LOTUS VENTURES INC.

MANAGEMENT DISCUSSION AND ANALYSIS
For the Twelve Months Ended August 31, 2017

The following is a discussion and analysis of the financial condition and operating results of Lotus Ventures Inc. (the "Company") for the twelve months ended August 31, 2017. The discussion should be read in conjunction with the audited financial statements of the Company and the notes thereto for the twelve months ended August 31, 2017. 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

December 22, 2017

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. The company provided a response on February 24, 2015. On March 11, 2015 Health Canada requested additional information about the Company's quality assurance person and record keeping. The Company provided a response on March 31, 2015. On August 13, 2015 Health Canada requested additional information on the proposed site and physical security. The Company provided a response on September 2, 2015 and September 9, 2015. As detailed below in Discussion of Operations the company is currently in the Security Clearance phase of the application process.

Trends

On October 19, 2015, the Liberal Party of Canada was elected as a majority government of Canada. It included in its election platform a commitment to legalize marijuana production and sale including for recreational purposes. This commitment stated as “legalize, regulate and restrict” access to marijuana was repeated in the throne speech and in interviews by Prime Minister Trudeau and the Health Minister. The system of licensing producers is likely to remain essentially as it is under the MMPR. The distribution system to be adopted is completely undetermined at this time.

On February 24, 2016, the Federal Court of Canada made a decision about marijuana in Canada in the Allard case. Allard and others had licenses to grow for personal use under the old Medical Marijuana Access Regulations (MMAR). The decision confirmed the constitutional right of Canadians to use marijuana for medical purposes, and to reasonable access, first granted by the Supreme Court of Canada in 2001 in the Parker case. The Court declined to order that the MMAR continue and found that the MMPR system is not producing and selling in a manner which satisfies the Parker decision and therefore is unconstitutional. MMPR has not provided sufficiently convenient access. The court however suspended the operation of its decision that the MMPR is unconstitutional for six months to give the Federal Government time to change the regulations so that there is reasonably convenient access to meet the requirements of the Parker decision.

On August 24, 2016, the new Access to Cannabis for Medical Purposes Regulations (“ACMPR”) came into force. The ACMPR replaced the MMPR stemming from a decision by the Supreme Court of Canada According to the Health Canada website, “Under the ACMPR, Canadians who have been authorized by their health care practitioner to access cannabis for medical purposes will continue to have the option of purchasing safe, quality-controlled cannabis from one of the producers licensed by Health Canada. Canadians will also be able to produce a limited amount of cannabis for their own medical purposes, or designate someone to produce it for them.”

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 Private Lotus’ audited financial statements for the year ended August 31, 2014, and the Company’s audited financial statements for the years ended August 31, 2016 and 2015. Private Lotus had no operations of any kind during the two years ended August 31, 2014.

Description	**Year ended August 31, 2017**	**Year ended August 31, 2016**	**Year ended August 31, 2015**
Revenues	Nil	Nil	Nil
Net loss *Net loss per share, basic and fully diluted*	($724,203)	($809,243) $0.03	($496,527) $0.02
Total Assets	$2,608,205	$458,477	$391,087
Total Long Term Financial Liabilities	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.

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.

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. Accordingly the Company will file a second MMPR application for an identical second facility without delay and add to its present building design prototype to double the production space for a third application. The company is presently preparing detailed architecture and design work to enable detailed capital budgeting and municipal permitting.

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 also paid a further $50,000 in March 2016. The Company has the right to extend the lease and option to purchase for one additional year under certain conditions.

On January 19, 2017 Lotus Ventures Inc. announced that it has entered into a binding agreement to access up to $12 million of financing. Under the arrangement, subsequently assigned to Cannabis Wheaton Income Corporation ("CBW"), monies will be advanced in two stages, as required to build out its first production facility, in Armstrong BC, and its planned initial expansion. About Cannabis Wheaton: backed by a team of industry experts, Cannabis Wheaton is the first cannabis streaming company in the world. Its streams will include production from across Canada coming from its partners composed of licensed producers of cannabis (LP) and LP applicants. Cannabis Wheaton's mandate is to facilitate real growth for the company's streaming partners by providing them with financial support and sharing the company's collective industry experience.

