

EVITRADE HEALTH SYSTEMS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2018

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] (hereinafter "Evitrade" or the "Company") for the three and nine months ended March 31, 2018.

The MD&A has been prepared with an effective date of May 30, 2018 and should be read in conjunction with the Company's March 31, 2018 unaudited interim consolidated financial statements and the Company's amended and restated audited consolidated financial statements for the year ended June 30, 2017 as filed on SEDAR on November 21, 2017.

SCOPE OF ANALYSIS

The following is a discussion and analysis of Evitrade Health Systems Corp. The Company reports its financial results in Canadian dollars and in accordance with *IAS 34 – Interim Financial Reporting* as issued by the International Accounting Standards Board. All reported interim financial information includes the financial results of Evitrade and its subsidiaries.

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 may not provide updates or revise any forward-looking statements, except those otherwise required under paragraph 5.8(2) of NI 51-102, 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 BUSINESS AND DEVELOPMENT

With the pending acquisitions of Artillery Labs and Cantech Molecular Research, Inc., the Company is looking to add yet another valuable and versatile asset in its ongoing bid to become an influential player in the rapidly growing plant-based pharmaceutical business. Recent industry reports indicate the global market is expected to grow from its current USD \$29.7 billion in 2017 to nearly \$40 billion in just five years.

The Company's former CEO, Syd Au will concentrate on developing the TULIP™ Medical System as CEO of the subsidiary company (1109871 B.C. Ltd.) that holds the TULIP™ Intellectual Property (IP).

On May 24, 2018, the Company announced the launch of its new website <http://www.evahealthsystems.com/>.

The Company's current and future financial success is dependent upon the extent to which it can develop its business objectives and the economic viability of commercializing any technologies or newly identified business opportunities.

Business Chronology

On May 21, 2013, the Company signed a definitive agreement with C&C for the amalgamation of its wholly-owned subsidiary 0924888BC with C&C that resulted in C&C acquiring the Company in a reverse take-over and C&C continuing its business as a wholly-owned subsidiary.

In early 2016, the Company resolved a default notice from Decanex, Inc. regarding its General Service Agreement (GSA) and arranged a \$1.05 million secured credit facility with Sydney Au, CEO and director of the Company in order to continue to meet contractual obligations under the GSA.

In June 2016, the Company announced a clinical study and a sponsored research study using its TULIP™ system. The Company has no material updates for the study and ongoing research.

In August and September 2016, the Company announced it signed a Memorandum of Understanding (MOU) for sales and distribution in China and added two advisory board members. To date, other than testing of the system, no other development or progress has been made towards sales and distribution in China.

In September 2016, the Company announced a rebranding which resulted in a name change, share consolidation of 15 to 1, along with up to \$1 million in financing, and divestiture of its existing assets through a new plan of arrangement.

In October 2016, the Company began testing the TULIP™ system in Asia and received a purchase order for 500 test units. The order was not fulfilled, and no testing has begun in Asia to date.

In March 2017, the Company filed in court for a 2017 Plan of Arrangement (2017-POA) and subsequently received court approval for the divestiture of C&C Cosmeceuticals Corporation (“C&C”) and four newly incorporated subsidiaries to facilitate contemplated transactions under the 2017-POA.

On April 28, 2017, C&C acquired 2554191 Ontario, Inc. (“255ON”) through a share exchange with the Company. 255ON was subsequently disposed of through the May 24, 2017 spin-out of C&C. (see Acquisitions and Dispositions)

On May 24, 2017, the Company completed the C&C spin-out transaction through a preferred share conversion and resulting dividend shares in C&C to existing Company shareholders under the 2017-POA. C&C transferred all of its TULIP™ related IP development to the Company in conjunction with the spinout.

C&C and its wholly-owned subsidiary 255ON are treated as discontinued operations since the May 24, 2017 spin-out.

