

EARLY WARNING REPORT
FILED PURSUANT TO
NATIONAL INSTRUMENT 62-103

1. Name and Address of Offeror:

Lorna Chan, an individual with a business address of #168-11280 Twigg Place, Richmond, BC, V6V 0A6 (the "**Offeror**").

2. Designation and number or principal amount of securities and the Offeror's security holding percentage in the class of securities of which the Offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances:

Ms. Chan purchased, privately 1,600,000 shares or approximately 3.78% of the issued and outstanding common shares that resulted in her beneficial holdings in the company to be 5,652,483 common shares. This resulted in her become an insider, holding 13.34% of the Company on July 23rd, 2014 as her holdings exceeded 10% or more of the Company's issued and outstanding share capital representing 42,377,684 as at that date. Subsequent shares issuance including this private placement has reduced her holding to below 10% of the issued and outstanding share capital, however, with the inclusion of her warrants should no other party exercise their warrants, there is the possible event that she may exceed 10% holdings of the Company.

Subsequently, Ms. Chan, purchased shares pursuant to a debt settlement, and subsequent private placement subscription agreement dated September 2nd, 2014 (the "**Subscription Agreement**"), directly from Auxellence Health Corporation (the "**Company**") an aggregate of 2,680,000 units (the "**Units**") of the Company by way of a non-brokered private placement (the "**Private Placement**") at a price of Cdn\$0.05 per Unit, for gross proceeds to the Company of Cdn\$134,000. Each Unit comprises of one (1) common share (each, a "**Unit Share**") and one (1) common share purchase warrant (each, a "**Warrant**") of the Company. Each Warrant will entitle the holder thereof to purchase one (1) common share (each, a "**Warrant Share**") of the Company at a price of Cdn.\$0.10 per Warrant Share at any time on or prior to the date that is five years following September 2nd, 2014 (the "**Closing Date**"), the date of closing the Private Placement.

As a result, as of the date of this report, Ms. Chan is deemed the beneficial owner of the 2,680,000 Warrant Shares issuable on exercise of the Warrants acquired under the Private Placement (the "**Deemed Ownership Shares**"), even though the Deemed Ownership Shares are currently unissued, under applicable securities laws.

The 5,360,000 common shares (including the Deemed Ownership Shares) acquired by Ms. Chan under the Private Placement represent approximately 4.17% of the 128,380,884 issued and outstanding common shares of the Company following the closing of the Private Placement (and assuming conversion of all of the Deemed Ownership Shares).

A news release in connection with the foregoing was issued by the Offeror on September 21st, 2014 and filed with Canadian securities regulatory authorities on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com.

3. Designation and number or principal amount of securities and the Offeror's security holding percentage in the class of securities immediately after the transaction or occurrence giving rise to the obligation to file the news release:

Following the private share purchase, Ms. Chan beneficially owned 5,652,483 common shares. This resulted in her become an insider, holding 13.34% of the Company on July 23rd, 2014 as her holdings exceeded 10% or more of the Company's issued and outstanding share capital representing 42,377,684 as at that date. Subsequent shares issuance including this private placement has reduced her holding to below 10% of the issued and outstanding share capital, however, with the inclusion of her warrants should no other party exercise their warrants, there is the possible event that she may exceed 10% holdings of the Company.

Following the closing of the Private Placement, Ms. Chan beneficially owns 8,332,483 common shares of the Company (excluding the Deemed Ownership Shares), representing approximately 7.91% of the Company's issued and outstanding common shares representing 105,379,284 shares currently issued and outstanding.

If the Deemed Ownership Shares are included, following the closing of the Private Placement, Ms. Chan would beneficially own 11,012,483 common shares of the Company, representing approximately 8.58% of the Company's then fully diluted issued and outstanding common shares representing 128,380,884 shares.

If the Deemed Ownership Shares are included, following the closing of the Private Placement, and no other party other than Ms. Chan were to exercise her warrants to acquire Deemed Ownership Shares, Ms. Chan would beneficially own 11,012,483 common shares of the Company, representing approximately 10.19% of the Company's then partially or then non-fully diluted issued and outstanding common shares representing 108,059,284 shares then outstanding; which would result in her being an insider controlling greater than 10% of the Company.

4. Designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to in paragraph 3 over which:

- (i) the Offeror, either alone or together with any joint actors, has ownership and control;**

See Item 3 above.

- (ii) the Offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the Offeror or any joint actor; and**

Not applicable.

- (iii) the Offeror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

Not applicable.

5. Name of the market in which the transaction or occurrence that gave rise to the report took place:

Not applicable.

6. The value, in Canadian dollars, of any consideration offered per security if the Offeror acquired ownership of a security in the transaction or occurrence giving rise to the obligation to file a news release:

Private shares purchased at the same price as the last traded price in the market as of that date of \$0.01 per share. And subsequently Cdn \$0.05 per Unit pursuant to the Private Placement .

7. Purpose of the Offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer:

Ms. Chan acquired the 1,600,000 common shares and the 2,680,000 Units pursuant to the Private Placement for investment purposes. Depending on economic or market conditions or matters relating to the Company, Ms. Chan may choose to either acquire additional common shares or dispose of common shares of the Company.

8. General nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the Offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the news release, including agreements with respect to the acquisition, holding, disposition or voting of any of the securities:

Not applicable.

9. Names of any joint actors in connection with the disclosure required by this report:

Not applicable.

10. In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value of the consideration paid by the Offeror:

Ms. Chan purchased the 1,600,000 common shares for an aggregate purchase price of Cdn.\$16,000 (representing a price of Cdn. \$0.01 per share) and she purchased the 2,680,000 Units pursuant to the Private Placement from treasury. The aggregate purchase price for the 2,680,000 Units was Cdn.\$134,000 (representing a price of Cdn.\$0.05 per Unit).

11. If applicable, a description of any change in any material fact set out in a previous report filed under the early warning requirements or Part 4 of National Instrument 62-103 in respect of the reporting issuer's securities:

Not applicable.

12. If applicable, a description of the exemption from securities legislation being relied on by the Offeror and the facts supporting that reliance:

The 2,680,000 Units acquired pursuant to the Private Placement were acquired in reliance upon the shares for debt exemption under section 2.14 of National Instrument 45-106 – *Prospectus and Registration Exemptions*.

Dated this 21st day of September, 2014.

/s/ Lorna Chan

Lorna Chan