MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED AUGUST 31, 2014

Management discussion and analysis ("MD&A")
(To be read in conjunction with the financial statements and notes)

Forward-looking Statements

The following Management Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the accompanying consolidated financial statements and notes included in this report. Certain statements contained in this MD&A constitute forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon. These forward-looking statements speak only as of the date of this MD&A and subject to the requirements of applicable securities legislation, the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise.

The Company disclaims any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

1.1 Date

December 17, 2014

1.2 Overall Performance

The Company was incorporated under the provisions of the Business Corporations Act (British Columbia) on May 12, 2010. The Company is a capital pool company pursuant to the policies of the TSX Venture Exchange ("Exchange"). The company is in the development stage and its principal business is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction as defined by the rules of the Exchange.

Strachan Resources Ltd. has not been able to complete its qualifying transaction with respect to the Chu Chua mineral property in the time frame required by the TSX Venture Exchange. It has now transferred its listing to the NEX board of the exchange. The transfer to NEX is effective May 28, 2013, and the trading of its common shares has been reinstated on NEX. The Company held its annual and special meeting of shareholders on March 21, 2013, at which, pursuant to the CPC policy, it received approval to transfer its listing to NEX and to cancel 1,000,001 escrow seed shares held by certain non-arm's-length parties. The proposed qualifying transaction with respect to the Chu Chua mineral property has now been terminated as announced on May 17, 2013, and the said 1,000,001 escrow shares cancelled.

(all figures in Canadian dollars unless otherwise indicated)

1.3 Selected Annual Information

The following selected financial data with respect to the Company's financial condition and results of operations has been derived from the audited financial statements of the Company for the year ended August 31, 2013, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and Interpretations of the International Financial Reporting Interpretations Committee.

The following financial data, prepared in accordance with IFRS, are selected information for the Company for the three most recent years.

	2014	2013	2012
Total revenue	$ Nil	$ Nil	$ Nil
Net loss	$ (24,690)	$ (155,938)	$ (90,325)
Basic and diluted loss per share	$ (0.01)	$ (0.03)	$ (0.02)
Total assets	$ 1,946	$ 17,740	$ 167,352
Total long-term liabilities	$ 29,917	$ Nil	$ Nil
Cash dividends declared per share for each class of share	$ Nil	$ Nil	$ Nil

1.4 Results of Operations

The Company has not yet established operations as it searches for a viable venture.

Expenses

For the year ended August 31, 2014 general and administrative expenses totaled $29,690 and $96,058 in 2013. The company recovered $5,000 in qualifying fees from its failed qualifying transaction venture during the August 31, 2013 year end.

Income taxes

The Company has available a non-capital loss of $388,000 which may be carried forward to reduce taxable income in future years. The non-capital loss expires as follows:

(all figures in Canadian dollars unless otherwise indicated)

Expiry Date	Amount
2030	$ 15,000
2031	$ 97,000
2032	$ 99,000
2033	$144,000
2034	$ 33,000

1.5 Summary of Quarterly Results

	31-Aug-14	31-May-14	28-Feb-14	30-Nov-13	31-Aug-13	31-May-13	28-Feb-13	30-Nov-12
Total Revenue	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Net Loss(Income)	$ 11,813	$ 5,979	$ 7,001	$ (103)	$ (84,556)	$ (36,425)	$ (19,577)	$ (15,380)
Basic and diluted loss per share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.02)	$ (0.01)	$ (0.00)	$ (0.01)
Total Assets	$ 1,946	$ 5,007	$ 8,385	$ 21,472	$ 17,740	$ 21,715	$ 101,597	$ 144,949
Total long-term liabilities	29,917	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Cash dividends declared per share for each class of share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

1.6 Liquidity

For the the year ended August 31, 2014, the Company experienced a net decrease in cash of $2,167 from Operating activities. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

1.7 Capital Resources

None

1.8 Off-balance sheet arrangements

None

(all figures in Canadian dollars unless otherwise indicated)

1.9 Related Party Transactions

Key Management Personnel Compensation

	2014	2013
Stock Based Compensation	$ Nil	$Nil

For the year ended August 31, 2014 the Company incurred the following charged by directors of the Company and private companies controlled by directors of the Company:

	2014	2013
Accounting	4,703	3,826
Office	5,507	7,709
	$ 10,210	$ 11,535

These expenditures were measured by the exchange amount which is the amount agreed upon by the transacting parties.

1.10 Fourth Quarter

For the three months ended August 31, 2014 general and administrative expenses totaled $11,812 and $24,150 in 2013.

1.11 Proposed Transactions

None

1.12 Critical Accounting Policies and Estimates

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates, which have been made using careful judgment. Actual results may differ from these estimates.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Cash Equivalents

Cash equivalents are highly liquid Canadian dollar investments in term deposits with major financial institutions that have maturities or redemption provisions of three months or less from the date of acquisition.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired, as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing such financial assets in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statements of comprehensive loss or income.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statements of comprehensive loss or income.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statements of comprehensive loss or income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired, as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing such financial liabilities in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statements of comprehensive loss or income.