On June 30, 2017, the Company took full write-down of all of its intellectual properties and entered a mutually agreed “stand-still” with its service provided Decanex, Inc.

On December 4, 2017, the Company signed a non-binding letter of intent to acquire Cantech Molecular Research Inc. (“Cantech”), a medical technology service company, as further described in press releases on December 5th and 8th, 2017.

On April 30, 2018, the Company announced a definitive agreement to close on the acquisition of acquire Artillery Holdings Ltd. (DBA Artillery Labs) that is a Vancouver based internet marketing company that markets natural health products with a focus on full-body health solutions.

On May 23, 2018, the Company announced that Mr. C.K. Cheung is to become CEO of the company as Mr. Au, has stepped down from that role to concentrate on developing the TULIP™ Medical System as CEO of the subsidiary company (1109871 B.C. Ltd.) that holds the TULIP™ Intellectual Property (IP). Mr. Cheung is currently an Executive Director for the China Investment Trust and has extensive experience in large scale business development as well as international mergers and acquisitions transactions.

On May 30, 2018, the Company signed a revised Letter of Intent (definitive agreement) with Cantech Molecular Research Inc. (“Cantech”) to acquire 100% of Cantech and/or Cantech Intellectual Property (“IP”) that specializes in systems for the manufacture of highly advanced plants grown through selective breeding (also known as cultivars) and the production of quality pharmaceutical products for use in agriculture and medicine.

PLANS OF ARRANGEMENT

2014 Plan of Arrangement

In May 2018, the Company completed the arrangement and pushout of two former subsidiaries that had outstanding Series A Preferred share conversions for common shares under the (2014-POA).

Each transaction represents \$1,000 fair value in convertible preferred shares, and related letters of intent for businesses in each former subsidiary company. \$506,537 has been recorded as share reserve with offsetting common share capital for pending shares conversions under the 2014-POA. The Company has \$2,000 (2016: \$2,000) in remaining deposits related to the spin-outs under the 2014-POA as of March 31, 2018.

2017 Plan of Arrangement

In March 2017, the Company filed and received court approval for its 2017 Plan of Arrangement ("2017-POA") for the planned spinout of C&C Cosmeceuticals Corp. ("C&C") and four newly formed subsidiary corporations to facilitate other contemplated spin-out transactions.

On May 24, 2017, the Company completed the C&C spin-out transaction through a preferred share conversion and resulting dividend shares in C&C to existing Company shareholders under the 2017-POA. C&C transferred all of its TULIP™ related IP development to the Company in conjunction with the spinout.

There are no further contemplated or in-progress transactions for the remaining four spin-outs under the 2017-POA as of the date of this MD&A.

RESULTS OF OPERATIONS

SELECTED QUARTERLY INFORMATION

Three months ended March 31, 2018 (Q3)

For the three months ended March 31, 2018 (2018), the Company had net comprehensive loss of \$(184,442) compared to \$(827,882) for Q3 of Fiscal 2017 (2017). The decreased loss of \$643,440 for Q3 of fiscal 2018 as compared to 2017 was the result of:

- (a) Brokerage services decreased from \$730,000 in Q3 of 2017 to \$80,143 in Q3 of 2018, representing a decrease of \$649,857 in related expenses;
- (b) Business fees & licensing decreased to \$Nil in 2018 compared to \$1,600 in 2017;
- (c) Consulting fees decreased from \$89,148 in 2017 to \$30,000 in 2018;
- (d) Management fees increased by \$45,000 in 2018 from \$Nil in 2017;
- (e) Professional fees increased by \$7,500 in 2018 from \$Nil in 2017;

- (f) Website fees increased by 5,000 in 2018 from \$Nil in 2017; and
- (g) Other general changes to operating expenses and other comprehensive income (OCI).

