the Company will have to raise capital through private placements or debt financing and proposes to continue to do so through future private placements and offerings. The outcome of these matters cannot be predicted at this time.

Reliance on Key Personnel and Advisors

The Company relies heavily on its officers. The loss of their services may have a material adverse effect on the business of the Company. There can be no assurance that one or all of the employees of, and contractors engaged by, the Company will continue in the employ of, or in a consulting capacity to, the Company or that they will not set up competing businesses or accept positions with competitors. There is no guarantee that certain employees of, and contractors to, the Company who have access to confidential information will not disclose the confidential information.

Licenses, Patents and Proprietary Rights

The Company's success could depend on its ability to protect its intellectual property, including trade secrets, and continue its operations without infringing the proprietary rights of third parties and without having its own rights infringed.

Uncertainty Regarding Penetration of the Target Market

The commercial success of the Company's business as compared with those of its competitors depends on its acceptance by potential users and the medical community. Market acceptance will largely depend on the reputation of the Company, its marketing strategy, consumer and health practitioner's services and performance. The Company's success will depend on its ability to commercialize and expand its network users. The Company will

need to expand its marketing and sales operations and establish business relations with suppliers and users in a timely manner.

In order to meet its business objectives, the Company will have to ensure that its facilities and services are safe, reliable and cost-effective, and bring the expected return. There can be no assurance that the Company's products and services will be accepted and recommended.

Competition, Technological Obsolescence

The consumer health products industry for skincare and weight management is competitive. Others in the field may have significantly more financial, technical, distribution and marketing resources. Technological progress and product development may cause the Company's services and product offerings to become obsolete or may reduce their market acceptance.

Operating History and Expected Losses

The Company expects to make significant investments in order to develop its services, increase marketing efforts, improve its operations, conduct research and development and update its equipment. As a result, start-up operating losses are expected and such losses may be greater than anticipated, which could have a significant effect on the long-term viability of the Company.

Reliance on Joint Ventures, Licence Assignors and Other Parties

The nature of the Company's operations requires it to enter into various agreements with partners, joint venture partners, medical facilities, and medical equipment suppliers in the business world, government agencies, licensors, licensees, and other parties for the successful operation of its businesses and the successful marketing of its services.

There is no guarantee that those with whom the Company needs to deal will not adopt other technologies or that they will not develop alternative business strategies, acting either alone or in conjunction with other parties, including the Company's competitors, in preference to those of the Company.

Growth Management

In executing the Company's business plan for the future, there will be significant pressure on management, operations and technical resources. The Company anticipates that its operating and personnel costs will increase in the future. In order to manage its growth, the Company will have to increase the number of its technical and operational employees and efficiently manage its employees, while at the same time efficiently maintaining a large number of relationships with third parties.

Regulatory Risks

Health technologies used by the Company are subject to a number of technological challenges and requirements, and can be subject to the regulations and standards imposed by applicable regulatory agencies. There can be no assurance that the Company will be able to comply with all regulations concerning its businesses.

Potential Liability

The Company is subject to the risk of potential liability claims with respect to its diagnostic and therapeutic solutions. Should such claims be successful, plaintiffs could be awarded significant amounts of damages, which could exceed the limits of any liability insurance policies that may be held by the Company. There is no guarantee that the Company will be able to obtain, maintain in effect or increase any such insurance coverage on acceptable

terms or at reasonable costs, or that such insurance will provide the Company with adequate protection against potential liability.

FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

During the period ended October 31, 2012, there has been no significant change in the Company's internal control over financial reporting since last year.

The management of the Company is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's annual financial statements for the period ended October 31, 2012 (together the "Annual Filings").

The management of the Company has filed the Venture Issuer Basic Certificate with the Annual Filings on SEDAR at www.sedar.com.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 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.

Officers and Directors

Ron Ozols President & Director

Contact Address:

Auxellence Health Corporation
(formerly 0924888 BC Ltd.)
2922 Mt. Seymour Pky
North Vancouver, BC
V7H 1E9

Consolidated Capitalization

As of the date of this statement, there are 41,337,684 issued and outstanding common shares of the Issuer. The outstanding share capital of the Issuer is summarized in the table below:

Designation of security	Authorized	Outstanding as at July 11, 2013
Common shares	Unlimited	41,337,684
Options	4,133,768	Nil
Total outstanding shares fully diluted		**41,337,684**

Option Plan and Options to Purchase Securities

At the special meeting of shareholders of Haltain, held on March 10, 2011, to approve the plan of arrangement, the shareholders approved and adopted an incentive stock option plan for the Issuer on a going forward basis.

The Issuer's stock option plan, which makes a total of 10% of the issued and outstanding shares of the Issuer available for issuance thereunder, consists of the following provisions:

Number of Shares Reserved. The number of common shares which may be issued pursuant to options granted under the plan shall not exceed ten (10%) percent of the issued and outstanding of 0924888 BC Ltd. (Auxellence) Shares from time to time at the date of grant.

Maximum Term of Options. The term of any options granted under the Plan is fixed by the board of directors and may not exceed five years from the date of grant. The options are non-assignable and non-transferable.

Exercise Price. The exercise price of options granted under the plan is determined by the board of directors, provided that the exercise price is not less than the price permitted by the Canadian National Stock Exchange or, if the common shares are not listed on the Canadian National Stock Exchange, then such other exchange or quotation system on which the common shares are listed or quoted for trading.

Amendment. The terms of an option may not be amended once issued under Canadian National Stock Exchange requirements. If an option is cancelled prior to the expiry date, the Issuer shall not grant new options to the same person until thirty days have elapsed from the date of cancellation.

Vesting. Vesting, if any, and other terms and conditions relating to such options shall be determined by the board of directors of the Issuer or the Committee (as hereinafter defined) from time to time and in accordance with Exchange requirements.

