MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE YEAR ENDED December 31, 2016

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 EVITRADE Health Systems Corp. (formerly, Auxellence Health Corporation, and previously 0924888 BC Ltd. or "0924888BC")) ("Evitrade" or the "Company") for the period ended December 31, 2016. The MD&A should be read in conjunction with the consolidated financial statements for the period ended December 31, 2016. The MD&A has been prepared effective March 1, 2017.

SCOPE OF ANALYSIS

The following is a discussion and analysis of Evitrade (formerly Auxellence or 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 #168-11280 Twigg Place, Richmond, BC, V6V 0A6. The Company reports its financial results in Canadian dollars and under IFRS. As a result of a Plan of Arrangement, it had initially 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 Risks 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 underlying the forward-looking statements are reasonable, any of the assumptions 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.

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 EVITRADE's (Formerly AUXELLENCE or 0924888BC) & C&C'S BUSINESS

Evitrade (formerly Auxellence or 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 December 31, 2016. 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 at the time, the Company (formerly Auxellence/0924888BC). Under the Arrangement, the Company acquired $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 were 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. At that time, the Company had not commenced any commercial operations other than acquiring the C&C LOI from Haltain.

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

The Company was formed as a consumer marketing company to initially sell proprietary natural skincare cosmeceutical products through the development of the proposed business combination with C&C Cosmeceuticals Corporation. The business has taken on a larger scope as C&C has modified its focus to that of a consumer 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 "thera"peutic and diag"nostic" (theranostic) 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 potentially "any" and "all" manufacturer's products that is expected to be submitted for recommendation by the company's system; In the event it meets the evaluation criteria. All recommendations will be custom tailored based on that consumer's physiology. 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 startup phase and has not begun commercialization.

The Company, after combining with C&C, has been operating and developing itself as a consumer 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, Evitrade's (formerly Auxellence or 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.

On May 21, 2013, the Company entered into a definitive acquisition agreement with C&C Cosmeceutical Corp. ("C&C") such that C&C will amalgamate with a wholly owned subsidiary of the Company, 0961896 BC Ltd., and form a New Co in exchange for 100% shares of C&C. Each common share of C&C will exchange for 1.25 common share of the Company. The Company's subsidiary completed the amalgamation with C&C on June 19, 2013 and formed a New Co as a wholly owned subsidiary of the Company. A total of 39,825,000 common shares of the Company have been issued to shareholders of C&C to complete the acquisition. On June 19, 2013, the Company's common shares had been approved for listing on the CSE (Canadian Securities Exchange, formerly the Canadian National Stock Exchange ("CNSX")) and the Company's common shares have commenced trading on June 20, 2013 under the symbol ("AID") and is now trading under the symbol ("EVA").

The company subsequently assumed the year end of June 30th and had closed a private placement of $208,000 for common shares at $0.20 and a convertible debenture of $388,500 convertible at $0.20 on November 5th, 2013. The 500,000 options as of the press release dated July 19th, 2013 were all cancelled December 31, 2013. In addition, 375,000 options at $0.20 were granted on January 22, 2014 and subsequently cancelled on March 31, 2014.

On April 21, 2014, the Company announced a non-brokered private placement for shares at $0.15 per common share which was subsequently re-priced on May 6th, 2014 to $0.10. On August 22, 2014, the non-brokered private placement was then re-priced to $.05 per unit (exchangeable into one common share and one warrant redeemable for a common share at $.10). At this time all outstanding cash loans advanced to the company were substantially settled. On April 24, 2014 the company signed a Letter of Intent to enter into a Plan of Arrangement and on May 13th, 2014, the Company announced it had signed 3 additional Letters of Intent to enter into the Plan of Arrangement. On May 26th, 2014 the Company announced signing a Letter of Intent to acquire the Intellectual Property underlying it's licensed personal health management system for weight management and skin conditions. On May 28th, 2014 the Company announced it had signed an agreement with a private venture capital firm for financing and business strategy development.