Nine months ended March 31, 2018

For the nine months ended March 31, 2018 (2018), the Company had net comprehensive loss of \$(1,212,975) compared to \$(22,636) for comparable Fiscal 2017 period (2017). The increased loss of \$1,190,339 for 2018 as compared to 2017 was the result of:

- (a) Brokerage services decreased from \$730,000 in 2017 to \$80,143 in 2018;
- (b) Consulting fees increased from \$7,500 in 2017 to \$33,000 in 2018;
- (c) Interest expense increased from \$Nil in 2017 to \$56,110 in 2018, with interest not accrued until the end of 2017 (otherwise comparable);
- (d) Debt finance charges increased from \$Nil in 2017 to \$1,054,600 in 2018;
- (e) Travel decreased from \$3,307 in 2017 to \$663 in 2018;
- (f) Listing fees increased from \$7,913 in 2017 to \$9,370 in 2018;
- (g) Management fees increased to \$90,000 in 2018 from \$Nil in 2017;
- (h) Professional fees increased by \$33,000 in 2018 from \$Nil in 2017;
- (i) Website fees increased by 5,000 in 2018 from \$Nil in 2017; and
- (j) Other general changes to operating expenses and OCI.

Prior Year Quarterly Results:

Q4 – June 30, 2017

Continued Operations

For the three months ended June 30, 2017 (Q4), the Company had loss and comprehensive loss from continued operations of \$(25,805,871) compared to \$(337,809) for Q4 of fiscal 2016, representing an increased loss of \$25,468,062 with specific changes to expenses and other items below.

Operating Expenses

Expenses were \$350,550 in Q4 of 2017 compared to \$275,928 in 2016 with specific changes as follows:

- i) share-based compensation decreased by \$12,687;
- ii) finance charges increased by \$71,250;
- iii) management fees increased by \$90,000;

- iv) listing expenses increased by \$11,486;
- v) consulting fees increased by \$27,120;
- vi) rent increased by \$11,966;
- vii) professional fees decreased by \$12,687;
- viii) decreased transfer agent and filing fees of \$17,956; and
- ix) other general changes to operating expenses.

Other Items

Other items were \$(25,455,321) for Q4 of fiscal 2017 as compared to \$(61,881) Q4 of fiscal 2016, representing increased net expenses from other items of \$25,393,440 with specific changes as follows:

- i) other income decreased by \$30,250 to \$9,524 in 2017;
- ii) impairment of intangible assets increased by \$16,810,748 from \$Nil in 2016;
- iii) debt financing charges decreased by \$150,000 to \$Nil in 2017;
- iv) loss on sale of debt increased by \$974,997 from \$Nil in 2016;
- v) gain on derecognition of subsidiary increased \$284,900 from \$Nil in 2016; and
- vi) write down of investment increased \$7,964,000 from \$Nil in 2016.

Discontinued Operations

All results and changes for discontinued operations for Q4 2017 are as described above under Annual Results with no other comparable prior period results.

Q3 – March 31, 2017

For the three months ended March 31, 2017 (Q3), the Company had net loss and total comprehensive loss of \$(827,882) compared to net income and comprehensive income of \$22,872 for Q3 of fiscal 2016. The increased expenses of \$(824,754) and resulting difference in loss for Q3 of fiscal 2017 as compared to income in Q3 of fiscal 2016 was the result of:

- i) broker services expense of \$730,000 compared to \$Nil for 2016;
- ii) listing and transfer agent expenses increasing by \$4,700 from \$2,000 in 2016;
- iii) business fees and licensing expenses increased by \$1,600 from \$Nil in 2016;
- iv) consulting fees increasing \$89,148 compared to \$Nil in 2016;
- v) professional fees of \$Nil in 2017 compared to 1,000 in 2016;
- vi) non-recurring other income of \$26,000 in 2016 compared to \$Nil in 2017; and
- vii) other general changes in expenses.