Termination. Any options granted pursuant to the plan will terminate generally within ninety days of the option holder ceasing to act as a director, officer, employee, management company or consultant of the Issuer or any of its affiliates, and within generally thirty days of the option holder ceasing to act as an employee engaged in investor relations activities, unless such cessation is on account of death. If such cessation is on account of death, the options terminate on the first anniversary of such cessation. If such cessation is on account of cause, or terminated by regulatory sanction or by reason of judicial order, the options terminate immediately. Options that have been
cancelled or that have expired without having been exercised shall continue to be issuable under the plan. The Plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision or exchange of the Issuer's common shares.

Administration. The Plan is administered by the board of directors of the Issuer or, if the board of the Issuer so elects, by a Committee (the "**Committee**"), which committee shall consist of at least two board members, appointed by the board of directors of the Issuer.

Board Discretion. The Plan provides that, generally, the number of the Issuer's common shares subject to each option, the exercise price, the expiry time, the extent to which such option is exercisable, including vesting schedules, and other terms and conditions relating to such options shall be determined by the board of directors of the Issuer or the Committee and in accordance with Canadian National Stock Exchange requirements.

Description of the Securities

As of the date of this Statement there are 41,337,684 common shares issued and outstanding. The authorized capital of the Issuer consists of an unlimited number of common shares, having the following material characteristics:

Common Shares

Holders of the common shares are entitled to: (a) receive notice of and attend any meetings of shareholders of the Issuer and are entitled to one vote for each common share held, except meetings at which only holders of a specified class are entitled to vote; (b) the right to receive, subject to the prior rights and privileges attaching to any other class of shares of the Issuer, including without limitation the rights of the holders of preferred shares, any dividend declared by the Issuer; and (c) the right to receive subject to the prior rights and privileges attaching to any other class of common shares, including without limitation the holders of preferred shares, the remaining property and assets of the Issuer upon dissolution. Subject to the provisions of the Act, the Issuer may by special resolution fix, from time to time before the issue thereof, the designation, rights, privileges, restrictions, and conditions attaching to each series of common shares including, without limiting the generality of the foregoing, any voting rights, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion if any, and any sinking fund or other provisions. No special right or restriction attached to any issued shares shall be prejudiced or interfered with unless all shareholders holding shares of each class whose special right or restriction is so prejudiced or interfered with consent thereto in writing, or unless a resolution consenting thereto is passed at a separate class meeting of the holders of the shares of each such class by the majority required to pass a special resolution, or such greater majority as may be specified by the special rights attached to the class of shares of the issued shares of such class.

Escrowed Securities

As part of its listing application to the CNSX, the Issuer will enter into an escrow agreement with Computershare Trust Company and certain shareholders of the Issuer, including all of the proposed directors, officers and consultants of the Issuer, whereby all securities of the Issuer, beneficially owned or controlled, directly or indirectly, or over which control or direction is exercised by the proposed directors, officers and consultants of the Issuer, and the respective affiliates or associates of any of them, will be placed in and made subject to an escrow agreement for a hold period of 36 months from the effective date of the amalgamation.

Pursuant to the escrow agreement, 10% of the total escrowed shares will be released from escrow on the date the common shares are listed on the CNSX, and 15% every six months thereafter, subject to acceleration provisions provided for in National Policy 46-201 – Escrow for Initial Public Offerings.

The following table under Directors and Officers sets out the number of securities placed in escrow pursuant to the escrow agreement among the Issuer, Computershare Trust Company, and certain shareholders of the Issuer:

Directors and Officers

The following table provides the names, municipalities of residence, position, principal occupations and the number of voting securities that each director and officer of the Issuer beneficially owns, directly or indirectly, or exercises control over, as of the date hereof:

Name and Municipality of Residence	**Positions Held with the Issuer**	**Principal Occupation During the Last Five Years**	**Date Elected as Director**	**Beneficial Shareholdings of the Issuer pursuant to escrow agreement**
Sydney Au[(1)],	President,	Plastics Film	Director	31,000,000

Vancouver, British Columbia	CEO and Director	Extrusion Manufacturer, Business Consulting	and officer nominee	74.99%
Ron Ozols[(1)], Vancouver, British Columbia	Director	Advertising Account Executive at Post Media Network from 2010 to present; Canwest News Services from 2003 to 2010	Director of the Issuer since November 2011	497,500 1.20%
Dominique "Nick" Borrelly[(1)], British Columbia	Director	Manager, Business Development and Acquistions at Sanofi-Aventis Canada	Director nominee	257,500 0.62%
Faisal Manji, Vancouver, British Columbia	Chief Financial Officer and Director	Accountant	Director nominee	NIL 0%

Notes:
(1) Member of the Audit Committee. Mr. Borrelly is the chair of the Audit Committee.

Securities Convertible Into Common Shares

There are no common shares reserved for issuance pursuant to any outstanding convertible securities.

Conflicts of Interest

Some of the directors and officers of the Issuer are also directors, officers and/or promoters of other reporting and non-reporting issuers. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of the Issuer, notwithstanding that they are bound by the provisions of the Business Corporations Act (Ontario) to act at all times in good faith in the best interests of the Issuer and to disclose such conflicts to the Issuer if and when they arise.

The Issuer has adopted a Code of Business Conduct and Ethics (the "Code"), which is intended to document the principles of conduct and ethics to be followed by the Issuer's directors, officers and employees. The purpose of the Code is to:

1. Promote integrity and deter wrongdoing.

1. Promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest.

2. Promote avoidance of absence of conflicts of interest.

3. Promote full, fair, accurate, timely and understandable disclosure in public communications made by the Issuer.

4. Promote compliance with applicable governmental laws, rules and regulations.

5. Promote and provide a mechanism for the prompt, internal reporting of departures from the Code.

6. Promote accountability for adherence to the Code.

7. Provide guidance to the Issuer's directors, officers and employees to help them recognize and deal with ethical issues.