On July 18th, 2014, the company set the share record distribution date for the plan of arrangement that was successfully approved. On August 13, 2014, the Company signed the Intellectual Property (IP) Acquisition Agreement to acquire the IP underlying its licensed personal health management system for weight management and skin conditions, (subject to certain terms and conditions). On August 19, 2014, the Company announced that it had reached

an agreement with the creditors to cancel the Convertibility of the Debt. On August 22, 2014, the Company announced signing a USA Distribution Agreement and Plan of Arrangement. On August 26, 2014 the Company announced that it signed a new General Service Agreement (GSA) for R&D and Operations Framework. On August 26th, 2014 the Company announced that it negotiated with its cash lenders to subscribe and effectively close the private placement. On September 3rd, 2014 the Company announced the closing and details of the private placement which was closed on September 2nd, 2014. On September 21, 2014 the Company announced 4 early warning reports that resulted from persons participating in the private placement and the shares issued for the IP acquisition. On September 26th, 2014 the Company's medical device manufacturer received market clearances for sales in Canada and the European Union. On September 29th, 2014, the Company confirms the company's medical device manufacturer received market clearances and Health Canada and CE Mark Certifications. On October 1st, 2014 the Company announces the initial release for a Pioneer edition of the TULIP™ system. On October 2nd, 2014 the Company announces it is considering a USA Dual Listing. On October 6th, 2014 the Company announced a larger commercial release and the TULIP™ pre-order availability. On January 28, 2015, the company announced that it is reviewing listing securities and debt on International exchanges such as the Frankfurt and the China Beijing Exchange, in addition to a US Market Exchange. The company had submitted all the mandatory documents for listing and trading on the OTCQB Marketplace as of Friday, March 27, 2015, and had received notice of approval from OTC Markets Group, Inc. ("OTC Markets") that its stock began to be quoted on the OTCQB Marketplace under the symbol OTCQB: AXHLF. The company was quoted on the Frankfurt exchange in June of 2015, but is no longer quoted on that or any other marketplace or exchange other than on the CSE and the OTCQB as at the date of this report. The company resolved a default notice from its operator and arranged a $1.05 million secured credit facility with the CEO of the company in early 2016. In conjunction with the debt to resolve the default notice and the 1.05 million secured credit facility the company also raised $165,000 in equity by April 2016. In June 2016 the company announced a clinical study and a sponsored research study using its TULIP system. In August and September 2016 the company announced it signed an MOU for sales and distribution in China and added two advisory board members. In addition, the company announced a rebranding which resulting in a name change, share consolidation of 15 to 1, along with a financing for up to $1 million, and a divestiture of its existing assets through a plan of arrangement. The name and share consolidation has been completed but the financing and divestiture plan of arrangement has not completed as of the date of this statement. In October 2016 the company began testing the system in Asian and received a P.O. for 500 units for testing.

C&C'S BUSINESS HISTORY

On April 30, 2013, the Company entered into a licensing, development, marketing and general servicing agreement (the "Agreement") with Decanex Inc., ("Decanex") of Toronto, Ontario. Decanex will provide the company with:

- an expert recommender system (Decanex Prescriptor) customized for natural and OTC health products, for the non-exclusive use of the customer worldwide and for the exclusive use of the customer in Canada; and

- an Autonomous Biomedical Care (ABC) Services, customized for general self-care, for the non-exclusive use of the Customer worldwide and for the exclusive use of the customer in Canada.

In return for the services rendered by Decanex above, the Company shall pay a total of $1,200,000 engineering fee on delivery of the system. The Company shall make different advance payments to Decanex towards fulfillment of this engineering fee, as requested by Decanex from time to time in order for Decanex to complete the customization for the Company.

C&C, after combing with 0924888BC, 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, C&C's 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. Further developments have been discussed in the "General Developments" section above.

RESULTS OF OPERATIONS

During the period ended December 31, 2016, the Company had net loss and comprehensive loss of $(10,019) compared to a net income and comprehensive income $ (8,433) in the prior year's first quarter. The change is primarily attributed to the company travelling more in search of financing opportunities. Consulting fees, was increased from NIL to $5,000 which reflects the engagement of a consultant to assist with a marketing and outreach program with a network of associates to improve the possibility to bring additional financing into the company. Listing expenses remained stable at $1,825 (2016-09-30) as compared to $1,694 (2015-09-30) with the primary different being attributed to the cost to file the name change with CDS and to receive the new CUSIP and ISIN. As a result of seeking financing over the period, meeting space rented was $497 (2016-09-30) as compared to NIL (2015-09-30).

