

LOTUS VENTURES INC.

MANAGEMENT DISCUSSION AND ANALYSIS For the Three Months Ended November 30, 2014

The following is a discussion and analysis of the financial condition and operating results of Lotus Ventures Inc. (the “Company”) for the three months ended November 30, 2014. The discussion should be read in conjunction with the unaudited interim financial statements of the Company and the notes thereto for the three months ended November 30, 2014 and the audited financial statements of Strachan Resources Ltd. (“Strachan”) and the private company, Lotus Ventures Inc. (“Private Lotus”) for the year ended August 31, 2014. The unaudited interim financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). Unless expressly stated otherwise, all financial information is presented in Canadian dollars.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements with respect to the Company. These forward-looking statements by their nature involve risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements. The Company considers the assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared, but caution the reader that these assumptions regarding future events, many of which are beyond the control of management, may ultimately prove to be incorrect.

DATE

January 28, 2015

HISTORY

The Company was formed by the amalgamation of Strachan, a capital pool company and Private Lotus, a private company, under the provisions of the Business Corporations Act (British Columbia) on November 27, 2014.

The Company obtained a receipt for its non-offering prospectus from the British Columbia Securities Commission on December 1, 2014 and was listed on the Canadian Securities Exchange on December 8, 2014 under the symbol “J”. The Company is a reporting issuer in British Columbia, Alberta and Ontario.

The Company has filed its application with Health Canada to obtain a licence pursuant to the requirements of the Marijuana for Medical Purposes Regulations (the “MMPR Application”) for its planned facility located in Spallumcheen Township, British Columbia. The Company has received its number from Health Canada which signifies its filing and that the review by Health Canada has begun.

OVERALL PERFORMANCE

The Company is at an early stage in its development and has limited financial resources and no source of operating cash flow. The Company will require equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable.

SELECTED ANNUAL INFORMATION

The Company was formed by amalgamation on November 27, 2014 and has not yet completed a financial year.

The following selected financial information is derived from Strachan's audited financial statements for the years ended August 31, 2012, 2013 and 2014 and Private Lotus' audited financial statements for the years ended August 31, 2013 and 2014. Private Lotus had no operations of any kind during the three years ended August 31, 2013.

For Strachan:

Description	Year ended August 31, 2014	Year ended August 31, 2013	Year ended August 31, 2012
<i>Revenues</i>	Nil	Nil	Nil
<i>Net loss</i>	24,690	155,938	90,325
<i>Net loss per share, basic and diluted</i>	0.01	0.03	0.02
<i>Total Assets</i>	1,946	17,740	167,352
<i>Total Long Term Financial Liabilities</i>	29,917	Nil	Nil
<i>Cash dividends declared</i>	Nil	Nil	Nil

For Private Lotus:

Description	Year ended August 31, 2014	Year ended August 31, 2013	Year ended August 31, 2012
<i>Revenues</i>	Nil	Nil	Nil
<i>Net income or loss, in total</i>	\$(187,728)	Nil	Nil
<i>Net loss per share, basic and fully diluted</i>	\$0.05	Nil	Nil
<i>Total Assets</i>	\$202,313	Nil	Nil
<i>Total Long Term Financial Liabilities</i>	Nil	Nil	Nil
<i>Cash dividends declared</i>	Nil	Nil	Nil

DISCUSSION OF OPERATIONS

On October 27, 2014 Private Lotus completed a non-brokered private placement of 1,374,000 Private Lotus shares at \$0.25 per share for gross proceeds of \$343,500. Private Lotus paid \$10,000 in finder's fees.

On November 27, 2014, Private Lotus and Strachan were amalgamated pursuant to an amalgamation agreement dated July 30, 2014 and as amended September 1, 2014. The shareholders of each of Private Lotus and Strachan exchanged their respective shareholdings on a one-for-one basis for the share capital of the Company. The effect of these exchanges and other issuances of Company shares is that the shareholders of Private Lotus obtained control of the Company immediately subsequent to completion of the amalgamation.

Upon completion of the amalgamation, the Company was successor to the rights under an agreement dated September 1, 2014 between Carl Correia and 0998918 B.C. Ltd. (the "Vendors") and Private Lotus. Private Lotus agreed to issue 1,700,000 common shares to each of the Vendors for a total of

3,400,000 common shares at a deemed price of \$0.02 per share. Private Lotus acquired Mr. Correia's agreement to: (a) be the Chief Operating Officer of Private Lotus and the Person in Charge in the MMPR Application; (b) to prepare the MMPR application on behalf of Private Lotus; (c) assist Private Lotus to obtain approval of the application from Health Canada; (d) assist Private Lotus to obtain the MMPR License; and (e) assist Private Lotus to negotiate a lease on the property on which the facility is located. Private Lotus also acquired Mr. Correia'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) know-how 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.

On November 28, 2014, the Company issued 2,500,000 shares to Strachan founders for \$0.005 per share, a total value of \$12,500.

For the three months ended November 30, 2014, the general and administrative expenses totalled \$95,846. These expenses included \$19,563 in listing expenses, \$22,124 in professional fees, \$20,000 in consulting fees, \$14,140 in Office and miscellaneous, \$9,557 in research and development and \$8,441 in travel expenses.