8. To help foster a culture of integrity, honesty and accountability throughout the Issuer.

Management

Further information on the business experience and professional qualifications of the Issuer's directors, officers and promoters is set forth below:

Sydney Au, BA (Comm/Econ), BSc
President, CEO and Director

Mr. Au, brings experience and knowledge across a number of sectors and industries. As a M&A business specialist in the structuring of public companies, he has demonstrated leadership, and provided guidance as a director/officer on various boards. Mr. Au has evaluated, acquired, and taken public a number of medical technology based companies where he has created ROI. He has experience with companies in the healthcare sector which includes both investments, and/or the Reverse Take – Over (RTO) of a medical device-monitoring company(Biosign Technologies Corp.), an imaging diagnostics (PET-CT scanning company – Premier Diagnostic Health Services Inc.), and biotech/pharmaceutical/nutraceutical companies (Pivotal Therapeutics Inc.). In addition, Mr Au has been active in expanding his private plastics manufacturing company, by generating sales, improving manufacturing processes, and product development.

Ronald Ozols
Director

Mr. Ozols has been involved in the media industry for 32 years, first with Southam Inc. from 1979 to 1996, Hollinger Corporation from 1996 to 2003, and Canwest News Services from 2003 to 2010. Mr. Ozols is currently involved with the Pacific Newspaper Group as an advertising account executive and has completed numerous courses in advertising, public relations and sales at Douglas College, Simon Fraser University, and the University of British Columbia.

Faisal Manji
CFO and Director

Faisal is a Certified General Accountant and holds a Bachelors of Commerce degree. He has been a comptroller for a variety of global resource companies for the past two years and is currently comptroller for Railhead Resources Ltd., and NewInco Resource Corp. with head offices in Vancouver. Prior to that, he was in public practice in tax with Desai and Associates for approximately 2 years. He is an avid golfer and skier in his down time and is a strong supporter of the BC Children's Hospital.

Dominique "Nick" Borrelly, BSc, MBA
Director

Recently, Mr. Borrelly led business development & acquisition activities in Healthcare Services/eHealth Solutions, Oncology & Diabetes (therapeutics and diagnostics) and Medical Devices, as Manager, Business Development and Acquisitions at Sanofi-Aventis Canada's Montreal headquarters. That experience as Healthcare Network Relationship Specialist developing and managing strategic partnerships relationships for Integrated Healthcare Networks, teaching hospitals and regional health authorities for British Columbia was personally fulfilling. Mr Nick has also proudly served on the board of investment capital companies and facilitating successful qualifying transactions and subsequent listing of the target companies to be publicly traded.

From 1985 to 1999, while serving in multiple roles at Novartis Pharma Canada Inc., Mr. Borrelly developed and supervised successful implementation of sales and marketing strategies and tactics in the field, resulting in significant sales increases across broad therapeutic areas.

Corporate Cease Trade Orders or Bankruptcies

Other than as disclosed below, no director or officer of the Issuer has, within the last ten years prior to the date of this document, been a director or executive officer of any company (including the Issuer) that, while such person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied that company access to any exemption under securities legislation for a period of more than 30 consecutive days; or (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in that company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets.

Mr. Dominique "Nick" Borrelly served on the board of directors of Karma Capital Corporation and the company was issued a Cease Trade Order (CTO) on June 2nd, 2004 and June 17th, 2004 (BC and AB) for failure to file its financial statements. Mr. Borrelly continued to serve on the board and worked to remedy the default and assisted the company to receive partial revocation orders June 29th, 2006 and June 30th, 2006 (BC and AB). This allowed the company to amalgamate with BioSign Technologies Inc. (TSXV:BIO) and the CTO was fully lifted on August 10th, 2006 and August 15th, 2006 (BC and AB).

Penalties or Sanctions

To the best of management's knowledge, no director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority relating to trading in securities, promotion or management of a publicly traded issuer or theft or fraud, or has been subject to any other penalties or sanctions imposed by a court or a regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

No proposed director, officer or promoter of the Issuer has, within the 10 years before the date of this document, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or

compromise with creditors, or had a receiver, receiver-manager or trustee appointed to hold its assets.

Executive Compensation

Management Agreement

Compensation will be paid to certain officers of the Issuer through employment agreements in connection with the day-to-day management of the business and operations of the Issuer. At the date of this statement there has been no payments made to any officers or directors of the company in connection with management of the business of the issuer and no management agreements in effect.

Compensation Discussion and Analysis

The Issuer does not have a compensation program. The Issuer intends to adopt policies and practices that recognize the need to provide compensation packages that will attract and retain qualified and experienced executives, as well as align the compensation level of each executive to that executive's level of responsibility. Although the objectives of base salaries are to recognize market pay, and acknowledge the competencies and skills of individuals, the Issuer has to date not been able to afford to achieve those objectives. The Issuer has no other form of compensation, although payments may be made from time to time to individuals or companies they control for the provision of consulting services, which services will be paid for at competitive industry rates for work of a similar nature by reputable arm's length service providers. The process for determining executive compensation relies solely on board discussions without any formal objectives criteria and analysis.

Long Term Incentive Plans

The Issuer does not have a Long Term Incentive Plan pursuant to which it provides compensation intended to motivate performance over a period greater than one financial year.

Option/SAR Grants During The Most Recently Completed Financial Year

No share options were granted to the Named Executive Officer during the fiscal year ended June 30, 2012.

Defined Benefit or Actuarial Plan Disclosure

No pension or retirement benefit plans have been instituted by the Issuer and none are proposed at this time.

Termination of Employment, Change in Responsibilities and Employment Contracts

During the most recently completed financial year, there were no employment contracts between the Issuer and a Named Executive Officer, and no compensatory plans, contracts or arrangements where a Named Executive Officer is entitled to receive more than $100,000 from the Issuer, including periodic payments or installments, in the event of:

(a) The resignation, retirement or any other termination of the Named Executive Officer's employment with the Issuer and its subsidiaries;

(b) A change of control of the Issuer or any of its subsidiaries; or

(c) A change in the Named Executive Officer's responsibilities following a change in control.