Q2 – December 31, 2016

For the three months ended March 31, 2018 (Q2) (2017), the Company had net loss and comprehensive loss of \$(12,618) compared to \$(31,112) for Q2 of fiscal 2016 (2016). The \$18,494 decreased loss for 2017 as compared to 2016 was the result of:

- i) advertising and promotion expenses increasing by \$2,842 from \$Nil in 2016;
- ii) consulting decreased from \$18,300 in 2016 to \$2,500 in 2017;
- iii) listing expenses decreased by \$6,555 to \$6,088 in 2017; and
- iv) other general changes to operating expenses and other income.

Q1 – September 30, 2016

For the three months ended September 30, 2016 (Q1) (2017), the Company had net loss and comprehensive loss of \$(10,018) compared to \$(11,957) for the comparable prior year period in 2016. The \$4,242 decreased loss in 2017 as compared to 2016 was the result of:

- i) office rent increasing by \$497 in 2017 from \$Nil in 2016;
- ii) consulting expense decreased by \$5,000 in 2017 from \$Nil in 2016;
- iii) License and taxes decreased from \$1,500 in 2016 to \$Nil in 2017;
- iv) travel increased by \$2,323 in 2017 from \$Nil in 2016; and
- v) other general changes to operating expenses.

The following table summarized the financial results of operations for the eight most recent fiscal quarters from March 31, 2016 (Q3 of Fiscal 2016) through March 31, 2018 (Q2 of Fiscal 2018):

Fiscal 2017

	March 31, 2018 (Q3) \$	December 31, 2017 (Q2) \$	September 30, 2017 (Q1) \$	June 30, 2017 (Q4) \$
Revenue	—	—	—	—
Other items	(13,840)	1,436	12,975	(25,455,321)
Expenses	(170,602)	(1,146,226)	(81,160)	(395,563)
Loss from continued operations	(184,442)	(1,144,790)	(68,185)	(25,850,844)
Loss from discontinued operations	—	—	—	(10,217,509)
Net loss	(184,442)	(1,144,790)	(68,185)	(36,068,393)
Loss per share - basic		(0.06)	(0.00)	(3.94)
Loss per share - diluted		(0.03)	(0.00)	(1.04)

Fiscal 2016

	March 31, 2017 (Q3) \$	December 31, 2016 (Q2) \$	September 30, 2016 (Q1) \$	June 30, 2016 (Q4) \$
Revenue	—	—	—	—
Other items	—	—	—	(94,929)
Expenses	(827,882)	(12,618)	(10,018)	(227,846)
Income (loss) from continued operations	(827,882)	(12,618)	(10,018)	(322,775)
Loss from discontinued operations	—	—	—	—
Net income (loss)	(827,882)	(12,618)	(10,018)	(322,775)
Income (loss) per share (basic and diluted)	(0.00)	(0.00)	(0.00)	0.00

INCOME TAXES

The Company has accumulated non-capital losses expire as follows (tax attributes are subject to revision and potential adjustment by tax authorities):

YEAR	\$
2032	305,534
2033	798,008
2034	1,040,896
2035	1,530,647
2036	345,275
2037	36,936,292
<u>2038</u>	<u>1,397,417</u>

A reconciliation of income taxes at statutory rates is as follows:

	March 31, 2018 \$	March 31, 2017 \$
Loss before income taxes	(1,397,417)	(867,899)
Expected income tax (recovery) at 26%	(363,328)	(225,654)
Tax effects of:		
Non-deductible expenses and other deductions	274,196	—
Prior period adjustment	—	—
Change in valuation allowance	89,132	225,654
Deferred income tax recovery	—	—

Significant components of the Company's deferred income tax assets are as follows:

	March 31, 2018	June 30, 2017
Substantively enacted tax rate	26%	26%
Deferred income tax assets:		
Non-capital losses	12,500,182	11,102,765
Eligible capital expenditures	236,991	236,991
Deferred development costs	—	—
Valuation allowance	(12,263,191)	(11,339,756)
Net deferred income tax assets	—	—

Estimated taxable income for the period is \$Nil. Deferred tax assets have not been recognized because it is not probable that future taxable income will be available against which the Company can utilize the benefits from the deductible temporary differences and unused tax losses.