Under the terms of Lotus' binding interim agreement with CBW, has agreed to funding the initial facility, whereby CBW has agreed to subscribe for $5 million worth of Common Shares in the capital of Lotus (the "Initial Subscription") at price per Common Share equal to three times (3x) the closing price of Lotus stock at the date immediately prior to the Initial Subscription. The Initial Subscription is conditional upon, among other things, (i) completion of CBW's satisfactory due diligence review of

Lotus; (ii) the parties mutually agreeing to Lotus' construction budget, design and timeline to build the facility; and (iii) Lotus receiving an "Affirmation E-mail" from Health Canada. Upon completion of the Initial Subscription, CBW shall receive 50% of the proceeds (net of certain costs) of future wholesale or retail sales completed by Lotus with respect to cannabis produced in Lotus' facility (the "Facility") for a period of 10 years.

Additionally, CBW has a right of first refusal to finance any proposed expansion of the Facility, within certain pre-determined parameters, in an amount up to $7 million by way of a subscription for additional Common Shares in the capital of Lotus (the "Expansion Subscription"). Such Expansion Subscription to be completed at a price per Common Share equal to three times (3x) the closing price of Lotus stock at the date immediately prior to the Second Subscription. Should CBW exercise its right of first refusal and complete the Expansion Subscription, CBW shall receive 50% of the proceeds (net of certain costs) of future wholesale or retail sales completed by Lotus with respect to cannabis produced in the expansion area of the Facility for a period of 10 years.

As of May 2017, Health Canada has introduced several improvements that aim to streamline the licensing of medical cannabis producers. These measures include increasing the department's capacity to review and process applications, undertaking certain stages of the application review concurrently, permitting licensed producers to manage production on the basis of their vault capacity and issuance of "cultivation licenses" upon completion of the "Detailed Review and Security Clearance" stage. These announcements are significant milestones on the Company's path to becoming an important participant in the rapidly developing Canadian regulated cannabis market. Lotus has received normal course communications, as many applicants have, from Health Canada and responded to those communications.

Lotus announced on April 19, 2017 that it has received approval for the necessary building permit for its proto-type facility from Spallumcheen Township near Armstrong BC. We have received further information that Lotus Ventures Inc. has well advanced along in the approval process and expects to receive an affirmation confirmation from Health Canada to commence building this year. We have also created a community contribution profile which highlights our creation of 60 – 70 permanent jobs from the initial $18 million investment plan in the North Okanagan region. Based on the status of the application Lotus commenced construction of the facility in the month of July.

SUMMARY OF QUARTERLY RESULTS

During the year ended August 31, 2017, the Company had a net loss of $724,203 (2016 - $809,243). The financial results of the Company for the eight most recent quarters are summarized below:

Description	**Three months ended Aug 31, 2017**	**Three months ended May 31, 2017**	**Three months ended Feb 29, 2017**	**Three months ended Nov 30, 2016**	**Three months ended Aug 31, 2016**	**Three months ended May 31, 2016**	**Three months ended Feb 29, 2016**	**Three months ended Nov 30, 2015**
Revenues	0	0	0	0	0	0	0	0
Net Income (loss)	($200,466)	($225,161)	($154,749)	($143,827)	($151,345)	($151,993)	($192,410)	($313,495)
Net loss per share, basic and diluted	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Total Assets	$2,608,205	$556,584	$772,511	$845,204	$458,477	$559,987	$425,623	$299,355
Total Long Term Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Cash Dividends / Share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash was $2,149,325 on August 31, 2017. The Company has no other liquid assets other than GST receivable of $7,916   The Company does not have any operating activities.

As at August 31, 2017, the Company had net working capital of $2,067,720. 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 year ended August 31, 2017, the Company accrued management consulting fees of $43,250 (2016 - $50,000) to a private company controlled by the Company's President and CEO. As at August 31, 2017, $18,000 (2016 - $18,000) was payable to this private company.

During the year ended August 31, 2017, the Company incurred management consulting fees of $nil (2016 - $15,625) to a private company controlled by the Company's CFO. As at August 31, 2017, $nil (2016 - $7,103) was payable to this private company.

During the year ended August 31, 2017, the Company accrued management consulting fees of $43,250 (2016 - $nil) to the Company's COO.