Director Compensation

The directors of the Issuer do not receive compensation for attendance of directors' meetings but may be reimbursed for travel expenses related to the directors' meetings. The directors may also receive compensation in the form of stock options.

Indebtedness of Directors and Executive Officers

Aggregate Indebtedness

None of the executive officers or directors of the Issuer, or associates or affiliates of such persons:

(a) are or have been indebted to the Issuer at any time; or

(b) are or have been indebted to another entity at any time where that indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar.

Risk Factors

An investment in the securities of the Issuer is subject to a number of risks, including those described below, that could have a material adverse effect upon, among other things, the operating results, earnings, business prospects and condition (financial or otherwise) of the Issuer. A prospective purchaser of such securities should carefully consider the risk factors set out below before making a decision to purchase securities of the Issuer. The risks described herein are not the only risk factors facing the Issuer and should not be considered exhaustive. Additional risks and uncertainties not currently known to the Issuer, or that the Issuer currently considers immaterial, may also materially and adversely affect the business, operations and condition (financial or otherwise) of the Issuer.

The Issuer is largely dependent on the success of its website which has not yet launched and management cannot be certain that its website will be successfully commercialized.

The Issuer currently has no products for sale and cannot guarantee that it will ever have marketable products or services. The Issuer plans to immediately launch its website once it has obtained sufficient channel partners to offer appropriate specialized customization for pharmaceutical products and services.

If a significant portion of these development efforts are not successfully completed, required regulatory approvals are not obtained, or any approved products are not commercially successful, the Issuer's business, financial condition, and results of operations may be materially harmed.

The Issuer's product candidates may never achieve market acceptance even if the company obtains regulatory approvals.

Even if the Issuer receives regulatory approvals to market its product candidates, the commercial success of these products will depend, among other things, on their acceptance by physicians, patients, third-party payers and other members of the medical community as a therapeutic and cost-effective alternative to competing products and treatments. The degree of market acceptance will depend on a number of factors, including:

- demonstration of the clinical efficacy and safety of the products;
- cost-effectiveness;
- potential advantage over alternative treatment methods;
- the effectiveness of marketing and distribution support for the products; and

• reimbursement policies of government and third party payers.

If the Issuer's current and future product candidates fail to gain market acceptance, it may be unable to earn sufficient revenue to continue its business. If the Issuer's product candidates do not become widely accepted by physicians, patients, third party payers and other members of the medical community, it is unlikely that the company will ever become profitable.

Any failure or delay in commencing or completing clinical trials for product candidates could severely harm the Issuer's business.

The Issuer does not know whether any of its planned clinical trials will proceed or be completed on schedule, or at all. The commencement of its planned clinical trials could be substantially delayed or prevented by several factors, including:

• limited number of, and competition for, suitable patients with the indications required for enrolment in our clinical trials;
• limited number of, and competition for, suitable sites to conduct its clinical trials;
• delay or failure to obtain FDA or non-U.S. regulatory agencies' approval or agreement to commence a clinical trial;
• delay or failure to obtain sufficient supplies of the product candidate for the Issuer's clinical trials;
• delay or failure to reach agreement on acceptable clinical trial agreement terms or clinical trial protocols with prospective sites or investigators; and
• delay or failure to obtain IRB approval to conduct a clinical trial at a prospective site.

The completion of any future FDA clinical trials could also be substantially delayed or prevented by several factors, including:

• slower than expected rates of patient recruitment and enrolment;
• failure of patients to complete the clinical trial;
• unforeseen safety issues;
• lack of efficacy evidenced during clinical trials;
• termination of the Issuer's clinical trials by one or more clinical trial sites;
• inability or unwillingness of patients or medical investigators to follow the Issuer's clinical trial protocols;
• inability to monitor patients adequately during or after treatment; and
• introduction of competitive products that may impede the Issuer's ability to retain patients in its clinical trials.

Also, recent events have raised questions about the safety of marketed drugs and may result in increased cautiousness by the FDA in reviewing new drugs based on safety, efficacy or other regulatory considerations and may result in significant delays in obtaining regulatory approvals, additional clinical trials being required, or more stringent product labelling requirements. Future clinical trials the Issuer undertakes may be suspended or terminated at any time by the FDA, other regulatory authorities, the IRB overseeing the clinical trial at issue, any of its clinical trial sites with respect to that site, or the Issuer. It is possible that none of the Issuer's product candidates will complete clinical trials in any of the markets in which the Issuer, or its collaborators, intends to sell those product candidates. Accordingly, the Issuer may not receive the regulatory approvals necessary to market its product candidates. Any failure or delay in commencing or completing clinical trials or obtaining regulatory approvals for product candidates would prevent or delay their commercialization and severely harm the Issuer's business and financial condition.

The Issuer's product candidates may cause undesirable and potentially serious side effects.

Undesirable side effects caused by any of the Issuer's product candidates could cause the company or regulatory authorities to interrupt, delay or halt clinical trials and could result in the denial of regulatory approval by the FDA or non-U.S. regulatory authorities for any or all targeted indications. This, in turn, could prevent the Issuer from commercializing its product candidates and generating revenues from their sale. In addition, if the Issuer's product candidates receive marketing approval and the company or others later identify undesirable side effects caused by the product:

- regulatory authorities may withdraw their approval of the product;
- the Issuer may be required to recall the product, change the way the product is administered, conduct additional clinical trials or change the labeling of the product;
- a product may become less competitive and product sales may decrease; or
- the Issuer's reputation may suffer.

Any one or a combination of these events could prevent the Issuer from achieving or maintaining market acceptance of the affected product or could substantially increase the costs and expenses of commercializing the product, which in turn could delay or prevent the company from generating significant revenues from the sale of the product.