LIQUIDITY

- (a) The Company is a health technology company in the research and development stage 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 is currently in a mutual “stand-still” and working with Decanex to renegotiate and/or settle all of its obligations and services under the GSA, convertible debt, accrued services fees owing, and all future IP development for the TULIP™.

- (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 currently has minimal cash reserves of \$113,852, despite securing \$2,250,000 million in equity and debt financing on December 21, 2017.
- (e) There are no balance sheet conditions, income, or cash flow items that may affect the Company's liquidity.
- (f) There are currently no defaults or arrears by the Company on:
 - (i) dividend payments, lease payments, interest or principal payments on debt;
 - (ii) debt covenants; or
 - (iii) redemption or retraction or sinking fund payments.
- (g) As at March 31, 2018, the Company had a working capital deficit of \$1,357,101 (June 30, 2017: \$3,438,226). The Company is expected to have continuing working capital deficiencies if it does not secure new financing. The Company expects to meet its liquidity needs through additional equity or debt financing(s).
- (h) Eighteen-month convertible debt (dated February 19, 2016): Consists of \$826,210 of convertible debt, fully accreted as of August 19, 2017, issued to Decanex, Inc. that is controlled by a major shareholder of the Company, has a term of 18 months, bears interest at 10% per annum compounded annually, and has a conversion feature of \$0.75 per common share. On August 19, 2017, Decanex did not converted its debt as scheduled, nor as of March 31, 2018 and subsequent period. The Company is currently renegotiating the debt and the parties have agreed to no further interest accruals until a settlement is reached. 1,103,575 common shares are reserved for issuance under this debt conversion.
- (i) On June 30, 2016, the Company issued \$674,697 of convertible debt, with an accreted value of \$670,860 as at March 31, 2018, as settlement of demand loans payable to Sydney Au, CEO and director, that has a term of 18 months, bears interest at 10% per annum compounded annually, and has a conversion feature of \$0.75 per common share. Mr. Au may, within the specified time period, convert his debt at his discretion. On December 31, 2017, Mr. Au entered into an agreement with the Company to transition the convertible debt into a standard interest-bearing loan, with 10% interest per annum compounded annually that matures on December 31, 2018. The Company repaid the loan principal, excluding some interest, in January 2018.

Total interest payable on the convertible debt as of March 31, 2018 is \$170,620 (2017: \$182,470), with \$nil of accreted value recorded for the three months and \$10,146 recorded for the nine months ended March 31, 2018.

WORKING CAPITAL AND RESOURCES

The Company continues to have minimal capital resources with no known trends or expected fluctuations in the Company's capital resources, including expected changes in the mix and relative cost of such resources.

The Company will be required to raise in excess of \$10 million through debt and/or equity financing in order to close on the acquisitions and support operations of Artillery and Cantech to further those respective businesses and pharmaceutical development.

Management estimates that the Company will require a minimum of \$2.5 million (\$1.25 million per year) in additional capital in order to continue commercial development of TULIP™ related intellectual assets, along with planned studies over the next two fiscal years. As of May 30, 2018, and since June 30, 2017, all Company development of the TULIP™ and related IP is in a mutually agreed “stand-still” with Decanex, Inc., the service provider for the development of the Company's intellectual properties. The R&D through Decanex will not restart until there is sufficient capital, if feasible. Decanex must also replace its lead scientist, engineering staff, and ISO certifications in order to proceed with further R&D. (see Impairment of Intangible Assets)

There can be no assurance that the Company or Decanex will meet these objectives and in particular that the Company will obtain the necessary working capital through additional equity or debt financing, including at acceptable terms, in order to restart commercial development of its intellectual properties.

FINANCIAL INSTRUMENT 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 management and the Board of Directors and appropriate action taken to minimize such risks where possible.