SUMMARY OF QUARTERLY RESULTS

The Company was formed on November 27, 2014 and does not yet have quarterly results.

The following provides quarterly financial information for Strachan and Lotus for each three month period since Nov 30, 2012.

For Strachan:

Description	Three months ended Aug 31, 2014	Three months ended May 31, 2014	Three months ended Feb 28, 2014	Three months ended Nov 30, 2013	Three months ended Aug 31, 2013	Three months ended May 31, 2013	Three months ended Feb 28, 2013	Three months ended Nov 30, 2012
<i>Revenues</i>	0	0	0	0	0	0	0	0
<i>Net Income (loss)</i>	(11,813)	(6,185)	(7,001)	103	(84,556)	(36,425)	(19,577)	(15,380)
<i>Net loss per share, basic and diluted</i>	(0.00)	(0.00)	(0.00)	0.00	(0.02)	(0.01)	(0.00)	(0.00)
<i>Total Assets</i>	1,946	5,006	8,385	21,472	17,740	21,715	101,597	144,949
<i>Total Long Term Liabilities</i>	29,917	26,445	Nil	Nil	Nil	Nil	Nil	Nil
<i>Cash Dividends / Share</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

For Private Lotus:

Description	Three months ended Nov 31, 2014	Three months ended Aug 31, 2014	Three months ended May 31, 2014	Three months ended Feb 28, 2014	Three months ended Nov 30, 2013	Three months ended Aug 31, 2013	Three months ended May 31, 2013	Three months ended Feb 28, 2013	Three months ended Nov 30, 2012
<i>Revenues</i>	0	0	0	0	0	0	0	0	0
<i>Net Income (loss)</i>	(95,846)	(60,996)	(67,526)	Nil	Nil	Nil	Nil	Nil	Nil
<i>Net loss per share, basic and diluted</i>	0.004	0.004	0.004	Nil	Nil	Nil	Nil	Nil	Nil
<i>Total Assets</i>	470,477	\$202,313	62,239	Nil	Nil	Nil	Nil	Nil	Nil
<i>Total Long Term Liabilities</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<i>Cash Dividends / Share</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash was \$330,851 on November 30, 2014. The Company has no other liquid assets other than GST receivable of \$9,126. The Company does not have any operating activities.

As at November 30, 2014, the Company had net working capital of \$245,809. In order to maintain operations and cover administrative costs, the Company will need to raise additional financing. There can be no assurance that additional funding will be available in the future.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS BETWEEN RELATED PARTIES

During the three months ended November 30, 2014, the Company incurred \$17,405 (November 30, 2013 - \$nil) in legal fees and reimbursable expenses paid or accrued to a company controlled by a Company director. The Company owed or had accrued as payable to this related party company \$16,012 at November 30, 2014 (November 30, 2013 - \$nil).

These transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

PROPOSED TRANSACTIONS

The Company does not currently have any proposed transactions approved by the Board of Directors.

Changes in Accounting Policies including Initial Adoption

Significant accounting policies can be found in Note 3 of the financial statements for the period ended

November 30, 2014.

These financial statements are prepared 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”).

These financial statements have been prepared on a historical costs basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting.

The preparation of financial statements in accordance with International Financial Standards (IFRS) requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Management evaluates the estimates periodically. Actual results may differ from these estimates by material amounts.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company has no financial or other instruments.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUES

A breakdown of the material components of the Company’s general and administrative expenses is disclosed in the Company’s unaudited financial statements for the period ended November 30, 2014.

OUTSTANDING SHARE CAPITAL

The authorized share capital of the Company consists of unlimited common shares without par value. As of the date of this MD&A, 26,774,000 common shares are issued and outstanding.

As at the date of this MD&A, there are 1,500,000 options outstanding of which:
300,000 are exercisable until Dec 24, 2015 at \$0.10;
200,000 are exercisable until 90 days after the date of amalgamation at \$0.10; and
1,000,000 are exercisable until five years from listing on the CSE at \$0.25.

RISKS AND UNCERTAINTIES

An investment in the Company involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the business of the Company. The risks, uncertainties and other factors, many of which are beyond the control of the Company, that could influence actual results include, but are not limited to: regulatory risk relating to the Company; change in laws, regulations and guidelines; limited operating history; reliance on a single facility; reliance on management; requirements for additional financing; competition; risks inherent in an agricultural business; vulnerability to rising energy costs; unfavourable publicity or consumer perception; product liability; product recalls; reliance on key inputs; dependence on suppliers and skilled labour; difficulty in forecasting sales; conflicts of interest; litigation; price fluctuation of the Company’s shares; no earnings or dividend record; limited market for Lotus’s securities; and other factors beyond the control of the Company. Additional risks that the Company currently believes are immaterial may indeed become important factors that affect the Company’s business.

SUBSEQUENT EVENTS

On December 8, 2014, the Company's common shares commenced trading on the CSE.

On December 8, 2014, pursuant to the Company's listing on the CSE, the Company granted 1,000,000 share purchase options exercisable for five years at a price of \$0.25 per share, including 500,000 options to the Company's President and CEO.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on the SEDAR website at www.sedar.com.