The Company had received shareholder and court approval for the 2014 Plan of Arrangement and has effectively completed the Arrangement. The subsidiaries are still to complete the final shares pushout. The Company has also been active in trying to raise funds to finance the building and customization of the expert system and theranostic device development to be used in the Company's business. As of the year end, the Company had issued 109,354,284 common shares to its shareholders before the 15:1 consolidation and the post consolidation shares outstanding are 7,290,265 common shares. There was no other significant 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 (June)		
	June 30, 2016	June 30, 2015	June 30, 2014
Total Revenue	$ -	$ -	$ -
Other income	77,869	133,486	-
Interest income	-	-	-
Gain on Conversion of Debt	10,250	368,927	-
Expenses	283,394	187,551	54,463
Net income (loss) and Comprehensive income(loss)	(195,275)	314,862	(54,463)
Total assets	5,134,694	3,598,570	2,080,283
Total long-term liabilities	-	-	-
Net gain/(loss) per share (basic and diluted)	(0.002)	0.003	(0.001)

SELECTED QUARTERLY INFORMATION

The following table summarized the results of operations for the eight recent quarters.

	Sept 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Total Revenue	$ -	$ 88,119	$ -	$ -
Net Profit (Loss)	(10,019)	(195,275)	(2,420)	(25,291)
Net Profit (Loss) Per Share (basic and diluted)	(0.00)	(0.00)	(0.00)	(0.00)

	Sept. 30, 2015	June 30, 2015	Mar, 30, 2015	Dec. 31, 2014
Total Revenue	$ 3,524	$ 502,413	$ -	$2,857
Net Profit (Loss)	(11,957)	314,862	(12,834)	(14,142)
Net Profit (Loss) Per Share (basic and diluted)	(0.00)	(0.00)	(0.00)	(0.00)

LIQUIDITY

(a) 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.

The Company needs to complete payments of the engineering fee to Decanex and maintain or complete regulatory approvals prior to commencement of the commercialization of its business.

(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. The Company expects to meet its liquidity need through additional equity or debt 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, Evitrade (formerly Auxellence) has one subsidiary C&C Cosmeceuticals Corp.

(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.

(h) The Company's working capital deficit was $2,597,113 at Sept 30, 2016 ($842,551 as at June 30, 2016).

(i) On November 5, 2013, the Company issued $388,500 of convertible debt that had a term of one year which was non-interest bearing with a conversion feature of $0.20 per common share. Two officers of the company received $258,500 of this offering.

On September 2, 2014 the conversion feature of this debt was repriced to $0.05 per common share giving the debt holders 1,145,281 common shares at conversion. The fair value of the shares was $0.01 per common share at the time of this repricing, resulting in the value of this liability being reduced to $58,275. This reduction is a gain of $330,225

with $110,500 reported on the statement of operations and the balance of $219,725 is allocated to contributed surplus as it was related to two officers of the company.

On the same day, the convertible debt of $58,275 was converted into 1,145,281 common shares at $0.01 per share resulting in no gain or loss

(j) Eighteen month convertible debt: On February 19, 2016 the Company issued $826,210 of convertible debt to a related party as a part of debt settlement agreement. The debt matures eighteen months from the date of issuance and maybe converted by the debtholder into common shares of the company at a price of CDN $0.05 per common share . Interest is payable on this debt at an annual rate equal to ten percent (10%), compounded on an annual basis.

No finders fees or commissions were paid in connection with this debt offering. A related party subscribed for the full amount of the convertible debt.

An equity component of the debt, $25,892, has been reduced from the carrying value of the convertible debt at inception and recorded in shareholders' equity. The equity component of this debt was initially measured using the residual value method and is not re-measured at each reporting period. During the year ended June 30, 2016 the carrying value of this convertible debt has been accreted up to $806,104 and the Company recorded finance charges of $5,786.