PROPOSED TRANSACTIONS

Other than the private placements detailed in subsequent events below, 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, 2017.

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, 2016.

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, 44,119,816 common shares are issued and outstanding.

During the year ended August 31, 2017, the Company completed the following share issuances:

- On October 14, 2016, the Company completed a non-brokered private placement of 2,023,750 units at $0.20 per unit for gross proceeds of $404,750. Each unit consists of one common share and one share purchase warrant, exercisable at $0.25 per share, and expiring five years from the grant date.

- On November 17, 2016, the Company completed a non-brokered private placement of 962,500 units at $0.20 per unit for gross proceeds of $192,500. Each unit consists of one common share and one share purchase warrant, exercisable at $0.25 per share, and expiring five years from the grant date.

- On December 2, 2016, the Company completed a non-brokered private placement of 600,000 units at $0.20 per unit for gross proceeds of $120,000. Each unit consists of one common share and one share purchase warrant, exercisable at $0.25 per share, and expiring five years from the grant date.

- On August 15, 2017, the Company completed a non-brokered private placement of 7,546,500 units at $0.30 per unit for gross proceeds of $2,263,950. Each unit consists of one common share and one-half of one share purchase warrant, exercisable at $0.35 per share, and expiring three years from the grant date.

Share purchase options:

The Company operates an employee stock option plan. Share-based payments to directors, officers, employees and consultants are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock option reserve. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

During the year ended August 31, 2017, the Company did not grant any stock options and during that period share-based compensation expense was $nil (2016 - $316,785).

As at the date of this MD&A, there are 4,550,000 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; a

- 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.

- On January 4, 2016, the Company granted 300,000 share purchase options exercisable for a five year period at a price of $0.25, including 150,000 to a Director and 150,000 to a member of the Executive.

- On November 10, 2017 the Company granted 1,465,000 stock options to eligible persons. The options can be exercised at $0.35 per share for ten years.

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 November 14, 2017 the Company announced an Offering will consist of up to 2,000,000 units ("Units") at a purchase price of $0.50 per Unit, for aggregate gross proceeds of up to $1,000,000. Each Unit will consist of one common share in the capital of the Company ("Common Share") and one common share purchase warrant ("Warrant"). Each Warrant will entitle the holder to purchase one Common Share for a period of five years from the date of issuance, at a purchase price of $0.70. The company may pay a 5% cash finders fee. The Offering is expected to close on or before December 30, 2017. The proceeds from the Offering will be used for working capital and to fund the construction of the first production facility.

- On November 10, 2017, the Company announced the grant of 1,465,000 stock options. The options are exercisable at $0.35 per share, and expire ten years from the grant date.

- On December 14, 2017 Lotus Ventures Inc. ("Lotus" or the "Company") is pleased to announce that it has entered into an Agreement to license its intellectual property including its proprietary facility design, the first of a planned national expansion. The licensee will be a newly formed company owned by Lotus and 4th Gen Duwyn Farms Inc. ("DFI") in Southwestern Ontario, headed by Shawn Duwyn, its President. The Duwyn family has been in the business of growing tobacco for four generations since the mid 1920's. Lotus has developed this unique business model to leverage the Company's assets, increase cash flow and minimize capital investment. This Agreement is the first of planned expansion nationally which will see Lotus partnering with farmer growers who recognize the value of the Lotus IP and who have the financial, intellectual and managerial resources to capitalize on this market opportunity. The partnership with DFI will allow Lotus to double its production volume with minimal capital investment and to build scale in its business in anticipation of full legalization in 2018. Under the Agreement, Lotus will provide DFI access to its IP including building design, standard operating procedures, training and license application support in return for DFI selling 100% of the production from the facility (1.8 million grams) to Lotus for a period of 15 years at a discount to wholesale pricing. DFI has been studying opportunities to enter into the cannabis production market and has been looking for the appropriate strategic partner. The Duwyn family has generations of quality production and operational experience in tobacco farming which can be applied to the cannabis market. Shawn Duwyn has a diploma in mechanical engineering and an appreciation of the technical advantages of the Lotus designs and operating knowledge.

ADDITIONAL INFORMATION

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