LOTUS VENTURES INC.

MANAGEMENT DISCUSSION AND ANALYSIS
For the Nine months ended May 31, 2016
The following is a discussion and analysis of the financial condition and operating results of Lotus Ventures Inc. (the "Company") for the Nine months ended May 31, 2016. The discussion should be read in conjunction with the Interim Financial Statements (unaudited) for the Nine months ended May 31, 2016; together with the audited financial statements of the Company and the notes thereto for the twelve months ended August 31, 2015. The audited 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
July 29, 2016

HISTORY
On November 27, 2014 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).

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.

In December 2014 Health Canada requested additional information about security clearance forms for the principals of the Company which were provided. As part of an initial screening, on February 4, 2015 Health Canada requested additional information about the major sections of the application, being the proposed site and physical security, the quality assurance pre-licensing report and record keeping plans. Health Canada requested additional information in March 2015 and August 2015. As detailed below in Discussion of Operations the company has completed the Security Clearance phase of the application process and is now in the Final review stage of the MMPR process.

The Company is confident in the quality of its application. However to review the Health Canada MMPR licensing regime and the risks associated with the process please review our prospectus dated and filed November 28, 2014 at www.sedar.com.

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. The following selected financial information is derived from Strachan's audited financial statements for the years ended August 31, 2012, 2013 and 2014, Private Lotus' audited financial statements for the years ended August 31, 2013 and 2014 and the Company's audited financial statements for the year ended August 31, 2015. Private Lotus had no operations of any kind during the two years ended August 31, 2014.

For Strachan:

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

For Lotus:

Description	**Year ended August 31, 2015**	**Year ended August 31, 2014 (Private Lotus)**	**Year ended August 31, 2013 (Private Lotus)**
Revenues	Nil	Nil	Nil
Net income or loss, in total	(496,527)	$(187,728)	Nil
Net loss per share, basic and fully diluted	$0.02	$0.05	Nil
Total Assets	$391,087	$202,313	Nil
Total Long Term Financial Liabilities	Nil	Nil	Nil
Cash dividends declared	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.

For the 12 months ended August 31, 2015, the general and administrative expenses totalled $496,527. These expenses included $35,667 in listing expenses, $85,458 in professional fees, $127,086 in consulting fees, $29,241 in Office and miscellaneous, $9,557 in research and development and $16,802 in travel expenses. During the period $186,000 was recorded as share-based compensation.

The company has applied to Health Canada for a license to produce medical marijuana under the Marijuana for Medical Purposes Regulations. Health Canada is reviewing the application and we have been in correspondence with the Licenses and Permit Division to provide additional information for our application.

On November 7, 2015 the Company entered into a three-year lease agreement on the property near Armstrong, British Columbia on which it intends to build the facility which is planned and contained in its MMPR application to Health Canada. The property is approximately 23 acres. The Company will pay $4,000 per month rent beginning December 1, 2015. The Company also acquired the right to purchase the property at any time during the lease for $1.1 million by payment of $50,000. The Company is also required to pay a further $50,000 in March 2016, which has been paid. The Company has the right to extend the lease and option to purchase for one additional year under certain conditions.

Health Canada notified the Company in early December 2015 that it is in the personnel Security Clearance phase of the MMPR application process. This is an important step in the licensing process and permits the Company to make concrete plans for the construction of the planned facility, providing it passes the final Review stage and receives a Confirmation of Readiness for Pre License Inspection from Health Canada. The policy of the new federal government to legalize marijuana will require extensive expansion of properly licensed production capacity to replace illicit market production.

In March 2016 Health Canada advised that the Company is in the Review stage. This is the last stage before approval of the application. The company is presently preparing detailed architecture and design work to enable detailed capital budgeting and municipal permitting.

In May 2016 Lotus Ventures engaged Kilbride Partners as financial advisors to evaluate strategic alternatives for the financing of its production facility in British Columbia. Representing Kilbride Partners will be Mark W. Cosens, Founder and Managing Director and Scott Samuel, Managing Director. Kilbride Partners is a multi-disciplinary strategic advisory business whose principals have extensive track records in assisting public and private companies in generating shareholder value and attracting investment capital for its clients.

SUMMARY OF QUARTERLY RESULTS

The Company was formed on November 27, 2014 and does not have comparative quarterly results for the first, second and third quarters of 2014-15. The financial results for Lotus Ventures Inc. for the quarters ended November 30, 2014, February 28, 2015, May 31, 2015, August 31, 2015, November 30, 2015, February 29, 2016 and May 31, 2016 are summarized below. For continuity we also provide financial information for Strachan and Lotus predating the amalgamation.