(k) Eighteen month convertible debt: During the year, an officer loaned the company $674,697 that is non-interest bearing and has not terms of repayment. On June 30, 2016 the Company issued $674,697 of convertible debt as settlement to this related party that has a term of 18 months, bears interest at 10% per annum compounded annually, and has a conversion feature of $0.05 per common share. The holders of this debt may, within the specified time period, convert their debt at their discretion

An equity component of the debt, $21,233, has been reduced from the carrying value of the convertible debt at inception and recorded in shareholders' equity. The equity component of this debt was initially measured using the residual value method and is not re-measured at each reporting period. During the year ended June 30, 2016 the carrying value of this convertible debt has not been accreted and $nil has been recorded finance charges.

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) The Company announced on April 21, 2014 a non-brokered private placement for shares at $0.15 per common share, which was subsequently re-priced to $0.10 on May 6, 2014 and subsequently re-priced to $0.05 per unit, exchangeable into one common share and one full share purchase warrant at $0.10. The private placement had closed as at September 2, 2014.

(c) On March 18, 2016 the Company issued 1,300,000 shares as a part of a private placement with a full warrant exercisable at $0.10 for 3 or 5 years from date of issue.

(d) The Company had warrants exercised at $.10 for $67,500.

(e) On April 7, 2016, the company settled $100,000 in debts for a total private placement of 2,000,000 units priced at $.05 per unit, convertible into one common share and one full share purchase warrant at $0.10 exercisable for 5 years from date of issuance

FINANCIAL INTSTRUMENT AND RISK MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include credit risk, liquidity risk, interest rate risk, and currency risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(a) Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity and cash as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the commercialization of the licensed proprietary health monitoring/therapeutic systems and the identification and evaluation of potential acquisitions.

To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

(b) Credit risk

The Company's credit risk was primarily attributable to bank balances, GST/HST receivable and loan receivable. The Company limits its credit exposure on cash held in bank accounts firstly by holding its key transactional bank accounts with banks of international financial institutions. GST/HST receivable is due from Canadian Government and management believes that the credit risk to be minimal. Loan receivable is due from Haltain which has been repaid to the Company subsequent to the year end.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2016, the Company had cash balance of $5,320 (December 31, 2015 - $3,908) and liabilities of $3,081,705 (December 31, 2015 - $2,087,120). All of the Company's financial liabilities have or are treated with maturities of less than one year, and are subject to normal trade terms. Management is considering different alternatives to secure adequate debt or equity financing to meet the Company short term and long term cash requirement.

(d) Interest rate risk

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

OFF BALANCE SHEET ARRANGEMENTS

As at December 31, 2016, the Company had no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company has announced its intent to divest its assets by entering into a new 2017 Plan of Arrangement to be voted upon on January 13, 2017. The company has received shareholder and court approval for the previous 2014 Plan of Arrangement. The company has announced MOU#1 with an electronic health platform "Voice of Heart" and MOU#2 to acquire hemp an cannabis assets subsequent to the original press release to divest its assets and is expected to complete its due diligence on the possibility of acquiring the two assets as part of the 2017 Plan of Arrangement. The company has effectively completed the 2014 Plan of Arrangement and is waiting for the subsidiaries to complete the share push out.

TRANSACTIONS WITH RELATED PARTIES

(a) Included in accounts receivable is $1,694 (2015 - $2,000) receivable from a company with a director and officer in common.
(b) Included in accounts receivable is $85,672 (2015 - $Nil) receivable from a company with a director, who is a significant shareholder of Auxellence Health Corporation.
(c) Included in intangible assets is $1,422,317 (2015 - $1,540,000) paid to a related company with a director, who is a significant shareholder of Auxellence Health Corporation.
(d) Included in accounts payable is $7,147 (2015 - $2,784) owed to two directors and of which one is a significant shareholder.
(e) Included in loans payable is $140,721 (2015 - $80,500) owing to directors of the company.
(f) Included in loans payable is $47,550 (2015 - $Nil) owing to an immediate family member of one of the directors of the company.
(g) Included in other income is $Nil (2015 - $2,857) earned from companies with a common director and officer.