The success of the Issuer's product candidates is influenced by its collaborations with its partners. Any adverse developments in the Issuer's relationship with its partners could materially harm its business. The Issuer is subject to a number of risks associated with its collaboration with each of its partners, including the risk that a partner may terminate the license agreement upon the occurrence of certain specified events. The Issuer will be entering into license agreements that require, among other things, that it make certain payments and use reasonable commercial efforts to meet certain clinical and regulatory milestones. If the Issuer breaches any of the provisions of these license agreements, it may lose substantial intellectual property rights and its future prospects may be materially adversely affected.

The Issuer's ability to develop and commercialize its product candidates is dependent on its ability to obtain adequate financing. If the company fails to obtain additional financing, it may be unable to develop and commercialize its product candidates.

If the Issuer fails to obtain additional financing, it may be unable to complete the development and commercialization of its website.

The Issuer's business development and clinical regulatory operations have consumed considerable amounts of cash since inception. Going forward, the company expects to continue to spend substantial amounts to:

- license or acquire and develop additional product candidates;
- launch and commercialize any product candidates for which the Issuer receives regulatory approval; and
- continue its research and development programs.

The Issuer anticipates that it will need to raise additional capital through private placements or public offerings of its equity or debt securities to complete the development and commercialization of its current and future product candidates.

If the Issuer raises additional financing, the terms of such transactions may cause dilution to existing shareholders or contain terms that are not favourable to the company.

In the future, the Issuer may seek to raise additional financing through private placements or public offerings of its equity or debt securities. The Issuer cannot be certain that additional funding will be available on acceptable terms, or at all. To the extent that the Issuer raises additional funds by issuing equity securities, shareholders may experience significant dilution.

Given that the Issuer does not expect to have any significant revenues in the foreseeable future, it is unlikely that it will be able to raise a significant amount of debt financing or such financing may have an equity component. Also, any debt financing, if available, may require the Issuer to pledge its assets as collateral or involve restrictive covenants, such as limitations on its ability to incur additional indebtedness, limitations on its ability to acquire or license intellectual property rights and other operating restrictions that could negatively impact its ability to conduct its business. General conditions in the capital markets as well as conditions that particularly effect biotechnology companies could also impact the company's ability to raise additional funds. In addition, the Issuer cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to it, if at all. If the Issuer is unable to raise additional capital in sufficient amounts or on terms acceptable to it, it will be prevented from pursuing its research and development efforts. This could harm the business, prospects and financial condition and cause the price of the securities to fall, or to cause the Issuer to cease operations.

If the Issuer's competitors develop and market products that are more effective, safer or less expensive than its product offerings, its commercial opportunities will be negatively impacted.

The pharmaceutical industry is highly competitive, and the Issuer faces significant competition from many pharmaceutical, biopharmaceutical and biotechnology companies that are researching and marketing products designed to address cardiovascular indications for which it is currently developing products or for which it may develop products in the future. Any products that the Issuer may develop in the future are also likely to face competition from other drugs and therapies. Many of its competitors have significantly greater financial, manufacturing, marketing and drug development resources than the Issuer. Large pharmaceutical companies, in particular, have extensive experience in clinical testing and in obtaining regulatory approvals for drugs. These companies also have significantly greater research and marketing capabilities than the Issuer. In addition, many universities and private and public research institutes are, or may become, active in cardiovascular research, the products of which may be in direct competition with the Issuer. If the Issuer's competitors market products that are more effective, safer or less expensive than its future product candidates, if any, or that reach the market sooner than its future product candidates, if any, it may not achieve commercial success.

If product liability lawsuits are successfully brought against the Issuer, it may incur substantial liabilities and may be required to limit commercialization of its product candidates.

The Issuer faces an inherent risk of product liability lawsuits related to the testing of its product candidates, and will face an even greater risk if product candidates are introduced commercially. An individual may bring a liability claim against the Issuer if one of its product candidates causes, or merely appears to have caused, an injury. Because the Issuer conducts clinical trials in humans, it faces the risk that the use of its product candidates will result in adverse side effects. The Issuer cannot predict the possible harms or side effects that may result from its clinical trials. Although it currently has clinical trial insurance in place, it does not know whether the limits of the insurance will be sufficient to satisfy any claims should they arise. The Issuer may not have sufficient resources to pay for any liabilities resulting from a claim excluded from, or beyond the limit of, its insurance coverage. Additionally, as its clinical trial insurance is renewed annually, it cannot predict whether this insurance can be renewed on acceptable terms, if at all. There is also a risk that third parties that the Issuer has agreed to indemnify could incur liability. If the Issuer cannot successfully defend itself against a product liability claim, it may incur substantial liabilities. Regardless of merit or eventual outcome, liability claims either during clinical trials or following commercial introduction may result in:

- decreased demand for its product candidates;
- injury to its reputation;
- withdrawal of clinical trial participants;

- significant litigation costs;
- substantial monetary awards to or costly settlement with patients;
- product recalls;
- loss of revenue; or
- the inability to commercialize its product candidates.

The Issuer could also be adversely affected if any of its product candidates or any similar products distributed by other companies prove to be, or are asserted to be, harmful to consumers.

If the Issuer fails to acquire and develop products or product candidates at all or on commercially reasonable terms, it may be unable to grow its business.

The Issuer currently neither has, nor intends to establish, internal discovery capabilities and is dependent upon pharmaceutical and biotechnology companies and other research institutions to sell or license products or product candidates to it. To date, its product candidates have been derived from technologies discovered by, and licensed to the Issuer by, others. The Issuer intends to continue to search for available therapeutics from external pharmaceutical or biotechnology partners for a source of new product candidates to develop. The Issuer cannot guarantee that it will continue to have access to such opportunities or that it will be able to purchase or license these product candidates on commercially reasonable terms, or at all.