Other financial liabilities: This category includes accounts payable and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified its cash as fair value through profit and loss. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it is probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Share-based payment transactions

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Income (loss) per share

The Company presents basic and diluted income (loss) per share data for its common shares, calculated by dividing the loss attributed to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share does not adjust the income (loss) attributed to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligations, provided that a reliable estimate can be made of the amount of the obligation. Provisions for environmental restoration, legal claims, onerous leases and other onerous commitments are recognized at the best estimates of the expenditures required to settle the Company's liability.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

Use of estimates and judgements

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Basic and Diluted Loss Per Share

Basic loss per share is calculated by dividing the net loss for the year available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. Basic and diluted loss per share are the same for the period presented.

For the year ended August 31, 2014, potentially dilutive common shares (relating to share purchase options and warrants outstanding) totaling 500,000 were not included in the computation of loss per share because their effect was anti-dilutive.

(all figures in Canadian dollars unless otherwise indicated)

Capital Disclosure

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company's policy on management of its capital is described in notes to the financial statements.

1.13 Accounting changes

International Financial Reporting Standards

The Company has prepared its annual financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") since its inception, May 12, 2010.

1.14 Financial Instruments and Other Instruments

The carrying values of cash and cash equivalent, accounts receivable, accounts payable, and advances payable as reflected in the balance sheet, approximate their respective fair values because of the demand or short-term maturity of these instruments.

Financial instruments which potentially subject the Company to credit risk consist of bank deposits, and accounts receivable. Cash and investments are deposited with high credit quality financial institutions. Accounts receivable consist of amounts receivable from a related party. The Company does not require collateral or other securities to support accounts receivable. The Company has not recorded an allowance for doubtful accounts.

1.15 Other MDA Requirements

Disclosure of Outstanding Share Data

a) Authorized:
Unlimited common shares without par value

b) Issued:

	Number	Amount
Balance, August 31, 2013	4,000,000	$ 318,507
Balance, August 31, 2014	4,000,000	$ 318,507

(all figures in Canadian dollars unless otherwise indicated)

Share Purchase Warrants

As at August 31, 2014, the Company had no share purchase warrants outstanding.

Share Purchase Options

Information regarding the Company's outstanding share purchase options is summarized below:

	Outstanding	Exercisable	Weighted Ave. Exe. Price
August 31, 2012	500,000	500,000	$0.10
August 31, 2013	500,000	500,000	$0.10
August 31, 2014	500,000	500,000	$0.10

The Weighted average contractual life remaining of all stock options is 1.32 years.

Escrow Shares:

As at August 31, 2014, 1,500,000 common shares issued were held in escrow, subject to the escrow restriction as required by National Policy 46-201 "Escrow for Initial Public Offering" for emerging issuers. The escrow shares will be released pro rata to the escrow shareholder as follows:

i) 150,000 common shares on the issuance of the Final Exchange Bulletin;
ii) 225,000 common shares 6 months thereafter;
iii) 225,000 common shares 12 months thereafter;
iv) 225,000 common shares 18 months thereafter;
v) 225,000 common shares 24 months thereafter;
vi) 225,000 common shares 30 months thereafter; and
vii) 225,000 common shares 36 months thereafter.

1.16 Subsequent Events

- The Company and Lotus Ventures Inc. (Lotus), a BC corporation, have agreed, subject to the satisfaction of certain conditions precedent, to amalgamate under the BC *Business Corporations Act*, pursuant to the Amalgamation Agreement dated as of July 30, 2014. The resulting amalgamated corporation (Amalco) is to be known as Lotus Ventures Inc.

  The Amalgamation Agreement provides that the shares of the Company which are issued and outstanding immediately prior to the Amalgamation becoming effective shall, on and from the Effective Date, be exchanged into issued and outstanding common shares of Amalco on the basis that each one common share of the Company shall be exchanged for one fully paid and non- assessable common share of Amalco. The shares of Lotus which are issued and outstanding immediately prior to the Amalgamation becoming effective shall, on and from the Effective Date, be exchanged into issued and outstanding common shares of Amalco on the basis that each one common share of Lotus shall be exchanged for one fully paid and non-assessable common share of Amalco.

  The Amalgamation is subject to certain conditions precedent including (i) approval by the shareholders of the Company by a special majority of the arm's length parties and parties not related to the Amalgamation; (ii) the Company delisting from the TSX Venture Exchange (TSXV); (iii) on completion of the Amalgamation the issuance to the Company founders of 2,500,000 shares of Amalco at a price of $0.005 per share, such shares to be escrowed pursuant to the CSE Escrow Agreement; and (iv) acceptance of the Canadian Securities Exchange (CSE) to the listing of the Amalco Shares on the CSE.