(h) Key management personnel compensation:
    i. included in professional fees is an accounting fee of $7,500 (2015 - $3,580) paid to one of the directors and officers of the company;
    ii. Included in share-based compensation is $22,207 (2015 - $Nil) paid to one of the directors and officers of the company, who is also a significant shareholder of the company.

(i) The Company issued a convertible debt to an officer of the Company as of June 30, 2016 for 674,697

(j) The company settled the outstanding amounts from the General Service Agreement with the Company's operator, Decanex Inc., a private company related through a significant shareholder, for $827,681

(k) A director of the company advanced $256,500 as a loan to the company in addition to $3,507 to pay for expenses incurred by the compay.

These transactions above are in the normal course of operations and are measured at the agreed to amounts, which is 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 as at December 31, 2016 (all numbers presented on a pre-consolidation basis unless otherwise noted):

Common shares:

On August 18, 2014, the Company issued 40,000,000 shares for the purchase of the Intellectual Property subject to certain terms and conditions. (Note13)

On September 2, 2014 the Company issued 23,001,600 shares to convert a total of $1,150,080 of debt into equity with a full warrant exercisable at $0.10 for 3 or 5 years from date of issue.

On March 18, 2016 the Company issued 1,300,000 shares as a part of a private placement with a full warrant exercisable at $0.10 for 3 or 5 years from date of issue.

On April 7, 2016, the Company issued 150,000 shares to an officer of the company for services performed (Note 13).

On April 7, 2016, the Company issued 1,850,000 shares on the conversion of debt (Note 10(b). Of this, 1,000,000 was to an officer of the company (Note 13).

Share purchase warrants:

As of December 31, 2016 the following warrants were outstanding and exercisable on a pre-consolidated basis:

Number of Warrants Outstanding	Exercise Price	Expiry Date	Number of Common Shares Issuable
3,000,000	$ 0.10	August 17, 2017	3,000,000
3,100,000	$ 0.10	August 29, 2017	3,100,000
8,265,000	$ 0.10	August 29, 2019	8,265,000
7,961,600	$ 0.10	September 1, 2019	7,961,600
1,300,000	$ 0.10	March 16, 2021	1,300,000
2,000,000	$ 0.10	April 7, 2021	2,000,000
25,626,600			25,626,600

A summary of the Company's issued and outstanding warrants as at December 31, 2016, 2015, and 2014 and changes during those years is presented below:

	Warrants Outstanding	Weighted Average Exercise Price
Balance, June 30, 2014	-	-
Granted	23,001,600	0.10
Balance, June 30, 2015	23,001,600	0.10
Granted	3,300,000	0.10
Exercised	(675,000)	(0.10)
Balance, December 31, 2016	**25,626,600**	**$ 0.10**

On August 18, 2014 the Company issued 3,000,000 warrants exercisable at $0.10 for 3 years from date of issue.

On December 31, 2014 the Company issued 3,100,000 warrants exercisable at $0.10 for 3 years from date of issue.

On December 31, 2014 the Company issued 8,940,000 warrants exercisable at $0.10 for 5 years from date of issue.

On September 2, 2014 the Company issued 7,961,600 warrants exercisable at $0.10 for 5 years from date of issue.

On January 2, 2016 the Company recorded the exercise of 675,000 warrants at $0.10 to decrease the number of warrants outstanding.

On March 18, 2016 the Company issued 1,300,000 warrants exercisable at $0.10 for 5 years from date of issue.

On April 7, 2016, the Company issued 2,000,000 warrants exercisable at $0.10 for 5 years from the date of issue. Of this, 1,150,000 were to officers of the company (Note 13).