The success of the company's product pipeline strategy depends upon its ability to identify, select and acquire pharmaceutical product candidates. Proposing, negotiating and implementing an economically viable product acquisition or license involve a lengthy and complex process. The Issuer competes for partnering arrangements and license agreements with pharmaceutical and biotechnology companies and academic research institutions. These competitors may have stronger relationships with third parties with whom the Issuer is interested in collaborating and/or may have more established histories of developing and commercializing products. As a result, these competitors may have a competitive advantage in entering into partnering arrangements with such third parties. In addition, even if the Issuer finds promising product candidates, and generates interest in a partnering or strategic arrangement to acquire such product candidates, it may not be able to acquire rights to additional product candidates or approved products on terms that it finds acceptable, or at all. If it fails to acquire and develop product candidates, it may be unable to grow its business.

The Issuer expects that any product candidates to which it acquires rights will require additional development efforts prior to commercial sale, including extensive clinical testing and approval by the FDA and non-U.S. regulatory authorities. All product candidates are subject to the risks of failure inherent in pharmaceutical product development, including the possibility that the product candidate will not be shown to be sufficiently safe and effective for approval by regulatory authorities. Even if the product candidates are approved, the Issuer cannot be sure that they would be capable of economically feasible production or commercial success.

If the Issuer fails to attract and retain key management and scientific personnel, it may be unable to successfully develop or commercialize its product candidates.

The Issuer will need to expand and effectively manage its managerial, operational, financial, development and other resources in order to successfully pursue its research, development and commercialization efforts for its existing and future product candidates. The Issuer's success depends on its continued ability to attract, retain and motivate highly qualified management, pre-clinical and clinical personnel, including its key management personnel. The loss of the services of any of its senior management could delay or prevent the commercialization of its product candidates. At this time, the Issuer does not have "key man" insurance policies on the lives of any of its employees or consultants. The Issuer also has scientific and clinical advisors who assist it in formulating its development and clinical strategies. These advisors are not

employees and may have commitments to, or consulting or advisory contracts with, other entities that may limit their availability to the Issuer. In addition, the Issuer's advisors may have arrangements with other companies to assist those companies in developing products or technologies that may potentially may compete with the Issuer's products or technologies. All of its advisors and consultants sign agreements with the Issuer, which includes provisions for: confidentiality; non-disclosure; intellectual property rights; and non-competes covering its intellectual property and other proprietary information.

The Issuer will need to hire additional personnel as it continues to expand its development activities. The Issuer may not be able to attract or retain qualified management and scientific personnel in the future due to the intense competition for qualified personnel among biotechnology, pharmaceutical and other businesses. If it is not able to attract and retain the necessary personnel to accomplish its business objectives, it may experience constraints that will impede significantly the achievement of its development objectives, its ability to raise additional capital and its ability to implement its business strategy. In particular, if the Issuer loses any members of its senior management team, it may not be able to find suitable replacements in a timely fashion or at all and its business may be harmed as a result.

The Issuer relies, in part, on third parties to conduct clinical trials for its product candidates and plans to rely on third parties to conduct future clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, the Issuer may be unable to obtain regulatory approval for or commercialize its future product candidates.

To implement its product development strategies, the Issuer relies on third parties, such as contract research organizations, medical institutions, clinical investigators and contract laboratories, to conduct clinical trials of its product candidates. Although the Issuer relies on these third parties to conduct its clinical trials, it is responsible for ensuring that each of its clinical trials is conducted in accordance with its investigational plan and protocol. Moreover, the FDA and non-U.S. regulatory authorities require it to comply with regulations and standards, commonly referred to as good clinical practices ("GCPs") for conducting, monitoring, recording and reporting the results of clinical trials to ensure that the data and results are scientifically credible and accurate and that the clinical trial subjects are adequately informed of the potential risks of participating in clinical trials. The Issuer's reliance on third parties does not relieve it of these responsibilities and requirements. If the third parties conducting such clinical trials do not perform their contractual duties or obligations, do not meet expected deadlines or need to be replaced, or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to GCPs or for any other reason, the Issuer may need to enter into new arrangements with alternative third parties and our clinical trials may be extended, delayed or terminated. In addition, a failure by such third parties to perform their obligations in compliance with GCPs may cause the Issuer's clinical trials to fail to meet regulatory requirements, which may require it to repeat clinical trials.

The Issuer relies on third parties to manufacture and supply its product candidates.

The Issuer has no experience in drug formulation or manufacturing, and lacks the resources and the capability to manufacture any of its product candidates. To date, its product candidates have been manufactured in limited quantities for pre-clinical studies and clinical trials. If, in the future, one of the Issuer's product candidates is approved for commercial sale, it will need to manufacture that product candidate in commercial quantities. The Issuer cannot ensure that the third party manufacturers with which it has contracted in the past will have sufficient capacity to satisfy its future manufacturing needs, or that it will be able to negotiate additional purchases of active pharmaceutical ingredients or drug products from these or alternative manufacturers on terms favourable to the Issuer, or at all. Third party manufacturers may fail to perform under their contractual obligations, or may fail to deliver the required clinical or commercial quantities of bulk drug substance or finished product on a timely basis and at commercially reasonable prices. Any performance failure on the part of contract manufacturers

