LOTUS VENTURES INC.

April 30, 2018

MANAGEMENT DISCUSSION AND ANALYSIS
For the Six Months Ended February 28, 2018

The following is a discussion and analysis of the financial condition and operating results of Lotus Ventures Inc. (the "Company") for the six months ended February 28, 2018. The discussion should be read in conjunction with the Interim Financial Statements (unaudited) for the six months ended February 28, 2018; together with the audited financial statements of the Company and the notes thereto for the year ended August 31, 2017 and the Annual MD&A for the year 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.

Caution on Forward-Looking Information
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.

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.

As detailed below in Discussion of Operations the company is currently in the Confirmation of Readiness phase of the application process.

MARKET 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."

Health Canada has modified it reporting to applicants regarding status of applications. In the last detailed report we were advised Lotus was number 28 from active review and that Health Canada as, respecting rules of equity and fairness, would process applications sequentially. Since of the last report over 20 licences have been issued and accordingly our application should advance apace. We understand that Health Canada continues to apply these fairness principals. We anticipate moving to active review at any time and are pressing Health Canada to process our application expeditiously. As discussed below the facility is located in Armstrong BC is under construction. 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.

With the rapidly approach legalization of recreational cannabis the capital markets have strongly supported the emerging sector. Media reports are now giving the sector extensive coverage and the scale of market is coming into focus. Statistics Canada reported on January 24, 2018 that cannabis consumption by 5 million Canadian consumers in 2017 totaled $5.7 billion. Provinces and territories are now rolling out various distribution and sales regimes and opportunities around marketing, enterprise software, education and branding are starting to emerge. Lotus has been focused on becoming the low cost, high quality producer with a scalable production model suitable for licensing, joint venture and internal expansion. Our financing partnership with Cannabis Wheaton affords the company with access to capital for our second planned facility, as well as, the advantages of non-dilutive financing, solid marketing and industry expertise.

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.

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 applied in November 2014 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.

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, they have 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 coursecommunications, 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 is preparing to commence construction of the facility in the month of July. Construction has progressed to all site work and concrete complete and the steel structure is presently being erected. The building structure, roof and exterior cladding should be complete in, mid-February.

RESULTS OF OPERATIONS

Selected Quarterly Financial Data (unaudited)

The financial results of the Company for the eight most recent quarters are summarized below:

	2/28/18	**11/30/17**	**8/31/17**	**5/31/17**
Net loss for the quarter	($481,957)	($683,618)	($200,466)	($225,161)
Loss per share, basic and diluted	(0.01)	(0.02)	(0.01)	(0.01)
Cash and cash equivalents	$6,488,012	$2,695,650	$2,604,918	$556,584

	2/28/17	**11/30/16**	**8/31/16**	**5/31/16**
Net income (loss) for the quarter	($154,749)	($143,827)	($151,345)	($151,993)
Loss per share, basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)
Total Assets	$772,511	$845,204	$455,051	$559,987

During the three months ended February 28, 2018 the Company recognized a loss of $481,957, compared a loss of $154,749 for the three months ended February 28, 2017.

Significant items making up the change for the three months ended February 28, 2018 as compared to the three months ended February 28, 2017 were as follows:

- Advertising and promotion increased by $19,127 due to the Company increasing promotional activities and employing new marketing avenues to increase investor awareness.

- Consulting fees increased by $310,702 as a result of the Company requiring more consultants during the current period to assist with financing and corporate development as the Company continues construction of the facility.

- Design expenses and site preparation expenditures decreased by $33,168, and $5,485 respectively, due to the Company beginning construction on the facility and capitalizing all related expenditures.

- Professional fees increased by $24,425 due to increased monthly accounting requirements for the facility, and legal fees incurred relating to the CBW agreement and regulatory filings.

FINANCIAL POSITION AND LIQUIDITY

Cash Flows

A summary and discussion of the Company's cash inflows and outflows for the six months ended February 28, 2017 and 2018 are as follows:

Operating Activities

During the six months ended February 28, 2018, the Company spent $884,054 on operating activities compared to $391,060 during the comparative quarter. The increase is primarily due to consulting and legal fees associated with the Company's recent agreements with Duwyn Farms Inc. and Cannabis Wheaton, as well as increasing promotional activities.

Financing Activities

The Company received $6,440,122 from financing during the six months ended February 28, 2018, compared to $681,210 during the six months ended February 28, 2017.

Investing Activities

The Company used $1,217,381 in investing activities for facility construction costs during the six months ended February 28, 2018. Construction on the Company's facility did not commence until after the comparative period.

Cash Resources and Going Concern

The Company's cash was $6,488,012 at February 28, 2018. The Company has no other liquid assets other than GST receivable of $100,091.

As at February 28, 2018, the Company had net working capital of $6,276,359 (August 31, 2017 - $2,067,720). In order to maintain operations and cover administrative costs, the Company may need to raise additional financing. There can be no assurance that additional funding will be available in the future.

ADDITIONAL DISCLOSURE

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Party Transactions

Compensation	Six months ended February 28, 2018	2017
	$	$
Consulting fees	34,500	22,250
Share-based payments	141,470	-
	175,970	22,250

Refer to Note 8 of the accompanying Interim Financial Statements for further details on the Company's related party transactions and amounts owing to related parties as at and for the six months ended February 28, 2018

Proposed Transactions

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

SUBSEQUENT EVENTS

On March 20, 2018, the Company granted 1,490,000 stock options to directors, officers, and consultants of the Company. The stock options are exercisable at $0.50 per share for a period of ten years.

OUTSTANDING SHARE CAPITAL

The authorized share capital of the Company consists of unlimited common shares without par value.

As at the date of this MD&A, the following common shares and stock options were issued and outstanding:

	Number of Shares	Exercise Price $	Expiry Date
Common shares	57,423,931	-	-
Stock Options	1,000,000	0.25	December 14, 2019
	1,485,000	0.20	November 3, 2020
	150,000	0.25	January 4, 2021
	1,465,000	0.35	November 9, 2027
	1,490,000	0.50	March 20, 2028
Warrants	300,000	0.20	December 29, 2020
	1,658,750	0.25	May 31, 2021
	3,461,250	0.25	October 14, 2021
	3,748,416	0.35	August 14, 2020
	392,158	0.35	September 14, 2020
	10,036,100	0.70	January 22, 2023
	909,090	1.00	February 8, 2021
Fully diluted	83,519,695		

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 period ended February 28, 2018.

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.

ADDITIONAL INFORMATION

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