OFF BALANCE SHEET ARRANGEMENTS

As at March 31, 2018, the Company had no off-balance sheet arrangements, nor to date of filing this MD&A.

PROPOSED TRANSACTIONS

While the Company continues to seek valuable opportunities to complete remaining spin-outs under its court approved 2014 and 2017 Plans of Arrangements, there are no contemplated or identified opportunities as of November 24, 2017.

RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2018, the following related party transactions occurred:

- (a) On February 21, 2018, the Board of Directors ratified a new compensation plan for executive management. As a first act of the board under the new compensation structure, directors ratified an executive management agreement for Sydney Au, CEO retroactive to January 1, 2018.
- (b) \$45,000 in management fees were expensed and accrued for Sydney Au, CEO and director.
- (c) Sydney Au, former CEO and current Director, was repaid \$731,000 of his interest-bearing and demand loans by the Company.

During the nine months ended March 31, 2018, the following related party transactions occurred:

- (a) \$90,000 in management fees were expensed and accrued for Sydney Au, CEO.
- (b) On December 21, 2017, Ron Ozols, Director, was repaid \$15,000 in demand loans through the Company's debt financing for share units. Mr. Ozols received 100,000 common shares and 100,000 5-year share purchase warrants exercisable at \$0.25 under the debt settlement.
- (c) On December 21, 2017, Faisal Manji, CFO, participated in the Company's equity financing for share units. Mr. Manji subscribed for 20,000 common shares and 20,000 5-year share purchase warrants exercisable at \$0.25 for gross proceeds of \$3,000. The Company received the proceeds from Mr. Manji on February 28, 2018.
- (d) Sydney Au, CEO and Director, loaned \$71,323 and was repaid \$827,977 of his demand and interest-bearing loans with the Company.
- (e) Ron Ozols, Director, loaned \$5,931 and was repaid \$6,174 of his demand loans with the Company.
- (f) On December 31, 2017, Sydney Au, CEO and director, agreed to transition his convertible debt to an interest-bearing loan, with 10% interest compounded annually that matures on December 31, 2018. The loan was repaid, excluding interest, in January 2018.
- (g) The Company was advanced \$7,716 for listing and other operating expenses through vendor payments made by Sydney Au, CEO and director, on behalf of the Company.
- (h) The Company repaid \$8,737 in advances made to the Company by Sydney Au.

These above transactions 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.

SHARE CAPITAL TRANSACTIONS

On December 21, 2017, the Company issued a total of 15,000,000 common shares and 15,000,000 share purchase warrants on closing of its equity and debt financing at \$0.15 per share unit (the "Offering"). Each share unit is comprised of one common share and one whole 5-year share purchase warrant exercisable at \$0.25.

- Total proceeds for the equity financing portion of the Offering was \$1,195,400. The Company recorded share issuance costs of \$1,195,400 for the Black-Scholes fair market value of warrants issued under the equity financing.
- The Company settled \$1,054,600 in loans payable for the debt financing portion of the Offering. The Company recorded debt financing costs of \$1,054,600 for the Black-Scholes fair market value of warrants issued under debt financing for settlement of loans payable. (see Debt)

OUTSTANDING SHARE DATA

Common Shares

Authorized: *Unlimited, without par value*

Issued and outstanding:

As at March 31, 2018: 30,386,932 (June 30, 2017: 15,386,932), excluding 3,333 common shares bought into treasury.