could delay clinical development or regulatory approval of the Issuer's product candidates or commercialization of its future product candidates, depriving it of potential product revenue and resulting in additional losses. If the Issuer is required to identify and qualify an alternate manufacturer, it may be forced to delay or suspend its clinical trials, regulatory submissions, required approvals or commercialization of its product candidates, which may cause it to incur higher costs and could prevent it from commercializing its product candidates successfully. If the Issuer is unable to find one or more replacement manufacturers capable of production at a reasonably favourable cost, in adequate volumes, of adequate quality, and on a timely basis, it would likely be unable to meet demand for its product candidates and its clinical trials could be delayed or it could lose potential revenue. The Issuer's ability to replace an existing active pharmaceutical ingredient manufacturer may be difficult because the number of potential manufacturers may be limited and the FDA must approve any replacement manufacturer before it can begin manufacturing product candidates. Such approval would require new testing and compliance inspections. It may be difficult or impossible for the Issuer to identify and engage a replacement manufacturer on acceptable terms in a timely manner, or at all. The Issuer expects to continue to depend on third party contract manufacturers for the foreseeable future. The Issuer's product candidates require precise, high quality manufacturing. Any of the Issuer's contract manufacturers will be subject to ongoing periodic unannounced inspection by the FDA and non-U.S. regulatory authorities to ensure strict compliance with current good manufacturing practice ("cGMP") and other applicable government regulations and corresponding standards. If the Issuer's contract manufacturers fail to achieve and maintain high manufacturing standards in compliance with cGMP regulations, it may experience manufacturing errors resulting in patient injury or death, product recalls or withdrawals, delays or interruptions of production or failures in product testing or delivery, delay or prevention of filing or approval of marketing applications for its product candidates, cost overruns or other problems that could seriously harm its business. Significant scale-up of manufacturing may require additional validation studies, which the FDA must review and approve. Additionally, any third party manufacturers the Issuer retains to manufacture its product candidates on a commercial scale must pass an FDA pre-approval inspection for conformance to the cGMPs before it can obtain approval of its product candidates. If the Issuer is unable to successfully increase the manufacturing capacity for a product candidate in conformance with cGMPs, the regulatory approval or commercial launch of any related products may be delayed or there may be a shortage in supply.

The Issuer has entered into and intends in the future to enter into various arrangements with various third parties, including corporate and academic collaborators, licensors, licensees and others for the research, development, clinical testing, manufacturing, regulatory applications, marketing and commercialization of its products and data and information technology management services, and it will not have control over how they perform their contractual obligations. Accordingly, the Issuer will suffer if contractors do not fulfill their contractual obligations.

The Issuer intends to enter into additional corporate agreements to develop and commercialize product candidates. The Issuer might not be able to establish such additional agreements on favourable terms, if at all, or guarantee that its current or future collaborative arrangements will be successful. In addition, third party arrangements may require it to grant certain rights to third parties, including exclusive marketing rights to one or more products, or may have other terms that are burdensome to the Issuer. These arrangements may place responsibility on third parties for Phase III clinical trials, human clinical trials, the preparation and submission of applications for regulatory approval, or for marketing, sales and distribution support for product commercialization. If the Issuer enters into such arrangements, the timing for approval of a drug candidate may be largely out of its control. These third parties might not fulfill their obligations in a manner, which maximizes the Issuer's revenues. These arrangements may also require the Issuer to transfer certain material rights or issue equity securities to corporate investors, licensees and others. If the Issuer licenses or sublicenses its commercial rights to others, as it intends to do, it might realize reduced product revenue compared to what it could

expect to realize through direct commercial exploitation. Moreover, it might not derive any revenue or profit from these arrangements. Third parties might also pursue alternative technologies or drug candidates, either on their own or in collaboration with others, and compete directly with the Issuer. The Issuer could suffer the consequences of non-compliance or breaches by third parties of its agreements. Such noncompliance or breaches by such third parties could in turn result in the Issuer's breaches or defaults under its agreements with its other collaboration partners, including those who license products to the Issuer, and the Issuer could be found liable for damages or lose certain rights, including rights to develop and/or commercialize a product or product candidate.

If the Issuer is unable to develop its sales and marketing and distribution capability on its own or through collaborations with marketing partners, it will not be successful in commercializing its product candidates.

The Issuer currently does not have a marketing staff or a sales or distribution organization. The Issuer currently does not have marketing, sales or distribution capabilities. If the Issuer's product candidates are approved, it may establish a sales and marketing organization with technical expertise and supporting distribution capabilities to commercialize its product candidates, which will be expensive and time consuming. Any failure or delay in the development of internal sales, marketing and distribution capabilities would adversely impact the commercialization of these product candidates. The Issuer may choose to collaborate with third parties that have direct sales forces and established distribution systems, either to augment its own sales force and distribution systems or in lieu of its own sales force and distribution systems. To the extent that the Issuer enters into co-promotion or other licensing arrangements, its product revenue is likely to be lower than if it directly marketed or sold its products, when and if it has any. In addition, any revenue it receives will depend in whole or in part upon the efforts of such third parties, which may not be successful and will generally not be within its control. If the Issuer is unable to enter into such arrangements on acceptable terms or at all, it may not be able to successfully commercialize its existing and future product candidates. If it is not successful in commercializing its existing and future product candidates, either on its own or through collaborations with one or more third parties, its future product revenue will suffer and it may incur significant additional losses.

If government and third party payers fail to provide coverage and adequate reimbursement rates for the Issuer's product candidates, its revenues and potential for profitability will be reduced.

In the United States and elsewhere, the Issuer's product revenues will depend principally upon the reimbursement rates established by third party payers, including government health administration authorities, managed-care providers, public health insurers, private health insurers and other organizations. These third party payers are increasingly challenging the price, and examining the cost effectiveness, of medical products and services. In addition, significant uncertainty exists as to the reimbursement status, if any, of newly approved drugs, pharmaceutical products, medical foods, or product indications. The Issuer may need to conduct post-marketing clinical trials in order to demonstrate the cost-effectiveness of products. Such clinical trials may require the Issuer to commit a significant amount of management time and financial and other resources. If reimbursement of such product is unavailable or limited in scope or amount or if pricing is set at unsatisfactory levels, the Issuer's revenues could be reduced.