The following provides quarterly financial information for Strachan and Private 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**
Revenues	0	0	0	0	0	0	0	0
Net Income (loss)	(11,813)	(6,185)	(7,001)	103	(84,556)	(36,425)	(19,577)	(15,380)
Net loss per share, basic	(0.00)	(0.00)	(0.00)	0.00	(0.02)	(0.01)	(0.00)	(0.00)

and diluted								
Total Assets	1,946	5,006	8,385	21,472	17,740	21,715	101,597	144,949
Total Long Term Liabilities	29,917	26,445	Nil	Nil	Nil	Nil	Nil	Nil
Cash Div./ Share	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**
Revenues	0	0	0	0	0	0	0	0	0
Net Income (loss)	($95,846)	($60,996)	($67,526)	Nil	Nil	Nil	Nil	Nil	Nil
Net loss per share, basic and diluted	0.004	0.004	0.004	Nil	Nil	Nil	Nil	Nil	Nil
Total Assets	$470,477	$202,313	$62,239	Nil	Nil	Nil	Nil	Nil	Nil
Total Long Term Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Cash Div. / Share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

For Lotus Ventures Inc.

Description	**Three months ended May 31, 2016**	**Three months ended Feb. 29, 2016**	**Three months ended Nov 30, 2015**	**Three months ended Aug 31, 2015**	**Three months ended May 31, 2015**	**Three months ended Feb 28, 2015**	**Three months ended Nov 30, 2014**
Revenues	0	0	0	0	0	0	0
Net Income (loss)	(151,993)	(192,410)	($313,495)	($152,362)	($36,612)	($257,324)	($95,846)
Net loss per share, basic and diluted	0.01	0.01	0.01	0.01	0.00	0.01	0.02
Total Assets	$559,987	$425,623	$299,355	$391,087	$325,898	$402,805	$470.477
Total Long Term Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Cash Dividends / Share	Nil	Nil	Nil	Nil	Nil	Nil	Nil

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash was $200,747 on May 31, 2016. The Company has no other liquid assets other than GST receivable of $11,818. The Company does not have any operating activities. General and administrative expenses for the nine month period totalled $643,898 of which $316,785 was to record share based compensation (a non-cash item) and the balance of $327,113 were cash expenses and accruals for the period. The comparable cash items recorded as general and administrative expenses in the nine months ended May 31, 2015 was $203,282.

As at May 31, 2016, the Company had net working capital of $205,691. 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 nine months ended May 31, 2016, the Company accrued management consulting fees and reimbursement of administrative expenses of $41,000 (2015 - $19,535) to a company controlled by the Company's President and CEO. As at May 31, 2016, $9,000 (August 31, 2015 - $35,000) was payable to this company.

During the nine months ended May 31, 2016, the Company accrued management consulting fees of $15,000 (2015 - $nil) to a company controlled by a Company director. During the nine months ended May 31, 2016, the Company incurred management consulting fees of $15,625 (2015 - $nil) to a company controlled by the Company's CFO.

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 August 31, 2015.

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 ISSUERS WITHOUT SIGNIFICANT REVENUES

A breakdown of the material components of the Company's general and administrative expenses is disclosed in the Company's audited financial statements for the year ended August 31, 2015.

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, 32,102,750 common shares are issued and outstanding.

On January 27, 2016 the Company completed a non-brokered private placement financing of 1,400,000 units at a price of $0.15 per unit for gross proceeds of $210,000. Each unit comprise one common share of the Company and one warrant to purchase one common share of the Company at a price of $0.20 per share for a two-year period. A Director and Officer of the Company purchased 100,000 units.

On May 27, 2016, the Company completed a non-brokered private placement of 1,658,750 units at $0.20 per unit for gross proceeds of $331,750. Each unit consists of one common share and one share purchase warrant exercisable at $0.25 until May 31, 2021. At May 31, 2016, subscriptions of $3,000 for this private placement were outstanding (subsequently received). A Director and Officer of the Company purchased 60,000 units.

As at the date of this MD&A, there are 3,058,750 warrants outstanding.

On January 4, 2016 the Company granted 300,000 options to eligible optionees. The options are exercisable at $0.25 per share and expire on January 4, 2021.

As at the date of this MD&A, there are 2,785,000 options outstanding of which:

- 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;
- On November 3, 2015, the Company granted 1,485,000 share purchase options exercisable for a five year period at a price of $0.20 per share, including 450,000 options to the Company's President and CEO and 450,000 options to a Director of the Company; and
- On January 4, 2016 the Company granted 300,000 options to eligible optionees comprised of 150,000 to a Director and 150,000 to an Officer. The options are exercisable at $0.25 per share and expire on January 4, 2021.

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

ADDITIONAL INFORMATION

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