As at May 30, 2018: 36,390,265

Reserved for issuance:

As at March 31, 2018: 17,957,135

As of May 30, 2018: 17,957,135

Share purchase warrants:

As of March 31, 2018, the following warrants were outstanding and exercisable:

			Number of
			Common Shares
Number of Warrants	Exercise Price	Expiry Date	Issuable
Outstanding			
551,000	\$ 1.50	August 29, 2019	551,000
530,773	\$ 1.50	September 1, 2019	530,773
86,667	\$ 1.50	March 16, 2021	86,667
133,333	\$ 1.50	April 7, 2021	133,333
15,000,000	\$ 0.25	December 20, 2022	15,000,000
16,301,773			16,301,773

A summary of the Company's issued and outstanding warrants as at March 31, 2018, June 30, 2016, and 2015 and changes during those periods is presented below:

	Warrants	Weighted Average
	Outstanding	Exercise Price
		\$
Balance, June 30, 2015	1,533,440	1.50
Granted	220,000	1.50
Exercised	(45,000)	(1.50)
Balance, June 30, 2016	1,708,440	1.50
Granted	—	—
Exercised	(100,000)	1.50
Balance, June 30, 2017	1,608,440	1.50

Granted	15,000,000	0.25
Expired	(306,667)	(1.50)
Balance, March 31, 2018	16,301,773	0.35

There are no further changes in issued and outstanding warrants as of May 30, 2018.

Share Options:

The Company has adopted an incentive share 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.

A summary of the status of the Company's stock options as at March 31, 2018, June 30, 2017, and 2016 and changes during those periods is presented below:

	Options Outstanding	Weighted Average Exercise Price (\$)
Balance, June 30, 2016	133,334	\$ 1.95
Cancelled	(133,334)	(\$ 1.95)
Balance, June 30, 2017	—	—
Balance, March 31, 2018	—	—

All previously issued options were cancelled in fiscal 2017. As of March 31, 2018, there were no stock options outstanding or as of March 1, 2018.

Redeemable Preferred Shares

Authorized - unlimited redeemable Class A preferred shares, without par value

Issued and outstanding:

	March 31, 2018		June 30, 2017	
	Shares	Amount, \$	Shares	Amount, \$
Preferred shares, Class A				
Opening balance	52,349,902	6,000	21,188,842	2,000
Issued – Plans of Arrangement	—	—	38,951,325	5,000
Redeemed	—	—	(7,790,265)	(1,000)
Closing balance	52,349,902	6,000	52,349,902	6,000

The redeemable Class A preferred shares, have an average redemption price of \$0.000115 each for a total value of \$6,000, are non-voting, non-participating and are mandatorily redeemable by the Company in accordance with the Plans of Arrangement. As at March 31, 2018, a total of 52,349,902; \$6,000 value (June 30, 2017: 52,349,902; \$6,000 value) convertible Series A preferred shares were outstanding and will be redeemed once spin-out transactions are completed under the 2014 and 2017 Plans of Arrangement. In May 2018, the Company completed the arrangement pushout for two former subsidiaries that had 21,188,842 outstanding Series A Preferred share conversions for common shares under the (2014-POA).

SUBSEQUENT EVENTS

Loan Security

On October 12, 2017, the Company's general security agreement with 2554191 Ontario, Inc. was terminated as mutually agreed in conjunction with May 2015 debt forgiveness and exchange agreements.

Debt Conversion

As of May 30, 2018, the \$826,210 of convertible debt owing to Decanex, Inc. has not been converted as scheduled on August 19, 2017. The Company is currently renegotiating all of its obligations with Decanex, including overdue service payments, the GSA, and conversion of this debt. 1,103,575 common shares are reserved for issuance under this note conversion.

Management Compensation

On February 21, 2018, the Board of Directors ratified a new compensation plan for executive management. As a first act of the board under the new compensation structure, directors ratified an executive management agreement for Sydney Au, CEO retroactive to January 1, 2018.

Executive Changes

On May 23, 2018, the Company announced that Mr. C.K. Cheung is to become CEO of the company as Mr. Au, has stepped down from that role to concentrate on developing the TULIP™ Medical System as CEO of the subsidiary company (1109871 B.C. Ltd.) that holds the TULIP™ Intellectual Property (IP). Mr. Cheung is currently an Executive Director for the China Investment Trust and has extensive experience in large scale business development as well as international mergers and acquisitions transactions.