In some countries other than the United States, particularly the countries of the European Union and Canada, the pricing of prescription pharmaceuticals is subject to governmental control. In these countries, obtaining pricing approval from governmental authorities can take six to twelve months or longer after the receipt of regulatory marketing approval of a product for an indication. To obtain reimbursement or pricing approval in some countries, the Issuer may be required to conduct a clinical trial that compares the cost-effectiveness of one of its product candidates to other available therapies. If reimbursement of such product candidate is

unavailable or limited in scope or amount or if pricing is set at unsatisfactory levels, the Issuer's revenues could be reduced. Domestic and foreign governments continue to propose and pass legislation designed to reduce the cost of healthcare, including drugs. In the United States, there have been, and the Issuer expects that there will continue to be, federal and state proposals to implement similar governmental control. In addition, increasing emphasis on managed care in the United States will continue to put pressure on the pricing of pharmaceutical products. Recently, the Patient Protection and Affordable Care Act (known as the "Senate bill") became law on March 23, 2010 and was shortly thereafter amended by the Health Care and Education Reconciliation Act of 2010. The law and the amendments thereto include a large number of health-related provisions to take effect over the next four years, including such items as expanding Medicaid eligibility, subsidizing insurance premiums, providing incentives for businesses to provide health care benefits, prohibiting denial of coverage/claims based on pre-existing conditions, establishing health insurance exchanges, and support for medical research. Also, the Medicare Prescription Drug Improvement and Modernization Act of 2003 reformed the way Medicare will cover and reimburse for pharmaceutical products. The legislation expands Medicare coverage for drug purchases by the elderly and eventually will introduce a new reimbursement methodology based on average sales prices for certain drugs. In addition, the legislation provides authority for limiting the number of outpatient drugs that will be covered in any therapeutic class. As a result of the new legislation and the expansion of federal coverage of drug products, the Issuer expects that there will be additional pressure to contain and reduce costs. The Medicaid program and state healthcare laws and regulations may also be modified to change the scope of covered products and/or reimbursement methodology. Cost control initiatives could decrease the established reimbursement rates that the Issuer receives for any products in the future, which would limit its revenues and profitability. Legislation and regulations affecting the pricing of pharmaceutical products may change at any time, which could further limit or eliminate reimbursement rates for its product candidates.

Failure to obtain regulatory approval outside the United States would prevent the Issuer from marketing its product candidates abroad.

The Issuer intends to market certain of its existing and future product candidates in non-North American markets. In order to market its existing and future product candidates in the European Union and many other non-North American jurisdictions, it must obtain separate regulatory approvals. The Issuer has had no interaction with non-North American regulatory authorities, and the approval procedures vary among countries and can involve additional testing, and the time required to obtain approval may differ from that required to obtain FDA approval. Approval by the FDA or other regulatory authorities does not ensure approval by regulatory authorities in other countries, and approval by one or more non-North American regulatory authorities does not ensure approval by regulatory authorities in other countries or by the FDA. The non-North American regulatory approval process may include all of the risks associated with obtaining FDA approval. The Issuer may not obtain non-North American regulatory approvals on a timely basis, if at all. It may not be able to file for non-North American regulatory approvals and may not receive necessary approvals to commercialize its existing and future product candidates in any market.

If the Issuer uses biological and hazardous materials in a manner that causes contamination or injury or violates laws, it may be liable for damages.

The Issuer's research and development activities may involve the use of potentially harmful biological materials as well as hazardous materials, chemicals and various radioactive compounds. The Issuer cannot completely eliminate the risk of accidental contamination or injury from the use, storage, handling or disposal of these materials. In the event of contamination or injury, the Issuer could be held liable for damages that result, and any liability could exceed its resources. The Issuer does not maintain liability insurance coverage for its handling of biological or hazardous materials. The Issuer, the third parties that conduct clinical trials on its behalf and the third parties that manufacture its product candidates are subject to

federal, state and local laws and regulations governing the use, storage, handling and disposal of these materials and waste products. The cost of compliance with these laws and regulations could be significant. The failure to comply with these laws and regulations could result in significant fines and work stoppages, which could damage the Issuer's reputation and harm its business

Promoters

Ron Ozols, as the founder of the Issuer, is considered a promoter of the Issuer. Please refer to the chart under the heading "Section 13 Directors and Officers" for information with respect to Mr. Ozols share holdings. Mr. Ozols will not receive any consideration for acting as promoter. Sydney Au, the new President and CEO of the company, will be acting as a promoter of the Issuer. Please refer to the chart under the heading "Section 13 Directors and Officers" for information with respect to Mr. Au's share holdings.

Legal Proceedings

The Issuer is not a party to or subject to any outstanding judgements, lawsuits or proceedings and there are no pending lawsuits or proceedings.

Interest of Management and Others in Material Transactions

Management and others have no interest in material transactions of the Issuer.
Auditors, Transfer Agents and Registrars

HLB Cinnamon Jang Willoughby, Chartered Accountants,
MetroTower II
Suite 900-4720 Kingsway
Burnaby, BC
V5H 4N2, Canada

Computershare Trust Company of Canada
3rd Floor, 510 Burrard Street
Vancouver, BC, V6C 3B9

MATERIAL CONTRACTS

The following summarizes the material agreements of the company applicable to this Material Change Report, other than any contracts entered into in the course of ordinary business:

(a) The Arrangement Agreement
(b) The Amalgamation Agreement;

Interest of Experts

There are no direct or indirect interests in the property of the Issuer or of a related person of the Issuer received or to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of the Listing Statement or prepared or certified a report or valuation described or included in the Listing Statement.

Other Material Facts

There is no other material fact about the Issuer and its securities that are not disclosed under the preceding items and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its securities.

Financial Statements

A copy of the audited financial statements of the Issuer, "Auxellence" for the period from incorporation on November 9, 2011 to October 31, 2012, as well as all interim financial statements for the Issuer are filed on SEDAR as required for the Company's reporting requirements. The proforma combined financial statements for the companies are included in the body of this material change report. The audited financial statements for year ended June 30, 2012, of the private entity "C&C" as well as the interim financial statements for the nine months ended just immediately prior to the amalgamation will be filed on SEDAR as material documents in connection with this material change report.

Additional information about Auxellence is available on SEDAR (www.sedar.com), the System for Electronic Document Analysis and Retrieval used for electronically filing securities related information with the Canadian securities regulatory authorities and is incorporated by reference.