- On April 30, 2014 Lotus entered into an Assignment Agreement with Carl Busby. In consideration of the assignment of an underlying option agreement (the "Option Agreement") described below, Lotus paid to Carl Busby $62,500 by the issuance of 3,500,000 common shares at a price of $0.005 per share and 2,250,000 common shares at a price of $0.02 per share. Mr. Busby became a director and President of the Company on May 6, 2014. Upon completion of the Transaction described in Note 1, Carl Busby will hold 6,000,000 common shares of Amalco or 24.7% of the expected issued and outstanding common shares of Amalco at the completion of the Transaction.

  Upon completion of the Transaction, Amalco will have the right under an underlying Option Exercise Agreement to acquire a production facility and operating assets, to be operated under the Marijuana for Medical Purposes Regulation ('MMPR') upon obtaining a new production license. These assets currently produce medical marijuana pursuant to four licenses issued under the Medical Marijuana Access Regulations ('MMAR').

  Under the terms of the original Option Agreement, to complete its terms Amalco was to (a) invest $250,000 in the production facility and the process of applying for a license under the MMPR to produce and sell medical marijuana, in stages as follows: (i) $110,000 to be provided for this purpose within 6 months of the transfer of the Option Agreement to Amalco; (ii) a further $45,000 in 3 months thereafter; (iii) a further $75,000 in 3 months thereafter; and (iv) a further $20,000 in 3 months thereafter; (b) issue to the Optionor 2,000,000 common shares of Amalco as follows: (i) forthwith after the Option Agreement has been transferred to Amalco, 1,000,000 shares subject to a four month hold period. 100,000 shares will be delivered to the Optionor and 900,000 held by Amalco until it obtains a new license or the legal and regulatory regime changes so that it is legally able to produce and sell marijuana; and (ii) at such time as either Amalco obtains a new license or the legal and regulatory regime changes so that it is legally able to produce and sell marijuana, a further 1,000,000 shares which will be held by Amalco subject to a share restriction agreement by which one share will be released to the Optionor for every $1 of net cash flow from operations as calculated by Amalco's accountant annually; and (c) beginning on the 9th month from closing of the Amalgamation, Amalco will pay $5,000 per month for the rent of the facility.

- Lotus entered into an Option Exercise Agreement dated September 1, 2014 with Carl Correia ("Correia") and 0998918 B.C. Ltd. of Vernon, British Columbia which replaced in its entirety the Option Agreement. Lotus issued 1,700,000 common shares to each of Correia and 0998918 B.C. Ltd. for a total of 3,400,000 common shares at a deemed price of $0.02 per share. Lotus acquired Correia's agreement to (a) be the Chief Operating Officer of Lotus and the Person in Charge in the MMPR Application (b) to prepare the MMPR application on behalf of Lotus; (c) assist Lotus to obtain approval of the application from Health Canada (d) assist Lotus to obtain the MMPR License; and (e) assist Lotus to negotiate a lease on the property on which the facility is located. Lotus also acquired Coreia's know-how and experience regarding (a) the requirements with respect to the MMPR License process and requirements; (b) facility design for application for the MMPR License; (c) quality control pursuant to the MMPR License; (d) Security requirements pursuant to the MMPR License; (e) Recruitment of appropriate Alternate Person in Charge and Person in Charge of Quality Control; (f) knowledge regarding the growing of medical marijuana; and (g) all information, documents and records prepared with respect to the MMPR License application and all lease rights to the facility.

- Strachan Resources Ltd. and Lotus Ventures Inc. amended the Amalgamation Agreement on September 1, 2014. The amendment was made to reflect the replacement of the Option Agreement with the Option Exercise Agreement dated September 1, 2014.

- On October 8, 2014 the CSE gave conditional approval to the listing of Amalco on the CSE subject to the following conditions (a) shareholder approval of the amalgamation as described in the Information Circular dated September 19, 2014; (b) obtaining a receipt for this Prospectus from the British Columbia Securities Commission; (c) completion of the Financing, and (d) confirmation of sufficient shareholder distribution.

- On October 20, 2014 Amalco completed a Financing by way of a non-brokered private placement of a 1,200,000 Amalco Shares at a price of $0.25 per share for gross proceeds of $300,000. Amalco paid finder's fees of up to 10 percent of the investment payable either in cash or in Amalco Shares at a deemed price of $0.25 per share.

- On October 20, 2014 Strachan shareholders approved the Amalgamation of Strachan Resources Ltd. and Lotus Ventures Inc. The text of this resolution is as disclosed in the Information Circular for the Meeting filed on SEDAR.

- On October 22, 2014, the 1,500,000 common shares of the Company remaining under the Escrow Agreement described above were cancelled, pursuant to an escrow cancellation agreement.

- On October 27, 2014, Lotus completed a non-brokered private placement of 1,374,000 common shares at $0.25 per share for gross proceeds of $343,500, also paying $10,000 in finder's fees to complete the private placement.

- On November 27, 2014, the Company and Lotus were amalgamated, resulting in the formation of Amalco, a public company. Amalco was named Lotus Ventures Inc.

- On November 28, 2014, Amalco filed a non-offering prospectus in British Columbia in connection with its intention to delist its common shares trading on the TSXV and to list its shares for trading on the CSE. On December 8, 2014, its common shares commenced trading on the CSE.