*** End of Subsequent Events ***

INTERNATIONAL ACCOUNTING STANDARDS (IAS)

This Management Discussion and Analysis and related disclosures are prepared in accordance and compliance with *IAS 34 - Interim Financial Reporting* along with other International Accounting Standards (IAS) as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Refer to the Company's March 31, 2018 interim consolidated financial statements for details of the significant accounting policies and estimates adopted by the Company.

RISKS AND UNCERTAINTIES

Pharmaceutical Industry

The pharmaceutical industry involves significant risks, development expenditures, scientific expertise, 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 will be required to complete initial drug discoveries along obtaining Health Canada and other world health organization approvals. There are also significant barriers to establishing any pharmaceutical products that may be accepted in the marketplace. It is impossible to ensure that pharmaceutical development strategies planned by the Company will result in 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 patients the drugs are geared toward as well as competitors' strategies and market factors. Some of these are cyclical and government regulations, including regulations relating to pharmaceuticals.

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 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, but not limited to, the following:

- (i) Upon commercialization, the Company will be largely dependent on marketing and sales of its products and services through its website(s). No website(s) have been launched, and there are no assurances that any Company products and services that reach commercialization stage, if any, can be successfully marketed and sold online.

- (ii) The Company currently has only limited test products for sale, has not reached commercialization, and cannot guarantee that it will ever have marketable products or services.
- (iii) The Company plans to launch a full commercial website(s) once it has obtained commercial viability, including sufficient distribution for its OTC health products and services.
- (iv) Risks in design, development and manufacturing of consumer health products that may have an adverse effect on a person's health.
- (v) If a significant portion of the Company's development efforts are not successfully completed, required regulatory approvals are not obtained and maintained (such as ISO certifications), or any approved products are not commercially successful, the Company's business, financial condition, and results of operations may be materially and irreparably harmed.
- (vi) The Company's products and services are in the development stage and may never achieve market acceptance, regardless of the Company obtaining regulatory approvals for distribution.
- (vii) The Company's product and services development activities are directed towards the skincare (acne) and weight management sectors of the consumer health industry. There is no certainty that any past investment or future expenditures made by the Company as described herein will result in commercialization or market acceptance of the its 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 may have for marketing towards target consumers. Significant capital investment is required to achieve commercialization, if ever, from the current development stage of the Company. (see Working Capital and Resources)

Government Regulation

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

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 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.

The Company's service provider, Decanex, Inc., no longer maintains its ISO certifications and as a result the further development of the TULIP™ device and related intangible properties is in doubt. There can be no assurance that Decanex will be able to restore its ISO certifications and/or adhere to all rules and regulations that continue to materially impact 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 and/or officers 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, directors involved in potential conflicts will declare, and refrain from voting on the conflicted matter.

Negative Operating Cash Flows

As the Company is in early development stages, it will continue to have negative operating cash flows without the development of revenue streams from its business. Positive operating cash flows require the Company to sufficiently develop its products and services for commercialization.

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. 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, Service Provider, and Advisors

The Company relies heavily on its officers, its service provider, and business advisors. The loss of their services may have a material adverse effect on the business and going concern 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 must continue to make significant investments in order to develop its products and services, increase marketing efforts, improve its operations, conduct research and development, and update equipment. As a result, development stage operating losses are expected to continue, and such losses may be greater than anticipated, which could have a significant effect on both the short-term and 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, research 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 these parties the Company needs to deal with 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, including those required of its service provider Decanex, Inc.

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 three and nine months ended March 31, 2018, there has been no significant changes in the Company's internal controls over financial reporting since the prior year ended June 30, 2017.

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 consolidated 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

C.K. Cheung	CEO & Director
Faisal Manji	CFO & Director
Sydney Au	Director (Chairman)
Ron Ozols	Director (Independent)

CONTACT

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