The fair value of warrants issued during the year were determined using the Black-Scholes Option Pricing Model with assumptions as follows:

	2016	2015
Weighted average risk-free interest rate	**1.34 %**	1.43%
Weighted average estimated volatility	**252.06 %**	259.25%
Weighted average expected life	**3.65 years**	4.47 years
Weighted average expected dividend yield	**- %**	- %

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's 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 of September 30, 2016 the following stock options were outstanding and exercisable:

Number of Shares	Exercise Price per Share	Expiry Date
250,000	$ 0.05	May 13, 2018
875,000	$ 0.10	May 13, 2018
437,500	$ 0.15	May 13, 2019
437,500	$ 0.20	May 13, 2019
2,000,000		

A summary of the status of the Company's stock options as at December 31, 2016, 2015, and 2014 and changes during those years is presented below:

	Options Outstanding	Weighted Average Exercise Price
Balance, June 30, 2014, 2015		-
Granted (i)	2,000,000	$ 0.13
Cancelled November 25, 2016	1,125,000	$ 0.13
Balance, December 31, 2016	**875,000**	**$ 0.13**

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Company was incorporated on November 9, 2011 and the subsidiary C&C Cosmeceuticals Corp. was incorporated on July 20, 2011. Accordingly, these financial statements are prepared in accordance and 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"). These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

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

The accounting policies set out below are in effect for the period ended June 30, 2016 and have been applied consistently to all periods presented in these financial statements.

a) 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.

b) Shared-based payments

The fair value of any options granted 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. There are currently no options outstanding.

c) 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.

d) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. The initial measurement of financial assets and liabilities is fair value and their subsequent measurement is dependent on their classification as described below. Classification of a financial instrument depends on the purpose for which it was acquired or issued, their characteristics and the Company's designation of such instruments. Settlement date accounting is used.

Asset / Liability	Classification	Subsequent measurement
Cash and cash equivalents	Fair value through profit or loss	Fair Value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost
Accrued liabilities	Other financial liabilities	Amortized cost
Client deposits	Other financial liabilities	Amortized cost
Convertible debt	Other financial liabilities	Amortized cost
Loans payable	Other financial liabilities	Amortized cost
Note payable	Other financial liabilities	Amortized cost
Preferred shares	Other financial liabilities	Amortized cost

Financial assets or financial liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets typically acquired for resale prior to maturity or that are designated as held-for-trading. They are measured at fair value at the period end date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in profit or loss.

Financial assets or financial liabilities at fair value through profit or loss (continued)

Financial liabilities at fair value through profit or loss are those non-derivative financial liabilities that the Company elects to designate on initial recognition as financial instruments that it will measure at fair value. These are accounted for in the same manner as financial assets at fair value through profit or loss. The Company has not designated any non-derivative financial liabilities as financial liabilities at fair value through profit or loss.

Refer to compound financial instruments note below for details on measurement of option component of convertible debt and derivatives.

Held-to-maturity

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and a fixed maturity, other than loans and receivables that an entity has the positive intention and ability to hold to maturity. These financial assets are measured at amortized cost using the effective interest method.

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale, or that are not classified as loans and receivables, held-to-maturity or financial assets or financial liabilities at fair value through profit or loss investments. Except as mentioned below, available-for-sale financial assets are carried at fair value with unrealized gains and losses included in accumulated other comprehensive income until realized or deemed to be an other than temporary impairment when the cumulative loss is transferred to profit or loss.

Available-for-sale financial assets that do not have quoted market prices in an active market are recorded at cost.

Interest on interest-bearing available-for-sale financial assets is calculated using the effective interest method.

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

Other financial liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible debt that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of compound financial instruments is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component, if any, is recognized initially at the difference between the fair value of the compound financial instrument and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of compound financial instruments is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not measured again subsequent to initial recognition. Interest, dividends, losses and gains relating to financial liabilities are recognized in profit or loss.

Transaction costs

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(e) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss (FVTPL), are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of the estimated future cash flows, discounted at the financial asset’s original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written

off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available-for-sale (AFS) equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

(f) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed for impairment at each reporting date, or whenever events or changes in circumstances indicate the carrying amounts may not be recoverable. If there are indicators of impairment, a review is undertaken to determine whether the carrying amounts are in excess of their recoverable amounts. Reviews are undertaken on an asset-by-asset basis.

If the carrying amount of a non-financial asset exceeds the recoverable amount, being the higher of its fair value less costs to sell and its value-in-use, an impairment loss is recognized in net earnings as the excess of the carrying amount over the recoverable amount.

Where the recoverable amount is assessed using discounted cash flow techniques, the resulting estimates are based on detailed production plans. The mine plan is the basis for forecasting production output in each future year and for forecasting production costs. For value-in-use calculations, production costs and output may be revised to reflect the continued use of the asset in its present form.

Non-financial assets that have suffered an impairment are tested for a possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. In these instances, the impairment loss is reversed to the recoverable amount but not beyond the carrying amount, net of amortization, that would have arisen if the prior impairment loss had not been recognized. Goodwill impairments are not reversed.

(g) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company’s option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the Company’s shareholders.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in profit or loss as accrued.

(h) Comprehensive 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 shareholder 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 shareholder's 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.

(i) Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average share outstanding are 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.

(j) 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.

(k) Research and development costs

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred. During the period ended June 30, 2016 and 2015, $nil was incurred on research activities.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized if, and only if, it has demonstrated all of the following:

- development costs can be measures reliably;
- the product or process is technically and commercially feasible;
- future economic benefits are probable; and
- the Company intends to and has sufficient resources to complete development and to use or sell the asset

Upon a determination that the criteria to capitalize development expenditures have been met, the expenditures capitalized will include the cost of materials, direct labour, contracting, consulting, professional fees, administration and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures are expensed as incurred. Capitalized development expenditures will be measured at cost less accumulated amortization and accumulated impairment losses.

(l) Intangible Asset

The Company owns intangible assets consisting of licensed patent rights and development costs. Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization method and amortization period of an intangible asset with a finite life is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by charging the amortization period or method, as appropriate, and are treated as changes in accounting

estimates. The amortization expense on intangible assets with finite lives is recognized in research and development expenses.

Amortization is recognized in profit or loss on a straight line basis over the useful lives of intangible assets from the date they are available for use. The Company recognized the payments made to Decanex as development costs and amortization of the development costs is recognized over their useful lives, on the straight line basis over 10 years, commencing upon commercialization. Therefore, there has been no amortization to date.

(m) Accounting standards adopted in 2015

The Company applied for the first time certain amendment, which are effective for annual periods beginning on or after January 1, 2015. The Company has not early adopted any other standard, interpretation, or amendment that has been issued but is not yet effective.

Although these amendments applied for the first time in 2015, they did not have a material impact on the annual consolidated financial statements of the Company.

(n) New standards and interpretations not yet applied

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt this standard when it becomes effective. The following pronouncements are being assessed to determine its impact on the Company's results and financial position:

Amendments to IAS 1 Presentation of Financial Statements

The amendments to IAS 1 are a part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary statements provide options on the ordering of financial statements and additional guidance on the presentation of other comprehensive income related to equity accounted investments. The effective date for these amendments is January 1, 2016. The Company is in the process of evaluating the impact of these amendments.

Amendments to IAS 16, Property, Plant and Equipment and IAS 38, Intangible Assets

IAS 16, "Property, Plant and Equipment" and IAS 38, "Intangible Assets": In May 2014, the IASB issued amendments to IAS 16 and IAS 38 to clarify acceptable methods of depreciation and amortization. The amended IAS 16 eliminates the use of a revenue-based depreciation method for items of property, plant and equipment. Similarly, amendments to IAS 38 eliminate the use of a revenue-based amortization

model for intangible assets except in certain specific circumstances. The amendments are to be applied prospectively and are effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.

IFRS 9 Financial Instruments

'Financial Instruments' is part of the IASB's wider project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets, amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model for an entity to recognize revenue in order to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 supersedes the following standards: IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue- Barter Transactions Involving Advertising Services. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. This standard is effective for annual periods beginning on or after January 1, 2017.

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 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 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 effect 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 Issuer'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 any 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 the company 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, License 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 December 31, 2016, there has been no significant change in the Company's internal control over financial reporting since last comparative 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 financial statements for this filing (together the "Filings").

The management of the Company has filed the Venture Issuer Basic Certificate with the Interim or 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

Sydney Au	President, CEO & Director
Faisal Manji	CFO & Director
Ron Ozols	Director (Independent)

CONTACT

Auxellence Health Corporation
c/o #701-675 W Hastings St.
Vancouver, British Columbia
V6B 1N2 Tel: (604) 780-3311